AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2009

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS

CHET EDWARDS, Texas, *Chairman*

SAM FARR, California
NORMAN D. DICKS, Washington
ALAN B. MOLLOHAN, West Virginia
PATRICK J. KENNEDY, Rhode Island
ALLEN BOYD, Florida
SANFORD D. BISHOP, JR., Georgia
MARION BERRY, Arkansas
ZACH WAMP, Tennessee
ANDER CRENSHAW, Florida
C. W. BILL YOUNG, Florida
JOHN CARTER, Texas
KAY GRANGER, Texas

NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

CAROL MURPHY, TIM PETERSON, WALTER HEARNE, DONNA SHAHBAZ, and MARY C. ARNOLD, *Subcommittee Staff*

PART 7

Printed for the use of the Committee on Appropriations

Part 7—MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2009

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2009

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS

CHET EDWARDS, Texas, *Chairman*

SAM FARR, California
NORMAN D. DICKS, Washington
ALAN B. MOLLOHAN, West Virginia
PATRICK J. KENNEDY, Rhode Island
ALLEN BOYD, Florida
SANFORD D. BISHOP, JR., Georgia
MARION BERRY, Arkansas
ZACH WAMP, Tennessee
ANDER CRENSHAW, Florida
C. W. BILL YOUNG, Florida
JOHN CARTER, Texas
KAY GRANGER, Texas

NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

CAROL MURPHY, TIM PETERSON, WALTER HEARNE, DONNA SHAHBAZ, and MARY C. ARNOLD, *Subcommittee Staff*

PART 7



U.S. GOVERNMENT PRINTING OFFICE

42–754 WASHINGTON : 2008

COMMITTEE ON APPROPRIATIONS

DAVID R. OBEY, Wisconsin, *Chairman*

JOHN P. MURTHA, Pennsylvania
NORMAN D. DICKS, Washington
ALAN B. MOLLOHAN, West Virginia
MARCY KAPTUR, Ohio
PETER J. VISCLOSKY, Indiana
NITA M. LOWEY, New York
JOSÉ E. SERRANO, New York
ROSA L. DELAURO, Connecticut
JAMES P. MORAN, Virginia
JOHN W. OLVER, Massachusetts
ED PASTOR, Arizona
DAVID E. PRICE, North Carolina
CHET EDWARDS, Texas
ROBERT E. "BUD" CRAMER, JR., Alabama
PATRICK J. KENNEDY, Rhode Island
MAURICE D. HINCHEY, New York
LUCILLE ROYBAL-ALLARD, California
SAM FARR, California
JESSE L. JACKSON, JR., Illinois
CAROLYN C. KILPATRICK, Michigan
ALLEN BOYD, Florida
CHAKA FATTAH, Pennsylvania
STEVEN R. ROTHMAN, New Jersey
SANFORD D. BISHOP, JR., Georgia
MARION BERRY, Arkansas
BARBARA LEE, California
TOM UDALL, New Mexico
ADAM SCHIFF, California
MICHAEL HONDA, California
BETTY MCCOLLUM, Minnesota
STEVE ISRAEL, New York
TIM RYAN, Ohio
C.A. "DUTCH" RUPPERSBERGER, Maryland
BEN CHANDLER, Kentucky
DEBBIE WASSERMAN SCHULTZ, Florida
CIRO RODRIGUEZ, Texas

JERRY LEWIS, California
C. W. BILL YOUNG, Florida
RALPH REGULA, Ohio
HAROLD ROGERS, Kentucky
FRANK R. WOLF, Virginia
JAMES T. WALSH, New York
DAVID L. HOBSON, Ohio
JOE KNOLLENBERG, Michigan
JACK KINGSTON, Georgia
RODNEY P. FRELINGHUYSEN, New Jersey
TODD TIAHRT, Kansas
ZACH WAMP, Tennessee
TOM LATHAM, Iowa
ROBERT B. ADERHOLT, Alabama
JO ANN EMERSON, Missouri
KAY GRANGER, Texas
JOHN E. PETERSON, Pennsylvania
VIRGIL H. GOODE, JR., Virginia
RAY LAHOOD, Illinois
DAVE WELDON, Florida
MICHAEL K. SIMPSON, Idaho
JOHN ABNEY CULBERSON, Texas
MARK STEVEN KIRK, Illinois
ANDER CRENSHAW, Florida
DENNIS R. REHBERG, Montana
JOHN R. CARTER, Texas
RODNEY ALEXANDER, Louisiana
KEN CALVERT, California
JO BONNER, Alabama

ROB NABORS, *Clerk and Staff Director*

CONTENTS

	Page
Quality of Life	1
Veterans Affairs	105
American Battle Monuments Commission	169
Arlington National Cemetery and United States Soldiers' and Airmen's Home National Cemetery	182
Armed Forces Retirement Home	197
United States Court of Appeals for Veterans Claims	218
Inspector General	235
Central Command	349
VA Medical Care	389
Navy	445
Pacific Command	515
Air Force	587
Outside Witnesses	651
Veterans Affairs Information Technology	895
DoD Overview	949
Army	1035
European Command	1083
Southern Command	1139
Special Operations Command	1169
Testimony submitted for the record	1205

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2009

THURSDAY, FEBRUARY 7, 2008.

UNITED STATES ARMY

WITNESS

KENNETH O. PRESTON, SERGEANT MAJOR OF THE ARMY

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. Let me officially open the new year for our subcommittee. I want to welcome the witnesses and everyone here today.

I am Congressman Chet Edwards, and this is my second year as the subcommittee chairman of Military Construction and Veterans Affairs Appropriations Subcommittee. It is a real pleasure for me to welcome back to our subcommittee Congressman Zach Wamp, who is a personal friend of mine. Zach and I have served in the House together for a number of years, including on the Appropriations Committee. He is not a new face to this subcommittee, previously served on this subcommittee. He has also been a ranking member of the Legislative Branch Appropriations subcommittee.

Zach, welcome here. It is just great to have you. I know of your long record of commitment to veterans and their families and our troops and their families. We are honored to have you with us.

Mr. WAMP. Thank you.

Mr. EDWARDS. Would you like make an opening statement right now?

Mr. WAMP. Go ahead, Mr. Chairman. I will go when it is my turn.

Mr. EDWARDS. Judge Carter, welcome back.

Mr. CARTER. Thank you, Mr. Chairman.

Mr. EDWARDS. Good to have you.

Let me also make some other introductions and make a few comments as we begin here, before we have the testimony. I want to introduce the staff that is so critical on this subcommittee. We thank them. I consider the staff to be without equal of the committee staffs in the Congress, and we are proud to have them as our partners.

I want to mention that Martin Delgado is not new to the Appropriations Committee, but new to this Appropriations subcommittee. Martin, where are you? Welcome. It is great to have you here.

I also welcome back Liz Dawson, and I want to welcome Kelly Shea, who will work on the minority side. But let me say that one of the proud traditions of this subcommittee, and I know Zach and I want to continue this, is our tradition of working on a bipartisan basis. When it comes to taking care of veterans and our troops and their families, there is not a Democratic or a Republican program. They are programs for the great men and women who are sacrificing so much for our country.

On the majority side, it is a true honor for me to work with critically experienced staff. Carol Murphy is our chief clerk. Carol? And we have Mary Arnold, who for nearly 20 years had a view of the basement of the Rayburn Building. Her view is now out on the mall of the United States Capitol, so life has improved for Mary. She does an outstanding job of handling the administrative work of the subcommittee.

Tim Peterson and Donna Shahbaz, both have done outstanding work on Veterans' Affairs work. And then Walter Herne, who is by my side, who is just an experienced, talented, hardworking leader on military construction issues. So I know I speak for Zach and me, and he will comment later I am sure, but we consider it a real privilege to work with such a critical, professional, bipartisan staff. That is one of the real keys to the successes we have had in past years.

In terms of our track record last year, let me just say for the record, we make this subcommittee by working together on a bipartisan basis. Truly, by any standard, we accomplished a great deal. First and foremost, we provided an additional $11.8 billion beginning with the fiscal year 2007, that continuing resolution, the Iraq war supplemental, and then the fiscal year 2008 appropriation bill.

Together, we provided the largest single-year increase in the VA's entire history, and made critically needed investments in healthcare facilities, research, and claims processing for veterans. Our bill passed the House by an overwhelming vote of 409–2, and we are going to try to work on those two this year and see if we can get that. But I think that vote is a reflection of the great tradition that we continued last year, with this committee working for the benefit of our veterans and our troops, not for partisan motivations.

We have a great record to build on and we are going to keep fighting for veterans and the quality of life for servicemen and-women and their great families.

To our witnesses, let me say that it is not by happenstance that we asked you to honor us by being the first witnesses in the first hearing each year, because over the years we have found that our top noncommissioned officers have been the most effective voices for our servicemen and-women and their families. There are probably times where you have the right to wonder when you leave this room, well, did anybody hear me or not? Let me just tell you tangibly that many of the accomplishments for military construction and our troops were the result of your previous testimony.

Specifically, very specifically, it was your testimony over the last 2 years that convinced this subcommittee to make a new initiative, the Military Family Initiative, where you told us that one of the top quality of life challenges was finding affordable, accessible

healthcare for families that are sacrificing an awful lot with the kind of op-tempo we are facing. As a result of your testimony, we put together $130 million for 16 new childcare centers. Three of those were in the administration request, and 13 of those were added by this subcommittee. So we do listen to you. Your testimony is very important and that is why we are so glad to have you here today.

Before we proceed in terms of introductions of our witnesses, let me offer the floor and room to my colleague, Mr. Wamp. Again, welcome to this great subcommittee. Welcome back.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Mr. Chairman, it is hard to put in words the emotion that I felt yesterday and today as I met these four great Americans one-on-one in my office and listened to their stories and asked about their lives, and realized that they represent so many that are willing to lay it on the line for our country and our freedoms and the principles that we hold so dear. Their faces and their eyes and their ears, and just listening to your lives, and each of you with a 30-plus year commitment to the service that you are in, at the ground level. It is just an inspiration.

So I want to open by thanking you for your service and every single person that you represent for their service, saying that in my professional life outside of my wife and kids, this is the highest honor and the greatest privilege that I have ever had to be associated with this committee and the work that it is tasked to do, to serve those who serve our country.

It reminds me of William Wilberforce when they asked him about the leadership role he wanted to take in the Parliament in Great Britain, and he basically said he wanted to be the man who served the men who influenced the nation, and not necessarily the man who influenced the nation, but the man who served the men who influenced the nation. That is the role that I feel like I can play.

Chairman Edwards is exactly the right guy for his party to put in this chair at this moment in history because he is a patriotic blue dog Texas Democrat who appreciates the military and their role every minute of every day. I am just so honored to be at his side in a minority role to support the bipartisan work of this committee.

I was born at Fort Benning, Georgia when my dad was on active duty, and my older brother cost $8 to be born and I cost $12 to be born. [Laughter.]

My parents often joke if they got their money's worth. [Laughter.]

My nephew is at Camp Bucca outside Baghdad right now with the First Field Artillery Brigade of the Tennessee National Guard. My other nephew will graduate boot camp at Parris Island 3 weeks from tomorrow. That makes this close to home. It is an honor. It is a high privilege. This is such an important time. I want to commend Mr. Wicker, who is now a senator, and certainly the chairman, and this new majority, for the commitment that they made to these priorities last year, because I think that helped us bring the Congress together so that we could speak with one voice standing behind the men and women in uniform.

When I heard these four leaders yesterday give personal examples and stories of what these dollars are doing for the quality of life, and how much better housing is today than when I served on this committee in 1997 and 1998, how many more Job Corps centers there are, and how many things that were absolutely unacceptable that are much better today, even though we have so many more needs and we are stretched so thin, and we are experiencing the pain of multiple long-term deployments. Yet, the quality of life is improving so that we can retain and recruit the best Americans in this all-volunteer force.

It bodes well. We have a lot of work to do. I am committed to partnering with you. I understand going in that I am joining the best staff front office on Capitol Hill, either side, any committee, with this committee here. And man, it is a great opportunity to serve.

Mr. Carter, Ms. Granger, Mr. Young, Mr. Crenshaw and I, this is a pretty good minority team we have over here, Mr. Chairman. So we look forward to working with you and the majority team in getting this work done. What a pleasure. I couldn't ask for more. I am grateful for the opportunity——

Mr. EDWARDS. Very eloquent statement. Let me add to what he said about Mr. Wicker. We will miss Mr. Wicker, but he left an indelible mark for our veterans and our service-members and their families by his great leadership. I know he will continue that commitment in the Senate. Thank you for saluting him.

At this point, let me go through some brief introductions. Understandably, if I were to give each of the witnesses the entire biography, we would be here most of the afternoon, because they would not have the positions they had it not been for an unbelievable distinguished record of accomplishment and service. I will introduce all four of you and then we will go to the opening statements.

The first witness I would like to introduce is the sergeant major of the Army, Sergeant Major Ken Preston. He is a returning witness, and was sworn into his present position on January 15, 2004. He has over 32 years of service in the Army. Thank you for those 32 years, sergeant major. He served with the First Cavalry Division at Fort Hood; was command sergeant major for the Combined Joint Task Force 7 in Baghdad prior to becoming sergeant major of the Army.

I anticipate Sergeant Major Preston will introduce them formally, but let me also note that there are others that are here that I want to recognize. Please excuse me up front, but I do want to note and salute their service, and thank them for being here: Command Sergeant Major John Gipe from the National Guard; and Command Sergeant Major Leon Caffie from the Army Reserve. Thank you both. We know this is a total Army today, and thank you for your tremendous leadership, for being here.

Sergeant Major of the Marine Corps Carlton Kent. Sergeant Major Kent is a new witness. We hope you will choose to come back again.

Sergeant Major KENT. I will do that, sir. [Laughter.]

Mr. EDWARDS. You are in a friendly environment here, sergeant major. He became sergeant major of the Marine Corps on April 25, 2007. Congratulations to you for that distinct honor. He has over

31 years of service in the Marines. He served as sergeant major of the Marine Forces Europe and the First Marine Expeditionary Force at Camp Pendleton prior to his current position. Welcome.

Master Chief Petty Officer of the Navy Joe Campa, Jr. We are sorry that your son could not be with us again this year, but you tell him we are thinking about him today. It was great having him here——

Master Chief CAMPA. Thank you, sir.

Mr. EDWARDS [continuing]. At your testimony last year. The master chief's wife, Mrs. Campa, is here. Mrs. Campa, where are you? I want to especially thank you. In my book, military spouses and children are the unsung heroes and heroines of our nation's defense, and we don't often enough thank you. While you may not wear the nation's military uniform, you serve and sacrifice every day. Thank you to you and your children for their contributions to our defense. In thanking you, we want to share that respect for every other military spouse here, or anywhere in our country. Thank you, Mrs. Campa, for being with us today.

Master Chief Campa has 27 years of service in the Navy. He served as command master chief for the USS *Curtis Wilbur* and the USS *Frank Cable,* and command master chief of Joint Taskforce Guantanamo, and is a graduate of the Naval War College. Welcome back again.

Master Chief CAMPA. Thank you, sir.

Mr. EDWARDS. Chief Master Sergeant of the Air Force Rodney McKinley is a returning witness. Welcome back to the subcommittee. He was appointed on June 30, 2006 to his present position, and now has 28 years of service in the Air Force. He has served as command chief master sergeant at major wing command levels, and was deployed to Southwest Asia in support of OEF and OIF. Thank you for that, as well as your distinguished service as well.

Thank you all for being here. Without objection, your full testimony will be submitted for the record. I would like to begin now and recognize you. If you could keep your testimony to approximate 5 minutes we will then turn it over to members for questions and discussion.

Sergeant Major Preston.

STATEMENT OF SERGEANT MAJOR KENNETH O. PRESTON

Sergeant Major PRESTON. Mr. Chairman, Congressman Wamp, committee members, thanks very much for the opportunity to sit before you today and represent the men and women of America's Army. Your support this past year has continued to support us. Your support today has had a tremendous impact on the Army. On behalf of the soldiers and their families and Army civilians, I want to start by saying thank you for what this committee has done for all of them out there, not only over the time that I have been up here and testified, but for all the years before this, so thanks very much.

Mr. EDWARDS. Thank you.

Sergeant Major PRESTON. I have with me today, sir, you have introduced the command sergeant major of the Army National Guard, Command Sergeant Major John Gipe. He is the senior en-

listed adviser for Lieutenant General Clyde Vaughn, Director Army National Guard. And I have, of course, Command Sergeant Major Leon Caffie, who is the senior enlisted adviser for Lieutenant General Jack Stultz, Chief, for the Army Reserve.

Both of them represent our citizen soldiers, and they represent 50 percent of America's Army. They play a vital role in defending our nation. Your Army today has more than 250,000 soldiers forward-deployed to 80 countries around the world. We have more than 142,000 soldiers currently deployed in Iraq, Kuwait and Afghanistan.

General Casey early in his tenure as the Army chief of staff searched for a way to describe the state of the Army, and he used the term "out of balance." We are not broken or hollow, but the conditions of persistent conflict have strained our Army resources. Those resources are our soldiers, our families and our equipment. These resources are strained to a point where we are consumed by the demands of the current conflict and cannot do all the things we need to do to sustain the force and prepare for the future.

With your continued support, we intend to restore balance to the Army. Our recruiting and retention programs are a success. Last year, we recruited over 170,000 men and women, and reenlisted more than 127,000 soldiers. We appreciate your continued support to our efforts, as they allow us to sustain the quality of the all-volunteer force.

We are seeing indicators of stress on the force as we enter the 7th year of the Global War on Terror. Increases in suicides and post-traumatic stress disorder cases are two of these indicators. Our Army soldier and family programs mitigate these stresses, and we continue to resource and support these critical programs and initiatives. Last year, sir, Congress funded $900 million toward traumatic brain injury and post-traumatic stress disorder. I want to say thank you up front for that support.

Your support has provided improvements to the equipment, soldier and family housing, soldier barracks, child and youth programs, pay gains, and a host of other important quality of life initiatives. I ask your support for one more critical quality of life issue, medical care. Soldiers and families routinely identify access to quality medical care as a priority for them, and a primary reason they opt to stay with the Army team.

We have invested heavily this past year in caring for our wounded warriors returning from combat. The medical challenges we faced a year ago were not limited to Walter Reed. We cannot have consistent world-class healing environments without proper investment in medical facilities and improved quality and access to care. Our medical facilities are well maintained and operated, but they are old and not configured or constructed to provide the full range of treatments available in modern medical facilities. Our soldiers and families deserve the best access and quality of care that we can provide, and I ask your support in achieving this goal.

Over the last 4 years, one of the top five recommendations from our soldiers has been the transfer by soldiers of their GI bill benefits to their families. The 2002 National Defense Authorization Act gave the services the authority to allow service-members the ability to transfer Montgomery GI bill benefits to their spouses and chil-

dren. This act allows spouses to begin using benefits immediately, while children have to wait until the soldier has completed 10 years of service.

I ask for your support in amending the law to allow the transfer of benefits to eligible children when needed, without the prior 10–year waiting period, and your consideration of providing funding for this initiative. We would also at a minimum like this law to immediately apply to the spouses and children of fallen soldiers. That is really where we see the emphasis in order to help.

Mr. Chairman, committee members, thank you, and I look forward to your questions.

[Prepared Statement of Sergeant Major Kenneth O. Preston follows:]

RECORD VERSION

STATEMENT BY

KENNETH O. PRESTON
SERGEANT MAJOR OF THE ARMY

BEFORE THE

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY QUALITY OF LIFE AND VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

SECOND SESSION, 110TH CONGRESS

ON THE QUALITY OF LIFE
IN THE UNITED STATES ARMY

FEBRUARY 7, 2008

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON APPROPRIATIONS

STATEMENT BY
KENNETH O. PRESTON
SERGEANT MAJOR OF THE ARMY

Mr. Chairman and committee members, I want to thank you for this opportunity to sit before you today and represent the 1.1 million men and women of America's Army.

Your support in the past year and your continued support today have had a tremendous impact on our Army's ability to prevail in the Nation's war against terrorism. Your support allows us to ensure our Soldiers are fully prepared for their missions and to support their Family members who wait patiently for their Soldiers to return home.

First, I would like to introduce the Soldiers seated behind me, the Command Sergeant Major for the Army National Guard (ARNG), Command Sergeant Major John Gipe, who serves as the Senior Enlisted Advisor for LTG Clyde Vaughn; and the Command Sergeant Major for the Army Reserve, Command Sergeant Major Leon Caffie, who serves as the Senior Enlisted Advisor for LTG Jack Stultz. They represent more than 543,000 citizen-Soldiers who play a vital role in defending our Nation. These two men bring a "warrior focus" to their positions to ensure our Army National Guard and Army Reserve Soldiers are trained and ready to deploy.

Since 9/11, we have activated nearly 184,000 Reserve and 267,990 National Guard Soldiers in support of the Global War on Terror. Together they have been, and are, heavily engaged in both our theaters of operation and supporting Homeland Security with missions ranging from missile defense, to supporting the US Border Patrol, and providing disaster relief.

Together with their active duty counterparts, the Guard and Reserve form a unified and dynamic team that brings unmatched skills enhancing our capability to fight and win. In fiscal year 2007 (FY07) our Reserve and

National Guard partners provided nearly 73,000 Soldiers to the Nations defense.

Today, the American Soldier is busier than ever. We currently have more than 250,000 Soldiers forward deployed to 80 countries around the world. We have over 142,000 deployed to Iraq and Afghanistan in Brigade Combat Teams (BCTs), combat service, combat service support, and other force enablers. In addition, there are 1,334 of our National Guard Soldiers mobilized today, serving all around the world and assisting with Homeland Security. These Soldiers are providing the US border patrol with surveillance capabilities in Operation Jump Start in four States along the U.S - Mexico border. Soldiers are deployed to the Horn of Africa training the Djiboutian army and denying terrorists a sanctuary in which to run their terrorist camps. Soldiers in Iraq and Afghanistan are taking the fight to the enemy every day while recruiting, training, and equipping their armies and police forces to provide a safe and secure environment for their citizens.

During the past year, I traveled nearly 300,000 miles to visit, speak, and listen to Soldiers and their Families all over the world. I have seen daily the tremendous work and sacrifices of the American Soldier. The culture of innovation fostered by our young men and women in Iraq and Afghanistan continues to show the American spirit of ingenuity, even under the most challenging of environments.

GEN Casey, early in his tenure as our Army Chief of Staff, searched for a way to describe the state of our Army. He uses the term "out of balance." We are not broken or hollow, but the conditions of persistent conflict have strained our Army resources; Soldiers, Families, and equipment, to a point where we are consumed by the demands of the current conflict and cannot do all the things we need to do to sustain our force and prepare for the future. With your support, we intend to restore balance to the Army, sustain our force and build both capability and capacity for future challenges.

For the past four years, we have worked to transform our Army from a division-centric, Cold War focused Army to a more modular force that is made up of BCTs. As we expand these units, our deployable force pool increases. Having a larger pool of deployable units allows us to increase Soldiers' time at home between deployments, and gives us more predictability for Soldiers and their Families. This predictability and stability will help sustain the All Volunteer Force. We are presently about half way through the largest organizational change of the Army since World War (WWII).

Prepare

Our Soldiers are better equipped today than they have been in our history. This past year, we invested heavily to ensure all Soldiers are equipped with the latest force protection equipment and high-quality gear. The Rapid Fielding Initiative (RFI) program accelerates the fielding of commercial, off-the-shelf technologies to quickly deliver essential equipment to Soldiers before they deploy. RFI leverages current programs, lessons learned from operations in Iraq and Afghanistan, and commercial, off-the-shelf technology to give Soldiers increased survivability, lethality, and mobility.

To maintain currency and relevance, the RFI list of equipment issued to Soldiers is updated regularly by the Training and Doctrine Command (TRADOC). The Rapid Equipping Force (REF) partners with industry, academia, and military leaders in supporting our Soldiers' equipping needs. They provide commercial, off-the-shelf and government, off-the-shelf solutions to meet commanders' needs in Theater.

Current individual protective equipment now includes the Improved Outer Tactical Vest (IOTV) and Enhanced Small Arms Protective Inserts (ESAPI). The IOTV is more than three pounds lighter than its predecessor, is designed to fit Soldiers better by utilizing multiple adjustment points that improve weight distribution, has a mesh lining for

better ventilation, and features a quick release handle to allow Soldiers to instantly remove the vest in emergency situations. IOTV utilizes both the Enhanced Small Arms Protective Inserts (ESAPI) and the new Enhanced Side Ballistic Inserts (ESBI) providing improved protection against multiple small arms hits including some armor-piercing rounds. We are currently funded through FY08 to field an additional 40,000 sets to a total of 270,000 sets of IOTVs by the end of FY08. We have requested support in our FY09 budget for an additional 180,000 sets and are working our numbers and funding for the out years to meet the total Army requirement of 966,000. This number includes IOTV for all deployed Soldiers and allows for IOTV sets to be provided to our training bases and a sufficient stockpile for potential contingency operations. Our current fielding plan ensures no Soldier will deploy to any theater of operations without the protection provided by the Improved Outer Tactical Vest.

Every day, Soldiers are patrolling the roads in armored wheeled vehicles in Baghdad and Bagram and all points between. The Army leadership is working initiatives to increase production and fielding of Mine Resistant Ambush Protected (MRAP) vehicles, Up-Armored HMMWVS (UAH), add-on armor kits for other vehicles, aircraft survivability equipment, and electronic countermeasures to combat improvised explosive devices (IEDs). Currently we have 1,204 MRAPs in theater and they are saving Soldier's lives. We expect a theater assessment of the MRAP's capabilities by the middle of this month and will then evaluate future force use and determine fielding needs. To date, we have fielded 21,443 UAHs in Iraq, Afghanistan, and Kuwait, and have over 29,000 light, medium, and heavy tactical wheeled vehicle add-on-armor kits in theater.

I mentioned earlier, the Army is out of balance. Resetting of our equipment is one priority in re-balancing the Army. The harsh, demanding conditions we operate our equipment in theater have decreased the life of our equipment, and increased maintenance to five times the rate we programmed. Resetting this equipment is critical to readiness and

requires timely and adequate funding while we are in a state of persistent conflict, with Soldiers deployed, and for several years after they return to complete the reset of our forces.

The Joint Improvised Explosive Device Defeat Organization (JIEDDO) has been instrumental in identifying the tactics, techniques, and procedures, what we call TTPs, of how the enemy employs IEDs and how we counter that threat. IEDs are the number one terrorist weapon used worldwide. Our Soldiers are learning the enemy's TTPs for using IEDs at our Combat Training Centers around the world before deploying to combat.

Our training focus and our in theater strategy is focused on defeating the entire IED system – from individual force protection, to finding the IEDs before they explode, to identifying the network of bomb suppliers and makers, and the insurgents that emplace the devices. Since 2005, we have had increasing success in countering IEDs by attacking their network, defeating devices, and training our force. Continued support by Congress will ensure that Soldiers, regardless of component, deploy with superior equipment and capabilities.

Recruiting and Retention

The Army is a people-centric organization. An area General Casey and I watch very closely is ensuring the Soldier remains the centerpiece of our formation. Although we have made incredible improvements in technology and weaponry, we cannot fight and win without well-trained, motivated, and dedicated Soldiers.

In FY07, we recruited 170,325 young men and women across all three components – Active, Reserve and Guard. The Army recruited over 80,000, the Reserves over 27,000 and the National Guard 62,914 Soldiers. This incredible accomplishment, while fighting the Global War on Terror, is directly attributable to the hard work of our recruiters, the

support of our Army leaders, elected officials, and the support of the Nation.

With your support, we designed and implemented programs that assist our recruiting efforts. The Sergeant Major of the Army Recruiting Team (SMART) program received 26,630 referrals, from which we were able to enlist nearly 7,000 new Soldiers. The Active First Program helps recruit Soldiers for the active Army via the National Guard.

Under this program, the Guard recruits Soldiers who commit to 30, 36 or 48 months' active duty in certain military occupational specialties (MOSs), followed by service in the ARNG. The program applies to new recruits with no prior military service who are placed in select MOSs. Bonuses are paid when a Soldier reaches his/her first duty station after completing Initial Entry Training. After active duty, a Soldier has two options: re-enlist in the active Army or transition back to the ARNG. The Active First Program began on October 4, 2007, and has produced 858 enlistments to date. Early indications reflect we are on track to meet or exceed our recruiting goals for FY08.

Army retention programs are also a success story as the Army continues to retain Soldiers at tremendously high levels. Since 2002, our retention rates have remained high and we have made our retention goals each year since 1998. In 2007, we exceeded our retentions goals in the active component by 12 percent, 19 percent in the Army Reserve, and 0.4 percent in the Army National Guard. Retention success is directly attributed to our Army leaders throughout our units and organizations, satisfaction of job placement and unit missions around the world, and the quality of life provided for the Soldiers and their Families.

Recently deployed units or units currently deployed to Iraq and Afghanistan have reenlistment rates at 110-120% of their yearly goals. Nearly 600 troops reenlisted in Baghdad on Independence Day, this past year. More than 100 Army Reserve Soldiers gathered at the Al Faw palace at Camp Victory, Iraq, January 18, 2008, to reenlist during a

ceremony marking the 100th Anniversary of the Army Reserve. We must continue to retain our most experienced Soldiers to sustain our forces and win the Global War on Terror. Commanders and Senior Leaders will continue to place special emphasis on retaining our very best Soldiers. We will closely monitor our selective reenlistment bonus programs and our Critical Skills Retention Bonus program. I ask your continued support throughout FY08 in ensuring our retention bonus programs remain fully funded.

We appreciate your continued support to our recruiting and retention efforts as they allow us to sustain this quality all volunteer force.

Army Soldier-Family Action Plan (ASFAP)

Recognizing the commitment and increasing sacrifices that our Families are making every day, on October 9, 2007, we launched the Army Soldier-Family Action Plan (ASFAP) to address gaps in existing programs and services throughout our installations. At the core of the ASFAP is the Army Family Covenant that conveys our commitment to support all members of the Army Family in five general areas: standardizing and funding existing Family programs and services; increasing accessibility and quality of health care; improving Soldier and Family housing; ensuring excellence in our schools, youth services, and child care facilities; and expanding education and employment opportunities for Family members. In FY07, existing Family Programs received an additional $100 million that had immediate, positive impacts on our Families. In FY08, we have committed to fund $1.4 billion for all Family Programs at our installations and will continue higher levels of funding to enhance the quality of support to our Soldiers and their Families in the out years.

We have continued a number of other successful assistance programs to ensure the vitality of our Soldiers and Families. These include programs that address Diversity, Substance Abuse, Suicide

Prevention, Safety and Occupational Health, Sexual Assault, Equal Employment Opportunity, and Deployment Cycle Support.

Family Members are the unheralded heroes of the Army and the key to readiness; they deserve recognition and our full support. When we deploy Soldiers, both Active and Reserve Component, the Army recognizes that it needs to provide support for those Families still at home. Family Readiness Groups (FRGs) function as a communications mechanism, bringing facts to the families from the commands in theater, and serving as an informal chain of concern to bring issues back to the command. The FRGs are integral to the morale and support of Soldiers and families before, during, and after deployments. Our commitment to family readiness is further demonstrated by our decision to establish and fund Family Readiness Support Assistants (FRSAs) down to the battalion level to assist FRGs before, during, and after deployments. They are primarily contract, term, or temporary over hire civilian positions, funded by Global War on Terror supplemental funding or unit funds, and managed by their respective Army Commands. The plan calls for an end-state of approximately 1,011 FRSAs throughout the Army, placing a support assistant in each deployable battalion, brigade, division, and corps headquarters. We have hired and placed 707 Family Readiness Support Assistants and will fund the hiring of an additional 304 to reach our total of 1,011.

To support families geographically dispersed away from traditional installations, we have initiated a Virtual Family Readiness Group (vFRG). The vFRG is a new web-based system that provides all of the functionality of a traditional FRG in an on-line setting to meet the needs of those geographically dispersed units and families. Unlike traditional FRGs that are immediately located with the unit, the vFRG links the deployed Soldier, their Family, the FRG leader, the unit commander, the rear detachment, and other Family readiness personnel on their own controlled access web portal. The vFRG facilitates the exchange of information and provides a

sense of community, using technology to automate manual processes and provide enhanced services and communications. Over 1100 vFRGs have been established, linking Families on the home front to those forward deployed.

Military families routinely move from installation to installation both here in the U.S. and overseas. These frequent moves pose unique challenges to the Families of school aged children. This includes transfer of records and credit, course sequencing, graduation requirements, redundant or missed entrance exams, and kindergarten and first grade entrance age variations. The average military child averages two moves during their high school years and can experience six to nine different school systems in their lives from kindergarten to 12th grade. The Under Secretary of Defense for Personnel and Readiness, in cooperation with the Council of State Governments, has drafted an interstate compact that addresses these issues. The new Compact on Educational Opportunity for Military Children addresses compact enforcement, administration, finances, communications, data sharing, and training.

While the Compact is not exhaustive in its coverage, it does address key issues encountered by military Families. The Interstate Compact was presented to state legislative and education representatives in November 2007. The representatives who attended the meeting are expected to present the Compact to their respective state legislative sessions this year. When 10 states have signed the Compact, it will be considered active. I ask your support to this critical state legislation as it deals directly with our school-aged children, removes barriers to educational success imposed on children of all Military Families, and allows for a more uniformed treatment of Military children transferring between districts and states.

Over the last four years, one of the top five most critical ASFAP issues raised to the installation and Department of the Army levels of leadership has been the transferability of Soldiers' Montgomery GI Bill

(MGIB) benefits to family members. To date, approximately 33% of our Soldiers use their MGIB benefits while on active duty or after they leave active service. Since July of 2006, the Army has piloted programs for Soldiers to transfer MGIB benefits to their spouses, which have been received well by the force. The President addressed this issue in his State of the Union message, and the Department is currently evaluating options for enhancing this benefit.

Infrastructure and Services

Our Installations are the homes of our American Soldiers who are the Strength of the Nation. The quality of life for all our Soldiers and Families are an inseparable element of our readiness posture. To improve quality of life, we have undertaken initiatives to focus our resources on the areas most important to our Soldiers and Families.

Fifty four percent of our current force is single. For these Soldiers, we are in the late stages of our ambitious barracks modernization program. To date, 75% of our barracks meet a 1+1 or equivalent standard, which is a significant improvement in their living standards. Experience has shown us that high-quality, safe and modern barracks significantly increase Soldiers' morale, an impact on retention. With our FY09 through FY13 appropriation request, we will reach our target goal of 147,700 Soldiers in modernized barracks.

One of today's challenges is making sure our training barracks are safe and meet the needs of our Soldiers in training on their journey to become permanent party Soldiers. Today, there are four Army Training Centers with trainee barracks. Eight percent of trainee barracks adequately meet TRADOC standards. We have funded 38% of our trainee barracks to those standards in the FY09-13 program, and we expect to have all projects funded by FY15.

Unfortunately, some Soldiers still reside in WWII-era barracks. Our permanent party barracks modernization funding target is now FY13 with

construction completion by FY15. Our training barracks modernization funding target is now FY15 with construction completion by FY17. We must also consider the permanent increase to the Army's end strength over the next several years.

We have been given authorization to grow by 65,000 Soldiers in the Active Army which equates to approximately 30 to 35,000 more single Soldiers in the Army by FY10, if we are able to meet the Army Chief of Staffy's accelerated growth schedules. The increase to the single Soldier population is already included in the target goal of 147,700.

I ask for your continued support in making certain we can complete our barracks modernization program ensuring all of our single Soldiers have a living standard we can be proud of.

One of the Army's key strategies to improve Family housing is privatizing housing where practical. The Residential Communities Initiative (RCI) is providing quality, modern state of art housing in communities that our Soldiers and their Families can proudly call home. RCI has become a critical component in our effort to eliminate inadequate Family housing and has had a significant positive impact in improving our Soldiers and Families' quality of life. Last year, the Army privatized 4,000 homes, bringing the total to 76,379 homes that are privately managed. Our family housing budget request for FY09 is $1.395 billion ($953 million base budget and $442 million for Army growth). This buys 423 homes replaced or renovated, 216 homes constructed, 230 additional homes privatized, and approximately 32,000 government-owned or leased homes operated and sustained. This funding will continue to provide referral services on housing for sale or rent, and information on schools and communities for the 67% of our Soldiers and families residing off post. We project that by the end of FY09, privatized housing through RCI will be active at 45 installations and will manage over 90,000 homes, or 98% of our inventory. Our housing strategy is working!

Army Child and Youth Programs are an immeasurable force multiplier. Army Child and Youth Services (CYS) continues to be mission essential for our Soldiers and Families to help in reducing the conflict between their responsibilities as parents and their mission as Soldiers.

Several factors contribute significantly to the necessity of child care and youth supervision for our Families. Military Families are generally younger than the average American family and are often separated from their own extended family support system. Forty-eight percent of Soldiers who deploy have children under the age of two. Soldiers' duties require child care and youth supervision options up to 10 to 14 hours a day including early mornings, evenings, and weekends. Remote duty stations and overseas locations often lack adequate care options, while temporary geographical single parents are created when one spouse deploys. Last year, Army child care programs maintained their adjusted hours and lowered costs to assist families affected by the Global War on Terror. Child Development Centers offer more hourly and respite child care services to help parents and guardians find the time to address personal needs such as medical appointments or to have a break from the stress of being a geographical single parent during the deployment cycle. Families of deployed Soldiers have the opportunity to access and receive respite child care child at no cost to them. To help meet the increasing demand for available spaces, the Army will add 15,121 additional spaces to our Child Development Centers by September of 2009.

Since Army Child and Youth Programs are critical to the Army's All Volunteer Force, we plan to construct 22 permanent Child Development Centers in FY08. The Army Chief of Staff directed that Army Child Care Programs reach an end state of providing 80 percent of the demand by FY09 (from an original target date of FY13). These two programs are consistently rated by Soldiers as important to their Family's quality of life and heavily impact their decision to remain with the Army Team. Army Child and Youth Programs send a clear message that the Army cares

about Families, helps minimize Soldier and spouse lost duty time, influences Soldiers and spouses decisions to stay with the Army team, allows Soldiers and spouses to better concentrate on their jobs, and provide positive growth and development opportunities for children.

The Army recently implemented, and is currently expanding, the Army Integrated Family Support Network (AIFSN). This network is a "stargate portal" that is designed to "pull" Family services information from Government, Army, Public, and Private programs and services available to support our Soldiers and their Families across all components Active, Guard and Reserve. This virtual, on-line, access to service information improves readiness and quality of life for both our Soldiers and their Family members. The network "pushes" services information to Soldiers and Families, integrating with our more traditional "brick and mortar" Family Service Centers. The AIFSN improves access to service information for all Soldiers and Families, but is particularly helpful to those Soldiers and Families that are remotely located and have limited access to Army installations. AIFSN is a comprehensive multi-component approach for community support and services to meet the diverse needs of Active Army, Army National Guard, and Reserve Soldiers, Families and Employers throughout the entire deployment cycle.

Military One-Source, an information and referral resource for Soldiers and Families, has greatly expanded in the past 12-months. Military One-Source is an internet-based, information resource available 24-hours a day, 7-days a week and provides information on taxes, education, counseling, legal matters, and retirement planning, just to name a few. Both the 1-800 number and the website are available to Active and Reserve Component Soldiers and their Families. In addition to Military One-Source, the web site: myarmylifetoo.com highlights Family program services in Army Community Service, the Army National Guard, and Army Reserve Family Programs. It is written in easily understood language for Family members instead of Army terms, acronyms, and program names.

Military One-Source is the face of Family programs and serves as the website of choice for information on programs and services. To date, there are over 66,000 registered users. The use of Military One-Source has increased by 40% over the last year.

Support Families of the Fallen

We have lost over 3,000 Soldiers in Iraq and Afghanistan, each with a Family back home. Their sacrifices and loss can never be fully repaid. Our commitment in the Soldier's Creed to "never leave a fallen comrade" also applies to the Families of our fallen Soldiers.

We will continue to honor our fallen Soldiers and, on their behalf, provide support and assistance to their Families in making final arrangements and providing funeral and travel entitlements for Family members. We will continue to examine our processes and policies in an effort to improve support to these Families during and after this very difficult time.

We greatly appreciate your full support of the Army over the last several years. Your support has provided improvements to equipment, Soldier and Family housing, Soldier barracks, child and youth programs, pay gains and a host of other important quality of life issues. Our Army medical facilities are consistently accredited by the Joint Commission of Accreditation of Health Care Organizations and are well maintained and operated. Medical technology is advancing at an enormous pace, and DoD is continually evaluating how to ensure the medical treatment facility infrastructure continues to support the demands of modern medicine while providing the most efficient and patient focused facilities to support our wounded warriors, family members and retirees.

The Way Ahead

In closing, I want to stress the amazing work being done by our Soldiers around the globe. They continue to be ambassadors of

democracy. I am convinced that they are the 21st century's first generation of heroes. We have come to know this generation of heroes as the "Next Greatest Generation." Like their predecessors of an earlier global conflict, the impact of their service will be felt for many years to come. Every generation has its heroes, and this one is no different.

Throughout this last year, many of you have traveled to Iraq and Afghanistan and seen the many great things our Soldiers have accomplished. Although the "good news stories" don't always make it to the evening news, you know our young men and women are working to ensure the security and stability of both nations and ultimately ours.

Thank you for continuing to visit our wounded warriors at Walter Reed Army Medical Center, the National Medical Center at Bethesda, and other military hospitals around the country. During these visits, you can see the pride in their service.

Although many face life-long struggles with amputation or other medical conditions, they remain upbeat and proud of their service to our Nation. The critics of this generation have been proven wrong -- America's sons and daughters have risen to the challenge and have exceeded our highest expectations.

2008 is the Year of Leaders. It will take all Soldiers, from the newest Private to the most senior General Officer to our Civilian leaders to get us through this challenging year. Our leaders must be multi-skilled warriors; trained and proficient in combat skills having the intelligence and experience to make tough decisions that have strategic level implications.

Thank you again for your continued support of our Soldiers and their Families. We have made great strides by your commitment to improve their quality of life. We still have challenges but with your help, I am positive we can continue to take care of our Army family.

I appreciate this opportunity to speak before you today and represent "America's Army" and all it stands for. Thank you.

Mr. EDWARDS. Thank you, Sergeant Major.
Sergeant Major Kent.

THURSDAY, FEBRUARY 7, 2008.

UNITED STATES MARINE CORPS

WITNESS

CARLTON W. KENT, SERGEANT MAJOR OF THE MARINE CORPS

STATEMENT OF SERGEANT MAJOR CARLTON W. KENT

Sergeant Major KENT. Thank you, Mr. Chairman, Congressman Wamp, and all the members for what you do for our service-members today.

At the Marine Corps, we are focused on taking care of our warriors and their families. That is the key for us, especially in operational tempo that stresses the force that equates to stress on the families. With their contribution to the mission, comes great sacrifice, and our families can be the most brittle part of the deployment equation.

It is our moral obligation as a Marine Corps to ensure that their needs are provided for. I am pleased to report that the Marine Corps continues to make positive changes for Marines and their families that will benefit them for generations to come. We are making investments in our quality of life, and particularly our family support programs. Actions are underway to broadly refresh, enhance and improve installation infrastructure and support mechanisms.

Additionally, housing and infrastructure are key quality of life components. Marines and their families are grateful for your continued support and attention to the condition and states of our housing, our barracks, our childcare centers, dining facilities, and fitness centers. Particularly, we are most appreciative of your attention to the barracks and your support of the commandant's bachelor quarters. Barracks are a critical element in supporting our warfighters. Providing appropriate and comfortable living conditions positively impacts the morale and the development of these dedicated young men and women.

On behalf of your Marines and their families, I thank you for being such strong quality of life advocates. Your unwavering support and interest in the welfare of Marine families continues to be vital to our mission accomplishment. I have submitted my written statement for the record, and I look forward to your questions.

[Prepared Statement of Sergeant Major Carlton W. Kent follows:]

NOT FOR PUBLICATION UNTIL
RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE

STATEMENT OF
SERGEANT MAJOR CARLTON W. KENT
SERGEANT MAJOR OF THE MARINE CORPS
HEADQUARTERS, UNITED STATES MARINE CORPS

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND
RELATED AGENCIES

ON

FEBRUARY 7, 2008

NOT FOR PUBLICATION UNTIL
RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE



SERGEANT MAJOR OF THE MARINE CORPS

Carlton W. Kent



Sgt. Maj. Kent completed recruit training at Marine Corps Recruit Depot, Parris Island, S.C., in March 1976 and was assigned to the 1st Marine Brigade. In May 1978, Sgt. Maj. Kent was transferred to Marine Security Guard Battalion where he served as a Marine Security Guard. He served at American Embassy, Kinshasa, Zaire and Panama. In June 1981, Sgt. Maj. Kent transferred to Fort Benning for Airborne School and Parachute Riggers School at Fort Lee, Va. In June of 1982 he was assigned as 2nd Air Delivery Platoon Commander, and parachute rigger billets in various commands aboard Camp Lejeune, N.C.

In February 1983, Sgt. Maj. Kent was transferred to Marine Corps Recruit Depot, San Diego, Calif., for duty as a drill instructor, senior drill instructor and battalion drill master with First Battalion. In January 1985, he was meritoriously promoted to Gunnery Sergeant.

In May 1985, Sgt. Maj. Kent transferred to 3rd Air Delivery Platoon as Platoon Sergeant. In June 1986 he transferred to Engineer Company, BSSG-1 1st Marine Brigade, Hawaii, as Company Gunnery Sergeant. In March 1988, Sgt. Maj. Kent was assigned to Noncommissioned Officers School, 1st Marine Brigade as the NCOIC.

In February 1989, Sgt. Maj. Kent transferred to Marine Corps Recruit Depot, Parris Island, S.C., as a student at Drill Instructor School. After completion of Drill Instructor School, Sgt. Maj. Kent was assigned to Naval Aviation Officers Candidate School in Pensacola, Fla., as a Drill Instructor, Chief Drill Instructor, and First Sergeant. In February 1990, Sgt. Maj. Kent was promoted to First Sergeant and assigned as First Sergeant, MATSG, Pensacola, Fla.

In June 1992, he transferred to 4th Marine Regiment for duty. In June 1993, he transferred to the Army Sergeants Major Academy, Fort Bliss, Texas. After graduation, in February 1994 he was transferred and assigned as First Sergeant, Battery L, 3rd Battalion, 12th Marine Regiment. In December 1994, he assumed the duties as Sergeant Major, 3rd Battalion, 12th Marine Regiment. In August 1997, Sgt. Maj. Kent was transferred to the Marine Corps Recruit Depot, San Diego, Calif., where he was assigned duties as Sergeant Major 2nd Recruit Training Battalion and in September 1999 as Sergeant Major Recruit Training Regiment.

In May 2001, he was transferred to Marine Forces Europe/FMF Europe, Stuttgart, Germany, where he was assigned the duties as the Sergeant Major of Marine Forces Europe. In April 2004, he was transferred to I Marine Expeditionary Force, Camp Pendleton, Calif., to serve as the Sergeant Major of the I Marine Expeditionary Force. Sgt. Maj. Kent assumed his current post as the 16th Sergeant Major of the Marine Corps on 25 April 2007.

Mr. Chairman, Congressman Wamp, and Distinguished Members of the Subcommittee, it is an honor to report to you on the state of your Marine Corps and the well-being of your Marines and their families. Your Marines remain at the tip of the spear and continue to do great things for our Nation.

Marines are forward deployed in diverse and sustained operations around the globe, to include Iraq and Afghanistan. More than 332,000 Marines have either enlisted or re-enlisted since September 11, 2001 – they joined or decided to re-enlist fully knowing they would go into harm's way. They have been pushed hard by the tempo and frequency of operational deployments; yet, their morale remains high. They know they are making a difference and that they have the support of this Congress and the American people.

Marines and Sailors in combat are our number one priority. With this priority in mind, the Commandant has directed that the Corps focus on several key areas over the next few years. These focus areas include:

- ***Achieve victory in the Long War;***
- ***Right-size our Corps for today's conflict and tomorrow's uncertainty;***
- ***Provide our Nation a naval force that is fully prepared for employment as a Marine Air-Ground Task Force across the spectrum of conflict;***
- ***Reset and modernize to "be most ready when the Nation is least ready";***
- ***Rededicate ourselves to our Core Values and warrior ethos;***
- ***Posture the Marine Corps for the future; and,***
- ***Of particular interest to this subcommittee, improve the quality of life for our Marines and our families.***

Grow the Force

To meet the demands of the Long War, as well as the unforeseen crises that will inevitably arise, our Corps must be sufficiently manned, well trained, and properly equipped. Like the Cold War, the Long War is a long-term struggle that will not be measured by the number of near-term deployments or rotations; it is this long-term view that informs our priorities and plan for growth.

To fulfill our obligations to the Nation, the Marine Corps will grow its personnel end strength to 202,000 Active Component Marines. This increase will enable your Corps to train to the full spectrum of military operations and improve the ability of the Marine Corps to address

future challenges of an uncertain environment. Our growth will enable us to recover our ability to respond in accordance with timelines outlined in Combatant Commander war plans — thereby, reducing operational risk.

Current wartime deployment rates dictate an almost singular focus to prepare units for their next rotation and counterinsurgency operations. This focus and the deployment rate of many units threaten the health of our skills needed for Marine Corps missions such as combined-arms maneuver, mountain warfare, and amphibious operations. By increasing dwell time for our units, we can accomplish the more comprehensive training needed for the sophisticated skill sets that have enabled Marines to consistently achieve success in all types of operations. Just as importantly, this growth will relieve strain on those superb Americans who have volunteered to fight the Nation's battles.

Our recently begun Grow the Force initiative will significantly address these challenges. This growth includes:

- ***An increase in our end strength to 202,000 Marines;***
- ***Adequate expansions of our infrastructure to provide for our Marines, their families, and their equipment; and***
- ***The right mix of equipment for the current and future fight.***

This additional end strength will result in three Marine Expeditionary Forces — balanced in capacity and capability. The development of Marine Corps force structure has been the result of a thorough and ongoing process that supports the Combatant Commanders and accomplishes our Title 10 responsibilities. The process addresses all pillars of combat development (Doctrine, Organization, Training, Materiel, Leadership and Education, Personnel, and Facilities) and identifies our required capabilities and the issues associated with fielding them.

Infrastructure

The Marine Corps continues to strive for a prolonged commitment to facilities and infrastructure that support quality of life. Beginning in Fiscal Year 2008 we began the Commandant's Bachelor Enlisted Quarters Initiative. This initiative includes funding for new construction, modernization, sustainment, and furnishings.

The Fiscal Year 2009 President's Budget includes $3.2 billion for construction and infrastructure support. This is a 59 percent increase over our Fiscal Year 2008 budget of over $2 billion. Our proposed program consists of $492 million for facility sustainment, $378 million for

restoration and modernization, $297 million for Family Housing PPV seed money and operations and maintenance of housing, and $2.038 billion for Military Construction supporting construction for our active and reserve forces.

This unprecedented level of funding in our facilities program is primarily the result of our end strength increase to 202,000 Marines and our conviction that the Marine Corps must take care of its operating forces by providing adequate, fully functioning facilities in which to operate and live. In Fiscal Year 2009, $1.3 billion is requested to provide bachelor enlisted quarters, family housing, and operational facilities to support our growth. Because our manpower expansion has already begun, temporary facility solutions were put into place beginning in Fiscal Year 2007.

Exacerbating our requirements, for many years, we funded only our most critical needs. As a result, our installations are in a poor position to properly house and operate with additional Marines. Most of the efforts in Fiscal Years 2007, 2008 and proposed in 2009, accelerate non-unit specific facilities which benefit all those aboard the installation -- such as bachelor quarters, family housing, ranges, operational facilities, and landfills. This will assist in getting our installations ready to support our Grow the Force initiative.

As a result of our rapid, but rigorous planning process, we were able to submit our end-strength growth stationing plan to Congress in October 2007. Our proposed Fiscal Year 2009 request is based on that stationing plan and will go a long way to ensure that adequate facilities are available to support the phase-in and Final Operating Capability of a 202,000-Marine Corps while meeting our environmental stewardship requirements.

The Marine Corps' has four major funding areas where recapitalization and modernization initiatives in infrastructure and facilities are programmed: Bachelor and Family Housing; Facility Sustainment, Restoration and Modernization; Military Construction; and Military Construction, Navy Reserve.

Bachelor Housing. Bachelor housing is the Commandant's top Military Construction priority. The Fiscal Year 2009 budget request continues to build on our 2008 Bachelor Enlisted Quarters Initiative that focuses on the Quality of Life for single enlisted Marines and proposes $1.168 billion in construction in Fiscal Year 2009 on bachelor housing new construction in support of our current end strength.

Barracks are a critical element in supporting our warfighters. The Bachelor Enlisted Quarters initiative focuses on our enlisted troops and their quality of life within our barracks. The Marine Corps is the youngest, most junior, and least married of the four military Services. Providing appropriate and comfortable living spaces that positively impact the morale and development of these young men and women, who are facing ever-changing responsibilities and make the sacrifices for our Nation just makes sense. Taking care of our single Marines is my highest priority for infrastructure support. The Marine Corps has dedicated more than eight times our historical average for new and replacement barracks construction.

We are also committed to funding whole room barracks furnishings on a seven-year replacement cycle and prioritizing barracks repair projects to preempt a backlog of repairs.

The Marine Corps' primary focus remains housing our junior enlisted bachelor personnel in pay grades of E1 through E5 in our barracks, with a goal of providing a 2+0 room standard that allows two junior enlisted Marines (E1-E3) to share a room and bath. We believe that assigning two junior Marines to a room is the correct balance between the privacy desired by the Marines and the Marine Corps' goals of providing companionship, camaraderie, and unit cohesion. This balance provides the atmosphere we believe is necessary to motivate, train and develop Marines, while fostering unit integrity. Noncommissioned officers (E4 and E5) are provided a private room with bath in a 2+0 room.

The Marine Corps currently maintains 86,804 bachelor enlisted housing spaces worldwide. We required an additional 16,330 spaces in 2006 in the United States to adequately house our enlisted bachelor Marines. Our program is now adjusted to support our current end strength. Your support of our Fiscal Year 2009 $1.168 billion Military Construction request for bachelor housing will allow us to continue to reduce this shortfall through thirty five barracks projects at eight bases located in California, Georgia, Hawaii, and North Carolina. With your continued support the Marine Corps is on track to obtain our goal to achieve the 2+0 standard to support 180,000 (pre grow-the-force end strength) end-strength by 2012 and supports our 2014 goal to provide adequate housing for 202,000 Marines. Consequently, our single Marines are seeing signs of progress and know the support is there to provide them with quality housing.

Family Housing. With over 170,000 family members, Marine Corps families are an integral component of readiness. We must always remember that Marines and their families serve out of a sense of duty and loyalty to our country and as they do so, they face the difficulties

of the military lifestyle -- frequent relocations often far from extended family and frequent deployments that separate families for months at a time. A continued commitment to improving family housing helps us to convey our appreciation for their service and sacrifices.

In continued support of the President's Management Agenda, we have been increasing our quality family housing inventory through public private ventures (PPVs) and military construction where necessary. In addition to PPV initiatives for family housing, the Department's continued support for full funding of the Basic Allowance for Housing (BAH) is allowing more families to access quality affordable housing in the private sector. This is important since more than two-thirds of service members do not live on a military installation. However, many families continue to prefer to live in military or PPV housing for a number of reasons, including economics, safety, schools, and community support. PPV combined with traditional military construction will continue to build and improve the homes necessary to supplement private sector housing.

We have close to 23,000 owned, leased, or PPV family housing units worldwide. Our remaining owned inventory is in the best shape it has been in my entire career. The Department of Defense has had a long-standing goal to eliminate all inadequate family housing. In 2001 the Marine Corps had close to 17,700 inadequate housing units with the majority of those units requiring significant revitalization or replacement. Thanks to your support, I am proud to announce that we successfully met the goal by having contracts in place by the end of Fiscal Year 2007 to completely eliminate all remaining inadequate housing by 2014.

The Fiscal Year 2009 President's family housing budget request of $297 million provides for public private venture (PPV) seed money and operations, maintenance, sustainment and restoration for family housing. This request includes $251 million for PPV seed money, $9 million for traditional military construction and $37 million for family housing operations. Support for this request will allow us to continue to address the requirement for additional family housing resulting from "Grow the Force" increases, the remaining requirement for the stand-up of the Marine Corps Special Operation Command and reducing our long-standing housing deficits. The PPV seed money will permit construction of 394 deficit-reduction units and a DoD Dependent school at Marine Corps Base Camp Lejeune in North Carolina and construction or purchase of 951 units at Marine Corps Base Camp Pendleton and Marine Corps Air Ground Combat Center in California and 520 units at Marine Corps Base Hawaii. This aggressive PPV

program will continue to allow the Marine Corps to leverage private sector funds. In addition to government financing, the private sector will contribute an estimated $149 million worth of development capital for PPV projects in Fiscal Year 2009. Using traditional military construction we will sustain and restore 72 townhouse enlisted units at Marine Corps Air Station Iwakuni, Japan.

Public Private Ventures. We have privatized ninety six percent of our world-wide inventory to date and continue to see success from our PPV projects at Marine Corps installations in Arizona, California, Georgia, Hawaii, Massachusetts, Missouri, New York, North and South Carolina, and Virginia. PPVs have not only improved the homes in which our families live, they are also providing community support facilities such as community centers, playgrounds, green scapes, etc., that help create neighborhoods and a sense of community.

Appropriation of last year's request will provide funding for two PPV projects to be awarded in Fiscal Year 2008. This funding will allow for additional housing construction through privatization at Marine Corps Bases Camp Lejeune and Camp Pendleton, and Marine Corps Air Ground Combat Center Twentynine Palms. Upon award of these projects, we will have successfully privatized approximately 97 percent of our worldwide inventory and reduced our housing deficit by up to 1,103 homes.

With nearly 100 percent of our domestic inventory privatized we will continue to build on our prior successes and use PPVs to help us address most of our remaining housing requirement.

Facility Sustainment, Restoration, and Modernization. Facility sustainment funding is critical to keeping our buildings ready to support the mission and provide an acceptable quality of life. In the past, our infrastructure was not replaced at an appropriate rate, causing portions of it to deteriorate. As a consequence, the Marine Corps has had to use an increasing percentage of its facility sustainment funds to bind together old, inadequate buildings throughout the course of their service life, rather than maintaining newer, more economical structures resulting in significant numbers of facility sustainment projects being deferred due to a lack of funds. This directly impacted the living and working conditions in barracks, mess halls, and other facilities, in highly visible and negative ways. In addition, we suffered a "quiet crisis" with respect to less obvious repairs to steam plants, runways, sewer lines, and roads. These requirements are no longer being ignored.

A few years ago, the Office of the Secretary of Defense (OSD) developed a model to determine the amount of funding we need to sustain our facilities, which continues to be refined and strengthened. Since inception of the model, and because of the funding standards put in place by OSD, we have done very well in programming and execution of sustainment. In fact, in Fiscal Years 2006, 2007 and 2008 our sustainment rate is over 100% which will allow us to take care of some backlogged repairs. To build on this investment, in Fiscal Year 2009 we have decided to add nearly $200 million to reduce the backlog of restoration work in our existing facilities. This one time injection of repair money will help improve living and working conditions for both existing and "Grow the Force" Marines.

Military Construction. For the second year in a row, the Fiscal Year 2009 proposal for Military Construction represents a significant increase from traditional funding levels in order to provide facilities to address long-standing requirements at our bases and stations. The facilities we are proposing will ultimately support the ramp-up to 202,000 end strength across the Marine Corps.

The Marine Corps prioritizes and balances our military construction requirements against many pressing needs. As I stated earlier, bachelor housing is our top military construction priority. In Fiscal Year 2009 we have requested an investment of $1.168 billion in bachelor housing construction. This is the second year of our initiative to construct new barracks to support a Marine Corps force of 180,000 by 2012. For decades, we set aside our barracks shortfall as a funding priority, and we now find ourselves well below acceptable living standards. $856 million of the $1.3 billion in Grow the Force Military Construction investment is an acceleration of the Commandant's BEQ initiative. This funding with an additional $312 million in our regular program request provides a total of $1.168 billion in BEQ funding in support of both the Commandant's BEQ and Grow the Force Initiatives. The additional BEQ funding in the Grow the Force initiative will help meet existing deficiencies and enable our bases to house new Marines earlier. This investment plan does not take into account our end strength growth to 202,000 but will go a long way toward meeting the additional future requirement and our effort to have all single Marines adequately housed.

Other long-standing improvement requirements at our bases and stations include dining facilities at Camp Lejeune, MCAS New River, Camp Pendleton and Quantico, a Child Development Center at Camp Lejeune, ranges at Camp Pendleton and Camp Lejeune, facilities

that support the stand-up of the V-22 aircraft in North Carolina and California, the second and third stage of barracks replacement supporting the 3rd Recruit Battalion at MCRD Parris Island, a recruit support battalion barracks at MCRD San Diego, and the third stage of student officer quarters replacement at the Basic School at Quantico.

We face the challenge with our Grow the Force initiative to support our current permanent end-strength and also push forward on construction of additional supporting facilities to maintain and improve facilities support for our greater end strength.

It is always a pleasure to visit our installations and hear young Marines talk about the work they perform in new facilities. These new facilities support their mission while some of our older facilities do not. When new construction is deferred, we know that, in the short term at least, Marines will still find a way to accomplish their mission. However, in the long term, with end strength increases occurring, we cannot defer new construction without having a profound effect on readiness, retention, and quality of life.

With these new facilities, Marines will be more deployable and their quality of life will be enhanced. Without them, quality of work, quality of life, and readiness for many Marines will have the potential to be seriously degraded.

Military Construction, Navy Reserve. The Marine Forces Reserve is an integral and vital portion of our Marine Corps total force. Marine Forces Reserve is comprised of almost 39,600 Select Marine Corps Reserve personnel at 183 sites, dispersed throughout 48 states, Washington D.C., and Puerto Rico. As these numbers suggest, maintenance of Marine Corps Reserve facilities presents a considerable challenge. It is our mission to make sure they are supported with adequate facilities. The Military Construction, Navy Reserve program for exclusive Marine Corps construction must effectively target limited funding to address at least $130 million in deferred construction projects. Over 50 percent of the reserve centers our Marines train in are more than 30 years old and of these, 35 percent are more than 50 years old.

In addition to antiquated facilities, the equipment our Marines use today is bigger, heavier, wider, and longer. Much of it requires appropriately constructed or modified maintenance facilities, as well as adequate electrical power and other support infrastructure upgrades to maintain combat readiness. The electrical demand on our facilities has increased significantly due to the widespread use of electronic devices and technologically advanced equipment, such as weapons systems simulators. We still continue to use facilities built to

accommodate manual typewriters, M151 jeeps, and M-48 tanks and they present serious challenges for the equipment our modern Marine Corps uses.

To help us address these challenges, the President's Fiscal Year 2009 Budget for Military Construction, Navy Reserve contains $22.98 million in appropriations request for construction and $843 thousand in planning and design. This program addresses our most pressing requirements and will provide a new Reserve Training Center and a vehicle maintenance facility in Fresno, California; and a Reserve Training Center in Windy Hill, Georgia.

Improving Quality of Life for Marines and Families

Marines take care of their own – period. This enduring pledge between Marines is never more sacred than during time of war. Just as every Marine makes a commitment to the Corps when they earn the title Marine, the Corps makes an enduring commitment to every Marine – and an enduring commitment to their family.

Putting Family Readiness Programs on a Wartime Footing. Last year, at the Commandant's direction, the Marine Corps set out to ensure our family programs have fully transitioned to wartime footing in order to fulfill the promises made to our families. Our family and installation support programs underwent rigorous assessments, and actions are underway to refresh, enhance, or improve our family readiness programs at the unit and installation levels. We are also taking action to improve quality of life at remote and isolated installations that need infrastructure or expanded programs to appropriately sustain Marines and their families. Finally, we are making investments to improve communication between deployed Marines and their families through enhanced telecommunication on the installation.

Actions underway also include updating programs and services to appropriately support the needs of our Marines and Families who have experienced multiple deployments. We plan to conduct focus groups at installations across the Marine Corps to target younger Marines and families to determine their specific support requirements, particularly in view of their operational tempo. The results of these efforts will ensure that our program transformation does in fact meet the needs of the future leaders of your Marine Corps and generations of Marines and their families to come.

Through our assessments, we found that our Marine Corps Family Team Building Program and unit family readiness program, the core of our family support capability, was based on a peacetime deployment model and 18-month deployment cycle. This placed additional stress

on our volunteers who support our unit family readiness programs. While our dedicated volunteers performed magnificently, the Marine Corps must increase civilian staffing and establish primary duty family readiness responsibilities for designated Marines.

To implement our identified family readiness program improvements, the Marine Corps budget supports a $30 million sustained funding increase. These improvements, currently under aggressive implementation, include:

- Formalizing the role and relationship of family readiness process owners to ensure accountability for family readiness;
- Expanding programs to support the extended family of a Marine (spouse, children, and parents);
- Establishing primary duty billets for Family Readiness Officers at regiment, group, battalion, and squadron levels;
- Increasing Marine Corps Family Team Building installation personnel at bases and stations;
- Refocusing and applying technological improvements to our communication network between commands and families;
- Dedicating appropriate baseline funding to command level Family Readiness Programs; and
- Developing a standardized, high-quality volunteer management and recognition program.

In addition to family readiness program improvements, the Marine Corps has dedicated $100 million of Fiscal Year 2008 Global War on Terrorism funds for Warrior Family Support. The funding will be used to help transition and expand our installation and deployed family readiness support through staffing, infrastructure, equipment, and technology initiatives. At installations across the Marine Corps, to include remote and isolated installations, we are making programs and services upgrades to support the families of our deployed warriors.

Exceptional Family Member Program (Respite Care) (EFMP). Parental stress can be heightened for families who are not only impacted by the current operational tempo, but who are also caring for a child with special needs. To focus on this specific need, the Marine Corps offers our active duty families enrolled in the Exceptional Family Member Program up to 40 hours of free respite care per month for each exceptional family member. This care reduces the stress for our Marine parents by providing important intervals while giving our exceptional children a nurturing and developmentally appropriate environment. We seek to provide a "continuum of care" for our exceptional family members. In this capacity, we are using our assignment process,

working with TRICARE and the Department of the Navy Bureau of Medicine and Surgery to expand access and availability to care, and providing family support programs to ease relocations and ensure quality care transitions.

School Liaison Officers. The education of over 41,000 school age children of Marine Corps parents has been identified as a quality of life issue. These children are as transient as their military parents. As a result, they encounter transition and academic problems their civilian counterparts do not face. To address these issues, we are establishing a School Liaison Officer capability at every Marine Corps Installation to help parents and commanders interact with local schools to ease and work through education transition issues. This capability is especially important for our EFMP families. Working with commanding officers, Marines, and families, our School Liaison Officers should optimize the educational experience of elementary, middle, and high school students.

Children, Youth, and Teen Programs. The Marine Corps continues to strive to achieve the Department of Defense goal of meeting 80 percent of potential childcare needs and is actively working multiple strategies to increase our care capacity. We are currently meeting 71 percent of calculated total need (our current unmet calculated space requirement is 1,460 spaces). The Marine Corps plan includes 10 Child Development Center (CDC) MILCON projects in Program Years 2008-2013 and nine modular CDCs. Camp Pendleton and Camp Lejeune currently have two modular facilities each.

Our backlog of childcare spaces is not exclusively addressed through Child Care Centers, but rather through a system of childcare options. The four main components that make up the child development system are: Child Development Centers (MILCON), Family Child Care subsidies, School-Age Care, and Resource and Referral Partnership Programs.

We are also looking at all areas and childcare opportunities, such as off-base leasing of facilities to expand space and meet the needs of parents living off base. We are working with OSD on a pilot concept to expand spaces through an off-base facility lease to support families living off base in high cost living areas. Additionally, we are working with a Public-Private Venture (PPV) housing partner in Mountain Warfare Training Center, Bridgeport, California to convert housing units into Child Development Home space.

The Marine Corps agrees with this Committee's assessment that those who make up the force are not only personnel, they are also parents – parents who perform well under the stresses

of high operational tempo and have need for extended child care options. We are identifying installations with the greatest need to receive the $3 million provided by the Fiscal Year 2008 Department of Defense Appropriations Act to expand child care center operating hours and reduce the number of children on waiting lists for services and funding. We will also contract with a national agency to recruit, assist, and subsidize additional childcare spaces for military children in civilian childcare centers. Moreover, through Enhanced Extended Child Care, we continue to provide childcare for children of Marines whose needs extend beyond normal duty hours as a result of increased operational tempo.

In May of this year, the Marine Corps will host a Children, Youth, and Teen Functionality Assessment to specifically focus on expanding childcare options.

Support to Remote and Isolated Installations. Quality of life programs and services are vital to mission accomplishment, regardless of duty station. The Commandant has expressed concerns regarding sufficiency and level of quality of life support (programs, state of installation infrastructure, and funding sustainment) provided to Marines and their families living aboard remote and isolated installations. To respond, Remote and Isolated Installation Contact Teams were assembled to review Marine Corps Community Services and other base operations deficiencies. We are acting on command-specific findings and recommendations by investing over $35 million in Fiscal Year 2008 to increase the depth and breadth of programs offered at these installations and to execute facility modernization or refurbishment.

Family Communications. Communication is a high priority of deployed Marines and their families. We are establishing Wi-Fi technology aboard all Marine Corps installations and deployed satellite communications that facilitate Internet access between deployed Marines and their families. Implementation will include several key locations throughout Iraq and Afghanistan to provide Internet capability where none previously existed. Cyber cafes will allow more Marines to email or "chat" with their family members throughout the world.

Prevention Initiatives. A successful collaborative effort between our Semper Fit and our Prevention and Intervention programs has resulted in the "Are You Listening?" initiative. For most of our Marine Corps Community Services (MCCS) patrons, front-line staff and managers in our recreation programs are the most visible and accessible face of all the programs offered. "Are You Listening" builds on the staff/patron relationship by training staff to actively and positively interact with our patrons and identify potential risks and behavioral warning signs

(such as substance abuse, loneliness and boredom, behavioral/lifestyle choices, and suicidal ideations). "Are You Listening?" is the first line of prevention of at-risk behaviors in recreation settings.

Success of this collaboration has extended beyond recreation programs and is proven effective within many activities throughout MCCS. Those programs best suited for this training includes, but is not limited to: recreation and community centers; health and fitness; the Single Marine Program; aquatics; outdoor recreation; Children, Youth and Teen Programs; finance; Marine Corps Clubs (bartenders and waitresses); and some retail operations. The training provides basic observation and communication skills, an understanding of distress warning signs, and how to approach and make available those valuable resources within MCCS and the surrounding community.

Suicide Awareness and Prevention. For the Marine Corps, one suicide is too many. We remain vigilant in our prevention efforts, to include new innovations. "Frontline Supervisor Training" will be launched in April 2008 at the annual Military Suicide Prevention Conference in a train-the-trainers session for Installation Coordinators. "Assessing and Managing Suicide Risk," a new curriculum developed by the National Suicide Prevention Resource Center, will be offered to all MCCS counselors this Fiscal Year.

From a technology perspective, our Headquarters Marine Corps Suicide Prevention website (http://www.usmc-mccs.org/suicideprevent) has been completely redesigned to include new toolbox sections for Marines and family members, command representatives, and medical/religious providers. The site now includes training videos, news updates, installation-level points of contact, and links to immediate assistance resources. Additionally, our Leaders Guide for Managing Marines in Distress website (http://www.usmc-mccs.org/leadersguide/) continues to be a highly-regarded device for leaders and was the third most visited MCCS website in Calendar Year 2007. It provides guidance and tools on what to look for, what to do, and specific resources for helping Marines in distress. It provides information on not only suicide prevention, but also other issues Marines face such as marital problems, financial difficulties, legal problems, substance use, and emotional issues. The Leaders Guide is routinely reviewed for currency and to ensure information quality. Pocket versions of the Leaders Guide were provided to Military OneSource and Marine Forces Reserve for distribution throughout the Marine Corps.

Traumatic Brain Injury (TBI) Traumatic Brain Injury continues to be a high priority concern for the Marine Corps. With the frequent use of improvised explosive devices (IEDs) and improved protective measures that reduce mortality rates, more Marines are exposed to possible traumatic brain injuries. As with other poorly understood injuries, there is sometimes a reluctance by individual Marines to seek medical attention at the time of the injury. Education is the best way to reduce this stigma, and it is to be the most effective treatment for those suffering a mild injury. TBI awareness and education is part of pre-deployment and routine training. All Marines are being screened for TBI exposure during the post-deployment phase and those identified as injured receive comprehensive evaluation and treatment. Severely wounded Marines are assigned to the Wounded Warrior Regiment where their needs, as well as the needs of their families, are assessed and supported. They are provided comprehensive administrative and medical support and are closely tracked to ensure their needs are met. A pilot program for baseline neurocognitive testing is being implemented to improve identification of TBI and maintain individual and unit readiness in the field. The Marine Corps continues to work closely with the Center of Excellence for Psychological Health and Traumatic Brain Injury to continue to advance our understanding of TBI and improve the care of all Marines.

Post Traumatic Stress Disorder (PTSD) The science of diagnosing and treating Post-Traumatic Stress Disorder continues to evolve. The Marine Corps Combat Development Command, Marine Corps Training and Education Command, Naval Health Research Center, and others are studying ways to identify risk and protective factors for Post-Traumatic Stress Disorder (PTSD) and to increase our resilience to stress. By improving the awareness of both individuals and our leaders, we can provide early identification and psychological first aid for those who are stress-injured. Better screening and referral of at-risk Marines are underway via pre- and post-deployment standard health assessments that specifically screen for mental health problems. The Marine Corps is working to embed mental health professionals within operational units as part of the Operational Stress Control and Readiness (OSCAR) program. This will improve access to care and reduce any remaining stigma associated with PTSD. The Departments of Veterans Affairs and Defense have collaboratively established comprehensive guidelines for managing post-traumatic stress, which are available to all services. The Marine Corps continues to work closely with the newly established Defense Center of Excellence for

Psychological Health and Traumatic Brain Injury to advance our understanding of PTSD and improve the care of all Marines.

Combat Operational Stress Control. Over the past few years, the Marine Corps has made great strides in preventing, recognizing, and taking care of adverse combat and operational stress in Marines, Sailors, and family members. Our consistent message to all Marines has been and will continue to be, "It's OK to get help." The Commandant has made Combat Operational Stress Control (COSC) a priority for all commanders. I have made this a priority for all senior enlisted leaders. By partnering with mental health and religious ministry experts, we have developed effective tools to aid commanders and staff noncommissioned officers.

Commanders bear primary responsibility for COSC in the Marine Corps. We do this through training our Marines and Sailors to be tough and resilient, and by developing and maintaining strong, cohesive units. We teach commanders to detect stress problems in warfighters and family members as early as possible, and to effectively manage these stress problems anywhere they occur – in theater or at home. To assist our commanders, we have developed hyper-realistic combat training in environments engineered to simulate, as closely as possible, the sights, sounds, and smells of combat, in order to inoculate them against the associated stressors. We have intensified training focus at every level to develop strong character and promote ethical behavior both on and off the battlefield.

At the center of our COSC Program is an understanding that stress responses and outcomes occur on a continuum — from stress coping and readiness at one end of the spectrum to stress injuries and illnesses at the other end. These stress responses are color-coded as green (for "Ready"), yellow (for "Reacting"), orange (for "Injured"), and red (for "Ill"). It is an important duty for all Marine leaders to promote green-zone resiliency and mental readiness in their Marines, Sailors, and families, and this is done primarily through training, leadership, and unit and family cohesion. Training and education in COSC knowledge, skills, and attitudes is a priority not only for units preparing to deploy, but throughout deployment cycles, as well as in formal career schools for all Marines.

Personal Financial Management. Marines' and their families' personal readiness and quality of life can hinge upon successful management of personal finances. The dual goal of our Personal Financial Management Program (PFMP) is to have financially healthy Active Duty and Reserve Marines and to return financially healthy citizens to civilian life – whether after four

years of service or 30 years of service. We accomplish this through a strong PFMP that begins in boot camp with the basics of understanding pay and entitlements. The life-cycle approach of our PFMP guides our Marines in making sound financial decisions through major life changes such as marriage and children, and addressing consumer matters and planning for major purchases. The PFMP specifically targets financial planning for career issues faced by all Marines: deployments, relocations, and transition to civilian life. We have also aggressively addressed predatory lending and commercial solicitation issues with educational forums and information campaigns.

The increases in pay and benefits over the past several years have provided Marines and their families the opportunity to save and invest. As a result of these increases, we have experienced increased requests to provide saving and investing education and to provide financial counseling regarding saving and investing strategies. We are strongly advocating that Marines, their spouses and their children make saving commitments during the 2008 Military Saves Campaign Week (24 February – 2 March). The Marine Corps remains committed to establishing a financial culture that echoes the ethos of the Campaign: "Build Wealth – Not Debt."

Quality of Life Survey. In order to properly evaluate the quality of life concerns and priorities of Marines and their families, the Marine Corps instituted a periodic Quality of Life Survey beginning in 1993. The Survey measures perception and satisfaction with all aspects of quality of life, to include pay and compensation, housing, and support programs. The survey was administered for the fourth time in 2007 to assess the efficacy of the quality of life support system, along with the current state of "life in the Corps" from the perspective of the customer, user, and beneficiary. It further identifies emerging trends that bear monitoring or specific corrective action. Quality of Life Program Sponsors will utilize survey findings to program initiatives, establish funding priorities, and support the modernization of our family programs. The final report will be available by June 2008.

Wounded Warrior Regiment. In November of 2006, the Marine Corps announced the creation of its Wounded Warrior Regiment. The regiment builds on initiatives dating back to the beginning of the current conflict. For example, in 2002, the Marine For Life program was established to provide employment assistance and other support through a country-wide network that conducts local coordination with veteran, public, private, and charitable organizations. Three

years later, the Injured Support Section was added to the Marine For Life program to provide individualized non-medical case management support to injured warriors both in the Department of Defense and after their transition to the Department of Veterans Affairs.

In April of 2007, the Wounded Warrior Regiment was activated to achieve unity of command and effort and to develop a comprehensive and integrated approach to Wounded Warrior care. The mission of the regiment is to provide and facilitate assistance to wounded, ill, and injured Marines and Sailors and their family members throughout all phases of their recovery. The regiment also ensures continuity of care by ensuring our Marines and Sailors receive the same level of assistance and support no matter where they are in the United States. This support includes non-medical assistance, benefit information, and transition support. We use "a single process" that supports active duty, reserve, and separated personnel and "one stop shopping" for resources, referrals, and information.

Shortly after standing up the regiment, we established two Wounded Warrior Battalions at Camp Lejeune, N.C. and Camp Pendleton, California — built upon the pre-existing Wounded Warrior Barracks. These battalions work closely with our warfighting units to ensure accountability and to provide non-medical case management, and provide a "personal touch" — face-to-face Marine leadership. The regiment's commander has been given the responsibility to ensure that the phrase "Marines take care of their own" endures indefinitely.

On October 1, 2007, the regiment launched a Job Transition Cell to assist transitioning Marines and former Marines in finding jobs. The cell will be manned by the regiment, Department of Labor, and Department of Veteran Affairs representatives; the focus will be on "severely" wounded warriors.

In November 2007, the regiment established a Wounded Warrior Call Center to support wounded Marines, Sailors, and their families. This center has three primary responsibilities: receive incoming calls from Marines who have questions; make outreach calls to the over almost 9,000 wounded Marines who have left active service; and serve as a point of contact for surviving spouses and family members of our Marines who are killed in action. Marines and former Marines will be able to get assistance 24/7. The Wounded Warrior Regiment has also created a Charitable Organization Cell to coordinate the link between the needs of the Marines and the charitable organizations that can provide the needed support.

We have strengthened our liaison presence at the Department of Veterans' Affairs' headquarters. This liaison cell allows us to facilitate the quick and efficient delivery of benefits from the Veterans Health Administration and the Veterans Benefits Administration to our separating Marines and Sailors. These liaison officers also coordinate on a daily basis the transition of Marines from the Department of Defense to VA — ensuring a "warm hand-off" to local VA facilities.

These are just some of the initiatives and programs that reflect your Corps' enduring commitment to the well-being of our Marines and Sailors suffering the physical and emotional effects of their sacrifices for our great Nation.

Conclusion

As we remain fully engaged in the battle for freedom, our institution must look after the well-being of our great warriors and take action to fight an adverse toll on their families. The Commandant and the leadership of our Corps are making positive changes that will benefit the Marines and families of generations to come. On behalf of the entire Marine Corps family, I thank you for your continued support and vigilance.

Semper Fidelis

Mr. EDWARDS. Thank you very much, Sergeant Major.
Master Chief Campa.

THURSDAY, FEBRUARY 7, 2008.

UNITED STATES NAVY

WITNESS

JOE R. CAMPA, JR., MASTER CHIEF PETTY OFFICER OF THE NAVY

STATEMENT OF MASTER CHIEF PETTY OFFICER JOE R. CAMPA, JR.

Master Chief CAMPA. Thank you.

Mr. Chairman, Congressman Wamp, distinguished members of the subcommittee, thank you for the opportunity to speak today. It is with great pride that I come before you on behalf of our Sailors and their families. Joining me is my wife, Diana. In addition to being my wife and the mother of my children, she serves as the Ombudsman-At-Large for our Navy, representing over 223,000 Navy families. Also joining me is the Force Master Chief of our great Navy Reserve, Master Chief Dave Pennington.

From combat operations to humanitarian relief efforts, our Sailors continue to meet the high expectations the American people have of them in defense of our great nation. I wish to express their gratitude for the hard work of Congress in supporting the many initiatives over the last year that have directly improved their quality of life. Our Navy has moved beyond the blue waters of our oceans, and as of January this year has contributed over 63,000 individual augmentees since the beginning of ground operations in Iraq and Afghanistan.

Due to the high demand of our maritime forces and with the continued role of these non-traditional ground support missions, pillars of support such as healthcare, childcare and housing are more critical than ever. My wife Diana and I have seen firsthand the impact on family stability and peace of mind that these traditional pillars of support provide when a Sailor is deployed.

Navy families are strong, resilient and proud of their contributions during this critical time in our nation's history. Surge deployments, individual augmentation, and duty in places our Navy has never been has resulted in the need for strong family support. The programs and initiatives we presently have in place to support our families must continue to evolve as the needs of our families change.

In my travels throughout the fleet, I continue to be inspired by the dedicated efforts and the patriotism of all our men and women. They are succeeding because they believe in who they are and in what they do. Our total force of active duty and Reserve Sailors continues to rise to the challenges of world events, as they always have. They do this because they are keenly aware of the trust, confidence and responsibility that the American people have in them, and because they believe in the rich tradition of our Naval service.

Mr. Chairman, committee members, I am honored for the opportunity to speak here today, and I look forward to your questions. Thank you.

[Prepared Statement of Master Chief Petty Officer Joe R. Campa, Jr. follows:]

NOT FOR PUBLICATION UNTIL
RELEASED BY THE
HOUSE COMMITTEE ON APPROPRIATIONS (MILCON)

STATEMENT OF
MASTER CHIEF PETTY OFFICER OF THE NAVY
(SURFACE WARFARE/FLEET MARINE FORCE)
JOE R. CAMPA, JR.
BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES
FEBRUARY 07, 2008

NOT FOR PUBLICATION UNTIL
RELEASED BY THE
HOUSE COMMITTEE ON APPROPRIATIONS (MILCON)

Introduction

The United States Sailor is a world wide presence. The knowledge, skills, and abilities of our traditional maritime forces are now being used in ways that demonstrate the versatility and adaptability of our Navy. From combat operations to humanitarian relief efforts, our Sailors continue to meet the high expectations the American people have of them in the defense of our great nation.

On behalf of the over 404,000 Active and Reserve men and women who make up our all-volunteer Navy, I would like to thank Congress for the support and continued efforts to help ensure we remain the best equipped and well-trained military force in the world. The support that Congress has provided to our Sailors and their families, particularly in healthcare, funding for childcare centers and the success in the privatization of military housing is greatly appreciated by our men and women.

Due to the high demand on our maritime forces and with the increasing role of non-traditional missions, it is important that these pillars of support remain strong. Our Sailors and their families take great comfort in knowing that these basic necessities have the attention of our military and civilian leadership.

During this past year, our men and women have deployed in support of missions all over the world. At sea and ashore, they have answered this call to duty as they have for the past 232 years. In my travels throughout the fleet, I continue to be inspired by the hard-work, dedication and sacrifice of our Sailors. They continue to exceed all expectations and in return they must be provided the piece of mind that comes from knowing that if something happens to them they will be taken care of and their families well supported.

In visiting wounded warriors in Military Treatment Facilities, the families that I have spoken to have expressed appreciation for the quality of care and attention that they initially receive. In speaking with the mother of one severely injured Sailor, she indicated that she was overwhelmed by the outreach and level of support that her son had received, but she asked, "Who will be here for us in six months or a year?" She wanted to know who would help them navigate through the rehabilitation process and the transition to non-military care during her son's road to recovery.

This is a question that the Navy and the Department of Veterans Affairs take very seriously and are working together to address. We have strengthened our liaison at the Department of Veterans' Affairs' headquarters. This liaison allows us to facilitate the quick and efficient delivery of benefits from the Veterans Health Administration and the Veterans Benefits Administration to our separating Sailors and Marines. These liaison officers also coordinate on a daily basis the transition of Sailors and Marines from the Department of Defense to VA — ensuring a "warm hand-off" to local VA facilities

Safe Harbor and Healthcare

In August 2005 the Navy started the Safe Harbor Program. It is designed to assist severely injured Sailors and their families in dealing with non-medical and personal challenges from time of injury through reintegration back into active duty or to civilian life for up to five years. Over the past year we have continued to refine this program in identifying and tracking those Sailors who the program is designed to support.

We currently support 150 Sailors that have been severely injured in support of Operations Enduring and Iraqi Freedom. This year Safe Harbor has expanded to include all severely injured Sailors who qualify for a single injury disability rating of 30% or greater and be of special nature

such as amputation, severe burns, traumatic brain injuries, complete or major loss of sight/hearing, paralysis, and post traumatic stress disorder. We anticipate the expansion of this program will result in providing services to approximately 250 annually.

Safe Harbor has worked closely with the Marine Corps Wounded Warrior Regiment to leverage some of the capability of this program. We continue to look for innovative ways to meet the needs of our severely injured Sailors and their families.

As we improve the process in which we provide for the needs of our severely injured, we must apply the same level of attention to those who return from deployments whose medical needs may not be immediately apparent. Mental health among our returning Sailors and the ability to identify Post-Traumatic Stress Disorder and Traumatic Brain Injury have improved over the past year, but we must also be able to provide care that results from the psychological toll that multiple deployments have on our Sailors and their families. The un-predictably that comes with surge deployments and non-traditional missions is having an effect on our Navy children. In Town Hall meetings with family members, I have heard on several occasions concerns that the need for mental health professionals and counselors must be able to meet the demand that this strain has brought upon our children. Providing for the emotional and mental health needs of our families, especially our children, is an area that we continue to improve.

In 2007, 13 Deployment Health Centers (DHC) were established as non-stigmatizing portals of care for service members and their families. The success of the DHC concept resulted in the decision to expand the DHCs to 17 in Fiscal Year 2008. Providing for these types of counselors at our Fleet Family Support Centers remains a priority in our Fleet concentration areas.

Healthcare services provided to our Sailors and their families is the flag ship benefit of all military entitlements that we must sustain for our active duty population, family members and retirees. Our military healthcare system is the cornerstone of our quality of life benefits and one that is highly valued by its beneficiaries.

Recruiting

Over the past year I have been re-energized by the American spirit that lives in each of the men and women who wear our uniform. I meet them on flight decks, engine rooms, bridges of ships, and on the ground in some of the world's most austere places. Each time I speak with our youngest Sailors, I'm left with the question I never stop asking myself. Where do we find these people? Where do we find the young men and women so dedicated to the ideals of this country that they would volunteer to defend it at all costs? This is the job of our Navy Recruiters. Despite the fact that 72% of the target population to recruit for military service is ineligible, without a waiver, due to moral, academic (low AFQT scores) medical or legal issues, during Fiscal Year 2007, 47,988 men and women became United States Sailors. Navy Recruiters achieved 101% of the active duty recruiting goal and 100% of our reserve accession. In meeting these recruiting goals, we have not had to lower the standards for enlistment. Almost 93% are high school graduates and 12% of those have some college education. We are able to meet these recruiting goals because of the variety of jobs and specialties that our Navy has to offer and because of the unique brand of service that comes to serving our nation at sea.

Recruiting methods are very deliberate in ensuring that the focus is not solely on meeting a quota, but fitting the right person for the right job. We have shifted from sizing to shaping the enlisted force poised to support a future 313 ship Navy.

Our efforts are not solely on recruiting, but retaining the best and brightest Sailors remains our objective and key to success. Reenlistment rates have consistently supported our end strength requirements. Although increased operational demands and added stress on our families create a challenging retention environment, targeted special pays have a strong impact on reenlistment. In addition, maintaining selective reenlistment bonuses has proven to be essential in sustaining retention of critical skills. The Navy retains the right people by offering rewarding opportunities for professional growth, development and leadership directly tied to mission readiness.

Sailors in Action

We are a Navy that our nation relies upon to keep the fight away from our shores and our fleet is deployed around the world meeting that responsibility. In addition to providing maritime security and supporting our forces on the ground in the Central Command area of responsibility, we continue to build partnerships with our friends and allies to defeat terrorism and threats to our common interests.

Last year our Sailors provided aid and support to citizens around the world. USS PELELIU (LHA 5) participated in providing medical assistance and relief to countries throughout the Pacific, USNS COMFORT (T-AH 20) deployed to the Caribbean and Latin America providing medical services and humanitarian relief support to 12 different countries, and in Bangladesh, our Navy and Marine Corps Team responded to massive flooding in the wake of a severe typhoon that left millions of citizens homeless and without food.

At home, Sailors provided on scene diving and salvage assistance to the Minneapolis bridge collapse, firefighting assistance during the San Diego wildfires, and rescued 55 civilians stranded during a massive winter storm in the Pacific Northwest.

Our Sailors take pride in their ability to respond and participate in these missions at home and around the world while still meeting the increasing demands on our traditional maritime requirements.

As of January 2008, the Navy has contributed over 63,000 Individual Augmentees since the beginning of ground operations in Iraq, Afghanistan and the Horn of Africa. Sailors I have met performing these duties are proud of the contributions they are making in the fight.

Currently there are over 12,000 Sailors serving as Individual Augmentees. To better support our Sailors and their families assigned to these non-traditional missions we have phased in the Global War on Terrorism Support Assignments (GSA) process. GSA allows Sailors to negotiate orders for these assignments during their normal change of station rotation. This process has improved career planning, family preparation and allows up to nine months notification prior to deployment.

GSA deployments have received considerable attention from Navy leadership, and we continue to look for ways to better prepare our Sailors and families for these types of assignments.

Reserve Force

Our Navy Reserve Force is more ready, responsive and relevant, and is a full partner in the total Navy. Alongside active duty Sailors, they provide integrated operational support to the

fleet. With critical military and civilian skill sets and capabilities, mission-ready reserve Sailors provide essential support across a full range of military operations.

Since September 11, 2001, 47,000 Navy Reservists have been mobilized in support of the Global War on Terror. On any given day, 27% of the Navy Reserve is on some type of orders contributing to the mission readiness of the Navy with both their military and civilian skill sets. This number includes about 5,050 reserve Sailors currently mobilized in support of Operations Iraqi and Enduring Freedom.

A majority of our reserve families are located in the heartland of America, far away from the traditional network of support offered in fleet concentration areas. We have examined how we support these families and have made great strides in improving family readiness through an enhanced Ombudsman Program and leveraging support provided by our sister services. Our goal is for all Navy families to be provided the information they need to be well connected with support services while their loved ones are deployed.

Childcare

Navy Child Development and Youth Programs provide quality care for over 77,000 children from four weeks to 18 years of age and are available at affordable rates for our Navy families. The Navy provides childcare through 124 Child Development Centers, 103 Youth Development Programs, 3,000 Child Development Homes and 86 School Age Care Programs.

Navy families cite the lack of available and affordable childcare as one of their top family readiness issues. The average waiting time across the Navy for childcare is six months and up to 12 months in fleet concentration areas. Since Fiscal Year 2003, there has been a 19% increase in childcare requirements which has placed over 8,000 children on annual waiting lists.

Parents are waiting too long for services and missing days from work due to the lack of available childcare. Adding to this concern is the limited availability of affordable and accredited childcare services offered in the civilian community.

Through Military Construction, interim modular classrooms, Child Development Home expansion and contract civilian spaces, the Navy will increase childcare capacity by 6,907 spaces. Final construction will result in 13 additional Child Development Centers by 2013.

Continued attention in this area is critical and affects our fleet and family readiness. With these additional initiatives, we will meet our goal of providing 80% of the potential need.

Navy Family Housing and Homeport Ashore

Navy Family Housing is an important issue for our Sailors and their families. Providing Sailors the opportunity for suitable, affordable and safe housing directly impacts mission readiness. When a Sailor is deployed, they should not be burdened with the concern for their family residing in locations that are unsafe and without adequate support such as good schools, medical care and community services.

Thanks to the support of this Committee and members of Congress, we have improved the housing available to our Sailors through Public Private Venture (PPV). Sailors cite the PPV initiative as one of the best quality of life improvements in recent years.

The Navy's goal to eliminate all inadequate housing by the end of Fiscal Year 2007 was realized by having all PPV agreements in place last October. A total of 19 privatization projects have been awarded for an end state of 40,355. The Navy secured $4.9 billion in private sector investment from $277 million Navy funds resulting in an 18 to 1 leverage ratio. This was a huge return on our investment.

The impact that PPV has had in improving the quality of life and instilling pride in our Navy Family Housing neighborhoods is something that I have seen first hand in military communities across our Navy. Sailors are proud of their homes and have shown greater interest in their neighborhoods and local community.

The Homeport Ashore Program is an initiative that was developed to provide junior Sailors the opportunity to reside in adequate off-ship quarters who would otherwise be required to live onboard ship. Homeport Ashore is being accomplished through Military Construction, Unaccompanied Privatization and re-designation of existing facilities.

Thousands of Sailors have benefited from this initiative, however, approximately 9,000 of our junior Sailors are still living onboard ships while in homeport. Moving these Sailors off ships remains a priority and requires us to assign two or more Sailors per room. Although housing these Sailors does not meet the DoD requirement of 90 square feet per person, our Sailors are very thankful for this initiative and know that we will continue to work to meet this requirement. Our current inventory is 15,324 rooms with a deficit of 12,755. The goal is to meet the full one plus one standard by 2016.

Great strides have been made in providing suitable, affordable and safe housing for our Sailors and their families. PPV and Homeport Ashore are examples of initiatives that have had a direct impact on the retention, morale and the quality of life of our men and women. Continued emphasis in this area is imperative in keeping high quality people in our all volunteer force.

Conclusion

Navy families are strong, resilient and proud of their contributions during this critical time in our nation's history. We are asking more of our Sailors than ever before, and more of their families. Surge deployments, individual augmentation and duty in places our Navy has never been has resulted in a need for even more family support. The programs and initiatives we presently have in place to support our families must continue to evolve as the needs of our families change.

In my travels throughout the fleet, I continue to be inspired by the dedicated efforts and patriotism of our Sailors. The culture solidified by more than two centuries of service from the sea is having a significant impact wherever our Sailors serve.

They are succeeding because they have embraced a warrior ethos that is difficult to capture in words, but never the less is very much a part of who we are. The United States Sailor is being asked to learn more, train harder and take on more responsibility. They consistently answer the call to duty with honor, courage and commitment.

Our Sailors will continue to improve, develop and rise to the challenges of world events as they always have. They will do this because they are keenly aware of the trust, confidence and responsibility the American people have in them and because they believe in the rich tradition of our Naval Service.

Mr. EDWARDS. Thank you very much, Master Chief.
Chief Master Sergeant McKinley.

THURSDAY, FEBRUARY 7, 2008.

UNITED STATES AIR FORCE

WITNESS

RODNEY J. McKINLEY, CHIEF MASTER SERGEANT OF THE AIR FORCE

STATEMENT OF CHIEF MASTER SERGEANT RODNEY J. MCKINLEY

Chief Master Sergeant MCKINLEY. Good afternoon, Mr. Chairman and committee members. I am honored to speak to you on behalf of the 685,000 Airmen proudly serving our nation. They are active, Guard and Reserve, officers and enlisted and civilians. I am honored to collaborate with my fellow warriors on quality of life issues impacting all our military members and their families.

Sir, I want to thank you and this committee for your invaluable support. Thank you for supporting pay raises and continuing reenlistment bonuses. We are having successes with our privatized housing efforts, and we appreciate the authority you gave us to pursue this new avenue to better house our Airmen and their families. Thank you for visiting our wounded warriors and their families, and thank you especially for taking time and effort to visit our deployed Airmen, Soldiers, Sailors, Marines and Coast Guardsmen.

Your efforts pay huge dividends for all military personnel and their families. Because we are an all-volunteer force and because the Air Force mission especially depends on highly educated, trained and focused and experienced Airmen, your support has a direct impact on our recruiting, retention and overall combat readiness. America's Airmen are in the fight.

Our Airmen have been continuously and globally engaged in combat and contingency operations for over 17 years, from Operations Desert Shield and Desert Storm, throughout the 1990s, to ongoing engagements in the Global War on Terror. In total at any given moment, over 208,000 active duty Guard and Reserve Airmen directly contribute to combatant commands, contingency operations, humanitarian efforts, and joint and coalition combat operations around the world.

Spreading their wings over America following 9/11, Airmen of Operation Noble Eagle continue to protect our nation's air corridors and maritime approaches, having flown more than 51,000 missions. Nearly 7,000 Airmen continue to serve in lieu of ground component personnel in Iraq, in addition to the 27,000 Airmen deployed to 112 worldwide locations to fight in the Global War on Terror.

They are taking the fight to the bad guys. Over the past 12 months, Air Force strike missions against enemy locations and forces have increased 171 percent in Iraq and 22 percent in Afghanistan, proving their effectiveness in counterinsurgency operations. But we also believe the maxim: Where there are roads, there is progress. Therefore, your Airmen have directly taken on projects to rebuild Iraq and Afghanistan, building schools, digging wells, building roads, rebuilding lives, winning trust, and forging enduring relations. Our Airmen interact daily with allies in host

nations, and they showcase America's image of strength, freedom and hope.

Quality of life is key to success. Our Airmen deserve the best support available, and we are committed to providing the highest quality of life standards possible, a commitment that points to our recruiting and retention successes. Our recruiting standards remain high. We have achieved tremendous recruiting success and continue to select airmen from among the most educated, motivated and highly qualified volunteers. Knowledge and innovation are hallmarks of Air Force heritage and service culture. We are particularly focused on training, education and professional development. Our Airmen are the most highly educated in our nation's history. We firmly believe this is an indicator of future mission success.

America's Airmen now receive core and expeditionary knowledge and skills training throughout every phase of their career. We are also offering more numerous and specialized educational opportunities along the way. We are emphasizing post-deployment, support, and in assisting Airmen as they reunite with their families and return to their communities.

We have had considerable success in providing care and assistance to severely injured Airmen and their families. We want to build upon those successes with more job placement, education and training opportunities for these great Americans. The civilian job market actively seeks our trained and technically qualified Airmen. We must continue to offer viable and competitive reenlistment bonuses and special duty pay in our critical job areas to retain our qualified Airmen.

We appreciate continued congressional support as we work to meet our retention goals and resolve shortages we have in some critical Air Force specialties. Additionally, every Air Force leader understands we recruit Airmen, but we retain families. Airmen retention in the Air Force and effectiveness in executing their mission and professionalism representing America to the world directly reflects how well we support them and their families.

We strongly advocate education and employment initiatives specifically targeted to mitigate some of the economic challenges our military families currently face. Nearly half of all service-members are married and have children. And of course, these families move frequently, this means things such as transfer of school credits, in-state tuition eligibility, and professional credentials for military dependents can become particularly difficult for military families and can easily affect a service-member's decision to continue serving.

We are eager to work with Congress and the states to find solutions. Our Airmen and fellow service-members should never have to choose between caring for their family and serving their country.

Mr. Chairman, we are working hard to continually improve how we develop and care for our Airmen and their families, with emphasis on families. Our base commanders and their local service providers are, of course, on the frontlines of our efforts to maintain and improve services to our Airmen, their families, veterans and retirees. Local control of real property and resources, combined with the natural responsiveness of direct customer feedback, has proven to be the most effective, efficient way for service providers

to respond to customers' needs, prioritize projects, and tailor services.

We are preparing for tomorrow's challenges. We must set conditions today to realize future victories. Nearly 17 years of continuous global operations have put extreme stress on our people and equipment. It has become exceedingly difficult, costly and time consuming to maintain aircraft and equipment of declining military utility. These are frustrations I hear and see every day, especially from our deployed airmen. Quality equipment and work environment have a lot to do with job satisfaction, and therefore impact morale and retention.

To successfully meet future challenges, maintain our advantages, and maximize results, we must keep pace with the talent of our 21st century Airmen and ensure they have the best equipment, facilities, and resources available. With your continued support, we will maintain and sharpen our nation's global vigilance, global reach and global power advantages, America's edge.

In closing, Mr. Chairman, I want to thank you and the committee again for the outstanding support you extend to all servicemembers and their families. We fully recognize the link between readiness and the issues that extend from our Airmens' quality of life, to their duties around the world, on the flightline, in the operations centers, and on the battlefield. America's Airmen, your Airmen, stand shoulder to shoulder with their fellow American warriors defending this great nation and our way of life.

A new generation of America's Airmen continues to do what our Airmen have always done in peace, conflict, crisis and war. They set conditions for success across the entire spectrum of military operations. It has been more than a half-century since an American service-member has been attacked from the sky. Today, the airspace is secure.

Thank you again for the opportunity to appear with my fellow warriors and represent America's Airmen before you today. I look forward to your questions.

[Prepared Statement of Chief Master Sergeant Rodney J. McKinley follows:]

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON MILITARY CONSTRUCTION

AND VETERANS AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: QUALITY OF LIFE IN THE MILITARY

STATEMENT OF: CMSAF RODNEY J. MCKINLEY
CHIEF MASTER SERGEANT OF THE AIR FORCE

February 7, 2008

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

BIOGRAPHY

UNITED STATES AIR FORCE

CHIEF MASTER SERGEANT OF THE AIR FORCE RODNEY J. MCKINLEY



Chief Master Sergeant of the Air Force Rodney J. McKinley represents the highest enlisted level of leadership, and as such, provides direction for the enlisted corps and represents their interests, as appropriate, to the American public, and to those in all levels of government. He serves as the personal adviser to the Chief of Staff and the Secretary of the Air Force on all issues regarding the welfare, readiness, morale, and proper utilization and progress of the enlisted force. Chief McKinley is the 15th chief master sergeant appointed to the highest noncommissioned officer position.

Chief McKinley grew up in Mount Orab, Ohio. He originally entered the Air Force in 1974, took a break in service in 1977, and re-entered the Air Force in 1982. His background includes various duties in medical and aircraft maintenance, and as a first sergeant and command chief master sergeant at wing, numbered air force and major command levels. His assignments include bases in North Carolina, South Carolina, Oklahoma, Virginia, Alaska and Hawaii. The chief also served overseas in the Philippines, Italy and Germany, and deployed to Southwest Asia in support of operations Enduring Freedom and Iraqi Freedom. Before assuming his current position, he served as Command Chief Master Sergeant, Pacific Air Forces, Hickam Air Force Base, Hawaii. He was appointed to the position of Chief Master Sergeant of the Air Force on June 30, 2006.

EDUCATION

1984 Tactical Air Command NCO Leadership School, Myrtle Beach AFB, S.C.
1986 Associate of Arts degree, Saint Leo College, Fla.
1986 Associate degree in aircraft maintenance technology, Community College of the Air Force
1986 Bachelor's degree in human resource management, Saint Leo College, Fla.
1987 Tactical Air Command NCO Academy, Tyndall AFB, Fla.
1991 U.S. Air Force First Sergeant Academy, Keesler AFB, Miss.
1997 U.S. Air Force Senior NCO Academy, Maxwell Air Force Base, Ala.
1998 Associate degree in personnel management, Community College of the Air Force
1999 Master's degree in human relations, University of Oklahoma
2004 USAF Senior Leadership Course, Center for Creative Leadership, San Diego, Calif.
2004 USAF Senior Leadership Course, Gettysburg College, Pa.
2006 Keystone, U.S. Joint Forces Command, Suffolk, Va.

1997 U.S. Air Force Senior NCO Academy, Maxwell Air Force Base, Ala.
1998 Associate degree in personnel management, Community College of the Air Force
1999 Master's degree in human relations, University of Oklahoma
2004 USAF Senior Leadership Course, Center for Creative Leadership, San Diego, Calif.
2004 USAF Senior Leadership Course, Gettysburg College, Pa.
2006 Keystone, U.S. Joint Forces Command, Suffolk, Va.

ASSIGNMENTS
1. July 1974 - August 1974, student, basic military training, Lackland AFB, Texas
2. August 1974 - November 1974, medical service specialist technical training, Sheppard AFB, Texas
3. November 1974 - August 1977, emergency room technician, Seymour Johnson AFB, N.C.
4. August 1977 - April 1982, separated from the Air Force
5. April 1982 - June 1982, aircraft maintenance technology technical training, Sheppard AFB, Texas
6. June 1982 - June 1987, phase dock inspector, maintenance instructor, quality assurance inspector, noncommissioned officer in charge of aircraft weight and balance and functional check flights, 354th Tactical Fighter Wing, Myrtle Beach AFB, S.C.
7. June 1987 - June 1991, dedicated crew chief, quality assurance inspector, noncommissioned officer in charge aircraft weight and balance and functional check flights, chief inspector of quality assurance, 3rd Tactical Fighter Wing, Clark Air Base, Philippines
8. June 1991 - June 1992, First Sergeant, 354th Communications and Services squadrons, Myrtle Beach AFB, S.C.
9. June 1992 - January 1994, First Sergeant, 401st Munitions Support Squadron, Ghedi AB, Italy
10. January 1994 - July 2000, First Sergeant, 3rd Combat Communications Support Squadron, 965th Airborne Air Control Squadron, 552nd Equipment Maintenance Squadron, and 552nd Aircraft Generation Squadron, Tinker AFB, Okla.
11. July 2000 - July 2001, First Sergeant, 723rd Air Mobility Squadron, Ramstein AB, Germany
12. August 2001 - September 2002, Command Chief Master Sergeant, 86th Airlift Wing, Ramstein AB, Germany
13. September 2002 - June 2004, Command Chief Master Sergeant, 1st Fighter Wing, Langley AFB, Va. (February 2003 - June 2003, Command Chief Master Sergeant, 379th Air Expeditionary Wing, Southwest Asia)
14. June 2004 - March 2005, Command Chief Master Sergeant, 11th Air Force, Elmendorf AFB, Alaska
15. March 2005 - June 2006, Command Chief Master Sergeant, Pacific Air Forces, Hickam AFB, Hawaii
16. June 2006 - present, Chief Master Sergeant of the Air Force, the Pentagon, Washington, D.C.

MAJOR AWARDS AND DECORATIONS
Legion of Merit
Bronze Star Medal
Meritorious Service Medal with silver and two bronze oak leaf clusters
Air Force Commendation Medal with two oak leaf clusters
Air Force Achievement Medal
Air Force Outstanding Unit Award with "V" device and silver and three bronze oak leaf clusters

OTHER ACHIEVEMENTS
1984 John Levitow and Esprit de Corps winner, NCO Leadership School
1985 Maintenance Professional of the Year for Quality Assurance, 354th Tactical Fighter Wing
1990 Maintenance Professional of the Year, 3rd Tactical Fighter Wing
1994 First Sergeant of the Year, 3rd Combat Communications Group
1994 First Sergeant of the Year, 12th Air Force
1996 First Sergeant of the Year, 552nd Air Control Wing
1996 First Sergeant of the Year, Tinker AFB, Okla.

EFFECTIVE DATES OF PROMOTION
Chief Master Sergeant of the Air Force June 30, 2006

INTRODUCTION

First of all, I would like to thank the committee members and the U.S. House of Representatives for your tremendous support over the past year. You continue to demonstrate your commitment to America's Airmen, Soldiers, Sailors, Marines and Coast Guardsmen through your resolutions to care for our wounded warriors and their families. You also have expanded military veterans' health care and retirement services. Representatives have greatly boosted morale with numerous visits to our deployed service members, letting our warriors know America cares deeply about their health and welfare. Your frequent visits with our wounded warriors and their families in health care facilities around the Nation express on a personal level that their sacrifices are appreciated and honored.

I also thank you for the opportunity to address issues important to the greatest resource in our United States Air Force – America's Airmen. I am proud to be an Airman and consider it an honor and distinct privilege to represent some of America's finest men and women. We are more than 685,000 strong with more than 509,000 uniformed Airmen and nearly 176,000 Air Force civilians. I can assure you, your Airmen take tremendous pride in serving this great Nation. They prove it every day in the skies, in space, in cyberspace and on the ground anywhere freedom and the American way of life are threatened. Many answered the call and many have given their lives since the Global War on Terrorism began. Noble acts. True American heroes.

Our Airmen are tremendously dedicated to our Nation and our Air Force. They make many sacrifices, and we owe it to our Airmen and their families to ensure they are safe, healthy, well compensated, and well educated. We also owe it to them the make sure they are properly organized, trained and equipped to face the threats, challenges and uncertainty of today and tomorrow.

AIRMEN IN THE FIGHT

We have now been in combat for more than 17 continuous years. Airmen deployed to Southwest Asia in 1990 in preparation for Operation DESERT STORM, and we have never left.

Today, 208,000 Total Force Airmen are engaged in and supporting Global War on Terror daily operations and 31,000 are engaged in additional operations. On an average day, over 33,000 Total Force Airmen are deployed to over 150 locations worldwide. Another 178,000 provide strategic mobility, space and missile capabilities, command and control, and intelligence, surveillance, and reconnaissance to the warfighter. In all, 54 percent of our Active Duty Force is on line to fulfill field combatant commander requirements everyday, with 81 percent of the Total Force on line and prepared to surge to support combatant commander operations.

Your Air Force has flown more than 570,000 sorties, or air missions, in the U. S. Central Command (USCENTCOM) Area of Operation (AOR) since September 11, 2001. Over the past year, the Air Force flew over 92,800 sorties over Iraq and Afghanistan and we average 265 sorties every day. Our USCENTCOM area mobility flights alone fly in excess of 1,000 tons of cargo and 2,500 passengers daily. From combat sorties to global mobility, the War on Terror depends on the capabilities of your Airmen. Our mobility missions average one departure every 90 seconds, 365 days a year.

Your Air Force provides a unique and vital capability to the Joint fight -- aeromedical evacuation. Since 2001, this medical transportation system treated and transferred more than 46,000 patients from the battlefield to U.S. medical facilities. Aeromedical evacuations, coupled with enroute care, have delivered America's war fighters a 97 percent casualty survival rate, the highest in the history of warfare.

Mobility and inflight refueling tanker crews both contribute directly to the joint and coalition warfight. Our tankers fly more than 1,000 refueling missions each month, delivering

more than two million pounds of fuel every day to the joint and coalition warfighter. None of this happens without motivated, dedicated, and well-trained Airmen.

FULL SPECTRUM SUPPORT

Our engagement in USCENTCOM is only the tip of the iceberg. The Air Force mission spans an array of global engagements and ongoing operations. America's Airmen patrol the skies over the Korean peninsula; prosecute worldwide intelligence; execute surveillance, and reconnaissance missions; stand on alert to deter nuclear threats; provide airlift and critical transport for combatant commanders' personnel, equipment, and cargo; and expertly maintain fighters, bombers, and transport aircraft.

The totality of the Air Force mission is dedicated to combatant commanders and extends far beyond the sands and mountains of Iraq and Afghanistan – your Airmen and the power they project span the globe with far-reaching impact – 24 hours a day, seven days a week, 365 days a year.

Airmen provide the foundation for modern homeland defense missions. Every day more than 6,000 Airmen provide strategic deterrence by manning, maintaining and guarding our Intercontinental Ballistic Missile fields; fields which cover a landmass the size of the state of Pennsylvania. Airmen also continue to protect the skies over our great Nation. Since 9/11, through Operation NOBLE EAGLE, the Air Force has spread its wings over this Nation by flying more than 51,000 fighter, inflight refueling tanker and airborne early warning sorties to help prevent another attack.

Our Air Force space professionals provide intelligence, surveillance and reconnaissance , communications, navigation, weather, and warning, executing more than 500 satellite actions per day. They also operate a world-wide space surveillance network and track satellites from 55 countries, as well as tracking all space debris.

America's Airmen remain committed to fostering joint interdependence and fighting the Global War on Terror. We stand ready to deter, dissuade, or defeat any adversary anywhere in the world. We fly, fight and dominate in air, space and cyberspace.

JOINT OPERATIONS

Your Air Force contributes full spectrum, expeditionary combat capabilities for the joint and coalition force. Of the more than 26,000 Airmen deployed in the USCENTCOM AOR, nearly 7,000 are considered In-Lieu-Of (ILO) taskings, meaning we are filling other Services' core mission requirements in some of their stressed skill areas and taking on tasks outside Air Force core competencies. Airmen stand shoulder-to-shoulder with Soldiers, Sailors and Marines in roles such as detainee operations, convoy operations and protection, explosive ordnance disposal, police training teams, military transition teams, civil engineering, security, interrogation, communications, fuels, medical services, logistics, intelligence, and base operating support. We expect a steady increase in these ILO requirements as combat operations continue. In-Lieu-Of taskings take our Airmen away from their core skill, some for a significant amount of time. We will remain a full partner, but look forward to the day Airmen return to Air Force missions.

Together we are training and augmenting both Iraqi and Afghan security forces, rebuilding critical infrastructure, and providing medical services to these war-torn countries. Dedicated to the Joint team, Air Force combat search and rescue helicopters remain on alert providing commanders with the capability to rescue isolated military and civilian personnel.

Our Airmen on Provisional Reconstruction Teams in Afghanistan are doing an amazing job providing security for aid teams and helping with reconstruction work, quite often digging ditches and laying mortar themselves. In the past five years school enrollments have gone from about 900,000 to nearly 5.4 million. For girls, the school enrollment rate has increased nearly

100 percent, and now nearly 13 percent of Afghani female adults are literate, with 25 percent of the National Assembly consisting of women.

Because of our crucial presence in ground operations in Iraq and Afghanistan, the Air Force requires nearly 700 Mine Resistant Ambush Protected (MRAP) vehicles to conduct air base defense, explosive ordnance disposal, tactical air control and Air Force Office of Special Investigations missions within highly volatile areas of operation. These missions are essential to Joint operations, and an adequate number of MRAPs better ensures the survivability of our Airmen during Improvised Explosive Device attacks.

The Air Force is also dedicated to the standup and success of the new U.S. Africa Command (USAFRICOM). We have formulated air components to better serve the transportation requirements driven by the huge geographic area involved and are committed to supporting USAFRICOM air mobility requirements.

RECAPITALIZATION

Engaging in combat for over a decade and a half brings tremendous opportunities and challenges for the men and women who serve in our Air Force and places tremendous strain on our already-aging aircraft and equipment.

While recapitalizing and modernizing our air fleet is critical to maintaining and sharpening Air Force Global Vigilance, Reach and Power – America's Edge to secure national security and protect our sovereignty – it is also a quality of life issue. Our Airmen work miracles every day to keep these aging aircraft in the fight. However, this reality is no ally. Maintenance time has increased. Parts are hard to find, and fuel efficiency is dramatically less than with modern aircraft. These factors mean our Airmen work longer hours maintaining aircraft, spend less time on training, less time on other required official duties and less time at home with their families.

Today, our fleet is smaller and older. Our inventory has decreased nearly 31 percent since 1991, yet we are flying at the same rate of 2.1 million hours per year as we did over a decade ago. The average Air Force aircraft is 24 years old, and many of our aircraft have surpassed their "golden anniversary" of 50 years.

While our Air Force remains the envy of the world, availability of advanced technology is bringing high-tech platforms and weapons to governments around the world – including our adversaries. Wise investment today will arm tomorrow's Airmen with the tools to defeat any threat.

INNOVATION

We continue working within limited resources and responding to unexpected demands, to include rising energy costs, wartime commitments and restrictions on aircraft retirements. In a quest for innovative ways to increase our efficiency, we have finished testing and have certified the B-52H Stratofortress bomber fleet to fly using a blend of synthetic and regular aviation fuels. In December one of our C-17 Globemaster cargo aircraft completed a transcontinental flight using the fuels blend and we are working towards certifying the entire C-17 fleet to use the mixture. These alternative fuel successes demonstrate the Air Force's commitment to develop alternative sources for fuel for both its aircraft and ground vehicle fleets.

We are striving to balance our resources and ensure we maintain our mission capabilities in all arenas. We are also aggressively committed to examining our processes at every level and initiating changes to eliminate unnecessary tasks and reduce our workload. We are committed to Air Force Smart Operations 21 and Lean initiatives, leveraging their principles and tools to give every Airman the power to improve the way they work and get the job done. Our goal is a leaner and more efficient Air Force for America.

RECRUITING AND RETENTION

While the necessity to recapitalize and modernize our force is clear, we are vigilant to maintain our force capabilities. We will shape our force to ensure we meet our missions with the right number of Airmen with the right skills. We are firmly committed to securing the best equipment, training and education for our Airmen.

Our Total Force Airmen are the most valuable assets we have in fighting the Global War on Terror and ensuring our air, space and cyberspace dominance. We have to continue to recruit, train, equip and retain the Airmen of tomorrow. As our Airmen become more capable, more efficient and more lethal, so does our Air Force.

Our goal continues to be to recruit the best and brightest our Nation has to offer and we are succeeding. We have not lowered our Air Force recruiting standards one bit since 2001 – and we still recruit some of the most talented young men and women in America. These are highly-qualified recruits, with 98.3 percent holding a high school degree and most with some college under their belt. We are on track to meet recruiting goals for our Active Duty, Air Force Reserve and Air National Guard. Currently in this fiscal year, 13,194 of America's young men and women destined for Air Force duty have completed or currently attend Air Force Basic Military Training (BMT). Additionally, there are 9,460 recruits "contracted" to attend BMT.

Our retention efforts continue. In Fiscal Year 2007 the Total Force met or exceeded officer and enlisted retention goals, but some of our specialties experienced shortfalls. We continue to use bonuses and quality of life initiatives to resolve these shortages. We appreciate continued Congressional support for our efforts. We look forward to working with you to ensure we have the tools to retain the right Airman, with the right skills, at the right time in order to meet our expeditionary requirements.

Quality of life is the foundation of our recruiting and retention efforts. Providing the young men and women who volunteer to serve our great Nation with the best equipment, training

and education is a fundamental responsibility. We begin developing our Airmen in basic training and continue throughout their careers.

A LIFECYCLE OF LEARNING – DEVELOPING AIRMEN

We will continue to take a deliberate approach to developing our most important weapon system – your Airmen. Our expeditionary Air Force needs all the cultural, political, and technical skills available to win the War on Terror and remain the greatest Air Force on this planet. Our goal is to continue to provide combat-ready, expeditionary forces to combatant commanders now and in the future.

The first step for the Air Force is to transform each and every Airman to be relevant in light of the changing security environment and ready to deploy and engage with expeditionary combat skills. We will strengthen all levels of training and education to sharpen our expeditionary skills.

We are expanding Basic Military Training from 6.5 weeks to 8.5 weeks in duration. This allows for integration and immersion in the BEAST--Basic Expeditionary Airman Skills Training. We have placed an increased emphasis on warrior skills in our professional military education schools to develop leaders who will prepare their Airmen, as well as themselves, to deploy into the combat environment. We are honing our Airmen's combat skills by establishing Common Battlefield Airmen Training. In addition, amidst ever-changing global threats which may expose captured Airmen to enemy exploitation, we are expanding our Survival, Evasion, Resistance and Escape training to encompass more Total Force Airmen.

QUALITY OF LIFE

A universal theme Air Force leaders understand is, "we recruit the member, but we retain the family." The quality of life we provide for our Airmen and their families is a distinct determining factor in how long many of our warriors will serve.

The sacrifices our Airmen, their spouses and children make throughout a typical career are enormous. Yet, they continue to reenlist, not just as an individual, but as a family. From hectic schedules to lengthy separations to frequent zip codes changes, life in today's military presents unique challenges. We are deeply committed to providing every Airman and their family with the best possible quality of life as they serve our Nation. As we transform, our Air Force community support programs and services will become more agile and capable of meeting the needs of both married and single Total Force Airmen while keeping pace with a smaller overall force.

We are fortunate that in this Nation our all-volunteer military is successful. Airmen choose public service for a number of reasons with patriotism, dedication and commitment at the top. They also recognize the opportunities. We thank Congress for the historical support of pay and benefit increases and quality of life initiatives. Steady gains in these areas have allowed us to retain skilled Airmen and develop them into the enlisted leaders of the future.

We cannot, however, rest on past success. The civilian job market searches for the same smart, motivated, and dedicated people. We must keep pace with pay, allowances, housing, support programs and educational opportunities. And in this time of war, we must continue to make caring for our wounded service members always a top priority.

ASSISTANCE TO SEVERELY INJURED SERVICE MEMBERS

Responding to the needs of severely injured service members is a high priority for our Services. Advancements in medical evacuation and trauma care save many more lives than in past wars. Unfortunately, the extent of some injuries doesn't always allow these heroes to remain on active duty status. They return to local communities not sure what the future holds for them. Job and education possibilities look bleak to some as they cope with their new medical limitations and life changing events. We must not allow this uncertainty and insecurity.

Our Air Force is continuing to refine our process of handling our wounded Airmen and have recently made substantial changes to care for Airmen and their families from the moment an injury takes them out of the fight. We pledge to continue our commitment to help these heroes continue productive lives.

Through the Services, the Department of Veterans Affairs (VA) and the Military Severely Injured Center, we hope to ensure a seamless transition from Active Duty service and the military medical system to their communities and VA/local medical services. The men and women who have served in uniform have much to offer their communities. Assistance is needed to work with them to find opportunities when they return home. Some of our wounded warriors are no longer employable, so it's important we also consider caring for the whole family, to include job assistance for spouses who may have to shoulder the additional financial burden of sustaining the household.

POST TRAUMATIC STRESS DISORDER

The Air Force has made it a priority to ensure a focus on the total mental health needs of Airmen, to include post traumatic stress disorder (PTSD). We are addressing this concern at high operational tempo bases and in theater by adding additional mental health professionals to meet the growing mental health utilization needs. Additionally, Air Force mental health professionals are receiving training by national experts on PTSD treatment.

CHILD CARE

Child care is important to our Airmen and their families. Recently we asked our Airmen about Quality of Life issues and they told us having available and affordable child care is their number one concern. Because our Airmen work non-traditional hours – longer hours, holidays and weekends – our child care programs are challenged to accommodate a variety of schedules. Also, many of our military families are military married to military, single-parent families, or are spouses of military members who have to work to supplement the family income. These

situations require flexible child care options. We subsidize parents who need child care for extended hours through the Air Force Family Child Care Program, provide 18,000 hours of extended child care each month at no cost through the Extended Duty Child Care Program and offer free 24-hour child care to Airmen working at missile sites through Air Force Missile Care. Our child care umbrella extends over our Reservists and Air National Guardsmen by providing child care during scheduled drill weekends. So while we face funding challenges in meeting every child care requirement, we are striving to provide quality child care options to all our Airmen.

FAMILY EDUCATION OPPORTUNITIES

Today's Airmen are smarter, better trained, and more effective – they are the most educated enlisted force in the world. Currently, 73 percent of our enlisted Airmen have one to three years of college, 17.5 percent have associate degrees and five percent have bachelor's degrees. When you look at our senior noncommissioned officers, 49.6 percent have an associate degree, 17 percent have a bachelor's and four percent have a master's degrees.

Nearly 300,000 Airmen have earned a fully accredited associate degree, corresponding to their career field, through the Community College of the Air Force (CCAF). Many of our Airmen are also leveraging their CCAF credits through the new Associate to Baccalaureate Cooperative program. This program features 24 civilian higher-education institutions that will take all of an Airman's CCAF credits and apply them toward a bachelor's degree. Our Airmen know the value of education and want the same opportunities for their families.

MILITARY CHILDREN DURING SCHOOL TRANSITIONS/DEPLOYMENTS

Military life, frequent moves and extended separation during deployments present a host of challenges for our families. Nearly half of all service members are married and have children. Consequently, military families often weigh assignment decisions based on the quality of education from the local school systems for their children.

A number of states and military leaders are taking the initiative to review military transition challenges and address solutions on the state, local, and school district levels. Their activities are lifting barriers that prevent military children from succeeding and graduating on time. Examples include, substituting state history course requirements, instituting flexible pre-requisite requirements, and allowing late entry to extra-curricular activities and sports teams. The timely transfer of student records remains a significant barrier. Our goal is to help governmental entities share best practices and policies and make sure children in military families are not penalized in school by their families' service to the Nation.

IN-STATE TUITION

This same level of commitment to our children must extend through the college years. With frequent moves, service members come under numerous state policies affecting in-state tuition rates. Their qualification for in-state tuition can be problematic, and therefore, may hinder their educational choices. Currently, 33 states offer in-state tuition to military families, and we would like to continue progress on this issue until all our states recognize the vital contributions of our military families to a Services' mission and take action to facilitate our military family's educational pursuits.

SPOUSE EMPLOYMENT

Military families often require two incomes to sustain their households, similar to American families as a whole. Frequent moves can inhibit military spouses' ability to start and sustain a career. Differing licensing requirements can limit advancement or deter re-entry into the workforce at a new location. Spouses often suffer long periods of unemployment and, therefore, loss of income.

The Department of Defense has identified where there are licensing barriers and is developing policy recommendations for licensing/credentialing requirements across states. The DoD is working with many states to identify programs to assist military spouses, develop

policies that promote timely transfer of employment, eliminate cross-state certification barriers, and adopt high quality alternative certifications when possible.

UNEMPLOYMENT COMPENSATION

Frequent moves required of military families add unique financial pressures. Spousal income potential is often constrained during a move. Many state statutes and policies categorize a spouse leaving a job due to a military move as voluntary when, in fact, they normally have no choice in that matter. DoD will continue working with states to address this issue.

HOUSING

The Air Force is committed to ensuring our Airmen and their families have quality housing in which to live and raise families. We believe our people deserve well-built and well-maintained housing. Through military construction (MILCON) and housing privatization, we are providing quality homes for our families faster than ever before. With the funding of the FY09 budget, the Air Force will renovate or replace more than 2,100 homes through military construction. In addition, we will continue to use the housing privatization program to the fullest extent possible. At the end of FY08, we plan to privatize 41,500 housing units and with the funding of the FY09 budget, the Air Force plans to privatize an additional 4,300 housing units. Between military construction and privatized projects, we are on track to meet our goal of eliminating inadequate housing at U.S. and overseas locations.

Investment in dormitories continues to provide superior housing to our unaccompanied Airmen. In addition to fixing structural inadequacies in dormitories, our focus remains ensuring that we provide a structured environment where commanders and first sergeants serve as mentors in the care and development of our first-class Airmen. The dormitories are not just a place to sleep; they are a place for young Airmen to adjust to military life. Our "Dorms-4-Airmen" standard is a concept designed to foster camaraderie with fellow Airmen and personal accountability, which will remain a key attribute for future success in the Air Force. Finally, the

remaining dormitory program modernizes inadequate technical training dormitories that house young enlisted Airmen.

MILITARY CONSTRUCTION

MILCON is an essential enabler of Air Force missions; however, we are forced to take risk in infrastructure to invest in necessary modernization. Limited resources and programmatic inflexibility within the facility and operating accounts have forced trade-offs between readiness and quality of life programs. We have prioritized the most critical requirements to support Air Force and DoD priorities. Our MILCON strategy, therefore, is focused on fighting and winning the Global War on Terrorism, recapitalizations, and modernizing our aircraft and airspace, providing improved training facilities for our Airmen, ensuring adequate dormitories, fitness centers, childcare centers, and other quality of life initiatives, are available for our Airmen and their families.

SUMMARY

I cannot fully convey to you the pride I have in being an American Airman and being here to represent the truly outstanding men and women of your United States Air Force. They are your Airmen. They are America's Airmen. They don't get involved in the budget allocations, they take the equipment and supplies provided them and they go and fight. They don't get involved in the politics of war; they are proud to serve this great Nation and they will serve wherever they are needed.

They are sons, daughters, brothers, sisters, mothers and fathers. They long to be home with their families on holidays. They want to tuck their children into bed each night. They simply want the American way of life. The difference between these men and women and the rest of our Nation, is they, along with their sister-service counterparts, stepped forward and volunteered to do whatever it takes to preserve our freedoms.

Today, Airmen fight the enemy on the dusty streets of Baghdad and in the freezing mountains of Afghanistan. They stand watch in Korea and hunt down drug smugglers in South America. They patrol the skies over America, monitor and guard on-call missiles and track satellites across the globe. America's Airmen are fighting and winning on the ground, in the air and in cyberspace. They provide full spectrum expeditionary agile combat support to our joint and coalition partners.

Airmen provide our Nation unparalleled vigilance, reach and power – America's Edge. We remain focused on our top Air Force priorities: Fighting and Winning the War on Terrorism; Developing and Caring for Airmen and their Families; and Recapitalizing and Modernizing the Force.

We will ensure our Airmen are safe, healthy, well-compensated, well-trained, well-educated and that they and their families have the best possible quality of life. We owe these great Americans and their families nothing less. We know members of this Committee have the best interests of our military members and their families at heart. On behalf of your over 685,000 Total Force Airmen, I thank you again for your continued support and I look forward to working together in the future.

Mr. EDWARDS. Thank you.

Thank you all for your excellent statements, and even more importantly, for your lifetime of service to our country.

Chief Master Sergeant McKinley, to test the effectiveness of your testimony today, while you were speaking about the need to try to guarantee in-state tuition, an amendment that Ms. Boyda and I had cosponsored on the Higher Education Reauthorization Act passed while you were speaking, that will say if your son or daughter has started college with in-state tuition, and then our country has asked your family to move to another state, your child will be able to continue in-state tuition at that college. Or if you are living at a post or serving at a military installation in any state in the country, you will qualify for in-state tuition. There are five states that don't even allow you to get in-state tuition even if you are living in that state as a result of your military service, so very effective testimony. [Laughter.]

Thank you for mentioning that.

Let me welcome Mr. Crenshaw and Mr. Young and Mr. Bishop.

Before I make a few administrative comments, Chairman Young, we are so honored that you are on this subcommittee again this year. There is no member of this House, Democrat or Republican, who has done more for military families than you have as chairman of the full committee, and as ranking member. I would like to recognize you if you would like to make any comments before we start our 5-minute round.

Mr. YOUNG. No, sir. I will wait my turn.

Mr. EDWARDS. Okay. A humble servant of our military. Thank you for being here, and thank you all for being here.

Just a couple of administrative things, if I could, since this is our first hearing of the year. Everyone knows the process. We are going to begin every subcommittee hearing on time out of respect to the witnesses' time and schedules, and respect to other members' schedules.

In terms of the questions, we are going to recognize members after the ranking member is recognized. We will go through questions based on seniority, based on whether you were here at the start of the meeting, and if you weren't here when we started the meeting, your order of questioning will be based on the order in which you came into the room.

The only other administrative point I wanted to mention, out of respect, again, to everybody's time, is that we have invested in high technology this year. This is our 5-minute clock. What I am going to do is just do a light tap when a member's time is down to 1 minute left, and I will do a total tap when there are 5 minutes. I will ask each member if they can finish that thought or sentence quickly.

At this point, I think it would be appropriate to start the first questions of this committee year with our ranking member, Mr. Wamp.

Mr. WAMP. You are too gracious. One thing that I observed yesterday meeting with you, and then listening today, is that in the 10 years since I last served on this subcommittee, two things I think are profound. I may be wrong, but I think that these

branches of our armed forces cooperate more today than they did 10 years ago.

I was taken back 10 years ago to how much competition there was, and frankly sometimes that was pointed-elbow kind of competition. It sure does seem to me, and there are issues we will talk about today and in the future where you cooperate a whole lot more and are sharing a whole lot more, and more like a combined force team. I know war has a way of bringing people together, but it is noticeable.

FAMILY HOUSING

The second thing is that the whole concept of privatizing housing and improving the housing on-base and off-base, off-post, dramatically has changed. This was just beginning to start in 1997 and 1998 when I was on the subcommittee.

So I want to start on that front and let each of you, say what is happening with housing and how important it is. I know Sergeant Major Kent, you told me a story yesterday about Camp Lejeune, I think.

Sergeant Major KENT. Yes, sir.

Mr. WAMP. And the radical transformation just in the last few years of housing, and what a difference it makes either retention or recruitment in knowing where you are going to live and where your wife and children or husband and children may be when you are away.

Do you want to start?

Sergeant Major KENT. Yes, sir. I will tell you, you know, I mentioned a story yesterday to the congressman. I mentioned I was stationed at a place called Camp Lejeune. It was Midway Park, back in the early 1980s. If you had seen that housing back then, I will tell you. That housing was some housing that no one wanted to live in. And just about a month ago I went past that same housing and that housing was torn down and brand new housing is up. If you asked the average Marine what do you think about housing today, they will tell you that it is the best of the best.

We have our junior Marines living in housing today that would not touch the housing anywhere else. I will also tell you that the family members are very honored to live in the housing, and it is because of the members sitting here today, that the Marines and their families are able to live in such great housing. I would like to personally thank you for that. But we still have some work to do, so we are looking forward to it, but I will tell you today's housing is right on the mark.

Mr. YOUNG. Mr. Chairman, if I might?

Mr. EDWARDS. Yes, absolutely.

Mr. YOUNG. I have met with the chiefs of the enlisted ranks prior to the meeting. We are meeting with the surgeon generals on the very important subject of PTSD, so I am going to go over to the other subcommittee and may have a few questions for them.

Mr. EDWARDS. Mr. Chairman, are there any questions you would like to ask?

Mr. YOUNG. I am advised that the surgeon generals have already begun their testimony. I am sorry. I want to welcome these guys here. They are good. I had a chance to visit with them in the office

personally. My wife can tell you some stories about a couple of them.

[Laughter.]

Thank you.

Mr. EDWARDS. Thank you.

Mr. WAMP. Well, then moving beyond housing, we may come back to that, but let me also ask, and I want to start, again, with you Sergeant Major Kent, because you have to grow your force rapidly.

Sergeant Major KENT. Yes, sir.

HIGH SCHOOL GRADUATES

Mr. WAMP. And I know we are not going to get into specifics of the president's budget request, but I was fascinated studying it on the dollars that go with this rapid increase here, and there are changes across the board. I want to get to the Air Force and the reductions in the president's budget request may be in the second or third round.

But Sergeant Major Preston has had a challenge maintaining high school graduation rates in the Army, so that we can keep the quality as we meet the needs and face the challenges. So for both of you all, how do you ramp up that quickly and maintain that level of proficiency? And then how are you doing, Sergeant Major Preston, at continuing to improve that level of high school graduation rates among the people you enlist?

Sergeant Major KENT. Sir, I would love to start. First of all, on the recruiting piece, we are doing really, really well. We are maintaining the standard. We have 96 percent high school grads, close to 96 percent. That says a lot about our force out there that is finding these young individuals and bringing them in. And we have some great individuals out there that actually want to join the Marine Corps.

We are giving some type of bonuses to individuals in critical jobs just to get them in, but it is not a vast amount of money. I will tell you, our recruiters are selling a title, not the money. They are saying, okay, if you want to earn the title, you join the Marine Corps. I can tell you, last fiscal year which ended September 30, our goal was to increase by 5,000, which would have put us at 184,000 Marines. But our recruiting force did better than that. They got us at 186,000 Marines in the Marine Corps. So we are ahead by 2,000 Marines right now.

And we are not low on quality, gentlemen. I can guarantee you that. Our commandant has made his focus at not lowering the quality in the Corps.

Mr. WAMP. Sergeant Major Preston.

Sergeant Major PRESTON. Sir, last year we recruited as an Army: active, Guard, and Reserve; 170,000 soldiers. Specifically, when you look at the active duty Army, 80,000 soldiers, and 79 percent were high school graduates. The rest were GED equivalents. So as far as the standards for coming in, the quality that is there, they all met the DoD standard that is established. They all have to have a high school diploma graduate or the equivalent to come into the force.

In the past, our benchmark has been 90 percent high school graduates, with 10 percent GED equivalents. As I said, we dropped to 79 percent that were high school graduates last year. But when you look across the force, there are five categories—category one through category five. We take no one from of category five. Historically, we have always limited ourselves to 4 percent or less in category four, and everybody else comes from category one through three. We are still on that benchmark.

The only thing that we missed this last year was the drop in the high school graduates versus the GED equivalent. There are a lot more initiatives out there. We have a lot of recruiting programs that we put into place. We are now partnering with the Army National Guard and the Army Reserve. There are a couple of programs out there I will just talk about very quickly.

When you look at the number of noncommissioned officers we have out there today that are recruiting, we have almost 7,000 recruiters out there for the active duty Army. There are about 5,100 for the Army National Guard, and about 1,800 for the Army Reserve. We are going to partner with those Army National Guard and Army Reserve recruiters. Under the Active First program, we are offering bonuses for young men and women to come in to serve anywhere from 2, 3, or 4 years in the active duty Army, and then once they finish that commitment, to transfer into the Army National Guard and the Army Reserve. So there are a lot of programs out there that we are working.

Mr. WAMP. I need to go over my time by a few seconds.

Mr. EDWARDS. The ranking member has that right, so very good. Take whatever time you need.

Mr. Bishop.

PROGRAMS FOR VICTIMS OF SEXUAL ASSAULT

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

Gentlemen, thank you for your appearance. I, too, have an obligation across the hall at the other hearing with the surgeons general, but the testimony here is somewhat similar.

The first thing I would like to get to, though, is on the Marine Corps particularly, but it will affect all of you gentlemen, I think, the recent murder of Lance Corporal Maria Lauterbach, with the investigators stating that the base authorities didn't consider Corporal Laurean, who was suspected of murdering her, and also accused of raping her at Camp Lejeune base.

Can you explain once the services have someone accused of a sexual assault or domestic violence-type offense, what the military does to protect the victim? And is there a general policy for a victim of sexual assault or domestic violence? What kind of rights do they have? Do you have specific programs?

Obviously, I assume that you have medical care, but if you could comment on that. And how do you deal with sexual assaults in combat zones? And what are the command responsibilities under those circumstances?

Sergeant Major KENT. Thank you, sir.

First of all, sir, that was a tragedy that happened to Corporal Lauterbach. But I will also tell you, sir, that we have some things in place starting with the leadership. If someone is accused of

doing something that is sexual assault to an individual in the Marine Corps, first of all, the command, they will start and they will separate the individuals. Then from there, it is an investigation that will be started. From that investigation, it comes out, sir, then they decide if they put what we call a military order on this individual to ensure that this individual does not go up to the victim or anywhere close to the victim.

I cannot really talk about this case because it is still in the legal process right now, but I can tell you, sir, there were things in place to actually protect the corporal. But I will also tell you that we are on top of this thing right now, and also with the state officials and federal officials. Legally, you know, I just don't want to touch on the process because there are a lot of legal things going on, sir. But I will also tell you that if a victim is accused of doing something, well, if someone is accused of doing something to the victim, then that person is separated from that victim, and then we start the legal process.

Mr. BISHOP. Does that pertain to the other services also?

Sergeant Major PRESTON. Yes, sir. Sir, just to add to what Sergeant Major Kent said, we have trained advocates in all of our units, to specifically handle and work with a victim of sexual assault. We also have victim assault coordinators on our posts and installations. There are many different assets available to victims.

And of course, to be able to sit down with a victim and to talk about confidentiality, or to open an investigation, the victim coordinator walks the individual through that whole process. We have had a lot of success over the last year since putting those programs into place.

Master Chief CAMPA. For the Navy, sir, we have a similar process. Of course, you want to protect the victim. One of the things that is often put in place is a Military Protective Order that is issued by the Commanding Officer that directs the person that has been accused to stay away from the victim. On similar things, a command investigation is initiated, but like the Army, we have sexual assault victim advocates that work with the victim and help take them through the process. Those sexual assault victim advocates are members of the command, but we also have further resources at our Fleet and Family Support Centers that support that whole process.

Chief Master Sergeant MCKINLEY. Sir, in the Air Force, we have sexual assault response coordinators. If there is a sexual assault or sexual whatever, the member gets a person appointed to them, and we follow up with that person to make sure that they have someone they can continually talk to. Every Airman in the Air Force gets sexual assault prevention training every single year. We make sure this is a focus item on all commanders' calls. We have hotlines for anybody to call to have someone talk to them at any time. So we take this very seriously, and I think we are doing a good job on this right now.

Mr. BISHOP. Thank you.

Is my time up?

Mr. EDWARDS. Yes.

Mr. BISHOP. Okay.

Mr. EDWARDS. Thank you, Mr. Bishop.

Judge Carter.

POST-TRAUMATIC STRESS DISORDER

Mr. CARTER. Thank you, Mr. Chairman.

Last year, we talked a lot about PTSD. We talked about health services for our military, the very sad story about the Marine who committed suicide while waiting in line to get treated. I think we all reacted very positively and attempted to try and do something about that.

With the 15-month deployments and the other stresses that are being placed upon our military, I would like to know how you feel about this mental health component. Are we making progress on the things we talked about last year, and I would like to hear from you about that.

Sergeant Major PRESTON. Sir, I will start. We started this last year specifically for post-traumatic stress disorder and mild traumatic brain injuries. We did a chain teaching program across the Army. It ran from July to October of 2007. Specifically, we started with the senior leadership, leaders taking their soldiers, their subordinate leaders, and that was driven all the way down to the lowest levels of command, down at the company and platoon levels.

But the intent was to get leadership talking about the symptoms of mental health and post-traumatic stress disorder. But more importantly, what that chain-teach does is open the doors for soldiers within those commands to understand that their leadership supports the program. It helps break that stigma and the fear for a soldier to go and ask for help.

We still see some stigma out there to seek help coming back for post-traumatic stress disorder, but it is a stigma that is two-sided. It is from an individual perspective, where an individual perceives that if he or she asks for help, they are seen as being weak, or that they are not effective as a soldier. And likewise, there is still a stigmatism out there where the individual perceives that their leadership would think less of them as a soldier, and potentially impact them for assignments and promotions.

But we have a number of programs out there. The chain-teach was very effective last year to really drive that down to the lowest levels. You are a help, this committee, and the investment that has been put into hiring those healthcare professionals has also been a big help.

Sergeant Major KENT. On PTSD, sir, I will tell you. The Sergeant Major hit it right on the head. It has to start from the top, the leadership. Our Commandant has focused on telling Marines it is okay to come forward. It is okay to come forward with your families. I will tell you, that message is throughout the Marine Corps. It used to be a stigma out there, and I can tell you, if you were to ask me back in 2001, sir, I would tell you that it was not good to come forward because it was a sign of weakness.

Now, I would tell you, I know senior leaders in the Corps that have come forward and said "I have PTSD." So it is really a positive change.

Master Chief CAMPA. Sir, we work very closely with our Navy and Marine Corps team, starting with our Navy Corpsmen that receive training in how to identify these things. In the Marine Corps,

they have units embedded at the battalion level that work with Marines in early identification.

We, this last fiscal year, have put 13 post-deployment Healthcare Clinics in fleet concentration areas and Marine bases. But in addition to that, it is the education piece, in educating the senior enlisted, our officer community, and in our troops in general, in changing how it is viewed, and changing that culture. That is probably the most challenging piece. We could throw all the money and resources that we have at it, but until we change that culture, we are not going to get very far. But having said that, I think we are on the path to doing that.

Chief Master Sergeant MCKINLEY. Sir, I would like to add, I think the committee does a lot in helping with this PTSD, and we have come a long way. We can't rest on our laurels. We don't really know the effects down the road of how many troops are going to have PTSD. We are doing some great things. I know at Ramstein Air Base, Germany, the staging facility there, as many of our wounded are coming back, you know, we try to do surveys to find out PTSD from the beginning, but we also have to follow it. We have to keep investing and researching on PTSD.

Also, we need to invest and go out and recruit and properly train mental health professionals. That is a key to make sure we have those professionals out there in our units to be there for counseling.

Mr. CARTER. Well, I think that is good news. The (INAUDIBLE) that came up last year, (INAUDIBLE). Right now, we ask them to come back and give us a statement. The one we heard was check, check, check, check, and go home. And the suggestion was that maybe in-theater, with their direct superiors. They also might be inquired of before they come back home. Is there any of that going on or is that being worked also?

Sergeant Major PRESTON. Sir, in-theater, several things happen. One is the training to help soldiers over there that are redeploying back to home station really understand the dynamics of what they are going to come through. I mean, out of a combat zone, being forward-deployed, coming back home again, and re-integrating back with the family and back with their post, camp, or station.

But then it is also the re-integration assessment. There is a health assessment. Specifically, they sit down and they have a chance to talk with a healthcare provider before coming back. And then we are also doing reassessment 90 to 120 days once they get back.

Mr. EDWARDS. Thank you, Judge Carter.

Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Mr. Chairman.

And again, thank you all for being back. Good to see you again.

Just to follow up on the question about PTSD, it is my understanding that not only you encourage people to talk, to kind of talk about it, but are we doing what we should be doing in kind of making everyone aware? It is almost like treatment is one thing, but finding out early, kind of self-diagnosis, or just understanding what it is. I imagine a lot of people, you can ask a lot of questions, and they don't know exactly what you are getting at.

Is it something we ought to be looking at in terms of just some of the basic training in all the new age of terrorism, all the new

things we are doing in the various services? Is that something? Are we doing enough to kind of help people understand what it is on the front end, so that maybe they recognize it in themselves? Not just not be afraid to stand up and say "here is the way I feel," but maybe even help him understand where he is on the front end, to see it is common and it is all part of that being able to come forward. Are we doing enough there, do you think?

It sounds like we are recognizing the problem. I just want to make sure that we kind of can catch it on the front end maybe, as opposed to waiting until everything is over and somebody comes home and so many questions they are asking, and you realize, good grief, this stuff has been building up. Can you touch on that?

Sergeant Major KENT. Well, we actually educate them through the chaplains, medical and the leadership, sir. I mean, down at the lowest level, to the squad leader level, it is education all the time. I will tell you, even family members, we bring them in and we educate them. And people are getting a full understanding of this PTSD. So I am confident.

Mr. CRENSHAW. That is good to hear. You know, I imagine we start out that you didn't recognize it, and then all of a sudden 20 years later, somebody—it sounds like we are really, because I know that is on the forefront of a lot of the members and has been for the last couple of years, so I think that is wonderful.

Sergeant Major PRESTON. Sir, one of the things that we are doing is we have introduced what we call Battlemind training. It starts in basic training for new soldiers coming in the Army. It is done for those soldiers as part of the unit organization prior to them deploying. It also is done, too, for the post-deployment, coming back from the deployment. It really helps soldiers, not necessarily telling them what to think, but how to think, and how to understand the dynamics of what is going on, the anxiety, and what they are feeling inside and how to overcome that and work through it. That has been very successful the last 2 years since it was introduced. It has continued to grow and we have expanded on those programs.

Master Chief CAMPA. The education—Sergeant Major brought up a good point in educating the family members to recognize those things also. One of the things that we have tried and I think we need to strengthen in this area is our Reserve Force, because those folks, instead of coming back to a fleet concentration area where they are around those great networks of support, they go back oftentimes to the heartland of America, and we don't see them as often. So there is follow-up with them, but that is an area that we still need to strengthen our connection with those folks as they reintegrate back into the society and go back into their civilian jobs.

QUALITY OF HEALTHCARE

Mr. CRENSHAW. Okay. Let me ask you a quick question about just healthcare in general. Everybody touched on it. It is something that everybody knows and understands. I know that along with our DoD colleagues, we have done a lot in the past few years just to improve the quality of the healthcare that folks get in the military. When I talk to the senior civilians and officers, they seem to agree. I certainly see that, but I don't get to always talk to the enlisted guys that you talk to every day.

I would like to hear what you all have to say, because it is interesting to me not only because I am on this committee, but I come from Jacksonville, Florida, where we have a military hospital and there have been some big high profile medical malpractice situations. So it is on people's minds in terms of what is the quality of healthcare.

So talk a little bit about it, and maybe mention your overall assessment, what maybe one or two things you think you are doing well, that you hear you are doing well, and maybe one or two things that maybe from time to time you hear a guy saying maybe I wish they did better. I know they are talking about OB/GYN, having babies, but apart from that, just the general quality of healthcare, give me your general assessment and where you think we are doing good and where you think we can do better.

Sergeant Major KENT. I will speak on the positive first, sir, and that is the wounded warriors. I will tell you, our wounded warriors are getting great healthcare. As we visit them, even family members, they say this is the best healthcare in the world. And that is the positive.

A negative is the family, as far as them getting in, and they need appointments, it could take a long time for them to get an appointment on a military installation, so they have to go outside most of the time, because we have a shortage of doctors, and that is the issue, sir.

Sergeant Major PRESTON. Sir, healthcare is the number one concern when you talk to family members. It is accessibility and the quality of the care. A lot of the facilities on-post, not necessarily the doctors, but also the facilities are conditioned to providing the care that they need, so of course you push them off to civilian communities. One of the things as I look at it, we have 25 major hospitals or medical centers in the Army, and of the 25, 8 of the 25 are now over 50 years old, and another 11 are somewhere between 25 and 50 years old. So there are aging medical facilities.

On the good side, the Army medical action plan, what we have done over the past years to take care of the wounded warriors and to get the care, to rehabilitate, get more of them back on duty, or to help them with their transition, has been very positive.

Chief Master Sergeant MCKINLEY. Sir, I would like to just briefly talk about the great job the medical community is doing in taking care of the wounded warriors. If we get the wounded to a medical treatment facility, they now have a 97 percent chance to survive, which is unbelievable. We have Critical Care air transport teams that get them back stateside very quickly.

I have flown on those missions and I have seen the capabilities of what they do. It is absolutely incredible, from the battlefield to the time that we now can get them stateside for medical treatment is about three days, versus in the Vietnam era, it was about three weeks. They are doing a fantastic job on the medical side.

One area in the Air Force where we do need some help is, once again it goes back to equipment. Our equipment is aging. We need to update all of that.

Master Chief CAMPA. Sir, I will just add something real quick. I don't hear very many complaints on the quality of care within our military treatment facilities. I don't. I know the cases you are

speaking of that might have blocked out a lot of press attention. What I do hear complaints about is the access to care when a family member cannot get into that military treatment facility, understanding the process outside of that.

There is frustration at times with understanding that. So what do they do? They go into the emergency room, and then that creates a whole other problem. So the education piece, and maybe improving how we do that is something that is a consistent theme that I hear. My wife and I recently had some calls with the family members, and that was one of the big frustrations—accessing the care.

Mr. CRENSHAW. Thank you.

TOP QUALITY OF LIFE PRIORITIES

Mr. EDWARDS. Thank you.

Let me follow up on that. Sergeant Major Preston, you already mentioned healthcare as the number one concern. The question I would like to ask each of you, and I would ask again now, is if you think of the quality of life concerns that you hear from the men and women you represent and their families, aside from pay and time away from family—we know how important pay is and we know you can't put a price tag on the time away from family—but on the quality of life issue we can have a great impact in this committee, and the Defense Appropriations committee. We have a lot of members on this committee that also serve on Defense Appropriations.

Let me ask you, among the choices of healthcare, housing, daycare and education—those four—which would you rank as your top three? Healthcare, housing, daycare and education? And if there is another one you would put in the top three that I didn't mention, please feel free to do that.

Sergeant Major Preston, we will start with you, and then just go down the line.

Sergeant Major PRESTON. Well, probably the one, sir, that I would say now is healthcare, waiting to get into it.

Mr. EDWARDS. I heard that at Fort Riley. Okay.

Sergeant Major PRESTON. Childcare is number two, and we have been working that very hard this past year. And education has always been an issue. We specifically look at soldiers and families, and education is a big priority. It is continuing education for the soldiers. It is also education for the children.

Mr. EDWARDS. Okay. How about, do you know how many soldiers are living in barracks today that don't meet Army standards for barracks?

Sergeant Major PRESTON. Right now, today, for permanent party, 35,400.

Mr. EDWARDS. So there are 35,000 soldiers.

Sergeant Major PRESTON. About 35,000 soldiers.

Mr. EDWARDS. About 35,400 that are not living in barracks that meet the Army 1-plus-1 standard?

Sergeant Major PRESTON. Yes, sir.

Mr. EDWARDS. Okay.

Sergeant Major Kent.

Sergeant Major KENT. Sir, I would first of all say housing is number one. The reason housing is number one, when I speak of housing, sir, I am talking about the single Marine barracks. We need to really focus on the single Marine barracks. I spoke with you about some barracks up at Camp Pendleton that a Marine made a comment, "I would rather be over in Iraq than to be living in the barracks here," which is a flat-top single barracks. So our focus is taking care of the single Marine barracks. That would be number one.

Mr. EDWARDS. Do you happen to know the number, and it is okay if you don't, that are inadequate?

Sergeant Major KENT. Inadequate? It would probably be about 3,300, sir.

Mr. EDWARDS. About 3,300.

Sergeant Major KENT. Yes, sir.

And then the second one would be healthcare.

Mr. EDWARDS. Because of the waiting lines?

Sergeant Major KENT. Yes, sir.

Mr. EDWARDS. Not the quality so much as the waiting.

Sergeant Major KENT. Yes, sir.

Mr. EDWARDS. Okay.

Sergeant Major KENT. And then third would be childcare, building more childcare facilities, and then the last one would be education, sir.

Mr. EDWARDS. Okay. And not to downplay education. We know anything less than third or fourth ranking, our military troops and families ought to get quality services in all four of these areas, but this does help get a sense of priorities.

Master Chief CAMPA. Yes, sir. I would have to say that number one would be childcare consistently just about everywhere, especially in our fleet concentration areas. Number two, I would say access to health care. And number three would be our single Sailors that live onboard ship. We have a program called Homeport Ashore. We still have 9,000 Sailors across our Navy that still live onboard ship, junior Sailors, when that ship is in port.

Congressman Wamp asked me the other day, we talked about the USS HARRY S. TRUMAN. I talked to the Command Master Chief this morning. They are at sea, and I asked him, out of your E4 and below that would qualify to live in single Sailor barracks, how many do you have living there. He has none, because that program hasn't affected that command yet. We have plans to do that, but he cites that as his number one quality of life issue. They remember your visit. So he has about 600 that would benefit from that program. So those USS HARRY S. TRUMAN Sailors when they get back from their deployment, those that live onboard the ship will continue to live there when they get back in home port.

Mr. EDWARDS. Would you happen to have a number, an estimate of the number of sailors living in housing that doesn't meet the standard set by the Navy?

Master Chief CAMPA. The DoD standard is 90 square feet. We have a hard time meeting that standard because we typically put two and sometimes three in a barracks room, but it far surpasses the quality of life of having to live onboard that ship, but I could get you some numbers.

[The information follows:]

The number of shipboard unaccompanied Sailors currently living in inadequate BEQ conditions, as defined by either two or more per room or less than 90 square feet per sailor, is approximately 4,700.

Mr. EDWARDS. Okay, if you could. We do appreciate it.

Chief Master Sergeant.

Chief Master Sergeant MCKINLEY. Yes, sir. Without question, I would put number one as childcare. From base to base that I visit, that is the number one thing that always pops up. There are not enough spaces available. As I said earlier, with so many military working together on active duty in the Air Force, and also spouses having to work, not having the spaces available on base, it makes them go downtown, and some of the costs are just enormous. That would be number one.

Number two, I would continue on with healthcare. Our focus is always taking care of the wounded and so forth, and making sure that we are taking care of PTSD, traumatic brain injury, securing a good future for the wounded after their injuries and so forth, but also making sure that we update our facilities as we go. We can go out and hire the healthcare professionals, but we do have some intruding issues with getting the doctors and dentists and so forth. So I think that would be number two.

And number three is, education. I think that that probably might fly down the list a little bit after the good news that you gave us today, but continue to make sure that we go and we take care of students as they transfer from state to state, that they don't drop a grade lower because they didn't transfer. And also the possibility of the Montgomery GI bill that we can pass on to spouses and family members, that would be a great benefit to all Airmen.

Mr. EDWARDS. Good. By the way, there are 17 states that will start charging out-of-state tuition if your son or daughter started college at a state university in that state, and then you were restationed in another state. In fact, I got some very powerful letters from some servicemen and -women whose children had to drop out of the college of their choice for the reason that our country asked their family to move to another place in service to all.

Thank you all for that testimony.

I would like to go to Mr. Wamp.

Mr. WAMP. Well, two quick points, and two quick questions. One thing I will tell the master chief of the Navy is that they don't have enough space to live in, but they sure do eat well. [Laughter.]

Master Chief CAMPA. Yes, sir.

Mr. WAMP. It doesn't matter how far out to sea they are, they eat really well.

GUARD AND RESERVE

Also, I want to make a point, looking at the 2009 budget request, of how grateful I am that the president recognizes these needs, and that he also recognized that the increases that the new majority put in last year become the new baseline, and that we don't retreat from where we got to. That hasn't been discussed, but I want to lay that out and compliment him, while he doesn't get many compliments much from some people, but I want to point that out.

Because we are starting from a good place, because he recognized that what was done here last year was necessary, and then goes forward above that in his budget request does go forward. There are a few areas that Chairman Edwards has already brought to my attention that we are going to need to look at hard, to adjust, but overall I am pleased to be starting at that point.

The third big area that has changed in 10 years for me is that 10 years ago the Guard and Reserve forces were not partnered with our active duty men and women, and today they are, big time. I heard that all day yesterday from you all. I just want to ask you in general, what are you doing? Sergeant Major Preston introduced the command sergeant major specifically with the National Guard, but what ways do you make sure that the Guard and Reserve know that the focus is not just on the active duty and this really is a partnership, and that everybody frankly is pulling the same wagon with the same string?

Sergeant Major KENT. Sir, I can start off.

Mr. WAMP. Sure.

Sergeant Major KENT. Sir, first of all, it actually starts in boot camp. Every Marine is a Marine. Once they graduate, there is no separation between the Reserve and Active. And that is the focus coming out of boot camp. You are a United States Marine.

From that, I mean, they go through the same training. Once they get called back on active duty, they go through the same training, and they get trained up to go forth. So we just let them know that they are a Marine first. We don't separate them at all, sir, and that is where we keep the focus.

Sergeant Major PRESTON. Sir, same thing. All of our soldiers are all treated the same, and of course now with the Global War on Terror and with the way we are using the Guard and Reserve, it is really going in there and expanding on all the family programs and the services that are available for the Guard and Reserve to make it the same. It is one team. It is one fight.

Master Chief CAMPA. Yes, sir, we could not do our mission if it wasn't for our Navy Reserve. When I go out and visit Sailors intheater, onboard ships, you can't tell the difference between an active duty Sailor and a reserve Sailor. They provide that same quality-level of service across the board.

But we take a different approach to our reserves over the last few years in how we train them. Gone are the days where they come to a reserve center and sit around and just give classes. They are out there doing meaningful training, mission-specific training, and it is paying off tremendously as we integrate them into the total force.

Chief Master Sergeant MCKINLEY. Sir, I said it from the beginning. I represent all Airmen—active, guard and reserve. The Air Force is committed to total force integration. If you are flying a C–17 airlift, whatever, you don't know if that is a guard, reserve or active duty person on there flying that plane, and you really don't care because they are out there doing a mission. They are fully integrated and fully trained. We could not survive without total force integration.

JOINT BASING

Mr. WAMP. Chief Master Sergeant McKinley, there may not be time to finish this question, but maybe on the third round you could continue, but I want to go ahead and start. I talked about the cooperation but there is one big issue that I don't think we have total agreement on, and that is joint basing. I know that it certainly affects the Air Force in a big powerful way.

Can you just share a little bit without getting yourself in trouble what you shared with me yesterday? [Laughter.]

Chief Master Sergeant MCKINLEY. Thank you, sir. [Laughter.]

You know, we as the Air Force are fully committed to joint basing. Anytime that we can get together in bringing all four branches of service together, to find ways to be more efficient, to spend the taxpayers' dollars more wisely, we are all for that. But I would also like to say that for the Air Force, one of the great recruiting and retention tools that we have is the quality of life, the standards that we have had on bases for a long period of time. And this didn't happen overnight.

We have invested in the quality and standards of our bases for decades, and we just want to be able to maintain those same standards, sir.

Mr. WAMP. And point out that you fight from those bases. You operate from those bases.

Chief Master Sergeant MCKINLEY. Yes, sir. That is where we train. That is where we get ready to go to war. That is why we need to make sure that that base is ready and fully capable. And we put a lot of money, a lot of emphasis, in taking care of those individual bases.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. You bet. Thank you, Mr. Wamp.

Judge Carter.

INTEGRATED FAMILY SUPPORT NETWORK

Mr. CARTER. Thank you, Mr. Chairman.

Getting back to some of the challenges, I would encourage everybody that you talk to, my wife has a saying in Dutch that says it's not the mountain that you have to climb that gets you, it is the grain of sand in your shoe.

It is the little things that can make families irritable, make soldiers and Marines and airmen worried about what is going on back home. And all of those little things are not that hard to fix. For example, I have a bill right now that we discovered that spouses have a hard time getting jobs—a pretty simple little thing we put in already for convicted felons when they get out of prison, is we give a one-time tax benefit to the employer who will hire that convicted felon. Well, if they can do it for convicted felons, I certainly think they ought to be able to it for our military personnel. Give a one-time tax benefit to the employer who hires them. I think that allows more jobs——

I got that. So I got the wife of a soldier telling me that when her husband transfers, he gets to claim Fort Hood as his home base, so he is taxed under Texas law. This means he doesn't have an income tax. But when they get transferred to Virginia, she pays the

income tax, and he doesn't, because he gets to claim Texas as his home and home base. To me, that seems fairly easy to fix, to allow the spouses also to claim the home base of the soldier.

Soldiers are making good economic decisions on their future by doing that. These are little things. So if you have those little things, I would sure like to hear about some of them that can help—the tuition issues. Another one, General Taylor tells me all the time, is the students that are halfway through high school in North Carolina and then they get transferred to Texas, and they have all these things they lose, and their high school friends. We need to work out a uniformity for our military personnel on that, and I would like to hear anything you have to say about those kind of things. I am just looking for more avenues to help.

Sergeant Major PRESTON. Sir, I will just talk a little bit about the new rolling out this year of our Army's integrated family support network. One of the things that families of soldiers told General Casey and Mrs. Casey as they came on as the chief of staff is that the Army has a lot of great programs. Instead of adding more programs, fund the programs we have. There are a lot of programs out there that in the past were funded at 100 percent, and we have talked about childcare, and we have talked about housing and barracks.

Of course, there is a lot of investment now going in this year to bring that up to the levels that we want to achieve. But the Army's integrated family support is really a star-gate portal to pull together all the quality of life issues out there, and really push that information out to families.

You specifically talked about spouse employment. We have partnered now with 31 different companies out there. These are Fortune 500 companies that are giving spouses preference for hiring. One of the companies out there that I am very proud of is the Army-Air Force Exchange which gives preferential hiring to military spouses, and that is on-base, as well as those Fortune 500 companies that you find off-base, like Home Depot and Sprint and those kind of things.

So there are a number of those programs out there working very hard. You listen to what soldiers and families out there want, and then you try to put those programs in place, but the Army integrated family support network, it's really getting the information that is available out to the families. That is one of the things now that we are going to work at pushing that information out there to make more awareness.

Sergeant Major KENT. Spousal preference, sir, as far as a federal job. When a spouse leaves from one duty station to go to another, and she is a GS worker, most of the time that spouse has to start all over again. You know, continuing moving up the ladder, they have to start from scratch. We have gotten a lot of feedback from spouses in reference to how can we fix that.

Mr. CARTER. (OFF MIKE)

Sergeant Major KENT. Yes, sir.

Master Chief CAMPA. Military spouses on average earn $3 less an hour when they are employed, and they are also three times more likely to be unemployed, because of the fact that they move around. A lot of time they cannot take advantage of state-funded programs

with job placement or job training because they are not a resident of that state. That is an area I think we can make a difference in also.

The spousal preference in hiring is an initiative, but I think we need to make beyond the lifelines of DoD or the federal government and just create a greater awareness out there in the community about the talents that they have. There is a program that started this year. It is called Career Advancement Accounts. It started in eight states, 18 different military installations, which will give a military spouse $3,000 a year for education or vocational education. If they come back a second year, they can request to get a second year of funding.

Now, from what I understand, it is supposed to be a 3-year pilot program, but the initial success of this program, the number of spouses going toward that, is very encouraging. It is focused to our spouses that are from E1 through E5, and I believe it is O1 through O3—a very great initiative. I think more publicity about that and programs like that would certainly help our military spouses.

Chief Master Sergeant MCKINLEY. Sir, I would like to echo what my peers have said. I would like to publicly thank all spouses for what they do to serve this great country of ours. They have sacrificed much and they do it silently. We have Permanent Change of Station (PCS) and travel so much, and many of them have passed on the opportunity to have a career because they know what we do is good for the country. We don't do enough for them. We need to find opportunities to employ them and thank them for the great service they give.

Mr. CARTER. Yes, sir. I agree.

Mr. EDWARDS. Thank you.

Before I recognize Mr. Crenshaw for his next round of questions, let me follow up on Mr. Wamp's comments about the president's request for daycare centers. For the record, compared to a 2008 request of $25 million to $26 million, the president for the 2009 budget has requested $168 million for daycare centers. So I don't know when you guys got into the Oval Office, but——

[Laughter.]

The president and the DoD leadership heard the daycare concerns that you mentioned.

Mr. Crenshaw.

CHILD DEVELOPMENT CENTERS

Mr. CRENSHAW. Thank you, Mr. Chairman.

On that point, in terms of childcare, we spent more money and now we are getting ready to spend even more money, but we are still not at a zero waiting list time. I just wonder, do we ever in localities where there is a long waiting list, do we ever outsource? Do we ever use some of the local daycare centers that are in the communities? And if we do that, I think that is appropriate, but how do we make sure that we have the same quality of care?

And then maybe as you answer that question, what are some other options until we get, in terms of all the military construction we need, which is probably going to be—you know, it is always going to continue to grow and we may never get to the place where

you don't have to wait. But if we are doing any outsourcing, are we making sure we have the same quality? And are there other options that we are looking at? I heard every one of you say you would rank it in the top two or three of issues.

Can you talk a little bit about that? We know it is a problem, and appreciate that, and we are dealing with the construction side, but are there other things we can be doing?

Chief Master Sergeant MCKINLEY. Sir, I will start off. I know in the Air Force one of the things that we do is we kind of outsource to some spouses. We go out and we license them to make sure that they are ready to have a daycare set up in a room in a house for five or six children, whatever. We follow up and make sure they are educated and make sure this is a good home environment. So if someone cannot get on base, there are some opportunities that they can use some of these daycare spouses outside the gates.

Master Chief CAMPA. Sir, in the Navy we have about 3,000 home daycare homes set up, and that has been a successful program. But your comments about looking to the community, and this is something that I have asked about. Our standards for our daycare are very high. So as we go to look to the community to see that they have to meet state requirements, we have federal requirements that are higher.

So when looking at this, we are looking for the options in trying to partner and leverage some of that that is out there, but some of the challenges are those higher standards that our daycares hold themselves to.

Sergeant Major KENT. And that is the issue here, too, sir. We have a lot of home childcare, and it is working great in the Marine Corps. It really is. But the thing is just sourcing outside the base. Most of the spouses, they actually do the home, and it is working fine, but the issue is finding a great place outside the military installation.

Mr. EDWARDS. Mr. Crenshaw, if I slow down the clock, would you mind if I piggybacked with you on that?

Mr. CRENSHAW. No, sir. Please.

Mr. EDWARDS. On a recent trip to Fort Riley and Fort Leavenworth—and I need to check my facts on this—I was given the impression that the costs of childcare on a post come out of the MWR program. Is that correct? In effect, they have to pay for themselves. I may be mistaken there, but you know, we don't ask our military families to pay for 100 percent of the cost of their healthcare. At a time when we are asking our soldiers, sailors, Air Force and Marines to spend so much time away from family in Iraq and Afghanistan, it just doesn't make sense.

If I am correct, if we are asking them to pay for in effect 100 percent of the cost of childcare other than maybe the construction costs that we pay for up front, that seems somewhat unfair. Maybe we need to talk to our defense appropriators about subsidizing that, because even where we have childcare, apparently it can be very, very expensive. So we are trying to address the accessibility issue through this subcommittee in the president's budget request, but there is still the affordability issue. Can you shed any light on that?

Sergeant Major PRESTON. Just from as far as on-post and off-post, we have for the married soldiers—67 percent of our married soldiers and their families live off the post. So naturally, you wouldn't want all your childcare centers on the installation. So we partner with those childcare centers that are off the installations. There is an accreditation process they go through to make sure that they meet the high standards. Of course we subsidize that, so what you would pay for childcare living on Fort Riley would be the same thing that someone would pay living off-post.

Mr. EDWARDS. We purposely met with enlisted spouses, and many of these were first sergeant spouses, and they were having to pay $500 a month for childcare. On a sergeant's salary, that has got to be a pretty big hit. I hope that is something we could follow up on.

Mr. Crenshaw, thank you for letting me in. You still have several minutes left.

Mr. CRENSHAW. Okay, good. [Laughter.]

FINANCIAL COUNSELING

Let me ask on kind of a related issue dealing with finance. You know, when you ask the question, what are some of the issues—housing, healthcare, childcare—I don't know. You hear people say, well, one of the problems is just overall financing, and then it gets into this whole issue that we face in terms of payday loans. We finally, I think, got a handle on it to say, look, we are going to limit that to 36 percent. That is still pretty high, but before that it was a whole lot higher. If you ask them what the interest rate is and they say it is only 4 percent, and then they tell you that is 4 percent a week, and it is just astronomical.

So I know that is brand new law and it has just kind of been put in place, but can you talk about now that we have that, are we trying to kind of offer financial counseling to some of these enlisted guys who probably aren't as savvy as they could be about finances. Now, they have some protection, but also like how we can deal with that alternatively within the services.

But also, do we have any information yet on how it is working? I can envision a lender saying, well, I am not going to lend it to you because they capped me at 36 percent; I would rather go gouge somebody else; I can't gouge members of the military. And then you might envision some guy in the military saying, well, I really need to borrow the money, so I am not going to tell him I am in the military because then they won't lend me the money.

Are we looking at ways to deal with that? We have that law in place, but it seems like we have a ways to go in terms of really helping folks understand this picture of finances.

Sergeant Major PRESTON. Sir, it is education. It really starts from day one when we bring a soldier in going through basic training and advanced individual training. It is financial counseling. One of the things that I use as a yardstick to help gauge the successfulness of that training is the thrift savings program.

We have had a very high success now with those soldiers that sit through the training that are investing in the thrift savings program. It is up to about 90 percent of those now investing. That has been a very successful program. Of course, we do financial coun-

seling and training in all of our units and organizations. We also push that out and make it available for families as well.

Mr. CRENSHAW. Has anybody—can you comment—has anybody found any issues with now that we have the new payday loan cap? I mean, would it ever be too much of a reach for us to say in geographic areas, you hear about people that are members of the military, and when they go in, then you know they are members of the military and they know they can't be charged more. And if they try to get a loan by saying they are not in the military, can they kind of get around it on either side? Is there something we ought to be doing there, or is it too new to really know? Can you talk about that along the way?

Sergeant Major KENT. It is actually new right now, sir. I know California is a high-cost place. It is actually working out there, because I will tell you a lot of those payday lenders outside of Camp Pendleton, they are feeling the pain. So thank you very much, gentlemen.

But I will also tell you that it is the education process. It starts from day one. So that is the key, sir, is the education.

Master Chief CAMPA. We are still assessing the impact that the law has had. I think it will take a little bit of time to see what the full impact is. I think if we start to see less of those institutions around our bases, maybe that will be an indicator, because if you go into Norfolk or one of the fleet concentration areas, you see those places. They are all around. So maybe as we see them disappear, that may be an indicator.

But education—but an alternative for the Sailor also, and maybe the lending institutions that are on-base and looking at the ways that they lend to our Sailors, to provide an alternative instead of seeking those places outside the gate. Our Navy-Marine Corps relief has just started some quick assistance loans that are a lot easier to get than the loans that we traditionally give them. We typically make them go through counseling and try to get to the root of the problem. These quick-assistance loans are meant as a quick alternative, because you go into those places and you could walk out of there with money pretty fast.

Chief Master Sergeant MCKINLEY. Sir, the same in the Air Force. It is about education. We start it in basic training, technical school. They get to their first duty station, and the first term, Airmen center, we get them financial counseling from the very beginning. When the Airman moves into the dorms, the last thing we want him to do is go out and buy a 42-inch plasma TV in the dorm room and a brand new car with $350 a month car insurance.

So we try to educate them on making wise choices, having a budget, setting up a savings plan and save for the future and not live for the moment.

Mr. CRENSHAW. Great.

Thank you, Mr. Chairman.

EFFECTS OF BASE REALIGNMENT AND CLOSURE

Mr. EDWARDS. Thank you.

Can I ask you about the challenge of BRAC on top of going forth, particularly going forth as it affects Marines and the Army? And then global repositioning, added to the fact that we have inflation

factors for military construction projects that are far beyond the 2.4 percent inflation that the OMB bureaucrats dictate that we follow.

Can you comment on whether there is a pattern of real shortages? If so, in what areas? Is it housing barracks particularly, as those installations that are growing as a result of BRAC and grow-the-force and global repositioning?

Sergeant Major PRESTON. Sir, as you know, one of the biggest installations that is growing, that has seen a influx of soldiers and families is Fort Bliss, Texas. That will be the future home of the First Armored Division, and there will be six brigade combat teams going there.

I sit down and I talk to the BRAC folks. Everything is online. When you go out there onto the airfield, behind the Sergeant Major Academy, that entire desert floor now is under construction. It is amazing to see the work that is going in. As for what is going on right now at Bliss construction-wise to take care of the brigade combat teams that are going to be based out of here, that is on-target.

Mr. EDWARDS. Is there a lot of temporary housing, though, as troops are coming back from Iraq or Afghanistan, and being stationed out there and having to live in temporary housing?

Sergeant Major PRESTON. Yes, sir. We have a brigade set of temporary barracks that we have used, and that is because military construction takes so long to get stood up. We are growing units quicker than we are building.

I was just down at Fort Hood a couple of months ago and visited Third Brigade of the First Infantry Division. That brigade will be based out of Fort Knox, Kentucky. With the surge that went in last year, we knew that we needed that brigade a year sooner, which was originally planned to be stood up this year.

The barracks and the facilities at Fort Knox are still under construction. We are standing that brigade up at Fort Hood, Texas, so that is where the brigade is going to be equipped, manned and trained. They will deploy, and then when they come back we will move that brigade to Fort Knox. So there is some of that transition that is going on out there.

Money-wise, as I look at the BRAC moves, and it really involves Fort McPherson and Fort Gillem in Atlanta. I am told that is on track, but I have concerns because we are getting closer to 2011, and we haven't started construction yet for those headquarters and those facilities that have to move. But right now as I sit down and talk with the BRAC people, they say we are still on track and everything is in line.

Mr. EDWARDS. Let me follow up and ask if particular communities such as Fort Bliss and Fort Riley and Fort Carson that are going to receive such an influx, and maybe we haven't seen all the largest numbers of influx yet, but have you seen or do you expect to see off-post housing rental rates and housing costs to go up dramatically? Is there any evidence of that?

Sergeant Major PRESTON. We have seen some of that at Fort Riley—off-post, some of the rental rates going up. Right now, Fort Bliss and the city of El Paso, have been phenomenal. They have been a great city and they have really embraced the soldiers and the moves that are now starting to come in.

I talked with some of the senior leadership there, the parent-teachers organization, with the school districts in and around Fort Bliss. There was initially concern. They have put a lot of teachers into the schools to prepare for the influx of children that were coming in. Of course, when we stood up Fourth Brigade of the First Cav Division down there a year go, a lot of the soldiers that moved from Fort Hood or new soldiers that were coming in, because they knew that they were deploying within a year, they elected not to bring their families.

So we have seen some of that transition, where families have stayed in place at previous duty stations because they were going to a unit that was getting ready to deploy, they didn't elect to move. So that has kind of thrown some of the numbers off. In the case of El Paso and Fort Bliss, it has been a great partnership down there. At Fort Riley, we have seen some of the rental rates going up, but I know that the leadership has been working very closely with the city officials in and around the installation.

Mr. EDWARDS. Wouldn't you say that is one item we ought to watch in this subcommittee at these bases, at these installations that are receiving a huge influx of Marines or soldiers. Is it barracks or is it single family housing off-post that we need to watch? Or is it family housing? How much temporary housing for barracks or families? Is there one issue more than any other that you think we need to keep an eye on?

Sergeant Major PRESTON. Sir, I would say single family housing. You know, we have some single senior noncommissioned officers that are living off-post. We are starting some pilot program: for privatization of single soldier quarters for senior noncommissioned officers on some installations. We have 67 percent of our married soldiers and their families that live off the base, so the concern is to make sure we take care of those families.

Mr. EDWARDS. Okay.

Sergeant Major Kent, any comments?

Sergeant Major KENT. We have a younger force, sir, so most of our force is single. But we have a lot of Marines married also, but most of the force is single. As we grow over the next four years, it is important for the growth, too, as you know sir, so we can get on a cycle as far as deployments going over.

Right now, we have 1-to-1 for most of the unit—7 months over and 7 months back. The Commandant's goal is to get them more dwell-time back in the states, which would give them 7 months forward and 14 months back. And we really want to get them more than that, but as we grow the force, the barracks are the main concern because we have a younger force, sir. So the shortage for us would be the single Marine barracks.

Mr. EDWARDS. Master Chief Campa of the Navy, in terms of BRAC?

Master Chief CAMPA. Our numbers are continuing to go down in the Navy. We are more in shaping the force so we don't have some of the challenges that the Army and the Marine Corps has as they grow their force in that infrastructure part of it.

Mr. EDWARDS. Any installations where BRAC may be bringing them in, while your numbers are going down? Or at a particular

installation where the numbers are going up? Any we ought to keep an eye on?

Master Chief CAMPA. Not that I am aware of, sir.

Mr. EDWARDS. Okay.

Chief master sergeant.

Chief Master Sergeant MCKINLEY. Sir, BRAC is on track in the Air Force, but it is highly dependent on timely revenue flow. So we are looking to this committee to reinstate the full request of the amount in 2008 if possible.

Mr. EDWARDS. And as you know, last year we did replace dollar-for-dollar the money we took out of BRAC, frankly, to fund other priority military construction needs, including daycare centers and our VA needs, knowing that in a supplemental we could go back and replace BRAC. So I can't make any promises, I think we will see real bipartisan effort to replace the $933 million we had to frankly borrow out of BRAC to take care of 5.8 million veterans in the VA system and some of our other MILCON needs. But thank you for mentioning that.

Mr. Wamp.

Mr. WAMP. Well, Mr. Chairman, my final question is kind of directed at all of you, but Master Chief Campa has Diana back there, and I have been watching her, and man she is radar for the families and spouses, and interested in all these issues. [Laughter.]

I was just going to say that encourages me. I know you all have to be the radar for all the men and women that you represent here at this table today. How do you do that? I mean, you have your wife and she is here today, and that is one really great example, master chief, but how do the rest of you stay connected to all the people? I mean, you have to represent so many different needs, and you seem so in touch, but how do you do that?

Sergeant Major KENT. That is easy, sir. We have to get out of the Pentagon and travel around the Marine Corps. My spouse actually travels with me constantly, and she talks to the spouses and families on family issues. The Commandant and his spouse constantly travel. As a matter of fact, the Commandant is out in California right now visiting families right now. I will join him tomorrow out in California so we can talk to Marines and their families, just to find out what the issues are, sir.

Sergeant Major PRESTON. Sir, Tuesday, myself, my wife, General Casey and Sheila Casey, were out at Fort Ladmore. We go out there each month. It is part of a pre-command course. He had all the new battalion brigade commanders and their spouses, and all the command sergeant majors and their spouses, that were out there for that course. We have a chance to go out there, and we do a joint seminar and we do separate sessions with them. Then, of course, with all the other travel to posts, camps, and stations.

Master Chief CAMPA. Sir, I think we all operate very similarly in going out and seeing our troops, going out and seeing them as they operate, visiting families back in our fleet concentration areas and our bases. I think all our spouses play a pretty big role in keeping in touch with the families, because the families don't hold back on what they tell us. Often, a Sailor may be a little reluctant to bring up an issue, but we find that when we engage with the

families, they are honest and forthright and they will let you know what their needs are.

Mr. WAMP. Congressional families do that, too. [Laughter.]

Chief Master Sergeant MCKINLEY. We spend a lot of time on the road throughout the whole world, whether it be in Iraq, Afghanistan, or the Pacific or Europe, and meet with a tremendous number of Airmen and their families on a regular basis. In my house, I am not the Chief Master Sergeant of the Air Force. I am just a husband and she tells me to take the trash out and keeps me in line.

Mr. WAMP. You all are an inspiration, I tell you. I feel good about our country sitting here listening to you and meeting with you. It has been a great 5 hours these last 2 days. Thank you.

Mr. EDWARDS. I will finish just a couple of points. First, on the public-private housing partnership, we have heard over the last several years the positive things. I am thrilled to hear that this subcommittee, working with this administration and the previous administration, really worked hard to change the old way of building military family housing.

Let me just ask, though, the question: Are you hearing any complaints about the housing itself or perhaps the maintenance of the housing? We want to be sure that not only good houses are being built—and I have looked at a lot of them and I have heard wonderful comments back—but we want to be sure that the developers have incentive financially to maintain them well. Are any of you hearing any periodic systematic complaints that is not just maybe a one-shot deal? Anything out there?

Sergeant Major PRESTON. Nothing systematic. Sir, as an invitation to the committee, Fort Belvoir is very close, and Fort Meade, but I would offer you the invitation to go down if you really want to see what residential communities initiative is all about, and really see the quality of housing out there now that is being provided for soldiers and families. I offer that invitation anytime you would like to come, sir.

Mr. EDWARDS. Okay.

Sergeant Major Kent.

Sergeant Major KENT. No, sir.

Master Chief CAMPA. One of the greatest initiatives, as you said, sir—no. We have with some of our partners. When we start out with these relationships, there are things to be worked through, but we have found that they have been very responsive, not only in the construction phase, but in the maintaining and being responsive to the needs of our family members.

Chief Master Sergeant MCKINLEY. Sir, we are not really getting any issues from the family members. I think privatization is a tremendous success. We have had some issues with some of the contractors, and we have to work through those.

Mr. EDWARDS. Okay. My final question, I don't know how many protocol toes I will step on in doing this, but Mrs. Campa, you are an important voice for the families out there. I have found in my trips to military installations that I have learned an awful lot from listening to spouses. You have been kind enough to listen to all of us speak and talk today.

Could I ask you if you wouldn't mind responding to the question of what are the two or three most common concerns? If you don't

mind my asking, what concerns are you hearing? I probably need you to, if you wouldn't mind coming forward. I apologize for doing this without notice, but I have found unscripted conversation with spouses have oftentimes been the best conversations I have had.

And for the record, if you wouldn't mind identifying yourself.

Mrs. CAMPA. I am Diana Campa, and I am the Ombudsman At Large for the Navy.

Mr. EDWARDS. Right.

Mrs. CAMPA. I guess I would say what Joe would have to say is that childcare is a big issue. I don't know about the programs that the Army has that fund the additional costs of going to a civilian provider, but in talking with families in the Navy, we don't see that, and that is one of the reasons why they will opt to not work because they can't afford the childcare on-base.

And also our deployment cycles for the Navy. Our families are really feeling that, with them going out longer, the surge, coming home and not spending as much time. That is taking a toll on our families. So that also is I believe a retention problem for our service.

Then also the working, not being able to come into another area. Lots of times we are not here for 3 years. Sometimes we come in for one year, and we know we are coming in for a year and that is a hard sell for an employer. You know, if they ask you what brings you into the area, and I know they are not supposed to ask, but that is also difficult for somebody to come in and expect to get a really good job based on only being here for a year.

Mr. EDWARDS. Right, right.

Mrs. CAMPA. But overall, I think our families are resilient. We have a great program, our ombudsman program, that is all over the world wherever our Navy is at, and they really have a way of bringing the problems and addressing them at the regional levels, and then also as we go out and travel, being able to pick up on that in a town hall, and just sitting down with them.

Mr. EDWARDS. Thank you for those insights.

For families of enlisted personnel that have two or three children, and the spouse is working, what are they doing on childcare? How can they afford it? Or do many of them just quit their job because they can't make enough money in the job to just even pay for the childcare?

Mrs. CAMPA. Well, it is difficult. I can speak for my family. I worked from the beginning when our kids were young, and sometimes I had to find somebody, and sometimes I would pay a lot more in childcare and bring home a lot less, but I knew it was part of the progression for me to be able to get the work experience. So we sacrificed in that way.

Sometimes we looked at shortening our hours, things like that, and we would get creative with it. But for a lot of parents, and also there are some military that are having difficulty getting their children into the daycare because it is a priority for people that are deployed for their children to go to that daycare. So you have regular active duty that are on lists also, and when they are single parents, it is difficult for them also.

Mr. EDWARDS. Well, I hope we are going to make real progress between the money we put in the budget for the 2008 fiscal year,

and what the president has asked for in 2009, to see real progress. I know it won't happen overnight. It will take a while to build the facilities. I want to further look into how we cost those out to our military families.

Thank you for your testimony.

Mrs. CAMPA. Thank you.

Mr. EDWARDS. You know, listening to you speak and thinking of your son coming here last year, I guess it is probably better not to do this in a formal hearing. We wouldn't want to intimidate military children, but I think it would be important for members of our committee to sit down with some sons and daughters and ask them what the challenges are. I mean, they are such an important part of the sacrifice for our country. Maybe we can talk with some of you about arranging an opportunity to meet with some children of enlisted servicemen and -women.

Mrs. CAMPA. He would have been here, but actually Hillary Clinton was going to be at their school today. So that is where he is.

Mr. EDWARDS. He had to choose between Mr. Wamp and me and a presidential candidate. [Laughter.]

Mrs. CAMPA. It wasn't his turn to come, so he is educating himself.

Mr. EDWARDS. Well, congratulate him. It is a great compliment to the two of you. Your children have done so well educationally. Thank you, Mrs. Campa, for that eloquent testimony on no notice at all.

Mr. Wamp, I have no additional questions. I just echo what Mr. Wamp said. It is an honor for us to just be at the same table with each of you. Thank you for your service to the country and for all the great families you represent so eloquently here. Thank you very much.

We stand in recess at the call of the chair.

THURSDAY, FEBRUARY 14, 2008.

VETERANS AFFAIRS

WITNESS

JAMES PEAKE, SECRETARY OF VETERANS AFFAIRS

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. Secretary Peake, good afternoon. Let me welcome you to your first formal testimony before this subcommittee. I want to congratulate you for having earned the tremendous honor of being Secretary of Veterans Affairs. I want to thank you, as well as your colleagues, for the lifetime of service to our veterans and military troops and families. It is an honor to have you here.

As we have our first hearing on the budget request for the Department of Veterans Affairs, on a personal note, a number of us this morning attended a very moving service for Congressman Tom Lantos. In the program, Mr. Lantos had a quote that was printed there, that said, "Only in America could a penniless survivor of the Holocaust come here, raise a family and be a member of Congress." I think the tie-in to this is that today at this hearing we are honoring those who have made ours the kind of nation where a penniless Holocaust survivor could come to America, could be successful in every way—personal, family and public.

And so that, to me, is the solemness of this subcommittee's responsibility, and your duties and your position. It is a privilege to honor those who have made the sacrifices so we can have the Tom Lantos's of this world truly live out the American dream. So for those reasons, I thank you, Secretary Peake for being here. I also want to thank Dr. Kussman, our Under Secretary for Health, for your presence here, and Admiral Daniel Cooper, Under Secretary for Benefits. Admiral, it is good to see you again.

We also have the Under Secretary for Memorial Affairs, Mr. William Tuerk. There you are, Mr. Secretary. We also have the Honorable Paul Hutter, general counsel of the VA; the Honorable Robert Henke, Assistant Secretary for Management; and then the Honorable Robert Howard, Assistant Secretary for Information Technology. Thank you all for being here.

I think it is also appropriate to mention that this is National Salute the Hospitalized Veterans Week. One of the things that I am proud of is that this committee, working together on a bipartisan basis last year, showed our respect to veterans not just with our words, but with our deeds as well. It was a privilege for us to be a partner in that effort.

Last year, we were able to increase funding for veterans by $7.8 billion. That is $5.5 billion more than was requested by the administration. It represents the largest funding increase in the 77-year

history of the department. What does that mean to veterans? It means increased health services. It will mean our veterans will wait less time to receive the benefits they have earned and the doctors' appointments they need.

It will mean that Operation Iraqi Freedom and Operation Enduring Freedom veterans will be screened for PTSD and traumatic brain injury, including the non-visible forms of TBI. It will mean that the Department of Veterans Affairs will be able to address a significant backlog in facilities maintenance, and ensure that our veterans are cared for in a safe and healthy environment.

I would like to take this opportunity to again thank our ranking member, now Senator Wicker, for all of his leadership in our work together last year. And again thank all the members of this subcommittee, both Democrat and Republican alike, who have worked on such a nonpartisan basis.

The budget request for fiscal year 2009 totals $44.7 billion in discretionary spending, and an additional $46.2 billion in mandatory spending. On the discretionary side of the ledger, the amount requested represents an increase of $1.7 billion over the fiscal year 2008 appropriations, when you consider the additional emergency funding that was included in the fiscal year 2008 bill.

I want to salute the administration for requesting significant increases in medical services accounts, but I do have concerns about the very large cuts for VA research and VA construction, in both minor and major construction. I do have a number of questions. I am sure we all do. Some of those that I have include how the VA is dealing with what we are seeing across the country, whether it is in DOD or the private sector—high inflation rates for construction and how that is impacting our construction program and budgets; questions about whatever level of confidence the department has in its estimates in regard to the OEF/OIF population in our hospitals.

I know that is not an exact science. It is always a difficult and challenging process to estimate; and inflation rates for the department in other areas such as health care. Is our budget, while going up on paper, actually allowing us to keep up with health care inflation and continue to improve service for our veterans?

Mr. Secretary, we very much look forward to hearing your testimony in a moment, but at this point I would like to recognize our ranking member, Mr. Wamp, for any comments that he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Mr. Chairman, thank you. I know we have a lot of witnesses and a lot of testimony to listen to, but I just want to say briefly, this week what I said at my first hearing last week, and that is the highest honor and greatest privilege of my adult life, outside of my family, is to be a part of serving those who have served or are serving in uniform for our armed forces.

This is an extraordinary privilege, and I do compliment the chairman, the new majority, and this committee on the work that was done last year on both military construction and veterans affairs. The new baseline was established because of your strong advocacy, Mr. Chairman, and the president acknowledged that in the

2009 budget request. I do share your concerns with aspects of the budget request, but do compliment both the new majority last year for their commitment to these programs, and the administration request for 2009. We are setting some new standards for these programs.

I think continuing reforms at the Department of Veterans Affairs are needed. Mr. Secretary, thank you for the courtesy of coming by to see me, and to everyone at this dais, particularly Under Secretary Tuerk, who has been to my district long before he knew I would be sitting in this chair. So I thank you for your personal attention and for what you do.

With that, let us get on with the testimony. Thank you, Mr. Chairman, for the courtesies all along the way.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Young, I do want to give you the opportunity as a leader on defense and veterans issues and former chairman of our full committee, and now ranking member of the Defense Subcommittee, an opportunity to make any opening comments you would care to make.

Mr. YOUNG. Mr. Chairman, thank you so very much.

I want to echo what my friend Mr. Wamp said. We appreciate the way that you conduct this chairmanship and this subcommittee, and your dedication to our veterans is unchallenged. I appreciate this very much.

I have the privilege of representing one of the greatest VA hospitals in the whole system at Bay Pines. But I appreciate the opportunity, Mr. Chairman, to say a personal welcome to General Peake. We go back a long way, and we have talked about a lot of things. But I just want to mention one of those opportunities that we had to be together when our adopted Marine son Josh was shot in Kuwait, and General Peake, as surgeon general of the Army was one of the surgeons who saved his life.

Shortly thereafter, after Josh had recovered—well, it wasn't shortly thereafter. Josh was in the hospital for 6 months. I took Josh to a dedication of a Fisher House at Landstuhl Hospital in Germany. And sure enough, General Peake was there, and Josh was there in uniform. And I can tell you that the emotion of that moment, when the two greeted each other, was something that I can't really describe. It will always be in my heart forever, General Peake. I just thank you for that, and I thank you for your willingness to take on this job.

As we discussed earlier, this is a massive bureaucracy, the Department of Veterans Affairs. There are some problems. We want to be your help. We want to be available to provide you with whatever you need to take care of our veterans. If we don't take care of our veterans, we haven't taken care of our country.

So general, you know the strong personal feeling that I have for you, and I just really appreciate you. I talked to Josh last night and told him that I was going to see you today, and he asked me to extend his best wishes also to you.

So Mr. Chairman, thank you for the opportunity to make those personal comments about the general.

Mr. EDWARDS. Thank you, Mr. Young.

Secretary Peake, I was going to go through a rather lengthy bio of your accomplishments, but I think Chairman Young's comments are the best and most genuine introduction anyone could ever offer you. Thank you for your 38 years of service in the military, and now your continuing service to our country. We are honored to have you and would like to recognize you for your opening comments now.

STATEMENT OF SECRETARY JAMES PEAKE

Secretary PEAKE. Thank you, Mr. Chairman.

With your permission, sir, I have a written statement that I would like to submit for the record.

Mr. EDWARDS. Without objection.

Secretary PEAKE. Mr. Chairman, Congressman Wamp, Chairman Young, ladies and gentlemen of the committee, I am honored to be here as the sixth Secretary of Veterans Affairs, and now responsible for the care of our veterans. I appreciate the opportunity that the president has given me to make a difference.

With me today to present the 2009 budget is the VA leadership of this department. You have already introduced them. It is indeed a great crew. I couldn't be more pleased with the people I have to work with, and many I have known for a long time.

In my almost 2 months at VA, I have seen both the compassion and the professionalism of our employees. It is frankly just what I expected. The culture is one of deep respect for the men and women we serve. This group at the table and the VA at large understands that America is at war, and it is not business as usual.

I appreciate the importance of, and I look forward to working with this committee to build on VA's past successes, but also to look to the future to ensure veterans continue to receive timely accessible delivery of high-quality benefits and services earned through their sacrifice and service, and that we meet the needs of each segment of our veterans population.

The president's request totals nearly $93.7 billion, with $46.4 billion for entitlement programs and $47.2 billion for discretionary programs. The total request is $3.4 billion above the funding level for 2008, and that funding level includes the $3.7 billion plus-up from the emergency fund.

This budget will allow VA to address the areas critical to our mission. That is providing timely, accessible and high-quality health care to our highest priority veterans. We will advance our collaborative efforts with the Department of Defense to ensure continued provision of world-class service and an interoperable electronic medical records system. We will improve the timeliness and accuracy of claims processing, and ensure the burial needs of our veterans and their eligible family members are met, and maintain veterans cemeteries as national shrines.

The young men and women in uniform who are returning from Iraq and Afghanistan, and their families, represent a new generation of veterans. Their transition and re-integration into our civilian society when they take that uniform off is a prime focus. Those seriously injured must be able to transition between DOD and VA systems as they move on their journey to recovery.

This budget funds our polytrauma centers and sustains the network of polytrauma care that Dr. Kussman and his team have put in place. It funds the federal recovery coordinators envisioned by the Dole-Shalala commission report; and sustains the ongoing case management at all levels of our system.

We know that our prosthetics support must keep pace with the newest generation of prostheses as our wounded warriors transition into the VA system. You will see a 10 percent increase in our budget for this. In 2009, we expect to treat about 333,000 OEF and OIF veterans. That is a 14 percent increase. With the potential of rising costs per patient—and we have seen some of that—we have budgeted a 21 percent increase to make sure that we can cover those costs. That is nearly $1.3 billion to meet the needs of OIF and OEF veterans that we expect will come to the VA for medical care.

This budget will sustain our outreach activities that have ranged from more than 800,000 letters to the 205,000 engagements that our vets center outreach personnel have made with returning National Guard and Reserve units as part of the post-deployment health reassessment process. VBA alone has conducted more than 8,000 military briefings to nearly 300,000 servicemen and -women.

This is also part of seamless transition. With the authority to provide care for 5 years now for service-related issues, we can, without bureaucracy, offer the counseling and support and care that might be needed to avert or mitigate future problems. I highlight the outreach because we want these young men and women to get those services. Mental health from PTSD, to depression, to substance abuse are issues that I know are of concern to you, and they are of great concern to us.

This budget proposes $3.9 billion for mental health access across the board, a 9 percent increase from 2008. It will allow us to sustain an access standard that says if you show up for mental health, you will be screened within 24 hours, and within 14 days you will have a full mental health evaluation if needed.

It will keep expanding mental health access, according to a uniform mental health package, with trained mental health professionals in our CBOCs. And there are 51 new CBOCs coming on for 2009, in addition to the 64 that are coming on in 2008. Our Vet Centers will bring on yet an additional 100 OIF/OEF counselors, and Dr. Kussman is prepared as need is identified to add additional Vet Centers. We appreciate the issues of rural access in this arena, and our Vet Centers are budgeted for 50 new vans to be able to support remote access, as well as expanding telemental health in 25 locations.

But this budget and our mission is more than just about those most recently returning servicemen and -women. We should remember that 20 percent of VA patients, who in general are older with more co-morbid conditions than our general population, have a mental health diagnosis. In fiscal year 2007, we saw 400,000 veterans of all eras with PTSD. This budget will sustain VA's internationally recognized network of more than 200 specialized programs for the treatment of post-traumatic stress disorder through our veterans medical centers and our clinics that serve really all of our veterans.

We have a unique responsibility to serve those who have served before. You know, we still have some World War I veterans. One died about a week or so ago. The World War II and Korean veterans are recipients of our geriatric care, and our efforts in improving long-term care, noninstitutional care where in this budget we have increased our funding by 28 percent. It will make a huge difference in their quality of life. We have currently 32,000 people served by home telehealth programs. This budget continues our work in this area and in the expansion of home-based primary care.

Another facet of this complex problem is the issue of homeless veterans. Under this budget, our grant and per diem program continues to grow. We will have 13,000 grant and per diem beds funded by 2009. Our work with HUD for permanent housing vouchers continues, which we will support with case managers. And it sustains the 11 domiciliary facilities that have been coming online over the last 3 years, such that by 2009 we will be up to about 10,000 domiciliary beds, with substance abuse treatment embedded with many serving otherwise homeless veterans.

Our most recent study looking at homeless vets in particular shows a downward trend of about 20 percent, from 195,000 on any given night, to 154,000—still too many, but real evidence of progress. What many don't know is that we provide a good deal of health care to homeless veterans—about $1.6 billion in 2007—and we anticipate $1.9 billion in 2009.

Overall, the president's 2009 budget request includes a total of $41.2 billion for VA medical care, an increase of $2.3 billion over the 2008 level, and more than twice the funding available at the beginning of the Bush administration. With it, we will provide quality care, improve access, and expand special services to the 5,771,000 patients we expect to treat in 2009. That is a 1.6 percent increase above our current 2008 estimates.

In April of 2006, there were over 250,000 unique patients waiting more than 30 days for their desired appointment dates. That is not acceptable. As of January 1, 2008, we had reduced the waiting list to just over 69,000—still not where we want to be. Our budget request for 2009 provides the resources to virtually eliminate the waiting list by the end of next year.

Information technology cross-cuts this entire department, and this budget provides more than $2.4 billion for this vital function. That is 19 percent above our 2008 level. It reflects the realignment of all IT operations and functions under the management control of our chief information officer. A majority—or $261 million of the increase in IT—will support VA's medical care program, particularly VA's electronic health record.

I emphasize it here because it is so central to the care we provide, touted in such publications as the book, "Best Care Anywhere," as the key to our quality that is lauded worldwide. This IT budget also includes all the infrastructure support, such as hardware and software and communications systems, to include those 51 new CBOCs that I mentioned. There is $93 million for cybersecurity, continuing us on the road to being the gold standard.

IT will also be key as we begin to move our claims model down the road to a paperless process. It is an investment that we must

make. This budget sustains the work in VETSNET that is giving us management data to get after our claims issues, as well as supporting our Virtual VA, our electronic data repository.

In addition to IT, this budget sustains a 2-year effort to hire and train 3,100 new staff to achieve a 145-day goal for processing compensation and pension claims in 2009. This is a 38-day improvement from 2007 and 24-day, or 14 percent reduction from what we expect this year.

This is important because the volume of claims received is projected to reach 872,000 in 2009. That is a 51 percent increase since 2000. The Active Reserve and National Guard returning from OEF/OIF have contributed to an increased number of new claims, but also bring with them an increased number of issues per claim. This chart shows that, with the top line being issues per claim, each one of which has to be adjudicated separately and rated, while the claims you can see growing. I think it is remarkable that Admiral Cooper has been able to keep that average days to complete relatively constant, even in the face of that extensive growth. We want to do better than what we are doing.

The president's 2009 budget includes seven legislative proposals totaling $42 million. One of these proposals expands legislative authority to cover payment for special residential care and rehabilitation in medical foster homes for OIF/OEF veterans with TBI. We again bring a request for enrollment fees for those who can afford to pay, and for a raise of the copays. Again, this does not affect our VA budget, just as last year, as the funds will return to the treasury. That is $5.2 billion over about 10 years. It does reflect the matter of equity for those veterans who have spent a full career of service, and under TRICARE do pay an annual enrollment fee for light care.

The $442 million to support VA's medical and prosthetic research program—the lesson we have had from the augmented 2008 budget is actually a little more than 7 percent above what we received in 2006 and what we asked for in 2007 and 2008. It does contain $252 million devoted to research projects, focused particularly on veterans returning from service in Afghanistan and Iraq, including projects in TBI and polytrauma, spinal cord injury, prosthetics, burn injury, pain, and post-deployment mental health. In fact, we anticipate with Federal and other grants a full research portfolio of about $1.85 billion.

This budget request includes just over $1 billion in capital funding for VA, with resources to continue give medical facility projects already underway in Denver, Orlando, Lee County, Florida, San Juan and St. Louis, and to begin three new medical facility projects at Bay Pines, Tampa and Palo Alto, two of which relate to our polytrauma rehab centers and continue our priority in this specialized area of excellence.

Finally, we will perform 111,000 interments in 2009. That is 11 percent more than in 2007. The $181 million in this budget for the National Cemetery Administration is 71 percent above the resources available to the department's burial program when the president took office. These resources will operationalize the six new national cemeteries that will open this year, providing a VA burial option to nearly one million previously unserved veteran

families, and will maintain our cemeteries as national shrines that will again earn the highest marks in government or private sector for customer satisfaction.

This budget of nearly $93.7 billion, nearly double from 7 years ago, and with a health care component more than twice what it was 7 years ago, will allow us to make great progress in the care of all of our veterans, and will keep us on this quality journey in health, in management of an extraordinary benefit, and in ensuring excellence of our final tribute to those who shall have borne the battle.

Sir, it is an honor to be with you, and I look forward to your questions.

[Prepared statement of Secretary James Peake follows:]

STATEMENT OF THE HONORABLE JAMES B. PEAKE, M.D.

SECRETARY OF VETERANS AFFAIRS

FOR PRESENTATION BEFORE THE HOUSE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES

FEBRUARY 14, 2008

Mr. Chairman and members of the Committee, good morning. I am happy to be here and I am deeply honored that the President has given me the opportunity to serve as Secretary of Veterans Affairs. I look forward to working with you to build on VA's past successes to ensure veterans continue to receive timely, accessible delivery of high-quality benefits and services earned through their sacrifice and service in defense of freedom.

I am here today to present the President's 2009 budget proposal for VA. The request totals nearly $93.7 billion—$46.4 billion for entitlement programs and $47.2 billion for discretionary programs. The total request is $3.4 billion above the funding level for 2008. The President's ongoing commitment to those who have faithfully served this country in uniform is clearly demonstrated through this budget request for VA. Resources requested for discretionary programs in 2009 are more than double the funding level in effect when the President took office 7 years ago.

The President's request for 2009 will allow VA to achieve performance goals in four areas critical to the achievement of our mission:

- provide timely, accessible, and high-quality health care to our highest priority patients—veterans returning from service in Operation Enduring Freedom and Operation Iraqi Freedom, veterans with service-connected disabilities, those with lower incomes, and veterans with special health care needs;
- advance our collaborative efforts with the Department of Defense (DoD) to ensure the continued provision of world-class health care and benefits to VA and DoD beneficiaries, including progress towards the development of secure, interoperable electronic medical record systems;
- improve the timeliness and accuracy of claims processing; and
- ensure the burial needs of veterans and their eligible family members are met and maintain veterans' cemeteries as national shrines.

Ensuring a Seamless Transition from Active Military Service to Civilian Life

One of our highest priorities is to ensure that veterans returning from service in Operation Enduring Freedom and Operation Iraqi Freedom receive everything

they need to make their transition back to civilian life as smooth and easy as possible. We will take all measures necessary to provide them with timely benefits and services, to give them complete information about the benefits they have earned through their courageous service, and to implement streamlined processes free of bureaucratic red tape.

We will provide timely, accessible, and high-quality medical care for those who bear the permanent physical scars of war as well as compassionate care for veterans who suffer from less visible but equally serious and debilitating mental health issues, including traumatic brain injury (TBI) and post-traumatic stress disorder (PTSD). Our treatment of those with mental health conditions will include veterans' family members who play a critical role in the care and recovery of their loved ones.

The President's top legislative priority for VA is to implement the recommendations of the President's Commission on Care for America's Returning Wounded Warriors (Dole-Shalala Commission). The Commission's report provides a powerful blueprint to move forward with ensuring that service men and women injured during the Global War on Terror continue to receive the health care services and benefits necessary to allow them to return to full and productive lives as quickly as possible. VA has initiated studies to determine appropriate payment levels for quality of life, transition assistance, and loss of earnings. The next step is for Congress to pass the President's legislation, which will modernize the disability compensation system. VA is working closely with officials from DoD on the recommendations of the Dole-Shalala Commission that do not require legislation to help ensure veterans achieve a smooth transition from active military service to civilian life.

For example, VA and DoD signed an agreement in October 2007 to provide federal recovery coordinators to ensure medical services and other benefits are provided to seriously-wounded, injured, and ill active duty service members and veterans. VA hired the first recovery coordinators, in coordination with DoD, and they are located at Walter Reed Army Medical Center, National Naval Medical Center, and Brooke Army Medical Center. They will coordinate services between VA and DoD and, if necessary, private-sector facilities, while serving as the ultimate resource for families with questions or concerns about VA, DoD, or other federal benefits.

In November 2007, VA and DoD began a pilot disability evaluation system for wounded warriors at the major medical facilities in the Washington, DC area—Washington VA Medical Center, Walter Reed Army Medical Center, National Naval Medical Center, and Malcolm Grow Medical Center. This initiative is designed to eliminate the duplicative and often confusing elements of the current disability processes of the two departments. Key features of the disability evaluation system pilot include one medical examination and a single disability rating determined by VA. The single disability examination is another

improvement resulting from the recommendations of the Dole-Shalala Commission and is aimed at simplifying benefits, health care, and rehabilitation for injured service members and veterans.

VA will continue to work with Congress, DoD, and other federal agencies to aggressively move forward with implementing the Dole-Shalala Commission recommendations.

Medical Care

The President's 2009 request includes total budgetary resources of $41.2 billion for VA medical care, an increase of $2.3 billion over the 2008 level and more than twice the funding available at the beginning of the Bush Administration. Our total medical care request is comprised of funding for medical services ($34.08 billion), medical facilities ($4.66 billion), and resources from medical care collections ($2.47 billion). We have included funds for medical administration as part of our request for medical services. Merging these two accounts will improve and simplify the execution of our budget and will make it easier for us to respond rapidly to unanticipated changes in the health care environment throughout the year. We appreciate Congress providing us with the authority to transfer funding between our medical care accounts as this helps ensure we operate a balanced medical program. We will evaluate the potential need for adjustments to our medical accounts during 2008.

Information technology (IT) plays a vital role in direct support of our medical care program and VA is requesting a significant increase in IT funding in 2009, much of which will help ensure we continue to provide timely, safe, and high-quality health care services. The most critical component of our medical IT program is the continued operation and improvement of our electronic health record system, a Presidential priority which has been recognized nationally for increasing productivity, quality, and patient safety. We must continue the progress we have made with DoD to develop secure, interoperable electronic medical record systems which is a critical recommendation in the Dole-Shalala Commission report. The availability of medical data to support the care of patients shared by VA and DoD will enhance our ability to provide world-class care to veterans and active duty members, including our wounded warriors returning from Afghanistan and Iraq.

Workload

During 2009, we expect to treat about 5,771,000 patients. This total is nearly 90,000 (or 1.6 percent) above the 2008 estimate. Our highest priority patients (those in priorities 1-6) will comprise 67 percent of the total patient population in 2009, but they will account for 84 percent of our health care costs.

We expect to treat about 333,000 veterans in 2009 who served in Operation Enduring Freedom and Operation Iraqi Freedom. This is an increase of 40,000 (or 14 percent) above the number of veterans from these two campaigns that we anticipate will come to VA for health care in 2008, and 128,000 (or 62 percent) more than the total in 2007.

Funding for Major Health Care Initiatives

In 2009 we are requesting nearly $1.3 billion to meet the needs of the 333,000 veterans with service in Operation Enduring Freedom and Operation Iraqi Freedom whom we expect will come to VA for medical care. This is an increase of $216 million (or 21 percent) over our resource needs to care for these veterans in 2008.

The Department's resource request includes $3.9 billion in 2009 to continue our effort to improve access to mental health services across the country. This is an increase of $319 million, or 9 percent, above the 2008 level. These funds will help ensure VA continues to realize the aspirations of the President's New Freedom Commission Report, as embodied in VA's Mental Health Strategic Plan, to deliver exceptional, accessible mental health care. The Department will place particular emphasis on providing care to those suffering from PTSD as a result of their service in Operation Enduring Freedom and Operation Iraqi Freedom. An example of our firm commitment to provide the best treatment available to help veterans recover from these mental health conditions is our increased outreach to veterans of the Global War on Terror, as well as increased readjustment and PTSD services. Our strategy for improving access includes increasing mental health care staff and expanding our telemental health program that allows us to reach about 20,000 additional patients with mental health conditions each year.

Our 2009 request includes $762 million for non-institutional long-term care services, an increase of $165 million, or 28 percent, over 2008. By enhancing veterans' access to non-institutional long-term care, the Department can provide extended care services to veterans in a more clinically appropriate setting, closer to where they live, and in the comfort and familiar settings of their homes surrounded by their families. This includes adult day health care, home-based primary care, purchased skilled home health care, homemaker/home health aide services, home respite and hospice care, and community residential care. During 2009 we will increase the number of patients receiving non-institutional long-term care, as measured by the average daily census, to about 61,000. This represents a 38 percent increase above the level we expect to reach in 2008.

VA's medical care request includes nearly $1.5 billion to support the increasing workload associated with the purchase and repair of prosthetics and sensory aids to improve veterans' quality of life. This is $134 million, or 10 percent, above the funding level in 2008. This increase in resources for prosthetics and

sensory aids will allow the Department to meet the needs of the growing number of injured veterans returning from combat in Afghanistan and Iraq.

Requested funding for the Civilian Health and Medical Program of the VA (CHAMPVA) totals just over $1 billion in 2009, an increase of $145 million (or 17 percent) over the 2008 resource level. Claims paid for CHAMPVA benefits are expected to grow by 9 percent (from 7.0 million to 7.6 million) between 2008 and 2009 and the cost of transaction fees required to process electronic claims is rising as well.

Our budget request contains $83 million for facility activations. This is $13 million, or 19 percent, above the resource level for activations in 2008. As VA completes projects within our Capital Asset Realignment for Enhanced Services (CARES) program, we will need increased funding to purchase equipment and supplies for newly constructed and leased buildings.

Quality of Care

The resources we are requesting for VA's medical care program will allow us to strengthen our position as the nation's leader in providing high-quality health care. VA has received numerous accolades from external organizations documenting the Department's leadership position in providing world-class health care to veterans. For example, our record of success in health care delivery is substantiated by the results of the December 2007 American Customer Satisfaction Index (ACSI) survey. Conducted by the National Quality Research Center at the University of Michigan Business School and the Federal Consulting Group, the ACSI survey found that customer satisfaction with VA's health care system was higher than the private sector for the eighth consecutive year. The data revealed that patients at VA medical centers recorded a satisfaction level of 83 out of a possible 100 points, or 6 points higher than the rating for care provided by the private-sector health care industry.

In December 2007 the Congressional Budget Office (CBO) issued a report highlighting the success of VA's health care system. In this report—The Health Care System for Veterans: An Interim Report—the CBO identified organizational restructuring and management systems, the use of performance measures to monitor key processes and health outcomes, and the application of health IT as three of the major driving forces leading to high-quality health care delivery in VA. In October 2007, the Institute of Medicine released a report—Treatment of PTSD: An Assessment of The Evidence—that states VA's use of exposure-based therapies for the treatment of PTSD is effective. This confirms the Department's own conclusions and bolsters our efforts to continue to effectively treat veterans of the Global War on Terror who are suffering from PTSD and other mental health conditions.

These external acknowledgments of the superior quality of VA health care reinforce the Department's own findings. We use two primary measures of health care quality—clinical practice guidelines index and prevention index. These measures focus on the degree to which VA follows nationally recognized guidelines and standards of care that the medical literature has proven to be directly linked to improved health outcomes for patients. Our performance on the clinical practice guidelines index, which focuses on high-prevalence and high-risk diseases that have a significant impact on veterans' overall health status, is expected to grow to 86 percent in 2009, or a 1 percentage point rise over the level we expect to achieve in 2008. As an indicator aimed at primary prevention and early detection recommendations dealing with immunizations and screenings, the prevention index will also grow by 1 percentage point above the estimated 2008 level, reaching 89 percent in 2009.

Access to Care

In April 2006 there were over 250,000 unique patients waiting more than 30 days for their desired appointment date for health care services. As of January 1, 2008, we had reduced the waiting list to just over 69,000. Our budget request for 2009 provides the resources necessary for the Department to virtually eliminate the waiting list by the end of next year. Improvements in access to health care will result in part from the opening of 64 new community-based outpatient clinics in 2008 and 51 more in 2009 (bringing the total number to 846).

The Department will expand its telehealth program which is a critical component of VA's approach to improve access to health care for veterans living in rural and remote areas. Other strategies include increasing the number of community-based outpatient clinics and enhancing VA's participation in the National Rural Development Partnership that serves as a forum for identifying, discussing, and acting on issues affecting those residing in rural areas. In 2009 the Department's Office of Rural Health will conduct studies to evaluate VA's rural health programs and develop policies and additional programs to improve the delivery of health care to veterans living in rural and remote areas.

Medical Collections

The Department expects to receive nearly $2.5 billion from medical collections in 2009, which is $126 million, or more than 5 percent, above our projected collections for 2008. About $8 of every $10 in additional collections will come from increased third-party insurance payments, with almost all of the remaining collections resulting from growing pharmacy workload. We will continue several initiatives to strengthen our collections processes, including expanded use of both the Consolidated Patient Account Center to increase collections and improve operational performance, and the Insurance Card Buffer system to improve third-party insurance verification. In addition, we will enhance the use of real-time outpatient pharmacy claims processing to facilitate faster receipt of

pharmacy payments from insurers and will expand our campaign to increase the number of payers accepting electronic coordination of benefits claims.

Legislative Proposals

The President's 2009 budget includes seven legislative proposals totaling $42 million. One of these proposals expands legislative authority to cover payment of specialized residential care and rehabilitation in VA-approved medical foster homes for veterans of Operation Enduring Freedom and Operation Iraqi Freedom who suffer from TBI. Another proposal would reduce existing barriers to the early diagnosis of human immunodeficiency virus (HIV) infection by removing requirements for separate written informed consent for HIV testing among veterans. This change would ensure that patients treated by VA receive the same standard of HIV care that is recommended to non-VA patients.

The 2009 budget also contains three legislative proposals which ask veterans with comparatively greater means and no compensable service-connected disabilities to assume a modest share of the cost of their health care. They are exactly the same as proposals submitted but not enacted in the 2008 budget. The first proposal would assess Priority 7 and 8 veterans with an annual enrollment fee based on their family income:

Family Income	Annual Enrollment Fee
Under $50,000	None
$50,000 - $74,999	$250
$75,000 - $99,999	$500
$100,000 and above	$750

The second legislative proposal would increase the pharmacy co-payment for Priority 7 and 8 veterans from $8 to $15 for a 30-day supply of drugs. And the last provision would equalize co-payment treatment for veterans regardless of whether or not they have insurance.

These legislative proposals have been identified in VA's budget request for several years. The proposals are consistent with the priority system of health care established by Congress, a system which recognizes that priority consideration must be given to veterans with service-disabled conditions, those with lower incomes, and veterans with special health care needs.

These proposals have no impact on the resources we are requesting for VA medical care as they do not reduce the discretionary medical care resources we are seeking. Our budget request includes the total funding needed for the Department to continue to provide veterans with timely, accessible, and high-quality medical services that set the national standard of excellence in the health care industry. Instead, these three provisions, if enacted, would generate an

estimated $2.3 billion in revenue from 2009 through 2013 that would be deposited into a mandatory account in the Treasury.

One of our highest legislative priorities is to establish the position of Assistant Secretary for Acquisition, Logistics, and Construction. The person occupying this new position would serve as VA's Chief Acquisition Officer, a position required by the Services Acquisition Reform Act of 2003. This will elevate the importance of these critical functions to the level necessary to coordinate their policy direction across the Department's programs and other government agencies. An Assistant Secretary with focused policy responsibility for acquisition, logistics, and construction would ensure these vital activities receive the visibility they need at the highest levels of VA. Legislation to accomplish this was introduced in the Senate on October 4, 2007, as S. 2138. We would appreciate Congress' support of this legislation.

Medical Research

VA is requesting $442 million to support VA's medical and prosthetic research program. Our request will fund nearly 2,000 high-priority research projects to expand knowledge in areas critical to veterans' health care needs, most notably research in the areas of mental illness ($53 million), aging ($45 million), health services delivery improvement ($39 million), cancer ($37 million), and heart disease ($33 million).

One of our highest priorities in 2009 will be to continue our aggressive research program aimed at improving the lives of veterans returning from service in Operation Enduring Freedom and Operation Iraqi Freedom. The President's budget request for VA contains $252 million devoted to research projects focused specifically on veterans returning from service in Afghanistan and Iraq. This includes research in TBI and polytrauma, spinal cord injury, prosthetics, burn injury, pain, and post-deployment mental health. Our research agenda includes cooperative projects with DoD to enhance veterans' seamless transition from military treatment facilities to VA medical facilities, particularly in the treatment of veterans suffering from TBI.

The President's request for research funding will help VA sustain its long track record of success in conducting research projects that lead to clinically useful interventions that improve the health and quality of life for veterans as well as the general population. Recent examples of VA research results that have direct application to improved clinical care include the use of a neuromotor prosthesis to help replace or restore lost movement in paralyzed patients, continued development of an artificial retina for those who have lost vision due to retinal damage, use of an inexpensive generic drug (prazosin) to improve sleep and reduce trauma nightmares for veterans with PTSD, and advancements in identifying a new therapy to prevent or slow the progression of Alzheimer's disease.

In addition to VA appropriations, the Department's researchers compete for and receive funds from other federal and non-federal sources. Funding from external sources is expected to continue to increase in 2009. Through a combination of VA resources and funds from outside sources, the total research budget in 2009 will be almost $1.85 billion.

General Operating Expenses

The Department's 2009 resource request for General Operating Expenses (GOE) is $1.7 billion. Within this total GOE funding request, nearly $1.4 billion is for the management of the following non-medical benefits administered by the Veterans Benefits Administration (VBA)—disability compensation; pensions; education; housing; vocational rehabilitation and employment; and insurance. The 2009 budget request provides VBA over two times the level of discretionary funding available when the President took office and underscores the priority this Administration places on improving the timeliness and accuracy of claims processing. Our request for GOE funding also includes $328 million to support General Administration activities.

Compensation and Pensions Workload and Performance Management

A major challenge in improving the delivery of compensation and pension benefits is the steady and sizeable increase in workload. The volume of claims receipts is projected to reach 872,000 in 2009—a 51 percent increase since 2000.

The number of active duty service members as well as reservists and National Guard members who have been called to active duty to support Operation Enduring Freedom and Operation Iraqi Freedom is one of the key drivers of new claims activity. This has contributed to an increase in the number of new claims, and we expect this pattern to persist at least for the near term. An additional reason that the number of compensation and pension claims is climbing is the Department's commitment to increase outreach. We have an obligation to extend our reach as far as possible and to spread the word to veterans about the benefits and services VA stands ready to provide.

Disability compensation claims from veterans who have previously filed a claim comprise about 54 percent of the disability claims received by the Department each year. Many veterans now receiving compensation suffer from chronic and progressive conditions, such as diabetes, mental illness, cardiovascular disease, orthopedic problems, and hearing loss. As these veterans age and their conditions worsen, VA experiences additional claims for increased benefits.

The growing complexity of the claims being filed also contributes to our workload challenges. For example, the number of original compensation cases with eight

or more disabilities claimed increased by 168 percent during the last 7 years, reaching over 58,500 claims in 2007. Over one-quarter of all original compensation claims received last year contained eight or more disability issues. In addition, we expect to continue to receive a growing number of complex disability claims resulting from PTSD, TBI, environmental and infectious risks, complex combat-related injuries, and complications resulting from diabetes. Claims now take more time and more resources to adjudicate. Additionally, as VA receives and adjudicates more claims, this results in a larger number of appeals from veterans and survivors, which also increases workload in other parts of the Department, including the Board of Veterans' Appeals and the Office of the General Counsel.

The Veterans Claims Assistance Act of 2000 has significantly increased both the length and complexity of claims development. VA's notification and development duties have grown, adding more steps to the claims process and lengthening the time it takes to develop and decide a claim. Also, the Department is now required to review the claims at more points in the adjudication process.

VA will address its ever-growing workload challenges in several ways. For example, we will enhance our use of information technology tools to improve claims processing. In particular, our claims processors will have greater on-line access to DoD medical information as more categories of DoD's electronic records are made available through the Compensation and Pension Records Interchange project. We will also strengthen our investment in Virtual VA, which will reduce our reliance upon paper-based claims folders and enable accessing and transferring electronic images and data through a Web-based application. Virtual VA will also dramatically increase the security and privacy of veteran data. The Department will continue to move work among regional offices in order to maximize our resources and enhance our performance. Also, this year we will complete the consolidation of original pension claims processing to three pension maintenance centers which will relieve regional offices of their remaining pension work. In addition, we will further advance staff training and other efforts to improve the consistency and quality of claims processing across regional offices.

Using resources available in 2008, we are aggressively hiring additional staff. By the beginning of 2009, we expect to complete a 2-year effort to hire about 3,100 new staff. This increase in staffing is the centerpiece of our strategy to achieve our 145-day goal for processing compensation and pension claims in 2009. This represents a 38-day improvement (or 21 percent) in processing timeliness from 2007 and a 24-day (or 14 percent) reduction in the amount of time required to process claims this year.

In addition, we anticipate that our pending inventory of disability claims will fall to about 298,000 by the end of 2009, a reduction of more than 94,000 (or 24 percent) from the pending count at the close of 2007. At the same time we are

improving timeliness, we will also increase the accuracy of the compensation claims we adjudicate, from 88 percent in 2007 to 92 percent in 2009.

Education and Vocational Rehabilitation and Employment Performance

With the resources provided in the President's 2009 budget request, key program performance will improve in both the education and vocational rehabilitation and employment programs. The timeliness of processing original education claims will improve by 13 days during the next 2 years, falling from 32 days in 2007 to 19 days in 2009. During this period, the average time it takes to process supplemental claims will improve from 13 days to just 10 days. These performance improvements will be achieved despite an increase in workload. The number of education claims we expect to receive will reach about 1,668,000 in 2009, or 9 percent higher than last year. In addition, the rehabilitation rate for the vocational rehabilitation and employment program will climb to 76 percent in 2009, a gain of 3 percentage points over the 2007 performance level. The number of program participants is projected to rise to 91,700 in 2009, or 5 percent higher than the number of participants in 2007.

Funding for Initiatives

Our 2009 request includes $10.8 million for initiatives to improve performance and operational processes throughout VBA. Of this total, $8.7 million will be used for a comprehensive training package covering almost all of our benefits programs. A little over one-half of the resources for this training initiative will be devoted to compensation and pension staff while nearly one-quarter of the training funds will be for staff in the vocational rehabilitation and employment program. These training programs include extensive instruction for new employees as well as additional training to raise the skill level of existing staff. Our robust training program is a vital component of our ongoing effort to improve the quality and consistency of our claims processing decisions and will enable us to be more flexible and responsive to changing workload demands.

National Cemetery Administration

Results from the December 2007 ACSI survey conducted by the National Quality Research Center at the University of Michigan and the Federal Consulting Group revealed that for the second consecutive time VA's national cemetery system received the highest rating in customer satisfaction for any federal agency or private sector corporation surveyed. The Department's cemetery system earned a customer satisfaction rating of 95 out of a possible 100 points. These results highlight that VA's cemetery system is a model of excellence in providing timely, accessible, and high-quality services to veterans and their families.

The President's 2009 budget request for VA includes $181 million in operations and maintenance funding for the National Cemetery Administration (NCA), which

is 71 percent above the resources available to the Department's burial program when the President took office. The resources requested for 2009 will allow us to meet the growing workload at existing cemeteries by increasing staffing and funding for contract maintenance, supplies, and equipment, open new national cemeteries, and maintain our cemeteries as national shrines. We will perform 111,000 interments in 2009, or 11 percent more than in 2007. The number of developed acres (7,990) that must be maintained in 2009 will be 8 percent greater than in 2007.

Our budget request includes an additional $5 million to continue daily operations and to begin interment operations at six new national cemeteries—Bakersfield, California; Birmingham, Alabama; Columbia-Greenville, South Carolina; Jacksonville, Florida; Sarasota, Florida; and southeastern Pennsylvania. Establishment of these six new national cemeteries is directed by the National Cemetery Expansion Act of 2003. We plan to open fast track burial sections at five of the six new cemeteries in late 2008 or early 2009, with the opening of the cemetery in southeastern Pennsylvania to follow in mid-2009.

The President's resource request for VA provides $9.1 million in cemetery operations and maintenance funding to address gravesite renovations as well as headstone and marker realignment. When combined with another $7.5 million in minor construction, VA is requesting a total of $16.6 million in 2009 to improve the appearance of our national cemeteries which will help us maintain cemeteries as shrines dedicated to preserving our nation's history and honoring veterans' service and sacrifice.

With the resources requested to support NCA activities, we will expand access to our burial program by increasing the percent of veterans served by a burial option within 75 miles of their residence to 88 percent in 2009, which is 4.6 percentage points above our performance level at the close of 2007. In addition, we will continue to increase the percent of respondents who rate the quality of service provided by national cemeteries as excellent to 98 percent in 2009, or 4 percentage points higher than the level of performance we reached last year.

Capital Programs (Construction and Grants to States)

The President's 2009 budget request includes just over $1 billion in capital funding for VA, $5 million of which will be derived from the sale of assets. Our request for appropriated funds includes $581.6 million for major construction projects, $329.4 million for minor construction, $85 million in grants for the construction of state extended care facilities, and $32 million in grants for the construction of state veterans cemeteries.

The 2009 request for construction funding for our health care programs is $750.0 million—$476.6 million for major construction and $273.4 million for minor construction. All of these resources will be devoted to continuation of the Capital

Asset Realignment for Enhanced Services (CARES) program. CARES will renovate and modernize VA's health care infrastructure, provide greater access to high-quality care for more veterans, closer to where they live, and help resolve patient safety issues. Some of the construction funds in 2009 will be used to expand our polytrauma system of care for veterans and active duty personnel with lasting disabilities due to polytrauma and TBI. This system of care provides the highest quality of medical, rehabilitation, and support services.

Within our request for major construction are resources to continue five medical facility projects already underway:

- Denver, Colorado ($20.0 million)—replacement medical center near the University of Colorado Fitzsimons campus
- Lee County, Florida ($111.4 million)—new building for an ambulatory surgery/outpatient diagnostic support center
- Orlando, Florida ($120.0 million)—new medical center consisting of a hospital, medical clinic, nursing home, domiciliary, and full support services
- San Juan, Puerto Rico ($64.4 million)—seismic corrections to the main hospital building
- St. Louis, Missouri ($5.0 million)—medical facility improvements and cemetery expansion.

Major construction funding is also provided to begin three new medical facility projects:

- Bay Pines, Florida ($17.4 million)—inpatient and outpatient facility improvements
- Tampa, Florida ($21.1 million)—polytrauma expansion and bed tower upgrades
- Palo Alto, California ($38.3 million)—centers for ambulatory care and polytrauma rehabilitation center.

In addition, we are moving forward with plans to develop a fifth Polytrauma Rehabilitation Center in San Antonio, Texas with the $66 million in funding provided in the 2007 emergency supplemental.

Minor construction is an integral component of our overall capital program. In support of the medical care and medical research programs, minor construction funds permit VA to address space and functional changes to efficiently shift treatment of patients from hospital-based to outpatient care settings; realign critical services; improve management of space, including vacant and underutilized space; improve facility conditions; and undertake other actions critical to CARES implementation. Further, minor construction resources will be used to comply with the energy efficiency and sustainability design requirements mandated by the President.

We are requesting $130.0 million in construction funding to support the Department's burial program—$105.0 million for major construction and $25.0 million for minor construction. Within the funding we are requesting for major construction are resources for gravesite expansion and cemetery improvement projects at three national cemeteries—New York (Calverton, $29.0 million); Massachusetts ($20.5 million); and Puerto Rico ($33.9 million).

VA is requesting $5 million for a new land acquisition line item in the major construction account. These funds will be used to purchase land as it becomes available in order to quickly take advantage of opportunities to ensure the continuation of a national cemetery presence in areas currently being served. All land purchased from this account will be contiguous to an existing national cemetery, within an existing service area, or in a location that will serve the same veteran population center.

Information Technology

The President's 2009 budget provides more than $2.4 billion for the Department's IT program. This is $389 million, or 19 percent above our 2008 budget, and reflects the realignment of all IT operations and functions under the management control of the Chief Information Officer.

IT is critical to the timely, accessible delivery of high-quality benefits and services to veterans and their families. Our health care and benefits programs can only be successful when directly supported by a modern IT infrastructure and an aggressive program to develop improved IT systems that will meet new service delivery requirements. VA must modernize or replace existing systems that are no longer adequate in today's rapidly changing health care environment. It is vital that VA receives a significant infusion of new resources to implement the IT-related recommendations presented in the Dole-Shalala Commission report.

Within VA's total IT request of more than $2.4 billion, 70 percent (or $1.7 billion) will be for IT investment (non-payroll) costs while the remaining 30 percent (or $729 million) will go for payroll and administrative requirements. Of the $389 million increase we are seeking for IT, 86 percent will be devoted to IT investment. The overwhelming majority ($271 million) of the IT investment funds will support VA's medical care program, particularly VA's electronic health record system.

VA classifies its IT investment functions into two major categories—those that directly impact the delivery of benefits and services to veterans (i.e., veteran facing) and those that indirectly affect veterans through administrative and infrastructure support activities (i.e., internal facing). For 2009, our $1.7 billion request for IT investment is comprised of $1.3 billion in veteran facing activities and $418 million in internal facing IT functions. Within each of these two major

categories, IT programs and initiatives are further differentiated between development functions and operations and maintenance activities.

The increase in this budget of 94 full-time equivalent staff will provide enhanced support in two critical areas—information protection and IT asset management. Additional positions are requested for information security: testing and deploying security measures; IT oversight and compliance; and privacy, underscoring our commitment to the protection of veteran and employee information. The increase in IT asset management positions will bring expertise to focus on three primary functions—inventory management, materiel coordination, and property accountability.

Our 2009 budget request contains $93 million in support of our cyber security program to continue our commitment to make VA the gold standard in data security within the Federal government. We continue to take aggressive steps to ensure the safety of veterans' personal information, including training and educating our employees on the critical responsibility they have to protect personal and health information. We are progressing with the implementation of the Data Security—Assessment and Strengthening of Controls Program established in May 2006. This program was established to provide focus to all activities related to data security.

As part of our continued operation and improvement of the Department's electronic health record system, VA is seeking $284 million in 2009 for development and implementation of the Veterans Health Information Systems and Technology Architecture (HealtheVet-VistA) program. This includes a health data repository, a patient scheduling system, and a reengineered pharmacy application. HealtheVet-VistA will equip our health care providers with the modern tools they need to improve safety and quality of care for veterans. The standardized health information from this system can be easily shared between facilities, making patients' electronic health records available to all those providing health care to veterans.

Until HealtheVet-VistA is operational, we need to maintain the VistA Legacy system. This system will remain operational as new applications are developed and implemented. This approach will mitigate transition and migration risks associated with the move to the new architecture. Our budget provides $99 million in 2009 for the VistA Legacy system.

In support of our benefits programs, we are requesting $23.8 million in 2009 for VETSNET. This will allow VA to complete the transition of compensation and pension payment processing off of the antiquated Benefits Delivery Network. This will enhance claims processing efficiency and accuracy, strengthen payment integrity and fraud prevention, and position VA to develop future claims processing efficiencies, such as our paperless claims processing strategy. To further our transition to paperless processing, we are seeking $17.4 million in

2009 for Virtual VA which will reduce our reliance on paper-based claims folders through expanded use of electronic images and data that can be accessed and transferred electronically through a Web-based platform.

We are requesting $42.5 million for the Financial and Logistics Integrated Technology Enterprise (FLITE) system. FLITE is being developed to address a long-standing internal control material weakness and will replace an outdated, non-compliant core accounting system that is no longer supported by industry. Our 2009 budget also includes $92.6 million for human resource management application investments, including the Human Resources Information System which will replace our current human resources and payroll system.

Summary

Our 2009 budget request of nearly $93.7 billion will provide the resources necessary for VA to:

- provide timely, accessible, and high-quality health care to our highest priority patients—veterans returning from service in Operation Enduring Freedom and Operation Iraqi Freedom, veterans with service-connected disabilities, those with lower incomes, and veterans with special health care needs;
- advance our collaborative efforts with DoD to ensure the continued provision of world-class health care and benefits to VA and DoD beneficiaries, including progress towards the development of secure, interoperable electronic medical record systems;
- improve the timeliness and accuracy of claims processing; and
- ensure the burial needs of veterans and their eligible family members are met and maintain veterans' cemeteries as national shrines.

I look forward to working with the members of this committee to continue the Department's tradition of providing timely, accessible, and high-quality benefits and services to those who have helped defend and preserve liberty and freedom around the world.

Mr. EDWARDS. Mr. Secretary, thank you for your excellent opening statement.

Mr. Wamp, let me ask you, we have 4 minutes and 37 seconds on the vital vote on whether or not we are going to adjourn, on the floor of the House. I can miss that vote, but I don't want to ask any others to miss it. Would you want to go vote, and I can ask my questions while you are gone? Or do you want to continue on? How would you like to proceed?

Mr. WAMP. I am concerned that this vote is going to be followed by other votes on the floor, and I think that I need to go.

Mr. EDWARDS. Maybe what we could do is we could do a tag-team here. Some members have gone to vote. I will go ahead and go through my initial questions while you are voting. And then if it turns out they are not having additional votes, then come back and maybe you could begin while I am gone. Would that be fair?

I am a little bit concerned because we are having a series of procedural votes today. Also because of Mr. Lantos's funeral, we already cut the time for this hearing in half, so I am a little worried. If you don't object to that, we would proceed ahead.

Mr. WAMP. Mr. Young will stay and I will vote, and that way we are covered. Thank you.

IMPLEMENTATION OF FISCAL YEAR 2008 BUDGET

Mr. EDWARDS. Mr. Secretary, let me just begin by asking you, there were legitimate concerns about the fact that given that the VA received so much additional funding last year for both supplemental as well as the 2008 budget year, and the fact that those dollars did not come initially on October 1, the beginning of the new fiscal year, that the VA might have a difficult time putting in place a plan to spend that money efficiently and effectively. Could you just make some observations about how you feel in terms of the VA's plans for implementing the budget that we passed and the president signed recently? Do you feel comfortable in how you have those resources allocated? Do you think there could be sooner, rather than in the last quarter of the year, a request for a transfer of funds in order to allow you to use that money most efficiently.

Secretary PEAKE. Yes, sir. I think that we will be coming forward to talk about shifting some of that money around a little bit to make sure that we can use it most effectively. I do think that we have a good plan in place to be able to execute that, in what I have been able to see so far. Some of it is going to be things that don't require an ongoing sustainment. They are sort of one-timers as well. I think we can get those executed.

But I think that we also have in this budget the ability to sustain the things that will have an out-year tail to them.

Mr. EDWARDS. In regard to transfers, let me just say that this subcommittee would want to do careful due diligence in reviewing those requests from the VA to be sure they reflect the priorities that the Congress has set in its budget. At the same time, I would urge you to not have the department wait until the second or third week of August to ask for that transfer of funding.

We understand you have a great deal of new funding and you got it late in the process. So given that process wasn't perfect, we know there may be some adjustments. The bottom line to us is that those

adjustments be made whenever it can best help the most number of veterans.

Secretary PEAKE. We will not be waiting until August. We will up here soon.

Mr. EDWARDS. Okay. Great.

Mr. Young.

POST TRAUMATIC STRESS DISORDER

Mr. YOUNG. Mr. Chairman, thank you very much.

General, when the casualties began coming home from Iraq and Afghanistan, the military hospitals were pretty much overwhelmed. I remember seeing hospital beds in the hallways. But what happened was, that great influx of wounded heroes eventually came to the VA system. And all of a sudden, you were pretty much overwhelmed at a lot of places, especially your polytrauma centers.

A lot of these young men and women swore to me, to others, that we don't have any kind of a post-traumatic stress problem at all. I think they were wrong. I think they are going to find out, and I think that the VA system is learning now that they might have felt that way when they came from Walter Reed or Bethesda, but as time went on they did develop the problems.

Now, my question has to do with, do you have enough personnel in the VA system to deal with post-traumatic stress disorders? Are you able to give your patients sufficient time with a psychologist or a psychiatrist? Or do you need more psychologists and psychiatrists? And the answer is probably yes, because I know that time has been rationed for some of these cases.

What do you need? What can we do? What can this Congress do to help you help our veterans by providing them the appropriate care for their post-traumatic stress situations?

Secretary PEAKE. Well, sir, first let me comment about the great assistance we have had from the Congress in a couple of ways. One is giving us the money to move forward with the mental health strategic plan that Dr. Kussman put in place back in 2004, that started laying out the groundwork for what we needed to start to grow. We have better than 10,000 in the VA in terms of mental health professionals. If you look at all of the people that we have working in the mental health arena, it approaches 17,000, focused just on mental health.

Part of the issue is being able to hire people in different places. Rural America has a challenge, and that is why I was pleased to find the fact that we are already budgeting 24 new telemental health access points. I think we did 43,000 mental health telemedicine consults last year, or something like that. So there are challenges to being able to find the psychologists and the psychiatrists where you need them.

The ability to pay more and pay closer to going rates that has been authorized has, as I understand it, made a difference. So we are seeing less attrition of some of those folks than what we have seen in the past. But there is no question that it is a sub-segment of really a national issue of having enough mental health workers across this country.

Mr. YOUNG. General, I know that the American Red Cross has a program of working with medical doctors, surgeons, to volunteer

their time in military hospitals. I have met a number of these doctors who are there gratis under the sponsorship of the Red Cross. Do you have a similar program in the VA system?

Secretary PEAKE. Sir, let me ask Dr. Kussman, because I actually don't know the answer to that.

Mr. KUSSMAN. People can volunteer as Red Cross volunteers in the same manner that you just described, to provide services. So on a case-by-case basis, we will take advantage of that.

Mr. YOUNG. Does that include psychologists and psychiatrists?

Mr. KUSSMAN. Yes, sir, I believe that is true.

Mr. YOUNG. Well, let me go back to my question. Do we need to do anything? Do we need to do anything to help you fill this need?

Secretary PEAKE. Sir, I don't have a good answer of a specific requirement. I think right now we have budgeted the money. Part of the issue of PTSD I think is breaking down the stigma. We are working on that with our Vet Centers. We are going to expand that. By bringing in OIF/OEF people to work in our Vet Centers, it starts to give the younger servicemember a chance to identify with somebody that is really of their own age group and their own experience set.

The other thing that I want to be able to do is more in the way of outreach and try to get folks in. The opportunity to be able to have access to our system for 5 years after returning from overseas I think is a tremendous opportunity for us to be able to get somebody in to try and avert the potential for problems down the road. We are working with the post-deployment health reassessment, so we have to really link in with the military because that is really our feeder organization, if you will.

Mike, did you have a comment?

Mr. KUSSMAN. Yes, sir.

As the secretary said, we are aggressively hiring people. We have been quite successful in that. We have hired, in the last 2 years, 3,800 new mental health people, including social workers, psychiatrists and psychologists. One of the issues of the stigma of mental health is that people don't want to come, or they don't want to come to a mental health clinic.

So what we have initiated is a very thorough and aggressive program of integrating mental health into primary care, where the individual might be more comfortable going to a primary care clinic for a backache or a knee ache, but really the real reason they need to come is for their mental health. That has been very successful as well. So there are a lot of initiatives to try to break down the barriers.

Mr. YOUNG. Well, I really appreciate what you just said, doctor. The week before last, Beverly and I visited the wounded warrior battalion, the Marine battalion at Camp Pendleton. We had an opportunity to visit with some of the Marines who were there rehabilitating that we had actually been with when they were at Bethesda when they first came from the war zone.

I remember that when they left Bethesda, they were determined—"I don't have any mental or emotional problems." But a couple years later, being there at Camp Pendleton in the wounded warrior battalion, they finally admitted that, "Yes, I do need help." These young guys are going to be coming to you very shortly, and

your system, so I do worry. I do want to do anything that we can to make sure that when they get to your system that they are taken care of, because I think it is going to be a more serious requirement even than we recognize today.

Thank you very much for what you do. I just appreciate the chance to see you again, and thank you for all of your service to the Army and to the Department of Veterans Affairs and our heroes. Thank you, sir.

Secretary PEAKE. Thank you, Mr. Chairman.

Mr. EDWARDS. Before we recognize Mr. Farr for his questions, one other person I would like to take the privilege of introducing is not at the front table, but who has been a tremendous leader for the VA, and that is Deputy Secretary Gordon Mansfield. Secretary Mansfield, I want to especially thank you for taking over the reins as acting secretary of the VA during a very important time when we were discussing large increases in the VA budget. That was a challenging process, and thank you for your leadership in that role and for your continuing leadership as deputy secretary. We are honored to have you here today. Thank you.

Mr. Farr.

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

I would like to begin this year's appropriation hearing, and especially thank you for upgrading the room that we are in. [Laughter.]

Mr. EDWARDS. Don't get used to it. [Laughter.]

BURIAL NEEDS FOR VETERANS

Mr. FARR. Mr. Secretary, as I read the budget, I see that the president has again cut the VA construction budget to half of what was appropriated in fiscal year 2008. I am sure you are aware that California has the longest list of potential major construction projects. If you add them up, they exceed the total proposed for the budget in all VA construction.

So as a concerned Californian, particularly one that has been trying to really reach out to this expanded veteran community in the greater Monterey Bay area, I am wondering if you are aware of a major construction project in the out-years at the former Fort Ord which would serve as a community-based outreach, and if you would pledge to make sure that in those out-years planning, in the FYDP-type things, that there is adequate funding for this project at Fort Ord for the VA–DOD joint clinic there.

Secretary PEAKE. Well, sir, I don't know the specifics of that clinic, or where it is in the out-years, but I am a proponent of DOD–VA sharing. I have been to that clinic on Monterey before, so I know that area. I have also walked the grounds of the old Fort Ord, so I am familiar with the area and the environment. I would certainly look to making sure that we can serve our veterans in the most effective and efficient way possible there.

Mr. FARR. Well, if you walked it, that is incredible, because it is 40 square miles, but I think you are aware that it is the largest military base ever closed in a BRAC round, and there is certainly a lot of opportunity. The land is still in federal ownership, to use it for VA efforts.

Part of that land has been set aside and designated as a cemetery. Mr. Tuerk has been out there for a wonderful meeting out

there with everybody, and he certainly recognizes the value and the importance of it. I was just wondering, given your mention of the critical importance of burial needs for our vets, and the fact that there is a density threshold now—this 170,000 veterans—and you do it by these 70-mile radii—that there is consideration of lowering that density threshold.

Secretary PEAKE. Well, sir, as of this year I think we are going to be at about 84 percent. Our objective is to get to 90 percent, and then I think when we hit that strategic objective, we start to look at how do we expand it and offer burial services to even a wider group of underserved veterans.

Mr. FARR. Well, what we are talking about is how do you reach out to those rural areas. I am very critical of the fact that in California, if you went up the central valley, and if you draw a 70-mile radius, you go from Nevada to the Pacific Ocean, except that very few people live in the central valley. They all live along the coast, and we don't have any burial sites along the coast. Fort Ord is a place where we are putting together a private-public partnership to have a state grant. I don't need to consume the committee's time on that.

The other issue, and I just want you to be aware of it because I am working on it, I am really intrigued by the fact that in your former position as Army surgeon general you have the unique skillset of being in both DoD and now VA—if you are going to be able to break down the stovepipes that exist between those two agencies, particularly as it comes for VA health care. I wondered what changes you would make in how DOD deals with the VA or vice-versa. Have you got any ideas yet on how to break down some of those stovepipes?

Secretary PEAKE. Well, sir, I think the chairman acknowledged Secretary Mansfield. He has been working essentially a weekly meeting or twice a week meetings with DOD. I think there has been a lot of progress in this area. I think there is more to be made. I think we need to work our IT systems, and in March I am expecting to see the study come back to talk about our way ahead in terms of our combined IT systems.

If you go out to North Chicago, and I haven't been there yet, but I am going, where we are looking at a federal shared facility between VA, co-managed VA and DOD. There are a number of places around the country where that just makes eminent sense, and we need to really work through that North Chicago as a pilot to understand the issues. And there may be some legislative support that we need—I am not sure exactly yet—to be able to enable that kind of a cooperative effort.

But I think there are great opportunities for us to move forward. I have met with the secretary of the Air Force just recently within the last 2 days, and I signed a joint agreement with the secretary of the Army. So I think we can move forward.

Mr. FARR. Thank you. I am pleased to hear that. I look forward to working with you. That clinic at Fort Ord is just that. We still have about 7,000 uniformed personnel now at the Defense Language Institute at the Naval Postgraduate School and some of the other military footprints there. And we are trying to joint locate with the RCI, the residential community, so that essentially the

families of soldiers and the veterans can share in facilities. I think we get a much bigger bang for the buck, so I appreciate your leadership on that.

Mr. Chairman, thank you very much. I will have a few more questions in the second round.

Mr. EDWARDS. Okay, thank you, Mr. Farr.

Mr. Dicks.

Mr. DICKS. Thank you.

General Peake, we are glad you are there. We know you are a man of great skill and integrity, and yet this is a challenging job. I don't know why, but for some reason over the years we have never done quite as well by the VA as I think we should have. That last year was changed by Chairman Edwards to say, hey, we have to do better.

For some reason, we have underfunded this area. I am very pleased about last year's budget and this year's budget. But I am concerned about two things. In the out-years after 2009—and I can understand, and I am not blaming you for this. I want to blame OMB. Let me blame OMB, okay? We see that over the next 5 years, there is going to be—it is $20 billion below the levels needed to maintain what the VA is doing today. Is that correct? You are below current services?

Secretary PEAKE. Sir, I have looked at that. My understanding is that that is a calculated placeholder by OMB. The way we will build our 2010 budget is based on our forecast.

Mr. DICKS. What you think is really necessary?

Secretary PEAKE. Yes, sir. And I think we are getting better at forecasting. It is one of the things that we have been asked about in the past. When I have looked at the data, I think we are getting better at being able to tell you what we are going to be asked to do in terms of work, and there be able to appropriately budget.

AMERICAN LAKE, WASHINGTON

Mr. DICKS. Now, Mr. Farr brought up the construction funding. I think the need was $1.1 billion, Mr. Chairman, for this year, but the request is reduced to $587 million. Now, we have concerns in the Pacific Northwest. Mr. Farr is concerned about California, and rightfully so. We have concerns in the Pacific Northwest where we have seismic issues on some of our facilities, particularly at American Lake. For the record, Mr. Chairman, I would like to submit two or three questions about local projects so I don't take the time of the committee.

Mr. EDWARDS. Without objection.

TRANSITION TO VA

Mr. DICKS. These are of concern. But we have some seismic issues, and we are worried that if this thing gets delayed even further, at American Lake and at Seattle, we could have a big event out there, which we have had in the past. So I hope you can take a look at those things.

The one thing that really bothered me in this whole discussion last year about Walter Reed and the VA is this transition. We were just talking about this. But it is so important to try to work out a way to make that transition. I think the Army has the most dif-

ficulty here. It is amazing to me how in the Army, the level of benefits is at one level, and then the Navy and the Air Force are up here. And the VA is up here, in terms of what these kids finally get.

But the Army has low-balled this, and they can't get away with this anymore. But that transition from the Army wounded warrior units now, over to the VA, when they decide. They go through this process. They decide that he can no longer serve in the Army. There is not a place for him, and then he goes into the VA system. How is that working? I know that is where we added a lot of people to try to get that under control.

Can you tell us how you think that is working?

Secretary PEAKE. Sir, first of all, there is a pilot program that started on November 27, where those wounded warriors going through the physical evaluation board, the medical evaluation board to have their fitness for duty determined will have their fitness for duty determined by the military. However, all of their medical exams for rating purposes will include not only the unfitting condition, but any potentially claimable condition.

We will do that evaluation, and then Admiral Cooper has centralized the rating for that down at St. Petersburg, so they will get a consistent rating.

Mr. DICKS. Is this just the VA? Or is this the Army as well? I mean, is there a way to have one evaluation?

Secretary PEAKE. That is the point. That is what this is.

Mr. DICKS. Okay.

Secretary PEAKE. The VA does the physical evaluation and the rating. The military just takes the evidence and says you are unfit or you are fit for military duty. If they are unfit for military duty, that particular unfitting condition, the rating that Admiral Cooper's people have done, will determine whether they have a severance or whether they get medically retired.

So it is out of the hands of the military. It is one consistent rating with one medical examination process. So that is the pilot.

Mr. DICKS. In the old days it was two. You would go through the Army process, and if you were let go, then you would go over to VA and they would start over.

Secretary PEAKE. Yes, sir.

Mr. DICKS. So we are trying to put that together?

Secretary PEAKE. Absolutely, in this pilot.

The other thing that we have done, really, is with the BDD program, the benefits delivery discharge program that has been going on for some time, but has only really picked up steam with the OIF/OEF experience, is that when a soldier, not necessarily being medically retired, but says "I am getting out of the service, and I have some potentially claimable conditions, things that I want to get evaluated," then they can see a VA counselor 180 days before they leave the service.

The VA counselor right there at the post, camp or station—we do it in 153 different locations—that VA counselor can start working that claim, get the physical examination done, get them into a fast-track rating system, which we are doing. And by the way, those are two of our paperless evaluation pilots.

So that by the time the soldier gets home, we are shooting for 60, where I think our time has been about 85 days. But they get a check right away, as opposed to when they finally go home and then start to try to pull all the stuff together, all their paperwork, and then get adjudicated, where that can really stretch out. So I think we are making some progress.

Mr. DICKS. And one final thing. I know that community-based outpatient clinics are sometimes criticized at OMB again. But I think these things really work. We have a situation in the State of Washington where we have the entire Olympic peninsula, and a veteran at Neah Bay would have to get up at 2 a.m. in the morning to get to Port Angeles for the 4 a.m. departure to go all the way into Seattle.

We just got started out there, and I appreciate the VA's work on this, where the VA works out of the hospital in Port Angeles and the Coast Guard clinic. This program is working very well. People really appreciate that. However, I think a full clinic would be better, and I put a bill in to authorize it and fund it. But to me, and we have had accidents on the roads out there, you get dangerous winter conditions on the roads. I think these situations for remote areas should still be a valid consideration. I know it has to cost less than sending people to Seattle.

Secretary PEAKE. Sir, we agree with you.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Dicks.

There is some question right now on whether there is a quorum being maintained on the floor. Staff is checking to see whether some of us might need to go over to the floor for that quorum, but in the meantime we will continue on until we get a clear message.

Mr. Wamp, with my personal apologies for the inconveniences caused you by this process between the committee and the floor, I am privileged to recognize you for whatever time you would like to take for your questions.

Mr. WAMP. Thank you, Mr. Chairman. You are a class act, and don't you apologize to me. But to you seven, we all apologize. We don't even really know what the rest of the afternoon is going to be like, but thank you very much for your time and your patience. Please remember, too, when I began, that I am as green to this subcommittee as this carpet.

CARES

This is new, so when I start in a parochial example, in that context, please understand I am not parochial, and I will try not to be. Everybody that represents a district for 14 years has a lot of parochial interests. But I am going to use this example as part of a bigger picture, just to start on the front of reforms that I mentioned in my opening statement.

Mr. Secretary, I am interested in CARES and some of the recommended changes with the CBOCs and with areas of service that are not fully and accessible. Mr. Dicks just talked about an example of travel. In my backyard, we have a very strong outpatient clinic, a CBOC that has been expanded—and is servicing a whole lot of veterans in 18 counties. It has been listed as one of the top

five areas that doesn't have a hospital, but has a very strong outpatient clinic.

In CARES, they recommended a couple of new CBOCs in that service area by 2012, but then I am looking at the 5-year plan and they are not there. So I just wonder how the reforms of CARES are going nationally in terms of trying to meet some of the goals that you have, and then I will follow up with another question you and I talked about in my office.

Secretary PEAKE. Yes, sir. Regarding CBOCs and CARES, I think there were 156 new CBOCs that were part of the CARES process. We add the 64 that are going in, the 51 that are coming up in 2009. My understanding is that of that 56, there are 24 that have been decided, really because of changing demographics or whatever, are not needed. That would still leave 10 after 2009. I honestly don't know if that is yours or not, but we would certainly be willing to work through that.

Mr. WAMP. Well, in a technical question, do the construction budget reductions affect even meeting the needs of these 10 or others?

Secretary PEAKE. Sir, the CBOCs are generally not major construction. In many cases, we are leasing, which I think is a smart thing to be able to do, because then you can shift as the population needs shift and change. And we have actually seen some of that. So it isn't necessarily tied.

Now, there are CBOCs that we have built. In those cases, if it is under $10 million, then it is minor construction. If it is over $10 million, it needs to be authorized as major construction.

Mr. WAMP. Because I am under my 5 minutes, I may come back to that later, if the time allows, and they go vote or whatever, because I have other questions about the construction piece of it.

MENTAL HEALTH AND TRAUMATIC BRAIN INJURY

Let me jump back to mental health for a minute, because we have talked about this as well. There is a connection, everyone understands, between the mental health aspects of veterans care and the homeless population, which is in decline. And there are a whole lot of misperceptions about how many homeless people that are veterans are out there without benefits.

But it is true, isn't it, that the benefits actually are there for these veterans, and in most cases if the veteran would take advantage of the benefits, or if they might need medication to take care of any mental health issue that they have, they would then be in the capacity to go and seek the treatment. Whereas, we end up with quite a few in our homeless veteran population that are either not on their medication, are incapable, or not coherent enough to come in and get the care that is available under these kind of numbers. Correct?

Secretary PEAKE. Sir, you are absolutely right. I will tell you that we have had a push to get the homeless to be able to access their benefits. Admiral Cooper, if you have the numbers? I was talking to Pete Dougherty, our homeless director, and he talked about 17,000 homeless recently that were able to access their benefits.

I will tell you also, when I was out at the homeless standdown at the VA medical center in Washington, D.C., I spent some time

talking to our outreach person who goes under the bridges here in Washington, D.C. to try to identify homeless veterans and encourage them, pull them into the system, into the shelters and into the health care system. I think we got 34 folks to sign up into our electronic health record, that are homeless people that can access these things.

As I believe I mentioned in my opening comments, in 2007 we spent about $1.6 billion on health care for homeless veterans. Even though it is going down, it is still too many, but we are really aggressive in our programs and we will continue to be.

Mr. WAMP. I know the chairman is concerned about the research piece of this, and I haven't even studied the research flow well enough to understand all the aspects of how it might be used, but one thing that you and I talked about is this head trauma issue coming out of Iraq and Afghanistan—particularly Iraq right now—and the long-term consequences of that.

Are we spending enough? Does this committee need to try to do more for the research today to determine w we need to be 4, 5, or 6 years from now based on head trauma and long-term problems from stroke to clots in the brain—all the aftermath of this kind of IED damage to not just the troops that are hit, but the troops that are close to the troops that are hit.

Secretary PEAKE. Well, you know, our four polytrauma centers really started out as traumatic brain injury centers. That was their focus. Of the 487 patients that have come to our polytrauma centers from the active duty side, 460 of them really had predominantly traumatic brain injuries.

So I guess my point is that we have a longstanding and aggressive interest in this issue. Further, we are working very closely with DOD because obviously we share a common interest there. You may have perhaps met General-select Laurie Sutton, who is going to be heading that. We are going to provide a deputy to her to make sure that we can continue to integrate our efforts in PTSD and TBI.

There are about $252 million of our research budget that is focused on these OIF/OEF issues, to include TBI and MPTSD, and really that is something where we are looking for the overlap there. So we have I think in mental health across the board extra-mural funding, which was about $100 million. So we do have a very strong interest in it.

Mr. WAMP. Mr. Chairman, why don't I yield back.

Mr. EDWARDS. Okay. Thank you, Mr. Wamp.

BUDGET PROJECTIONS

Mr. Secretary, back in 2005 and over a period of several years, one of the challenges we faced was that even though on a bar graph the funding each year for the VA discretionary budget, and particularly VA medical care, was going up, it was not going up as quickly as the increasing number of veterans needing health care, added to the medical inflation numbers which I guess traditionally had been 200 percent higher than the CPI.

And I know the VA has worked very hard on its modeling, and again it is not an exact science. It is an art and a science and economics. But could you tell me how comfortable you are with the

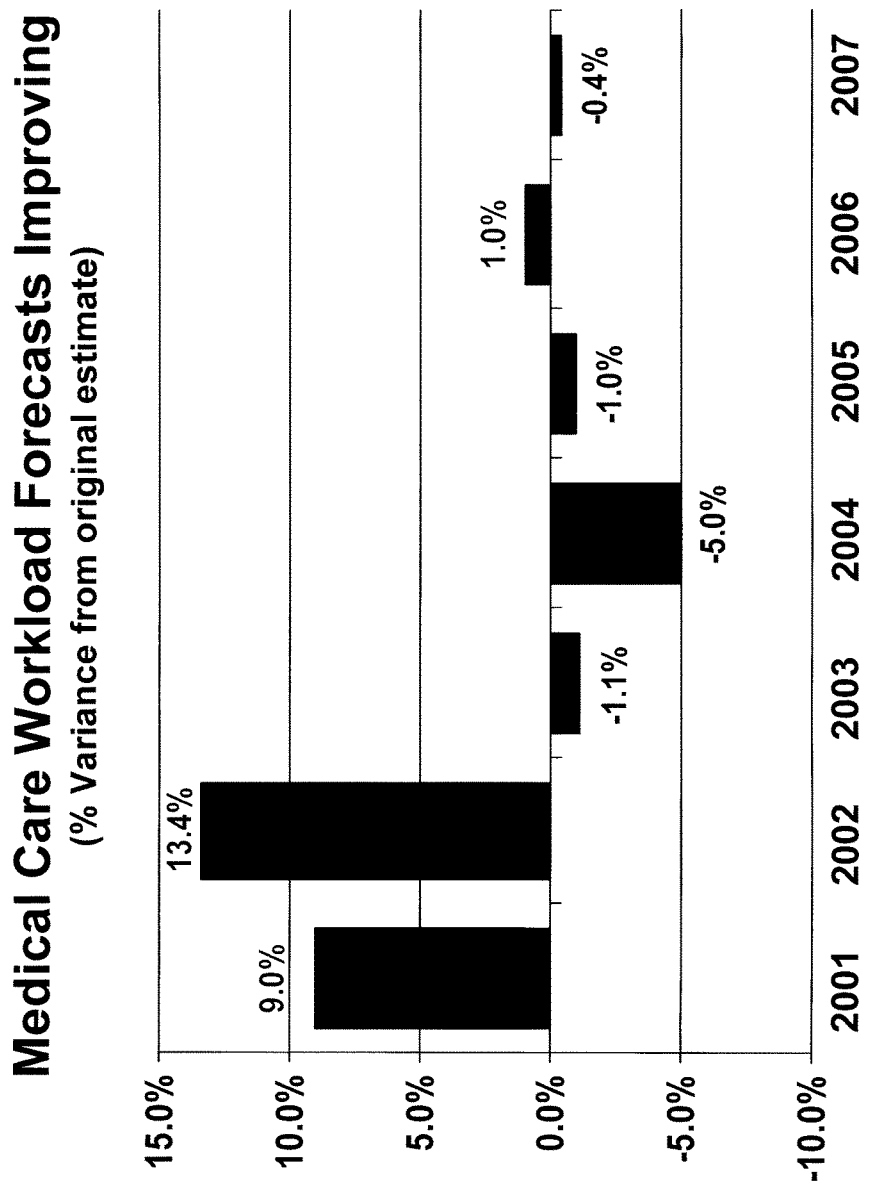
projections? What assumptions did you make in the 2009 budget in terms of the increasing number of veterans needing health care, outpatient, in-patient? How comfortable are you with those projections, within a certain parameter? And what inflation numbers did you use, both for medical care and for construction?

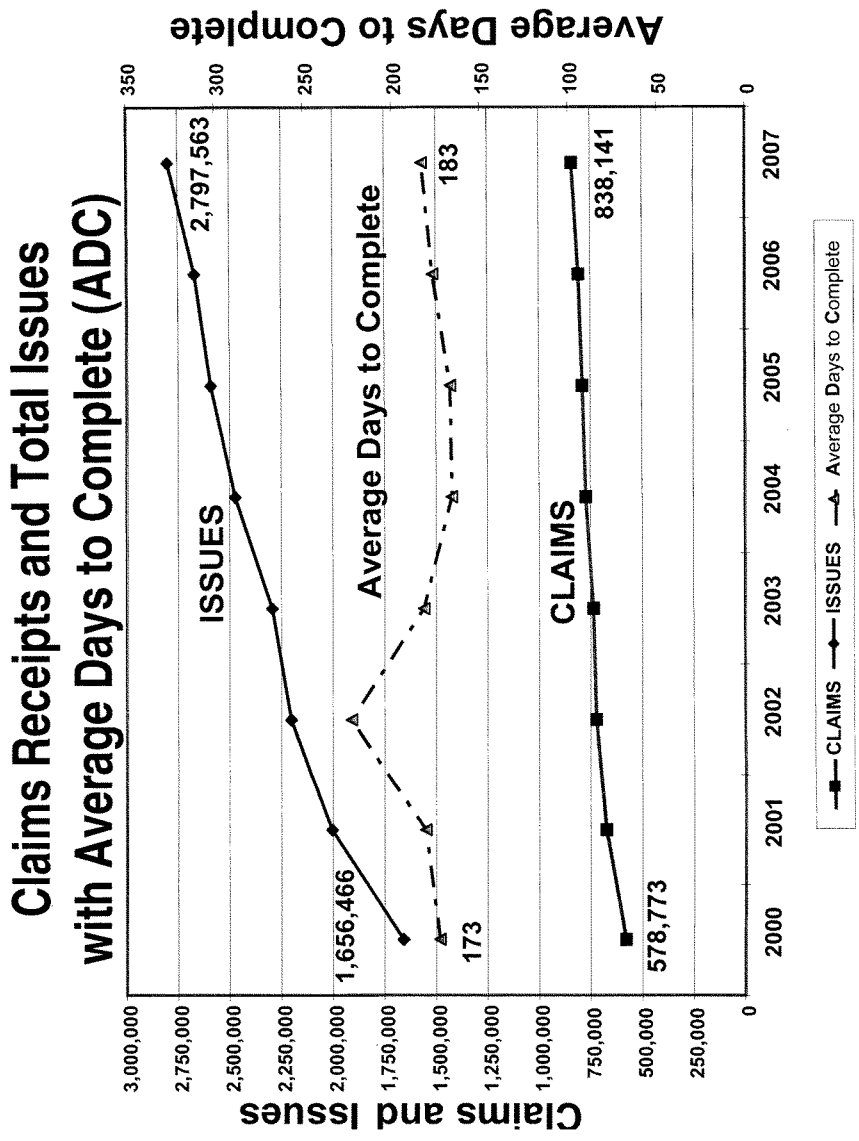
Secretary PEAKE. Sir, I can talk to the medical care projection.

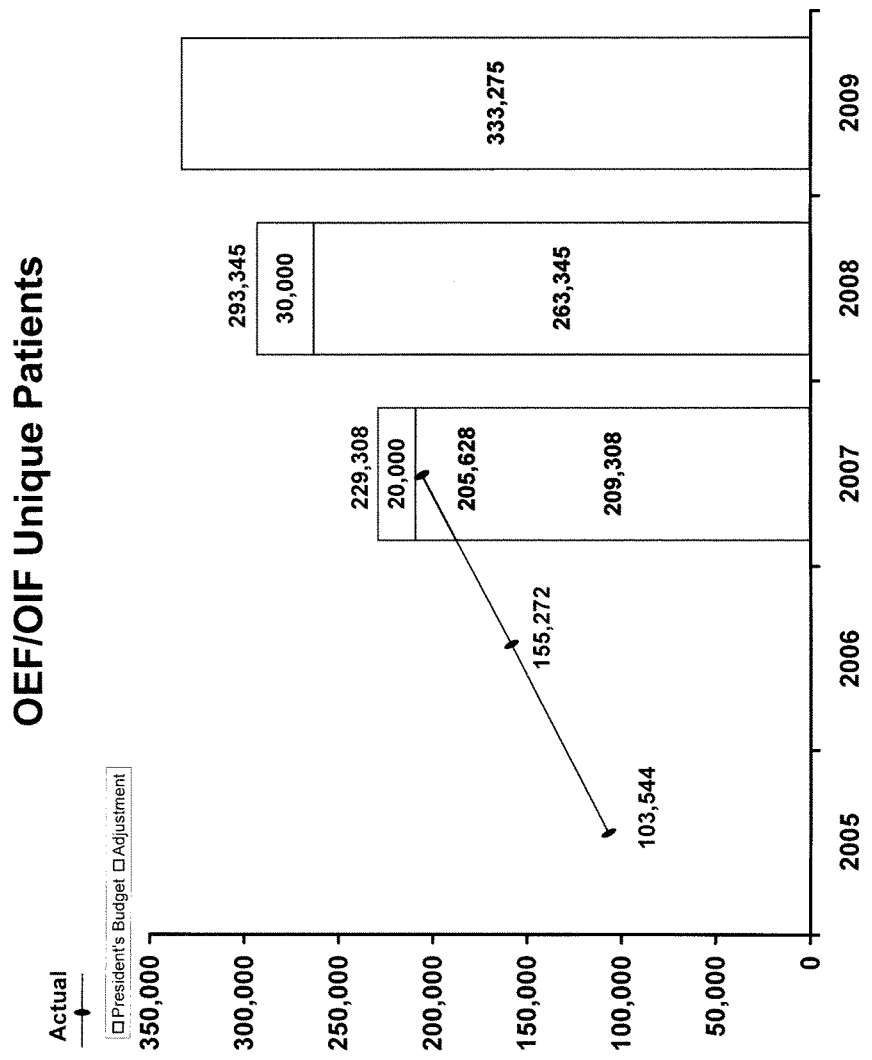
Mr. EDWARDS. Okay.

Secretary PEAKE. If we could put that graph up. I know we have had a history where our projections have been questioned, and maybe for good reason. So what this shows is the variance from the original estimate for each year, going back to 2001. What you see is, as we have come to 2005, 2006, and 2007, we are within 1 percent of what was estimated.

[The information follows:]


Medical Care Workload Forecasts Improving
(% Variance from original estimate)
15.0%
10.0%
5.0%
0.0%
-5.0%
-10.0%
2001
2002
2003
2004
2005
2006
2007
9.0%
13.4%
-1.1%
-5.0%
-1.0%
1.0%
-0.4%


Claims Receipts and Total Issues
with Average Days to Complete (ADC)
Claims and Issues
Average Days to Complete
3,000,000
2,750,000
2,500,000
2,250,000
2,000,000
1,750,000
1,500,000
1,250,000
1,000,000
750,000
500,000
250,000
0
350
300
250
200
150
100
50
0
2000
2001
2002
2003
2004
2005
2006
2007
ISSUES
2,797,563
1,656,466
Average Days to Complete
183
173
CLAIMS
838,141
578,773
CLAIMS
ISSUES
Average Days to Complete


OEF/OIF Unique Patients
Actual
President's Budget
Adjustment
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
2005
2006
2007
2008
2009
103,544
155,272
205,628
20,000
229,308
209,308
263,345
30,000
293,345
333,275

I asked the question, because I wanted to be comfortable when I came to you, that we had decent projections. This looks to me like it is. You know, most of this is from Millman, which is probably the best medical actuary available. They understand us and they know us. So they have been involved with doing these projections.

There are 12 percent or so that is outside of the Millman projection, but this number includes even that 12 percent that is outside. So we have been accurate even with those that have to be taken off-model. So in terms of being able to come to you and say I think we have some confidence in where we are going in terms of our projections, this gives me some confidence.

The other point I would make is that even within that now, the 333,000 OEF/OIF, you know, we have put some Kentucky windage in there because we want to make sure that we don't underestimate there. So we think we have 14 percent growth, and we have budgeted 21 percent in terms of the cost, because we want to make sure if something develops we are ready to do it.

I think we are—again, if you have that other graph—we have confidence that we are going to not come in over the OEF/OIF folks. Looking back now, you know, back in 2005 and 2006, my understanding is we may have missed it because we really didn't take it into account. But I think that we have the data to really support what we are doing.

Mr. EDWARDS. What about the medical inflation factor? Is that something that the VA must follow OMB dictates? Or are you given the flexibility to estimate medical inflation? If so, what factor did you use for that?

Secretary PEAKE. Sir, my understanding is the number is 4.63 percent medical inflation. As you know, we are 5.9 percent more than really the augmented funding that you all gave us last year. So even if you say that 4.63 percent of that is going to be taken up by inflation, we are still a couple of percentage points above that for new initiatives and so forth.

Mr. EDWARDS. For medical care?

Secretary PEAKE. Yes, sir, for medical care.

Mr. EDWARDS. Right. Okay. So 4.63 percent—do we know what the private health care sector uses?

Secretary PEAKE. Sir, that is the national——

Mr. EDWARDS. That is the national health care inflation factor?

Secretary PEAKE. Yes, sir.

Mr. EDWARDS. Okay. Who sets that? Does anyone know? Dr. Kussman, would you know who sets the national health care inflation factor? Is that an independent private group?

Mr. KUSSMAN. I am sorry. I don't know what company, but I think it is from——

Secretary PEAKE. You know, my experience in the Army is that we would look for Millman. They do it for lots of people and they will tell you that they measure it.

Mr. EDWARDS. Okay. Could I ask you about the inflation factor for construction? We are seeing it in highway construction, military construction—in some parts of the country inflation is as significant as 15 percent. At least on the MILCON side of our subcommittee's responsibility, we learned a couple of years ago that the OMB

magically dictated that military construction inflation would be 2.4 percent per year. It doesn't pass the smile test or the laugh test.

CONSTRUCTION INFLATION

Can you tell me what kind of a factor you are using for your construction inflation?

Secretary PEAKE. Sir, I don't have that information. Perhaps somebody at the table does. I will tell you that we are concerned about the cost of cement, the cost of steel, and the cost in the competition with people that actually can do the labor. For us, it says wait a minute. Where—in the future, are we going to be running into billion-dollar hospitals, and who can afford them?

So going back to Mr. Wamp's point and Congressman Dicks's point, this issue of maybe looking at how do we leverage these CBOCs in a different model is going to be important as we look our way forward.

Mr. ROGERS. Does OMB require you to use a certain inflation factor for construction?

Mr. HENKE. No, sir, not that I am aware of. We have a number of different commercial indices that range between 23 percent and 37 percent in 2003 to 2007.

Secretary PEAKE. I am just informed that we do market surveys of the local areas and we use a locality factor as we project our requirements.

Mr. ROGERS. Have your estimates for your major construction projects, such as in Las Vegas and around the country, are those updated in the 2009 budget using the best estimates? Or are we going to have to make some adjustments upwards on those projects because of inflation?

Mr. KUSSMAN. Mr. Neary, who works with our Office of Construction, says that for Las Vegas we used the latest information, which was in 2008.

Mr. NEARY. Las Vegas was funded in the 2008 budget, and we used the best information we had from a current market survey at the time, recognizing that when we come into a budget, we are some time away from a contract award.

Mr. EDWARDS. Okay. Maybe what I would ask you is just that if you would monitor that. It is not the VA's fault that construction costs are going up significantly all across the country. As we need to make adjustments as to what the real costs are, it would be nice to plan ahead. Perhaps we need to build-in for some of that before we pass the 2009 budget through this subcommittee. Maybe that would be helpful and we could work together on that.

Mr. Farr, we have 7 minutes and 52 seconds, would you like to take several minutes to ask questions before we go? And then I am going to turn it over to Mr. Wamp to take whatever time.

Would this vote be the vote that you don't need to answer? Ms. Granger can then take whatever time she wants.

Go ahead, Mr. Farr.

Mr. FARR. Thank you very much.

I bet they will love having us out of the room. [Laughter.]

PROSTHETIC RESEARCH

My brother-in-law is disabled, and he has really worked hard. I really wanted to thank you for your support. We finally got DOD to admit, one, that there are golf carts on courses that have to meet ADA standard, and therefore have to buy the specialty carts. I think that is going to be great for vets all over the country, particularly those that have spinal cord injury.

I don't know if it was last fall, DARPA had a demonstration downstairs in this building. What they are doing is remarkable research on prosthetics. I just wondered, I mean with your medical background, is VA doing anything to leverage the prosthetic research? We found that it is not a big private sector research area because there is not a big market.

It is very expensive research, labor intensive, and there is certainly not a market big enough to support that. So it has to be subsidized research. I wonder if you have leveraged that with other federal agencies, DARPA and VA and others who might be involved to provide our wounded warriors with the latest advances in the DARPA research, and whatever research you are able to do also.

Secretary PEAKE. Well, DARPA has its own funding. I have been involved with DARPA for a number of years in terms of their medical research. I know that they are into the myoelectric arms and the biofeedback mechanisms. I haven't seen their most recent stuff, but the collaboration between DARPA and DOD and the VA I think is——

Mr. FARR. So when new technology comes out, it is very expensive. I think an arm was about $30,000. Is there an outreach to vets? I don't know enough about production and all of that, whether you call them in to get the training or things like that, on a prosthesis?

Secretary PEAKE. It goes a little bit to what I was saying before about meeting the different needs of different veterans. I had something to do with the amputee center getting started out there at Walter Reed, because what I wanted was these young kids that really should be treated like world-class athletes—they have their whole life ahead of them—to have every advantage that could go on.

The VA's history then was more of taking care of the diabetic amputee that is older—my age and older. That is a different requirement set. So where I see us now is the fact that we are merging that continuum of care, and we are leveraging contract support to make sure that our VA has everything that we need to be able to support these new myoelectric arms and all of the new computerized legs and so forth.

I would also point out that a lot of people think that there are thousands and thousands of these major amputees. There are about 701 at the last count of major amputees. So we can take care of them, and we can customize what we need to do for any one of them.

Mr. FARR. That center you created, I visited it. It is fantastic. That is where I got the idea, because you are training people on golf as an indoor rehab, but when they went out to the courses, they couldn't get on them.

Secretary PEAKE. You ought to come to our winter games and you will see these young men and women out there skiing.

Mr. FARR. So the question I think goes back to whether there were any resources to bring these vets back, money to fly you back to Washington to outfit you. And I thought that is just a dumb-dumb—that we couldn't pay for a plane ticket?

Secretary PEAKE. I couldn't agree with you more. I think that we have had some bureaucratic pieces there that we can overcome, given the numbers that we are talking about. Dr. Kussman is already addressing those on a one-by-one basis, but we can do a better job of making sure that people are enabled to do the right thing.

Mr. FARR. Thank you. I like that answer. Thank you very much. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you.

We now have 2 minutes and 49 seconds, so we are going to go vote. Mr. Wamp waited 12 years to get this gavel, so if you will promise to give it back, I will proudly give it to you and recognize you for continuation. [Laughter.]

Mr. WAMP. I won't even touch it, Mr. Chairman. It will be sitting right here when you get back. [Laughter.]

Secretary Peake, let me just say anecdotally before I ask a brief question, and maybe move down the line here while the chairman is gone, you have been on the job for 6 weeks. I mean, I don't know of anybody with a life experience more well-suited for your position. However the president talked you into doing this, I just want to thank you for accepting this service.

You sit here as if you have been in this job for years, because of your life experience. It really is impressive. It is nice every now and then in this city to see a round peg in a round hole, instead of a square peg in a round hole, which you see often.

INFORMATION TECHNOLOGY

Back to the construction and the reforms, because I think in many ways this is at the heart of where we need to go. As I said to you, I was not as concerned about the president's budget request on construction as I was research, because I have somewhat of a built-in thought that veterans need as many options as they can possibly have on how to receive their health care, and the notion that it has to be inside of a veteran's "box" to me is like a 20th century mindset and we are in the 21st century.

Number one, we have all of it, from telemedicine to, as you say, medical records, and all these transitions with technology and information that would allow people, frankly, to receive their care in a much more efficient way than traveling somewhere to get it in a veterans BOCs. And that is my problem.

A couple of years ago we had a bad wreck in a van driven by volunteers, transporting our veterans from our out-patient clinic to the hospital 2 hours away, in very treacherous weather conditions. They have to go over the mountain, and it is one of those things that logic defies. Why would we do that, when in fact we have a $500 million public hospital in our city with available beds? Keep that veterans hospital in Murfreesboro, Tennessee open.

Make sure that it is available so the veteran can go there if that is what they want. But if that veteran had a piece of paper in his hand that said, if I want to go to Erlanger Medical Center and get this care, it is going to be reimbursed at the proper Medicare reimbursement rate, or whatever we decide, but that gives the veterans more options, and then you don't have to worry about steel increasing by 20 percent and concrete increasing by 30 percent, and the availability of construction products.

So that is a reform that would make sense to me—empowering veterans to use the providers that are available to them, because their family can come see them. Their quality of life and their recovery is much better. This danger of transport is eliminated, et cetera. Is that the philosophy of CARES that I thought was part of the reforms in the VA?

Secretary PEAKE. Sir, I think that we have ways and some constituencies to work with to be able to do that kind of good work. There are areas that we are looking at that right now—in Harlingen, Texas, as an example, where we don't need a new hospital. We need to be able to take care of the folks locally. If they need something that we can do better than anybody up in San Antonio, we will move them.

In Columbus, we have a super CBOC there because of the operating rooms and day surgery programs that are about to open here—September, I believe. We have a great model for doing the kinds of things that you are talking about. One of the things that we want to do is make sure that those veterans aren't just out there shopping, though—where we are paying for that care, that they are going to have the quality, and that we can assure the quality, and make sure that that information is part of their continuous longitudinal patient record.

So there are some pieces to it that we need to work on, but I think it is the direction that we need to be going in.

Mr. WAMP. I don't want to lead you, but wouldn't you say that political decisions on veterans construction in the past has led to certain inefficiencies today?

Secretary PEAKE. One could ask why we have certain facilities in certain places. Yes, sir.

Mr. WAMP. Okay. One other, and then I think Mr. Crenshaw will be ready.

Blue Cross, for instance, one of their big offices is in my hometown as well, and really has a whole subsidiary now on IT and health records. Where is the VA compared to the private sector on this issue? As we make this a big issue today in your budget request, are we ahead or behind the private sector?

Secretary PEAKE. Sir, we are ahead of the private sector. At a local level, you may find a good patient record and so forth. When you look at Blue Cross and Blue Shield, mostly that is billing information. When we talk about clinical information, Dr. Kussman and the team that he has is leading the way.

Now, do we have an issue? Yes. We are on a must-pay system. It is not Web-based. We are going to need to migrate that system in the future, and that is going to take a lot of effort and a lot of dollars. When we get that done, it is going to be even better. It will allow us potentially to reach into the local doctor's office and allow

them the opportunity to update the patient's record when we buy that care from them.

And we really need to look with DOD, because as we migrate, there is an opportunity for us to come together in not necessarily the same system but to have absolutely computable, interoperable medical information on our patients.

Mr. WAMP. Thank you, Mr. Secretary.

I want to thank my Republican colleagues for coming and attending this important hearing today, and I yield to Mr. Crenshaw for any questions he may have.

OUTPATIENT CLINIC IN JACKSONVILLE, FLORIDA

Mr. CRENSHAW. Thank you, Mr. Chairman.

Welcome, Mr. Secretary. You will get thrown in the fire right away, and I appreciate your service.

I have a couple of questions to start with that really relate to my district. Dr. Kussman, when you talk about health, it seems like every year I ask this question and try to get updated on a couple of things. One is the outpatient clinic that has been proposed for Northeast Florida. Everybody knows how important outpatient clinics are. We kind of move in a way, just like the health arena is, from in-patient to outpatient.

And 11 years ago, as you probably know, the decision was made to expand an outpatient clinic in Jacksonville, Florida—probably one of the largest populations of veterans are in Northeast and South Georgia. It has kind of been a combination of changing plans, bad luck with hurricanes, increasing costs of construction, some political disagreements back in the community. But it has been 11 years and people are so frustrated. I ask about this every year.

Part of it, I guess, you can attribute to the general bureaucratic problems, but some of these things are maybe beyond your control, but it is almost embarrassing sometimes when people say, well, how are we doing on the clinic. The plans are great. Actually, the plans get better and better, but nothing happens.

So I guess my question is, can you kind of give us an update on where we are? Maybe any benchmark dates that you can give us some encouragement as to where we are?

Secretary PEAKE. Yes, thank you for the question. As you alluded to, it is a long, drawn-out story of efforts and not getting to exactly where we want to be. As you know, we are going to increase the clinic by about 30 percent in size. But to give you some dates, I think there is an end in sight here. The dates that I have been informed—we have been working with the city. We very much appreciate what the city has done with the Shands Medical Center and others related to parking and all those different things.

My understanding is that in March of this year, we will finalize the contract with Shands. A few months later, we will issue the solicitation for offers. We are going to lease the property, or have a developer develop it and not build it ourselves. It will be leased property. And then we hope that by next year, we will have awarded the lease, and this will be completed by September, 2011.

Mr. CRENSHAW. And we are kind of on-track as far as that goes?

Secretary PEAKE. I just got this today. If we don't make it, let me know. We will monitor it.

Mr. CRENSHAW. Well, I will see you again next year.

Secretary PEAKE. No, no. [Laughter.]

Mr. CRENSHAW. Well, we have a few years. But that is encouraging. I know it has been a combination of things, but you can imagine that the metro population is pretty frustrated. So thank you for that update.

VETERANS CEMETERY IN JACKSONVILLE

And the other is another kind of local issue. As you know, we have been working on the—I guess I will ask Under Secretary Tuerk about this—the veterans cemetery, which we authorized back in 2000. We have made progress. We went through all the site selections, environmental studies. I think we are about to acquire the land. And then originally if the land is acquired, I think in this year's budget there is money to kind of fast-track the construction. The hope was that by the end of this year, if everything goes according to plan, we could actually have the fast-track take place, and actually have some burial sites open by the end of the year.

So from your perspective, I try to talk to the city from time to time. I know that there are some negotiations going on. But could you give me an update from your perspective on how we are doing? Can we get to that point in terms of the fast-track construction and actually—because I know there is already someone there to oversee this—so everything is moving in the right direction. But I just want to see what you have to say about where we are.

Under Secretary TUERK. I am happy to give you an update, Congressman. It is a pretty good story. We are on track. We don't yet own the site. As you know, the city of Jacksonville owns the 568–acre site that we are going to develop. We expect to have received an offer to sell title to the property from the city by the end of February. We will then be in a position to actually take title in late spring or early summer.

We are not waiting, though, to get title before we started design of the cemetery. In fact, we let the contract for design activities last August. I have some materials here I can share with you after the hearing if you would like to see the sketches and drawings. Design is not final yet, but we are well along.

Right now, we anticipate breaking ground in August of this year. We are on track. It is going to be close. It is going to be tough, but we are on track to have our first burials before the end of this year. Right now, we are scheduling December, 2008 to have our first burials in the so-called fast-track, or the early turnover, area. So we are moving along crisply. There is a lot that can go wrong, but so far so good. It is my objective to get that cemetery open before this year is over.

Mr. CRENSHAW. That is great news. I have been kind of pushing the city. The city council is still—and I think they are on track to have the title transferred.

Under Secretary TUERK. I appreciate that. We appreciate your support and help. We had some issues to work through with the city in terms of the boundaries, but we have resolved those matters. I think we are in good shape now. If I may, we will be in com-

munication. If we could use some help in dealing with the city council, I would like to be able to call on you, if possible.

I might also note that the cemetery director, one of my leaders in the NCA headquarters office of a construction business here, and a representative from the design firm, the AE firm that is designing the cemetery, are going to escort some of your staff members around the grounds on Monday, so you will have a good feel through your staff about what this site is going to look like.

Mr. CRENSHAW. Right. Thank you so much.

Mr. WAMP. Thank you, Mr. Crenshaw.

The gentlewoman from Texas will be recognized, but let me say there are 13 minutes left on the first of eight suspension votes. We may be able to finish on this side.

Ms. Granger.

SUICIDE RATE AMONG VETERANS

Ms. GRANGER. Great. Thank you.

I know that we are all alarmed at the increase in seeing the suicide rate among veterans. There was recently a story in the Dallas Morning News about two veterans who committed suicide in the Dallas-Forth Worth area just within days of being released from the Dallas VA Medical Center.

So I have two questions. The first one is what is the VA doing to determine what is causing this rise in the suicide rate, and of course what steps you are doing to address it. The other part of it has to do with the percentage of those veterans who are members of the National Guard and Reserve.

According to the DOD data, approximately 28 percent of the forces deployed to Iraq and Afghanistan were National Guard and Reserve members. But a recently released report found that over half the veterans who commit suicide—half—were guardsmen and reservists. So I would ask if you are also looking at that particular problem and what you are finding out.

Secretary PEAKE. Yes, ma'am. If I could address the second issue first.

Ms. GRANGER. Yes.

Secretary PEAKE. I am familiar with this data. What we did to get that data was to look at everybody that was separated from the service. Of those that are separated from the service, those are the ones that become veterans and then we can get information on. And really, that is about half and half, active and reserve. So you still have a lot of active duty guys and gals on active duty.

This study you are talking about where we had 144 suicides was about split between active and reserve. So it really doesn't show that there is a much larger number among the reserves. It looks like it is about similar, pretty close.

Ms. GRANGER. Thank you for that.

Secretary PEAKE. Yes, ma'am.

The other thing is to tell you that we really are doing quite a lot about this. We are very concerned about it. Even 144, and we really look at age, match and controls with the general population. It is not way out of bounds if you just look at the young men in that cohort. It is similar to what the civilian population is, so it is not way out.

But you say, boy, these are our soldiers, sailors, airmen and Marines and we shouldn't have anybody committing suicide, is what we would like. So we have the suicide hotline that has been put in place; 23,000 calls to the suicide hotline; about 400 rescues; 250 active duty members have called that, or in that ballpark.

We feel very good that has been put in place. Dr. Kussman has put suicide prevention coordinators in every single one of our medical centers. There has been a policy to train all of our VA employees about the issues of suicide. People get asked about it, so they can get screened for that, as well as PTSD and TBI, when they come in to see us.

So there is a concerted effort. I think part of this outreach piece is to get people in. It is very interesting that that study did suggest to us that if you come in and avail yourself of being seen at the VA, that it is a lower incidence of suicide. Now, you have to look at the numbers carefully in terms of statistics, but we want more people to come and avail themselves of our services, so we want to push our outreach.

There have been 1.5 million people deployed. About 800,000 overall have separated from the service. About 300,000 have come in to be seen by the VA. That is 500,000 out there that haven't yet, but we can see them under the way the rules are. So we want to encourage those that need it, and educate their families to say, hey, you maybe ought to go. It is okay. We want to break down the stigma.

Ms. GRANGER. Thank you. And thank you for your service. I am like Congressman Wamp, very impressed with your background and how much good you can do in the position you are in right now. Thank you.

Secretary PEAKE. Thank you, ma'am.

Mr. WAMP. Mr. Carter.

OVERPAYMENT OF BENEFITS

Mr. CARTER. Thank you very much.

First, let me thank everybody for being here, and what you do for the veterans. There is nothing more important, as far as I am concerned where I live, in taking care of our veterans and making sure they have the best. I just have a question that came up last year. We talked about overpayment of benefits. Admiral Cooper, we talked about it last year. At that time, there was some indication that—and we had a follow-up visit about that also—that it really wasn't an issue at the time.

But then on September 28, 2007, the IG report indicated that wasn't necessarily the case. This report stated that delay on the part of the VA regional office employees resulted in $5.8 million for only 209 cases. There were an additional $481.4 million in overpayments, of which Veterans Benefits Administration staff could have avoided $50.8 million had they processed adjustments promptly. VBA's emphasis on incoming claims created a priority list, and adjusting existing claims was low on that list. And last year, this committee provided for 3,100 new claims processors.

Now, in light of that information, first I guess I would like to know how many more claims processors are involved in this process of that 3,100 than we had last year when we discussed this.

How are these new processors helping address this backlog? And if the IG found $55 million in avoidable overpayments so easily, why is it that we were told last year that this wasn't a problem?

Mr. COOPER. I can tell you that we have looked into it, and are continuing to look into it. We are taking some of those people coming aboard, the 3,100. We have been hiring very fast, having gotten a start on that at the beginning of January of last year. We have to do a lot of training to get those people to be able to fully contribute to the total process.

On your question about overpayment, it is a matter of quality. We are looking at it very closely. It continues to happen. Hopefully, we see it less than in the past, but I can only assure you that we continue to look at it, and are doing a lot of training with these new people coming on board.

Mr. CARTER. Well, these overpayments create a crisis in the veteran's life, because he gets overpaid. He operates on that money. And then he gets a notice that he was overpaid and he needs to reimburse, and it creates a crisis for the veteran. I am not trying to say I don't want to pay a veteran as much as I can get in his hands, but then to get him out there with something he owes the government, and then tell him he has to put it back, puts a crisis on the veteran and his family.

I think quite a few in my district have raised this issue with me. It has caused a real domestic crisis in their families with their wives and children. So that is why the question was asked last year. I think it really needs to be looked at because they have enough stress in their lives without having to owe the government a bunch of money. I think it is really important that we try to be accurate on that. So I just wanted to raise that issue again this year.

Secretary PEAKE. I appreciate it. It does talk a little bit to the complexity of our disability system, and why we need to figure out how to simplify it. One of the things that we have done is put an RFI out for rules-based engines to get into this paper, this process that I mentioned in my opening remarks, so that we can start to have this stuff digitized with rule-based engines. Hopefully, with a more simplified system, we will be able to have more accuracy and more automated checking, instead of just somebody looking at reams and reams of paper. So I appreciate the point.

Mr. CARTER. I thank you. My whole point is to make sure that that veteran's life is better. That puts a crisis in his life.

I thank you, Mr. Ranking Member.

Mr. WAMP. Well, thank you.

Now, we have 4 minutes left on this first vote. I am going to go vote. The chairman has indicated from the floor that he does desire to come back. Hopefully, the remaining seven votes will be reduced to 2 minutes each, which will shorten the time that you will have to wait.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Edwards follows:]

VET CENTERS

A year ago the Department announced that 23 new Vet Centers would be opened to make "vital services more accessible for returning veterans." Can you tell me what criteria are used to determine the location of Vet Centers? What resources do

you need for a successful Vet Center in terms of space, people, and services? Why doesn't the budget request contain any new Vet Centers for FY 2009?

Question. Can you tell me what criteria are used to determine the location of Vet Centers?

Response. The site selection was based on an evidence-based analysis of demographic data from the U.S. Census Bureau and the Department of Defense Defense Manpower Data Center (DMDC) and with input from the seven Readjustment Counseling Service Regional Offices. The main criteria for new Vet Center site selection are the veteran population; area veteran market penetration by Vet Centers; geographical proximity to VA medical centers; and community based outreach clinics in the Vet Center's Veterans Service Area (VSA). This analysis included information from the DMDC as to the current number of separated OEF/OIF veterans and the reported distribution of home zip codes of separated OEF/OIF veterans as well as the number who were married and those with children. Special consideration for relatively under-served veterans residing in rural areas at a distance from other VA facilities is given in site selection for some of the new Vet Centers.

Question. What resources do you need for a successful Vet Center in terms of space, people, and services?

Response. Vet Centers are small community-based leased facilities with a staff of 4 to 5 team members including a team leader, office manager, and 2 to 3 counselors. Space requirements are approximately 600 square feet per staff member, and include confidential office space suitable for provision of professional counseling services for individuals, groups and families. The annual cost for a new Vet Center is approximately $380,000. Funding for these centers are covered in the Medical Care appropriations.

Question. Why doesn't the budget request contain any new Vet Centers for FY 2009?

Response. It is anticipated that the 23 VET Centers coming on line in FY 2008 will be adequate through FY 2009. VA will monitor the change in workload for the VET Centers to ensure that actual experience is in line with estimates.

Blood Glucose Monitoring

For the last several years, the Department of Veterans Affairs has been contemplating a proposal to standardize the purchase of blood glucose testing supplies and monitoring equipment through a single national contract. This proposal would transform the existing process which allows each of the 21 Veterans Integrated Service Networks (VISNs) to select and contract for diabetes monitoring supplies and equipment based on the needs of its local veteran population.

Congress has reaffirmed its support for the current system on a number of occasions. Most recently, the Military Construction and Veterans Affairs division of the Fiscal Year (FY) 2008 Appropriations Act included a provision prohibiting the VA from moving forward with its standardization proposal. The bill states:
"None of the funds available to the Department of Veterans Affairs, in this Act or any other Act, may be used to replace the current system by which the Veterans Integrated Service Networks select and contract for diabetes monitoring supplies and equipment."

As we review your budget request for FY 2009, I want to take a moment to confirm that the clear congressional direction not to standardize diabetes equipment purchases continues to be understood and followed.

1. To your knowledge, are you or the Under Secretary for Health or any of your staff pursing a proposal to standardize diabetes monitoring supplies and equipment at this time?

Response: To the best of my knowledge, there are no proposals being pursued for national standardization of diabetes monitoring equipment and supplies within my office, nor within the office of the Under Secretary for Health. Veterans Integrated Service Networks select and contract for diabetes monitoring supplies and equipment according to their own needs.

2. I understand that in March of 2006, the Deputy under Secretary of Health for Operations and Management sent a memo to the VISN directors notifying them of the congressional action. However, it has been reported that some VISN directors are continuing to prepare for a national standardization of diabetes monitoring supplies and equipment. Are you aware of any correspondence to the VISN directors on this topic in 2007?

Response: No, I am not aware of any correspondence to VISN Directors on this topic in 2007.

3. Since September 2005, when the first congressional prohibition against standardization went into place, the Committee understands that vendor competition has produced VA savings on the purchase of diabetes strips. Can you tell the Committee the amount of the reduction in strip pricing since September 2005 and the annual savings the VA has achieved?

Response: The cost avoidance on VA's $194 million in expenditures for strips (2005 through the 1st Quarter of FY 2008) was $7.4 million and is broken down as follows: FY 2006 = $ 961,759; FY 2007 = $4,773,461; FY 2008 (Q1): $1,685,194. The reduction in strip pricing since September 2005 is modest and much less than anticipated had VA had pursued standardization contracting at the national level.

VISN	FY2005		FY2006		FY2007		FY2008 (QTR1)	
	Vendor	Cost/Strip	Vendor	Cost/Strip	Vendor	Cost/Strip	Vendor	Cost/Strip
1	ROCHE	$0.340	ROCHE	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100
2	ABBOTT	$0.340	ROCHE	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100
3	ABBOTT	$0.330	ABBOTT	$0.3300	ABBOTT	$0.3150	ABBOTT	$0.3150
4	ROCHE	$0.340	ROCHE	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100
5	LIFESCAN	$0.420	LIFESCAN	$0.4200	**ABBOTT**	$0.3150	ABBOTT	$0.3150
6	ABBOTT	$0.330	ABBOTT	$0.3300	ABBOTT	$0.3150	ABBOTT	$0.3150
7	ABBOTT	$0.330	**ROCHE**	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100
8	LIFESCAN	$0.420	LIFESCAN	$0.4200	LIFESCAN	$0.3710	LIFESCAN	$0.3710
9	ROCHE	$0.340	ROCHE	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100
10	ABBOTT	$0.330	ABBOTT	$0.3300	ABBOTT	$0.3150	ABBOTT	$0.3150
11	ROCHE	$0.340	ROCHE	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100
12	ABBOTT	$0.330	ABBOTT	$0.3300	ABBOTT	$0.3150	ABBOTT	$0.3150
15	ROCHE	$0.340	ROCHE	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100
16	LIFESCAN	$0.420	LIFESCAN	$0.4200	**ROCHE**	$0.3200	ROCHE	$0.3100
17	ROCHE	$0.340	ROCHE	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100
18	ROCHE	$0.340	ROCHE	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100
19	ABBOTT	$0.330	ABBOTT	$0.3300	ABBOTT	$0.3150	ABBOTT	$0.3150
20	ROCHE	$0.340	ROCHE	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100
21	ROCHE	$0.340	ROCHE	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100
22	ROCHE	$0.340	ROCHE	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100
23	ROCHE	$0.340	ROCHE	$0.3300	ROCHE	$0.3200	ROCHE	$0.3100

Legislative Proposals

Included in your budget submission is an extensive list of legislative proposals, some of which have implications for the budget. Missing from that list is a proposed change to section 3674 of title 38 which established the funding level for State Approving Agencies. Through oversight on the part of many people last year, the Appropriations Committee was forced to fund this mandatory program using discretionary resources in the Omnibus Appropriations Act for this fiscal year. Without this additional funding, individual offices throughout the country would have been forced to reduce staff needed to perform their duties.

What efforts are you making this year to ensure a permanent solution to this problem is enacted?

Response: VA did not submit a legislative proposal to restore funding in the FY 2009 budget submission because bills were already before Congress that would restore or increase funding.

S. 1215 would continue SAA funding at $19 million for years after FY 2007. At a hearing before the Senate Veterans' Affairs Committee on May 9, 2007, VA testified in support of S. 1215. VA stated that the statutory requirement to reduce SAA funding to $13 million would cause SAAs to reduce staffing, severely curtail outreach activities, and perform fewer supervisory and approval visits. VA further stated that reduced funding might cause some SAAs to decline to enter into contracts with VA and that VA would have to assume the additional duties.

H. R. 2579 would make only $13 million available from the RB account for SAA expenses and permit VA to use General Operating Expenses (GOE) appropriations for the additional funds. At a hearing before the House Committee on Veterans' Affairs, Subcommittee on Economic Opportunity, on June 21, 2007, VA testified against H. R. 2579 because VA maintains that funding for SAA activities should be an authorized expenditure from the RB account rather than a discretionary expense from the GOE account to guarantee that funding is available for these contracts.

Dole-Shalala Commission – Disability Compensation

Mr. Secretary, in your statement you mention that implementation of the Dole-Shalala recommendations is a legislative priority of the President and the Department. What specific actions will be required of the Congress to implement the Dole-Shalala Commission recommendations regarding disability compensation and what do you anticipate will be the long-term cost implications of those actions?

Response: By law, the VA rating schedule only compensates for average impairment in earning capacity, or "work disability". Statutory authority is required to implement a rating schedule that compensates for loss of quality of life. VA is also not authorized under current law to provide long-term transition payments while a veteran is undergoing rehabilitation. The specific details of a new payment structure are pending the results of a study currently underway. The long-term mandatory cost implications will be provided once the study is completed.

Can you tell me more about the three studies that you have initiated with regards to compensation payments and when they will be completed? Can you elaborate more on the key deliverables of those studies and any assumptions or parameters that were provided to the researchers?

Response: Based upon the recommendations of the Dole-Shalala Commission, a contract was awarded on January 25, 2008 to study (1) long-term transition payments, (2) quality of life payments, and (3) earnings loss payments. The final draft report is expected on July 28, 2008. The contract completion date is August 11, 2008.

The studies will contain findings and multiple recommendations for:

1. The service-connected disability or combination of service-connected disabilities to include in the schedule for rating disabilities.

2. The appropriate level of compensation for loss of quality of life.

3. The appropriate standard or standards for determining whether a service-connected disability or combination of service-connected disabilities has caused a loss in a veteran's quality of life.

4. The appropriate level of compensation for loss of earnings.

5. The appropriate standard or standards for determining whether a service-connected disability or combination of service-connected disabilities has caused a veteran a loss of earnings.

6. The method(s) to determine which factors related to veterans and family living expenses to include in the calculation of the transition benefit payment.

7. The appropriate methods, formula, or matrix for calculating the transition benefit payments.

8. The appropriate level and duration of the transition benefit payments.

The parameters of the studies include the following:

1. Studies to be completed in 6 months.

2. Literature and database review on disability programs, including existing measures of quality of life and cost of lost earnings due to disability.

3. Consultations and interviews with stakeholders, VA representatives, and other disability program representatives.

4. Assessment of cost of living needs for disabled veterans.

5. Analysis of existing data from sources such as the Veterans Disability Benefits Commission, Census surveys, Dept. of Labor surveys, HHS surveys and VA administrative data.

The Dole/Shalala report also recommended that the Department review the effectiveness of its various vocational rehabilitation programs. Can you tell me where you are in implementing that recommendation?

Response: The Vocational Rehabilitation and Employment Service is developing a long-term outcome study to assess the effectiveness of different tracks of services provided under the program's Five Tracks to Employment and to implement changes necessary to continue to enhance program success.

Long-Term Care

In your statement you mention that the FY 2009 budget will support an average daily census of 61,000 for non-institutional care compared to a census of 44,200 in FY 2008. This would be a remarkable 38% increase in non-institutional care while institutional care remains essentially flat. What could explain this remarkable growth in the use of long-term care resources? Is there really such an incredible waiting list for these services? And if so, why was it not addressed earlier?

Response: The growth in non-institutional long-term care in the FY 2009 Congressional Budget Submission reflects VA's long range plan to shift resources to home and community based services, while maintaining capacity in nursing home care. VA believes that a comprehensive approach of non-institutional care can limit increases in the demand for nursing home care. This approach also reflects veterans' preference for home based services.

VA's estimates of the demand for home care services are based on a model which measures actual home care utilization by age, disability level, marital status, and veterans' use of these services. Demand is expected to grow steadily for a number of years.

The FY 2009 increase appears particularly strong because, for the first time in the Congressional Submission, VA has added the long-term care portion of its Home Telehealth Program to the mix of non-institutional care services. The Home Telehealth Program average daily census increases 80 percent from FY 2008 to FY 2009.

Medical Research

We have heard in the past that most Medical Research projects last at least 3-5 years. We appropriated $480 million for Medical Research for fiscal year 2008. The fiscal year 2009 budget request reduces this amount by $38 million and applies that reduction to the research areas that most effect the OIF/OEF veteran population. Can you tell me what steps you are taking to mitigate the impact of this reduction on research for these veterans? (If answer is additional Federal funding – Your 2008 budget submission projected $769 million in Federal funding, you now estimate you will get $708 million. Given that decrease, what confidence do you have you will get $751 million in FY 2009?)

Response: VA remains committed to increasing the impact of its research program. VA's strong commitment to research that addresses the needs of veterans of Operations Iraqi Freedom and Enduring Freedom (OIF/OEF) has been reflected in the growth in the number of projects and project funding over the last few years. As a result of the supplemental appropriation in fiscal year (FY) 2007 and additional emergency appropriations in FY 2008, there have been considerable investments for expensive equipment such as high-resolution magnetic resonance imagers that will be used to enhance VA's OIF/OEF-related research. Over the next few years these investments will pay off in better understanding and treatments of these important disorders, but the very large increases were "one-time" expenses that have effectively met the immediate needs for enhancing the strong ongoing research programs.

We have carefully prioritized our research projects to ensure they continue to address the needs of veterans of OIF/OEF in addition to other veteran populations. The FY 2009 budget request includes $252 million for research directed at the full range of health issues of OIF/OEF veterans, including traumatic brain injury and other neurotrauma, post-traumatic stress disorder and other post-deployment mental health, prosthetics and amputation healthcare, polytrauma, and other health issues. Additional research funding priorities covered by the FY 2009 budget request include chronic diseases and health promotion, personalized medicine, women's health, and aging.

Our ability to achieve the level of $751 million in other federal funding will be contingent upon the relative availability of the research funds and the degree to which our research proposals are accepted and funded by the other organizations.

National Cemetery Administration – Minor Construction

The budget information provided indicates that over $90 million will be allocated to 46 minor construction projects of the Nation Cemetery Administration in FY 2008. However, your statement indicates that only $25 million will be allocated for such projects in FY 2009. Given that you have a list of over 350 potential minor construction projects that have a planning estimate of $2 million each, doesn't asking for only about 3.5% of your identified need seem less than adequate?

Response: A total of $75 million will be allocated to minor projects in FY 2008. This amount, plus an operating plan oversubscription of $15 million (20%), comprises the $90 million shown in the FY 2008 budget submission. The FY 2008 level includes a one-time infusion of $50 million in emergency funds.

The list of "over 350" projects contained in the budget submission represents the complete inventory of minor construction needs based on a five-year planning horizon. Many of the projects in NCA's inventory have cost estimates below $2 million and will be funded through a new non-recurring maintenance program. NCA has requested $2 million in FY 2009 for this purpose.

The FY 2009 request for minor construction is sufficient to meet NCA's immediate gravesite expansion and infrastructure needs. Our request will allow us to improve upon key performance metrics, especially those related to veterans' access to a burial option and national shrine standards.

Major Construction – Orlando, Florida

The budget request of $120 million for the Orlando Hospital is in addition to $74.1 million already appropriated, with an expected total cost of $656.8 million.

What specifically will the funding requested in FY2009 be used for?

Response: The $120 million in additional funds will be used to award construction contracts for completion of the site work, including utilities and support services, and construction of the warehouse, nursing home care unit and domiciliary.

What is the timetable for completion of the Hospital?

Response: The construction funding will be requested in a future budget. Once funding is received, it is estimated that the project will be completed in four years.

Could this project be a candidate for additional funding in FY 2009 should the Committee have extra resources available?

Response: The President's FY 2009 budget includes a level of resources that will support continued progress towards completion of this project.

Major Construction – San Juan, Puerto Rico

The budget request for $64.4 million for seismic corrections at the San Juan Hospital is in addition to $69.9 million already appropriated, with an expected total cost of $225.9 million.

What specifically will the funding requested in FY2009 be used for?

Response: The FY2009 funds will be used to award a construction contract to complete phase two. Phase two will provide approximately 125,000 square feet of new construction that will house outpatient clinic space on top of the existing outpatient clinic.

What is the timetable for completion of work at the Hospital?

Response: The construction funding will be requested in a future budget. Once funding is received, it is estimated that the project will be completed in approximately 3½ years.

Could this project be a candidate for additional funding in FY 2009 should the Committee have extra resources available?

Response: No, additional funding cannot be used until the completion of the phase two construction of the outpatient clinic expansion, which is anticipated in September 2011.

Major Construction – St. Louis, Missouri

The budget request includes $5 million in additional to $7 million already appropriated toward a total project cost of $134.5 million.

What specifically will be accomplished with the funding requested?

Response: The $5,000,000 in additional funds will be used for a design and construction contract award for the Jefferson Barracks National Cemetery (JBNC) Phase I (Early Turnover) project. Phase I will develop approximately 10 of the 30 acre site and will include demolition of existing utilities and three existing buildings, construction of gravesites, columbaria, committal shelter, and the associated landscaping, site furnishings and irrigation systems. Phase I would allow the JBNC to remain open and continue interment burial operations until development of the remaining 20 acres.

What is the time table for completion of the St. Louis project?

Response: The estimated project completion of Phase I is FY 2010. The remainder of the construction funding will be requested in a future budget. Once funding is received, it is estimated that the project will be completed in four years.

Could this project be a candidate for additional funding in FY 2009 should the committee have extra resources available?

Response: The President's FY 2009 budget includes a level of resources that will support continued progress towards completion of this project.

Major Construction – Denver Colorado

The budget request includes $20 million in addition to $168.3 million already appropriated, toward a total project cost of $769.2 million. What specifically will be accomplished with the funding requested?

Response: The $20 million requested for FY 2009 will be used to construct a parking facility near the University of Colorado Fitzsimons campus.

What is the timetable for completion of the Denver facility?

Response: The construction funding will be requested in a future budget. Once funding is received, it is estimated that the project will be completed in four years.

Could this project be a candidate for additional funding in FY 2009 should the Committee have extra resources available?

Response: Secretary Peake has expressed interest in exploring the enhancement of partnership between VA and the University. Until a final decision is reached on this partnership, the President's FY 2009 budget includes a level of resources that will support continued progress towards completion of this project.

Louisville, Kentucky Hospital

Mr. Secretary, I am concerned about the factors entering into some of your major construction decisions. Last year the CARES priority list for major construction listed the Louisville project as #4 and this year it is #7. What has changed in the last year that would justify moving this project down the priority list? What is the status of the site selection process for this facility and how quickly do you expect to be able to finalize site selection?

Response: As part of the annual VA capital investment process, projects that have not received any funding through the appropriations process are resubmitted and evaluated along with any new projects that are added for the next budget cycle. This resubmission gives the medical centers an opportunity to update their application or provide a new one based on any policy changes regarding the delivery of health care and other external factors such as changes in workload projections.

The main reasons Major Construction project submissions moved up or down in the ranking between FY08 and FY09 were due to the updates or changes that were made to the applications, new projects that were added, and adjustments that were made to the evaluation criteria definitions to include the latest special emphasis related programs such as traumatic brain injury and polytrauma care.

The Louisville site selection process will begin when this project is prioritized for funding within the annual planning process.

Sustainability and Energy

The budget request includes $15.6 million for sustainability and energy programs. What specifically will this funding be used for and why is the amount assigned to the National Cemetery Administration double the amount assigned to the Veterans Health Administration?

Response: These funds will be used for implementing the statuary requirements of: The Energy Policy Act of 2005 and subsequent DOE Final Rule; Executive Order 13423--Strengthening Federal Environmental, Energy, and Transportation Management; and the Federal Leadership in High Performance and Sustainable Building Memorandum of Understanding. These Legislative and Executive mandates require more stringent sustainable design practices, Agency wide building energy conservation goals, and renewal energy requirements for federal facilities. This supplementary funding will address a portion of these requirements for on-going major construction projects funded prior to the FY2009 VA Budget Request and provide funds for supporting tasks such as technical studies, VA field and VACO training, and the benchmarking of VA's sustainability programs across the Department. Specifically, the EO mandates that new federal facility construction be designed to be 30% more energy efficient than current standards, if cost effective. The EO also incorporates by reference the Guiding Principles for Federal Leadership in High Performance and Sustainable Buildings, and directs that by 2015, 15% of each agency's existing facility inventory reflects incorporation of these principles.

The explanation of the differences in the amount requested for VHA versus NCA projects for energy and sustainability related issues is as follows: VA determined that for medical facility projects (VHA), the design of most projects were too advanced to enable the cost effective inclusion of sustainability and energy reduction requirements. Architectural, mechanical and electrical systems for VHA medical facilities are complex and meeting the sustainability and energy reduction goals require they be addressed early in the design process. $5M is requested in FY 2009 for projects where inclusion of sustainability and energy reduction was appropriate. This approach is in line with the VA Green Building Action Plan. NCA Projects are less complex and typically contain major site related work. VA determined it was more cost effective to manage changes in these types of projects during the design process and could effectively incorporate $10.6 million into 11 projects funded in earlier years.

MAJOR CONSTRUCTION—GRAVESITE EXPANSIONS

The budget includes $83.4 million for gravesite expansion at three existing National Cemeteries. What were the criteria used for selection of these three sites for expansion? What other sites are also candidates for gravesite expansion?

Response. Usually, only our large national cemeteries are candidates for major construction ($10 million or more). Most gravesite expansion projects are addressed through the minor construction appropriation.

The principal criterion for selecting a site for a gravesite expansion project is the expected depletion of casketed gravesites. It is NCA's top priority to prevent the closing of a cemetery and the interruption of burial services. The sites where we propose major construction expansions in the FY 09 budget—Calverton (NY), Massachusetts and Puerto Rico National Cemeteries—will close to first-casket interments by 2012 if we do not expand those cemeteries with the requested funds. The projects at these cemeteries will provide an estimated nine to ten years of burial capacity. Infrastructure needs are also included in the scope of each project to take advantage of economies of scale.

The following national cemeteries are projected to deplete available gravesites between FY 2013—2018 and are potential candidates for future major gravesite expansion projects: Indiantown Gap (PA), Quantico (VA), Fort Mitchell (AL), Houston (TX), Dayton (OH), Abraham Lincoln (IL), Jefferson Barracks (MO), Tahoma (WA), National Memorial Cemetery of Arizona, and Riverside (CA).

[CLERK'S NOTE.—End of questions for the record submitted by Chairman Edwards.]

TUESDAY, FEBRUARY 26, 2008.

AMERICAN BATTLE MONUMENTS COMMISSION

WITNESSES

BRIGADIER GENERAL JOHN W. NICHOLSON, U.S. ARMY RETIRED, SECRETARY, ACCOMPANIED BY BRIGADIER GENERAL WILLIAM J. LESZCZYNSKI, JR., U.S. ARMY RETIRED, CHIEF OPERATING OFFICER AND EXECUTIVE DIRECTOR;

TOM SOLE, DIRECTOR OF ENGINEERING AND MAINTENANCE

MIKE CONLEY, DIRECTOR OF PUBLIC AFFAIRS

ALAN GREGORY, DIRECTOR OF FINANCE AND ACCOUNTING

MATTHEW BECK, BUDGET OFFICER.

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. Let us call the committee to order.

This afternoon, the subcommittee will hear testimony from four agencies related to the issues of concern to retired military personnel and other veterans. Our first panel is from the American Battle Monuments Commission, with a request of $47,470,000 for salaries and expenses, and $17,100,000 for the foreign currency fluctuation account.

For salaries and expenses, this budget is $2.87 million higher than the fiscal year 2008 appropriation. The foreign currency fluctuation account request is $6.1 million above fiscal year 2008 appropriation.

As we know, the American Battle Monuments Commission is responsible for the administration, operation and maintenance of cemetery and war memorials commemorating the achievements and sacrifices of the American armed forces. The commission maintains 24 permanent American military cemetery memorials and 34 Federal and Non-Federal monolith memorials, markers and offices in 15 foreign countries.

Representing the commission today is its Secretary, Brigadier General John Nicholson, retired. General, welcome back to our subcommittee.

General NICHOLSON. Thank you, sir.

Mr. EDWARDS. And Brigadier General, retired, William Leszczynski, Executive Director and Chief Operating Officer. General Leszczynski, welcome back as well.

Thank you both for your distinguished service to our country in the military. General, please give your brother our very best, and let him know we are deeply grateful for not only his service to the military, but his tremendous work on behalf of America's veterans as VA secretary, and we wish him all the best.

General NICHOLSON. Thank you, sir. I will.

Mr. EDWARDS. In a moment, I will recognize you for your opening comments, but I would like to first recognize our ranking member, Mr. Wamp, for any comments he would care to make.

OPENING STATEMENT OF RANKING MINORITY MEMBER MR. WAMP

Mr. WAMP. Mr. Chairman, if I could just open by saying that we too, join your friends and associates in expressing our condolences for the loss of your father, who lived 90 outstanding years, and whose son is a living testament to what kind of a man he was. And so, we are with you, and I know that this is a time of loss, but at the same time a time of celebration for 90 outstanding years, as you shared with me as we walked off the floor just a minute ago. I have the highest admiration for you and that speaks volumes about what kind of guy your dad was.

Mr. EDWARDS. Thank you. He was a naval aviator in World War II and a great father. Thank you for that. He wrote the last chapter in his book and lived life to the fullest, like so many of the greatest generation. Thank you for your kind words and thoughts.

Mr. WAMP. And to these two generals, welcome and thank you again for the courtesy of coming by my office and just getting to know me and talking a little bit about your work and these important assets. I just want to share publicly that, as I said in my office, having been at Normandy and stood among the white crosses, you really don't need to do any more than that to understand the importance of what these facilities that you are charged with taking care of, and we are charged with resourcing, mean in the world.

There is no greater sense of pride that an American can have than to stand in one of your cemeteries in one of these places, on this hallowed ground, on foreign soil, than to know how important it is for us to maintain them and to give these places the proper resources to honor the sacrifices of the men and women that are interred there. For any American who has not done that, it is a breathtaking moment of patriotism and pride.

I think, while we might split hairs from time to time over exactly where the money goes, we stand completely united in this Congress behind the missions that you represent and carry out for these incredible places. Thank you for your appearance here today, and I look forward to your testimony.

Mr. EDWARDS. Thank you. So very well said.

It is going to be my tradition to also recognize Chairman Young, who has been such a leader on this committee, the full Subcommittee on Defense Appropriations, and our full committee. Mr. Chairman, any comments you would care to make?

Mr. YOUNG. Mr. Chairman, thank you very much.

I would like to join the comments of my ranking member about your father.

Mr. EDWARDS. Thank you, sir.

Mr. YOUNG. I certainly agree with everything that Zach said, and also his comments about visiting the cemeteries overseas. I have had the chance to visit many of these American cemeteries overseas and I can tell you, you come away with just a special feeling that it is hard to describe, the inspiration and the feeling of humbleness leaving one of those cemeteries that are really beautifully maintained. If there is anything that you need to make sure that

they are maintained up to the standards that you have established, let us know. The chairman, I am satisfied, would be more than happy to fix it.

Mr. EDWARDS. Mr. Young and Mr. Wamp said it well for all of us on this subcommittee.

Thank you both for your service. General Nicholson, your full testimony will be submitted. I would like to recognize you now for your opening comments.

STATEMENT OF BRIGADIER GENERAL JOHN W. NICHOLSON

General NICHOLSON. Thank you, Mr. Chairman and members of the subcommittee.

Before I begin my opening remarks, I would like to request that my written statement be entered into the record.

Mr. EDWARDS. Without objection.

General NICHOLSON. On behalf of our chairman, General Franks, and our commissioners, I would like to thank you for the opportunity to appear before you regarding the fiscal year 2009 appropriations request for the American Battle Monuments Commission.

Since its creation in 1923, the American Battle Monuments Commission has served as guardian of America's overseas commemorative cemeteries and memorials. Our purpose is to preserve for future generations the 24 cemeteries and the memorials, monuments and markers we maintain around the world to honor America's war dead, missing in action, and those who fought at their side.

These cemeteries and memorials are symbols of America's willingness to fight for our freedom and the freedom of others. They inspire patriotism. They evoke gratitude, and they teach important lessons of history to all who walk those hallowed grounds.

Our fiscal year 2009 request provides $47.47 million for salaries and expenses. Our request also includes $17.1 million for our foreign currency fluctuation account, which has become a significant issue. This account is used to defray losses due to changes in the value of foreign currency against the U.S. dollar. With the funds in this fluctuation account, maintain our purchasing power to operate and maintain our commemorative sites, which is critical when you consider that 80 percent of the commission's annual appropriation is spent overseas using foreign currency.

Since the summer of 2006, the U.S. dollar has fallen steadily against the European euro and the British pound. This drop in the value of the dollar has serious implications on our ability to maintain our cemeteries and memorials. To lessen the impact of the declining value of the U.S. dollar on our overseas operations, we are requesting that the committee modify the commission's appropriation language to read as follows: "Such sums as may be necessary."

This change would ensure that we have the funding we need when we need it to maintain our purchasing power overseas if the dollar becomes weaker than estimated, while maintaining the committee's oversight of these expenditures. The commission's fiscal year 2009 request fully supports our strategic goals and continues our commitment to honor the service, achievements and sacrifice of America's armed forces and to fulfill the promise of our first chairman, General of the Armies John J. Pershing, who wrote that "time will not dim the glory of their deeds".

I would like to close my remarks by introducing the staff that accompanies me today. I believe you know General Bill Leszcynski, who is the Chief Operating Officer and Executive Director. Tom Sole is the Director of Engineering and Maintenance. Mike Conley is the Director of Public Affairs. Alan Gregory is the director of finance and accounting. And Mathew Beck is our Budget Officer.

Thank you, Mr. Chairman. This concludes my opening statement. I will be pleased to respond to your questions.

[Prepared Testimony of Brigadier General John W. Nicholson follows:]

OPENING STATEMENT

BEFORE

THE HOUSE APPROPRIATIONS SUBCOMMITTEE

ON

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES

BY

BRIGADIER GENERAL JOHN W. NICHOLSON
U.S. ARMY (RETIRED)

SECRETARY

AMERICAN BATTLE MONUMENTS COMMISSION

February 26, 2008

GEN Nicholson – Opening Statement
February 26, 2008

Mr. Chairman and Members of the Subcommittee…

On behalf of our Chairman, General Franks, and our Commissioners, I would like to thank you for the opportunity to appear before you regarding the Fiscal Year 2009 Appropriation Request for the American Battle Monuments Commission.

Since its creation in 1923, the Commission has served as guardian of America's overseas commemorative cemeteries and memorials. Our purpose is to preserve for future generations the twenty-four cemeteries and twenty-five memorials, monuments, and markers we maintain around the world to honor America's war dead, missing in action, and those who fought at their side.

These cemeteries and memorials are symbols of America's willingness to fight for our freedom and the freedom of others. They inspire patriotism, evoke gratitude, and teach important lessons of history to all who walk those hallowed grounds.

The American Battle Monuments Commission is continuing its efforts to attract millions more people of all nationalities to visit these splendid commemorative sites.

We also are committed to perpetuating the stories of service and sacrifice that those we honor are no longer able to tell. We achieved an important milestone in that regard with the dedication last June of a new visitor center at Normandy American Cemetery in France. The center's exhibits, interactive displays and films provide the historical context and personal stories of competence, courage and sacrifice that make a visit to the cemetery today more educational and more meaningful.

The Normandy Visitor Center has been well received by our American and international visitors. Following on that success, we intend to adapt the story-telling techniques employed so effectively at Normandy to provide similar visitor experiences at our other overseas cemeteries. The men and women buried and honored at those more remote sites were equally courageous; we have an obligation to ensure that their stories and their sacrifices, too, are never forgotten.

Another important issue is the preservation of Pointe du Hoc where U.S. Army Rangers scaled the enemy manned cliffs on D-Day. In Fiscal Year 2007, at the direction of Congress, we commissioned a study to determine the stability of the cliffs at Pointe du Hoc. Last fall, we forwarded initial study results to the House and Senate.

The final phase of the Pointe du Hoc study is ongoing to determine the extent of in-ground voids and the effect of ground water on stability. We expect to receive the final report and data in July 2008, at which time we should be able to make a recommendation as to possible steps forward.

We have had several meetings with French officials to share initial findings and discuss the way ahead. Our hopes remain clear: to stabilize this iconic Pointe du Hoc site so we can reopen the monument and the German observation bunker upon which it sits. We will continue to keep you apprised of our progress.

- - - - - - - - -

Our Fiscal Year 2009 request provides $47.47 million for Salaries and Expenses and $17.1 million for our Foreign Currency Fluctuation Account.

The $47 million for Salaries and Expenses supports the Commission's requirements for personnel costs and other expenses, including maintenance and infrastructure improvements, repair contracts and equipment replacement, supplies and materials, and rent and utilities.

This is the funding we need to perform our mission. Our staffing level will remain the same at 404 Full-Time Equivalent positions.

Our request includes $17.1 million to replenish expected losses in the Foreign Currency Fluctuation Account. This account is used to defray losses due to changes in the value of foreign currencies against the U.S. Dollar. With the funds in this Fluctuation Account, we maintain our purchasing power to operate and maintain our commemorative sites—a critical factor when you consider that eighty percent of the Commission's annual appropriation is spent overseas using foreign currency.

Since the summer of 2006, the U.S. Dollar has fallen steadily against the European Euro and the British Pound. This drop in the value of the Dollar has serious implications for our ability to maintain our cemeteries and memorials. The FY 2008 column of the President's FY 2009 Budget estimates that we would need $17.1 million, $6.1 million more than was appropriated so far in Fiscal Year 2008. The President's FY 2009 Budget also estimates that we would need an additional $17.1 million to maintain our purchasing power in FY 2009.

To lessen the impact of a declining value of the U.S. Dollar on our overseas operations, we are requesting that the Committee modify the Commission's appropriation language. We propose that, in lieu of a specified dollar amount for our Foreign Currency Fluctuation Account, the appropriation language be changed to read "such sums as may be necessary." This would ensure that we have the funding we need, when we need it, to maintain buying power if the U.S. Dollar becomes weaker than estimated, as it has done each year since 2006, while also maintaining the Committee's oversight of those expenditures.

- - - - - - - - -

The Commission's Fiscal Year 2009 request fully supports our strategic goals and continues our commitment to honor the service, achievements and sacrifice of America's armed forces, and to fulfill the promise of our first chairman, General of the Armies John J. Pershing, who wrote that "**time will not dim the glory of their deeds**."

I would like to close by introducing the members of my staff that accompanied me today:

1) Brigadier General William Leszczynski, U.S. Army (Retired), Executive Director and Chief Operating Officer;

2) Tom Sole, Director of Engineering and Maintenance;

3) Mike Conley, Director of Public Affairs;

4) Alan Gregory, Director of Finance and Accounting; and,

5) Matthew Beck, Budget Officer.

Thank you, Mr. Chairman. This concludes my prepared statement. I will be pleased to respond to your questions.

SUPPLEMENTAL

Mr. EDWARDS. Thank you, general.

Let me just begin on the foreign currency fluctuation issue. It just seems to me it would not be the intent of Congress to want the hallowed ground that you have responsibility for to be impacted for the worse because of foreign currency fluctuations that are simply not under your control. Do you know if OMB has any intention of requesting in a supplemental appropriation bill the money needed to make it up? I think you have a $6.1 million shortfall you are projecting for the present fiscal year 2008. Do you know if OMB has signed off on any request to ask Congress for that supplemental funding?

General NICHOLSON. Let me ask Alan to answer that. I think I know the answer, but I want to make sure.

Mr. GREGORY. I am Alan Gregory, the Director of Finance. OMB has not indicated or identified any supplementals specifically for that. However, they have supported our efforts to identify that requirement.

Mr. EDWARDS. Okay. Can you briefly explain the kind of cutbacks you would have to put in place to make up for a loss like this? A $6.1 million cut relative to your budget would be a 15 percent cut in your budget, with a lot of fixed expenses. What would you have to do to make up for a $6.1 million loss?

General NICHOLSON. We would have to take that money out of projects that we have planned to implement to maintain the standards that were described here and that you have seen.

Mr. EDWARDS. Right.

General NICHOLSON. We don't want to cut into salaries. That would be the last resort. So we would make our cuts in the engineering and maintenance.

I would like to ask my chief of engineering and maintenance, Tom, to speak to it.

Mr. SOLE. It would be a very difficult cut for us to make. In fact, we were having that conversation on the way here. As you know, most of our budget is taken up by fixed costs, like personnel, so it is very difficult to change in the short term. And so things like equipment purchasing to replace outdated equipment or engineering, a lot of what we have worked on as to infrastructure modernization, I think a lot of what this committee has given us in the past and this year, would be sacrificed for this.

Mr. EDWARDS. Would you be able in the next week or two to put together a list of maybe not the exact projects, but the most likely projects you would have to cut back on for the total $6.1 million so we could look at the specifics of what the impact would be? That might help us as we are going into the supplemental process perhaps as early as March. I don't know the latest plan, but it would allow us to present a case for this.

Mr. SOLE. Yes, sir.

Mr. EDWARDS. Thank you very much.

Mr. Wamp.

FOREIGN CURRENCY FLUCTUATION

Mr. WAMP. Thank you, Mr. Chairman.

Just a quick follow up on that. General, those words in your hands, "such sum as may be necessary," are not troubling to me, but I think those should be troubling words to any appropriations subcommittee when a request is made to include language "such sums as may be necessary," because that certainly in some areas of government spending could get out of control.

I wonder if there is another way, or did you all consider other language recommendations besides that that might somehow peg the amount to the fluctuation in currency? Or is there just no way to do that?

The second part of my question is how do you forecast into the future in any way what the value of the dollar is going to be? I know this year it was the biggest issue when you came to see me, but I just wondered at the hearing here today what our options are, or if you have already exhausted them all and you think this language change and this amount of money is the only option that we have?

General NICHOLSON. Thanks. That is a real good question. Let me give you two points, and then ask Alan to help me out here.

This is not unprecedented, this "such sums as necessary." It is used elsewhere in the United States Government and it is successful. Secondly, OMB backs that.

Now, how about some more details, Alan?

Mr. GREGORY. Several years ago, this committee asked the GAO to examine what our process was for estimating. They deemed it reasonably appropriate after their study. The process we go through is we look at the rates and we look at the projection of those rates, and we have to lock them in at a certain point. That point is usually the last calendar date in the year prior to the submission. So for the fiscal year 2009 budget, we did it on December 31, for this budget that we are looking at for fiscal year 2009. For fiscal year 2008, it was the year prior. So when we block it in, the rate was .82, and now it is .69. So it has dropped considerably. So that is where that delta amount comes in.

We looked at other alternatives and numbers, to time it to the fluctuation account, but we couldn't find any other means within the appropriation language, and we looked at a number of appropriation titles from the Department of Agriculture and several others that use "such sums" as appropriate. Our purpose was to look at this from the standpoint of not being allowed to go directly to the Treasury without Congress, and using a justification. In those years that (INAUDIBLE) we would not seek that.

Mr. WAMP. One other question, the capital security cost sharing program is a 97 percent increase. While it is only $1 million, in this city that is not much money. It is a 97 percent increase and I just wanted you to tell the committee basically what services you get from the State Department for this money to begin with, and why the increase.

General NICHOLSON. Well, that is a good question. This has hit us, this assessment, but we are implementing it by paying it. I would ask some of my colleagues here to tell you specifically what is hitting us here. Alan?

Mr. GREGORY. Sir, the capital security cost sharing part of the law came up in 2005 under the consolidated appropriations, which

requires all of the agencies who have an overseas presence to participate in the program. Because we have people designated overseas within that, 398 are overseas, we have to pay an updated proportion share to that.

Mr. WAMP. And the increase comes just from what?

Mr. GREGORY. We did not have the budget for that previously and we have lost our exemptions and now we have to participate in the program.

Mr. WAMP. You have nowhere to turn?

Mr. GREGORY. No, sir.

Mr. WAMP. Okay.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you.

Mr. Boyd.

Mr. BOYD. Pass, Mr. Chairman.

Mr. EDWARDS. Okay.

Mr. Bishop.

Mr. BISHOP. No questions.

Mr. EDWARDS. Well, that's the greatest compliment I have ever heard to any federal agency—three members of Congress passing up the opportunity to ask questions—a great compliment.

Mr. Young.

Mr. YOUNG. Mr. Chairman, I don't have any questions. I have read the statements. I believe that they are very, very total and thorough, and I just offer our support to maintain the cemeteries and the battle monuments to the extent that is necessary. It is a proud part of America.

Mr. EDWARDS. Okay. Thank you.

Mr. Crenshaw.

SECURITY AT NORMANDY

Mr. CRENSHAW. Just a brief question. Last year, we were getting ready to open the visitor center at Normandy, and I haven't had a chance to go there, but I understand it has just been wildly successful. At the time, we talked about since it is such hallowed ground and of such great interest to Americans, as well as folks from all around the world, the question kind of came up last year about security, because in this unfortunate age in which we live, even a place like Normandy would be so prominent and such a focus for some sort of terrorist attack.

I am wondering what kind of implementation was put in place dealing with security, and has that affected people's freedom to really appreciate everything. Can you just touch on that, because I know we talked on that last year?

General NICHOLSON. Yes, sir. Let me give a quick answer, and then let these experts give more detail.

The security was dictated by the arts. The security officer from the embassy said you need to put pylons here so they can't drive into your building. You need some guards and the whole nine yards.

Secondly, I don't think that it has impeded the visitors very much. It is not something we can't deal with. So that is my quick answer to your question. I would defer to Bill. You know more about what is involved that I do.

General LESZCYNSKI. The secretary has mentioned a few things that have been put in place. Certainly, the most visible one is the security guards that we have over there to basically monitor the people that are coming into the building, so we do have a security check to make sure that everything is fine. We try to low-key it as much as we can because we certainly don't want that to be a deterrent to anybody to come and visit, because we think the message that we have portrayed in the Normandy visitor center, the sacrifice of the men and women that took part in the Normandy invasions is one that is very, very important.

So we have a good security force there. They are blended in with the other host nations and U.S. personnel that are working there in the Normandy visitor center, but they are a visible deterrent. If you go there, you are going to see people that are obviously security guards. So that in itself has a good effect if there was anybody out there that was thinking about making it a likely target.

Mr. CRENSHAW. Good. Thank you.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you.

Let me be brief on one other point, because I know we have three other hearings this afternoon. General, I think the quote that you used from General Pershing is really powerful, "time will not dim the glory of their deeds." That is more eloquent than I could have put it and it that makes me so passionate about protecting Pointe du Hoc and honoring the incredible courage of Colonel Rudder and the Rangers on D-Day. I know how both of you care so deeply about preserving that historic site.

I know you have been working hard on that project. Let me just, without getting into all the details of it, compare it to where we were a year ago. Does it look as if the conclusion is there is a possible way to protect that site from literally falling into the ocean at sometime in the next several years?

General NICHOLSON. The answer to that question is yes. A few details—we don't have a complete study yet, but we think we know where it is going.

Mr. EDWARDS. Right.

General NICHOLSON. We can't be presumptuous totally on that, and we will get that this summer, and then we will come up, look at the plan, what is feasible, and look at the cost, and get the French involved. That is what it is going to take.

Mr. EDWARDS. Right. We already had some interaction with the French on this.

General NICHOLSON. Yes.

Mr. EDWARDS. Are they aware of what we are doing? And so far, have they been open to trying to preserve this site?

General NICHOLSON. Bill will take that.

General LESZCYNSKI. I can answer that one. We have kept the French informed all along the way, so they know everything that we are working on. We are hopeful that there is an engineering solution, but we are also very well aware of the politics that are involved. So we have been very, very careful to keep the French involved along the way.

We have had meetings, a number of meetings with the Suprefite of Bayou who is very, very supportive. He is an engineer himself.

He is also getting some great support from his boss, who is the Prefect. I attended one of those meetings, along with Tom Sole, and people from ABM&C and there were representatives from Texas A&M over there before Christmas. You could tell from that meeting that the Suprefite wanted to move the process ahead.

On January 19, there was another meeting over there attended by somebody from Texas A&M, Jean-Louis Briand. There were representatives from American Battle Monuments Commission. There were also the Suprefite who hosted the meeting. There were representatives from the Conservatoir Literal, and another agency called the DeRente. The presentation was given by Jean-Louis Briand to bring people up to date on the technical aspects of the project.

There was also some discussion initially about moving the bunker, so he gave a presentation to convince people why that was not such a good idea. That idea is not going anyplace because the Suprefite said it wasn't, and the Prefite said it wasn't. So that is off the table. But there was some discussion there at that meeting, and the final results of that meeting is that the representative from the Conservatoir Literal made the recommendation and a package was put together to be forwarded to what is known as the scientific committee for review.

We think that this is a very, very positive step. So I guess to summarize, we think it is moving forward. We have tremendous support out of two people who are key players, the Suprefite and the Prefite. In fact, the Suprefite directed that ABMC prepare the construction documents, which is a very, very positive step. So we will wait for the final results of the study from the people from Texas A&M and the—communities, and hopefully we can bring things together at the end of the summer.

Mr. EDWARDS. Thank you for your hard work on that.

To my colleagues, if any of you haven't been to Pointe du Hoc, the German observatory and even the monument dedicated to Earl Rudder and Rudder's Rangers, where Ronald Reagan probably gave one of his finest speeches ever, perhaps one of the most powerful presidential speeches in history, that is off limits to tourists now because of wind and water erosion. It would just be a tragedy, in my thinking, to lose that to future generations and all that stands for.

I have one request, and I will finish with this. I understand that the final report, the engineering study, may not come out until July of this year. If in the March–April timeframe, you have even some early estimates of what it would cost, or what would be a first-year effort, if it looks like you have a plan that might well work, if you could just give us some estimate, so that maybe we can plug that figure in our markup on this bill. We can't let time defeat us on this and the quicker we move, the greater the chance of saving that hallowed ground. Thank you both for what you have done on that.

Mr. WAMP. No more questions, Mr. Chairman.

Thank you for your service.

Mr. EDWARDS. Any other questions, members?

If not, thank you both for the great work you do.

TUESDAY, FEBRUARY 26, 2008.

ARLINGTON NATIONAL CEMETERY AND UNITED STATES SOLDIERS' AND AIRMEN'S HOME NATIONAL CEMETERY

WITNESSES

JOHN PAUL WOODLEY, JR., ASSISTANT SECRETARY OF THE ARMY, CIVIL WORKS ACCOMPANIED BY JOHN C. METZLER, JR., SUPERINTENDENT, ARLINGTON NATIONAL CEMETERY
CLAUDIA TORNBLOM, DEPUTY ASSISTANT SECRETARY OF THE ARMY

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS. Secretary Woodley, Mr. Metzler, welcome to both of you back to our subcommittee. It is very good to have you here.

We will now take testimony on the fiscal year 2009 budget submission for the Department of the Army, specifically Arlington National Cemetery and the U.S. Soldiers' and Airmen's Home National Cemetery. We welcome back Mr. John Paul Woodley, Assistant Secretary of the Army for Civil Works, to testify on behalf of the cemeteries. Mr. Woodley is accompanied by Mr. Jack Metzler, second-generation superintendent, as I recall, of Arlington National Cemetery, and Ms. Claudia Tornblom, Deputy Assistant Secretary of the Army. Welcome to all of you and your staff as well.

The fiscal year 2009 budget request is $31.23 million, the same amount as the appropriation that Congress approved for fiscal year 2008. Mr. Woodley, your entire statement will be printed in the record, and in a moment I will ask you to briefly present your oral testimony, but we would like to first recognize Mr. Wamp, the ranking member.

Mr. WAMP. I thank you, Mr. Chairman.

I just want to welcome you both. I am the new kid on the block. Mr. Woodley and I go way back, though, on energy and water, as I am sure he also does with our chairman. I thank you for your service and look forward to your testimony and the questions that follow.

Mr. EDWARDS. Thank you.

Mr. Young.

Mr. YOUNG. Mr. Chairman, I just want to echo what Mr. Wamp said and what you have said. I thank them for being here and thanks for taking care of Arlington National Cemetery. Unfortunately, we have had a chance to do that too often in the last few years. I do have a couple of questions that I will ask.

Mr. EDWARDS. Okay, very good.

It is hard to put in words that meaning of those hallowed hills of Arlington.

Secretary Woodley was appointed as Assistant Secretary of the Army for Civil Works in 2005. He previously served as the Deputy Under Secretary of Defense for Installations and Environment, and retired from the Army Reserve in 2003 as a lieutenant colonel.

Mr. Secretary, thank you for those years of military service. It is good to have you back before our committee, and we would like to recognize you now for your opening comments.

STATEMENT OF THE HONORABLE JOHN PAUL WOODLEY, JR.

Secretary WOODLEY. You are very kind.

Let me introduce, if I may, Mr. Thurman Higginbotham, Deputy Superintendent of Arlington National Cemetery; Mr. John Parez, who works on many of these important issues on my staff; and Lieutenant Colonel Duane Smith, who is here also as my military assistant. He was here last year as a major and has been promoted in the meantime, and has been selected for battalion command, and will take that up after he serves next year as the professor of military science at the West Virginia University Mountaineers, in West Virginia.

My statement, as you have said, is that we are asking, or the President has proposed a budget of $31.2 million. We believe that is sufficient to maintain the buildings and grounds, acquire necessary supplies and equipment, and provide the standards of service expected of this national shrine.

There are two items of particular significance I would like to highlight in my testimony. First, the budget includes approximately $5 million to partially fund construction of the Millennium Project, which consists of the development of 36 acres of land into gravesite areas, roads, utilities, columbarium walls and a boundary wall with niches for the placement of cremated remains.

Approximately 14,000 additional gravesites and 22,000 niches would be provided when development is complete. Burial capacity would be extended to the year 2045, and niche capacity to the year 2027. In the long term, this project is very important to extend the useful life of the cemetery. In the short term, it is essential to alleviate the crowding of funeral services that is occurring in the concentrated areas of the cemetery.

I would like to extend an invitation to the subcommittee and staff to visit the cemetery for an on-site briefing so you can see first-hand the importance of this project. I know that many of you have been there, but it is a real special privilege to walk the grounds with Superintendent Metzler and to understand the significance of this new project and how it will improve the actual operation of the cemetery on a day-to-day basis.

Secondly, the budget includes $500,000 to develop a comprehensive cultural resources management plan so that the cemetery will be in compliance with the requirements of the National Historic Preservation Act. It will be used as a management tool to facilitate the preservation of historic resources at ANC, and a programmatic agreement will be developed between ANC and the appropriate resource agencies to address all routine operations at ANC.

The agreement will establish a procedure for future undertakings that may be excluded from the detailed consultation process under the Act. The goal is to reduce ANC's consultation requirements and to establish procedures that ANC will follow to ensure preservation of its historic resources in accordance with federal law. I have to say, I think that is a little overdue, but we are finally getting around to it.

In summary, Mr. Chairman, our 2009 budget is adequate to maintain existing infrastructure, to provide services to the visiting public, continue making some of the capital investments needed to accommodate future burials and preserve the dignity, serenity and traditions of these great cemeteries.

That would be my summary of my full remarks, which we ask that you insert in the record.

Mr. EDWARDS. Without objection.

[Prepared statement of the Honorable John Paul Woodley, Jr. follows:]

DEPARTMENT OF THE ARMY

COMPLETE STATEMENT

OF

THE HONORABLE JOHN PAUL WOODLEY, JR.

ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

BEFORE

THE SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE CEMETERIAL EXPENSES BUDGET

FISCAL YEAR 2009

February 26, 2008

Mr. Chairman and distinguished members of the Subcommittee:

Thank you for the opportunity to testify before this subcommittee in support of the President's budget for the Department of the Army's Cemeterial Expenses program for Fiscal Year (FY) 2009.

INTRODUCTION

With me today are Mr. John C. Metzler, Jr., Superintendent of Arlington National Cemetery, Ms. Claudia L. Tornblom, my Deputy Assistant Secretary (Management and Budget), Mr. John J. Parez of my staff, and Mr. Thurman Higginbotham, the Deputy Superintendent of Arlington National Cemetery. We are testifying on behalf of the Secretary of the Army, who is responsible for the overall supervision of Arlington and Soldiers' and Airmen's Home National Cemeteries.

Arlington National Cemetery is the Nation's premier military cemetery. It is an honor to represent this cemetery and the Soldiers' and Airmen's Home National Cemetery. On behalf of these two cemeteries and the Department of the Army, I would like to express our appreciation for the support that Congress has provided over the years.

FISCAL YEAR 2009 BUDGET OVERVIEW

The FY 2009 budget is $31,230,000, which is the same as the FY 2008 appropriation. In addition to appropriated funds, $1,716,000 is available from proceeds generated from parking receipts to pay for maintenance, repair and upgrades of the visitor parking facility.

The FY 2009 budget will support Arlington National Cemetery's efforts to improve its infrastructure and continue working toward implementation of its Ten-year Capital Investment Plan, as approved by the Office of Management and Budget (OMB). The funds requested are adequate to support the work force, maintain buildings and grounds, acquire necessary supplies and equipment, and provide the standards of service expected at Arlington and Soldiers' and Airmen's Home National Cemeteries.

GRAVESITE DEVELOPMENT

The following table displays how long gravesites will remain available in both developed and undeveloped areas of the Cemetery. It is presented to illustrate the importance of proceeding with the Millennium Project in a timely manner. Bringing the Millennium Project online, in combination with completion of Project 90 Land Development, will help to avoid disruption in services for deceased veterans that may be caused by crowding of funeral services and daily maintenance necessary to be performed at new gravesites.

The gravesite capacity shown in the table for the undeveloped area includes Project 90 (26,000 additional gravesites) and utility relocations (10,000 additional gravesites), but does not include the Millennium Project (19,000 additional gravesites).

Arlington National Cemetery						
Gravesite Capacity as of September 30, 2007						
Gravesite Capacity - Developed Areas	Total Gravesites Used	Gravesites Currently Available	Year Available Capacity Exhausted	Gravesite Capacity - Undeveloped Area	Total Gravesite Capacity	Year Total Capacity Exhausted
243,373	217,006	26,367	2020	36,000	279,273	2038

As the table shows, capacity in the currently developed areas of Arlington National Cemetery will be exhausted by 2020. Gravesite capacity will be extended to 2038 with the completion of Project 90 and the relocation of the Federally Owned Water Main, as described below.

Project 90 Land Development. This project involves the development of 40 acres of open land within the current boundaries of ANC, including gravesite areas, roads, utilities and a boundary wall with niches for the placement of cremated remains. Phase I of Project 90, consisting of grading the site, relocating utilities, constructing roads and landscaping gravesite areas, is complete. Approximately 26,000 additional gravesites became available early in FY 2008. Phase II primarily entails construction of a new boundary niche wall that will hold the ashes of cremated remains on the inside of the wall. The niches and covers will be the same size and resemble those currently used at the existing Columbarium Complex. Construction of Phase II began in November 2007, and is scheduled to be completed in June 2008, using prior year appropriations. Approximately 6,573 additional niches will become available upon completion of Phase II.

Relocation of the Federally Owned Water Main. In order to minimize the cost and disruption in the Cemetery, the relocation of the Federally owned water main is planned to be included in Arlington County's construction contract to replace its aging sanitary sewer line with a new one called the Potomac Interceptor. Relocation of the Federally owned water main, along with other utilities, will allow for the development of approximately eight to ten acres of land that will yield approximately 10,000 additional gravesites. Prior year funds in the amount of $2,046,000 are available to move the Federally owned water line. On October 10, 2007, a Memorandum of Agreement was executed between ANC and Arlington County whereby Federal funds may be transferred to the County to pay for relocating the Federally owned water line as part of the County's overall Potomac Interceptor project. The Consolidated Appropriations Act, 2008, authorized the transfer of funds. Arlington County is planning to advertise its construction contract for bids in July 2008, and award a contract in October 2008.

COLUMBARIUM DEVELOPMENT

The following table displays niche capacity and how long it is expected to last, based on current usage. The niche capacity shown in the table for the undeveloped area includes Phase IV B (Court 7) of the Columbarium and the Project 90 Phase II boundary niche wall. Phase IVB of the Columbarium was essentially completed on September 28, 2007 (except

for landscaping features that remain to be done), making 7,672 additional niches available in FY 2008. The Project 90 niche wall is scheduled to be completed in FY 2009, making 6,573 additional niches available. The table does not include the Millennium Project (26,000 niches) or Phase V (Court 9) of the Columbarium (20,200 niches).

Arlington National Cemetery						
Niche Capacity as of September 30, 2007						
Niche Capacity - Developed	Total Niches Used	Niches Currently Available	Year Available Capacity Exhausted	Niche Capacity - Undeveloped	Total Niche Capacity	Year Total Capacity Exhausted
39,416	36,276	3,140	2009 *	14,245	53,661	2016

* Niche capacity was extended to the year 2013, with the addition of 7,672 niches that became available early in FY 2008 from the completion of Phase IVB of the Columbarium.

BUDGET DETAILS

The budget is made up of three programs -- Operation and Maintenance, Administration, and Construction. The principal items contained in each program are described below.

Operation and Maintenance Program

The budget for the Operation and Maintenance program is $22,218,000. It provides for the cost of operations necessary to conduct an average of 27 funeral services per day, accommodate approximately four million visitors each year, and maintain 652 acres of land and associated infrastructure at ANC, as well as Soldiers' and Airmen's Home National Cemetery. Contractual services comprise $12,383,000 or 56 percent, of the Operation and Maintenance program, as follows:

- $3,409,000 for tree and shrub maintenance.
- $2,750,000 for grounds maintenance.
- $1,130,000 for security guard services.
- $1,100,000 to install, clean, raise, realign and replace headstones.
- $800,000 to continue developing automated systems.
- $790,000 to maintain automated systems and equipment.
- $646,000 for custodial services.
- $568,000 to continue the grave liner program.
- $457,000 for information services.
- $733,000 for recurring maintenance of equipment, buildings, and other facility maintenance contracts.

The remaining non-contractual funds in the Operation and Maintenance program support the Government workforce, which is primarily responsible for preparing gravesites, conducting funeral services, ensuring the visiting public's welfare and responding to their needs, as well as the cost of utilities, supplies and equipment.

In support of the President's Management Agenda initiative to expand electronic government, $800,000 is included in the budget to continue developing a total cemetery management system for ANC, including burial records; gravesite locations; project and financial management; and supplies and equipment. The system will maximize the use of electronic means to deliver services and benefits to the public in a manner that promotes security and privacy. Development of the total cemetery management system is proceeding in accordance with the plan that was provided to the subcommittee in my transmittal letter of February 5, 2007.

Administration Program

The budget includes $1,569,000 for the Administration program, which provides for essential management and administrative functions, including staff supervision of Arlington and Soldiers' and Airmen's Home National Cemeteries. Budgeted funds will provide for personnel compensation, benefits, and reimbursable administrative support services provided by other government agencies.

Construction Program

The Construction program's budget is $7,443,000, consisting of the following projects:

- $5,093,000 to partially fund construction of the Millennium Project.
- $500,000 to develop an integrated cultural resources management plan.
- $500,000 for minor road repairs.
- $500,000 to partially restore the USS Maine Mast Memorial.
- $400,000 to repair and replace water lines.
- $250,000 to repair and restore Columbarium Court 3.
- $200,000 to continue concept land utilization planning.

Two of the above projects are particularly important to Arlington National Cemetery, as described below.

The Millennium Project consists of the development of 36 acres of land into gravesite areas, roads, utilities, columbarium walls, and a boundary wall with niches for the placement of cremated remains. Approximately 14,281 additional gravesites and 22,460 niches would be provided when development is complete, although actual yields could change significantly, depending upon final design. The current design would extend burial capacity to the year 2045 and extend niche capacity to the year 2027. The $5,093,000 in the budget will be used to continue developing land for gravesites, constructing a boundary niche wall, and constructing a retaining wall system for the placement of cremated remains.

A comprehensive cultural resources management plan must be developed to comply with the requirements of the National Historic Preservation Act. The plan will be used as a management tool to facilitate the identification and preservation of historic resources at ANC. A programmatic agreement will be developed between ANC and the appropriate resource agencies to address all routine operations at ANC. The agreement will establish a procedure for future undertakings that may be excluded from the consultation process

under the Act. The goal is to reduce ANC's consultation requirements and to establish procedures that ANC will follow to ensure preservation of its historic resources in accordance with Federal law.

TEN-YEAR CAPITAL INVESTMENT PLAN

On February 5, 2007, we provided the subcommittee with an updated ten-year plan, approved by OMB that identifies the Cemetery's new construction, major rehabilitation, major maintenance and study proposals for the next ten years. Updated plans will be developed periodically and provided to the subcommittee.

FUNERALS

In FY 2007, there were 4,052 interments and 2,726 inurnments, of which 124 were related to the war on terror. In FY 2008, we estimate there will be 4,084 interments and 2,700 inurnments. Looking ahead to FY 2009, we estimate there will be 4,095 interments and 2,700 inurnments.

CEREMONIES AND VISITATION

Millions of visitors, both foreign and American, come to Arlington to view the Cemetery and participate in ceremonial events. During FY 2007, about 3,200 ceremonies were conducted, with the President of the United States attending the Memorial Day event and the Vice President attending on Veterans Day.

Arlington National Cemetery accommodates approximately 4 million visitors each year, making it one of the most visited historic sites in the National Capital Region.

PARKING RECEIPTS

A visitor parking facility was constructed at a cost of $9.8 million and opened to the public in 1989. It is operated by lease with a private vendor. The lease proceeds that are in excess of operating costs are deposited into an account in the United States Treasury. A total of $1,716,000 is available to pay for maintenance, repair and upgrades of the parking facility.

TOMB OF THE UNKNOWNS MONUMENT

I would like to update you on the status of our efforts to address the cracks that have been developing at the Tomb of the Unknowns monument. Options are being considered as part of the National Historic Preservation Act consultation process. At the conclusion of that process, we will know which option to pursue. A report on the monument will be

prepared in accordance with Section 2873 of the National Defense Authorization Act for FY 2008 and submitted to Congress by July 26, 2008.

CONCLUSION

The funds included in the FY 2009 budget are necessary to maintain Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery, provide services for its many visitors, make some of the capital investments needed to accommodate burials, and preserve the dignity, serenity and traditions of the cemetery. I respectfully ask the Subcommittee's favorable consideration of our budget.

Mr. Chairman, this concludes my testimony. We will be pleased to respond to questions from the Subcommittee.

Mr. EDWARDS. Thank you, Secretary Woodley.
Mr. Wamp.

CEMETERY MANAGEMENT PLAN

Mr. WAMP. Thank you, Mr. Chairman.

I will repeat what I said at my first hearing, just for Mr. Bishop's sake down there, and that is the day I was born at Fort Benning, Georgia 50 years ago, my father was a lieutenant in the United States Army wearing those tassels on his lapel as a member of the Corps of Engineers. So Lieutenant Colonel, it is an honor to look at you and see those and know that that is part of my life as well, with my father, on the day that we honor your father's life.

Also, I want to say that this is an unusual budget request because it is flat from last year, which we don't see very often. It is good to see that you can live within your means and do what you have done. I was at Arlington for the funeral of a soldier from my district in November. It was unfortunately a very, very busy day there.

I have to ask, Mr. Metzler, things are not as busy, I would think, in the last 2 months as they were last fall, but then to just ask you to go into phase one and phase two of your cemetery management plan, as we know that your modernization is underway, and then just touch on the federal water main issue while you have the floor, please sir.

Mr. METZLER. Thank you.

Well, under the current cemetery operation, it is not quite as busy, as you mentioned. We are doing about 27 funerals a day on average. This time of year, it is a little bit slower in the winter months. We are doing 22 to 25 funerals. However, it will pick up here in just a few weeks as the spring months start to come on to us.

As far as active duty funerals, we did last year 123 active funerals. We are not nearly as busy, thank goodness, in this current year. However, we are still seeing active duty funerals about every other week at the cemetery.

The Potomac interceptor is a sewer line coming through Arlington Cemetery from Rosslyn, so it traverses all the way through the cemetery. That project isn't quite ready to get started yet, but we are lined up at our end, in the middle, if you will, of the project—and we hope that that project gets through this summer. They are still doing some additional work with the community on lands and rights-of-way with the National Park Service and other people who own the land that they are crossing over.

Mr. WAMP. Do you foresee future-year requests for Arlington National Cemetery from this subcommittee for any involvement in this project or not?

Mr. METZLER. For the Potomac interceptor, I believe we are covered at this point unless something comes up that is unforeseen. The challenge we have is moving the utility lines that were in the green space to underneath the roads. So as this project moves forward and the new sewer line comes in, we want to have all the utilities either abandoned, removed, or moved. So that is what we are trying to do, and have told the utility company to get that accomplished.

Mr. WAMP. And then anecdotally, your father served prior to you—while we are talking about fathers? Is that right?

Mr. METZLER. My father was there from 1951 to 1972, and I came on board in 1991.

Mr. WAMP. Well, 21 years plus 17 years is 38 years of service between you and your father.

Mr. METZLER. Yes, sir.

Mr. WAMP. Thank you, sir.

Mr. EDWARDS. Mr. Boyd.

Mr. BOYD. Mr. Chairman, I don't have any questions. I would like to associate myself with the remarks of you and Representative Wamp and Bill Young. I think they say it best for all of us.

Thank you, gentlemen, very much.

Mr. EDWARDS. Thank you, Mr. Boyd.

Mr. Young.

CARE OF THE HONOR GUARD AND HORSES

Mr. YOUNG. Mr. Chairman, thank you.

I just have to ask a jurisdictional question first, and depending on the answer, I have a follow-up. Who is responsible for the care and feeding of the members of the honor guard and the care and feeding of the horses that they work with for the funerals?

Mr. METZLER. I am very happy to report the United States Army, the Old Guard at Arlington Cemetery.

Mr. YOUNG. Okay. Well, then my next question would go to them, then. It has to do with soldiers and their honor guard, who have responsibility for caring for the horses. Apparently, the mess facilities were open at a certain time that didn't coincide with their responsibility, and they went all day without food. I did think that was up to the Army, but I just wanted to ask if all that was corrected. Well, I will go back to the Army and ask the colonel.

Mr. EDWARDS. I will circle back with you on that, Mr. Young. Thank you very much for raising that.

Mr. BERRY? OKAY.

Mr. Bishop.

TOMB OF THE UNKNOWNS

Mr. BISHOP. Let me just associate myself with the remarks of my colleagues. I just have one question, and that is with regard to the Tomb of the Unknowns, with the crack that has to be addressed in terms of the—what are the plans for that and how is that going to take place, and what, if anything, will that do to adjust, alter, disrupt the changing of the guard there, which is such a prized opportunity for tourists to come to this city?

Secretary WOODLEY. Mr. Bishop, the authorization act for national defense called for the secretary to make a report on that matter. That report is not yet due, but it is almost finished, I believe, and will be submitted to the committees as soon as possible. And then once that is provided, hopefully we will get some future guidance on what is the Congress's pleasure with respect to options on that historic monument.

I can assure you, though, that whatever options are undertaken, they will be undertaken with a minimum of disruption, and I believe that we are prepared under any circumstances to proceed at

a time when the public would not be confronted with something that they do not expect to see when they come to pay their respects to the unknown soldiers. So whether everything is accomplished at night or in some way where we can do that, we would not allow a disruption of the honors paid to the unknown soldiers.

Mr. BISHOP. Do you have the changing of the guard 24 hours, or is it only during the daylight hours?

Mr. METZLER. The formal guard change starts at 8 o'clock in the morning when the soldiers are in their dress uniform and it is open to the public. The last guard change this time of year concludes at 5 o'clock at night. We are about to change in April to 7 o'clock at night, and then on March 15, we will start ½-hour guard changes, on the hour and on the ½ hour, because the crowds are so large at the cemetery. We receive about four million visitors a year on the grounds of the cemetery, and at the beginning of the spring months, the crowds just balloon in the cemetery. So that everybody will have that opportunity to see the change of the guard, we start the ½-hour guard changes.

At night, the tomb is still guarded, but it is not open to the public, and the soldiers are dressed in their non-ceremonial uniforms. The guards practice at night. The less-proficient guards have an opportunity to get proficient out of the public's eye, all the while the tomb is guarded, and they do have a cycle where they change the guard.

Mr. BISHOP. So that would be the time of day for the repairs to be made.

Mr. METZLER. Right. We would do it during the non-public hours. We have done a repair at the tomb in the past. As an example, we did this repair back in the 1980s, one night we removed all the grouting from the tomb, cleaned it all up, and came back the next day and everything was normal. The next night, we came in and then we would apply the grout and clean everything up before 8 o'clock in the morning and the tourists wouldn't know anything had happened.

Mr. BISHOP. Thank you.

Mr. EDWARDS. Thank you, Mr. Bishop.

Mr. Crenshaw.

Mr. CRENSHAW. Just on that point, as I understand it, it is kind of a sensitive issue whether to replace or renovate. I guess that is all part of that study. But to follow up his point, is there anything that this subcommittee can do to help as you go through that process? Anything you need from us as it relates to the tomb of the unknown soldiers?

Secretary WOODLEY. Well, other than to reassure your colleagues that I have consulted with this subcommittee with respect to that matter as it was going forward, during the time when we were studying the options, because I received a letter from some members of the other body that appeared to be unaware that I had submitted testimony and other materials and I felt was keeping the Congress aware of the decision-making process as it unfolded, but that is just a personal matter to me.

I don't really think that matters in the long run, but I think that it is a very interesting question, and I think a close question, and I am delighted that the Congress has decided to relieve me of the

burden of making the decision. We are waiting for the benefit of your wisdom on that very, very interesting and difficult decision.

AMPHITHEATER

Mr. CRENSHAW. Just one real quick question. Last year, I remember we talked about the amphitheater and it kind of being a priority. I don't think it is part of this year's budget. Is there any particular reason? I think you ought to be applauded for setting your priorities, and I am just curious because I know it was discussed last year. What went into the decision to wait a little bit longer in terms of it, because I know it is used for all the ceremonies, and it is obviously very much a part of the overall appearance.

Secretary WOODLEY. Sir, Jack can address that better than I can, but I think the reason we are suggesting our priorities is that we really are facing an operational issue with crowding in terms of having multiple ceremonies undertaken in a relatively small area of the cemetery. That is not ideal and it is not the experience that we want to provide for our veterans and their families. So that is our highest thing to do right now.

The amphitheater, the public areas of the amphitheater which are used in ceremonies on Veterans Day and Memorial Day are in very good shape. They are not the part of it that needs attention right now. The part that needs attention is the interior that is not seen by as many members of the public or used in as many ceremonies. So it is on our list. We are not saying it doesn't need attention, because it does, but it is just slightly back in the queue.

Mr. METZLER. If I could just add on to that a little bit, when you come out for the tour, and we certainly want you to do that, we would like to show you the amphitheater. And we have had two major projects there to help restore some of the problems we have had with water. As we have done these projects, we have discovered other things we need to accomplish. This is an old structure that was completed in the 1920s, and is subject to all the environmental issues of being outside.

Our main emphasis right now is the millennium project. The amphitheater renovation, the amphitheater repairs that we need are still a high priority. It is our fifth item, but the number one item for the operation of the cemetery is this money for the millennium project and we want to continue to push this forward and have this project—to get this done, as Mr. Woodley explained, not only to relieve the overcrowding that we have, but also to add gravesites and columbaria.

Mr. CRENSHAW. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you.

We have four votes. So rather than keeping you here, Mr. Secretary, if I could just ask you to bear this in mind. While we added $4.2 million above the president's request for your budget for Arlington Cemetery last year, and this is a flatline budget, I would be interested in knowing, given mandated salary increases and utility increases, if you are going to be able to maintain your operations and maintenance, and basically defer major capital expenditures. What will you have to do in order to keep within a level budget? Our committee wants to know that you don't have to move

backwards in terms of the maintenance on the hallowed ground that you have responsibility for.

With that, thank you very much for being here. Thank you.

Members, just come back immediately after the last vote.

[Recess.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Farr follows:]

ARLINGTON NATIONAL CEMETERY

Your budget request for $22,218,000 indicates you will be able to condct an average of 27 funeral services per day.

Everyone knows our country is losing upwards of 1,000 veterans a day.

1. *Question.* Please explain how you determined that there would be an overall increase of only 32 internments at Arlington National Cemetery from FY07 to FY08?

1. Answer. According to demographics published by the Department of Veterans Affairs, the death rate of World War II veterans is approximately 1,000 per day. Most of these veterans are buried in their home cemeteries, with relatively few interred at Arlington National Cemetary (ANC). The estimated increase of 32 interments, from 4,052 tom FY 2007 to 4,084 in FY 2008, is based on the past 15 years of burial records at ANC, and the expectation that the peak period for World War II veterans' deaths will be drawing to a close in FY 2008.

2. *Question.* How do you figure an increase of only 11 interments from FY08 to FY09?

2. Answer. As mentioned above, World War I veterans deaths are expected to peek during FY 2008 and then level off, so the impact on funerals at ANC is expected to be minimal in FY 2009. The small increase projected in FY 2009 is primarily attributed to an upward trend that ANC is experiencing in spousal deaths.

3. *Question.* You state that in FY07, there were only 124 interments related to the war on terror. Please tell us how many interments you project from OEF to OIF for FY08 and FY09?

3. Answer. Based on funerals that have already occurred and those scheduled through the end of March 2008, ANC will have had 41 active duty funerals associated with Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). If the number of funerals in the second half of FY 2008 is the same as the first half, the total for the year would be 82. However, the number could be somewhat less than 82 because the trend in the monthly rate of funerals for the war on terror is down so far this year. Funeral projections for the war on terror is beyond FY 2008 have not been made, due to the many variables associated with the war.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Farr.]

Mr. EDWARDS. I would like to call the subcommittee back into order.

Our third hearing this afternoon will be on the budget request of the Armed Forces Retirement Home, which has a fiscal year 2009 budget request of $63 million in the trust fund, an increase of over $7 million when compared to the fiscal year 2008 appropriation.

Representing the home is once again before our committee, Mr. Timothy Cox. Mr. Cox, welcome back.

Mr. COX. Thank you.

Mr. EDWARDS. Chief Operating Officer of the Armed Forces Retirement Home.

He is accompanied by Mr. Steven McManus, Chief Financial Officer of the Home. Mr. McManus, welcome. Good to have you here.

Mr. Cox, we know that in past years we have had a lot of challenges at the Armed Forces Retirement Home, as you have had to cope with the aftermath of Hurricane Katrina, absorbing those

residents into the Washington facility and adapting the facility to satisfy the new demands.

Before we hear your statement, Mr. Cox, I would like to yield to Mr. Wamp for any opening comments he would care to make.

Mr. WAMP. I thank the chairman.

Just briefly, I thank you for your appearance here and your service to our country. I just now got to meet you, and look forward to working with you in the future.

Mr. EDWARDS. Mr. Wamp, thank you.

Mr. Cox, I would now like to recognize you for your opening statement. Without objection, your full statement will be submitted for the record.

TUESDAY, FEBRUARY 26, 2008.

ARMED FORCES RETIREMENT HOME

WITNESSES

TIMOTHY COX, CHIEF OPERATING OFFICER ACCOMPANIED BY STEVEN MCMANUS, CHIEF FINANCIAL OFFICER

STATEMENT OF TIMOTHY COX

Mr. COX. Thank you, Mr. Chairman, and I appreciate the opportunity to be able to speak with you and with the committee members.

Briefly, I will go over what the budget entails, just in synopsis, and get to the questions I think you may have.

As you know, we are asking for $63 million, $8 million over last year, and $63 million is all coming from the trust fund. The $8 million difference refers to capital improvements that we need to do. We need to do a study on one of our dormitories, and we need to actually do some physical maintenance on one of those dormitories as well. So that is the difference. It is not an increase in our costs.

Congress is supporting our home with two major commitments. The $76 million major dormitory renovation, and that is part of the $8 million to do the study and the planning for that $76 million. That $76 million is scheduled in 2010 to come out of the trust fund. And then as you know, the rebuilding of the Gulfport campus is going on, and that is through supplemental money, a total of $240 million that we received.

The rebuild is on track. On March 3, we are actually having our groundbreaking ceremony, so we have demolished the existing facility in Gulfport and on March 3 we will be down there for the groundbreaking. Again, that will be available the last quarter of 2010, which is as expected. We also are submitting a report no later than March 1 on planned services and how we are adapting our program, including Green House initiatives, which are important to Senator Wicker, as well as important to residents. A residentially-based model, Green House, particularly as it pertains to long-term care nursing home functions, but we really are looking at a residentially based model for all continuing care of our home, which we have done.

We have done our multi-year financial plan that went out and looked at trust fund solvency, while addressing capital require-

ments. It includes a financial plan that we are doing for that independent revenue piece. We have engaged a nationally known engineering construction firm to look at our structures and our campus infrastructure, that cost of repair is not just in the Scott Building, but we are using this $76 million to look at other buildings as well, at a total cost of $134 million.

With the president's efforts to improve housing for retired veterans, we felt it was really important to begin to do some of those deferred maintenance issues in our buildings. That dormitory hasn't gone under a major renovation since it was completed in 1954, so we have plumbing issues. We have heating issues, and we have electrical issues. So that is what the bulk of the money is for, and specifically the $8 million is out of the increase; $5.6 million is for planning and design for those renovations, and $2.4 million is for facility upgrades.

Congress, we also are thankful to you all for the $800,000 that you have given us to be able to study the trust fund long-term viability, so that $800,000 will be used, I should say some of that $800,000 will be used for looking at how that master plan with the funds that will come in once that development is started, and how we are spending the money for the renovations, so we make sure we don't get into that negative cycle that the trust fund was in before.

Past problems, as you know through paper and through communication with your staff, we have received some unfair criticism over the last couple of years. All of our investigations, both internally, by OSD, by Health Affairs, as well as by JCAHO, have proved all those allegations unfounded. We received JCAHO's gold seal of approval in 2005, and with two unannounced visits last year, they found no health care problems at our home.

We have established a hotline and routinely the AFRH inspector general cooperates with the Department of Defense inspector general. The residents have the DOD hotline, OSD hotline, and our internal inspector general's hotline so they can call those numbers, as well as reach out to anyone on campus as well. That seems to have improved communication with the residents.

The trust fund had declined to $94 million in 2002. We have now created over $65 million of growth, so after the end of fiscal year 2007, our trust fund was $159 million. We are very proud of that. And we have become much more business-savvy. We have looked at our new budget, our guidelines established by Congress in 2002 and we operate within those guidelines now.

Our financial performance is probably the one that has improved the greatest, and we received our third unqualified audit. The first one was in 2005, and received in 2006, as well as 2007. We were named GSA's Customer of the Year in 2007, and just to go on a little bit about the Green House part, because I know that is of interest, too, there are 10 initiatives. I won't go through all of them, but the whole premise is really residential homelike environment, and really matching what the residents' needs are.

Our needs are unique. Usually, long-term care population is 75 percent to 85 percent women, ours is 92 percent men. The women traditionally at the age of 82, cooked, cleaned, bake. Our men do none of those things. So to look at an environment that really has

socialization with other than seven or eight people, which for our gentlemen, who usually eat with people that don't live on their floor, because they do like to socialize. They like big group activities. So we are really making the best of both worlds both in Gulfport, as well as the renovation in D.C.

We have made steady progress. The trust fund balance, I told you, has risen to $159 million. GSA selected Jacobs Engineering to rebuild Gulfport. The contractor has been selected, that is Yates Construction out of Mississippi. We have launched our own in-house channel 99, which includes communications such as continuous feed of everything from menus to announcements to bus schedules. Residents on any TV can go to channel 99 from their room, or we have one outside the dining room that just keeps telling everyone what is going on. It is another way to get information out there.

Staff was trained in over 136 hours of health and wellness. We have really focused to make sure that we are not just reacting to the health care needs, but prevention is coming in, too. That is with introducing tai chi, weight training, walking courses—all those things are really healthy and extend the longevity of our residents. A resident satisfaction survey this past year found that 75 percent of those surveyed either ranked our services very good or excellent.

Mr. EDWARDS. What percent was that?

Mr. COX. It was 75 percent very good or excellent.

In conclusion, I want to thank members of this committee for what you do for us, and Congress, because of your continued support for the Armed Forces Retirement Home and the veterans we serve. I look forward to answering any questions that you have or comments, or anything you would like me to go into more specifically.

[Prepared Statement of Timothy Cox follows:]

Armed Forces Retirement Home Testimony

Introduction

Mr. Chairman, Members of the Committee, as the Chief Operating Officer of the Armed Forces Retirement Home, I thank you for the opportunity to be here today to discuss the proposed Fiscal Year 2009 budget for the Armed Forces Retirement Home.

On page 47 of the President's Budget, the Armed Forces Retirement Home is highlighted as "Strengthening Infrastructure for the 21st Century" by improving housing for retired veterans -- Fiscal Year 2009 begins a $76 million major dormitory renovation project at Washington Campus, and continues the rebuild of the Gulfport Campus in Mississippi.

Today, as well as for nearly two centuries, the Armed Forces Retirement Home has been a haven for eligible military service members in retirement. Our attentive staff serves Veterans and eligible former military with the same level of honor and commitment in which they served our country. Generations ago, our nation made a promise to safeguard its veterans, as well as the Trust Fund that ensures them an affordable retirement alternative. We are pleased to report that now, more than ever; the Armed Forces Retirement Home is…Protecting a Promise and Renewing a Trust.

Congressional Justification

The Armed Forces Retirement Home (AFRH) is proud to present this Congressional Justification request for $63 million for Fiscal Year 2009. Thanks to the support of Congress, we can look forward to rebuilding our Gulfport campus, closed due to damage inflicted during Hurricane Katrina in 2005. We are working closely with the General Services Administration (GSA), which has been given the task by legislation to

rebuild our Gulfport home. Through two public laws, (PL 109-148 and 109-148), Congress has authorized approximately $240 million to rebuild the Gulfport home. The rebuild in Gulfport is on track for completion in the last quarter of Fiscal Year 2010. As Congress has requested, we are submitting a report no later than March 1, 2008, detailing the planned onsite services and how the agency will implement the principles of the Green House approach on the Gulfport campus.

This Congressional Justification communicates our focus to develop a multiyear financial plan that ensures Trust Fund solvency while addressing our capital requirements across the agency. To prepare for the development of a multiyear financial plan, the AFRH engaged the services of well respected, nationally known engineering, construction and technical services firm to assess our Washington campus to identify and estimate the costs to remedy building deficiencies for 28 structures and campus infrastructure. The study was done in the context of an anticipated lease and re-use of a substantial portion of the campus for private development. The 2006 cost to repair all deficiencies was in excess of $134 million. The largest costs are associated with the Scott Building, a primary resident dorm, which has identified deficiencies, if addressed individually, of over $81 million.

Our Congressional Justification for a $63 million request recognizes the benefits of renovating the Scott Dormitory Building in Fiscal Year 2010. As noted above and on page 47 of the President's Budget, Fiscal Year 2009 begins a $76 million major dormitory renovation project at the Washington Campus and continues the President's effort to improve housing for retired veterans. We are requesting $5.6 million in Fiscal Year 2009 to begin the planning and design build for the renovation, and another $2.4

million for the upkeep of our facilities. Another $70 million has been allocated in Fiscal Year 2010 for the actual renovation itself. The Scott Dormitory was last renovated in 1986 and 1987 when bathrooms were put in each room and the building was outfitted with central air conditioning. No major renovation of the entire building has been done since it was completed in 1954. We are mindful of maintaining our Washington campus population with as little disruption as possible. Therefore, by starting the renovation of the Scott Dormitory in 2010 to coincide with the opening of Gulfport, we could use some rooms in the Gulfport facility, if needed, to house Washington residents who might choose to relocate during the renovations.

Since 2002, we have made great strides in realigning our goals, re-focusing, and streamlining our processes. In all we do at AFRH, we are mindful to manage the resources entrusted to us responsibly, efficiently, and effectively. In 2003 our Trust Fund balance reached an all-time low of $94 million; however, through our due diligence and a sound Strategic Plan, the Home began a dynamic change for improvement.

This led, in Fiscal Year 2004, to a dramatically reduced footprint of both campuses, allowing us to cut capital expenses, such as for vehicles and facilities, and our financial performance improved via accounting with Bureau of Public Debt. In addition, we expanded our Strategic Plan with in-depth business and operational plans. Our success continued into Fiscal Year 2005, when we were accredited by JCAHO and both campuses earned the "Gold Seal of Approval." We also received our first "Unqualified Audit" opinion, which we earned again for Fiscal Years 2006 and 2007. We're proud that, for Fiscal Year 2007, we also won the GSA "Customer of the Year" award and our Trust Fund balance reached $159 million, a growth of $65 million over four years. This

Justification presents complete, reliable information that demonstrates our efforts to hold both programs and financial systems to the highest standards of accountability. We have an impressive record in reducing costs and fiscal management as seen over the past few years.

In 2007 we had the solvency of the Armed Forces Retirement Home Trust Fund reviewed by a private outside actuary. Their analysis indicated the fund was healthy even after our Scott renovation project. We appreciate the $800 thousand appropriated by Congress for the study of funding sources for the Trust Fund to determine the long-term viability of the Trust Fund. We will use this funding wisely by conducting a detailed study of our Long-term Financial Plan and revenue stream to determine the potential solvency of the Trust Fund.

Past Problems

As you can see, we have much to be proud of. However, these major successes, and the rapidity with which they've been made, have provoked unfair criticism. For instance, complaints were lodged, by an anonymous source, about our healthcare management and oversight to GAO. The Office of the Secretary of Defense investigated these claims, and we authorized JCAHO to do the same; however, neither organization could find anything to corroborate the complaints. In response, however, and to ensure that infractions of policies and procedures do not occur, we have established a hotline to report abuse, waste, and/or fraud. In addition, the AFRH Inspector General works closely with the Department of Defense's Inspector General to ensure that our facilities are free from these kinds of issues.

As with any organization that has made great progress, our successes have been preceded by various starts and stops and ideas of what might work. Before 2002, our Trust Fund was declining; the main focus of our testimony at that time focused on the critical need to raise revenue. In 2002 legislation changed the management structure of the campuses, and gave the Armed Forces Retirement Home new focus. This new focus has created over $65 million of growth to the Trust Fund, which enables the Armed Forces Retirement Home Fund to program the Scott dormitory project for $76 million and remain healthy. As noted in the President's Budget we are "Strengthening Infrastructure for the 21st Century" and improving housing for our veterans.

Green House

As mentioned, we're excited about the Green House concept, the goal of which is to enhance the living environment and quality of life for residents. To provide residents with a "home-like" atmosphere, the first Green House, opened in 2003, accommodated 10 older adults in a self-contained house, each with private rooms and full bathrooms. The original home also housed a hearth room for social gatherings, and an open kitchen for residents and visitors to enjoy family-style dining and be able to prepare snacks throughout the day. It was staffed by a universal worker responsible for direct caregiving, housekeeping, organizing activities, food preparation, and planning the care of residents, with the help of the residents themselves and their families.

The AFRH plans to build upon the successful concepts used in the original Green House, but is also seeking to refine the concept through greater efficiency and cost-effectiveness. To that end, both of the two "neighborhoods" within the AFRH long-term nursing care unit and within the memory support unit will feature 12 private bedrooms

and bathrooms, clustered around a light-filled living room for resident use, activities, and family visits. In addition, corridor lengths will be minimized to encourage mobility throughout the neighborhood, and nursing functions will be located "behind the scenes" to further promote a more residential ambiance. We anxiously await the opening of the new nursing care and memory support environments at Gulfport, which will enable our residents to benefit from these innovative design and service delivery opportunities of a modified, enhanced Green House concept.

Our plans for the home, including the Green House concept, will help ensure a calm, steady, and bright future for our residents.

Steady Progress

We accomplished much in 2007. The Trust Fund, as we all know, is important to those who paid, and to those who contribute, as it helps ensure continued care for those who have served our country so bravely. We are happy to report that in Fiscal Year 2007, the Trust Fund rose to $159 million from a low of $94 million in Fiscal Year 2003. FY 2008 and 2009 are expected to see continued growth in the Fund sufficient to cover the $76 million renovation cost. In terms of the Gulfport Home, in March 2007 the GSA selected Jacobs Engineering as the professional engineering services and construction manager to rebuild that home, which should be completed by 2010. Also in Fiscal Year 2007, to improve communication with our residents, we launched a TV channel that keeps them current on daily news, events, and even dining menus! We also made great strides in ensuring that our staff meets resident needs by providing mandatory classes on critical training that focus on the wellbeing of our residents, and over 136 hours of health and wellness training. In addition, we completed 100 percent of all staff performance

reviews and evaluations, allowing every staff member to connect to our "Vision, Mission, Goals and Guiding Principles."

While all of these measures have enhanced the Home, the true test of success is what our residents think. To that end, we surveyed residents about their satisfaction regarding the service and the healthcare they receive. Our goal was to earn a "Very Good" or "Excellent" rating from 75 percent of our participants. In fact, 79 percent rated our staff service as "above average" or "outstanding," and more "outstanding" marks were given this year than last. In our Healthcare Survey, nearly every service (with the exception of Long Term Care) garnered well over the 75 percent benchmark for "outstanding" or "very good" service.

In addition to meeting several benchmarks and continuing to improve, we have also seen progress in other areas: we have streamlined our accounting processes, cut costs, and improved resident services by, for example, eliminating layering and redundancy in employee staffing and gaining efficiencies through a one model approach.

The President's Management Agenda is a strategic tool to improve the management and performance of the Federal government. Since 2001, five government-wide initiatives have been the standards against which agencies are to develop and implement action plans. The Armed Forces Retirement Home heeds the guidance in the President's Management Agenda – and we continue to make significant progress in each of these five initiatives. The Home's "Scorecards" have not officially been submitted for evaluation, but every year since Fiscal Year 2004, we have conducted a self-assessment as of September 30, 2007. Today, we are continuing to grow and evolve. We're proud

of our financial success, which eluded the Armed Forces Retirement Home in the past. Today our Trust Fund is strong and projects continued growth

Looking Ahead

Our progress has been steady and the future looks bright, but we realize that we have much to accomplish in the next few years. We will continue to cut costs to enhance efficiency, and to focus on our new financial strategy. To strengthen our facilities and make them much more vibrant and functional, in 2010, we plan to renovate the oldest dormitory, the Scott Building, and complete the rebuild of our Gulfport Campus. As strengthen our facilities we will begin to implement the "Green House" concept, a revolutionary program that promises to improve the quality of life and care for our residents.

Conclusion

We thank Congress for its continued support of the AFRH Master Plan and funding support as a result of Hurricane Katrina. We hope that the Congress agrees that the progress the AFRH has made since 2002 has been remarkable and understands that continued funding is necessary for AFRH to continue serving those who so bravely serve us. Thank you.

Mr. EDWARDS. Thank you, Mr. Cox, for your statement.

Let me begin by asking you about the recent Washington Post article regarding the facility that you have leased out to a group that provides housing for homeless veterans. As I understand it, that facility will be either knocked down or renovated, so it won't be available for those homeless veterans. Have you had any discussions with the VA or anyone else about what kind of plan could be put in place so that those homeless veterans are simply not left out on the streets of Washington, D.C.?

Mr. COX. Right. As you know, our intent is never to let any veteran be out on the streets. Part of why we were into this venture was because Secretary Abell knew someone who was going to look for temporary housing in the D.C. area for vets in transition. It is not a homeless shelter. It is actually vets who have gone through a training program, are substance-free, and this is their last step before they have a home of their own.

So when USVets initiative, which is out of California, Los Angeles, they came to us asking if we had temporary housing. We said we did. We had this building. Take it as-is, and we had reduced our footprint. This is one of the buildings that is going to be torn down because it needs so much maintenance. They took it as-is, and we have had four leases with them. The first lease was for 1 year, and the second lease was for 1 year, and then two 6-month leases because our master plan has taken a longer period of time.

They always knew that it was temporary. They chose not to have a business plan to look for a transition, but maybe to force us to keep them. As you know, by law, we can't have them, because Congress sets the four criteria for admission to the Armed Forces Retirement Home, and the vets that live there don't fit the criteria to live in the Armed Forces Retirement Home.

So with that being said, we have reached out——

Mr. EDWARDS. What is that criteria?

Mr. COX. The criteria are four. They are just, again, set by Congress and each one is independent on their own, so a vet only has to fit one. The first category is retiree, with 20 years of service, and that one has an age attached to it. So you have to be a minimum of 60 years of age. The remaining three don't have any age restrictions.

The second category is you served in a theater of war, and in all of these you have to be honorably discharged. The second category is you served in a theater of war, so you actually had to be in the Pacific in World War II or in Europe, and you couldn't be here in the states.

The third category is you have a service-connected disability because of your service at the time of war, and you are 100 percent disabled and unable to earn a livelihood.

The fourth category is a female who served prior to 1948. A lot of the women who served in World War II, even in combat, weren't considered active duty combat, so they didn't get the same retiree benefits. So Congress felt that would catch them. Women obviously qualified in the other three categories as well.

What we have done is we have actually reached out to the VA and to community partnerships, as vets get most of their money through HUD, and HUD funds the community partnerships division, and they give a monthly lease allowance to the vets who live in the USVets initiative houses. So we have coordinated now weekly calls with USVets, with Councilman Thomas, with the representative from VA, and a representative from community partnerships to really look at options to ensure that those residents know that they could be moved to a USVets initiative program in Houston. They might not like that, but they don't have a job here. There are 29 of their transition housing providers in D.C., and we will work with them, but they have to vacate by the end of July. Everyone will either be placed or USVets will find a new place for them.

Mr. EDWARDS. So by the end of July, they will have to vacate.

Mr. COX. That is correct.

Mr. EDWARDS. So as of today, there is no specific plan in play for somewhere those veterans will go?

Mr. COX. No. What USVets have looked at is they have a facility in Houston, and they could absorb the 50 persons there based on if a person wanted to relocate there. They haven't talked with the other providers because they would like USVets initiative-D.C. to still stay an entity, but of course that comes knowing that they have an ultimate deadline and the building will be destroyed.

Mr. EDWARDS. Do you know how many veterans are there all total?

Mr. COX. Fifty.

Mr. EDWARDS. Fifty. And how many of these have jobs?

Mr. COX. I don't know. When we met with Tim Cantwell, who is the president of Cloudbreak, that supervises this, he said he felt that only 37 of them had jobs, but he hasn't given us a roster. We asked for a roster on who had jobs and who doesn't.

Mr. EDWARDS. Who is your key VA contact on this?

Mr. COX. The VA contact right now, we don't know. Tim Cantwell is giving that to us, or Susan Marshall through the HUD program. But we had a meeting just with Tim Cantwell on Friday and he is supposed to get that to me by March 3. It has been Secretary Mansfield, who has been calling Dr. Chu, but I don't know if Secretary Mansfield would be the one who is on our weekly calls.

Mr. EDWARDS. Okay. I will follow up on this, because while there are criteria and there are responsibilities and different purposes and different groups, public and private, the public will not understand any explanation that it takes 50 homeless veterans and ends up putting them out on the streets.

Mr. COX. I can assure you that is not going to happen.

Mr. EDWARDS. I am not sure they would be excited about taking 37 veterans that have jobs here in Washington as they are rebuilding their lives, and shipping them off, as much as I love Texas, shipping them off 1,500 miles away to Houston. We will follow up on that.

Mr. COX. That is why we want to talk with community partnerships, who runs similar programs so they could stay here. USVets just hasn't done that, so we are willing to work with them to be able to identify appropriate accommodations locally.

Mr. EDWARDS. Okay. Well, would you please keep us informed on any progress on that.

Mr. COX. Yes. I will give you updates.

Mr. EDWARDS. Thank you. We welcome that.

Mr. Wamp.

GULFPORT FACILITY

Mr. WAMP. Thank you, Mr. Chairman.

All of a sudden, it kind of hit me like a ton of bricks. I should have realized this before today, but I have been to your Gulfport facility, when we went down with the leadership team, and Speaker Pelosi led that group 2½ years ago. When we got off the helicopter in Gulfport, we went by the home on our way to Biloxi. Then-Representative Wicker was with us, but wasn't the ranking member of this subcommittee at the time, interestingly enough, and Governor Barbour was with us as well.

Mr. Cox, the barrier islands issue off the coast—is that being addressed at all with the continuing Katrina response? I mean, we are going to rebuild your facility, yet we still have the issue of another hurricane event like that. Or is your construction much, much different this time, as are the gaming facilities in Biloxi, which are now all-masonry and built back and not floating, and on and on, right?

Mr. COX. Correct. Barrier islands hasn't been resolved, as far as I know. And GSA just keeps us in the loop on those communications. What we have done is actually built to a storm-surge level that actually our first floor will be washout. So on the grade that we have built up 20–some feet, then we are 15 feet above that, and the first floor is just parking, storage, really wash-through. So residents will be above the storm surge area where living space will occur.

Mr. WAMP. So you break ground on March 3. How long is the construction period?

Mr. COX. Until the fall of 2010.

Mr. WAMP. So 2½ years.

Mr. COX. About 2½ years. It is construction, hurricane-proof windows, so it is built to category–5 for wind, rain and storm surge, we are hoping.

Mr. WAMP. But the construction is funded in the supplemental?

Mr. COX. Correct.

Mr. WAMP. All of it?

Mr. COX. All but $20 million, which we were going to ask some larger units, ADA compliance, Americans with Disabilities Act-compliant units, and we had set aside $20 million in the trust fund. That we will spend at the end should it be needed. So in that $240 million is included $20 million from the trust fund.

Mr. WAMP. That would be great to see it come to fruition.

GREEN CONSTRUCTION

Mr. COX. Well, there is huge progress now.

Mr. WAMP. You were talking about green housing, which helps the quality of life. What about green construction in terms of environment? We are doing it here at the Capitol. Are you doing it there?

Mr. COX. That is a very good question. We are. We are looking to be LEEDS-certified at least gold, but striving for a platinum. But if you look at green roofs, some of our outside space will be on the parking deck roof level, where you will have putting greens, items like that. We are looking at recirculating water. In fact, I just talked to one of the architects last week when I was in Roanoke about the 5-gallons of rainwater that will collect after a storm, and that could be recycled for use in the building. So yes, we are working heavily with Yates to be able to get LEEDS certification for that building as well.

OTHER PRIVATE DEVELOPMENTS

Mr. WAMP. The whole construction process is completely private in terms of the bidding? You talked about Jacobs, and obviously they are a large contractor from Mississippi who won the competitive bidding of the master general contract on the entire facility. Are there any other reforms in procurement of the construction?

We have witnessed tremendous privatization in housing, and this is one exception to that. Of course, this is very different from just regular housing for active duty men and women. This is much more in the line of nursing care, retirement living, et cetera. But are there other private developments underway in your business? Or is this kind of unique?

Mr. COX. Well, we are doing a master plan here in D.C., but to back up, actually GSA did—this was competitively bid, so GSA ran through it to be competitively bid for design, because it is design-build. We also bid for the design-build component, not really the construction component, but design and build for that.

In D.C., we actually went through a competitive process as well to select Crescent Resources, who will be the developer of 77 acres in D.C., so it is a revenue source. That is the only other one.

Mr. WAMP. That is privatization.

When you say you are more business-like, in what way?

Mr. COX. We are. When you look at how wisely we are spending our dollars, we have looked at what we do best, which is really focused on care. We necessarily didn't do transportation well, so transportation, to hire a bus company to do that for us made much better business sense, just to have that available to us. So we really looked at the roles of what outside groups could do to help our business, so we could really focus on our core business, which is providing care for the residents.

And that, as you will see, was a reduction in our requests for operating maintenance year over year until this year. And also our services have improved and increased, where we are able to get great IG reports and we are able to get great JCAHO reports, which were inconsistent at best. So it is really a business-like approach to how we are operating, so that we don't have to do everything as a government entity. We can partner.

We also partner with other government agencies. For instance, the Bureau of Public Debt, which is an entity of Treasury, does all of our accounting for us. So when my managers couldn't get on a computer to call up their daily profit-loss statements to see where they were today, or budget for the month, or budget for the year, and it took me 8 weeks when I first came to get a profit-loss state-

ment. Now it is real-time, 24/7, you can access your account from any computer with your access code, because Treasury does that for us. So I was able to reduce FTEs, but we get a better quality of product, because we are using another federal agency that has expertise in accounting for us.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Bishop.

WASHINGTON FACILITY

Mr. BISHOP. Thank you very much.

Welcome back, Mr. Cox. I appreciate the progress that you have made. In Gulfport, you are moving right along. Very good. How are things in Washington at the facility there?

Mr. COX. Washington is going great. We are very grateful for the money that we have. We need buildings repaired or replaced. We have had some ongoing maintenance problems because of deferred maintenance for over 20 years. They are biting us now, so we are being able to focus on those. It is very helpful. Thank you.

Mr. BISHOP. Last year, we talked about some of the measures we have provided the residents, including the golf course.

Mr. COX. That is correct.

Mr. BISHOP. We talked about, last year you hadn't costed it out, but it was the cost of the sprinklers on the fairways, doing some of them up. You said you were going to cost that out.

Mr. COX. We notified the Committee that we did not have the money to adequately cost it out by private correspondence. However, we plan to make it part of our capital study. We also want to look at if there is a way to connect it to our development, so some of the development requirements could be there as well. So we haven't forgotten that. That is on our list, and we actually are looking at that as part of the master plan. We need a way to fund it. We have to do the study because we have realized that doing that now really wasn't fair, because we don't have water in significantly 90 percent of where the golf course is.

Mr. BISHOP. That is all I have.

Mr. EDWARDS. Okay.

Mr. Farr.

Mr. FARR. Well, thank you very much. Thank you, Mr. Chairman.

I am very impressed that a young articulate person would be so concerned and confident in answering question dealing with the elderly population. It is refreshing to see.

How many soldier homes do we have in the federal government?

Mr. COX. Currently, only one in operation, the D.C. site. In Gulfport, no one is living there because we tore down the building. But one in operation, and the other 1,100 residents in D.C.

Mr. FARR. Well, 1,100. So on a $94 million budget——

Mr. COX. About $63 million.

Mr. FARR. So on a $63 million budget, we are helping 1,100 people.

Mr. COX. Correct.

Mr. FARR. What is the goal to house how many in federal jurisdictions?

Mr. COX. The goal really would be to, when we open Gulfport, there would be 500 people. There wouldn't be 1,600 people because we would look at, with the reduction in the building that we are going to renovate, Scott, we would be looking at a population of about 800.

Mr. FARR. What is the total goal?

Mr. COX. The goal would be about 1,200.

Mr. FARR. About 1,200 addition to the 1,100?

Mr. COX. No, 1,200 total in the two homes.

Mr. FARR. Total in the whole nation?

Mr. COX. Correct.

Mr. FARR. And how many state homes? I know California has some.

Mr. COX. California does. I don't know how many state homes there are. I have spoken to them quite a few times at their conferences about what we have done.

Mr. FARR. Do all states have veteran retirement homes?

Mr. COX. Some states have several.

Mr. FARR. We have had testimony here that there are about 200,000 veterans on the streets in America—200,000 veterans that are homeless. We are only taking care of 1,200. Somebody has to pick up that gap. What you find in dealing with a homeless population is you can't get them to deal with an individual problem until you get them a safe place to sleep.

The shelters are essential to getting them off the streets and getting them in treatment, though they will not always accept the help. What I have seen in my district is that that responsibility has just gone to local government, so homeless shelters are being built by cities, with public and private funding.

I would be interested, it seems to me that if the responsibility here that our committee has taken would be in essence leave no vet behind, then we are falling really short.

Mr. COX. I actually gave a report to Congress back in 2006 that had five options. One of the options—and this is just my personal opinion, not the department's opinion nor AFRH's opinion, the department being OSD—but one of the options there was to look at AFRH forming a nonprofit, and being able to leverage funds to be able to have home four, home five, a home ten, a home twelve. That plan was not accepted.

Mr. FARR. And the $63 million to help 1,200—I mean, you could give them vouchers through the housing authorities to get a better value for your buck.

Mr. COX. We could. Part of it is that is why we want to renovate, and as you will see in our financial analysis that we do, our costs continue to come down because we are in buildings that have outlived their usefulness, that haven't been updated. We have so much square footage that really we don't need. So yes, we can——

Mr. FARR. So how much land do you own?

Mr. COX. We own 272 acres.

Mr. FARR. That is it in the whole nation?

Mr. COX. Well, in Gulfport, it is 49 acres.

Mr. FARR. Has there been any discussion of using what the Department of Defense is using, and what they call RCI, the residential community initiative, where you essentially have private dol-

lars build on public land, and then they get the rent from the BAH. And you could work out a voucher kind of payment that other authorities use, plus the private sector would take all the risk and puts up all the capital, and essentially designs it as state-of-the-art. It's beautiful.

Mr. COX. That is what we are doing in part, not to replace what we have, but we are developing 77 acres on the premise that that income from there, the developer, Crescent Resources, is responsible for all of the development there, and will pay us rent. We get rent in three ways. We get rent just based on the sheer lease of the ground because we didn't sell it to them. We are leasing it to them. Second, we participate in rent for every lessor they have on the campus, 4.3 million square feet of rentable space there. And then third, whenever they refinance and have a savings, we split in that savings as well.

Those funds will come in the trust fund, and my hope, again personally—not my professional opinion—or the AFRH's chief operating officer in the department, but then we would be able to use funds to be able to look at private-public partnerships and have like a Del Webb build us 150 units in Arizona, of which then we could voucher people to go there.

Mr. FARR. What, of these requirement that you have, the four criteria qualifications, how many vets out there fit that criteria in one way or another? What is your unmet need, who qualify, but have no space available for them?

Mr. COX. There are people who make application to us, usually we accept because they look right, so we don't deny people if they meet our criteria.

Mr. FARR. How is it you only have 1,100 or 1,200 units?

Mr. COX. Well, because our people don't sign an annual lease. They don't have to give a month's security deposit. So we turn over about 30 a month, with residents coming in. So the wait list is really continuous, that people usually only have an extended time of 90 days to wait from when they make application to get in because of the turnover we have. People come. They get better. They go back to their home.

As I testified in the past year, the number one reason people leave, other than they are able to die at our facility, is they go back to where their family is, because they are growing frail and they can't travel back to Texas, and can't travel back to California. So that is the impetus in the report that we should have——

Mr. FARR. What is the percentage? I mean, you do have people who just live with you until they die.

Mr. COX. Correct. We do. The vast majority—over 80 percent of our deaths are people—80 percent of our discharges are people by death, not by choice to leave—but 20 percent leave because they want to go home because they are too frail to travel back and forth to see their children and grandchildren, family members and friends.

Mr. FARR. But if we have 200,000 homeless, and we are housing 1,200, and of those homeless, maybe not all of them fit this criteria, particularly people who retire, and I am not sure they all have 20 years of service.

Mr. COX. That is only one category.

Mr. FARR. Yes, but you also have served in-theater, war disability, injury. A lot of them can't prove that either, or females prior to 1948. It is a very, very narrow niche of people that qualify to live there. The only reason I am asking these questions is that it seems to me that Congress has created this responsibility to take care of essentially people that are in this narrow niche, and who are financially in need, and yet we find this huge population out there that is in need and either doesn't fit this criteria or there is no room.

I would be willing to look at how we should expand it. You are the administrator. You are smart about the "how." How do you get better? Do we just work with housing authorities to make sure that people get housing vouchers or rental vouchers? Is there a better way in which we can pick up the unmet need, because you are serving less than 1 percent.

Mr. WAMP. Will the gentleman yield?

Mr. FARR. Sure.

Mr. WAMP. The secretary of veterans affairs pretty well told us last week, 2 weeks ago, that it is about 130,000. I know that is still a huge number, but of the 130,000, a very large part of the population is either frankly on some kind of medication. There is a tremendous percentage of them with no illness. And so you can kind of start to see.

The question that I would have, which is very related, because I am like the same as those on this subcommittee, I don't want to leave the veterans behind. I want to find a way with vouchers to empower these people to find a place to go, and then make sure the ones that need medication are on medication so that they will have the wherewithal to understand what is available to them. Because a whole lot of them—I would say the majority of them—don't understand what is available to them.

What kind of waiting list do you have? You said 30 days. Are there thousands of people waiting to get in your facility?

Mr. COX. No, sir.

Mr. WAMP. That speaks to what I want to point out, is that the real challenge is not to have the facilities or even the voucher, but figure out how to corral the ones that need help and get them diagnosed properly and treated properly so that they can pursue the health, because most of them frankly have mental health issues.

Mr. FARR. Yes, some of them don't want any help.

Mr. WAMP. I know some don't.

Mr. FARR. But that is a treatment problem, too.

Mr. COX. We would love to look at our admission criteria. One of the things that we have talked about before is that spouses are not permitted by law to come to our facilities unless they independently qualify. So a person moves to our facility usually at a time of trauma because the number one reason why they moved is their spouse died. That is the worst time to make a lifestyle change is when your spouse dies. So we would love to entertain looking at alternatives to our criteria that we feel needs to evolve to something better.

Mr. FARR. Have you made those recommendations?

Mr. COX. We have. They are in the report that we gave to Congress.

Mr. FARR. When was that report?

Mr. COX. In February, 2006, and we gave five different options, and one was pretty aggressive, to give us 18 months to explore who we need to serve and expand that; look at perhaps privatizing and partnering with some other retirement housing developers; and that was not accepted. I would be happy to re-visit it.

Mr. FARR. What do you mean, it wasn't accepted?

Mr. COX. It wasn't accepted. The only option in that report that was accepted was just to go back to Gulfport proper and rebuild new, and that was option two out of five.

Mr. FARR. The authorizing committee—I mean, who?

Mr. COX. The House Armed Services Committee. We can certainly bring that information back out to you.

Mr. EDWARDS. If you could provide that to us.

Mr. COX. Yes. And if you want more than the six-page——

Mr. EDWARDS. We could talk to our colleagues on the House Armed Services Committee.

Mr. COX. Great.

Mr. FARR. Mr. Cox, I just have one other question. That is, when you finish completion, or when you complete the renovations on the Scott building, do I understand you are going from three floors to two floors. So what will that mean in terms of your capacity?

Mr. COX. With the Scott renovations, and our study will be completed in the end of April about utilization at the Scott building, and what most likely—if I had a crystal ball—the Scott building will come out to be renovated assisted living and long-term care because we can join two rooms to make one, rather than joining three rooms to make one, so we don't lose as much of the volume, and because our infrastructure for dining, so much of the activities are in that lower level in Scott, to reproduce that would probably be exorbitant.

Mr. FARR. Right.

[CLERK'S NOTE.—Questions for the record submitted by Congressman Farr follows:]

Question. Is the study of Renovation of Existing/Previously Existing Structures complete?

Answer. Yes, the report was submitted to Congress on February 28, 2006 and contained five options. Options 1 and 2 proposed rebuilding on the Gulfport property, either a renovation or a total rebuild. Options 3, 4, and 5 did not propose rebuilding on the existing Gulfport campus. The Department approved option 2, to rebuild the Armed Forces Retirement Home (AFRH) on AFRH property. Congress provided the funding to support this decision and construction is underway. The Department of Defense does not support revisiting any options contained in the report AFRH initially delivered to Congress on February 28, 2006.

Question. If so, did the study recommend a reduction in the AFRH footprint of either facility?

Answer. No, the study provided options to enhance capabilities.

Question. If not, what do you mean in your testimony about reducing the "footprint."

Answer. The terminology "footprint" recognizes divesture of excess infrastructure at the Armed Forces Retirement Home (AFRH)—Washington. Over the past four years, AFRH—Washington has consolidated operations to create better support for aging residents. The footprint of the AFRH has been reduced by over 600,000 square feet, but continues to serve the same number of residents.

Question. Please update the committee on the scope and status of the privatization plan for the DC Old Soldiers Home?

Answer. We are not privatizing the Home or supporting a change in governance or eligibility. The Armed Forces Retirement Home (AFRH) is seeking final approval for the AFRH-Washington Master Plan from the National Capitol Planning Com-

mission by May 1, 2008. As part of the master plan process and competitive bidding, Crescent LLC was selected as the preferred land developer, pending Department of Defense approval and Congressional notification.

Related to this master plan, the Department has directed Mr. Cox to work with US Vets, the Veterans Administration, Housing and Urban Development, and the DC Community Partnership for the Prevention of Homelessness to find a suitable alternative for the approximately 50 homeless veterans currently residing at Ignatius House as part of a lease agreement between US Vets and AFRH. Ignatius House is part of the AFRH redevelopment plan and is expected to be turned over to the developer in August 2008. Furthermore, US Vets is also in discussion with the AFRH developer about being the transitional housing provider within the future AFRH development.

Question. (Congressman Farr) commended AFRH for developing new "Green House" dorms at the Gulfport facility that will foster more of a community environment with supportive services rather that the traditional dorm/barracks house. Will these facilities ever be located outside of AFRH properties?

Answer. At the request of Congress, the Gulfport AFRH Project Team performed due diligence to ensure we successfully incorporated the best facets of numerous retirement home concepts, including the Green House™ and Small House concepts at AFRH—Gulfport. The AFRH Project Team, comprised of environmental gerontologists, architects, retirement home designers, engineers, and residents, has designed Neighborhoods of Care that will provide an unparalleled quality of life for all of our veteran residents and the staff that serve them. AFRH—Gulfport has been designed to meet the specific needs of AFRH residents while maintaining the intent of our statutory charge to incorporate the principles of the Green House approach. We have designed a facility, staffing plan, and program that provides privacy where needed, values individuality, fosters spiritual well-being, provides meaningful activities, and, above all, sustains the veteran's dignity; all concepts embodied within the Green House approach. With the General Services Administration as our lead construction agent, we expect the facility to open in 2010, on time, within budget, and on target in meeting the intent to provide the best level of care possible to meet the needs of our proud veterans. Similar design concepts will be used when renovating the Scott Building at AFRH—Washington. There are no plans to employ this design outside of AFRH properties.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Farr.]

Mr. COX. So what we are looking at is is there an opportunity then to build a residential living component. So we would be looking at perhaps a replacement facility. It could be the Grant building, that sits on Harewood right across from the cemetery, or would we build something new? It most likely wouldn't be a care facility. It would be for those with independent living. That is part of the master plan as well.

Mr. FARR. Okay. I hope that we can look at that report and perhaps make some recommendations in report language, but working to see if we can find ways to meet that unmet need out there.

Mr. COX. Great. We would love to have your help with that.

Mr. EDWARDS. Thank you for coming. I will look forward to updates, if you would, on the homeless veterans issue.

Very good. Thank you both.

Mr. COX. Thank you, Mr. Chairman.

Mr. EDWARDS. Judge Greene, welcome back to our subcommittee. It is good to have you back. Thank you for all of your service on the court, and thank you for your distinguished career as Army judge advocate in the judge advocate general's corps. It has been, I understand, 25 years, having retired as a colonel. We are deeply grateful to you for your public service.

This is our final panel for the afternoon, the United States Court of Appeals for Veterans Claims. The budget request for fiscal year 2009 is $23,975,000, of which $1.7 million is for the pro bono pro-

gram. The request is an increase of $1.285 million when compared to the fiscal year 2008 appropriation.

Judge Greene, rather than my continuing on, let me just recognize Mr. Wamp for any comments he would care to make, and then we will recognize you here.

Mr. WAMP. Judge Greene, I wasn't here last year. I am the new kid on the block, but thank you for your distinguished service and career. I look forward to working with you and supporting the improvements that I read are already underway. Thank you very much for your testimony today, sir.

Mr. EDWARDS. Judge Greene, we will without objection submit your full testimony for the record. I would like to recognize you now for any summary comments you may have.

TUESDAY, FEBRUARY 26, 2008.

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

WITNESS

CHIEF JUDGE WILLIAM GREENE

STATEMENT OF THE HONORABLE WILLIAM P. GREENE, JR.

Chief Judge GREENE. Thank you very much, Mr. Chairman, Ranking Member Wamp, and Mr. Farr. I want to thank you for the opportunity to be here again today. I brought with me my Clerk of Court, Norm Herring, Mary Anne Marcot, who is my financial manager, and Alice Kerns who is the counsel to the Board of Judges. These people help me each and every day in the running of the court and especially preparing the budget.

Fortunately, this year the budget was pretty easy to prepare. It is a pretty straightforward budget from last year. We are asking for, as you say, $1.25 million more than we received for the 2008 appropriation. Of course, we thank you very much for providing us $1 million more than we asked for last year. Your recognizing that the Department of Veterans Affairs and the Board of Veterans Appeals received more money to increase their productivity, and the ripple effect that will come from that, certainly will enable us to prepare for the inevitable growing caseload. Those executive agencies are rendering decisions at record pace.

We have the obligation to conduct that judicial review, and we are doing so to the best of our abilities with the seven judges that we have and the very competent administrative and judicial staff.

The $1.25 million increase that we are asking for in FY 2009 is wrapped up basically in the $510,000 dedicated to covering the anticipated personnel costs that are associated with pay raises and benefits that will occur simply because of inflation. For basic operating costs, we are asking for an increase of $258,000 to cover the anticipated increases in the rent of the location where the court is located, and the continuing operation site, as well as payroll services from the National Finance Center in the Bureau of Public Debt and the security expenses that we have as a court.

That basically is our request in a nutshell. We certainly appreciate the support that you can give us in that regard. I do want

to tell you that we have been very successful in our productivity at the court. This past fiscal year, fiscal year 2007, we decided 4,877 cases. We received about 4,600 cases. That is an all-time record high. Some of that is associated with one particular kind of case, but if you subtract the 900 cases that involved that issue, we still decided more cases than the court has ever decided in its 20-year history.

There is every indication, however, that we will continue to receive 4,000 to 5,000 appeals each year. As a result, we have to ramp-up our resources to take care of that caseload, and at the same time develop efficiencies that will allow us to dispose of these cases timely and efficiently.

Thank you for the support that you have given us in our electronic filing plan. That is now in effect. We started in November requiring representative attorneys to file Equal Access to Justice Act applications electronically, and that has shown great dividends to us in terms of administrative ease in which we are able to make decisions.

We are this summer going to require electronic filing for all pleadings that come to the court, and that certainly will streamline our administrative process. Probably, as those documents become readily available to the judges sooner, then more cases, of course, will all of a sudden come to chambers for decision.

We are doing things to develop our record of trial to make it easier to obtain. Right now, it takes about 90 days just to get a record established for us to review, or for the case to be briefed. If we can condense that time by changing the way in which we develop the record, it will also pay dividends in terms of cutting down the time it takes to get to decision. Those procedures will take effect in April.

With the money provided by the committee, we also hired additional attorneys for our Central Legal Staff. The 10 attorneys that we now have have all received formal mediation training that will allow them to come to the table with the parties, improve briefing, and hopefully resolve the disputes before they have to be presented to the judge. Again, when you are receiving 3,600 or 4,000 or 5,000 appeals a year, that is a critical piece of our process.

These innovations are significant. Changing how the relevant record is created doesn't cost anything. That is something that we are doing in-house. It may cost VA some things because it requires them to get into the business of scanning records. Also, we have been recalling our retired judges to assist us in deciding cases. The five retired judges available come in for 90 days at a time to help us there. Again, that cost is minimal as well. I have one judge who is located out of town in Utah, and I bring him back for 90 days to do that.

What is coming up in the near term that we need your tremendous support on is the courthouse. We are getting very close now to providing to the Congress a feasibility study by GSA on the options available for the courthouse. We are the only federal court in the system without its own dedicated courthouse. We are putting in place plans to try to alleviate that unflattering distinction.

GSA, as I said, has done a follow-on feasibility study that examined our current location, a commercial office building. That study

accesses whether or not it is feasible for us to take over that entire building, or in fact build at some other location that is considered to be appropriate and feasible.

There is no better time than now to make this happen if we are going to let the public know that there sits a courthouse that demonstrates the public's respect and gratitude to America's sons and daughters for their service, and also that is a beacon of justice for the veterans and their families. So we look forward to working with you to make this a reality.

That is all I have. I would be happy to answer your questions.

[Prepared statement of the Honorable William P. Greene, Jr. follows:]

TESTIMONY OF
THE HONORABLE WILLIAM P. GREENE, JR., CHIEF JUDGE
U.S. COURT OF APPEALS FOR VETERANS CLAIMS

FOR SUBMISSION TO THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES
FEBRUARY 26, 2008

STATEMENT OF
HONORABLE WILLIAM P. GREENE, JR., CHIEF JUDGE
U.S. COURT OF APPEALS FOR VETERANS CLAIMS
FOR SUBMISSION TO THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES
FEBRUARY 26, 2008

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE:

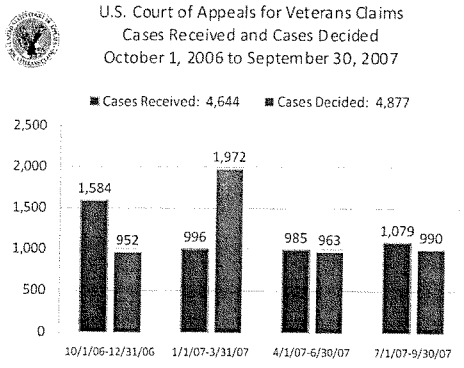
On behalf of the Court, I appreciate the opportunity to present testimony on the fiscal year (FY) 2009 budget request for the United States Court of Appeals for Veterans Claims. First, I will briefly summarize the Court's budget request, focusing on the requested increase, and second, I will address our caseload and the continued increase in the number of appeals being filed with the Court.

The Court's FY 2009 budget request is for $23,975,000. Of this amount, $1,700,000 is requested by the Veterans Consortium Pro Bono Program (Representation Program). Our FY 2009 budget request reflects an increase of $1,258,000 over the Court's appropriation for FY 2008. This increase can be broken down into three categories: $490,000 requested by the Representation Program; $510,000 for Court personnel compensation and benefits costs; and $258,000 for "other objects." I will briefly address each of these categories.

In accordance with practice since FY 1997, the Representation Program has provided its own budget request, which the Court has forwarded (without comment) along with the Court's budget request. Accordingly, I offer no comment on that portion of our budget request. Regarding personnel costs, the Court requests funding for 112 full-time equivalent (FTE) positions. This maintains the funding for the FTE authorizations established by the FY 2008 appropriation. The requested budget increase of $510,000 is necessary to account for the 4.49% pay raise in FY 2008 and the government-wide budgeted FY 2009 pay raise of 3%. The Court's request for basic operations other than pay and

benefits reflects an increase of $258,000 for "other objects." These "other objects" costs reflect increases in fixed costs necessary to the operation of the Court, and include: rent for both the Court's office space at 625 Indiana Avenue, NW, and a Continuation of Operations Program site in Northern Virginia; cross-servicing charges for financial accounting and reporting; the Court's share of the costs of paying the Federal Protective Service for security personnel to provide security monitoring at the street entrances of the Court's present location; cross-servicing charges of payroll/personnel services; and increases to the cost of the U.S. Marshals Service contract for Court Security Officers to provide security within the Court's premises and the assumption of all administrative support duties to that contract for the Court's Security Officers.

Let me now turn to meeting the challenges of an increased caseload. Last fiscal year I advised this subcommittee that I anticipated that new case filings in the Court would continue to rise. In fact, during FY 2007 the Court received 4,644 new case filings. During that same period, the Court decided 4,877 cases – the highest one-year total in the Court's history. The following chart shows cases filed and cases decided for FY 2007:



*This report reflects the annual number of cases received and decided and the recalculation of previous quarterly report figures to correct discrepancies due to multiple filings on the same claim, and establishment of the appeal date based upon postmark.

The large number of new cases received in FY 2007 continued the previous year's trend of a substantial increase in the Court's workload over that experienced during the Court's first 15 years of operation. Indeed, that trend has continued through the first quarter of FY 2008. New cases received between October 1 and December 31, 2007, totaled 935, and the Court decided 1053 appeals during that time period. Based on the number of appeals filed at the Court in the past two years, and the more than 40,000 projected number of cases to be decided by the Board of Veterans' Appeals (Board) in FY 2008 and again in 2009, I would anticipate that between 4,000 and 5,000 appeals will be received in fiscal year 2009.

The growth in number of appeals filed may be attributed to several circumstances. The interest and financial support Congress has bestowed on the Department of Veterans Affairs (VA) has resulted in an increase in the numbers of personnel at the VA regional offices and the Board. The result is improved claims processing times and inevitably more decisions by the Board. Increased productivity in decisions by the Board, including a higher number of denials of benefits, produces more potential appeals to this Court. The number of distinct issues within a Board decision is also on the rise. Further, claimants are appealing not only total denials of benefits, but also Board decisions awarding benefits where the claimant believes that he or she should have been assigned a higher disability rating or earlier effective date for a benefit awarded. Also, public awareness of the availability of appellate court review, now for twenty years, coupled with the growing number of attorneys and non-attorney practitioners practicing veterans' benefits law, potentially produces more claimants exercising their right to seek judicial review. Moreover, the recent enactment of legislation authorizing attorneys to charge a fee for representing claimants while a claim is being adjudicated at VA likely will further increase the number of cases with complex legal issues presented for appellate review.

Without question, our caseload is formidable. However, the Court is pursuing innovative methods to assist us in handling this caseload fairly and efficiently. First, thanks to your support, we received the resources to acquire an electronic case filing (e-filing) / case management system. The Court partnered with the Administrative Office of the U.S. Courts to obtain, adapt, and use the software and e-filing system already developed for Article III Courts. This system promises to produce many administrative efficiencies, including complete remote record access, 24-hour filing access that will significantly reduce mailing/courier costs for the parties, reduction of space for record retention, opportunities for multiple or simultaneous authorized user access to records, and efficient and cost-effective electronic notification procedures. During the first quarter of FY 2008, the Court implemented the initial phase of e-filing by requiring electronic filing of all Equal Access to Justice Act (EAJA) applications. Comprehensive e-filing instructions are available on the Court's website, and to date the process has worked successfully. A committee comprised of Court personnel, VA staff, and members of the veterans' bar continues to shepherd this project and we are on target to fully implement the system this summer. Again, thank you for the funds to support this innovation.

Second, the Court is adopting what we hope will be a more efficient process for identifying the relevant record that comes to the Court with each appeal. Pursuant to the Court's current Rules of Practice and Procedure, prior to the submission of any briefs, the Secretary must file with the Court the designation of the Record on Appeal, which is to include all material in the record of proceedings before the Secretary and the Board that was relied upon by the Board in making the decision on appeal. Following the appellant's opportunity to counter-designate materials, the Secretary then provides to the Court the Record on Appeal. Ninety days are allotted to accomplish this. In practice, this process often results in numerous motions for extensions of time, and the record that is filed with the Court is often voluminous and includes documents immaterial to the claim on appeal. Under the new

proposed procedure, the parties continue to have access to the entire claims file that was before the Board, but the records that will be filed with the Court will only include those documents relevant to the issues on appeal. This proposal is in the final stages; the Court's Rules Advisory Committee (composed of representatives from the veterans' bar, the VA General Counsel's office, and the Court) has recommended adopting this change and a proposed Rule change has been prepared, received public comment, and is ready for promulgation. We believe that this change will better focus appellate review on the documents relevant to the precise issues argued on appeal, and will decrease the amount of time needed by the parties to prepare an appeal for decision by the Court.

Third, through dispute-resolution, the efforts employed at pre-briefing conferences with the parties by the attorneys in the Court's Central Legal Staff (CLS) should increase the Court's case output. Again, I thank you for your support in funding an increase in the number of CLS attorneys for the Court. We are embracing dispute resolution as an important part of the Court's function and working to better assist the parties in narrowing and resolving issues prior to submitting their appellate pleadings. In August and September 2007, all CLS attorneys received formal mediation training to better enable them to engage the parties in an effective negotiation process. We want the parties to come to the table with full authority to commit to a thoughtful alternative resolution consistent with the law, due process, and the interests of justice. I am pleased to report that this month we implemented an enhanced pre-briefing dispute resolution program.

Finally, we continue to benefit from the service of the recalled retired judges, and from the judicial stability we have gained with all of our active judges now experienced and fully staffed. I express my appreciation for your continued support in assisting us to respond to our growing demands, and for ensuring that we have adequate space and resources to render thorough and timely judicial review.

Acquiring a courthouse will be a high priority for this year and FY 2009. The Court is continuing its efforts with the General Services Administration (GSA) to work towards making a Veterans' Courthouse and Justice Center a reality. Our present space is inadequate for the growing caseload we are now experiencing and for the numbers of cases we anticipate. The lease for our current location expires in October 2010, so there is urgency in this plan for the future. An initial feasibility study was completed by GSA and its contractor in February 2006. That study, which provided three options for a dedicated Veterans' Courthouse and Justice Center, was provided to Congress for review. Subsequently, in May 2007, S. 1315 was introduced requesting a follow-on study of the feasibility of acquiring and leasing additional space in the commercial office building at Judiciary Square where the Court is located. Acquiring additional space for a dedicated Veterans' Courthouse and Justice Center at this desirable location would require moving two other federal entities to another location. I have received a draft of the follow-on study and it is currently under review for accuracy of the data pertaining to the Court. I anticipate that review will be completed quickly and the study will be provided to Congress for appropriate action in the near future. Adequate space is crucial to our work, and we appreciate Congress's support in providing authorization and the necessary appropriations for creating a tangible symbol of the Nation's commitment to justice for veterans. What better time, than now, to make this happen?

On behalf of the judges and staff of the Court, I express my appreciation for your consideration of the Court's needs, and I thank you for the opportunity to provide this testimony in support of the Court's FY 2009 budget request.

BACKLOG OF CASES

Mr. EDWARDS. Judge, thank you. It was very well presented.

Let me just ask you in terms of your backlog, based on the historic number of cases that you decided this year, it looks to me like you handled more cases, closed more cases than came in, so you reduced your backlog. How long is the backlog in terms of the waiting list? Or in terms of if I were a veteran today and I filed a case before the court, when would I generally have my case? How many months later would I have my case considered?

Chief Judge GREENE. It is very hard to speak in terms of backlog with an appellate court, but let me, if you recall from last year, I provided an overview of how the process works at the court. I think our median time for the fiscal year 2007 was 416 days. That was high—higher than previous years—because I had certainly put pressure on all my colleagues to make sure that we got rid of the oldest cases at the court, and therefore reduced the time that cases have been waiting for decision. We were successful in that.

I think right now we have very few cases in chambers that have been there over 4 months. Now, how does a case get to chambers? Because of this record of trial issue that I presented, that it takes 90 days just to get that, and then after the 90 days the parties file their briefs, and they have another 90 days to 120 days to do that. In essence, it takes at least 254 days for a case to even get ready for the Central Legal Staff to look at it to see what kind of case it is really going to be. They take about 2 or 3 months to do that, so you are already at 1 year before a case can actually come to chambers.

There is just no way you can really reduce that too much. We can reduce it by changing the way we develop the record on appeal. Through electronic filing, there will be 24-hour access, to file briefs via the cyber-space, and e-filing will be at the court very soon.

So as we work this, we are going to see how that improves the efficiencies of getting the case to a judge. But just like any other appellate court, once you get the case to the judge then you get into the deliberative process and the legal process. The time to disposition just depends upon the arguments raised by the parties, what effect the case may have on other cases pending at the court at the time, what the federal circuit is deciding at a particular time, and whether or not we are going to render a decision on an issue that is being also considered by the federal circuit—all those factors play into our ability to dispose of a case. But we are working to reduce that median time.

Mr. EDWARDS. Okay. You said you have hired five retired judges to come back for a certain period of time to help reduce the backlog. If you had additional budget funding, would you be able to hire additional retired judges? Or is that a limit?

Chief Judge GREENE. No. I have six retired judges. One is not able to participate right now because he has had a terrible accident. So the other five are coming in, and by statute, once they make themselves available to be recall-eligible—and I as the chief judge decide to call them—they must serve 90 days. They can serve longer than that if they volunteer to do so.

As it has been working out, I have taken the five judges that I have and have spread their service over the year, so that there are always one or two available to help the other seven judges with the cases.

Mr. EDWARDS. Good. Thank you.

Zach.

PRO BONO CONSORTIUM

Mr. WAMP. Thank you, Mr. Chairman.

Besides both Mr. Farr and I wearing our pastel spring colors today, we have both agreed to a shared goal of leave no veteran behind. I was wondering—and forgive my naivety because I am a beginner here—but with your 41 percent increase in basically your pro bono work, can I assume that that is a population of veterans that are so indigent that they are coming through your court and might fit into some of this population that we are talking about where the goal would be to not leave these veterans behind? Who are these people?

Chief Judge GREENE. An appeal to the court is an appeal by right. In other words, when a veteran is dissatisfied with the Board decision, that veteran can appeal the decision. There are no preconditions to doing it. So if they want to appeal, they just write a piece of paper to us, and we accept the appeal.

So that is why when you think in terms of 5,000 or 4,000 veterans doing that, it is inevitable that many of them, who haven't had legal representation because up until last June, a lawyer couldn't represent a veteran before VA and charge a fee. Now, they can. So perhaps that is going to change substantially.

But at any rate, we do have a high rate of individuals initially filing pro se. But then as the appeal works through the system, we have a pro bono consortium that screens the cases, and then they look at cases that appear to be viable, and thus assign an attorney to represent these veterans. There are other veterans organizations that come in and represent veterans from that same pool of unrepresented veterans that was 41 percent at the beginning.

That is why in our annual report at the end of disposition, that number of unrepresented appeals reduces to about 19 percent.

Mr. WAMP. But then they still have a $490,000 one-time increase, right?

Chief Judge GREENE. I am sorry?

Mr. WAMP. The $490,000 increase in your representation program, your pro bono work, is a 41 percent increase. Do you expect that to continue?

Chief Judge GREENE. Well, I don't normally comment on the Pro Bono Consortium's budget, so I am not sure. I am sorry. I misunderstood you when you said pro bono. You were talking about the Pro Bono Consortium. Well, as I mentioned the consortium, in fact, screens the cases and as more cases come in, there are more cases to choose from as to whether or not they are going to assign the many lawyers that have signed up to represent veterans.

FULL TIME EQUIVALENTS

Mr. WAMP. On a little history, you talked about $1 million that this committee gave last year. Of course, I wasn't here, so I don't know. That was above the 2008 request?

Chief Judge GREENE. That is correct.

Mr. WAMP. And so, did that increase your FTEs once you got that money?

Chief Judge GREENE. As I indicated in my prepared testimony, it increases our FTEs to 112.

Mr. WAMP. From what?

Chief Judge GREENE. From 105.

Mr. WAMP. Okay. So seven FTEs followed the increase. Were you going to increase that without the $1 million? Or did that prompt it?

Chief Judge GREENE. That prompted it.

Mr. WAMP. That prompted the FTE increase?

Chief Judge GREENE. That is correct.

Mr. WAMP. Okay. So that then established a new baseline that you have to have going forward.

Chief Judge GREENE. Exactly.

Mr. WAMP. So it wasn't really a one-time thing. You came to that level because you needed to.

Chief Judge GREENE. Well, we had asked to increase to [I think we were going] up to 105 FTES for 2008. Then with the ripple effect coming from all the resources that were being put into VA, I guess it was nice to think about the court and say, well, there is going to be some residual effect on the court, and that gave us an ability to at least increase our resources.

Mr. WAMP. Well, I am learning, and I appreciate the lesson here today.

Chief Judge GREENE. I would be glad to come by and talk to you.

Mr. WAMP. Very good. Thank you.

I yield back.

Mr. EDWARDS. Mr. Farr.

APPEALS PROCESS

Mr. FARR. Thank you, Mr. Chairman.

Judge Greene, thank you for coming. I am not a lawyer, so I want to ask you just a little bit about the process.

Chief Judge GREENE. Sure.

Mr. FARR. The way a veteran gets in—a veteran applies for a disability through the Department of Veterans Affairs, and they make a decision on rating and payment.

Chief Judge GREENE. That is correct.

Mr. FARR. And if they are not satisfied, they appeal that to the Board. So that is the first instance of an appeal from an administrative decision.

Chief Judge GREENE. That is correct.

Mr. FARR. Then your court is the second tier from the Board to you, and you are the supreme court of the decision.

Chief Judge GREENE. In a sense we are, but really for questions of law only, the veteran can appeal again to the United States

Court of Appeals for the Federal Circuit. And then the veteran can appeal from the Federal Circuit to the Supreme Court.

Mr. FARR. Have there been any of those cases this year?

Chief Judge GREENE. No. I think there have been three cases to the Supreme Court in history. Well, there have been two accepted by the Supreme Court. We had one that went up on cert. It was a big case, but the Supreme Court decided not to take it.

Mr. FARR. So essentially these 4,000 to 5,000 appeals that come to your court are people that have lost twice. They have lost in the preliminary decision. They have lost in the Board decision, and now they are in this third strike, right?

Chief Judge GREENE. That is correct.

Mr. FARR. Now, what I am concerned about is that I think there is a tsunami of appeals coming with PTSD. Do you think that we will be able to predict how much they are going to get, how much disability they have, the ratings? Is that what they are usually appealing is the rating itself?

Chief Judge GREENE. Well, that is why I said in a sense. Anything may be appealed that can be considered by the veteran, to be an adverse decision. That could be, obviously, a straight-out denial of all benefits, or it could be a dissatisfaction with what has been awarded. So the veteran could very well receive 50 percent for PTSD, but believe he should get 100 percent, and therefore a case coming to us would be the veteran's allegation that the Board erred by not applying the rating schedule correctly in only giving him 50 percent when he should have received 100 percent.

Mr. FARR. When you have pretrial conferences, do you resolve a lot of those in the dispute resolution?

Chief Judge GREENE. We do. I think the Clerk ends up acting on about 75 to 100 cases a month—it is about 40 percent of the conferences, historically.

Mr. FARR. Let us just take the 5,000 figure—would you deny some of those or would you hear all of them?

Chief Judge GREENE. No. Pre-briefing conferences are designed to get the parties to resolve the issue. Generally, what happens is that they agree that an error has been committed by the Board and therefore the matter is returned to VA for them to do it over again.

Mr. FARR. What is the success rate of making an appeal? Is it 50 percent or 20 percent? If you appeal to your court, does the appellant have a pretty good chance of getting a favorable decision?

Chief Judge GREENE. Yes. I was just looking at our annual report. I thought we had a percentage here of remands. A remand is considered a win.

Mr. FARR. That is what I have gotten into some casework on is the remand.

Chief Judge GREENE. Right.

Mr. FARR. And the time consumed and the fact that people then have to go through that to find a regional record. It just seems like a paper nightmare and big administrative costs.

Chief Judge GREENE. We do not fact-find, so consequently in some cases we can reverse the case as a matter of law and fact, and as a result say that under no circumstances could there be any other outcome but an award for the veteran. Make it happen.

But in many cases, there has been some screw-up by the Board that they didn't do something correctly, and had they done it correctly, it would have changed the outcome of the facts in the case. As a result, we return it for them to do just that, to readjudicate the case correctly, and then if they don't, I guess it does come back.

Mr. FARR. Do you see an increase in the number of appeals?

Chief Judge GREENE. Absolutely. We have gone from roughly 2,400 a year up to 2005, to now from 3,600 a year, to 4,600 this past year.

Mr. FARR. You have said the chances of getting a better benefit from appeal seems to be there. Is there feedback to the lower board? Is it a board? Is it a hearing board? What is the equivalent to the trial court?

Chief Judge GREENE. The Board of Veterans' Appeals.

Mr. FARR. The Board of Veterans' Appeals.

Chief Judge GREENE. Well, the trial court, if you put it in that sense, the regional office is the first entity that adjudicates the claim. Then you have an intermediate appellate——

Mr. FARR. Is that an administrative process?

Chief Judge GREENE. Absolutely, as well as the Board, although it is quasi-judicial in that they have veterans——

Mr. FARR. Does the Board have to approve that, or unless there is an appeal, it is a decision? I am a veteran. I think I have PTSD. I think I am 80 percent disabled, but I get denied.

Chief Judge GREENE. So you appeal to the Board because a veteran has one right of appeal to the Secretary of VA, and that is to the Board. And the Board looks at the case de novo, as we say, and looks at the facts, and even will determine if there are other facts to be considered. If there are other facts to be considered, the Board generally would return it to the regional office for them to consider those facts, or ask the veteran to waive that requirement and let the Board make those considerations of fact.

Mr. FARR. So how many of these 5,000 cases end up being recycled, versus final decision?

Chief Judge GREENE. Normally, 50 percent are remanded by us.

Mr. FARR. Here is what I see happening—you are going to get this increased workload. If you are, in fact, remanding them because you have found error, shouldn't they be learning something so there won't continue to be that much error? Because you are going to be overloaded and you are not going to have the resources to do this.

Chief Judge GREENE. Chairman Terry will tell you—he is the chairman of the Board of Veterans' Appeals—that he is learning from our decisions, and that he has placed emphasis on his 55 to 75 veterans law judges that they are going to prevent these remands coming back to us because they are going to do it correct the first time.

Mr. FARR. And you are seeing that happen?

Chief Judge GREENE. Oh, absolutely. At the same time, we are seeing a tremendous output of productivity by the Board as well. Now, Chairman Terry would tell you in that situation, if the Board does 90 percent correct the first time, there shouldn't be any appeals to the Court. That would be great for us, but that doesn't mean it is going to be so, because as I said, the veteran could still

appeal to us if he gets 50 percent and believes he should get 70 percent.

Mr. FARR. My whole point is that your full workload is dependent on what happens at the ground level. If the veteran is feeling that they are being fairly judged or fairly rated, they won't make the appeal. It seems to me that we ought to make sure that all the professionalism is necessary, because a lot of our casework at our local office is about the product of the bureaucracy.

Chief Judge GREENE. I will say that I think it was last year, the Board had 18,000 cases that were totally denied—18,000. And all of those potentially could have come to the court, but they didn't. And so for whatever reason, those veterans decided to say, okay, that is the decision and I accept it. We are always concerned about the fact that there is a pool of cases out there that just don't come to us that certainly could.

Mr. FARR. Why do you need your own courthouse?

Chief Judge GREENE. Well, we are a federal court. All other federal courts have a courthouse. I put it as simply as that.

Mr. FARR. Does that mean you have to travel here to Washington, DC?

Chief Judge GREENE. No, no, no, sir, because at appellate courts, counsel appear. A veteran is certainly entitled to come to his hearing from wherever, but we are a national court and we go to other places and conduct hearings. I was just in Florida last week conducting a hearing. It is part of our outreach program, and is something that we do.

But having a federal courthouse, is designed to demonstrate the public's respect and gratitude to veterans as a symbol of justice for them. That is the main reason I think we should have a courthouse. Soldiers who are court martialed and convicted of serious offenses can appeal their cases to the Court of Appeals for the Armed Forces, which has a courthouse. What about veterans with honorable discharges? So I think it is time for that to happen.

Mr. EDWARDS. Judge Greene, could I just ask one last question? Based on the first quarter, the first 3 months of 2008 versus 2007, there were in 2008 first quarter a little over 300 per month filings and 387 in the same time period in 2007. Are you projecting any downward trend based on that, or is that just an anomaly?

Chief Judge GREENE. No, I think we are really still on the same trend that we were in 2007, except for the class of cases that involved bilateral tinnitus. We ruled one way and the Federal Circuit ruled the other way, and that caused almost 1,000 cases to get worked in the system.

Mr. EDWARDS. Okay.

Mr. WAMP. No more questions. Thank you for your statement.

Mr. EDWARDS. Judge Greene, thank you for your service. It is great to have you back here.

The meeting is adjourned.

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

Question 1. For FY 09 you ask for $1.7 million for the Veterans' Consortium Pro Bono Program. How many veterans requested or required the services of the Veterans' Consortium Pro Bono Program last year?

Response. Although the budget estimate for the Pro Bono Representation Program (Program) is an addendum to the Court's budget, the Program is a separate and dis-

tinct entity from the court and the funds appropriated for it are deposited through the Court to the Program. Therefore, I have referred your question to the Chairman of the Program, Mr. Jeffery A. Stonerock, and asked that he respond to your question.

Question 2. Electronic Filing of Claims. I've read your testimony and it seems that your Court is one of the few branches of the Federal Government that has been successful at records integration. Can you also access the veterans' claims and medical records electronically?

Response. No. The Court's Electronic Filing and Case Management Syustem does not have direct electronic access to records maintained by VA. However, under the Court's Electronic Filing initiative, when an appeal is filed with the Court, VA will copy the entire Record Before the Agency and furnish a complete copy to the veteran. All medical records and other documents from the Record Before the Agency relevant to the issues on appeal will be provided to the Court electronically.

[CLERK's NOTE.—End of questions for the record submitted by Congressman Farr.]

WEDNESDAY, FEBRUARY 27, 2008.

OFFICE OF INSPECTOR GENERAL

WITNESSES

JOHN DAIGH, JR., MD, ASSISTANT INSPECTOR GENERAL FOR HEALTHCARE INSPECTORS
JAMES J. O'NEILL, ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS
BELINDA FINN, ASSISTANT INSPECTOR GENERAL FOR AUDIT
MAUREEN REGAN, COUNSEL TO THE INSPECTOR GENERAL

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I will call the subcommittee to order.

Dr. Daigh, Mr. O'Neill, welcome to our subcommittee. At least in my years in the subcommittee having jurisdiction over the VA, this is the first time to ask for a hearing specifically to meet with the Office of Inspector General. We thank you for being here.

I think we are all proud of our work last year to add $11.8 billion in a 12-month period to the VA budget. I think one of the things that we all accepted was that this subcommittee carries with that additional funding the responsibility of being sure that it is spent wisely and effectively.

We have all talked to our constituents back home about finding waste, fraud and abuse. To me, the operation of this office is where the rubber meets the road. I thank you both for taking on the important responsibility and seeing that our tax dollars are spent wisely and efficiently. Where there is waste or even criminal action, as you have uncovered in some cases, that is vetted.

As many of you may recall on the subcommittee, we added $7.9 million last year to this account for the VA Office of Inspector General. The reason was to give them extra resources to be able to keep up with the kind of oversight that we felt was so crucial to see that this significant increase in funding level was spent wisely.

Let me just for the record give the subcommittee a little bit of track record information on the OIG's office. In their last two semiannual reports to Congress, OIG identified $820 million in actual and potential monetary savings from proposed efficiencies. They issued 217 reports on VA programs and operations and—this is amazing to me—achieved 580 arrests, 336 indictments, 242 criminal complaints, 389 convictions, 1,711 administrative sanctions, and 45 pretrial (INAUDIBLE).

OIG, according to their numbers, their operations provided a return on investment of $12 to $1. That is not based on overly optimistic assumptions. I wish I could get that kind of return on my family's investments.

The president's budget for 2009 did not help us maintain the funding level that we provided in 2008. In fact, it would cut the

OIG budget by 5 percent, resulting in an 11 percent decrease in staff. I hope during the discussion today we can talk about what the impact was. I respect the fact that the administration asked for some significant increases in some areas of the budget, particularly VA medical services, and we all agree that should be the highest priority. I would like to delve into how many people do you have to lay off or how many people could you not hire, and what would be the kind of work you couldn't do that you can do if you have them.

We will not put you in the unfair position of asking you if the administration budget is fair or not. I respect the chain of command and once OMB has signed off on a budget, it is everyone's responsibility in the administration to say we are going to do the best we can with what we have been given. But I think we will ask in a fair manner what actions you have to take to implement that budget cut, or what actions could you not take with the additional funding that we provided last year.

At this point, I would like to recognize the ranking member, Mr. Wamp, for any comments he may have.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Well, thank you, Mr. Chairman. Thank you for your leadership on all these hearings, just the general way that you present yourself and the leadership that these two major priorities of federal spending deserve.

The chairman said that this was the first hearing at this subcommittee for the inspector general to come in. Well, every hearing that I go to is the first one that I have been to, so we have that in common. [Laughter.]

I would also say that I can't think of an inspector general's office that would be more important than this one, because the covenant that our nation has to the veterans and with the veterans, and frankly the bureaucracy and the agency association with that covenant, are very, very important that we squeeze every dime in efficiency out of the precious resources that we dedicate to our veterans, and that we root out any waste any fraud, and any abuse. Because this is a covenant relationship between our country and the men and women in uniform that have stood in harm's way on our behalf, your IG's office is about as important as any you can find.

So I welcome you here on that tone. I thank you for your service, and commit myself to help the chairman find the resources to ensure that you can meet these responsibilities in the coming year regardless of what point we are starting from with the president's budget request. I look forward to your testimony.

Thank you, Mr. Chairman.

Mr. EDWARDS. Well said, Mr. Wamp.

We have two panels today. The methodology here was we wanted to bring in the assistant inspector generals that have the hands-on experience, for example, Dr. Daigh in healthcare and Mr. O'Neill in investigations. So rather than bringing in the inspector general, we thought that we would get the people who really have the boots on the ground.

Let me just briefly introduce our two witnesses today. Dr. John Daigh was appointed Assistant Inspector General for Healthcare Inspections at the VA in January of 2004. He has 27 years of active duty service in the United States Army. Dr. Daigh, we thank you for those distinguished years of service. He obtained his medical degree, and Judge Carter and I would be proud of it, even though I am an Aggie, from the University of Texas Southwestern Medical School—it is a great institution, highly respected—after graduating from the U.S. Military Academy in 1974.

Mr. James O'Neill was appointed in July of 2006 as the Assistant Inspector General for Investigations. Before joining the OIG, Mr. O'Neill had a distinguished career in the U.S. Secret Service—thank you for that—where he held leadership positions in the Office of Investigations, candidate nominee for the Protection Division, and the Information Resources Management Division.

I think we are very fortunate to have people of your experience and qualifications to serve in these two very, very important positions. I would like to recognize each of you for any opening comments you would care to make. Without objection, your full testimony will be submitted for the record, so if you could in your initial comments address what you think are your key points, then we will open this up for discussion.

Dr. Daigh.

STATEMENT OF JOHN DAIGH, JR.

Mr. DAIGH. Sir, thank you very much.

Mr. Chairman, Mr. Ranking Member, it is an honor to be here to represent the people in the Office of the Inspector General that work with me to try to ensure that veterans get quality care. We spend our days walking through the wards of the hospitals meeting with veterans, meeting with providers, trying to either inspect hospitals or deal with the issues that stakeholders bring to us through hotline complaints. While collecting data, it allows us to publish what we consider national reviews.

I think that we have had a significant impact on the VA's performance, and I hope that I can respond to your concerns through that discussion. I would say to you that I think veterans do receive quality health care at the VA system. I am, however, concerned over the last year, where I have had a spate of what I consider, and VA considers, really quite unfortunate incidents that we have published as hotline complaints in general. There is a complaint that arose at Martinsburg, West Virginia where a veteran was unable to get an adequate airway. There are some issues that we testified in a House Veterans Affairs Subcommittee regarding Salisbury surgery service. We recently published a hotline regarding the San Antonio VA intensive care unit, and then most recently we published the Marion, Illinois hotline addressing the significant issues in Marion.

So I believe that there are some control issues that need to be attended to in order to assure that veterans do in fact get quality health care. We publish, and I think make important recommendations during the year. There are about 57 FTEs that would work for me in 2009 under the current budget proposal, which would be about 15 less than the 2008 proposal. My current workload outlook

is to publish a CAP review, which would be a review of a medical facility about once a week; publish a hotline about once a week; and publish a national review about once a month. We would continue that publication pattern at about the same level.

Of the reports that people expect to come from us, from my office, most of them deal with the quality of health care. But there is one I would like to make you aware of that I think will change our ability and improve our ability to address the issues that VA has to deal with. That is called the LC dataset report. We have a problem of universes. The VA is 150 hospitals of varying sizes at varying places. It is a collection of nursing homes of different sizes and different places.

We have had a particular issue in coming up with a way to think about the returning veterans from OIF and OEF. So the LC dataset essentially creates a series of cohorts—a cohort being everyone who leaves DoD in a given year. So if you understand the health care that has been provided and basically the disease burden that that group of individuals has as they leave DOD and transition to VA, one can then in the epidemiological view look and watch as VA tries to treat that disease as it comes across.

So patients diagnosed with PTSD on the DOD side will have to be treated on the VA side as well. Similarly, one can look at that cohort of patients and see who is paying for their care. You can see for that population are they getting their care in-patient or outpatient or fee-basis VA? Fee-basis TRICARE, which many of them are eligible for. Are they in fact disabled such that they cannot—some would view them as unemployable? They may in fact be receiving Social Security income and have Medicare as their primary care. And some of these individuals are in nursing homes and have Medicaid as their care.

So one can look at the epidemiology of it. One can look at the financing of it, and then one can also look at the disability penetration of these patients as the cohorts leave DoD. I think that that will allow us to know with much better precision how close we are to truth when we say that health care is truly representative of what the VA is doing.

I would like to end my statement there.

[Prepared statement of the Office of Inspector General follows:]

STATEMENT OF THE OFFICE OF INSPECTOR GENERAL
BEFORE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
HEARING ON THE FISCAL YEAR 2009 BUDGET FOR THE OFFICE OF INSPECTOR GENERAL, DEPARTMENT OF VETERANS AFFAIRS

FEBRUARY 27, 2008

INTRODUCTION

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to address the fiscal year (FY) 2009 budget for the Office of Inspector General (OIG). This testimony will outline recent accomplishments and discuss how we would invest budget resources in FY 2009 to provide independent and objective oversight of Department of Veterans Affairs (VA) mission-critical activities and programs in health care delivery, benefits processing, financial management, procurement practices, and information management.

RETURN ON INVESTMENT

The OIG seeks to help VA become the best-managed service delivery organization in Government. OIG audits, health care inspections, investigations, and Combined Assessment Program (CAP) reviews recommend improvements in VA programs and operations, and act to deter waste, fraud, abuse, and mismanagement. For FY 2007, OIG funding supported 440 full-time equivalents (FTE) from appropriations. An additional 25 FTE was funded under a reimbursable agreement with VA to perform pre-award and post-award contract reviews. During FY 2007, the OIG exceeded its overall performance goals. For example, monetary benefits for the year were $820 million, for a return on investment of $12 for every dollar expended. Collectively, the OIG issued a total of 217 audit, health care inspection, and contract review reports, with over 500 recommendations for corrective action. We also completed 1,181 criminal investigations, which led to 2,061 arrests, indictments, convictions, and administrative sanctions. We also responded to over 19,000 contacts received by the OIG Hotline.

Examples of some of the more notable accomplishments during FY 2007 and the first part of this year by our Office of Healthcare Inspections included a national report on the Veterans Health Administration's (VHA) mental health strategies for suicide prevention, the development of a significant national database to aid in the quantitative assessment of care for Operation Iraqi Freedom/Operation Enduring Freedom (OIF/OEF) veterans transitioning from the Department of Defense (DoD) to VA, and numerous veteran or facility-specific issue reports, such as one involving quality of surgical care at the Marion, Illinois, VA Medical Center (VAMC).

In the area of information security, an OIG administrative investigation found that a breakdown in management controls and accountability contributed to the disappearance of a VA-owned external hard drive believed to contain personally identifiable information for over 250,000 veterans and 1.3 million medical providers. Our audit on outpatient waiting times identified data integrity problems impacting the reliability of reported waiting times by VA.

OIG criminal investigators arrested 133 fugitive felons, helped gain the conviction of a VA pharmacy manager for taking over $100,000 in kickbacks from a vendor, and uncovered a VA nurse who had stolen controlled and non-controlled substances from a VA medical center for 9 years and conspired with relatives to distribute the drugs.

Additionally, we testified before Congress during the past calendar year on the following issues:

- Long-standing risks and vulnerabilities associated with protecting and safeguarding VA information and information technology systems.
- Quality management and other facility-specific issues at the Salisbury, North Carolina, VA Medical Center.
- Inappropriate contract modifications at the VA Boston Healthcare System that were paid with expired funds in violation of Federal appropriation laws.
- Continuing concerns with variances in Veterans Benefits Administration disability compensation payments by state.
- Inaccurate reporting by VHA on outpatient waiting times.
- VA credentialing and privileging and its impact on patient safety.
- VA's Strategic Mental Health Plan.

RESOURCES

For FY 2008, OIG funding is $80.5 million, which includes $7.9 million in emergency funding authorized by the President. This funding supports 488 positions, for an increase of 48, which is allocated as follows:

Office of Healthcare Inspections	15
Office of Investigations	14
Office of Audit	4
Office of Management and Administration	12
Office of the Counselor to the Inspector General	3

We are very appreciative of this funding and we already have launched an aggressive recruiting effort to fill these positions. For FY 2009, the budget submitted for the OIG is $76.5 million, which supports 440 FTE.

OFFICE OF HEALTHCARE INSPECTIONS

The Office of Healthcare Inspections (OHI) reviews the quality of health care provided to veterans in VA hospitals, clinics, and nursing homes, in addition to the care provided to veterans through various health care contracts. In FY 2009, OHI will have 57 FTE in eight locations throughout the country; this is a decrease of 15 from FY 2008. The staff includes 5 physicians, a psychologist, a mathematical statistician, and 43 health care inspectors who are primarily nurses or social workers.

OHI workload is divided into two main categories – proactive and reactive work. Proactive work includes CAP reviews of medical centers that are conducted on a 3-year cycle. For those facilities that we believe are at risk, we may review them in consecutive years. These reviews focus on ensuring that medical centers have procedures in place and comply with VA policy to ensure that veterans receive quality health care. In FY 2009, CAP reviews will focus on quality management, credentialing and privileging, nurse staffing, medication management, coordination of care, discharge planning, environment of care, and emergent care. We plan to publish 45 CAP reports in FY 2009.

OHI also conducts health care inspections on a national scope of significant issues. Two examples of national reports are *Assessment of Legionnaire's Disease Risk in Veterans Health Administration Inpatient Facilities,* and *Healthcare Inspection Health Status of and Services for Operation Enduring Freedom/Operation Iraqi Freedom Veterans after Traumatic Brain Injury Rehabilitation.* In FY 2009, we plan to publish nine national reports.

Reactive work comes from allegations that we receive through a variety of sources, including Congress, the OIG Hotline, and VA. Because of the volume of work, we are unable to accept all cases and as such we must refer many to VA for review. We plan to publish 45 Hotline reports in FY 2009.

During FY 2009, we will focus on the following issues:

- Quality of Care Controls – OHI's primary focus is the quality of health care that veterans receive. In June 2007, OHI published a report on the care provided at the Martinsburg, West Virginia, VAMC where a patient died from the lack of a functioning airway. In August 2007, OHI reported on our follow-up experience with the surgery service quality of care issues at the Salisbury, North Carolina VAMC. In December 2007, we reported on significant management deficiencies in the Intensive Care Unit at the San Antonio, Texas VAMC. In January 2008, OHI reported on the quality of care issues at Marion, Illinois VAMC. OHI is concerned that VHA quality controls, including the peer review process, are not functioning correctly to ensure that veterans receive quality health care. We plan to review compliance with VHA's new peer review policy in FY 2009.

Our Marion review also identified deficiencies in the credentialing and privileging process, such as the failure to document consideration of important information including malpractice claims, the health status of a surgeon, and information in references. In the privileging area, we found instances in which physicians were privileged to perform procedures without any documentation of current competence to perform those procedures. Based on this information, we plan to expand the review of credentialing and privileging actions taken at the local facilities during our CAP reviews. We will also compare the intensity of clinical activities performed at a facility with the facility's clinical capabilities, to ensure proper consideration is given during the privileging process so that veterans are not exposed to excessive risk of poor clinical outcomes based upon the location where care is provided. This analysis will include a review of the distribution of complex cases between VA provided care and fee basis care.

- OIF/OEF Veteran Health Care Issues – Veterans who have returned from recent conflicts experience two medical traumas with great frequency: Traumatic Brain Injury (TBI) and Post-Traumatic Stress Disorder (PTSD). OHI has reported on the mental health issues of this population through individual care reports and through programmatic reviews. Both of these formats will be utilized to evaluate and provide data to improve our nation's response to those afflicted with TBI and PTSD. We also will continue to review the effectiveness of the transmission of health records between DoD and VA.

- Specialty Medical Care Access and VAMC Capabilities – VA has over 800 community based outpatient clinics (CBOCs) that provide medical care to veterans who reside some distance from a VAMC, especially those in rural areas. We will review the care that veterans receive at CBOCs and through the fee basis system.

  As anesthesia capabilities, imaging, and noninvasive surgical techniques have improved, there is a risk that the disparity between the specialty medical care available at a large medical center and that available at a rural VAMC will place veterans at increased risk if they are unwilling or unable to travel to a more sophisticated VAMC — or if they are not provided fee basis care when the required care is available privately in their local area. We will devote attention to this issue through a focused national review.

- Medical Care for Elderly Veterans – OHI will undertake a national review into aspects of the home based medical care that is provided to elderly veterans to ensure that these programs meet the needs of veterans. The CAP reviews will maintain a focus on the long term care issues that each facility must address and will highlight discrepancies with national policy and best practices. OHI will build on a 2006 report on access to care and CAP reviews to evaluate these programs.

- Homeless and Other Non-Healthcare Programs – OHI will continue to review programs designed to assist veterans who are at great risk because of their homelessness or other lifestyle characteristics. We will build on our reports in the

past on homeless veterans care programs, aid and assistance programs, and similar efforts through a national project designed to highlight the impact of current programs.

Additional high priority areas that would benefit from OIG oversight include health care services provided at the 200 Vet Centers, where veterans may not receive the same standard of care that they would receive at a primarily medical clinic.

VHA research poses inherent challenges. Beyond the obvious fiscal accountability issues, VA research must have oversight that keeps it from harming patients or getting in the way of needed treatment. We will continue to consider research a high priority issue for future oversight.

OFFICE OF INVESTIGATIONS

The Office of Investigations (OI) conducts criminal and administrative investigations of wrongdoing in VA programs and operations, and seeks prosecution, administrative action, and monetary recoveries as it strives to establish an environment in VA that is safe and free from criminal activity and management abuse. Subjects of investigative oversight includes VA employees and contractors, and anyone else committing crimes against VA.

For FY 2009, OI is authorized 149 FTE, which is 14 less than FY 2008. This includes 124 criminal and administrative investigators located at 25 locations throughout the country. With the resources budgeted in FY 2009, OI expects to conduct about 1,100 criminal investigations with a result of about 1,700 arrests, indictments, convictions, administrative sanctions, and pre-trial diversions. OI also expects to achieve over $100 million in fines, penalties, restitutions, and civil judgments. Priority will be on investigating allegations of criminal activity associated with health care, benefits, information management, financial management, and procurement.

Health Care

Most investigations of fraud, waste, and abuse in VA health care programs come to the attention of OI from various sources, including veterans and employees. In FY 2009, OI expects to conduct 230 criminal investigations in the following health care related areas.

- Patient abuse, which includes homicides, assaults, rapes, robberies, and threats.
- Drug diversion, which includes employees stealing from patients, employees stealing from the pharmacy, illegal use of prescription pads, family members not reporting the death of veteran in order to continue to receive controlled prescription drugs, and theft of drugs mailed to veterans from the Consolidated Mail-Out Pharmacy.

- Identify theft, which includes individuals stealing veterans' identities to get free health care.

- Drug distribution, which includes veteran patients illegally selling their prescription drugs, and drug dealers on VA property selling "street drugs."

Benefits Fraud

OI will continue to aggressively pursue leads that provide indications of fraudulent and criminal activity across VA benefit programs. In addition to responding to allegations, OI will also utilize several proactive data matching initiatives to reduce erroneous payments and deter benefits fraud. OI expects to complete approximately 585 benefits fraud cases in FY 2009. Examples of benefits fraud investigations include:

- Theft of monetary benefits from fiduciaries or survivors of deceased veterans.

- Those who fabricate or grossly exaggerate symptoms to obtain disability compensation benefits they would otherwise not be entitled to receive.

- Individuals who steal the identity of a veteran to illegally obtain compensation and pension, education, and housing benefits.

- Stolen Valor, which is using unearned medals of valor, such as the Purple Heart, to illegally obtain benefits.

OI will also initiate several proactive computer matching initiatives to detect and deter criminal activity. For example, the Fugitive Felon Program involves computerized matches between fugitive felon files of Federal and state law enforcement organizations and VA benefit files. When a veteran fugitive felon is identified, VA suspends benefits and initiates recovery of any benefit payments made while the veteran was in fugitive status. To date this program has resulted in 1,700 arrests, of which 112 were VA employees. Reported monetary benefits exceed over $1 billion.

The Death Match Program compares the Social Security Administration's "Death File" with a database of VA beneficiaries, which enables us to identify instances of benefits continuing to be paid out to deceased veterans. OI work in this area focuses on investigating and prosecuting those individuals taking advantage of a beneficiary's death for personal gain. This program has resulted in more than 250 arrests, recovery of more than $27 million, and a 5-year cost avoidance of more than $72 million. In addition, the Defense Manpower Data Center Program matches certain VA records with DoD military records in an effort to verify eligibility for VA benefits. These matches provide valuable leads in Identity Theft and Stolen Valor cases.

Other Criminal Activity

An additional 285 criminal investigative cases related to financial, information technology (IT), and procurement fraud are also expected to be performed in FY 2009. OI will assist in the assessment of new financial management systems, particularly the degree to which they influence the likelihood of VA suffering financial crimes, and will aggressively pursue and prosecute any illegal activity discovered. In the area of procurement, OI will continue to review purchase card activity data to identify unusual purchase activity such as transactions processed at pawnshops, art galleries, liquor stores, massage parlors, and other unexpected places. Purchases at these places will be investigated and prosecuted if determined to be fraudulent. OI will also investigate allegations of criminal activities associated with acquisition and maintenance of IT supplies and services, and unlawful access and use of information systems and IT resources. OI will continue to investigate major data breach cases such as the recent incident at the Birmingham VA Medical Center that involved the loss of an external hard drive containing personal identifiers of approximately 1.6 million veterans and health care providers.

In order to help deter crime, criminal investigators will provide fraud awareness briefings to about 30,000 employees at VA facilities nationwide. These briefings have resulted in additional referrals of alleged criminal activity and have greatly improved our partnership with the VA police in helping provide a safe and secure environment for veteran patients and employees.

In addition to criminal investigations, OI also conducts administrative investigations of allegations of misconduct by senior VA managers. These allegations include such issues as use of public office for private gain, inappropriate use of resources, nepotism, and creating a hostile work environment. During FY 2009, OI expects to issue about 15 administrative investigative reports with recommendations for appropriate administrative action.

OFFICE OF AUDIT

The Office of Audit conducts independent financial and performance audits that address the economy, efficiency, and effectiveness of VA operations. For FY 2009, the Office of Audit is authorized 175 FTE, which includes a professional staff of 164 in nine locations across the nation. The FY 2009 level is a loss of four from FY 2008.

We perform three mandatory audits and reviews in the financial management area: the audit of VA's consolidated financial statements, the annual review of VA's statement on the use of drug control monies, and an annual review of VA's report on its capacity to treat special disabilities such as mental health disorders, traumatic brain injury, and spinal cord injuries. We also perform mandatory work under the Federal Information Security Management Act (FISMA). These annual reviews of information security management policies and practices have identified systemic issues and resulted in numerous recommendations.

In addition to our mandatory work in FY 2009, we plan to issue 23 national audits related to the following strategic areas. These audits are expected to report $100 million in monetary benefits.

- Health Care Delivery – Budgeting, planning, and resource allocation in VA are extremely complex, but critical components to serving veterans' health care needs. The effectiveness of these activities is compounded by continuing uncertainty, from year to year, of the number of patients who will seek care from VA. In FY 2009, we will issue three reports on clinical services resource allocation, outpatient scheduling processes, and controls and safeguards in domiciliary residential rehabilitation and treatment programs.

- Benefits Processing – VA provides benefits and services to over 3.7 million veterans and beneficiaries including returning OIF/OEF veterans, veterans with chronic progressive conditions, and the aging veteran population. We plan to assess the timely and accurate provision of benefits to veterans, particularly veterans returning from OIF/OEF. In FY 2009, we will issue six reports on benefit processing training programs, compensation and pension disability rating systematic technical accuracy review program, compensation and pension disability examinations, controls over VBA regional office operations, veterans housing assistance program risk management processes, and independent living services for veterans with service-connected disabilities.

- Financial Management – VA continues to face major challenges in financial management as it lacks an integrated financial management system and has material weaknesses that impact VA's ability to safeguard and account for financial operations. In addition to our mandatory work, we will issue four reports in FY 2009 on implementation of the financial logistics integrated technology enterprise system (FLITE), VHA integration of budget and performance management with the Veterans Equitable Resource Allocation System, VHA Chief Business Office's oversight of the fee basis program, and the Medical Care Collection Fund billing and collection activities.

- Procurement Activities – VA cannot effectively manage its contracting activities because it has no corporate database that provides national visibility over procurement actions or identifies contract awards, individual purchase orders, credit card purchases, or the amount of money spent on goods and services. We and the Government Accountability Office have identified significant and persistent deficiencies in VA's procurement activities. In FY 2009, we will issue six reports on Veterans Integrated Service Network acquisition of supplies and non-clinical services, standardization initiatives for medical supplies and pharmaceuticals, oversight and management of community nursing home contracts, implementation issues in the electronic contract management system, capital asset management system, and acquisition of high-cost medical equipment.

- Information Management – In addition to our FISMA work, we are concerned about VA's IT governance especially since the FY 2007 operating budget for IT was approximately $349 million. In FY 2009, we plan to expand our national audit coverage to help identify and address security vulnerabilities inherent in VA operations and issue four reports. This includes reports on controls over sensitive electronic veterans' health care data, HealtheVet system development, appointment scheduling system development issues, and enterprise architecture.

Additional high priority areas that would benefit from OIG oversight include accuracy of disability claims decisions, process for enrolling veterans for health benefits, security of data exchanges with DoD, timeliness and quality of prosthetics provided to veterans, and activation of major construction projects

OFFICE OF CONTRACT REVIEW

The Office of Contract Review (OCR) conducts pre-award, post-award, drug pricing, and special reviews of vendor's proposals and contracts. It is staffed by 25 auditors and analysts through a reimbursable agreement with VA's Office of Acquisition and Logistics. The majority of reviews are related to Federal Supply Schedule (FSS) contracts awarded by the VA National Acquisition Center for pharmaceutical, medical and surgical supplies, and equipment; and contracts for health care resources awarded by VA medical facilities. Since FY 2002, OCR has issued 420 reports with a total monetary impact of $2.1 billion.

Pre-award reviews are required for both FSS and health care resources proposals where the estimated contract costs exceed predetermined dollar thresholds. The pre-award reviews provide valuable information to assist VA contracting officers in negotiating fair and reasonable contract prices. OCR verifies that the pricing and other data submitted by the vendor to the contracting officer is accurate, complete, and current by verifying the information directly to the vendor's accounting records and information systems.

OCR continues to identify information submitted by vendors that is not accurate, complete, and current that would result in VA paying inflated contract prices. Also, OCR continues to identify the lack of communication between procurement and program officials and inadequate planning as a management challenge for health care resources contracts. The lack of communication and poor planning results in higher and unnecessary contract costs because requirements have not been properly identified, the statement of work is inadequate, and the estimated quantities are overstated. We also routinely find that VA's health care resources contracts lack adequate oversight provisions to ensure VA has received the services that it has paid for. In FY 2005, OIG issued a report that highlighted the systemic issues in health care contracting. While VA has made progress, we continue to identify the same or similar issues. During FY 2009, OCR plans on conducting 45 pre-award reviews.

Post-award reviews are conducted to determine if a contractor submitted accurate, complete, and current pricing data to the contracting officer during negotiations as required by the terms of the contract and also to ensure the vendor adhered to other terms and conditions of the contract such as the Price Reductions Clause. The post-award reviews also include OCR's efforts to ensure pharmaceutical vendors are in compliance with statutory drug pricing provisions contained in Section 603 of P.L. 102-585, the Veterans Health Care Act of 1992, which sets statutory price limits of covered drugs for DoD, VA, the Public Health Service, and the United States Coast Guard. Since October 2002, post-award reviews have resulted in $80.2 million in actual recoveries to VA. These monies are returned to the VA Supply Fund. OCR's post-award program is a significant factor in the success of VA's voluntary disclosure program where a vendor can disclose non-compliance with contract terms and conditions that resulted in the Government overpaying for goods or services. These voluntary disclosures are typically resolved administratively but are referred to the Department of Justice if warranted. Since FY 2002, OCR has received 75 voluntary disclosures representing $60.1 million of the $80.2 million in recoveries since FY 2002. In a majority of the voluntary disclosure reviews, OCR found the proposed refund to VA was understated. In FY 2009, we plan to conduct 25 post-award reviews.

Also, OCR is routinely asked to conduct special reviews of contracts awarded by VA in areas other than FSS or health care resources. These reviews are requested by Congress, VA, or as a result of OIG Hotline contacts. Many of these projects involve large dollar procurements. OCR finds many of the same issues that have been already identified such as the lack of effective communication, inadequate acquisition planning, poorly written statements of work, inadequate competition, lack of documentation of fair and reasonable pricing, poor contract administration, and inadequate technical reviews. These deficiencies have led to services being ordered that the customer did not want, the goal(s) of procurements not being satisfied, VA paying inflated prices, and even duplicate orders being placed for the same deliverables. While VA has made steps in the right direction such as establishing the Contract Review Board and the VA Electronic Management System, it is too early to determine if these tools will be effective. For FY 2009, we plan on performing five special reviews.

For FY 2009, OCR plans on continuing efforts in all areas to strengthen VA's procurement process and provide the necessary data to management and contracting officials to negotiate and administer VA's contracts in an effective and efficient manner.

Our pre-award workload is ultimately dependent on the proposals that exceed the dollar threshold for audit and determines the resources available to conduct post-award reviews. The priority of reviews does change depending on special review requests from VA's management which ultimately impacts the total number of reports to be issued. Most special reviews are extensive reviews of individual contracts with short deadlines. OCR constantly assesses and prioritizes the reviews to meet these demands.

CONCLUSION

OIG independent oversight provides VA and Congress with an objective assessment of the important issues and challenges facing VA in delivering benefits and services to veterans. In closing, we would like to add that we will always focus available resources on the most urgent issues. However, OIG oversight of issues such as large data loss cases and those at the Marion VAMC are examples of reactive work that were not planned for. These reviews are very labor intensive and require us to postpone or cancel other planned or ongoing priority work.

OIG oversight is not only a sound fiscal investment; it is an investment in good government. While we truly believe we have added value to VA, we also believe that we have only scratched the surface on what we can accomplish. VA is faced with evolving challenges. If the OIG is to remain an agent of positive change, we must be able to increase our level of oversight. To accomplish this, resource levels need to be commensurate with this challenge.

Thank you again for the opportunity to appear before this committee. We would be pleased to answer your questions.

Mr. EDWARDS. Thank you, Dr. Daigh.
Mr. O'Neill.

WEDNESDAY, FEBRUARY 27, 2008.

OFFICE OF THE INSPECTOR GENERAL

WITNESS

JAMES J. O'NEILL, ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS

STATEMENT OF JAMES J. O'NEILL

Mr. O'NEILL. Thank you, sir.

I represent the 149 members of the Office of Investigations. We will be growing to 163 in FY 2008.

We have 120 special agents and administrative investigators in 25 locations around the country. We are opening up an office in Las Vegas and in Tallahassee in the coming year, so that will bump it up a couple. We have full authority to arrest, conduct investigation—as any other special agent in government does. In the last 7 years we have averaged somewhere about 6.5 arrests per special agent, and monetary recoveries of $1.3 million per special agent.

I thought I would tell you about some of the criminal investigations that we conduct. We are most interested, of course, in any sort of patient abuse, whether that is intentional homicides which have happened in VA hospitals, and on a couple of occasions, negligent homicide cases. If there is a suspicious death, we investigate it.

We investigate allegations of serious assaults, rape, and a variety of assaults—we investigate threats against VA employees and facilities. We focus on drug diversion by medical personnel and by drug dealing on medical campuses that threatens the rehabilitation of those with substance abuse problems. We investigate identity theft by people who are getting benefits either at the hospital or the monetary equivalent. We are involved in a number of investigations which are typically civil investigations.

In terms of the monetary benefits of investigations, we work on fraud committed, either by fiduciary or by survivors and deceased beneficiaries. We look at investigations of veterans who fabricate or grossly exaggerate service-connected disabilities such as blindness or paralysis compensation.

We also investigate veterans who have fabricated or grossly exaggerated combat experience to support PTSD claims. We investigate people who pose as veterans and get some sort of benefit from the VA, or ineligible veterans and non-veterans who have assumed the identity of a veteran in order to get monetary benefits, and fraud against the loan guarantee program. There are many other types of investigations, but these are the highlights.

We are proactive when possible. We have the Fugitive Felon Program in response to a law passed in 2001, where benefits are denied to fugitives who have committed a felony. In that case, what we do is we get the fugitive felon data from the FBI's National Criminal Information Center, NCIC, and 14 or 15 other states. And we compare it with beneficiaries, and if there is a warrant for their

arrest, then we provide the warrant holder with the last known address and other information from VA systems so that will expedite the arrest.

For safety reasons, we wait 60 days and then we notify VBA and VHA, and then they initiate their due process procedures where they notify the beneficiary of an arrest warrant and that their benefits will be terminated as long as they are a fugitive, and that they will owe the payments for any benefits received while they were a fugitive. So it inspires them to either surrender or have their benefits cease.

During the time that this program has been in existence, since late 2002, the program has resulted in 1,700 arrests, of which 112 were VA employees, because we also match VA employee information against these fugitive warrants just to make sure we don't have someone working at a facility who is a fugitive felon.

We also match the VA beneficiaries against the Social Security Administration's death file—to make sure that the VA is not providing monetary benefits to someone who is deceased. This program has resulted in 250 arrests, recovery of more than $27 million, and a 5-year cost avoidance of more than $72 million. The monetary benefits associated with the Fugitive Felon Program approached $1 billion because that is for the period of time that they are not able to get benefits——

We investigate allegations of bribery, contractor fraud, and data loss. You probably know we investigated a data loss last year in Birmingham. We have actually investigated about 50 data losses over the last 2 years. We provide fraud awareness briefings to about 8,500 VA employees a year, where we try to give them some sense of what are some of the indicators of fraud, and what they should be reporting to us.

And finally, we do conduct administrative investigations of wrongdoing that is not criminal, but administrative, by GS–15s and SES employees of VA. These typically focus on use of public office for private gain, inappropriate use of resources, nepotism, and abuse of authority.

HIRING ADDITIONAL PERSONNEL

Mr. EDWARDS. Thank you, Mr. O'Neill.

Thank you, Dr. Daigh.

Let me begin by just asking you, Dr. Daigh, and then you, Mr. O'Neill, how many people were you able to hire as a result of the additional $7.9 million that we added to the administration request for 2008? And then, have you hired all of those people? Are you in the process of hiring them? And then, how many of those would you have to fire or not hire if we went to the budget proposed in the administration's budget request? And then maybe more specifically, and most importantly, what would be examples of the kind of tradeoffs you have to make?

We all know we have to make tradeoffs. We don't have an unlimited checkbook here, but given the important work that the two of you and your offices do, what would be some of the tradeoffs that might, you know, cause priorities to get lost in the shuffle if you didn't have those additional funds?

Dr. Daigh, we can begin with you.

Mr. DAIGH. Let me try to answer that. We have not fully hired all the people in that when we were told we could hire. We are in the process of hiring those people.

Mr. EDWARDS. And that would allow you to hire fully funded, or when you spent that money or hired those people, how many people would that allow you to hire?

Mr. DAIGH. That would be 57 plus 15. So that would be——

Mr. EDWARDS. So that is 72 additional?

Mr. DAIGH. No. My office would be 72 total—would be my office.

Mr. EDWARDS. Okay.

Mr. DAIGH. Under the president's budget, I would be at 57 in 2009. So the delta is 15 people, and those 15 have not totally been hired. They are in the process of being hired.

Mr. EDWARDS. Okay.

Dr. DAIGH. I have a mandate to try to ensure that veterans receive quality care, so I try to look at a portfolio of issues every year all the time. So I try to ensure that the institutions within VA ensure quality and are performing properly by going to hospitals. I try to look at acute care. I try to also look at VA programs designed for elder-care, which would be the nursing home programs and the various—programs to provide opportunities for veterans to receive care outside of nursing homes.

We also look at the programs that are VA-specific, like care for the homeless and other programs that are not really health care related and not really institutional care. So even if I were to lose FTE. I would try to still cover all those programs every year through the CAP inspections or hotline or national reviews. I don't focus entirely on the issue of the day. I think that is not the direction we need.

What would become difficult is it would become difficult to look in detail at issues that I think are important, and to put the emphasis on them that we need. For instance, I think credentialing and privileging are two of the issues that are of high importance right now; the ability for me to go directly into facilities and spend the time it takes to take a sample, and in the credentialing process to ensure that detail work has been done correctly, is time-consuming.

What we currently do is we go in and we ask the VA what they do in the credentialing process. We look at their records. If the records appear to be reasonable, and we have been told that they do things correctly, then we move on. If you want us to go in and actually look at the applications for hire at the VA, to read the documents that allow one to be hired, to go and check and validate that each of the steps was taken—that is a much more time-intensive procedure than we currently do.

We realize there are credentialing issues, and we have asked that through our marion report court that VA change their processes to improve those credentialing procedures that we have identified that need to be improved. So that would be an issue.

Peer review is another issue that is important. When an event occurs at a facility where the outcome is not what is desired, there needs to be a review of that. So we have identified a number of problems with the peer-review process. We have identified VISNs we think are probably not properly supervising and applying the

controls that one would like to see over the movement of quality data. So again, a detailed look at that would be difficult.

The kind of work that the LC dataset would let us use to bring power to the data that we have and turn it into much more actionable, useful information for the VA, would be difficult to do.

Mr. EDWARDS. Dr. Daigh, let me interrupt. I want to try to stay to the 5-minute rule. We have an informal committee and a small number of people, so we can do multiple rounds. And then, Mr. O'Neill, later I will go back to you.

Just quickly, as briefly as you could, we bumped up your budget significantly for 2008. If we were to maintain that level or inflation-adjusted amount for that level of staff, would you be able to give us a pretty good report within 12 months and say, this is what we think we could have done; this is what we think we were able to accomplish that we might not have been able to accomplish before.

Basically, the question is can we, just as you measure the VA, would we be able to measure some of the results of that extra money? Rather than a 1-year bump-up and go back, if we hit the high level for 2 years, do you think you would be able to give us a pretty good, honest, objective analysis of what extra results?

Mr. DAIGH. I think that where you would see that extra result is in the 800 CBOCs and 200 Vet Centers that are out there that essentially get no coverage.

Mr. EDWARDS. They get no coverage?

Mr. DAIGH. Well, minimal coverage, almost no coverage. In the CAPs, which is our review of ongoing facilities, we for a year went out and look at the CBOC that happened to be the closest to the hospital, but that is essentially no coverage. Of 800 CBOCs, we look at a very small amount—50 of them or 60 of them. We have paid no attention to the 200 Vet Centers. Vet Centers I think provide peer-to-peer counseling, which is in my view not health care——

Mr. EDWARDS. Right.

Mr. DAIGH. But they also provide suicide prevention counseling and social workers provide a therapeutic interaction. So we have not looked to see that if in fact the standard of care in there is the same as the standard of care at a facility.

We would have a very difficult time addressing hotlines that are in detail or in-depth that Members of Congress or stakeholders would present to us. So a Marion—I have a 50-person staff and it takes 10 or 15 people several months actually, to crank through the data, to interview the people involved, put together a meaningful report and drive change.

So the number of hotlines I could do, the detail that I would be able to do, the quality of the national reports, and CBOC and Vet Centers we can do.

Mr. EDWARDS. Okay. Thank you.

Mr. Wamp.

INADEQUATE CARE

Mr. WAMP. Thank you, Mr. Chairman.

I know the purpose of this hearing is to make sure that your office has the resources to meet its responsibilities and carry out

oversight effectively. The chairman has touched on the what-if scenarios if you didn't have enough money, or if you had to honor the president's request. Because of my newness here, I need to ask a couple of questions while I have you here about the work that you do and what you find out there.

Do you see in VA health care, Dr. Daigh, across the country, areas of less than adequate service? I will give you an example. This is a little parochial. We have a large outpatient clinic, but people have to drive 2 hours to receive hospital care. At one time, I was interested when Mr. O'Neill said that you opened offices in Las Vegas and Tallahassee—and I will ask you in a minute why—but Las Vegas was one area that only had an outpatient clinic, and I think now there is a hospital there.

We still are in a large service area with only an outpatient clinic that they have expanded with an imaging center and extended hours, but it is a really, really active place with no hospital. It is very dangerous transporting our veterans 2 hours to a hospital. As a matter of fact, a couple of years ago there was a really awful wreck where veterans died in a van transporting them from Chattanooga to Murfreesboro, Tennessee, through the mountains in the winter, in the ice.

It is still a problem, but to us it is an area of inadequate service. Do you see that throughout the VISNs?

Mr. DAIGH. We do. The problem that I have is coming up with a way to present that data in a meaningful way. In other words, when you explained the story to me, which I understand and which I agree with, how can I take 100 stories like that and make that picture that will drive people to do something about it? So the current problem that we are addressing first is with this LC dataset I am talking about, is access the mental health care.

So if I can paint a picture of everyone who left DOD—several hundred thousand people in a year—and I know where they are by zip code or census track, and I know where the VA is, and I can see how these people are getting health care, then we can describe through various metrics, for instance, the penetration rate, the percent of veterans who actually get their care at this or that facility, or who do not use the VA.

So I think that through the methodologies that I am talking about, which I think we can get to the issues that you are addressing, that is a population that is due care that is not receiving care. We can find those pieces through the various health care——

Mr. WAMP. You are the most objective source that we may actually get on some of these questions. That is why I would ask you to be as candid as you can be when you are talking about your CAP reviews and through your cycle that you do these. What percent of your VA facilities are actually at risk under your review process?

Mr. DAIGH. I would say that—I have been there about 5 or 6 years now—and I would say that every year we find one or two facilities that I am going to say is at risk, where the maintenance or the performance or the quality assurance activities within that hospital do not meet standard. We report that. In the CAP report, we say this facility has significant problems, and we itemize specifically the major flaws that they have.

Not uncommonly, when we write that report, there is a leadership change or a significant impact on the leadership of that hospital. So we write the report. We give it to the VISN director to make sure that the VISN director and the facility director agree that we have the facts right. We write recommendations about how to fix it. There are a number of times when we have made that statement and changes occurred.

LAS VEGAS, NEVADA AND TALLAHASSEE, FLORIDA OFFICES

Mr. WAMP. I have other questions for the next round for you.

Mr. O'Neill, then, why did you open offices in Las Vegas and Tallahassee?

Mr. O'NEILL. Well, we are opening them, they are not open yet. They will only be a two-person—office.

Mr. WAMP. Why did you choose them?

Mr. O'NEILL. Because we reviewed the likelihood of getting an increasing number of referrals from there. So if our agents have to travel, spend the night in Las Vegas, for example, the nearest office is Los Angeles. So in order to, one, grow our presence at a facility, we tend to get more referrals if we are physically at a facility. Las Vegas, of course, has an increasing number of veterans. It will save us some money in the long term. And then to address a quality of life issue of reducing frequent—travel. That is why we chose Las Vegas.

I think, again, there is an increasing amount of work in that area, and we have one of our agents spending most of his time in Tallahassee. Our office is in the Tampa-St. Pete area, so this new office will help us cover the panhandle and Jacksonville, as well as southwest Georgia and Alabama, and we just will have a much better presence.

RECRUITMENT

Mr. WAMP. Where do you recruit most of your talent from?

Mr. O'NEILL. Well, to give you some sense of that, we do very well. I believe we are fairly well regarded by the investigative community. For example, in San Francisco, which is a fairly large area—because of the cost of living, we had 63 qualified applicants who were GS–13 special agents. We have hired from the Secret Service. We don't recruit them, but we do attract them. [Laughter.]

Because, a lot of people know that I used to work there. I have a son in the Secret Service so I am pretty well informed as to what is going on there. They are dealing with a tremendous amount of traveling, and a lot of them wanted to be criminal investigators. That is one of the reasons they became a special agent. Instead, they are being constantly asked to work protection.

So we are able to attract many qualified Secret Service applicants, because of a fairly effective network to determine whether they would be interested in us—so we actually have done well.

We have found other OIGs, and we make sure that when we find someone from another OIG that they recognize that we are a full-featured criminal investigative unit, an not an OIG that focuses on administrative misconduct. So we want to see that they have had experience in conducting complex criminal investigations, that they are well-rounded.

So I would say DEA is another source of applicants. We also try to attract a smaller number of younger folks who have a lot of promise. We recognize that succession planning is important, so we try to sprinkle younger people who lack experience, but have great talent.

Mr. WAMP. Mr. Chairman, I yield back until the next round, please.

STAFF RESOURCES AND WORKLOAD

Mr. EDWARDS. Okay. Thank you, Mr. Wamp.

Mr. Farr.

Mr. FARR. Thank you, Mr. Chairman.

You say that your workload is divided into two main categories. One is proactive and the other is reactive.

Mr. O'NEILL. I would say that realistically it is mostly reactive. What we do is——

Mr. FARR. How many cases did you open last year?

Mr. O'NEILL. Approximately 1,100, sir.

Mr. FARR. How many of those did you get resolved—1,100 or 11,000?

Mr. O'NEILL. About 1,100, we would have opened, and we basically——

Mr. FARR. Eleven-hundred, one-thousand-one-hundred?

Mr. O'NEILL. Yes, sir.

Mr. FARR. You have 488 positions and you only did——

Mr. O'NEILL. I have effectively about 95 special agents actually conducting investigations. The 488 is the entire OIG.

Mr. FARR. And how many of those reactives did you solve—I mean, our office is a reactive office, too. We have district offices. Well, I have two staffers, and we process about 3,000 cases a year, so I am a little surprised that with your staff what you do is so low.

Mr. O'NEILL. Well, I will give you an example. We are in the middle of a major investigation in which we have devoted 9,000 hours already. So the——

Mr. FARR. Yours are more complex.

Mr. O'NEILL. Yes.

Mr. FARR. But some of these are just—these are allegations that you said you have received through a variety of sources, including Congress.

Mr. O'NEILL. Yes.

Mr. FARR. Our offices would call and say this——

Mr. O'NEILL. Frequently, a staff member of a Member of Congress will receive an allegation. For example, John Doe is said to have never served in the military and he is getting VA benefits. And then that may get referred to us——

Mr. FARR. And then you would refer that to the VA?

Mr. O'NEILL. We get a lot of them directly—involved in that kind of work, but that is just one example—complaints that your staff may receive about abusive behavior, so we may launch an administrative investigation based upon that allegation.

Mr. FARR. Is that the responsibility of your office? Or would that just be the responsibility of the VA's normal management of office managers?

Mr. O'NEILL. Most of the time, it would be the responsibility of VA. It is when the allegation is serious enough to devote resources to, and it is against a senior level VA official, that is when we will accept it for an administrative investigation. If it is a criminal allegation, that somebody is accepting bribes, for example, then it is clearly our responsibility to investigate that, as opposed to the department.

We as the OIG routinely refer allegations to VA that we receive on the hotline, which is really the source of most of the allegations we receive.

Mr. FARR. So the proactive input to these 1,100, not all of them are criminal issues. They just might be——

Mr. O'NEILL. Well,—1,100 criminal investigations, as opposed to administrative——

Mr. FARR. Okay. You indicated in your testimony that there are some 800 clinics out there. I know I represent two of them—community-based outpatient clinics. And you haven't been able to review these clinics. Our problem is VA always wants to shut them down or squeeze them. We are constantly trying, because what they would do if they shut them down is require patients to go a lot further. The idea was to try to handle the issues close to home so they wouldn't have to go all the way to the VA hospital, in this case in California, to Palo Alto.

I am curious, because I don't think we have ever used your office—what kind of issues would we report to you?

Mr. O'NEILL. Well, regarding the clinics——

Mr. FARR. Do you inspect them for inspection purposes? Or is it all based on complaint basis?

Mr. DAIGH. No, sir. I proactively go out and look at medical centers on a schedule. I look at them. So what I am saying is those 800 clinics I think should in some way be at risk if we aren't going out and looking at them. The reason I say this is that the clinics were established with clear goals in mind. For instance, they should provide a certain set of services, and the providers at those clinics ought to have a certain set of credentials and capabilities, and they ought to have the same standard of care at that clinic as they have at the local hospital.

So we think that looking at what they are actually doing at those clinics will improve the quality of care the veterans receive—not assuming that the care there is good or bad. We are just trying to make sure that they are doing what they are supposed to be doing.

Mr. FARR. Whose law do you follow? California has higher standards than other governmental entities, so do you follow the federal standard or do you stick to the state standard?

Mr. DAIGH. For the review of medical facilities, we follow VA directives and we follow, where inspections of hospitals are concerned, we also use Joint Commission JACAHO guidelines, which are generally accepted hospital standards. So we do not use individual state guidelines.

Mr. FARR. Thank you.

Mr. EDWARDS. Judge Carter.

DATA-MINING

Mr. CARTER. Thank you, Mr. Chairman.

We have a little university in my district that did some data-mining of projects on the crop insurance program and saved about $1 billion in fraud for the federal government. I am looking over some of the programs that you use in a small way—program is a data-mining sort of program, as is the death-match program, in looking and comparing and seeing trends now where we are finding people in those ways, if I understand it correctly.

But to me, this is what some people would term data-mining as a negative connotation, when in reality in law enforcement, it would seem to me that in the inspection of these clinics and hospitals, that you could establish in a computer program trends that make indications of mismanagement like excessive drug use in one clinic over another clinic might give an indication that there might be somebody stealing drugs. Are you all doing any of that type of data-mining as you look at both the health care side and the criminal investigation side of the VA, to try to establish these trends so that you are regularly looking with a computer at these issues?

Mr. O'NEILL. That happens with data-mining, the VA tries at a number of facilities to use software programs that flags suspicious drug disbursement for patients. It helps us to focus in on either a nurse or a pharmacist who may be either stealing drugs from inventory or stealing drugs pretending they are given to a veteran. So we do use technology when it is available.

Now, for example, in that one particular case, that software works with only one of VA's dispensing software programs, but not with the two others. So we are working with VHA to help develop a more effective tool to identify suspicious drug disbursement-type of activities.

We actually are waiting for the Department of Defense, DMDC, Defense Manpower Data Center, to do a match for us now that will look at VA records and Department of Defense records and try to highlight the discrepancies between the type of discharge that may be shown in VA records, or the discharge records of the individual—so they may not be eligible for VA benefits or even more important, I guess, is identifying non-veterans getting treatment and benefits which we don't think is epidemic.

To give you another example, in Florida we matched—now, to be honest with you, we can't match databases without a data-matching agreement. However, you can go in one record at a time, so we identified in Florida, VA beneficiaries who were listed as blind, and then went into Florida driver's license database and went one by one until we found somebody, and that led to an investigation that the individual may have received benefits, by fooling VA into thinking he was blind.

So we are looking for that sort of opportunity because with our limited resources, we don't want to waste our time trying to do things manually if data can lead us to the fraud.

Mr. DAIGH. It is clear to me that some facilities are privileging people to do things beyond what that facility can support, allowing for instance physicians to do surgeries they may well be capable of doing, that anesthesiologists can support, but the hospital itself is without 24-hour services in a variety of areas and may not really be capable on a regular basis of taking care of that.

So we are looking at the data that VHA produces in terms of workload data by, again, the right kind of medical billing codes, CPT codes, to identify facilities that are at risk and that we should go look at and talk to, and say, hey, should you guys be doing these procedures? That basic issue is what the Under Secretary of Health has agreed to address in our Marion report where we identified and said, hey look, you have to call time out; you have a small facility doing many complex things; you all need to match, in a sense, what you are allowing these facilities to do with what they are capable of supporting. So we are trying to leverage that——

Mr. CARTER. Well, you know the VA has a reputation now on their medical records of having a very superior computerized medical records program. At least in the experience of the little program that we funded and financed, it really saves manpower and it gives you a clear picture. That picture is an ongoing picture that is being delivered to you every day. All you have to do is pull it up on the computer and it is kind of running in the system all the time.

And the fact that you are doing those things caused those who are cheating to say, wait a minute, they are looking for me now. And they back off. So you can't maybe catch $500 million worth of actual theft, but you head-off $1 billion of people who are not going to steal anymore. It would seem to me that that would be money well spent for this committee as far as oversight is concerned, to look into data-mining to try to tie your systems together so that we could have clear pictures.

I just raise it because I think it is a thing of the future in government that is going to make a difference in government. So I am glad that you are working in small ways. I would like to help you work in bigger ways.

Mr. O'NEILL. If I could add a little bit, sir. We have a staff in Austin, Texas that spends their entire day mining data from VA systems.

Mr. CARTER. Good. I am glad they are in Austin. [Laughter.]

Mr. O'NEILL. So I didn't want to let that pass.

Mr. CARTER. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Judge Carter.

Members, let me ask you, I know some members have some other commitments, perhaps starting as early as 3 o'clock. I have a number of other questions I would like to ask. I am wondering if, and Zach, I will proceed in however way you feel comfortable, if we would like to get Ms. Finn and Ms. Regan to make their opening statements, and then on the conclusion of that, I will just recognize anyone for as many questions as you would like, and then those of us who can stay on, we can continue on.

Mr. WAMP. Mr. Chairman, you are very gracious.

It would very much be a great way to proceed the way you have proposed. That way, the questions can then be directed at any of our witnesses.

Mr. EDWARDS. Okay. Then if there is still remaining time left for Ms. Finn's and Ms. Regan's testimony, I will recognize the two of you for any follow-up questions you would like to ask of Dr. Daigh and Mr. O'Neill or Ms. Regan and Ms. Finn.

Might it be okay if you exchange seats, and then we will get all four of you up here?

Let me just say briefly as we welcome you both to our subcommittee, Mr. Wamp used the term "covenant." I feel as if we are meeting with the guardians of the covenant. I just thank all four of you for your tremendously important work. You are the kind of federal employees working day-in and day-out without attention and public acclaim, but what you are doing is seeing to that covenant to spend our tax dollars to help our veterans, and not with waste, fraud or abuse, or helping those who are ineligible for benefits. The work you do is so important.

Ms. Belinda Finn was appointed Assistant Inspector General for Audit in January of 2007. Prior to joining the VA–OIG, Ms. Finn was the Deputy Assistant Inspector General at the Department of Homeland Security. She has also worked as an accountant and auditor with the Department of Treasury, the Department of Defense IG, the Department of Energy IG, and the U.S. House of Representatives IG.

Ms. Maureen Regan was appointed counselor to the Inspector General in 1989. Ms. Regan is a 1982 graduate of the Columbia School of Law, and The Catholic University in Washington, D.C. She began her government career in 1984 as a staff attorney with the Department of Veterans Affairs, Office of District Counsel, here in Washington.

Thank you both for your service and for being here today. As you heard previously, your full statement will be submitted, without objection, into the record. If you could summarize in 5 minutes or less your key points, and then we will open this up for questions.

We will begin with you, Ms. Finn.

WEDNESDAY, FEBRUARY 27, 2008.

OFFICE OF THE INSPECTOR GENERAL

WITNESS

BELINDA FINN, ASSISTANT INSPECTOR GENERAL FOR AUDIT

STATEMENT OF BELINDA FINN

Ms. FINN. Chairman Edwards and members of the subcommittee, thank you very much for having me here today. I am delighted to be here to represent the Office of Audit. We conduct independent financial and performance audits that address economy and efficiency across the VA operations. We are the only OIG component that provides programmatic reviews across all of our five strategic areas, in health care, benefits delivery, financial management, procurement, and information management.

In 2009, we will be authorized 175 people. This will be a reduction of four from our current authorization: We are currently spread across headquarters and nine regional offices. We perform a mix of mandatory, reactive and proactive audit work across VA. We are required to perform three financial audits. These include the audit of the consolidated financial statement, the audit of the department's drug control reporting, and the audit of the depart-

ment's report on their capabilities to provide care for special disabilities.

We are also required to perform an annual information security program audit. This is a requirement under the Federal Information Security Management Act, known as FISMA. Our work in this area has resulted in numerous recommendations to address systemic IT control weaknesses.

In 2009, we are planning to report on 23 national audits, with a potential for about $100 million in monetary benefits. In the area of health care, we plan to review and report on resource allocation for clinical services, outpatient scheduling process, and safeguards in domiciliary residential programs.

We also review the VA's benefit processing system. This provides benefits and payments to about 3.7 million veterans and their beneficiaries. We will assess VBA's training programs, the quality assurance program for ratings, compensation and pension disability examinations, controls over regional office operations, risk-management processes for housing assistance programs, and independent living services for veterans with service-connected disabilities.

We all know VA continues to face major financial management challenges. It lacks an integrated financial management system, and has material weaknesses that impact its ability to provide sound financial stewardship. So in addition to our mandatory work, we will report on the development of the financial management system known as FLITE—financial logistics integrated technology enterprise system; the integration of budget and performance information to allocate resources; and the fee basis program billing and collection activities.

The VA has had a longstanding problem with managing its contracting activities because it doesn't have the visibility or the corporate database to know exactly what it is buying and how much it is spending on goods and services at locations. Both we and GAO have continued to identify significant continuing deficiencies in VA's procurement activities.

We have a number of issues we would like to report on in 2009, including acquisition efforts across VHA VISNS, standardization initiatives, community nursing homes contracts, the electronic contract management system that hopefully will provide some visibility, capital asset management issues, and also high-cost medical equipment—the acquisition thereof.

In information management, we are always concerned about the IT governance issues, as well as information security. In addition to our FISMA work, we would like to take a look at the HealtheVet initiative, VHA's efforts to develop a new scheduling software, and their enterprise architecture.

We have a long list of areas that we think we could provide oversight over, but right now we are just able to touch the surface. Other areas would include VHA's enrollment process for health care, the accuracy of benefits, security of data exchanges with DOD, and the quality and repair of prosthetic devices.

That would end my prepared statement. I would be glad to answer any questions.

Mr. EDWARDS. Thank you, Ms. Finn.

Ms. Regan.

WEDNESDAY, FEBRUARY 27, 2008.

OFFICE OF THE INSPECTOR GENERAL

WITNESS

MAUREEN REGAN, COUNSEL TO THE INSPECTOR GENERAL

STATEMENT OF MAUREEN REGAN

Ms. REGAN. Thank you, Mr. Chairman, members of the subcommittee. It is a pleasure to be here today to talk to you about the OIG.

The Office of Contract Review is an independent group within the Office of Inspector General, staffed by 25 auditors and analysts, and it is actually reimbursed through an agreement with the department's Office of Acquisition and Logistics. What our group does is we primarily conduct pre- and post-award audits of federal supply schedule contracts. We also do pre-award audits of health care resource contracts awarded by VA medical centers.

In addition, the Office of Contract Review conducts special reviews of individual contracts either at the request of Congress or at the request of VA or the Department of Justice. Our current program began in 1993 and it has really proven beneficial to VA. Since October of 2002, we have issued 420 reports with a federal monetary impact of $2.1 billion.

Pre-award reviews. A pre-award review provides contracting officers with vital information they need to negotiate fair and reasonable prices on our contracts, as well as on contract terms and conditions. With respect to health care resource contracts, we also provide advice to contracting officers on how they can improve the contract document itself, such as, performance and what they can do to make sure that VA gets what it pays for.

In addition, we provide services to contracting officers during the negotiation process. We will assist them in explaining the results of our review to the vendor. We also go out and do training for contracting officers on a lot of these issues.

The federal supply schedule and health care resource contracts are awarded sole-source and are noncompetitive contracts. The vendors are required to provide certain data to the VA to satisfy their pricing. We review that data during the pre-award process. We very often find that the data they provide is not accurate and complete. When a pre-award is not done, contracting officers rely on that data to award a contract at the offered prices, and very often we pay very high prices, much higher prices than we should pay for the same commercial items and services.

Since October 2002, we conducted 282 pre-award reviews with recommendations for approximately $2 billion in cost savings. We plan to conduct 45 pre-award reviews in fiscal year 2009.

A post-reward review, of course, is done after a contract has been awarded. When we have not conducted a pre-award review, we will go back and look at the data that was provided to see if it was accurate and complete. If it was, and we felt that VA was misled into award of certain prices, we calculate the damages. It is called de-

fective prices, and we will recommend the contracting officer get back that money.

We also during post-award look at whether or not the contractor complied with other terms and conditions of the contract. In particular, federal supply schedule contracts contain a price-reduction clause. The vendors are required to give us a price reduction under certain circumstances, and we find that very often they don't.

Also, our post-award and our pre-award reviews include whether or not VA's drug pricing is accurate. As you know, the Veterans Health Care Act set statutory limits on how much manufacturers can charge VA. We have a very active program to look at whether or not they are complying with that statute.

In the post-reward area, since October 2002, we have done 138 post-award reviews and we have returned back to VA, that is deposited in the VA supply fund $8.2 million. I can tell you that this year, we negotiated and collected $20 million. We are expecting to have a good year.

We plan on conducting 25 post-award reviews in 2009. Our post-award reviews can be done on our own initiative, but many of them are reactive. Because we have an active post-award program, we actually make contractors accountable. VA has one of the most successful and active voluntary disclosure programs at this point in time, where contractors can come in and tell us, we have overcharged you; we haven't complied with contract terms and conditions, and we have overcharged you.

Since October of 2002, we have had 75 voluntary disclosures and that represents $64.1 million—in recoveries. In fact, our voluntary disclosure program takes up a lot of our post-award time, as opposed to proactive post-awards.

Although all of these involved individual contracts and we deal with individual contracting officers, we periodically analyze the data that we have in all of these reviews and look for systemic issues. We then issue a report to the department on systemic issues in various areas in order to have them make corrections and improve contracting overall.

In 2005, we issued a report on sole-source health care resource contracts. The department put together a task force and issued VA Directive 1663, which established a whole new process for awarding these contracts and what is required. We have already seen it saving money. We are paying a lot less on some of these contracts than we were before.

We conduct special reviews on large-dollar procurements. These reviews have identified procurement failures that resulted in significant dollar losses to the government. These failures were due to multiple deficiencies such as lack of communication, inadequate acquisition planning, poorly written statements of work, inadequate competition, failure to obtain fair and reasonable pricing, and poor contract administration. Many of these reviews involve multiple problems.

The work that we do in the Office of Contract Review only looks at a very small percentage of VA contracts. There are large numbers of contracts at VA facilities and other VA contracting activities that are not subject to any definitive oversight.

That is the end of my statement.

Mr. EDWARDS. Thank you, Ms. Regan.

Thank you, Ms. Finn.

Mr. Bishop, would you mind moving over? Mr. Dicks and Mr. Mollohan aren't here.

If I could ask Mr. O'Neill and Dr. Daigh to sit in those two seats, and then members could direct their questions to either all of the witnesses or to one in particular.

Mr. Bishop, let me ask you, the Republican Conference has a meeting at 3 o'clock. So I was going to recognize our colleagues first on this round of questions, but how tight is your schedule? Do you need to leave by 3 o'clock?

Mr. BISHOP. I will be flexible, sir.

Mr. EDWARDS. Okay. Then let me start with Mr. Wamp.

VISN MANAGEMENT ISSUES

Mr. WAMP. Thank you, Mr. Chairman, especially for your courtesy.

Ms. Finn, two things in your testimony we heard, but I will repeat them to ask this question. You said VA continues to face major challenges in financial management, as it lacks an integrated financial management system and has material weaknesses that impact VA's ability to safeguard and account for financial operations. And then you said VA cannot effectively manage its contracting activities because it has no corporate database that provides national visibility over procurement actions or identifies contract awards and individual purchase orders, credit card purchases, or the amount of money spent on goods and services.

You know, at the budget request that we see, and then to hear these words, obviously that is a troubling statement. I just wonder if you can recommend solutions for this problem to us.

Ms. FINN. Solutions to correct VA's system issues?

Mr. WAMP. Yes, ma'am.

Ms. FINN. System development issues are a very tough problem all across the government. The department had a historic effort to create or develop a new financial management system that was called the Corel FLS. It was before I arrived at VA, but it kind of went down in flames, in very flagrant terms. But again, this is not an unusual problem across the government. System development is very, very tough.

VA is currently working on a new financial management system, the FLITE system, to integrate the financial and the logistics information in one system. There are a lot of difficulties in that because they have different architecture and different systems all across VA.

Mr. WAMP. For you and Dr. Daigh both, are these problems that you have pointed out VISN problems or national problems, or are there some VISNs that are worse in terms of adequate comprehensive health care delivery?

Ms. FINN. It is a national problem, but it is worse in some VISNs.

Mr. WAMP. Which ones?

Ms. FINN. I can't tell you specifically.

Mr. WAMP. Okay.

Dr. Daigh?

Mr. DAIGH. My concern is that VISNs are not involved enough in ensuring that hospitals in their VISN provide quality care. I think they clearly are on the train stop for money moving out, because I think it goes from the VISN to the facility, but we don't see their involvement in the peer-review process. We will be publishing a report very soon which I think will highlight that.

So when I see hospitals fail or have significant problems, I don't see them fail by VISN. I don't see them pass by VISN. So what I don't see is adequate input by the VISNs to make sure that the problems are addressed.

Mr. WAMP. In your objective opinion, are VISNs a good organizational structure? Is that a good model for the VA?

Mr. DAIGH. My recommendation is that they be reviewed as to whether or not—I don't believe they are with respect to ensuring quality care. So I do think that the VISN structure ought to be reviewed as to whether or not it is at this date and time providing the kind of oversight that we would like to see.

Mr. WAMP. Ma'am?

Ms. FINN. As far as acquisition, that is one of the things that we try to look at, as we are going to be looking at acquisition and management across the VISNs. I guess the common wisdom in VA is if you have gone to one VISN to see how it works, you have gone to one VISN. That is what you know. There is not a lot of consistency in the procedures and the processes that they follow and no sharing of best practices.

Mr. WAMP. Did CARES recommend changes to this VISN organizational structure?

Mr. DAIGH. I don't believe so. I believe CARES is a facility-by-facility review.

Mr. WAMP. And then, Ms. Regan, two quotes in your testimony. It says a lack of communication between program and procurement officials results in higher than necessary contract costs and VA health care resources contracts lack adequate oversight provisions to ensure VA has received the services paid for.

What can we do in bill language to help with these problems that you have identified?

Ms. REGAN. I believe that one of the things we have seen out there is that VA believes they are at the mercy of the affiliate—VA's attitude is that we need them more than they need us, so we will pay whatever. So to keep everybody happy, there is no incentive to monitor procurement or anything else.

So some of the things that we thought of is that we believe that because it is a sole-source contract to benefit the education mission that we have for residents, that we should only be paying costs. Why should we pay a huge profit to somebody that is so competitive that they are going to do that? So that is something that could be considered if we limited the type of payments that we could make, that we will pay for the costs of the doctor. The only reason we are going to the affiliate to begin with is that we allegedly don't pay enough in order to recruit doctors to work at our facilities.

The second one would be there would need to be payment for procedure-type contracts at Medicare rates, or adjusted Medicare rates depending on where it is done. Those are two things that could be done legislatively that we have suggested in the past.

CONTRACTING

Mr. WAMP. And a final question, does VA health care system contract enough with local providers to be efficient? Or is there still room for more local contracting with private health care providers instead of having to provide the services through the VA facility?

Ms. REGAN. You mean sending the patients to a local provider?

Mr. WAMP. Or contracting out. Sometimes doctors are brought into the outpatient clinics that are not VA doctors, to do certain things.

Mr. DAIGH. I don't like to answer questions without having a report to show the data, but I would suggest to you that if the VA has a full-fledged Cath lab and it is a relatively small VA in a relatively rural location, I doubt that there is enough volume of patients to make the operation of that Cath lab efficient.

So whether or not the physicians from the outside come to the VA, the VA physicians have privileges at the local facility like anybody else has privileges and contracts for time in their lab. I am not sure what the legality is. It does seem to me that there isn't an efficiency where we have a space dedicated to a use for which it can't be used—so I think there is room for work there, it is just sorting out the best answer.

Mr. WAMP. Ms. Regan.

Ms. REGAN. In looking at the contracting side and what we have seen, I think if you have a service that is needed intermittently, for example you need a dermatologist once a month or something like that, that they do try to use local people to come in and do it or send patients to private facilities.

But I also think that you have a problem when you have full-time people coming into your hospital to provide care to veterans, and they can't act as our employees, because VA doesn't have personal services authority. We have recommended in the past that they get personal services contracting authority, so that we can supervise these people and we can monitor the care provided, and we can take action if they don't provide quality care.

So I have a little bit of a concern from the health care standpoint of just bringing people in and out, who see our patients without VA having some control over what they do when they are there. That is where the full-time people come in.

There are a lot of mammograms done outside a facility. A lot of radiation oncology services are being done under contract. A lot of radiology now is being done via telemedicine that is contracted out. So there is a lot of that going on out there. You have full services coming in to VA facilities—surgical services and anesthesia, ophthalmology are some—all of their services are provided by contractors at the VA.

Mr. WAMP. Great.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you.

Since Mr. Crenshaw hasn't had an opportunity to ask questions, Judge Carter if it is okay with you——

CONTRACTING WITH PRIVATE HEALTH CARE PROVIDERS

Mr. CRENSHAW. Thank you, Mr. Chairman.

Let me just follow up on that line of questioning about contracting with private health care providers. I have heard discussions—well actually, I think there is some legislation—if not, it has been talked about—about in an area, say, where they didn't have a rehab hospital or an area where it was a large community where the rehab hospital was overcrowded. I have heard veterans groups talk about it, and heard some of the private rehab hospitals talk about it, the possibility of contracting with those private facilities, either because you don't have the service or it is hard to get because of the overcrowding.

And then listening here and reading the testimony about the inspections that you all go about are really important in terms of looking at the VA facilities and carrying out the proper inspection. Is that one of the impediments to doing that? You mentioned contracting more bringing people in.

I am just thinking, and I think some of the proposed legislation speaks to actually utilizing the separate facilities that are in these overcrowded areas or underserved areas. Is that something you all look at? Is one of the problems making sure that you are able to inspect those as you would your own facility? Where are we in that process?

It does seem to maybe make sense from time to time, rather than having somebody drive a long, long way, or wait a long, long time if there are other facilities. And what would you think about doing some sort of pilot project? The only reason I mention the rehab is because I have heard the veterans talk about that. Is that an area that we ought to pursue, do you think? Or are there problems inherent in that?

Ms. REGAN. They have contracting authority to contract with private facilities or public facilities, to send our patients someplace else. And there are some areas—Reno for example is one where they have a number of contracts with private hospitals because they don't have enough providers at the VA. So they can do it, and they can always build into the contract that we would be able to come and inspect. We can go and inspect nursing homes that we have contracts with, private nursing homes. So it is a matter of a contractual issue.

Mr. CRENSHAW. Is it being done very much? Is it working?

Ms. REGAN. I haven't seen that many contracts with private facilities for anything other than—well, we usually see the affiliate contracts where VA is sending somebody there for cardiac surgery or other health care. We have seen some nursing home contracts, but I haven't seen that many. For example, I have never seen one for a rehabilitation center. So I don't know if it works—but anything is possible from a contract standpoint—authority, so they can contract——

Mr. CRENSHAW. But would that be a way to save money, instead of building a facility in a small community, to serve those individuals, that if there was a private entity there? I mean, is that something that you all think about? Or do you kind of watch what the VA is doing and saying we can't build facilities everywhere; if they are already there, we will contract with them? Is that something you oversee, encourage or discourage?

Mr. DAIGH. Well, sir, in my office, we focus on the quality of the care provided. Care provided off-site or off of the VA facility, I am not sure that I have the authority to go off of a VA facility and review the care provided, as you are envisioning. Certainly, where we have had cases, and hotlines, where they have received care both on the civilian side and in various other places, we have gone and talked to civilians and gotten the records, but we have done it completely collegially. We could look at this and talk with you about the authority we have at the VA.

[The information follows:]

The OIG can review quality of care that veterans receive from non-VA facilities only when VA reimburses the facility for the care provided. However, non-VA facilities are regulated by the states, and the Centers for Medicare and Medicaid Services also have oversight authority over these facilities if they receive Medicare and Medicaid funds.

The other point I need to make is that we don't, in my office, make decisions on these issues, nor do I. So it would be very difficult for me to advise if one is better than the other. It just seems to me that there is in fact space that could be better used.

Mr. CRENSHAW. But the inspection you undertake, that can be part of the contract. That wouldn't be a particular impediment.

Mr. DAIGH. It would not be, to me at all. We just need the authority. I think I would need the authority to do that.

Mr. CRENSHAW. Thank you very much.

Ms. FINN. My office would potentially review make-or-buy decisions, and also the oversight of facilities. But we haven't done too many, at least not to my knowledge, we have not done any particular reviews on make-or-buy decisions for facilities.

Mr. CRENSHAW. Thank you.

Thank you, Mr. Chairman.

Mr. EDWARDS. Judge Carter.

BENEFIT OVERPAYMENTS

Mr. CARTER. I want to change questions a little bit. In 2007, we talked about benefits overpayments. The reason I have concern about benefits overpayments is I look at this overpayment to the VA regional office report. The chairman and I share a VA facility in Waco, where our soldiers go, and we have the largest percentage-wise of benefit overpayments in the nation at the Waco facility—two benefits overpayments on first-party notification in the amount of $159,000-plus, and 11 benefit overpayments of third-party notification to the tune of $404,000-plus. Looking up and down the list, we are the champs.

Now, I don't want to be the champs in benefit overpayments. We have added 3,100 new claims processors. My question is, are you seeing improvement because of what we gave to try to fix this problem? And what else can we do to try to fix the benefits overpayment problem?

Ms. FINN. Presently, I can't tell you that we have seen improvements because we haven't been able to get back out there and start looking. Plussing-up your workforce 3,100 people presents a number of issues in recruiting and training, which is why we plan to look at the training program, especially for the new-raters over the next year.

But certainly the overpayment issues resulted because you were diverting all the workforce trying to get at the backlog of claims, and therefore you didn't have as many people taking a look at those compensation benefit issues that resulted in the overpayments. We plan to take a look at that training program to see how effectively that new workforce is to be developed, and we will go back in the future and hopefully assess the effectiveness of that workforce in reducing the backlog and improving the overpayments issue, too.

Mr. CARTER. This issue is not only an issue to those of us who are trying to be good stewards of the federal dollar. It is also an issue that when the find the benefit overpayment, then they go to the veteran and say, oh, by the way, you owe us $85,000; pay up. And they come screaming to their congressman saying, what am I going to do? I didn't know I was getting a benefit overpayment; I just took what they gave me.

Ms. FINN. Exactly.

Mr. CARTER. It makes a real crisis in the life of veterans when they get these notifications that they have these huge payments they are expected to return to the federal government. So it is important that we police this before the fact, not after the fact, if we can, as good as we can.

Ms. FINN. And we did provide recommendations to VBA to monitor the timeliness of the processing, because we didn't have any incorrect decisions. These were just the time it took the process.

Mr. CARTER. Thank you, Mr. Chairman. That is it.

Mr. EDWARDS. Thank you, judge.

Mr. Bishop.

Mr. BISHOP. Thank you very much.

Let me welcome you. I would like to follow up on Mr. Wamp's question relative to the effectiveness and the proactivity of the community health clinics. I have a pretty spread-out district which in land area takes up probably about one-fifth of the land area of the state of Georgia. It is the southwest portion of the state. We have veterans that are served by three community clinics.

In Valdosta, there is one that is apparently a subsidiary of Lake City in Florida. In Albany, there is one which operates under Dublin, which is about 1½ hours or 2 hours away. And then in Columbus, which is the other major city, there is Tuskegee/Montgomery. All of those seem to serve some purpose as a primary care center, but the veterans are very, very dissatisfied because anything other than rudimentary stuff, they have to go to one of the hospitals, which requires a great deal of inconvenience and travel.

How effective are those clinics? I think several years ago when we established them, it was expected that a veteran could get to some primary care within 40 or 45 minutes from anywhere. It was designed to be from anywhere in the country. That doesn't seem to be working well. Have you considered co-location of some military facilities and VA facilities?

For example, I think you have some hospitals at some military bases where there are a great deal of retirees around the military base who could get some of their heavy—I guess you could call them med centers—and could get some heavy treatment, specialist treatment at those if, for example, they were co-located with some

military facilities. Of course, we have a hospital in Atlanta also, but southwest Georgia, it has put a heavy burden on our veterans.

Mr. DAIGH. Sir, I just would have to answer it this way. I have 57 or 60 people working for me, something like that, and there are 800 clinics, CBOCs out there. So I guess when you ask what would I do with additional resources, it is try to take a look at what is going on at these 800 CBOCs and 200 Vet Centers.

So we simply have not had the people to address the issues that you are talking about—I just simply haven't been able to do that. There are 155 medical centers out there. So we have unfortunately not attended to this issue like I think we should.

Mr. BISHOP. When you come before the committee, have you requested those additional people?

Mr. DAIGH. Well, sir, in the normal budget process, the idea that we would spend more time looking at CBOCs and Vet Centers has been forwarded in the normal chain of command. I address the priorities that I am given with the people I have, and I just haven't been able to address the 800 CBOCs out there at all like I wish we could.

Mr. BISHOP. You could do it if you had additional resources?

Mr. DAIGH. If I had additional resources, the care provided at CBOCs and Vet Centers would be the number one new item that we do not currently look at in a comprehensive way. And we would also be able to look at mental health issues in more detail, and apply the data capability that we currently have in more detail to the problems the VA faces.

Mr. EDWARDS. Mr. Bishop, could I pull you back just for a second?

Would you be able, Dr. Daigh, to give our subcommittee over the next several weeks just a good-faith estimate of if you had how many more dollars, how many more people could you hire to oversee the CBOCs and the Vet Centers, and how many visits could you make with those employees.

Mr. DAIGH. I would be more than happy to.

[The information follows:]

The Office of Inspector General would need an additional $4.5 million for 20 full-time equivalent positions to review the care provided by the more than 800 community based outpatient clinics (CBOCs) and 200 Vet Centers. These resources would provide for a review of these facilities on a 3-year cycle. For many veterans, especially those in rural areas, these facilities are their primary access to medical care. It is only through a review of the medical needs of this population can we ensure they are receiving quality care. For example, these reviews would assess mental health care provided at CBOCs and Vet Centers to ensure that veterans receive the same standard of care that they would receive at a primary medical clinic.

Mr. EDWARDS. Okay.

Thank you, Mr. Bishop. Please go ahead.

Mr. BISHOP. Thank you.

One of the two other areas I would like to explore, one is the co-location issue. If you have a major DOD facility in an area where there are lots of retirees, for example, and lots of veterans, at one point there was some consideration given to co-location of veterans hospitals/clinics and military facilities. Is the VA still open to some memorandums of understanding on co-location of facilities so that if you have a facility there, that it could also serve veterans as well as DOD personnel?

Ms. FINN. We did a little bit of review work last year looking at the department's use of interagency agreements with DOD and found they were not using them very much at all. They were very rare.

Mr. BISHOP. Who are the "they" now?

Ms. FINN. The VA. I am sorry—VHA.

Mr. BISHOP. Okay.

Ms. FINN. They really were not using the agreements for a lot of reasons. It didn't seem to work out well for them. The larger issue of determining the allocation of health care resources for areas and stuff is, as I think I said, really complex. Changing demographics make it complicated, VA's uncertainty of where the population is going to be from year to year. So this is one of the things I am hoping to take a programmatic look at over the coming year to see how VHA is allocating its resources across the country.

Mr. BISHOP. You do have a facility, at least one in Texas, I believe, where——

Mr. DAIGH. El Paso is a dual. Las Vegas has also been an Air Force/VA. We do in our hospital inspections cycle do go inspect the VA portion of that.

Mr. BISHOP. Have those worked fairly well?

Mr. DAIGH. Again, from our point of view, yes, they have been working, from what we see.

Mr. BISHOP. Okay. And the third area of inquiry I would like to ask you has to do with the VA medical health and the electronic records and the interconnection and interoperability with the DOD records. One of the biggest challenges that our caseworkers have in the congressional office is being able to get military records in terms of medical records, to have them available for veterans who are applying and seeking upgrades, disability services from the VA.

The record exchanges of medical records between DOD and the VA medical system presents a serious problem, and also the storage of records and the care of records within the VA system, where veterans submit their paperwork and its gets lost or they go for one appointment and get referred, and of course their records can't be reviewed and they can't get the services they need because the records are still located at the last provider or the last place where they went to get some specialized test.

How are you, and do you have the resources necessary to try to bring some interoperability with your own recordkeeping? Are you doing it electronically? Do you have the resources to convert to electronic medical records in the VA system so that anywhere in your system, that if a veteran presents, that you can access his or her records?

Mr. EDWARDS. I am going to ask you to keep it to 2 minutes or less, and save any additional answer for the following round so we can continue our rotational questions. It is a very important question.

Mr. DAIGH. Sir, in the IG's office we believe that the interoperability of these two records is extremely important. We have asked and commented on where it has failed, as you indicate, over a number of years. I have personally used the military medical records system when I was a doctor. I have access to the VA side now. The VA side is wonderful. Why—I don't know.

It is such a huge dollar issue, actually, on the health care side. I am unable to force these two sides to get together and agree on what they are going to do. And I don't understand why it doesn't work right now.

Ms. FINN. We have the resources. We can take a look at the issue. We can't fix it within the OIG.

Mr. BISHOP. You say you have enough resources to do it?

Ms. FINN. If we didn't do something else, yes.

Mr. BISHOP. Well, in order to do what you need to do and to accomplish that, can you give us some idea of what it would require to do that in terms of resources?

Ms. FINN. Can we make that for the record?

Mr. BISHOP. Oh, certainly, certainly. I wouldn't expect you to do it right now, but I would like you to put a little bit of thought into it.

[The information follows:]

The inter-operational between DoD and VA medical records present highly complex and difficult technical and management challenges, particularly since they are not within VA's exclusive control to resolve. The OIG cannot effectively address these issues because we lack the authority to review DoD's health care operations and information technology. This issue could be addressed more effectively by the Government Accountability Office.

Ms. FINN. Okay.

Mr. BISHOP. But Mr. Chairman, do you think that would be appropriate for our committee to have that kind of information and know what kind of resources would be needed?

Mr. EDWARDS. I think it is a tremendously important issue. Chairman Murtha and I have even discussed the possibility of having a joint subcommittee hearing with your Defense Appropriations Committee and ours to bring DOD and VA officials together to face both committees, and let them know how serious we are about moving ahead with this, and not just keep talking it to death for the next 20 years. Very, very, good. Thank you.

BUREAUCRATIC MANAGEMENT ISSUES

Mr. Farr.

Mr. FARR. Thank you, Mr. Chairman.

I know we have a vote, so I will be quite fast. If you have been listening here today, I am not sure I even would want to come to this meeting, because I think you busted my bubble about being such a great advocate for VA. Frankly, the clinics in my district have been the best thing for veterans.

But one of the things that I am concerned about, and it is just that I see this happening in the federal family, is that we tend to want to federalize everything. Many of us served in the state legislatures and—in California where everything is codified and every profession really has to be licensed and there is a lot of inspection.

What I worry about is that we sometimes forget that these veterans, and in this case patients, all live somewhere. I mean, they live in a community. If we just create a federal pipeline that you must stay in, it is going to make it very inconvenient because some veterans can't travel great distances. It is sort of like, we can't solve your problem here, you have to go there. We are doing too much of that in government right now.

So I think this contracting out at the local level—the example you gave of the dermatologist—is exactly what we need to do more of. But I do agree with you that you have to have some quality assurance, without becoming too bureaucratic about it, because that may be overduplicating what states are doing. Maybe we ought to be working into some kind of joint inspection contracts like we have been doing with joint lotteries and one audit can solve a lot of problems, as long as you are addressing the issues, and we might be able to do that.

INTEROPERABILITY BETWEEN DOD AND VA

The other thing that I share this concern. We have been bragging about the VA's electronic records, but what we find is that DOD doesn't do a very good job of it. The VA has sort of invented for the medical community the state-of-the-art of electronic records, but they are not interoperable.

In your report, you indicate that you made over 500 recommendations for corrective action. Did the VA—I guess those were in the VA in the audit and health care inspection contract review reports—did they implement those recommendations?

Mr. DAIGH. I think they do. We make recommendations of varied severity, so there are some recommendations we make that we follow up on and—to see if they did do what they said they would do. By and large, they do do what they say they are going to do.

VA STANDARDS OF DELIVERY OF CARE

Mr. FARR. I would like to ask a general question. You start out by saying that the OIG seeks to help the VA become the best-managed service delivery organization—compared to other delivery organizations, how does VA rate? We put a lot of money into it last year and this committee is real pro VA.

Mr. DAIGH. I think they provide excellent care. I have said that here and I have said it to the House Veterans Affairs Committee. In the care that we see on a day-to-day basis in the hospitals, veterans are happy with the care they receive in general and give VA very high marks. In every CAP, we report in each of those reports what the patient satisfaction is for both in-patient and outpatient care. There are places where it is not high, but in most places it is very good. I believe VA provides excellent care.

To the point that you were making earlier, when I was in the military, I would have liked the chance to compete, because I thought if our doctors actually worked or had an opportunity to work in other hospitals, we would have patients coming to us to have us take care of them. I thought we would take patients from the private sector. I wasn't worried about competing against them. I was worried about having a quality place to work with the support staff that would let me do what I needed to do, and the efficiency to get it done well.

So I don't think the VA should be afraid of competing at all. They have very high-quality people. But you run into places where just on size and economics, you just simply can't compete in certain situations. I don't think the VA has anything to be ashamed of. In fact, I think they are the premier large medical system in this country hands down.

COST OF PRESCRIPTION

Mr. FARR. I have found that our VA clinic has the cheapest drugs of any system. I don't care what it is out there.

Mr. DAIGH. And Maureen Regan works to make that happen.

Ms. REGAN. The issue with the drugs is that we have statute that sets a price. There is a formula set price for covered drugs. The comparisons you always see, though, are between what the customer pays, not what the facility pays.

Mr. FARR. So are we in essence subsidizing those drugs for the VA?

Ms. REGAN. No, we are only paying a certain amount.

Mr. FARR. Then why can you get them cheaper than the Medicare program?

Ms. REGAN. Well, the Medicare program is set up much different. It is a different formula.

Mr. FARR. It is the same taxpayers' money.

Ms. REGAN. But you don't know at the point what the actual cost is, because you would have to compare, for example, what the hospital pays. If you are going to look at Georgetown, how much is Georgetown paying for the pills versus what you pay in Georgetown for the pills, because I can't tell you there is a whole lot of difference between our prices and theirs, if you look at how the manufacturers' sell to somebody.

So the comparison is not with the customer base. It is going to be what the actual price is for a manufacturer to the customer, which is the VA or DOD or any government facility, versus a hospital or buying group.

Mr. FARR. Do you think that the VA model for drug acquisition is probably the best we have?

Ms. REGAN. The VA model is working very well now. We have it pretty homed in and we have a good price. Is it the same model that should be used for Medicare and Medicaid, I don't think so. I think there are some differences in the way the two programs are run.

Maybe what the government would pay, but you are going to have your markups because you have middlemen in there. You have physicians giving the drugs in some cases, and in some cases you have pharmacies involved. And those mark-up costs are not included in the costs that you see for us.

Mr. FARR. Thank you.

Mr. BISHOP. Will you yield for just a moment?

Mr. FARR. Sure.

Mr. BISHOP. Isn't that difference in terms of the VA—doesn't the VA negotiate with the manufacturers or the wholesalers for the price of the drugs?

Ms. REGAN. No. Actually, if it is a covered drug, covered under the statute, it is a formula that sets the price. They have to offer the government on a federal supply schedule contract a price that is not higher than what this calculated price comes out to be. If they don't have a federal supply schedule contract or they haven't offered that calculated price, then they can't get paid by any other government entity. In other words, they can't get Medicare dollars,

even though it is not all for contract, no other government money can go for it. But it is actually a calculated price.

Now, we could try to negotiate better prices, but technically they don't have to give us a better price than the——

Mr. BISHOP. But you have a formula which results in a low price.

Ms. REGAN. Right. It is a formula that results in that price, but it is not a negotiated price. It is statutory.

Mr. BISHOP. But other agencies don't have that kind of formula, though.

Ms. REGAN. Nobody has the same formula that we do. Medicaid has a formula that comes up with a base price, and then quarterly they have to use best price. One of the two differences between us and Medicare and Medicaid and HHS is our statute gives us oversight. We conduct audits of the pricing. The VA Secretary has the authority and we do the audits. Medicare and Medicaid do not have the same authority we do. So you don't know if manufacturers are cheating or not.

Mr. BISHOP. Right. That is the report I was trying to read. Thank you.

Mr. FARR. This is a welcome discussion. I think we have learned a great deal today, and it would be very helpful for me and the committee if you could prioritize one or two or three most important things that this committee ought to be doing. We can write report language that the agency has to work on, and I would really appreciate your suggestions of what are the priority things that we need to do.

Mr. EDWARDS. I agree. In fact, I was going to ask, and will just ask for the record, if each of you could put together your top 10 or 20 recommendations. If you could implement them, you would do it, in descending order of priority, with top priority one, second priority two, on down the list. These would be recommendations that have not already been implemented.

Ms. FINN. To improve VA operations.

Mr. EDWARDS. Yes. I think this has just been one of the most interesting, productive hearings we have had. There are 1,001 questions I have.

[The information follows:]

A. Suggestions from Assistant Inspector General for Healthcare Inspections

1. **Issue:** Some combat veterans are discharged from DoD under less than honorable conditions when they commit a minor offense. This discharge leaves them able to receive health care after a successful appeal, but leaves them without medical care for post-traumatic stress disorder (PTSD) and other mental health problems until the bureaucratic process has been completed.

Action: Amend 38 U.S.C. §5303 to add paragraph (f) below to remove the bar to VHA benefits to service members who received hostile fire or imminent danger pay under 37 U.S.C. §310 and were separated from the Armed Forces with a discharge characterized as Under Other Than Honorable Conditions.

> 38 U.S.C. §5303(f) - Notwithstanding subsection (a), if it is established to the satisfaction of the Secretary that a person, while on active duty with the Armed Forces, received pay and benefits under section 310 of Title 37, and was separated from the Armed Forces with a discharge characterized as Under Other Than Honorable Conditions, such person shall not be precluded from benefits under section 1710 of Title 38, based upon the period of service from which such person was separated.

Justification: Blasts from improvised explosive devices in Iraq are causing traumatic brain injuries (TBIs) among our service men and women at an alarming rate. The military estimates that as many as one in five soldiers will suffer "mild" traumatic brain injuries. These individuals constitute a hidden population of wounded far larger than what is indicated by official casualty figures.

As society confronts what some call the signature wound of the war, the medical community finds diagnosing mild brain injuries is not simple, and optimal treatments are still being defined. Symptoms include short-term memory loss, faulty concentration, irritability, altered vision, and headaches. Further, brain injuries can be mistaken for other disorders such as PTSD or substance abuse. Thousands of Americans returning from Afghanistan, Iraq, and elsewhere need care for symptoms and syndromes that can be treated, but which if left undiagnosed can produce long-term health impairments. Limiting access to VA health care for persons who may be suffering from TBI or PTSD decreases the probability that they will receive appropriate diagnosis and treatment.

Service members who served honorably in support of Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) have subsequently been involved in incidents that led to disciplinary action and release from the service with less than honorable discharges or not in line of duty determinations. If a service member has been deployed in support of OEF/OIF, received pay and allowances under 37 U.S.C. §310 (hostile fire and imminent danger pay), and is subsequently separated with an Under Other Than Honorable Conditions discharge, VHA should provide health care to that service member. We estimate that the annual cost of this amendment is $6.5 million.

2. **Issue:** Current VHA command flows from VA Central Office to 21 VISNs and then to a variable combination of facilities in an odd geographic arrangement. This structure emphasizes local control and has been less effective than desired at ensuring the provision of one high quality standard of VA medical care. VISNs each have their own unique organizational structure. Business processes are not standardized between VISNs.

Action: Engage management experts to review VHA's mission (health care, training, research, and emergency medical preparedness) and suggest alternatives to national policymakers on alternatives to the current VISN management structure.

3. **Issue:** Many VHA medical centers are small volume providers of specialty care. Rural communities may not have the population base to support extensive subspecialty care. There may be communities where improved cooperation between VA and the local community would strengthen the local medical resources available to all.

Action: Encourage solutions that permit VHA funds to be creatively used to work with local community facilities to cooperatively improve veterans' access to specialty health care.

4. **Issue:** VHA research non-profit corporations, which number about 90, are small organizations that have difficulty employing proper management controls.

Action: Sever the interlocking relationship between VHA medical center directors and these research non-profit corporations by supplanting the current non-profit corporations with several larger non-profit corporations that have the portfolio required to support more professional management.

5. **Issue:** Disability ratings for self-reported illness, PTSD and mild TBI, cannot be reliably determined in 10 percent increments. VBA is constantly re-working a veteran's claim for benefits as there are many opportunities to seek review by VBA in the pursuit of a higher disability rating.

Action: Combat veterans receive "combat" or similar pay while in danger. Dramatically increase combat pay, to compensate for the risk of self reported illness (PTSD and mild TBI). In return for this payment, limit a veteran's opportunity to seek review by VBA for the disability claims. Do not include self-reported illnesses in the determination of disability, as compensation was received in the form of combat pay. Do not limit access to VA medical care for these conditions. These actions are not designed to decrease benefits provided to the veteran population. An analysis of these and similar ideas is required to determine the feasibility of changes to the system that would streamline the disability evaluation process.

Benefit: Veterans will have access to quality care. VBA will have limited exposure to a repetitive churn of repeated case review. Combat veterans are compensated for the risk of very difficult to measure brain injuries (mild TBI and PTSD) and provided more timely and certain determination of their benefits.

6. **Issue:** Veterans may be on active duty and recovering at a VA medical center. The law was amended to permit VBA to provide funding for housing modifications that are required by the disabled. The change in law did not address the parallel VHA provision that permits limited funding to assure the continuation of treatment and/or provide access to the home or to essential lavatory and sanitary facilities. The actions that are suggested would permit VHA to help active duty members, before they become veterans, make their bathrooms handicap accessible.

Action: Amend 38 U.S.C. §1717 to add paragraph (d) below to allow the Secretary of Veterans Affairs to provide Home Improvements and Structural Alterations (HISA) grants to eligible veterans and members of the Armed Forces.

> 38 U.S.C§1717 (d) - The Secretary may provide assistance under this section to a member of the Armed Forces serving on active duty who is suffering from a disability described in 38 U.S.C. §2101(a)(2) if such disability is the result of an injury incurred or disease contracted in or aggravated in line of duty in the active military, naval, or air service. Such assistance shall be provided to the same extent as assistance is provided to veterans eligible for assistance under this section.

Justification: In June 2006, 38 U.S.C. §2101 was amended to allow the Secretary to provide assistance to disabled veterans and members of the Armed Forces suffering from disabilities. This authority allowed VBA to offer grants to service members for acquisition and adaptations of housing with special features. HISA grants are administered by VHA and are limited to the improvement and structural alterations necessary only to assure the continuation of treatment and/or provide access to the home or to essential lavatory and sanitary facilities. For example, entrance or exit from a residence, use of toilet and shower facilities, and improvement of plumbing to permit installation of dialysis equipment in the residence are permitted. The benefit is limited to $4,100 for service-connected veterans and $1,200 for non-service connected veterans. This would give VHA authority to assist service members who are injured or disabled and require medically necessary home improvements or alterations. The HISA benefit accrues to the service member upon discharge from military service. Thus, VHA costs would shift to providing the benefit pre-discharge versus post-discharge.

Benefit: Direct and immediate impact on health care and quality of life for injured service members.

7. **Issue:** VA medical records and DoD medical records should be compatible. The VA electronic medical record that contains data from provider contacts, laboratory and radiology data, and electronically scanned paper files from non VA sources has been integral to VA's ability to provide quality health care.

Action: Fund the DoD and VA medical record in such a way that it creates a single DoD/VA medical record. In addition, the standards used to design the computer code, should encourage the reuse of Government procured computer code by Government and non-Government providers across the country. A number of technology companies have studied this issue in detail and offer civilian provider solutions. VA's efforts should be coordinated with current non-Government efforts.

B. Suggestions from Counselor to the Inspector General

8. **Issue:** With difficulty in recruiting health care providers, contract specialists, human resource specialists, etc., VA is forced to obtain services of contract employees to fulfill its mission. Unlike many other agencies, VA does not have personal services contracting authority, which would allow VA to supervise the work performed by contract employees. This is critical when contract employees are providing direct patient care in VA facilities. Our work has shown that contract employees are often working side by side with VA employees performing similar, if not identical functions, and are not clearly identified as contract employees. In some cases, they are performing inherently Governmental functions. We estimate that VA would save approximately $49 million annually from this proposal.

Action. Enact legislation to give VA personal services contracting authority; suggested language follows.

§ xxxx. Personal services contracts.

(a) Authority.

(1) The Secretary of Veterans Affairs, with respect to medical facilities of the Department of Veterans Affairs, may enter into personal services contracts to carry out health care responsibilities in such facilities, as determined to be necessary by the Secretary. The authority provided in this subsection is in addition to any other contract authorities of the Secretary, including but not limited to the Economy Act, (31 U.S.C. § 1535), 38 U.S.C. § 7409 (scarce medical specialist services), 38 U.S.C. § 8153 (sharing of health care resources), 38 U.S.C. § 8111 (VA/DoD sharing of healthcare resources) as well as authorities relating to the management of such facilities (38 U.S.C. § 8110) and the administration of this chapter (38 U.S.C. §§ 501 and 513).

(2) The Secretary of Veterans Affairs may also enter into personal services contracts to carry out other health care responsibilities of the Secretary at locations outside medical facilities, as determined necessary pursuant to regulations prescribed by the Secretary.

(b) Procedures.

(1) The Secretary shall establish by regulation procedures for entering into personal services contracts under subsection (a).

(2) Upon the establishment of the procedures under paragraph (1), the Secretary may exempt those contracts covered by this section from competitive contracting requirements specified in § 253 of Title 41 or any similar requirements of law, that are not already exempt as identified by those authorities listed in (a) above.

C. Suggestions from Assistant Inspector General for Auditing

9. Issue: Chapter 31 of Title 38, U.S.C, limits the number of veterans eligible for the Vocational Rehabilitation and Employment Program Independent Living (IL) to 2,500 annually. IL Program services are provided to severely disabled veterans when achievement of a vocational goal is not feasible. IL services and assistance provided to veterans include evaluation and counseling; prosthetic appliances; eyeglasses; communication devices; adaptive automobile equipment; wheelchair training; and other services which enable severely disabled veterans to achieve maximum independence in daily living. VA has made efforts since 2001 to remove this cap; however, the cap remains in effect. VA anticipates a steady increase in the demand for IL services over the next 10 years.

Action: Congress should amend 38 U.S.C. §3120 to remove the cap of 2,500 new Independent Living (IL) program cases per year in the Vocational Rehabilitation and Employment (VR&E) Program. This will help ensure veterans who are service-connected with severe disabilities will receive IL services and assistance to help them achieve maximum independence in daily living.

10. Issue: The OIG FY 2007 Audit of VA's Consolidated Financial Statements identified 4 material weaknesses and 13 significant deficiencies. Eight deficiencies were attributed to a recurring theme of inadequate or ineffective management oversight. VA has begun a multi-year initiative, FLITE, to design, develop and implement an integrated financial and asset management system to resolve the material weakness related to the lack of an integrated financial management system. This effort is expected to provide management with access to timely and accurate financial, logistics, budget, asset management, and related information. VA needs to account for, report, and manage billions of dollars of VA assets, but struggles with non-integrated systems, manually intensive accounting processes, and lack of standardization of processes and subsidiary systems.

Action: VA needs to standardize business practices, processes, and data files and modernize the information technology environment supporting financial and logistics management. Additional management oversight and controls are also needed to address data migration challenges through integration or system interfaces. VA's development and deployment schedule for FLITE should be examined given the high risks associated with this mission-critical system initiative. Further, efforts are needed to ensure the technical and functional requirements meet VA's business needs and that contracting considerations such as legal, technical, and business reviews are accomplished throughout the planned system development lifecycle to ensure the terms of supporting contracts protect VA interests and result in acquiring the system at a best value.

11. **Issue:** VA operates one of the largest acquisition systems within the Federal government. In FY 2007, VA reported expenditures of approximately $11.8 billion for pharmaceuticals, medical and surgical supplies, prosthetic devices, information technology, construction, and services. It is critical to have in place appropriate organizational structures, acquisition policies, and relevant authorities to ensure accountability, consistency, and effective oversight across the system. OIG has identified deficiencies in managed acquisitions in the planning, solicitation and award, and the post award administration phases of contracts. Further, the failure to comply with Federal and VA acquisition rules and regulations governing the acquisition process have led to project delays, inflated pricing, cost overruns, contract failures, and waste of taxpayer dollars.

Action: VA needs to fully assess its organizational structure and explore alternatives that will promote greater oversight and accountability for acquisition management in its operations. Further, VA needs a comprehensive human capital strategy and plan to ensure that VA recruits, develops, and retains a high performance, competent acquisition workforce that is professionally certified.

Just so you know, members, we will have to go up and vote. This is the end of a 15-minute vote. There will then be a 10-minute debate. I know Mr. Wamp can't come back, and I understand if the two of you can't come back. I will stay here with staff and continue on. I promise everyone on both sides of the aisle, I won't do anything dramatic by unanimous consent while I am here by myself. [Laughter.]

With that, why don't we stand in recess until after the beginning of the 15-minute motion to recommit. I will be back down, so please relax and we will be back.

Thank you.

[Recess.]

Mr. EDWARDS. Let me go back, as we call the subcommittee back to order, and ask, does that put any of you in any kind of a difficult situation for us to ask as a follow up on our request to give us 10 or 20 of your top proposals for changes, whether it is ensuring quality of care or management efficiencies?

Mr. DAIGH. I will give you a list that has the data that I think can support it, and then there will be some that I don't have data on.

AUTHORITY OVER INSPECTOR GENERAL

Mr. EDWARDS. Okay. I think that would be helpful.

I was talking to Mr. Wamp when we went out to vote. I know you are constantly sending us reports, but one of the things we don't do very well in Washington is let the taxpayers know when we do implement efficiencies. So maybe from time to time when the VA does implement efficiency programs that save tax dollars, particularly when we put a dollar number on it, perhaps we ought to communicate in a way that maybe some of us in Congress can help get that word out. I think it is important.

I think it is particularly important since we have just provided the largest increase in history for the VA, that we are not just going to make this a one-way street. We are providing the money, but we are going to ask for accountability as well.

Let me ask you, too, explain the level of independence that you have. Or maybe put another way, does the VA secretary—what direct authority does the VA secretary or deputy secretary or the central office have over either your positions or your office operations?

Ms. REGAN. None.

Mr. EDWARDS. None?

Ms. REGAN. I guess I will speak as the counselor.

Mr. EDWARDS. All right, Ms. Regan. [Laughter.]

Ms. REGAN. Under the IG Act, the secretary has general authority over the IG, but not any specific authority. The Secretary is specifically not allowed to tell us to start or stop a review or issue a subpoena.

We have over the years become very, very independent. I know when I started in 1989 and the general counsel assigned one attorney to work with the OIG. Now, we have an independent counsel's office and we are independent. We work with general counsel, for example, but they don't represent us in any of our cases. We represent ourselves in any case, even if Justice has the case and it involves the OIG.

Mr. EDWARDS. Okay.

Ms. REGAN. We issue our own subpoenas. We now have our own performance review boards. The only thing that—if somebody is nominated for one of the rank awards, that has to go through the secretary.

Mr. EDWARDS. Right.

Ms. REGAN. We are very independent. We make our own hiring and firing decisions as we are allowed to under the IG Act.

Mr. EDWARDS. How about your budget submission to OMB? Is that done through the secretary?

Ms. REGAN. It has to go through the secretary. That is required by law. There is no other way to get it done.

Mr. EDWARDS. So if I were to assume a world where a VA secretary is wanting to send a message to an effective, aggressive, independent OIG, then I guess the secretary could cut your budget?

Ms. REGAN. That has happened in some agencies. I can't say it—but it has happened in other agencies.

Mr. EDWARDS. Okay. So does that answer pretty well reflect all of you?

Mr. O'NEILL. I can tell you that in the 4½ years I have been involved with the Office of Investigations, they have not interfered in a single investigation.

WHISTLEBLOWER PROTECTION ACT

Mr. EDWARDS. That is great to know.

What kind of whistleblower system do we have within the VA? Are there clear protections? Or do you have any recommendations for better protections? Do we even go so far as to provide monetary benefits if somebody comes up with an idea that helps us bring about deficiencies or stops criminal actions, Mr. O'Neill? What are the whistleblower protections within the VA? How good are they?

Mr. O'NEILL. I can answer some of it, but I guess in terms of whistleblower protection, that would be more in Maureen's backyard.

Ms. REGAN. Well, the Whistleblower Protection Act covers all VA employees, including physicians, because I think there was an amendment to the original statute that would include our Title 38 employees. There is policy. People have to take training every year on the issue.

How effective is it? That is an individual case issue. I mean, it is going to be the managers and the supervisors at the lower level and whether or not whistleblowers are retaliated against. Whistleblowers first have the right to go to the Office of Special Counsel to seek relief. We don't do as many whistleblower cases because we can't give the whistleblower any relief.

We can issue a report but the Office of Special Counsel can mandate corrective action and take the case to the Merit Systems Protection Board on behalf of the individual employee and MS&B can order disciplinary action against the people who retaliated against the whistleblower. So the protections are there and the system works as it should. I think it works just as well as it does in the other agencies.

Mr. EDWARDS. Okay.

Mr. DAIGH. Can I make a comment, sir?

Mr. EDWARDS. Dr. Daigh.

Mr. DAIGH. I have a current case that may be of some interest. A gentleman called in and made an allegation that monies—were not being spent appropriately. The VA then subsequent to our starting a hotline, basically started a board of investigation regarding those allegations and others about the person who called in to us on that hotline.

So I then called the under secretary of health to say this is not right. And so they then agreed to stop the board investigation until after they had done a report. So there are some informal mechanisms. We are aware of that and where it interferes with—we will try and make sure that that——

Mr. EDWARDS. Okay, good.

Staff, was that a new vote? If somebody could get me a note when we have 3 minutes left on the final vote, that would help.

PATIENT ADVOCATE SYSTEM

Okay. How about the issue of getting a key part of the checks and balance system. Since you, no matter how much funding we gave you, you couldn't have a large enough staff to be a complete check and balance as you would want to be, if you didn't have help from the actual veterans themselves.

Dr. Daigh, when a veteran goes to a VA hospital and has problems, how good or bad, in your judgment, is the feedback system? Is it readily available in most hospitals to find an 800 number or a patients' advocate they could contact? Is the patient advocate system working well? What happens with those?

For example, does the complaint go to the local hospital administrator, who might have every incentive to want to bury that in a trash can when we do our feedback? We follow up on our casework with a questionnaire in my congressional office once or twice a year. The answers don't come back to the caseworkers that do the work. The answers come back to our office here in Washington.

So I would welcome your feedback on that.

Mr. DAIGH. Yes, sir. I would say that in the hospitals that are functioning correctly, and that would be most of them, the patient advocate system works. They should have a database of the complaints that they have seen. They should maintain that database and there should be records that they have presented that data once analyzed to management. Most of the time, we see that ongoing.

As an organization, we get 10,000 or 20,000 hotlines a year. So veterans have our number. That would be veterans calling in or their families calling in with complaints. So in that way, there is a process. So I think that most of the time the advocate system works. We do go to facilities occasionally where it is broken. In our CAP report, we say it is broken, so fix it. And I believe they do take steps to fix it most of the time. So I believe it is an active and usually successful program.

Mr. EDWARDS. Good, good.

Have you looked at the Internet? Many veterans are very literate on the Internet, and go to the VA website. I know at one point in this past year I looked at it. It is pretty difficult for me to find

where I would go on the web on the VA site to lodge a complaint if I had been a patient.

Mr. DAIGH. There are two sites. One is on our website where you can lodge a complaint, and we do take hotlines by email, so we do that.

Mr. EDWARDS. Right.

Mr. DAIGH. I would also agree with you that VA website have become much more user-unfriendly in the past couple of years. You used to be able to log on and see who was the leadership and who was working there, and click and find their office phone number. So I could navigate my way around the system more easily, so that has become much more difficult.

I put all of my reports on the web to the public, so you can get all our reports anytime. I hope that helps answer the question.

HIRING PERSONNEL

Mr. EDWARDS. Very good. That is helpful.

Ms. Finn and Ms. Regan, I want to be sure I am clear on what with the additional budget funded by Congress last year, how many employees did that allow you to be able to hire? Have you hired those? And how many will you have to let go if you go back down to the proposed president's budget for 2009? Tell me as best as you can what would be the kinds of initiatives you couldn't take if you don't maintain inflation-adjusted current services in the budget in 2009, compare to 2008.

Ms. FINN. In the Office of Audits, our staffing increase with the additional funds for 2008 was a little less than the rest of the organization proportionally because we have had a great deal of attrition during 2007, and we are down already about 15 positions. Hiring auditors can be very difficult because we are looking for people with an accounting background, and those people are in high demand and they can make a lot more money elsewhere. So it is a difficult thing for us to hire auditors. We also try to hire analysts, but it is still a difficult issue. So we have been slowly trying to hire, and that is why for us the impact is only about four positions. Okay?

Mr. EDWARDS. The impact being, what you have already hired or what you would hire once you use all the money allocated to you.

Ms. FINN. The difference between our 2008 and 2009 allocations on paper is only about four positions. However, how an actual reduction would be allocated across the board could be a much more severe impact on us. Certainly, it is going to mean that some of our more difficult, more theoretical, longer-term work, we might not be able to do because it is not going to be quite as productive.

For example, trying to look at the department's enterprise architecture systems, and really help them come up with the hardware and software architectures that will help them to manage their information management more effectively. We may not be able to do that. In every case, we would have to look at our priorities and see what can we not afford to do.

Mr. EDWARDS. Yes.

Ms. Regan.

Ms. REGAN. My contract review group is not affected at all because they are paid for by the VA Supply Fund.

Mr. EDWARDS. They are paid for.

Ms. REGAN. Yes. It is a reimbursable agreement, so all the money we put back in is—some of that goes to pay for those people.

In my own legal office—an attorney, a paralegal, the FOIA officer and I am not sure at this point if a change in the budget next year will affect that work.

Mr. EDWARDS. So who actually decides your budget level for your office?

Ms. REGAN. The IG.

Mr. EDWARDS. The IG does.

Ms. REGAN. Yes. I mean, what funding out of our appropriation I get?

Mr. EDWARDS. Right.

Ms. REGAN. Yes, the IG does.

Mr. EDWARDS. Okay.

Ms. Finn, on the issue of reviewing the training within DVA, given we provided so much money for so many new hirees. Have you started that?

Ms. FINN. No, we have not. We hope to start that later this year.

Mr. EDWARDS. Do you have any idea how long you think that will take?

Ms. FINN. We will do it on a national basis where we will try to look at a number of regional offices to have a systemic picture. So our goal is to complete all of our audit work within 10 to 11 months. So I know it will be sometime within that time window. And that is the best estimate I can give you right now.

Mr. EDWARDS. Okay. I might ask you, if you wouldn't mind, sometime in late summer or first of September, July to the first of September, if you are at the point where you are getting some anecdotal feedback that seems to be consistent, I will understand that you have to draw limited conclusions from limited data, but even some anecdotal feedback would help us.

We really want to reduce that backlog, but we worked with the VSOs last year. They had some recommendations on a huge number of increased employees. We talked to them and said our concern. We liked the goal, but the concern was what do you do if you are taking people off of healing cases and train a new employee, where is the right balance between getting those new people in the pipeline, versus taking too many people out to train them. So I hope we keep going in the right direction before we have another huge increase in employees. It would be nice to at least get some anecdotal feedback about how we are doing.

Ms. FINN. I will make it a point to plan our work so we can provide you some feedback at that time.

Mr. EDWARDS. Okay, great. I will welcome that.

I would just say, I know there has been dialogue between your offices and our staff and my staff, but I think my colleagues would agree that you guys are a gold mine of experience and knowledge, and you can provide the kind of objective, well-informed information that we desperately need if we are going to be part of this check-and-balance system.

The truth is, we have been so busy over the last several years, it has been hard for us to exercise the kind of checks and balances system. So I hope we can continue an ongoing dialogue, and not

just at formal hearings, but in just informal discussions with all of you as we come across some issues. And we may follow up with you after you have presented what you think are your best proposals to us.

Mr. O'Neill, do you ever find as you are investigating these criminal cases, do you come up with systemic problems where it wasn't just an individual who was a crook, but a flaw in the system, and therefore we need to correct that flaw so it doesn't happen over and over and over again all over the country? And if so, how has the VA been generally about looking at those recommendations?

Mr. O'NEILL. When we conduct a criminal investigation that has that sort of systemic ramification, we do provide the department a memorandum that outlines what we have found. To be honest, we just don't have the resources to follow up to see if they corrected it, but we have at least provided them information, when it is an issue that we think will impact other areas.

We arrested two different directors in the mail out pharmacy program. That led us elsewhere, and we are working with the department. In fact, there is going to be an audit of the whole program.

Ms. FINN. There is an ongoing audit. Yes.

Mr. O'NEILL. So basically, if there is something, I will go to Audit with it, and then if it is not something that would merit a full-scale audit, then we would share it with the department, so they can fix the problem. If there is money going out the door and we can stop it, that is our effort to make sure it doesn't continue.

DRUG DIVERSION

Mr. EDWARDS. How large of a problem is drug diversion in the VA?

Mr. O'NEILL. Well, it is hard to quantify how big a problem it is. I can tell you that over the last 4 years, we arrested about 430 folks for drug diversion offenses. It is a wide-ranging thing. You have a nurse or pharmacist who is either stealing the drugs from the inventory, or worse yet, from the patient, and may be diluting it. We even had one withdraw Fetanol from a patch that was on a patient and things like that.

So when we get these indicators, when we get allegations, and frequently they come from either patients who say that they are not getting the proper medication, or are still in a lot of pain and the treating physician thinks that they are getting the dosage that they prescribed. So I would say that if you look at arresting 400 people over 4 years as a significant problem, which I do, but I couldn't quantify it because it is a crime that you can subject easily to, say, data-mining as much as you can line up individual—programs and help give you some leads, but you get an awful lot of false positives with those.

Mr. EDWARDS. Right.

Mr. O'NEILL. So each one has to be investigated individually, unlike the death match where they can really fine-tune your work to maximize your effort. Here, you have to look at each one individually. So I don't think I could fairly give an accurate answer in terms of how widespread a problem it is.

Mr. EDWARDS. Okay.

You collect money as a result of your investigations. Where does that money go? Does that go back in the general treasury?

Mr. O'NEILL. It depends if the funds can be returned to a revolving fund issue. In other words, if the funds can be returned to VA to some revolving fund, because most often when we get these settlements, it is years after the money has been spent, then it is returned. But probably the fact is, if you are talking about court-ordered restitution and recoveries of benefits, it is money that we get because the payee is deceased and it has been sitting in a bank. There is no criminal behavior, but we find the money has been piling up. I think it goes back to Treasury, if I am not mistaken.

Ms. REGAN. The rule is that anything other than single damages has to go back to Treasury. If it is the actual damage amount and it is an expired appropriation that hasn't been closed, you can put it back in there if they have some basis to use it. If there is a revolving fund involved such as the Federal supply fund, and I think there are some better benefits funds. I think there is a loan guarantee fund when we had some loan issues, we put money back in there.

So each time we get a settlement, we look to see if there is someplace we can put it in VA, but a lot of times it just goes back to Treasury.

Mr. EDWARDS. Okay.

Ms. REGAN. Now, the recoveries we have almost always to the supply fund. If it is a contract issue, if it was coming out of general contract, you can try to get it back there.

Mr. EDWARDS. Okay.

Dr. Daigh, one of the questions I have had as we begin to go out and visit VA hospitals, and I think we are going to get subcommittee members doing that more than we have done in the past, would you please at my request present to our committee the best 10 or 20 questions we ought to ask? It is so easy for us to walk through a hospital. They have cleaned the floors. They have fixed the restrooms and they put on a good show. I was pretty good when I knew my mom was going to check my bedroom to see if I had made my bed.

I want us to get out in the field more and see what is going on first-hand. But it would be helpful to know some of the things to look for, that you would look for as you are going out there, so we don't have to reinvent the wheel that you have been able to build with all of your expertise and experience.

Mr. DAIGH. I would be more than happy to do that.

[The information follows:]

V. Chairman Edwards requested information on what Members of Congress and Subcommittee staff should review while visiting VA Medical Centers.

General Comments

You will learn less in a briefing or sit down discussion than you will by walking the wards of the hospital. A well functioning hospital is a team: Director and staff, physicians, nurses and technicians, facility and business staff, and patients with their families. You should try to connect with each of these groups on a visit.

Small groups of three or four will permit patients and staff to discuss issues; larger groups will inhibit discussion and are not suitable for the size of most rooms in a hospital.

Ask to be taken on a tour of the hospital by one person. A staff person should accompany you to take notes as you will likely encounter situations that you would like follow-up data. Any one of the following would be excellent tour guides: Director, Chief of Staff, Senior nurse manager, but I would prefer a tour from the quality manager or patient safety officer as their presence should be less likely to intimidate free discussion.

- Ask to go to a specific ward to start (surgery or medicine, for example) and then to the emergency room and the general outpatient clinic (pharmacy, radiology department or cafeteria are other excellent choices).

- Non-clinical areas are equally important; the hospital supply warehouse, the janitors work room, and telephone call rooms, are areas where you would not be expected, but where you may gain insight with general conversation.

Medical/Surgical Ward Walk Through

Ask to meet the head ward nurse and ask for a tour of the ward. Having the ward nurse direct the tour should minimize the opportunity for awkward moments that are possible in visiting patients and families in the hospital.

- Encourage the ward nurse to direct the tour as there are often privacy or infectious disease quarantine issues that you may not otherwise recognize.

- Wash your hands when you leave each room if you come in contact with the patient or furniture in the room. Antiseptic foam may be used instead of soap and water and should be available in every room.
- Ask professional medical staff, administrative support workers, and other employees about the challenges and satisfaction they receive from their job or the care they have received.
- Ask staff how does their practice of medicine at the VA compare with other hospitals?
- Ask what improvements should be made to ensure that staff members are able to provide the highest quality medical care?
- Ask are other staff, such as supply, janitors, nursing assistants, pharmacy technicians, sterilization room technicians, are able to accomplish their job?

Discussions with Patients and Family

- Ask are they happy with the care received at this medical center?
- Talk with those waiting for a prescription who have just completed a visit and have a few minutes to talk.
- Ask general questions about their view of VA health care based upon their personal interactions, as opposed to asking about their particular health. Personal health care questions can become a longer, more detailed, more confidential discussion than may be appropriate for a hallway or walk-through conversation.

Elder Care issues

- Ask to meet with the head of the geriatric service and walk through the ward or clinic with him or her.
- Ask about the inpatient, outpatient, nursing home, and home support services provided. Ask about the community nursing home program and to be taken to the nurse and social worker who visit veterans in those programs. Ask how many veterans are in which homes and why they are in a nursing home instead of being at home.

Hospital Leaders

- After a hospital tour, ask to be taken to the director of the areas that were walked through – the chief of surgery, medicine, pharmacy, etc. Ask them about issues that were discussed on the ward and/or have a general discussion of their concerns. Similarly, the head of the information systems, supply, accounting, and maintenance can often provide an insiders' view of the medical care environment.

Director/Management Questions

- Ask for the results of the most recent VA patient and employee survey.
- Ask for a copy of the most recent Joint Commission report.
- Ask about difficulty hiring nurses and other hospital workers.
- Ask if the hospital is prepared for a medical emergency? Do they have a plan that is integrated with the community?
- Ask what issues are of current concern to the director.

Mr. EDWARDS. Great.

Could I also ask you, Dr. Daigh, about the LC data program? Perhaps we need to change the name. I have heard there is an interesting explanation for that. But give me an example of what is wrong with the present system and specifically what you would like to do to change it.

Mr. DAIGH. If we take the issue of veterans who commit suicide. I get a complaint or a hotline or notification that a veteran is a suicide. The allegation is that the VA didn't provide proper care. That is one tragic event. Does that tragic event mean that the VA is failing in delivering mental health to returning veterans or not? You have to have a universe that you understand, that you can sample in a statistically meaningful way, to understand whether those discrete events that you see represent the behavior of the entire population, or are they really a random event.

So by obtaining access to DOD data feeds, so that we have a list of everyone who left DOD in a given year, we have a universe that we understand. We know what their health care history is, because we have access to that.

Mr. EDWARDS. Since DOD doesn't have electronic patient data systems, do they?

Mr. DAIGH. Well, they do. They have TRICARE records, so they have in-patient records. They have CHCS. They have in-patient records, outpatient records.

Mr. EDWARDS. Computerized?

Mr. DAIGH. Computerized. Well, you really just need the business records to do most of what we are doing, because diagnosis is made in ICD–9 codes or CQT–4 codes. So with the business data that is available at a hospital, to understand what they are doing, you can describe patients or populations in terms of the disease burden they have.

So for this group, we know, for instance, who DOD diagnosed with PTSD on their side of the wall before they left DOD. If you have that kind of information, then you can begin to make meaningful statements about the quality of VA health care. Right now, I am limited to what happened to the patient at one facility, where people who are enrolled to that facility may not get their care at that facility. They may get their care through—enrollment just means you are privileged to use it, not that you use it.

Mr. EDWARDS. Would you hold that thought, and then we will get in to what you would do, what it would take to provide an adequate system of information.

Let me go vote and I will be right back.

Mr. DAIGH. Absolutely.

[Recess.]

Mr. EDWARDS. Mr. Daigh.

Mr. DAIGH. The House Veterans Affairs Committee is very supportive of our effort in this, and we currently are working with VA in putting together an organizational group that would include DOD, VA, the IG, and VBA to take what is a very elegant, but simple, formulation that we have published, and turn it into a relational data set so that government users, or the appropriate people then, can use that information and turn that data into information.

So that process right now we are driving as fast as we can with VA to make this an operational and usable data set that builds cohorts backward and continues to build cohorts forward. What I crave are the few people to help me do the analysis from that data. You know, you get information and you need to understand what that is. So where I have taken a few precious resources and invested them in this is to help us, again, understand the data, make sense of the data, and then work to offer reports that drive change. So that is my goal in this.

Mr. EDWARDS. How soon should we be able to implement a new system that does what you would like it to do?

Mr. DAIGH. I believe, and I will provide you with what I got from VA on this, but I believe that within the next year, this should be up and going, and probably within the next three quarters. My staff meets with the developers on this on a regular basis, and we are trying to get them as quick as we can. So this is in real-time moving forward. Geoff Bester, who is a staffer on the House Veterans Affairs Committee has a meeting on Monday with me, Dr. Clegg, VA, to see where we are on this proposal. He is very interested that this move forward also.

POST TRAUMATIC STRESS DISORDER

Mr. EDWARDS. Good.

One last question I would like to ask you, and that is, I came across a case where I think he was an OEF veteran came back to my district and he had clear need for PTSD counseling. At one point, he was even suicidal. But because he hadn't kicked the drinking problem, he was in effect locked out of the PTSD program at the Waco VA. Haven't you made a recommendation that would not require a sobriety test to be passed in order to work and help the veteran with his or her PTSD issues?

Mr. DAIGH. Yes, sir. The sustained sobriety requirement, that is that you be basically sober when you get mental health counseling, has been a tenet of many, both VA and civilian mental health programs harken back to the veteran population which is now much older, and many civilian facilities won't really accept you for mental health counseling if you are not sober or you are not free from drug abuse.

In a number of the suicide cases that we have reported on in the last year or two, sobriety has been a problem in addition to suicidality. When patients have at times presented to the civilian component, outside of VA care, they have been refused care if they weren't sober.

So we made the recommendation through a number of hotlines, and then in our review of VHA's mental health plan, they agreed that they would remove the requirement that patients be sober, and allow patients to get both mental health care and sobriety treatment at the same time, which I think is important and which I hope makes a difference. Although, that combination is a very lethal combination and difficult to deal with.

Mr. EDWARDS. Thank you for that.

Well, you have been very patient in being here a long time. I want this to be just the beginning, and not the end of our dialogue. So we will draw the subcommittee hearing to a close.

I will just finish with a thought. I just feel personally very grateful that we have people of your caliber and your experience and your dedication in these vitally important jobs. I was so thrilled last year that working together we were able to add $11.8 billion in funding to the VA. But you, as Zach Wamp said, this is a covenant and you are the guarantors of the covenant.

If we don't oversee the VA programs and weed out the mistakes and spend the dollars wisely, then we won't get a second or third opportunity to keep increasing VA funding. It would only take one 60 Minutes program and one 20/20 program to convince Americans that we are lavishing waste on the VA programs and the money is not helping veterans.

So not only the direct dollars you save, the crime you stop, but all the other benefits of your work, I am deeply grateful for that.

Thank you for being here. We will make this a tradition of our subcommittee.

[CLERK'S NOTE.—Questions for the record submitted by Congressman Farr.]

QUESTIONS FOR DR. JOHN DAIGH, ASSISTANT INSPECTOR GENERAL FOR HEALTHCARE INSPECTIONS

I. VET CENTERS

I have heard from some employees at the VA that some older veterans are being turned away or put to the back of the line in favor of veterans from the Global War on Terror (GWOT). The last thing we want to see is vets competing for services among themselves.

A. What can you tell us about access to care being received at local Vet Centers?

We have not done any work regarding access to care at Vet Centers due to other higher priority work. With additional resources, we would review access to care at Vet Centers.

II. SEAMLESS TRANSITION BETWEEN VA AND DOD

When an active duty soldier is honorably discharged, the Department of Defense (DoD) must transfer that soldier's records to the VA. There have been problems in the past making this a timely action, and some soldiers discharged with a service-connected disability have discovered that the DoD and the VA do not always use the same disability ratings ystem.

A. Does the IG have any recommendations to improve sharing of medical records or disability ratings?

DoD and VA have different goals in the determination of disability ratings. However, the medical examination for disability determination should be the same, that is, providing a single examination for the collection of data required for the disability determination for continued employment by DoD and a general disability evaluation by VA. The Office of Healthcare Inspections (OHI) has not evaluated the technical issues that must be resolved to improve this process, and thus have no specific recommendations.

B. Do you think that the VA and DoD are making progress connecting their disabilities ratings?

VA and DoD are making progress in the transfer of medical information. We have seen progress in the flow of medical record information from DoD facilities to Veterans Health Administration (VHA) facilities in connection with medical treatment. The Office of Audit recently noted an issue with the Veterans Benefits Administration (VBA) not receiving information from the DoD that identifies seriously disabled OEF/OIF veterans. This lack of information means that VBA cannot readily identify all veterans who need expedited processing on disability claims. We expect to issue a final report concerning this issue in June 2008.

III. VISN STRUCTURE

As you are aware, the Veterans Integrated Service Network (VISN) is the system that oversees the operation of regional veterans' hospitals and outpatient service centers.

A. Dr. Daigh, please tell the committee your views on the effectiveness of the VISN structure for providing health care.

I do not believe the current VISN structure is as effective as it should be in assuring that veterans receive quality health care. VHA provides veterans with quality health care. However, the variation in quality among the many facilities is a recent concern to me. Our Combined Assessment Program (CAP) reviews of VA medical centers continue to report problems with the peer review process, credentialing and privileging of physicians, and adverse event disclosure. In addition, we continue to find individual facilities in noncompliance with VHA policies in the area of environment of care on mental health wards that place patients at risk of harming themselves.

Recent complaints to the OIG Hotline have identified quality of care issues in Martinsburg, West Virginia, San Antonio, Texas, and Marion, Illinois. From the data at my disposal, the VISN's impact on medical facilities is limited to management of financial resources; I do not see a significant effect of the VISN upon the quality of care provided at medical facilities.

B. If you think the structure is ineffective, please explain why.

A central tenent of the current management structure is the idea that health care is best provided at the local level. Thus the chain of command extends from VACO to 21 VISNs with each VISN responsible for their share of the 150 medical centers, 800 community-based outpatient clinics, and 200 Vet Centers. VHA therefore has an organizational bias in favor of local decision makers over national leaders which impedes the provision of one standard of excellent medical care for all eligible veterans. The lack of a standard organizational structure leads to differences in financial systems, medical data systems, and management and committee structures from VISN to VISN.

VISNs are important control points in the financial chain of command. The result however is that there are now more than 20 entities within VA that must come to agreement on business practices that address common issues. This duplication seems unnecessary.

In OHI's report in January 2008 on the VA Medical Center (VAMC) in Marion, Illinois, we identified several issues that the Undersecretary for Health agreed to address on a national level. Our report identified a dysfunctional facility quality management structure. The Undersecretary for Health agreed to create a uniform structure to be used at each facility to manage the quality assurance process. Our report demonstrated that the Marion VAMC was performing surgeries where the expected risk to a patient at a smaller hospital with limited staffing is significantly different for the same procedure performed at a more sophisticated medical facility. The Under Secretary for Health agreed to review the method used to determine which diagnostic and therapeutic procedures are appropriate to perform at VHA facilities, and to ensure that the privileging of physicians for these procedures is matched with available resources.

Both of these issues are symptomatic of the current structure that tilts in the favor of local control of resources and decisions. With changing conditions, organizations need to adjust. The current organizational structure needs to be adjusted to more efficiently ensure veterans receive quality health care.

C. What recommendations can you give to the committee to improve the VISN system?

I believe that the current management structure would not be the best for VA health care in 2015. I would engage management experts to review and affirm the mission of VHA (health care, training, research, emergency medical preparedness) and suggest alternatives to the current structure of VHA to accomplish the desired mission as envisioned by national policymakers. Veterans receive their health care from a variety of sources that include VA, TRICARE, Medicare, Indian Health Service, Medicaid, and third party insurance. A review that considers the interaction of these sources of funding and community needs would, in my view, ensure that veterans get excellent quality health care and that taxpayers get the maximum return for their dollar.

QUESTIONS FOR JAMES O'NEILL ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS

IV. INFORMATION MANAGEMENT

Your office is responsible for conducting criminal and administrative investigations of wrongdoing in VA programs and operations.

A. Has the OIG ever been refused any request for information from the VA?

The OIG has not been refused any request for information from VA.

QUESTIONS FOR BELINDA FINN ASSISTANT INSPECTOR GENERAL FOR AUDIT

V. BACKLOG OF BENEFITS CLAIMS

Currently, it takes an average of 657 days to process a disability appeal. The VA is working to reduce the time for a disability claim to 145 days.

A. Do you have any recommendations to help the VA deal with the backlog of disability claims?

VBA needs to strengthen control processes over various aspects of disability claims processing. In recent audit work related to non-rating claims and compensation and pension changes, we identified avoidable delays that occur because claims are handled more times than necessary. We also found instances where VBA procedures did not ensure that staff processed compensation adjustments promptly. We have recommended improved performance measures and additional oversight to ensure that veterans and their dependents receive timely and accurate benefit payments.

VBA also needs to ensure its Systematic Technical Accuracy Review Program provides the comprehensive oversight needed to assure the consistent application of policies and procedures. Lastly, the complexities inherent with the rating schedule need to be addressed in order to improve the consistency of claims decisions.

Several Subcommittee Members expressed interest at the hearing on the effectiveness of funding provided to VBA for FTE to help address the backlog of claims. As stated in my testimony and in a later meeting with Subcommittee staff, we are currently reviewing how VBA hires and trains new claims processing personnel. We will share our findings and any recommendations with the Subcommittee upon completion of this review, which is expected no later than August 31, 2008.

VI. REQUEST FOR COPIES OF REPORTS

Office of Audit mentions reports on the timeliness and quality of prosthetics provided to veterans and activation of major construction projects.

A. I would appreciate any copies of current reports on these issues and copies of any future reports on these issues.

We have no current reports on the timeliness and quality of prosthetics provided to veterans and activation of major construction projects. As discussed in our written statement, we believe these are high-risk areas that would benefit from future review, but we cannot perform those reviews with our current resources because of higher priority work. If we are able to review these areas in the future, we will provide copies of the reports.

VII. BENEFITS PROCESSING

One of the ongoing top priorities for the Congress has been to see the backlog of claims for disability benefits reduced. Last year this Subcommittee and the Congress included funding for the hiring of 1,500 additional claims processors. The Office of Audit indicates in your testimony that for FY 2009 you plan to release six reports on the benefits processing process.

A. Inspector Finn, how responsive has the VA been in implementing the OIG's recommendations for addressing the backlog?

While we have not made recommendations that are specific to the backlog of disability rating claims, during the past year we have recommended that VBA increase its oversight and monitoring of processing actions in other areas such as non-rating claims and compensation and pension changes to ensure that actions are completed in a timely manner. VA has concurred with our recommendations and taken action to institute further controls and improve oversight. Because of the recency of these recommendations, we have not performed follow-on reviews to determine if the increased controls are effective in improving processing timeliness.

You mentioned that you would be doing six reports in benefits processes in FY 2009.

B. How many have you done in the years since the beginning of GWOT?

We have issued eight reports on benefit processing since FY 2002.

- Audit of Veterans Benefits Administration Benefit Payments Involving Unreimbursed Medical Expense Claims (September 30, 2002)
- Summary of the Benefits Review of the VA Regional Office in San Juan, Puerto Rico (March 7, 2005)
- Review of State Variances in VA Disability Compensation Payments (May 19, 2005).
- Audit of Adjustments of Hospitalized Veterans' Compensation and Pension Benefits (February 1, 2007).

• Audit of Veterans Benefits Administration's Pension Maintenance Program Administered by the Pension Maintenance Centers (March 30, 2007)
• Audit of Veterans Benefits Administration Controls to Minimize Compensation Benefit Overpayments (September 28, 2007)
• Audit of the Effectiveness of Veterans Benefits Administration Compensation Writeouts (December 19, 2007)
• Audit of Veterans Benefits Administration Non-Rating Claims Processing (February 7, 2008).

VIII. STAFFING ISSUES AT VA FACILITIES

It has been brought to my attention by people within the VA that the process for hiring health care employees is very complicated and can take several months. Obviously this presents problems when meeting shortfalls that currently number in the thousands nationwide.

A. Has the OIG recently conducted a review of the hiring practices within the VA? If yes, could my office get a copy of that report?

OHI last addressed this issue in a national report, Healthcare Inspection, Evaluation of Nurse Staffing in Veterans Health Administration Facilities, dated August 13, 2004. A copy is attached. The Office of Audit has not completed any audit on VA hiring practices; however, in March 2008 we began an audit to assess the effectiveness and timeliness of VBA's hiring process and overall progress assimilating new employees into the claims processing workplace. We will provide a copy of our final review upon completion, which is expected no later than August 31, 2008.

[A copy of the report follows:]

Department of Veterans Affairs
Office of Inspector General

Healthcare Inspection

Evaluation of Nurse Staffing in Veterans Health Administration Facilities

Report No. 03-00079-183 August 13, 2004

VA Office of Inspector General
Washington, DC 20420

Contents

Page

Executive Summary i

Introduction 1

Purpose 1

Background 1

Scope and Methodology 3

Results and Conclusions 5

Issue 1: Management of Nurse Staffing Resources 5

Recommendation 1 10

Issue 2: Nurse Staffing and Potential Impact on Quality of Care 11

Recommendation 2 12

Issue 3: Recruitment and Retention 12

Recommendation 3 15

Issue 4: Impact of Management Practices on RN Job Satisfaction 16

Recommendation 4 20

Endnotes 21

Appendices

A. Acting Under Secretary for Health Comments 23

B. Acting Assistant Secretary for Human Resources and Administration Comments 35

C. Monetary Benefits 39

D. OIG Contact and Staff Acknowledgments 40

E. Report Distribution 41

EXECUTIVE SUMMARY

The Department of Veterans Affairs (VA) Office of Inspector General's (OIG) Office of Healthcare Inspections (OHI) evaluated the efforts to manage nursing resources in Veterans Health Administration (VHA) medical facilities in light of the national nursing shortage. The purposes of our evaluation were to determine whether VHA facility managers: (1) effectively allocated and deployed nursing resources; (2) monitored the impact of staffing levels on the quality of care provided to patients; and (3) applied effective recruitment, retention, and deployment strategies to maintain a stable VHA nursing work force. We also solicited employee perceptions on other issues that may affect job satisfaction.

As of August 2003, VA employed more than 36,000 Registered Nurse (RN) full-time equivalents (FTE). In a 1989 report, OIG concluded that: (1) VHA managers needed to better monitor their nurse staffing needs, (2) staffing decisions were based on inaccurate data, (3) wide variations occurred among facilities, and (4) VHA did not have a standardized methodology to determine the appropriate number and mix of nursing personnel. Public Law 107-135, which became effective January 1, 2002, required the VA to establish a nationwide VHA staffing policy to ensure the provision of appropriate high-quality care and services. At the time of this review, VHA had not mandated the use of a national nurse staffing methodology.

Our review focused primarily on fiscal year (FY) 2002 activities. At the 10 medical facilities in our sample, we collected staffing data from 81 inpatient wards. We reviewed data reports and analyzed workload trends, costs, employee vacancy reports, and rates of employee absenteeism and turnover. We interviewed more than 800 VHA personnel and reviewed facility documents, including nurse staffing plans, policies, and trending reports. In addition, we reviewed the recruitment and retention practices employed by facility managers to hire and retain qualified personnel.

The nursing shortage is affecting nurse staffing, patient care, employee morale, and costs at VHA facilities. We found that facility managers frequently had to employ undesirable measures resulting in significant adverse patient access, financial, and job satisfaction consequences to ensure sufficient numbers of staff to provide safe patient care. Some facility managers limited patient access to care by deactivating beds and diverting patients to community hospitals, in part because of lack of nursing personnel. Facility managers might have been able to mitigate these consequences had VHA developed and implemented procedures to ensure: (1) efficient management of nurse staffing resources through the use of consistent staffing methodologies, standards, and data systems; (2) monitoring of the potential impact of nurse staffing issues on patient care; (3) effective use of recruitment and retention strategies; and (4) appropriate management response to issues that influence RN job satisfaction. Despite frequently voiced concerns about staffing shortages, the 10 sites we visited had generally met patient care demands.

Until VHA senior managers develop and fully implement a nurse staffing policy, system-wide monitoring is not possible. Effective policy implementation will require the designation of a national nurse staffing methodology, which facility managers will use to develop measurable staffing standards for all patient care areas.

We found that facility managers had not consistently considered available data, such as employee efficiency, absenteeism, and turnover, when they made nurse staffing decisions. Several VHA data systems, including the nursing computer package and the Decision Support System (DSS), are available to all facility managers and could be used to assist in making staffing decisions. These data systems incur significant maintenance costs and were not being fully used. They need to be evaluated, updated, maintained, and used to achieve greater staffing efficiencies. We believe that better resource management might have reduced limitations to patient access, reliance on overtime and contract labor, and costs.

We found minimal evidence that facility managers had analyzed the impact of nurse staffing variables, such as turnover and vacancy rates, on patient outcomes. Our analyses showed that increases in turnover were associated with suboptimal patient outcomes, which is consistent with published research findings. High-quality patient care and evidence-based practice could be facilitated if managers systematically evaluated the relationship between nurse staffing variables and patient outcomes. Also, the Joint Commission on Accreditation of Healthcare Organization's (JCAHO) staffing effectiveness standards require analyses of relationships between staffing indicators and patient outcomes. We found incomplete compliance with these standards.

Given the many varied opportunities available to RNs, managers need to create incentives for experienced staff nurses to remain in direct patient care assignments. Retention of experienced nurses is extremely important in today's work environment. Turnover is costly and needs to be consistently measured and managed. Aggressive succession planning is needed to address the anticipated losses of retirement-eligible nurses.

Facility managers use only a portion of the numerous recruitment and retention authorities available. VHA managers need to determine which authorities are most effective, secure sufficient funding, and streamline cumbersome administrative procedures to ensure success. The system would benefit if all recommendations submitted by VHA's Office of Nursing Service's (ONS) Future Nursing Workforce Planning Group (FNWPG) were implemented. National education programs have been beneficial in recruitment and retention and should be funded and supported.

VHA and facility managers need to address employee perceptions that influence job satisfaction and retention. Excessive use of overtime and all mandatory overtime cause nurse job dissatisfaction. Safe limits on overtime use need to be established. Floating, tour of duty changes, ancillary staff availability, and staffing mix all impact RN job satisfaction. Staff nurses would like to see evidence that managers support them and to be involved in staffing decisions.

We made recommendations to improve the management of nursing resources, promote high quality patient care, facilitate nursing recruitment and retention efforts, and enhance nurses' job satisfaction. We also identified areas where costs could be reduced or funds better used.

Acting Under Secretary for Health Comments

The Acting Under Secretary for Health concurred in all recommendations, including the estimate for monetary benefits. However, he expressed concerns that this report used perception data from nursing staff as the basis for recommending that VHA monitor the impact of overtime, duty changes, and floating changes on staff recruitment and retention and that VHA assess the need for establishing safe limits on these measures. The full text of the comments and the implementation plans are shown in Appendix A.

Acting Assistant Secretary for Human Resources and Administration Comments

The Acting Assistant Secretary for Human Resources and Administration recommended that the Acting Under Secretary for Health assume the lead for taking actions to ensure that direct patient care assignments offer similar opportunities to non-patient care assignments. The Acting Assistant Secretary for Human Resources and Administration also stated that the Department of Veterans Affairs has considerable discretionary authority to provide additional compensation to licensed practical nurses. The full text of the comments is shown in Appendix B.

Inspector General Comments

The Acting Under Secretary for Health comments and implementation plans are responsive to the recommendations. The Acting Assistant Secretary for Human Resources and Administration comments met the intent of recommendations 3a and 4b. We will continue to follow up until all issues are resolved.

(original signed by:)
JOHN D. DAIGH JR., M.D.
Assistant Inspector General
for Healthcare Inspections

INTRODUCTION

Purpose

We evaluated efforts to manage nursing resources in VHA medical facilities in light of the national nursing shortage. The purposes of our evaluation were to determine whether VHA facility managers: (1) effectively allocated and deployed nursing resources; (2) monitored the impact of staffing levels on the quality of care provided to patients; and (3) applied effective recruitment, retention, and deployment strategies to maintain a stable VHA nursing work force. We also solicited employee perceptions on other issues that may affect job satisfaction.

Background

For the past decade, health care literature has identified concerns about current and future nursing shortages in the U.S.[1] Subject matter experts have attributed the increasing concern about nursing shortages to an aging RN workforce, decreasing numbers of young people entering the profession, and the impending health care needs of the aging baby boom generation.[2,3]

In July 2001, the General Accounting Office (GAO) issued a report that discussed concerns about emerging nursing shortages. The report concluded that impending demographic changes are widening the gap between the numbers of people needing care and those available to provide care. In addition, GAO stated that job dissatisfaction is crucial in determining the extent of current and future nursing shortages and that efforts must be undertaken to improve the workplace environment.[4]

Studies of VHA's nursing work force reported similar concerns. RNs comprise one of the largest segments of health care workers in the VHA. As of August 2003, VA employed more than 36,000 RN FTE.* In a 1989 report, the OIG concluded that VHA managers needed to better monitor their nurse staffing needs. The OIG audit found that staffing decisions were based on inaccurate data, that wide variations in staffing occurred among facilities, and that VHA did not have a standardized methodology to determine the appropriate number and mix of nursing personnel.[5] At the time of this review, VHA had not mandated the use of a national standardized nurse staffing methodology as recommended in 1989.

VA stakeholders have identified quality of care implications that warrant attention. The American Legion reported that health care facility managers have been forced to neglect several long-term care programs, close inpatient beds, and postpone elective medical procedures because of insufficient nursing personnel.[6] Several private sector studies have linked adverse patient consequences, such as medication errors, urinary

* Data extracted from the payroll system as of August 8, 2003.

tract infections, and pneumonia, to care provided in wards inadequately staffed with RNs.[7,8,9]

Following the 1989 OIG report and in response to stakeholder concerns, VHA developed and endorsed the Expert Panel Staffing Methodology in the early 1990s for facilities to use to manage their nursing resources. This model was intended to assist bedside nurses, in collaboration with their managers, to appraise the adequacy of administrative, clinical, and support services, and to explore opportunities for work redesign. However, not all facility managers embraced the Expert Panel initiative. Objections to the Expert Panel Staffing Methodology included that it was too time consuming to maintain, allowed for improper manipulation, and was budget neutral (staffing adjustments had to be accomplished within existing budgets).

In 2000, VHA's ONS chartered the FNWPG to evaluate issues related to the supply and utilization of nursing resources. Approximately 1 year later, the ONS published its report entitled, "A Call to Action: VA's Response to the National Nursing Shortage." The report concluded that existing human resource and pay authorities did not offer the flexibility required to respond quickly to prevailing market forces. The report made numerous recommendations categorized according to nursing utilization, retention, recruitment, and outreach activities. The report concluded that sufficient funding must accompany any actions to ensure enduring success and that VHA needed to shift from traditional, cumbersome employment practices to more flexible and creative strategies.[10]

Also in 2000, VHA established the Hiring Timeline Ad Hoc Group[11] to address pre-employment issues affecting RNs. The group identified various barriers that delayed or impeded the hiring process and recommended strategies to improve nursing recruitment. The recommendations included national labor relations negotiations, advertising campaigns, and collaboration between Human Resources (HR) personnel and the VA Nurse Recruiters Association.

In response to prior reports and increasing nurse staffing concerns, the U.S. Congress passed Public Law 107-135, entitled "The Department of Veterans Affairs Health Care Programs Enhancement Act of 2001." The law became effective January 1, 2002, and required the VA Secretary, in collaboration with the Under Secretary for Health, to establish a nationwide VHA staffing policy to ensure the provision of high-quality care and services. The required policy must take into account the staffing levels and mixture of employee skills required for the range of care and services provided. In addition, the law mandated the establishment of the National Commission on VA Nursing to collect information related to legislative and organizational policy changes and to assess the future of the nursing profession in the VA. The law also strengthened some pay and retirement initiatives and required VHA managers to submit reports on several key topics, such as mandatory overtime, nurse managed clinics, and nurse qualification standards.

We will refer to two VA data systems in this report, the nursing computer package and the DSS. The nursing computer package includes a staffing methodology, introduced in 1984, intended to be used by managers to monitor if sufficient nursing personnel were provided to meet patient care needs. The methodology requires that nurses classify inpatients according to their dependencies and needs for direct nursing care (referred to as the patient's acuity level). Nurses classify each patient every day into one of several groups. Average values, in hours, are assigned to each group and serve as measures of staffing needs. The associated values are specific to several clinical specialties, i.e., critical care, extended care, medicine, surgery, behavioral health, and spinal cord injury. The levels of care range from minimal nursing care, acuity level I, to acuity level V. In addition, the methodology requires that the hours worked be entered into the system. Staffing adequacy is determined by comparing the hours provided with those required for each patient's acuity.

DSS is an automated managerial cost accounting system that VHA adopted in 1994. The system associates costs with health care services delivered to patients. In addition, the DSS provides a mechanism to analyze patient outcomes and manage clinical care. By extracting and integrating data from a variety of existing VHA computer packages, the DSS can assist facility managers to make informed decisions, thereby using resources more effectively. The DSS is used by more than 1,400 hospitals and health care systems worldwide.[12]

All detailed data systems require maintenance and validation to achieve maximum functionality. Accurate DSS reports require the individuals who are most familiar with the work produced to maintain the following three factors:

> Workload Collection: The amount of work performed within a specific time period by one or more employees.
>
> Labor Mapping: A record of the amount of time and location each employee is available to produce work.
>
> Relative Value Units (RVUs): The weighted units of measure that allow for the relative comparison between different complexities and mixes of procedures, i.e., amount of resources used to produce each work product.

Scope and Methodology

We reviewed VHA's efforts to manage its nurse staffing resources in light of the national nursing shortage and evaluated several issues, such as use of a nurse staffing methodology, use of data to make staffing decisions, and the impact of nurse staffing on patient outcomes. In preparation for this review, we met with VA Central Office program officials. We reviewed prior OIG and GAO reports, as well as extensive literature and research related to nurse staffing. We also reviewed documents related to recruitment and retention authorities.

We selected 10 VA medical facilities, which comprise a mix of facility size, geographic location, and Veterans Integrated Service Networks (VISNs). We visited the facilities from November 1, 2002, through May 15, 2003. Our review focused primarily on FY 2002 activities. At the 10 medical facilities visited, we collected staffing data pertaining to 81 inpatient wards. Some data analyses in this report are based on 78 inpatient wards because of differences in department structures and ward consolidations. The medical facilities we visited had 4,095 authorized inpatient and outpatient nursing positions.

We reviewed employee efficiency statistics from the DSS and analyzed workload trends, employee vacancy reports, and rates of employee absenteeism and turnover. We evaluated the performance of each inpatient ward against both local and available national staffing standards. We also considered the additional costs, such as overtime and contract personnel used to supplement core nurse staffing in order to achieve acceptable staffing levels.

We analyzed nurse staffing data in the context of patient outcomes to determine if there were any trends. We interviewed more than 800 VHA personnel, including senior facility managers (directors and nurse executives), nurse managers, staff nurses, nurse educators, HR specialists, DSS Managers, and Quality Management (QM) personnel. We reviewed facility documents, including nurse staffing plans, policies, trending reports, database statistics, and committee meeting minutes. In addition, we reviewed the recruitment and retention practices employed by facility managers to hire and retain qualified personnel.

We validated all data with the nurse managers, DSS managers, and nurse executives on-site. We communicated our interpretations and suggestions to the responsible managers. When we identified data integrity issues, we recommended corrective actions to ensure that future staffing decisions and resource requirements could be supported by accurate data.

We conducted the evaluation in accordance with the *Quality Standards for Inspections published by the President's Council on Integrity and Efficiency.*

RESULTS AND CONCLUSIONS

The nursing shortage is affecting nurse staffing, patient care, employee morale, and costs at VHA facilities. We found that facility managers frequently had to employ undesirable measures with significant adverse patient access, financial, and job satisfaction consequences to ensure that sufficient numbers of staff were available to provide safe patient care. Some facility managers limited patient access to care by deactivating beds and diverting patients to community hospitals, in part because of lack of nursing personnel. Facility managers might have been able to reduce the use of these measures if VHA had developed, initiated, and validated systems to ensure: (1) efficient management of nurse staffing resources through the use of consistent staffing methodologies, standards, and data systems; (2) measurement of the potential impact of nurse staffing on patient outcomes; (3) effective use of recruitment and retention strategies; and (4) appropriate management responses to issues that influence RN job satisfaction. There are currently no VHA standards for acute care nurse staffing adequacy. Despite frequently voiced concerns about staffing shortages, the 10 sites in our sample had generally met patient care demands.

Issue 1: Management of Nurse Staffing Resources

Nurse Staffing Methodologies and Standards

We found that VHA facility managers did not follow a standardized staffing methodology. In the absence of a national VHA nurse staffing methodology, facility managers used a variety of methods to monitor, allocate, and deploy nursing resources. We found that managers made decisions based on limited and inconsistent information, which resulted in lost opportunities to better monitor and control resource needs. The facility staffing methods varied in their sensitivities to changes in patient acuities and ward activities.

Establishing the optimum mix of nursing personnel with the appropriate qualifications, credentials, and clinical competencies is critical to fulfill patient care requirements. We found that local nurse staffing methodologies were inconsistent and produced staffing standards that did not always differentiate the mix or categories of nursing personnel required to care for the facilities' patient populations. Of the 10 staffing methodologies we reviewed, 3 did not designate the mix or categories of nursing personnel (i.e., RN, Licensed Practical Nurse [LPN], Nursing Assistant [NA]). In addition, methodologies were based on a variety of workload measurements, such as hours per patient day, nurse-to-patient ratios, and patient census data.

We validated facility managers' compliance with their own locally developed staffing standards by comparing the number and categories of nurses provided with the requirements defined by their own local standards. We analyzed 686 tours of duty (day, evening, and night). We found that facility managers met their staffing standards 76 percent (521/686) of the time. Only one medical facility met its staffing standards at all

times. Staffing standards were met more often when methodologies and guidelines were flexible and responsive to changes in patient care requirements, such as admissions, procedures, and acuities.

We concluded that system-wide monitoring was not possible with locally developed methodologies and standards. VHA senior managers need to provide better guidance and oversight to facility managers by developing and implementing a staffing policy as prescribed by Public Law 107-135. They then need to develop an effective national nurse staffing methodology flexible enough to be implemented at all facilities and responsive to the dynamic changes in workload and the availability of nursing and support personnel. Facility managers will need to consistently apply the national methodology to develop measurable staffing standards for all patient care areas and monitor the adequacy and distribution of nursing resources.

Patient Access to Care

Some facility managers limited patient access to care because of staffing shortages. Managers at one facility told us that they had deactivated 28 percent (16/58) of their medical/surgical beds during FY 2002, in part because of their difficulty in recruiting nurses. At this same facility, we found that managers diverted 287 medical/surgical patients to community hospitals during the first 5 months of FY 2003. Unavailability of nursing personnel was identified as a factor in approximately 54 percent (155/287) of these patient diversions. Nurse Executives at 40 percent (4/10) of the facilities we visited stated that bed deactivations, patient diversions, and cancellations of admissions and procedures routinely occurred when nurse staffing was not adequate. Better coordination of resources might have reduced or prevented the need to limit patient access to care.

Additional Staffing Considerations

Facility managers employed other significant interventions to ensure adequate nurse staffing. Interviews with 81 inpatient nurse managers disclosed that all but 2 of them routinely relied upon employees to work overtime in order to ensure that their wards were adequately staffed. One-third of the staff nurses (122/368) told us that they were required or mandated to work overtime in FY 2002 because of inadequate staffing. During the last 6 months of FY 2002, managers in our sample paid over $2.2 million in overtime compensation for inpatient nursing services only. During the same period, total resources expended to supplement basic nurse staffing at each of the 10 facilities visited ranged from $24,000 to $1.4 million, with the total for all facilities at about $5.5 million. Annualized and projected for all 162 VHA medical facilities, we estimated that these expenditures exceeded $178.2 million.

Supplemental nursing resources (including overtime, contract, and per diem costs) may be necessary for coverage and may even be the most cost-effective strategy. However, opportunities existed for managers to significantly reduce these expenditures. When we presented our data analyses to the nurse managers in our sample, 45 percent of them

identified interventions, such as redistribution of personnel, that could have been considered as an alternative to the use of overtime or contract nurses. If managers would reduce their reliance on supplemental nursing resources by 10 percent, they would achieve an estimated annual savings of $17.8 million.

Managers at 80 percent (8/10) of the facilities temporarily reassigned (floated) nurses between units. All facilities (10/10) changed schedules or tours or duty, and half of the facilities (5/10) relied upon intermittent or contract personnel. Current literature clearly identifies concerns associated with these interventions, such as the negative impact on staff satisfaction, absenteeism, clinical competencies, and patient safety.[13,14,15] These topics are discussed more fully under Issue 4.

We analyzed the rate of employee absences (absenteeism) and found that the inpatient nursing absenteeism rates ranged from 11 to 23 percent for the last 6 months of FY 2002 for all categories of nursing employees. The average for all facilities was 14.4 percent. While managers have little control over unplanned absences due to illness or family emergencies, scheduling of vacation and holiday time lends itself to more control. Facility managers need to monitor the costs associated with excessive absenteeism. Nursing managers agreed that overtime and contract costs could have been reduced if absenteeism had been better controlled. By reducing the average inpatient absenteeism rate in our sample by 1 percentage point, 23.6 FTE could have been saved.[†] If this reduction were achieved by all VHA facilities, the projected annual cost avoidance would be $17.8 million in salary replacement costs.

In addition, facility managers were inconsistent in collecting and analyzing data when managing nursing resources, even within the same facility. For example, some nurse managers told us that they based their evaluation of nursing workload on the average number of admitted patients, while others considered unit activities, such as admissions, discharges, and patient procedures. We found similar inconsistencies in how managers calculated turnover rates. According to the Veterans Benefits and Health Care Improvement Act of 2000 (Public Law 106-419), turnover rates should be calculated by dividing the facility's losses by the average number on board. During our review, we identified three different methodologies used for calculating the turnover rate. Managers at one facility acknowledged that they had not calculated turnover rates until requested for our review. These inconsistencies were more prevalent in facilities with decentralized nursing services, such as product or service line organizational structures.

Staffing Data Systems

We found that most facility managers did not fully use, or were not familiar with, existing data systems that could provide better information to make sound nursing resource management decisions. Data sources, such as the nursing computer package and the

[†] Calculations are based on 2349 inpatient FTE representing 54 percent RNs, 19.4 percent LPNs, and 26.6 percent NAs in our sample as of September 30, 2002. We used average annual national salary costs of $63,500 for RNs, $36,934 for LPNs, and $28,915 for NAs.

DSS, were available to support decisions, but few nursing managers fully used these data systems to monitor and manage nursing resources.

Nursing Computer Package

We found that most nursing personnel were classifying patients in the nursing computer package as expected. Although nurse executives told us that they considered patient classification data when making staffing decisions, they said that the comparison reports had limited value because the nursing time allocated for each patient category was not accurate. The package had no provision to make adjustments. Consequently, not all facilities entered the employee hours worked data into the package. The methodology that could have been used to determine staffing adequacy was not considered to be accurate and therefore, was not being fully utilized.

Since the nursing computer package was available to all facilities (although not all facility managers chose to use it), we used this methodology as one measure of compliance with staffing standards. We analyzed 487 tours of duty. We found that facility managers met the staffing standards embedded in the nursing computer package only 49 percent (239/487) of the time.

We concluded that VHA senior managers needed to evaluate and either eliminate or update the patient classification and employee hours worked components of the nursing computer package as part of a more comprehensive national staffing methodology. If VHA chooses to retain these components, DSS should be integrated into the national staffing methodology to enhance clinical and cost analyses. These actions would result in more efficient use of employee time currently expended to maintain a system that is not fully used to manage nurse staffing resources.

DSS Nursing Data Maintenance

We found that facility managers had not consistently maintained essential nursing data within the DSS database. Specifically, they did not maintain the accuracy of data related to workload collection, labor mapping, and RVUs. We reviewed workload reports for the third and fourth quarters of FY 2002. Reports indicated that 37 percent (29/78) of the inpatient wards' nursing workload was incomplete, primarily because nurses did not classify all their patients' acuity levels. In addition, 89 percent (72/81) of nurse managers told us that they were not expected to report changes in the locations and times that nursing employees were available to work in their areas. Failure to collect all data and to accurately map labor could result in either overstatements or understatements of employees available to provide care to the patients. Similarly, nurse managers did not assure the accuracy of RVUs.

Staffing adequacy is reflected in various DSS efficiency reports.[‡] The three factors of the DSS database (workload collection, labor mapping, and RVUs) are interrelated and can be used to calculate employee efficiency or productivity, which is a useful measure

[‡] DCM 0700 Report and Variable Labor Statistics Report.

of staffing adequacy. DSS program officials suggested that wards operate within an efficiency range of 70 to 110 percent. We reviewed DSS efficiency reports from 78 wards and found a range of 29 to 183 percent. Only 46 percent (36/78) of the wards fell within the acceptable efficiency range. The data suggested that 30 percent (23/78) of the wards were understaffed and that 24 percent (19/78) were overstaffed. This indicated that over half of the inpatient wards were inappropriately staffed with nursing personnel and/or that essential DSS database factors were not maintained. Managers consistently told us that they did not have confidence in the integrity of the DSS data. Nursing leaders did not consistently use the DSS cost data to assist with resource management decisions. Only 15 percent (12/81) of the nurse managers we interviewed told us that they were expected to use any aspect of the DSS, and none of them used the DSS to conduct cost benefit analyses regarding ward staffing.

To illustrate, at one facility we found two behavioral health wards with divergent extreme measures of employee efficiency. The locked psychiatric ward was 158 percent efficient, and the unlocked psychiatric ward was 45 percent efficient. The nurses told us that managers floated personnel from the unlocked ward to the locked ward almost every shift and every day, which adversely affected employee job satisfaction on both wards. We encouraged nursing managers to use the DSS reports to support decisions regarding staffing assignments.

We found that confusion surrounding standardization issues contributed to underutilization of the DSS. Among facility managers, we found inconsistent opinions regarding which aspects of the DSS should be standardized. One facility director told us that the DSS had limited value to support local facility decisions because VISN managers had imposed standardized RVUs for facility comparisons. The facility director expressed frustration that national guidance had not been provided so that the DSS would meet national, VISN, and local objectives. At the time of this review, VHA had not yet published a national DSS directive that clearly addresses DSS utilization by VISN and VHA facility managers.

In 2001, the VA Secretary acknowledged that VHA had made a significant investment in both time and resources in the implementation of the DSS.[16] A 1999 OIG audit evaluated whether DSS implementation was sufficiently standardized to ensure the usefulness of data at local, VISN, and VHA levels. The audit found that VHA had invested approximately $140 million in the DSS implementation costs through 1998 and that additional actions were needed to ensure maximum usefulness of DSS data.[17] In response to the audit, the Under Secretary for Health stated, "The Offices of the Chief Network Officer, the Chief Financial Officer, and the Chief Information Officer have committed to working in close coordination to ensure that DSS achieves its full potential as a critical management tool." However, our findings from this nurse staffing evaluation indicate that the actions were not successful.

VHA program officials told us that estimated annual DSS maintenance costs are $58.6 million. Since nursing costs are approximately 14.2 percent of the total VHA budget, we estimated that 14.2 percent of the annual DSS maintenance costs could reasonably be

attributed to managing nursing resources. However, VHA program officials told us that half of these costs are dedicated to managerial cost accounting and should not be attributed to nursing services. Therefore, we estimated that VHA expended at least $4.1 million in annual maintenance costs for a system that managers had not consistently or fully used to manage nursing resources.

Conclusions

System-wide monitoring of nurse staffing adequacy is not possible using the variety of locally developed methodologies and standards currently in place in VHA facilities. VHA needs to provide more effective oversight to ensure efficient management of facility resources. Once a national nurse staffing policy and methodology are developed and implemented, facility managers need to create staffing standards that will ensure the efficient, appropriate use of nurse staffing resources to provide safe patient care and address pertinent nurse staffing considerations.

Existing data systems need to be evaluated, updated, maintained, and used to achieve greater staffing efficiencies. VHA continues to expend significant funds on DSS maintenance, yet has not effectively addressed utilization, accountability, standardization, and data integrity issues.

Recommendation 1:

The Acting Under Secretary for Health, in conjunction with VISN and facility managers, needs to take actions to:

a. Develop and oversee the implementation of a national nurse staffing policy that applies a single staffing methodology to generate consistent facility staffing standards.

    1) Identify specific data elements and systems that will be used.
    2) Ensure appropriate data validation and database maintenance.
    3) Ensure that data systems, such as the DSS and the nursing package, are complimentary, consistent, and used by nurse managers in making decisions regarding staffing levels and staffing mix.

b. Design a process to ensure the efficient and appropriate management of nurse staffing resources.

Acting Under Secretary for Health Comments:

The Acting Under Secretary for Health concurred with the findings and recommendation and made plans for improvement, which are acceptable.

Inspector General Comments:

We will follow up on the planned actions until they are completed.

Issue 2: Nurse Staffing and Potential Impact on Quality of Care

We found that only one facility's staffing policy included a comprehensive analysis of the relationships between patient outcomes and nurse staffing issues, such as vacancy and turnover rates. In 2001, the Health Resources Services Administration contracted with the Harvard School of Public Health to study nurse staffing and patient outcomes in hospitals.[18] The study assessed patient outcomes that were potentially sensitive to nurse staffing. Researchers used 1997 discharge data from 799 hospitals in 11 states. Strong and consistent inverse relationships were found between nurse staffing and numerous undesirable patient outcomes, including urinary tract infections, pneumonia, and upper gastrointestinal bleeding. We collected FY 2002 data from all patient discharges at the 10 facilities in our sample using selected patient diagnoses included in the Harvard study. Our analyses did not produce results that were inconsistent with those in the study.

In addition, we interviewed 369 inpatient RNs to obtain perceptions of staffing adequacy and patient outcomes. While we recognize that nurses generally think that more staff is the solution to all problems, we provide these perceptions as one perspective on issues surrounding the nursing shortage. Thirty-eight percent (141/369) of the RNs believed that their wards were inadequately staffed. Seventy-four percent of these nurses (105/141) perceived that patient care was compromised as a result of inadequate staffing. These nurses identified patient falls (67 percent), increased lengths of stay (64 percent), and skin breakdown (60 percent) as factors most commonly associated with inadequate staffing. In addition, over 70 percent of these nurses told us that staff injuries occurred more often because of short staffing. The nurses interviewed were unable to provide us with specific patient incidents that could be directly related to inadequate nurse staffing. We referred general concerns brought to our attention to the facilities' QM program coordinators for follow-up.

In 2002, the JCAHO implemented new staffing effectiveness standards that require facility managers to analyze the relationships between staffing indicators and patient outcomes. Managers are expected to select at least two clinical indicators, such as medication errors, patient complaints, and increased length-of-stay, and two HR indicators, such as staff vacancy rates, overtime use, and sick leave trends.[19] Although the standards were effective July 2002, we found that the 10 VA medical facilities we visited were in varying stages of compliance with the new standards. Several facilities' managers had selected indicators related to nurse staffing, yet only one facility had fully integrated the results of their analysis into their nursing resource planning process.

Conclusions

We found minimal evidence that facility managers had analyzed the impact of nurse staffing issues with diagnoses potentially sensitive to those issues. Facility managers need to systematically review the relationship between nurse staffing issues and patient outcomes. VHA managers need to ensure that all facility managers comply with the JCAHO's staffing effectiveness standards.

Recommendation 2:

The Acting Under Secretary for Health, in conjunction with VHA facility managers, needs to take actions to design a process to systematically measure the impact of nurse staffing issues on patient care outcomes.

Acting Under Secretary for Health Comments:

The Acting Under Secretary for Health concurred with the findings and recommendation and made plans for improvement, which are acceptable.

Inspector General Comments:

We will follow up on the planned actions until they are completed.

Issue 3: Recruitment and Retention

Alternative Career Options and Promotion Opportunities

Nurses today have career alternatives available to them that do not require direct patient care, such as utilization management, information technology, and QM. We found that these alternatives were attractive to nurses because they provided opportunities to seek interesting challenges with more stable schedules and promotion options.

We interviewed 153 RNs who spent three quarters or more of their time performing assignments that did not involve direct patient care. We asked these nurses to identify the most significant factors that influenced their decisions to leave bedside nursing. Seventy-three percent (112/153) told us that they pursued their current positions for increased responsibility and challenge, and 58 percent (88/153) wanted more stable work schedules. Thirty-five percent (53/153) reported that they would not have achieved their current salaries or grades had they remained in direct patient care assignments. VHA program officials acknowledged the widespread perception that bedside nurses were less likely to attain promotions than non-direct care nurses. As a result, VHA officials told us that they were considering developing a career track specifically for direct care nurses.

Turnover

Retention of experienced nurses is extremely important in today's work environment. One measure of retention is the employee turnover rate. VHA reported an average turnover rate of 9.4 percent among all VHA facilities as of June 30, 2002. Based on the information provided to us by facility managers, the average turnover rate for RNs in our sample during FY 2002 was 11.7 percent, with a range from 6 to 26 percent. Five of the 10 facilities exceeded the VHA national average of 9.4 percent. According to the Acute Care Hospital Survey of RN Vacancies and Turnover Rates in 2000, the average RN turnover rate was 21.3 percent.[20] Although the VHA turnover rates remain below the reported national average, VHA officials acknowledged that the overall vacancy and turnover trends and continuing staffing difficulties at many locations remain causes for concern.

The financial impact of turnover is significant. An organization incurs costs related to direct and indirect recruiting, reduced productivity, training, and termination. According to a recent report from the Voluntary Hospitals of America,[21] it costs approximately 100 percent of a nurse's annual salary to fill a vacated nursing position. The following illustrates one method to determine costs associated with turnover. The average annual VHA RN salary was $63,500. If the five facilities in our sample that exceeded the VHA national average had set a goal to attain an annual turnover rate of 9.4 percent, the estimated annual savings would be over $2.7 million.

We also looked at the reported turnover rates of ancillary nursing personnel, such as LPNs and NAs. We found that the average rates in our sample were higher than RN rates. The turnover rates for LPNs and NAs were 18 and 14 percent, respectively. Clearly, effective strategic solutions need to involve all categories of nursing personnel.

Retirement-Eligible RNs

At the facilities we visited, 19 to 51 percent of the RNs were eligible for retirement within the next 5 years. Nursing managers at all facilities expressed grave concern regarding the potential mass departure of these experienced nurses. Most of the nursing managers predicted that the current budget allocation methodology and the recruitment and retention initiatives will not be adequate to respond to this impending crisis. In addition, most believed that without dramatic changes, patient care will be compromised, and restricted access to care will be widespread and unavoidable.

Recruitment and Retention Authorities

While VHA had been granted the authority to implement a number of strategies to become more competitive in recruitment and retention, we found that facility managers had not fully implemented many of the strategies. Our findings were consistent with the ONS's FNWPG report. Managers informed us that the reasons for not exercising these

authorities included the inability to obtain local funding, the perceived ineffectiveness of some authorities, and cumbersome processes to obtain required approvals.

During our visits to the medical facilities, we collected information on the use and effectiveness of 23 recruitment and retention authorities, including incentive awards, recruitment bonuses, and retention allowances. We interviewed senior managers and HR specialists to determine whether these authorities were used to recruit and retain qualified nursing employees and to what extent employees benefited from these initiatives. The two authorities managers used frequently were incentive awards and specialty pay for hard to fill positions.

Nursing and HR managers report that many of the existing HR and pay authorities did not offer the flexibility required to respond quickly to facility needs. For example, lengthy hiring procedures hindered their ability to quickly hire new employees, particularly NAs. Managers stated that a significant barrier to the hiring process involved requiring RN candidates to submit original school transcripts before they could be offered permanent positions. Managers reported that they had lost many qualified candidates since most private facilities required only a valid nursing license and had the ability to offer candidates permanent positions within days after receipt of applications for employment.

Some facility managers were not aware that the authority to implement certain strategies had been granted and was available for their use. For example, while it was easier to recruit for Title 38 RNs than for Title 5 NAs, only one facility applied the Title 38 special recruitment authority for hard-to-fill NA positions in lieu of the designated recruitment regulations.[§] Managers at other facilities were not aware of this option. Managers would like direct hire authority for hard-to-fill Title 5 positions.

We also found that certain authorities had not been exercised because of the perceived difficulty in obtaining required approvals. For example, facility managers would benefit by reemploying civilian retirees, such as former VHA nurses; however, only one facility had used this authority. Managers at several facilities had not exercised this option because they erroneously considered it "double-dipping." Other managers told us that the process of requesting approval to waive the dual compensation restrictions was too cumbersome and time consuming. However, all managers acknowledged the value of this authority since it potentially expands the pool of qualified and experienced nurses, minimizes the costs associated with new employee orientation and training, and may reduce dependency on supplemental staffing, such as overtime or contract labor.

We concurred with the conclusions and recommendations in the ONS's FNWPG report. However, we found that VHA had not fully implemented its recommendations. In addition, we found that nurses had limited knowledge of the work accomplished and solutions proposed by the FNWPG.

[§] VA has a separate employment system under 38 U.S.C. for appointment of physicians, dentists, podiatrists, optometrists, nurses, nurse anesthetists, physician assistants, and expanded-function dental auxiliaries.

National Education Support Programs

National education support programs sponsored by VHA can serve as powerful recruitment and retention tools. All of the education managers we interviewed told us that employees from their facilities had benefited from these national programs, such as the National Nurse Education Initiative, Education Debt Reduction Program, and VA Learning Opportunities Residency Program. They acknowledged that these programs facilitated nurse retention, and most of them stated that they promoted these opportunities through advertisements and job fairs. While managers and employees were encouraged that VHA had accepted nearly all submitted applications, there were significant concerns regarding the timeliness of educational reimbursements.

All of the nurse executives we interviewed told us that they would like to see the VA Health Professional Scholarship Program reinstated and funded. This program was successful in recruiting some of the highest caliber individuals to the VA system. They told us that it had been legislatively authorized but that current appropriations had not been obligated.

Conclusions

We concluded that VHA managers need to create more incentives for staff nurses to remain in assignments that involve direct patient care. Turnover rates of all nursing personnel need to be monitored consistently and attempts made to reduce them. Aggressive succession planning is needed to address the anticipated losses of retirement-eligible nurses.

VHA managers need to determine which recruitment and retention authorities are the most effective to meet the increasing demands for nursing personnel and then secure sufficient funding to ensure success. Facility managers and employees need appropriate education about the available initiatives to maximize exposure to existing opportunities. HR guidelines and practices need to be flexible and meet the needs of facility managers in a competitive marketplace. VHA needs to streamline cumbersome administrative procedures and ensure more aggressive contingency planning. The system would benefit if all recommendations submitted by the FNWPG were implemented. National education programs have been beneficial in recruitment and retention and should be funded and supported.

Recommendation 3:

a. The Acting Under Secretary for Health, in conjunction with the Acting Assistant Secretary for Human Resources and Administration, needs to take actions to develop and implement a process to ensure that direct patient care assignments offer opportunities similar to non-patient care assignments.
b. The Acting Under Secretary for Health, in conjunction with VHA facility managers, needs to take actions to:

i. Implement a process to ensure aggressive succession and contingency planning.

ii. Evaluate the effectiveness of recruitment and retention practices.

Acting Under Secretary for Health Comments:

The Acting Under Secretary for Health concurred with the findings and recommendation and made plans for improvement, which are acceptable.

Acting Assistant Secretary for Human Resources and Administration Comments:

The Acting Assistant Secretary for Human Resources and Administration concurred with the findings and recommendation (a) and proposed that the Acting Under Secretary for Health assume the lead in addressing this issue.

Inspector General Comments:

We will follow up on the planned actions until they are completed.

Issue 4: Impact of Management Practices on RN Job Satisfaction

Mandatory Overtime

We found that nurse managers relied heavily on employee overtime to compensate for inadequate staffing. We found that time and attendance records did not distinguish between regular and mandatory overtime, and none of the facilities we visited tracked mandatory overtime separately from regular overtime. Nearly all of the nurse managers we interviewed (79/81) told us that they routinely authorized overtime when staffing was not adequate but that mandatory overtime was employed only when all other staffing options had been exhausted. However, 33 percent (122/368) of the staff RNs we interviewed told us that they were required, or mandated, to work overtime during the past year. They expressed concerns about the frequency of overtime hours because factors, such as fatigue and low morale, affect the quality of care provided to patients. The American Nurses Association reported similar findings regarding the effects of working overtime on patient and employee safety.[22]

Staff nurses were emphatic that mandatory overtime was not an acceptable staffing alternative. Nurses did not have a clear understanding of their rights and responsibilities related to mandatory overtime. For example, some nurses stated that although they were not *required* to work overtime, their supervisors pressured them until they agreed. Others feared that they would be counseled or disciplined for abandoning their patients or believed that it was their professional responsibility to remain on duty. RNs need to have a clear understanding of the definition and implications of mandatory overtime.

Mandatory overtime continues to be a concern of nursing unions, professional associations, and Congress. Public Law 107-135 required the VA Secretary to submit a report on mandatory overtime worked by licensed nurses and NAs providing direct care at all VHA medical facilities. VHA managers acknowledged that VA does not maintain an automated database that distinguishes between mandatory and discretionary overtime. Therefore, VHA managers reported total overtime hours per employee. For 2001, full and part-time licensed nurses and nursing assistants worked an average of 43 hours of overtime per employee. Full-time registered nurses worked an average of 37.7 hours of overtime in 2001, which equates to an average of less than 1 hour per week per RN.[23] Even though this number is small, VHA managers need to monitor overtime use and develop clear reporting criteria on mandatory overtime.

Unstable Work Assignments

Inpatient nurses are generally assigned and oriented to primary work locations and tours of duty where they achieve familiarity with the patient population, ward routines, and team dynamics. Eight of the 10 facilities we visited floated RNs between patient care units as a means to temporarily compensate for inadequate staffing. Sixty-four percent (286/449) of the staff nurses and nurse managers we interviewed told us that nurses were routinely floated from wards with adequate staffing to areas that lacked sufficient nursing personnel. Historically, nursing managers have relied upon floating nurses between wards and changing tours of duty to meet staffing standards.

Nurses told us that they were concerned about patient safety when they floated to unfamiliar areas. Nurses also told us that they expected nursing managers to implement more permanent staffing adjustments to reduce the frequency of floating. Recent literature identifies concerns associated with floating and tour of duty changes, such as the negative affect on staff satisfaction, absenteeism, and patient safety.[24,25,26] Research has also shown that more stable work schedules reduce work stress, lower turnover, and improve group cohesion.[27]

Some of the nurses expressed interest in alternative scheduling practices, such as the Baylor plan.** Use of this provision may enable facilities to staff undesirable weekend tours. Facility directors may request authorization to use the Baylor Plan, if justified, for recruitment and retention purposes.[28] We found that not all facility managers knew that this plan was an available option.

Employee Perceptions of Management Support

We found that the perceived level of management support significantly impacted RNs' job satisfaction. The majority of the RNs we interviewed told us that caring for patients was the most rewarding aspect of their roles. However, 20 percent (74/369) of the RNs we interviewed told us that they were considering leaving their facilities, and 93 percent of these (69/74) identified reasons other than retirement. The most frequent reason

** Nurses on the Baylor Plan receive full-time (40 hours) pay for working two regularly scheduled 12-hour tours of duty within the period commencing at midnight Friday and ending at midnight Sunday.

identified was lack of management support. Staff nurses most frequently perceived a lack of management support when managers did not involve them in staffing decisions.

In 2000, the Nursing Executive Center reported that 35 percent of the RNs surveyed stated that they were dissatisfied with their levels of participation in general decision-making.[29] We asked staff nurses if they were involved in decisions related to nurse staffing. Almost one quarter (89/369) of the nurses we interviewed reported that they did not have input into staffing decisions. Some of the nurses told us that managers did not respect or value their opinions. Thirty-eight percent (141/369) of the staff nurses told us that their wards did not have adequate staffing, and of those, approximately 30 percent (42/141) reported that facility managers did not agree with their assessments of staffing requirements.

Availability of Support Personnel

Staff nurses consistently expressed concerns regarding the decreasing availability of non-nursing employees, such as clerks, housekeepers, and patient transporters, who are necessary to support patient care activities. Some facilities had difficulty recruiting and retaining ancillary nursing employees who provide direct patient care, such as LPNs and NAs.

In 2001, Aiken, et al.,[30] reported that 34 to 69 percent of U.S. nurses surveyed performed non-nursing functions that did not require an RN's professional expertise, such as delivering and retrieving food trays, housekeeping duties, and transporting patients. In our sample, 78 percent (376/479) of the RNs told us that they performed such non-nursing duties because of insufficient support personnel. We found large variations in the extent that ancillary nursing support personnel, such as LPNs and NAs, were available to assist the RNs. In facilities with high NA vacancies, the RNs performed NA duties, such as taking vital signs, delivering specimens, and transporting patients. These duties are typically performed by less skilled workers at lower rates of pay. This issue adversely affected RN job satisfaction.

The number of ancillary nursing support personnel varied by facility and reflected the climate of the local job market. It appears that there was a wider than necessary mix in labor categories and that no cost or outcomes analyses were used to determine the optimum mix. Managers at one facility with a low percentage of NAs told us that they were not successful in recruiting NAs because the local nursing homes paid more than the VA could offer. The table below shows the three labor categories and the percent of total authorized nursing positions as of September 30, 2002, for each facility we visited. The percent of RNs ranged from 28 to 73 percent.[††] The average for all 10 facilities was 55 percent RNs, 20 percent LPNs, and 25 percent NAs.

[††] The facility with the 28 percent RN ratio did not have acute medical or surgical inpatient wards.

Distribution of Nursing Personnel

Facility	RNs (percent)	LPNs (percent)	NAs (percent)
1	73	24	3
2	72	11	17
3	72	26	2
4	66	19	15
5	59	16	25
6	51	16	33
7	47	20	33
8	44	23	33
9	42	18	40
10	28	29	43

Nursing managers shared with us their frustrations regarding the difficulty recruiting and retaining LPNs. For example, a new graduate LPN was typically hired at the GS-3 grade level. Until recently, the highest grade an LPN could achieve was GS-6. Considering that many of the NAs employed at these facilities worked at the GS-5 salary level, the perceived pay disparity between these two labor categories discouraged recruitment and retention of LPNs. Currently, experienced LPNs are eligible for GS-7 positions; however, facility managers told us that the majority of LPNs would not qualify and that this initiative will apply only to those in specialized positions, such as procedure areas with less supervision than wards.

Conclusions

Excessive use of overtime and all mandatory overtime cause nurse job dissatisfaction. Overtime use needs to be monitored in accordance with PL 107-135. VHA managers need to study the use of overtime, floating, and tour of duty changes to evaluate the impact on nurse job satisfaction, recruitment, and retention. VHA officials told us that they have requested modifications to the VHA pay system that would allow automated tracking of work schedules to include mandatory overtime and floating. The OIG agrees with this enhancement. However, until these modifications are developed and implemented, facility managers need to monitor the impact of these variables at the local level. Facility managers could use these data to assist with staffing decisions and to implement more permanent staffing adjustments (see Issue 1).

VHA and facility managers need to monitor and address employee perceptions that influence job satisfaction and retention. Staff nurses would like to see evidence that managers support them and involve them in staffing decisions. The impact of ancillary staff availability and staffing mix on nurses' job satisfaction also needs to be monitored. VHA managers need to continue to address LPN compensation issues.

Recommendation 4:

a. The Acting Under Secretary for Health, in conjunction with VHA facility managers, needs to take actions to:

   i. Monitor overtime use in accordance with PL 107-135. VHA will need to rely on data collected at the facility level until enhancements to the pay system are accomplished.

   ii. Conduct a study to assess the impact of overtime, floating, and tour of duty changes on nurse job satisfaction, recruitment, and retention. In the course of study, determine whether safe limits on the use of these measures should be set and monitored.

   iii. Involve staff nurses in staffing decisions.

b. The Acting Under Secretary for Health, in conjunction with the Acting Assistant Secretary for Human Resources and Administration, needs to pursue opportunities to compensate LPNs according to local market standards.

Acting Under Secretary for Health Comments:

The Acting Under Secretary for Health concurred with the findings and recommendation and made plans for improvement, which are acceptable.

Acting Assistant Secretary for Human Resources and Administration Comments:

The Acting Assistant Secretary for Human Resources and Administration concurred with the findings and recommendation (b) and stated that the Department of Veterans Affairs has considerable discretionary authority to provide additional compensation to licensed practical nurses.

Inspector General Comments:

We will follow up on the planned actions until they are completed.

ENDNOTES

[1] JCAHO, "Nursing Shortage Poses Serious Health Care Risk: Joint Commission Expert Panel Offers Solutions to National Health Care Crisis," *JCAHO Online* [website]; available at: http://www.jcaho.org/news+room/news+release+archives/nursing+shortage.htm; August 7, 2002.
[2] Peter I. Buerhaus, Douglas O. Staiger, and David I. Auerbach, "Implications of an Aging Registered Nurse Workforce," *JAMA*, 2000; 283 (June 14, 2000): 2948-2954.
[3] JCAHO, August 7, 2002.
[4] United States General Accounting Office, "Nursing Workforce: Emerging Nurse Shortages Due to Multiple Factors," report no. GAO-01-944 (July 10, 2001).
[5] VA Office of Inspector General, "Audit of Nurse Staffing at VA Medical Centers," report no. 9AB-A99-082, June 19, 1989.
[6] Mark Reagan, statement before the U.S. Senate Committee on Veterans Affairs regarding the nursing shortage and the potential effect on VA health care, Washington D.C., June 2001.
[7] Health Resources and Services Administration, "HHS Study Finds Strong Link Between Patient Outcomes and Nurse Staffing in Hospitals," *HRSA Online* [website]; available at: http://newsroom.hrsa.gov/releases/2001%20Releases/nursestudy.htm; April 20, 2001.
[8] Jack Needleman, et al., "Nurse Staffing Levels and the Quality of Care in Hospitals," *The New England Journal of Medicine*, vol. 346, no. 22 (May 30, 2002): 1715-1722.
[9] Linda H. Aiken, et al, "Nurses' Reports on Hospital Care in Five Countries," *Health Affairs,* (May/June 2001): 43-53.
[10] Department of Veterans Affairs, Veterans Health Administration, "A Call to Action: VA's Response to the National Nursing Shortage," (November 2001): 1-2.
[11] Department of Veterans Affairs, Veterans Health Administration, "Final Report: Hiring Timeline Ad Hoc Group," February 2, 2001.
[12] House Committee on Veterans' Affairs, *Testimony of Howard H. Green, M.D., Concerning the Veterans Health Administration Decision Support System (DSS), to the Subcommittee on Oversight and Investigations,* Washington, D.C., September 21, 2000.
[13] Institute of Medicine, *Statement of the American Nurses Association for the Institute of Medicine's Committee on Work Environment for Nurses and Patient Safety*, Washington, D.C., September 24, 2002.
[14] Jackson, P. (2003, July 11). Per Diem Work Benefits Weary Nurses, Hospitals Short on Staff. *Times Leader.com.*
[15] International Council of Nurses, "Nurses and Shift Work," (Position Statements 2000), *ICN Online* [website]; available at: http//www.icn.ch/psshiftwork00.htm.
[16] U.S. House of Representatives, *Testimony of Anthony J. Principi, Secretary Department of Veterans Affairs, Before the Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs,* Washington, D.C., April 4, 2001.
[17] Office of Inspector General, "Audit of Veterans Health Administration Decision Support System Standardization," report no. 9R4-A19-075, March 31, 1999.
[18] Jack Needleman, et al., "Nurse Staffing and Patient Outcomes in Hospitals," Final Report for Health Resources Administration, Contract #230-99-0021, February 28, 2001.
[19] JCAHO, Standard HR.1.30.
[20] The HSM Group, Ltd., "Acute Care Hospital Survey of RN Vacancy and Turnover Rates in 2000," (February 2002): 7.
[21] Keith C. Kosel and Tom Olivo, "The Business Case for Work Force Stability," Voluntary Hospitals of America, April 2002.
[22] U.S. Senate Committee on Veterans' Affairs, *Statement of the American Nurses Association Before Senate Committee on Veteran's Affairs on Looming Nurse Shortage: Impact on the Department of Veteran's Affairs*, Washington, D.C., June 14, 2001.
[23] Report to Congress, "Report on Mandatory Overtime for Nurses and Nursing Assistants in Department of Veterans Affairs Facilities," September 2002.
[24] Institute of Medicine, *Statement of the American Nurses Association for the Institute of Medicine's Committee on Work Environment for Nurses and Patient Safety*, Washington, D.C., September 24, 2002.

[25] Jackson, P. (2003, July 11). Per Diem Work Benefits Weary Nurses, Hospitals Short on Staff. *Times Leader.com.*
[26] International Council of Nurses, "Nurses and Shift Work," (Position Statements 2000), *ICN Online* [website]; available at: http//www.icn.ch/psshiftwork00.htm.
[27] K. Shader, et al, "Factors Influencing Satisfaction and Anticipated Turnover for Nurses in an Academic Medical Center," *Journal of Nursing Administration* (April 2001): 210-6.
[28] VA Manual MP-5, Part 2, Chapter 3, Section E and its VHA Supplement.
[29] The Nursing Executive Center, *The Nurse Perspective: Drivers of Nurse Job Satisfaction and Turnover,* (Washington, D.C.: The Advisory Board Company, 2000).
[30] Linda H. Aiken, et al, "Nurses' Reports on Hospital Care in Five Countries," *Health Affairs,* (May/June 2001): 43-53.

Appendix A

Acting Under Secretary for Health Comments

Department of Veterans Affairs **Memorandum**

Date: July 15, 2004

From: Acting Under Secretary for Health (10/10B5)

Subj.: OIG Draft Report, *Healthcare Inspection, Evaluation of Nurse Staffing in Veterans Health Administration Facilities,* Project Number 2003-00079-HI-0007 (EDMS Folder 266964)

To: Assistant Inspector General for Healthcare Inspections (54)

1. Thank you for the opportunity to review the draft report. The appropriate program offices have reviewed it and we provide the following comments and clarifications to the report's findings. We appreciate the collaboration your staff provided VHA in addressing the issues in this report, which resulted in revisions to the original draft received on April 5, 2004. We are pleased your report notes that despite nursing shortages, VHA generally met patient care demands at the sites reviewed. We concur with the recommendations, since we believe that actions have already been taken or are planned to implement them. We concur with the estimate for monetary benefits as well. The attached action plan details the steps we are taking to address the recommendations and enhance an overall well functioning program.

2. VHA shares your concern about the consistency and predictability of the deployment and allocation of nursing resources. A draft policy requiring the medical centers to develop and implement formal plans linking staffing levels and staff mix with patient outcomes and other performance measures is currently in concurrence. Publication of the policy is expected in July 2004. An Office of Nursing Service (ONS) workgroup is also establishing guidance and defining the essential information for VHA-wide nursing administration information management that will ensure that data used in nursing administrative decision-making is consistent.

3. VHA is also developing reliable data collection methods for quality indicators that impact patient outcomes through the VA Nursing Outcomes Database (VANOD) project. To date, seven indicators have been developed as nursing sensitive quality indicators and other indicators will be added as the project expands.

2. Assistant Inspector General for Healthcare Inspections (54)

4. For the past four years, VA has had succession and contingency plans in place to ensure the use of effective recruitment, retention, and deployment strategies by facility managers. The plans cover aggressive recruitment, leadership development, employee morale, and satisfaction issues, as well as numerous legislative and policy initiatives. Plans are in place at each network, and are a major component of each network director's annual performance contract.

5. Finally, we are concerned that the report uses perception data from nursing staff as the basis for recommending that VHA monitor the impact of overtime, duty changes, and floating changes on staff recruitment and retention, and that VHA assess the need for establishing safe limits on these measures. We plan to conduct studies to more objectively evaluate these issues. Once completed, an executive review of the studies' findings will be used to develop reasonable strategies and timelines to address the issues as appropriate.

6. Thank you again for the opportunity to review the draft report. If you have any questions, please contact Margaret M. Seleski, Director, Management Review Service (10B5), at (202) 273-8360.

(Original signed by:)

Jonathan B. Perlin, MD, PhD, MSHA, FACP
(Signed July 15, 2004)

Attachments

Appendix A

Acting Under Secretary for Health Comments

Action Plan for draft OIG report, "*Evaluation of Nurse Staffing in Veterans Health Administration Facilities*", Project No. 2003-00079-HI-0007.							
Recommendation 1: The Acting Under Secretary for Health, in conjunction with VISN and facility managers, needs to take actions to: a) Develop and oversee the implementation of a national nurse staffing policy that applies a single staffing methodology to generate consistent facility staffing standards. Policy should: 1) Identify specific data elements that will be used, 2) Ensure appropriate data validation and database maintenance, and 3) Ensure that the data systems, such as DSS and the nursing package, are complimentary, consistent, and used by nurse managers in making decisions regarding staffing levels and staff mix. b) Design a process to ensure the efficient and appropriate management of nurse staffing resources. Concur.		**Recommendation Metrics**					
GOAL	**STRATEGY**	**MEASURE**	**TARGET**	**STATUS**	**ACTUAL**	**BENCH-MARK**	**PRIOR FY**
Ensure efficient use of nursing resources at the facility level through the implementation, monitoring and use of a standardized National staffing policy, and standardized methodologies and databases.	VHA currently has a draft directive in concurrence that requires the medical centers to develop and implement formal plans linking staffing levels and staff mix with patient outcomes and other performance measures. This directive covers all services, including the Office of Nursing Services and once fully implemented, will address the elements of this recommendation. The directive is expected to be published in July 2004.	Measures are expected to be developed by the end of FY 2009.			The Office of Nursing Services is in the process of identifying members of its internal workgroup that will be responsible for overseeing the roll-out of the requirements of this directive for nursing. They expect to have the charter for this workgroup prepared by August 2004 and to have it begin its work in Q1 FY 2005.		

Action Plan for draft OIG report, "*Evaluation of Nurse Staffing in Veterans Health Administration Facilities*", Project No. 2003-00079-HI-0007

Recommendation 2: The Acting Under Secretary for Health, in conjunction with VISN and facility managers, needs to take actions to: a) Design a process to systematically measure the impact of nurse staffing issues on patient care outcomes. Concur.

Recommendation Metrics

GOAL	STRATEGY	MEASURE	TARGET	STATUS	ACTUAL	BENCH-MARK	PRIOR FY
Ensure an on-going process is in place at all facilities to review the relationship between nurse staffing issues and patient outcomes.	Actions are already in place to address this recommendation as follows: 1. In 2002, the Under Secretary for Health approved funding for the VA Nursing Outcomes Database (VANOD) project. Its purpose is to collect data related to nurse-sensitive indicators of quality within VHA facilities that would be integrated into a national database. The project includes a pilot project at 12 acute care VA facilities that began in March 2003 and is scheduled to end September 30, 2004. Its purpose is to establish reliable data collection methods for obtaining quality indicators that impact patient outcomes. 2. Once the pilot is completed, the plan is to expand indicator	1 & 2. To date the following seven indicators have been developed as nursing sensitive quality indicators: nursing hours per patient day; skill mix; patient falls; pressure ulcer prevalence; patient satisfaction; RN satisfaction; nursing staff muscular-skeletal patient handling injuries. Other indicators will be added as the project expands to other care settings. Monitors will be developed and implemented after findings of the pilot are reviewed.			1. The VANOD working group has weekly to monthly meetings, and minutes and reports of this workgroup are available at the Intranet site: http://vaww.collage.research.med.va.gov/collage/VANOD The pilot project will be completed in September 2004 and final results of the pilot will be reviewed in the first quarter of FY 2005. Data collection is currently underway at the 12 pilot sites. 2. Data collection is on going at the 12 pilot sites. Preliminary findings note there are wide variations throughout VA in how nursing staffing hours are collected. The pilot project is addressing this variation by clearly defining the databases from which information for the indicators will be extracted.		

Action Plan for draft OIG report, "*Evaluation of Nurse Staffing in Veterans Health Administration Facilities*", Project No. 2003-00079-HI-0007.							
Recommendation 2: The Acting Under Secretary for Health, in conjunction with VISN and facility managers, needs to take actions to: a) Design a process to systematically measure the impact of nurse staffing issues on patient care outcomes. Concur.		**Recommendation Metrics**					
GOAL	**STRATEGY**	**MEASURE**	**TARGET**	**STATUS**	**ACTUAL**	**BENCH-MARK**	**PRIOR FY**
2a) cont.	development to geriatrics and extended care, mental health and ambulatory care over the next 3 to 5 years. In addition, the goal is to have a system rollout of the data collection processes and indicators to all acute care sites by the end of FY 2009. Additional clinical and administrative indicators will be developed as indicated. The long-term aim is to make VANOD data utilization a part of routine nursing practice and to standardize the process for data collection and extraction. The VHACO Office of Nursing Service will conduct on-going monitoring and review of the data collection and indicator findings. The progress of this group is routinely discussed in quarterly National Nursing Executive Council (NNEC) Conference calls, monthly at each of the 12 pilot sites and in monthly conference calls for the various project workgroups. In addition, the project was discussed at the national VA Nursing Leaders Conference held April 15 to 16, 2004 that targeted nurse executive, associate directors, and other nursing leaders.				In the 3rd and 4th quarters of FY 2004, preliminary discussion will be held between the VHACO Office of Nursing Service (ONS), the Field and appropriate headquarters offices, such as geriatrics and extended care, mental health, primary care service, and to identify and define additional indicators.		

Action Plan for draft OIG report, "*Evaluation of Nurse Staffing in Veterans Health Administration Facilities*", Project No. 2003-00079-HI-0007.							
Recommendation 3: **The Acting Under Secretary for Health, in conjunction with the Acting Assistant Secretary for Human Resources and Administration, needs to take actions to: a) Develop and implement a process to ensure that direct patient care assignments offer opportunities similar to non-patient care assignments. The Acting Under Secretary for Health, in conjunction with VHA facility managers, needs to take actions to: b. i) Implement a process to ensure aggressive succession and contingency planning, and b. ii) Evaluate the effectiveness of recruitment and retention practices. Concur.**		**Recommendation Metrics**					
GOAL	**STRATEGY**	**MEASURE**	**TARGET**	**STATUS**	**ACTUAL**	**BENCH-MARK**	**PRIOR FY**
3a) Ensure that direct patient care assignments offer opportunities similar to non-patient care assignments.	The Office of Nursing Services has established a work group to make recommendations related to this issue by the end of FY 2005.	Development of measures to begin once the final report of the workgroup is analyzed and completed, projected to be by the end of 2005.		Pending	Pending		
3b. i) Ensure an aggressive succession and contingency planning process is implemented for nursing services.	Succession and contingency plans have been developed, are in place, and have been monitored for the past four years. The plans cover aggressive recruitment, leadership development, employee morale and satisfaction issues, as well as numerous legislative and policy initiatives. Each VISN, using workforce assessment tools, develops annual strategic workforce plans. These plans are a major component of each VISN Director's performance contract. The VHA Succession Planning website provides documentation of these activities: http://vaww.va.gov/succession/.	A variety of measures on our succession and contingency plans are in place and have been monitored for the past four years. A copy of the VHA Succession plan for FY 2003-2007 is being sent to you under separate cover for review.	See the succession planning website	See the succession planning website	On-going		
3b. ii) Ensure effective nursing recruitment and retention practices are in place.	VHA monitors the use of recruitment, relocation and bonus awards, as well as funds expended under the employee incentive scholarship and debt reduction programs.						

Action Plan for draft OIG report, "*Evaluation of Nurse Staffing in Veterans Health Administration Facilities*", Project No. 2003-00079-HI-0007.	
Recommendation 3: **The Acting Under Secretary for Health, in conjunction with the Acting Assistant Secretary for Human Resources and Administration, needs to take actions to: a) Develop and implement a process to ensure that direct patient care assignments offer opportunities similar to non-patient care assignments. The Acting Under Secretary for Health, in conjunction with VHA facility**	**Recommendation Metrics**

managers, needs to take actions to: b. i) Implement a process to ensure aggressive succession and contingency planning. b. ii) Evaluate the effectiveness of recruitment and retention practices. Concur.							
GOAL	**STRATEGY**	**MEASURE**	**TARGET**	**STATUS**	**ACTUAL**	**BENCH-MARK**	**PRIOR FY**
3bii) cont.	The numbers of waiver pay reductions for the re-employment of annuitants and of education for advancement purposes are also monitored. Some of the procedures related to employment, including obtaining direct hire authority are cumbersome. The Office of Personnel Management mandates such procedures and VA is legally obligated to comply with them. Currently, VHA's Health Care Staff Development and Retention office is developing a nurse-specific recruitment campaign through a national advertising contract. The plan's objectives focus on identifying the market conditions that impact on nursing shortages, defining key issues related to nurse recruitment in VA, describing the critical elements of a coordinated nurse recruitment campaign, and identifying implementation strategies for the recruitment campaign. All focus groups and related analyses are completed and the contractor has made a preliminary presentation to VA officials. A final report is due in the fourth quarter of FY 2004.	Measures of the effectiveness of the VHA nurse specific recruitment campaign will be developed once the final report is issued. The final report is due the end of FY 2004. Development of measures is expected by the end of the first quarter, FY 2005.			VA monitors and annually provides reports to Congress on recruitment, retention, and relocation bonuses, the incentive scholarship and debt reduction programs, as well as other authorities concerning experienced nurses. As a condition of their delegation, the Office of Personnel Management (OPM) requires VA Central Office approval of waivers of reductions in pay for reemployed annuitants. In addition, VA must maintain and make available to OPM a record of each request and approval for a 2-year period. Action pending final report Action pending final report		
Action Plan for draft OIG report, "*Evaluation of Nurse Staffing in Veterans Health Administration Facilities*", Project No. 2003-00079-HI-0007.							
Recommendation 3: The Acting Under Secretary for Health, in conjunction with the Acting Assistant Secretary for Human Resources and Administration, needs to take actions to: a) Develop and implement a process to ensure that direct patient care assignments offer opportunities similar to non-patient care assignments. The Acting Under Secretary for Health, in conjunction with VHA facility managers, needs to take actions to:		**Recommendation Metrics**					

b i) Implement a process to ensure aggressive succession and contingency planning. b. ii) Evaluate the effectiveness of recruitment and retention practices. Concur.							
GOAL	**STRATEGY**	**MEASURE**	**TARGET**	**STATUS**	**ACTUAL**	**BENCH-MARK**	**PRIOR FY**
3b.ii) cont.	To assist with recruitment and retention, $10 million annually is appropriated for the Employee Incentive Scholarship and Employee Debt Reduction programs. VHA has also committed $10 million annually for a period of five years for the National Nurse Education Initiative. This program is scheduled to end next year, is an award scholarship program designed for VHA registered nurses interested in furthering their education. Finally, VHA has authorized $16.9 million annually under the VA Nursing Education Employment Program, a program that will provide salary replacement or money to temporarily replace nurses attending school.						

Action Plan for draft OIG report, "*Evaluation of Nurse Staffing in Veterans Health Administration Facilities*", Project No. 2003-00079-HI-0007.

Recommendation 4: a. The Acting Under Secretary for Health, in conjunction with VHA facility managers, needs to take actions to: i) Monitor overtime use in accordance with PL 107-135. VHA will need to rely on data collected at the facility level until enhancements to the pay system are accomplished, ii.) Conduct a study to assess the impact of overtime, floating, and tour of duty changes on nurse job satisfaction, recruitment, and retention. In the course of study, determine whether safe limits on the use of these measures should be set and	**Recommendation Metrics**

monitored, iii) involve staff nurses in staffing decisions, and b. The Acting Under Secretary for Health, in conjunction with the Acting Assistant Secretary for Human Resources and Administration, needs to pursue opportunities to compensate LPNs according to local market standards. Concur.							
GOAL	**STRATEGY**	**MEASURE**	**TARGET**	**STATUS**	**ACTUAL**	**BENCH-MARK**	**PRIOR FY**
4i. Ensure monitoring of overtime use takes place at the facility level.	VHA will conduct its own study of this issue and develop strategies to address the identified issues appropriately. We wish to note that VA provided Congress a report on mandatory overtime in July 2000. The report indicated that on average full-time registered nurses performed 37.7 hours of overtime per year (18.32 hours if compensatory time off is subtracted). In addition, VHA queried the VA National Center for Patient Safety information systems for adverse events and close calls directly affected by nursing staff overtime (i.e. nursing staff overtime was considered to be a root/contributing cause of the adverse event or close call). Of over 2,000 root cause analyses of adverse events or close calls contained in the database for the period covering November 1999 through June 2002, less than one	Deferred until VHA completes its study on overtime use.			July 2005		

Action Plan for draft OIG report, "*Evaluation of Nurse Staffing in Veterans Health Administration Facilities*", Project No. 2003-00079-HI-0007.

Recommendation 4: a. The Acting Under Secretary for Health, in conjunction with VHA facility managers, needs to take actions to: i) Monitor overtime use in accordance with PL 107-135. VHA will need to rely on data collected at the facility level until enhancements to the pay system are accomplished, ii.) Conduct a study to assess the impact of overtime, floating, and tour of duty changes on nurse job satisfaction, recruitment, and retention. In the course of study, determine whether safe limits on the use of these measures should be set and monitored, iii) Involve staff nurses in staffing decisions, and b. The Acting Under Secretary for Health, in conjunction with the Acting Assistant Secretary for Human Resources and	**Recommendation Metrics**

Administration, needs to pursue opportunities to compensate LPNs according to local market standards. Concur.							
GOAL	**STRATEGY**	**MEASURE**	**TARGET**	**STATUS**	**ACTUAL**	**BENCH-MARK**	**PRIOR FY**
4 i. (cont)	percent indicated nursing staff overtime was involved in the adverse event or close call. In no case was nursing staff overtime identified as the primary cause of an adverse event. In addition, VHA has asked the Office of Budget and Finance to modify the Personnel And Accounting Integrated Data (PAID), On Line Data Entry (OLDE), and the Enhanced Time and Attendance (ETA) system to permit tracking of mandatory overtime. These changes have been delayed and are being considered as part of VA's migration to the Defense Finance and Accounting Service. Once in place, we will be able to assess the ability of these modification to monitor the use of both mandated and voluntary overtime against information in the VA Nursing Outcomes database.						

Action Plan for draft OIG report, "*Evaluation of Nurse Staffing in Veterans Health Administration Facilities*", Project No. 2003-00079-HI-00007.							
Recommendation 4: **a. The Acting Under Secretary for Health, in conjunction with VHA facility managers, needs to take actions to: i) Monitor overtime use in accordance with PL 107-135. VHA will need to rely on data collected at the facility level until enhancements to the pay system are accomplished, ii.) Conduct a study to assess the impact of overtime, floating, and tour of duty changes on nurse job satisfaction, recruitment, and retention. In the course of study, determine whether safe limits on the use of these measures should be set and monitored, iii) Involve staff nurses in staffing decisions, and b. The Acting Under Secretary for Health, in conjunction with the Acting Assistant Secretary for Human Resources and Administration, needs to pursue opportunities to compensate LPNs according to local market standards. Concur.**		**Recommendation Metrics**					
GOAL	**STRATEGY**	**MEASURE**	**TARGET**	**STATUS**	**ACTUAL**	**BENCH-MARK**	**PRIOR FY**
ii. Ensure overtime, floating and tours of duty are monitored at the facility level in order to evaluate their impact on nurse retention, job satisfaction, and recruitment	Literature and the nursing industry lack information regarding the correlation of these issues. VHA will conduct its own study of the issue in the coming year to assess the issues and address the findings of that study. There is currently no electronic interface with the time and attendance system that allows VHA to monitor floating and tour of duty changes at the facility level. It is unclear if the Department is going to continue with the use of the Electronic Time and Attendance system as it phases VA into the Department of Defense's Financial Accounting System (DFAS). Once the Department clarifies this issue with the Department of Defense, we will be able to consider its utility in addressing whatever findings result from VHA's study of the correlation between floating, tours of duty and nurse retention and recruitment.	Deferred until VHA completes its study on overtime use.			July 2005		

Action Plan for draft OIG report, "*Evaluation of Nurse Staffing in Veterans Health Administration Facilities*", Project No. 2003-00079-HI-0007.

Recommendation 4: a. **The Acting Under Secretary for Health, in conjunction with VHA facility managers, needs to take actions to: i) Monitor overtime use in accordance with PL 107-135. VHA will need to rely on data collected at the facility level until enhancements to the pay system are accomplished, ii.) Conduct a study to assess the impact of overtime, floating, and tour of duty changes on nurse job satisfaction, recruitment, and retention. In the course of study, determine whether safe limits on the use of these measures should be set and monitored, iii) Involve staff nurses in staffing decisions, and b. The Acting Under Secretary for Health, in conjunction with the Acting Assistant Secretary for Human Resources and Administration, needs to pursue opportunities to compensate LPNs according to local market standards. Concur.**

Recommendation Metrics

GOAL	STRATEGY	MEASURE	TARGET	STATUS	ACTUAL	BENCH-MARK	PRIOR FY
iii. Ensure staff nurses are involved in decision-making.	VHA has a draft directive in final concurrence that was developed in response to Section 124 of Public Law 107-135. This directive, when approved, provides that employees at the point of care are responsible for providing input into staffing decisions.	Monitors of compliance with this directive will be established once the directive is published.			The directive is expected to be published in July 2004. Monitor development to begin in first quarter of FY 2005, and piloting of monitors to begin in second quarter of FY 2005.		
b. Compensate licensed practical nurses (LPNs) according to local market standards.	The Office of Human Resources and Administration is reviewing whether there is sufficient justification to propose legislation that would remove the legal limitations on special salary rate ranges for LPNs and other health care providers.				This issue is under review by the Office of Human Resources and Administration. VHA will provide appropriate follow-up upon receiving the decision of the Department on this issue.		

Appendix B

Acting Assistant Secretary for Human Resources and Administration Comments

Department of Veterans Affairs **Memorandum**

Date: July 20, 2004

From: Acting Assistant Secretary for Human Resources and Administration (006)

Subj.: Evaluation of Nurse Staffing in Veterans Health Administration Facilities

To: Office of the Inspector General

1. The Office of Human Resources and Administration (HR&A) has reviewed the Healthcare Inspection Report on the Evaluation of Nurse Staffing in Veterans Health Administration Facilities and offers the following comments. Regarding Recommendation 3: Recruitment and Retention: Alternative Career Options and Promotion Opportunities:

- RNs are attracted to non-direct patient care positions such as utilization management, information technology, and quality management because these types of positions offer
  - more stable work schedules
  - more promotion opportunities
  - increased responsibilities and challenges
- There is a widely held perception that in the Federal system in order to be promoted and earn a higher salary, employees must leave the practice of their technical field and enter supervisory, management, or other positions that do not involve the direct application of their technical knowledge and skills. This perception is to a great degree true as the federal system awards higher grades and salaries to positions that require the knowledge and skills of the technical field AND additional knowledge and skills such as supervisory or managerial, IT, quality management, education, or other oversight abilities. The possession and application of two distinct sets of knowledge and skills is consistently rewarded at higher levels that the practitioner applying the skills of the occupation.
- The establishment of a direct-patient care senior clinician at a grade level above the full performance level has been raised in other healthcare occupations and administrative occupations. Since there is significant interest and background

material available for the nursing profession, this profession can serve as a useful pilot in determining the feasibility and process for establishing a direct-patient care senior clinician.

- It is recommended that the Under Secretary for Health assume the lead for this action in partnership with the Assistant Secretary for Human Resources & Administration.

2. Regarding Pay Flexibilities for recruitment and retention, the Department of Veterans Affairs has considerable discretionary authority to provide additional compensation to enhance the recruitment and retention of Licensed Practical Nurses (LPNs).

- Under 38 U.S.C. 7455, VA has the authority to establish or adjust special salary rates for positions performing direct patient care services or services incident to direct patient care based on a finding that recruitment or retention efforts are, or would likely become, significantly handicapped without higher rates. Rates may be set at levels necessary to be competitive within the local labor market area. Under current law, the minimum rate of a special rate range may exceed the maximum rate of the corresponding grade by as much as 30 percent. The authority to establish special rates for LPNs has been delegated to facility directors.

- Additionally, the Office of Human Resources Management and Labor Relations is currently gathering data so as to evaluate whether a legislative proposal to increase the statutory maximum of special salary rates is warranted.

- The following is a summary of additional compensation flexibilities as they pertain to LPNs. Specific procedures for utilizing these authorities can be found in VA Handbook 5007.

  Advances in Pay for New Employees. Facility directors may advance a new hire up to two paychecks so that the new employee can meet living and other expenses. The advance payment may be made when without the payment; the prospective employee may not accept the position because of immediate financial obligations associated with the acceptance.
  Reference: VA Handbook 5007, Part VI, Chapter 5

  Dual Compensation Waivers for Re-employed Annuitants. Civilian annuitants who are re-employed normally have their salary offset by the amount of their annuity. The Office of Personnel Management may approve exceptions to this reduction when necessary to meet emergency hiring needs or when there is exceptional difficulty recruiting a qualified candidate for a particular position. The VA has been delegated the authority to waive dual compensation restrictions for LPNs and other medical occupations. Requests for waivers must be submitted to the Office of Human Resources Management and Labor Relations.
  Reference: VA Handbook 5007, Part VIII, Chapter 5, paragraph 5.

Higher Rates of Additional (Premium) Pay. Facility directors may authorize higher rates of premium pay (tour differential, Sunday pay, Saturday pay, holiday pay, overtime and on-call) for LPNs that have been authorized premium pay on the same basis as nurses when necessary to address recruitment or retention problems being caused by higher non-Federal rates of premium pay in the community. For instance, VA may have difficulty staffing positions because VA's tour differential rate is 10 percent and other establishments in the community pay 15 percent for similar tours. This gives facilities a mechanism to ensure all areas of pay are competitive to meet staffing needs.
Reference: VA Handbook 5007, Part V, Chapter 4

Highest Previous Rate. Upon reemployment, transfer, reassignment, promotion, demotion, or change in type of appointment, appointing officials have discretionary authority to set the rate of basic pay of an employee by taking into account (1) the actual rate of basic pay for the highest grade and step previously held by an individual while employed in a GS position; or (2) the highest actual rate of basic pay received by an individual while employed in a position in any branch of the Federal Government, a Government corporation, the U.S. Postal Service, the Postal Rate Commission, or the DC government (with certain exceptions).
Reference: VA Handbook 5007, Part II, Chapter 4

Incentive Awards Programs. Recognition and awards programs motivate employees to make contributions that support and enhance organizational goals and objectives. The types of awards available include special contribution awards (e.g., time-off awards and on-the-spot awards), suggestion awards, gainsharing awards, honor awards, and non-monetary awards. Detailed information regarding these awards can be found in the handbook referenced below.
Reference: VA Handbook 5017

Individual Appointment Above the Minimum Rate of the Grade (for GS health care appointees). Facility directors have the authority to set pay for new appointments or reappointments of individuals to General Schedule health care occupations, including LPNs, based on the candidates existing pay, higher or unique qualifications or special needs of the VA. This authority is intended to enhance VA's ability to meet its recruitment needs.
Reference: VA Handbook 5007, Part II, Chapter 3, paragraph 3.

Premium Pay on the Same Basis as Nurses. Facility directors may approve premium pay on the same basis as nurses for any "hybrid" occupation (e.g., licensed practical/vocational nurse) when such action is necessary to obtain or retain their services. Such approval requires the existence of a recruitment or retention problem. This provides affected employees with an uncapped overtime rate and allows them to receive tour differential for their entire tour as long as 4 hours are worked between 6 p.m. and 6 a.m.

Reference: VA Handbook 5007, Part V, Chapter 3

Recruitment Bonus. A recruitment bonus of up to 25 percent of the rate of basic pay may be authorized for a candidate. It must be determined that, without the bonus, it would not be possible to fill the position with a high quality candidate. This incentive is attractive to potential candidates because the bonus is paid in a lump sum. It is beneficial to the VA because the candidate must agree to complete a service obligation with VA in order to receive the bonus.
Reference: VA Handbook 5007, Part VI, Chapter 2

Relocation Bonus. A relocation bonus of up to 25 percent of the rate of basic pay may be authorized for an employee who must physically relocate and change duty stations to accept a position in a different commuting area. It must be determined that, without the bonus, it would not be possible to fill the position with a high quality candidate. Similar to the recruitment bonus, this bonus requires a service obligation and is paid in a lump sum.
Reference: VA Handbook 5007, Part VI, Chapter 2

Retention Allowance. A retention allowance of up to 25 percent (for individuals) or up to 10 percent (for a group or category of employees) of the rate of basic pay may be authorized if it is determined to be essential because of unusually high or unique qualifications or a special VA need and, absent the bonus, the employee would be likely to leave Federal service. This allowance is paid as an hourly rate.
Reference: VA Handbook 5007, Part VI, Chapter 3

Student Loan Repayment Program. This program allows facilities to repay Federally insured student loans as a recruitment or retention incentive for candidates or current employees. Facilities may make payments to the loan holder up to a maximum of $10,000 for an employee in a calendar year and a total of not more than $60,000 for any one employee. An employee receiving this benefit must sign a service agreement to remain in the service of the paying facility for a period of at least 3 years. Loans eligible for payment are those made, insured, or guaranteed under parts B, D, or E of title IV of the Higher Education Act of 1965 or a health education assistance loan made or insured under part A of title VII or part E of title VIII of the Public Health Service Act.
Reference: VA Handbook 5007, Part VI, Chapter 8

3. If you have any questions regarding this information, please contact Michael L. Watson, Office of Human Resources Management and Labor Relations at (202) 273-4920.

(Original Signed by:)
Tom Hogan obo

William H. Campbell

Appendix C

Monetary Benefits in Accordance with IG Act Amendments

Report Title: Evaluation of Nurse Staffing in Veterans Health Administration Facilities

Report Number: _____

Issue	Citation	Estimated Better Use of Funds
1	Reduce supplemental nursing resources by 10 percent	$17,820,000
1	Reduce absenteeism rate by 1 percentage point	$17,820,000
3	Reduce RN turnover at the 5 facilities that exceeded the VHA average (9.4 percent)	$2,708,300
	Subtotal	$38,348,300

Issue	Citation	Estimated Waste of Funds
1	Percent of annual DSS maintenance costs attributed to nursing resources management	$4,100,000
	Subtotal	$4,100,000
	Total	**$42,448,300**

Appendix D

OIG Contact and Staff Acknowledgments

OIG Contact	Julie Watrous, Project Manager Director, Los Angeles Office of Healthcare Inspections (310) 268-3005
Acknowledgements	John Tryboski, Team Leader Terra Ansari Carol Arthur Daisy Arugay Elizabeth Bullock Marisa Casado Marnette Dhooghe Gilbert Melendez Victoria Pilate

Appendix E

Report Distribution

VA Distribution

Secretary (00)
Deputy Secretary (001)
Executive Secretariat (001B)
Chief of Staff (00A)
General Counsel (02)
Management Review Service (10B5)
Deputy Under Secretary for Health (10A)
Chief of Staff to the Under Secretary for Health (10B)
Deputy Under Secretary for Health for Operations and Management (10N)
Medical Inspector (10MI)
Chief Quality and Performance Officer (10Q)
Director, Center for Patient Safety (10X)
Chief Patient Care Services Officer (11)
Chief Information Officer (19)
Assistant Secretary for Public and Intergovernmental Affairs (002)
Assistant Secretary for Information and Technology (005)
Assistant Secretary for Policy and Planning (008)
Assistant Secretary for Human Resources and Administration (006)
Deputy Assistant Secretary for Public Affairs (80)
Deputy Assistant Secretary for Congressional Affairs (009C)
Chief Nursing Officer (108)
Veterans Integrated Service Network Directors (1-22)

Non-VA Distribution

Office of Management and Budget
U.S. General Accounting Office
Congressional Committees (Chairmen and Ranking Members):
- Committee on Veterans' Affairs, U.S. Senate
- Committee on Appropriations, U.S. Senate
- Committee on Veterans' Affairs, U.S. House of Representatives
- Committee on Appropriations, U.S. House of Representatives
- Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, U.S. House of Representatives
- Subcommittee on Health, Committee on Veterans' Affairs, U.S. House of Representatives
- Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations, U.S. House of Representatives
- Subcommittee on National Security, Emerging Threats and International Relations, Committee on Government Reform, U.S. House of Representatives

Staff Director, Committee on Veterans' Affairs, U.S. House of Representatives
Staff Director, Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, U.S. House of Representatives

B. Does the OIG have any recommendations to address the staffing shortfalls within the VA?

With respect to nursing shortfalls, OHI has encouraged VHA to determine a staffing standard to ascertain the magnitude and location of their shortfall. VHA has not established such a standard for nurses, despite the requirements of Public Law 107–135, *Department of Veterans Affairs Health Care Programs Enhancement Act of 2001.*

Where there is a shortfall, creative solutions should be explored. VA has taken a number of new actions, from supporting nursing education to creating a traveling nurse corps to address temporary nursing shortages. OHI will report on staffing issues and the impact of various methods to address staffing shortfalls in upcoming Combined Assessment Program reviews.

Additionally, it has been brought to my attention by people within the VA that newly hired individuals at Palo Alto, California, and San Francisco, California, are receiving different levels of pay for the same work. Additionally, some newer employees are being paid more than current staff for the same work.

C. Has the OIG investigated any reports of this nature at these locations or elsewhere?

We have not performed any audits addressing position classification or pay issues as cited.

D. If so, can my office receive a copy of that report? If a study has not been done, would the OIG initiate a study immediately to investigate pay disparities throughout the VA?

We believe that a study of pay disparities across the VA is more appropriately conducted by VA, rather than the OIG. If VA agrees to undertake such a study, we are willing to discuss a possible role for the OIG.

QUESTIONS FOR MAUREEN REGAN, COUNSELOR TO THE INSPECTOR GENERAL

IX. PROCUREMENT ACTIVITIES

The Office of Audit is very clear in its testimony that the VA cannot manage its contracting activities and does not offer a centralized database of its procurement and contract activities.

A. How long has the OIG been working with the VA to address this problem and what progress, if any, has been made?

The OIG has identified procurement as one of VA's major management challenges for many years. Some actions have been taken to address the issues but progress has been slow. As one example, VHA took action to centralize contracting and/or contracting oversight at the VISN level. However, this has not been fully implemented in all VISNs. We have not evaluated whether this action has been effective in those VISNs in which it has been fully implemented.

With respect to the centralized database, VA has established a national electronic database, Electronic Contract Management System (e-CMS), to generate and manage new procurement actions over $25,000. On June 15, 2007, the VA Office of Acquisition and Logistics issued guidance regarding the mandated use of e-CMS. An OIG audit of e-CMS is currently ongoing to determine the extent of the system's implementation throughout VA and whether e-CMS will provide needed information for VA to manage and report the cost of procurement more effectively. We will provide you a copy of the audit report, which we plan to issue in September 2008.

B. Does it make sense that the VA would make changes to its policy for resellers when it's not clear what effect these resellers have on a national level?

The implementation of the recommendation in our report, *Final Report, Special Review of Federal Supply Schedule Medical Equipment & Supply Contracts Awarded to Resellers,* dated October 15, 2007, will not have any national level effect on the ability of VA or other Government agencies to purchase the medical and/or surgical supplies needed to provide quality health care in a timely manner. It will, however, ensure that VA and other Government agencies purchase these items at fair and reasonable prices that are comparable to what commercial customers pay for the same items.

The only "resellers" that could be impacted by the implementation of the recommendation are those who do not have significant commercial sales. These vendors do not have significant commercial sales because they do not sell the items they offer the Government on Federal Supply Schedule contracts to commercial customers. They are used by large manufacturers to broker a contract with the Federal government to avoid giving the Government purchasers the same discounts and concessions that the manufacturers give their commercial customers. As a result, the Government is paying higher prices than commercial customers are paying for iden-

tical products. More importantly, we determined that the arrangements are not a commercial practice because the Federal government is the only customer required to purchase these commercial items through a third party.

[CLERK'S NOTE.—End of Questions for the Record Submitted by Congressman Farr.]

THURSDAY, MARCH 6, 2008.

CENTRAL COMMAND

WITNESS

ADMIRAL WILLIAM J. FALLON, U.S. NAVY, COMMANDER, U.S. CENTRAL COMMAND

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS. I would like to call the subcommittee to order.

Admiral Fallon, welcome back before our subcommittee.

Chairman Young, thank you for letting us appear in the committee room. We appreciate that very much.

Mr. YOUNG. Mr. Chairman, you are always welcome in this committee room.

Mr. EDWARDS. Thank you, sir.

I would like to recognize Mr. Wamp.

Mr. WAMP. Thank you, Mr. Chairman.

I move that the classification will be Executive Session on all material to be discussed.

Mr. EDWARDS. All those in favor will say aye. Aye.

Those opposed, no.

The ayes appear to have it.

I would like for Members and staff to please check your cell phones, pagers and BlackBerrys to make sure they are turned off, and also remind everyone that if notes are taken of the classified parts of this discussion, that those must be kept in a secured place if you take those notes out of this room.

Admiral Fallon, again, welcome back to our subcommittee and in your position now as Commander of the U.S. Central Command. And we were also privileged to have you here as head of Pacific Command.

Today we are here to discuss CENTCOM's fiscal year 2009 budget request for military construction as well as the impending fiscal year 2008 budget model. CENTCOM's fiscal year 2009 request for its responsibilities is $109 million, not including the Combined Joint Task Force in the Horn of Africa and Djibouti, which has moved to the African Command area. The fiscal year 2008 supplemental request is far larger, $1.5 billion, again, not including Djibouti. This request includes $976 million for MILCON in Iraq, the largest single-year request that we have received thus far.

CENTCOM is engaged in two wars. It is also trying to posture itself for the long-term challenges in the Persian Gulf and Central Asia. We will have much for us to talk about today. And thank you, Admiral Fallon, for taking the time to be with us here for these important discussions.

Before we proceed, I would like to first turn to the Ranking Member Mr. Wamp for any comments he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Mr. Chairman, I am very grateful. I won't take any time except to note that this is the portion of our hearings this year where the hair stands up on the back of your neck with extraordinary pride and understanding of the importance of what we are doing, and to be in the presence of a man like Admiral Fallon is a tremendous privilege.

Thank you for your service, sir. Thank you for your appearance today. I look forward to the give-and-take of this discussion, and I appreciate you very much, sir.

Thank you, Mr. Chairman.

Mr. EDWARDS. As will be my tradition, I am honored to recognize Mr. Young for any opening comments he would care to make.

Mr. YOUNG. Mr. Chairman, thank you very much.

It is great to have Admiral Fallon here. I take notice to the fact that unlike most of our witnesses that come into this room and your subcommittee room, he doesn't bring a whole busload of staff. I mean, he is here. You will find that he is responsive, and we had an outstanding hearing with the admiral yesterday in the Defense Subcommittee room.

Admiral, welcome. I am glad to have you back again today. I look forward to your testimony.

Mr. EDWARDS. Admiral, I am going to dispense with the reading of the bio of your distinguished service to our country. We are all familiar with your tremendous contributions to our Nation's defense on so many different fronts. Again, welcome back.

I would like to, without objection, say that all of your testimony will be submitted for the record.

I would like to recognize you now for any opening comments that you would care to make.

STATEMENT OF ADMIRAL WILLIAM J. FALLON

Admiral FALLON. Chairman, Mr. Wamp, Mr. Young, Mr. Crenshaw, thanks once again for the opportunity to be here. It is a very important subcommittee because we would not be able to do the things that we are trying to do in Iraq, Afghanistan, and the region without means to do it. We have got phenomenal people, but we need facilities, and this is how it is made possible.

If I could, with the great tradition, if you will bear with me, I will start off this morning with a comment. As some of you know, there is this morning an article in The Washington Post that talks about me, alleges certain things, and it makes reference to a magazine article that is coming out in the coming days. As usual with these things, there is some truth, there is some fact, there is some fiction, and there are some twists.

My feeling right now is one of disappointment and, frankly, disgust because the upshot of this is that it causes embarrassment, I believe, to the President, to him personally, to the institution. It also distracts from the very, very critically important business of trying to wrap up these conflicts in the Middle East, and it has a tendency—I think overshadows what is really important today, and that is the phenomenal work that is going on by our people and task in front of us.

The principal issue here is an allegation that I am in contravention or opposed to the administration policy regarding Iran, and that is not true. In fact, I have had several discussions with the President directly on this subject. It stems from a swirl of media activity last fall in which a big deal was being made, a couple statements that I made publicly in which it was construed that I was not going to support the President in some way in what we were trying to do in Iran. That is not true. This has taken on a life of its own; kit has been embellished to the point where it is pretty embarrassing.

Just to let you know, I believe that Iran is a difficult challenge for us. We know that. There are lots of opinions about how we might be able to move forward. Everybody is entitled to their opinion, but the real issue is that we have national interests here of the highest order with a country that is very opaque in its nuclear development program. ———. But the fact is, they are not openly forthcoming and have disdain for the U.S., the U.N. Security Council resolution and so forth. They also, by their behavior, have been killing and wounding our people in Iraq and Afghanistan. It is obvious to us. We have had fingerprints all over this. And they have also seemingly gone out of their way to poke their fingers in the eyes of other countries in the region.

So for all these reasons, we need to have, to the best of our ability, a coordinated approach to this, and that has been my efforts along those lines. And so if you just bear with me, I know there is going to be a lot of swirl about this. There is a lot of politics at play here, and it is just a shame. But I didn't want to begin this hearing without at least making a statement to address this issue.

Mr. EDWARDS. Thank you.

Admiral FALLON. If I could move on to the business of today, again, I appreciate the opportunity to be here. I am here representing our people because they are the folks who are getting the job done. They have just been working in a phenomenal fashion this year. Since I arrived here, and, of course, I was privileged to testify about a year ago, there has been a dramatic turnaround in the security in Iraq. It has been to the benefit of many of the people in that country and by virtually every single measure. Violence is down. Security has increased, and we are moving down the road to the time when we can continue to withdraw our forces, turning responsibility over to Iraqis, and being able to assume a more normal relationship with that country.

Part of this directly impacts this subcommittee, because as we make these adjustments, you know, we are going to have to, in my opinion, make some adjustments to the facilities that we are using in Iraq. The big picture here is that we are going to come down, to bring our forces down to consolidate our presence there to a few enduring facilities, and eventually I would expect that we will reduce our presence there at some time to the point where it is relatively minimal and it is really engaged in the kinds of things we do in other countries around the world, training, mentoring, things that are supportive of them.

The Iraqis have made some big decisions this year, particularly regarding their finances. This year they are putting three times as

much money into their security than we are. And that is just in 3 years time, it has gone from the complete opposite.

They are buying U.S. equipment, and that is good in several ways. I think, first of all, it ties them much closer to us. And this has been made very clear by the Minister of Defense, who told me that one of his principal intentions in pushing the government to buy in the U.S. forces more cooperation, coordination just because of the intimate ties that will result. And I think that is a really good step.

In terms of facilities, there are many, 60-some places, bases and other major outposts in the country of Iraq, right now that our forces are using. Our intention is to over the next months and years withdraw down to a handful of facilities, and that will, I think, come out in due course as General Petraeus gets back here and gets a chance to put his next phase, his plan in public display.

By way of how that is working, I tasked him several—a couple months ago to come back to me with a plan for what we would do in Iraq or what he proposed to do in Iraq after July, and this is a follow-on to the already ongoing drawdown of the surge forces. And I gave him three scenarios to look at; one in which security continued to increase, one in which things stayed about the same, and one in which it might regress somehow for whatever reason; and to tell me in those circumstances what he would propose and how we would set ourselves up to be in that position. And I expect to get that back—in fact, sometime later today it is due back to me.

We will then look at that ourselves. We will talk about it. They already have a couple of times. And we will then talk to the Joint Chiefs about it and to the Chairman and then the Secretary of Defense, and then, over the next couple of weeks, take it to the President, give him our recommendations, and we will also have a decision to make.

We have heard a lot of speculation about this, what are we going to talk about, this cost thing? I am not sure that is really a good word because it brings up—everybody has got their own interpretation of what that might be. To my mind, what is probably going to be prudent here is in about the July timeframe, we will have completed a very rapid pull-out of ——— brigade combat teams which are now in July. At the same time we will also be turning over ——— other remaining combat teams of troops. Those troops are coming out, but there are replacements for those ——— units going back in, and then a host of smaller movements that will be under way at the same time. This will be an awful lot of movement.

If I could try to give you an example of what this looks like on the ground. If you were to look at a map of Iraq, looking at it from a God's-eye view, you would see coalition forces have divided up the entire country into regions of responsibility, given those to our divisions, brigades all over the country. As the forces come out, what is going to happen is that the lines that separate these units are going to come to change, and fewer units are going to be responsible for more territory. And at the same time, there are significant numbers of Iraqi forces that are being fielded and are taking responsibility for their areas.

For example, right now it is really difficult, unless you are there on the ground, to understand how complex this is. For example, in an area like Anbar Province, the largest province in the country, Marines are generally in charge of that. To an increasing degree, Iraqi Security Forces are actually doing the day-to-day things. Our Marines are now generally drawn back to their bases, and they certainly patrol, they certainly engage with what the Iraqis have. In certain cases the Iraqis are pretty much doing this all on their own. In other cases their companies, battalions are out there, and our people are right there with them. It is a really interesting checkered tablecloth, if you will, of all these activities.

All this is going on this summer, and it seems to me that it is probably going to be prudent to let the dust settle for a bit for some, I would think, shorter rather than longer period to see if the stability is as we want it. And clearly everybody's intention is to get back on drawdown and bring our forces back, but take it very careful—paying close attention to what frontiers are ready to expand so that we don't lose the stability that we have got. I think it is quite possible; not possible, I think we are going to get it done, but it is very complex, and I suspect that General Petraeus is going to come back and say, let us have a little bit of time to take a look at this before we start pulling more troops out.

We are also very mindful of the fact that the Army wants to get off a 15-month rotation. General Casey has made that very clear that we need to get off it, and I agree. So the sooner we can get this moving, the faster we will be able to let our people go.

Thank you very much for the opportunity to speak with you and to be here. I will turn it over for whatever questions you might have.

Mr. EDWARDS. Admiral, thank you for your testimony and, as Mr. Wamp said, for your lifetime distinguished service to our country.

[Prepared statement of Admiral William J. Fallon follows:]

FOR OFFICIAL USE ONLY
UNTIL RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND
RELATED AGENCIES

STATEMENT OF

ADMIRAL WILLIAM J. FALLON, U.S. NAVY

COMMANDER

U.S. CENTRAL COMMAND

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND
RELATED AGENCIES

ON MILITARY CONSTRUCTION IN U.S. CENTRAL COMMAND

06 MARCH 2008

FOR OFFICIAL USE ONLY
UNTIL RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND
RELATED AGENCIES

INTRODUCTION

Mr. Chairman and Members of the Committee:

On behalf of the men and women of the United States Central Command (CENTCOM), I appreciate the opportunity to testify about military construction (MILCON) needs and initiatives affecting quality of life for our people in the CENTCOM Area of Responsibility (AOR).

The MILCON program is critical to continuing combat operations and posturing our forces for the future. Although current operations require MILCON investment in Iraq and Afghanistan, we also need to build for the future in the Gulf States, Central Asia and the Horn of Africa. I ask you to support the $1.6B FY08 War on Terror (WOT) Supplemental request for 70 construction projects and the $230.5 million requested in the FY09 Baseline for an additional 12 projects submitted by the Services for the CENTCOM AOR.

These initiatives will provide critical operational, safety, health and Quality of Life support to our service members deployed in OPERATIONS IRAQI FREEDOM (OIF) in Iraq and ENDURING FREEDOM (OEF) in Afghanistan. They will help our field commanders pursue their operational priorities and are needed to ensure the successful consolidation of our footprint in Iraq. They also close the gaps in the four most critical combat infrastructure categories, which we call the "Four Rs": Runways; Ramps; Reception, Staging, Onward Movement and Integration; and Roll-on Roll-off expeditionary ship offload. We prioritized these competing demands by asking our field commanders for their immediate war fighting needs in the FY08 WOT Supplemental

military construction request. It is important that we begin the Afghanistan projects during the current construction season.

The FY09 Baseline MILCON request focuses on key infrastructure projects that support the CENTCOM Master Plan for the theater. It provides needed additional ramp space and the completion of the Special Operations infrastructure at Al Udeid Airbase in Qatar; mitigates explosive cargo safety concerns in Manas, Kyrgyzstan; builds Special Operations infrastructure and Fuel Storage in Bagram, Afghanistan; and improves our Aerial Port of Debarkation at Camp Lemonier, Djibouti. These projects provide capabilities to meet the demands of current operations while addressing enduring needs that will improve our ability to respond to future contingencies.

Because of the long lead time requirements of the normal MILCON process, it was not possible to identify all the projects we have asked you to consider in the FY08 WOT Supplemental when we submitted the FY08 budget request two years ago. As you know, our commanders operate in a dynamic contingency and combat environment. Much can change tactically between the time projects are identified and approval of the budget requests. Therefore, I request this committee consider ways to increase the flexibility of the MILCON process and minimize potential reprogramming actions.

We support the Department's FY09 National Defense Authorization Act (NDAA) proposal to raise Unspecified Minor Military Construction Limits for Operations and Maintenance Funding to $1 million. Construction costs in the CENTCOM AOR are double those encountered in the overall industry (mostly due to security challenges and the cost of moving materials to projects in the combat zones), so I would ask you to consider further increases to the Operations and Maintenance (O&M) construction ceiling

in the future to provide maximum flexibility to my engaged commanders. Similarly, Contingency Construction Authority (CCA) has proven to be a useful and timely tool to execute urgent military construction at locations where permitted. Unfortunately, the prohibition against using this authority at overseas bases considered "long-term" unreasonably limits flexibility. Current operations are being conducted from locations such as Bagram and Al Udeid. We need the flexibility of CCA at these critical locations.

QUALITY OF LIFE FOR OUR MEN AND WOMEN IN UNIFORM

The Quality of Life of our deployed men and women is of the utmost importance to me. The majority of our service members live and work in expeditionary facilities that require replacement on a periodic basis. Our FY08 WOT Supplemental submission addresses the need to enhance the limited Quality of Life infrastructure in theater. In Iraq, many of the temporary Life Support Areas (LSAs) have reached the end of their useful lives. We have requested $72 million to replace the housing and administrative structures in these LSAs with new temporary facilities so that our service men and women have adequate living and working conditions while deployed. A similar condition exists at Al Udeid Airbase for deployed service members. Airmen and soldiers have lived and worked from contingency housing and operations facilities at Al Udeid since the beginning of OEF and OIF. As in Iraq, these facilities are reaching the end of their design life and require replacement ($40 million). At Camp Lemonier, our service members in this austere location are served meals from a facility that is beyond design life, in irreparably poor material condition and fails to meet force protection standards. A proposed new Dining Facility ($20.8 million) would provide a key quality of life

improvement to our people in Djibouti. I ask you for your support of these important projects, and I am appreciative of your efforts on behalf of our service members.

AFRICA COMMAND (AFRICOM) TRANSITION

In preparation for the transition of responsibility for CENTCOM nations in the Horn of Africa to AFRICOM later this year, we have been working with the latter to establish MILCON priorities at Camp Lemonier, Djibouti. The projects in the FY08 WOT Supplemental and the FY09 Baseline were developed with a common vision between CENTCOM and AFRICOM. I understand there was some concern about development at Camp Lemonier during this period of transition and three of the requested projects in the FY08 Baseline (fuel farm ($4.0 million), western taxiway ($2.9 million), and full length taxiway ($15.5 million)) were not supported by the Congress. Regardless of which Combatant Commander is responsible for the Horn of Africa, Camp Lemonier serves as a primary logistic support site with a busy airfield used by military and commercial aircraft and is a key Command, Control, Communications, Computer and Intelligence site. These activities are essential for operations in the region and will be required well into the future. Additionally, two FY08 WOT Supplemental projects, a Dining Facility ($20.8 million) and camp headquarters building ($29.7 million) were not supported in the NDAA. I request that these 5 projects, previously not supported in the FY08 NDAA or FY08 Omnibus appropriations, be inserted in the FY08 WOT Supplemental so we can continue development at this important facility.

FISCAL YEAR 09 WOT SUPPLEMENTAL MILCON

In FY09, CENTCOM will be requesting support for the redistribution of U.S. forces in Iraq into several Contingency Operation Bases (COBs) and Locations (COLs) as our troop numbers are expected to decrease. These projects will continue a program initiated in the FY08 WOT Supplemental budget submission to consolidate forces and close bases as the security situation allows. This initiative will support force reductions and the transition of operational missions to Iraqi Security Forces. Additionally, each year a significant portion of our expeditionary and temporary facilities require replacement due to wear and tear. The FY09 WOT Supplemental submission will focus on sustaining capacity at these locations.

FY08 WOT SUPPLEMENTAL

BAGRAM AIRFIELD, AFGHANISTAN

Bagram serves as the hub for U.S. forces in Afghanistan and as a Forward Operating Site is expected to provide for long term presence and meet theater contingency surge requirements. CENTCOM requests 11 projects totaling $361.7 million for Bagram Airfield, Afghanistan, $62 million to increase the capacity of the Ammunition Supply Point, and $41 million to efficiently expand power generation capacity. The remaining projects support development of Bagram base infrastructure ($84.8 million) and airfield capacity ($113.9 million), as well as an emerging requirement for a new Theater Internment Facility at Bagram ($60 million). Other projects in Afghanistan include development of Combined Security Transition Command – Afghanistan in Kabul ($36 million), road paving in Regional Command – East to counter

Improvised Explosive Devices (IEDs) ($70.5 million), and ramp projects in Ghazni and Kandahar ($31.3 million). This request also includes the base operations administrative building ($13.8 million) for Bagram that was not supported in the Omnibus appropriation.

IRAQ

Consolidating U.S. forces into Operational Overwatch COBs and COLs in Iraq would be accomplished by 47 supporting projects, totaling $971.2 million.

Force Protection: CENTCOM requests funding for 11 projects totaling $348.7 million to reduce our vulnerability to attack at those enduring facilities. These requests include installing e-glass overhead protection at Dining Facilities and other locations where service members gather, building entry control points to reduce dangerous congestion, replacing the security perimeter at one location and constructing urban bypasses. The latter would allow traffic to avoid urban areas, reducing the IED threat and improving movement between bases and neighboring areas.

Power Production: Funding for five power plant projects, which were not supported in the FY08 NDAA, totaling $183 million is requested to provide needed generation capacity at final COBs and Convoy Support Centers. As smaller Contingency Operating Sites are closed and forces are consolidated on COBs, the latter will need significantly more electricity. These projects will meet that need and will also replace smaller and more numerous leased generators, significantly reducing the $90 million per year we currently spend on leases.

Environmental: Nine landfill projects totaling $25 million are desired as well as a hazardous waste incinerator for $4.3 million, and six water and waste water projects

totaling $69.6 million. As we close camps and shift to consolidated locations, we must properly dispose of the waste and non-retrogradeable material. Constructing these sites will ensure we meet Department of Defense (and Government of Iraq) environmental, base camp closure and property disposal procedures. The water treatment plants will support populations at final consolidation sites, and would also alleviate force protection concerns associated with inspecting sewage pump trucks.

Various: The remaining 15 projects totaling $339.8 million support basic Quality of Life, consolidation of sites, replace expeditionary facilities that are well beyond their useful life and complete the theater detainment facilities.

FISCAL YEAR 09 BASELINE MILCON

For the FY09 Baseline, CENTCOM has coordinated with and supports Service component requests for 12 projects totaling $230.4 million for current operations and long term needs.

Army Forces Central Command (ARCENT): Bagram is the only Forward Operating Site in the Central Asian States. While critical to the conduct of operations in support of OEF, it is also the centerpiece for the CENTCOM Master Plan for future access to and operations in Central Asia. The FY09 ARCENT Budget submission requests 3 projects ($67 million) to harden fuel storage capability and to construct a new special operating forces headquarters complex. These facilities replace expeditionary structures that have reached the end of their useful life.

Navy Forces Central Command (NAVCENT): The NAVCENT FY09 Budget request includes 3 projects totaling $31.4 million which improve airfield operations with

an aircraft maintenance hangar, additional apron space and a telecommunications facility at Camp Lemonier, Djibouti. Both AFRICOM and CENTCOM support these projects. The only maintenance facility at Djibouti is a small "clam shell" type structure that is insufficient for a C-130 or to spread the rotors of a heavy-lift helicopter. As a result, maintenance work on aircraft is limited by the extreme temperatures and routinely dusty conditions. Currently the base is forced to rely on the use of ramp space at the adjacent International Airport. There are also concerns with physical security and cargo/passenger load/offload accessibility. A larger parking ramp will enhance safety and improve capacity at Camp Lemonier. The proposed telecommunications facility would consolidate functions from scattered temporary shelters into a much more efficient, purposely built structure. This base has only one runway and no taxiways, greatly reducing its operational capacity and exposing aircraft to risk of foreign object damage to engines by forcing them to cross unpaved surfaces.

Central Command Air Forces (AFCENT): CENTCOM supports funding for five (AFCENT) projects totaling $122.8 million to correct safety deficiencies and provide needed capacity.

Manas Airbase in Kyrgyzstan shares a single runway with the civilian airport but lacks sufficient ramp and ordnance transloading space for safe operations. Such missions must now be performed on a taxiway in dangerous proximity to the main runway, posing a risk to both our personnel and to civilians.

At Bagram Airbase in Afghanistan, expanding the cargo handling area and refueling ramp would allow the efficient and safe servicing of large civilian charter aircraft which are now being used to more efficiently fly supplies in and out of the

country. The C-130 hangar we have requested will fill a significant gap in our maintenance needs. Currently, Bagram has no hangars capable of housing C-130 size aircraft, and the severe climate requires aircraft to be flown out of theater for major inspections and maintenance.

At Al Udeid Airbase in Qatar, the host nation desires to reclaim the ramp currently used by U.S. and Coalition aircraft to support its own military movement plans. We have also discovered that the weight of combat loaded bombers exceeds the design criteria of the existing surfaces. The proposed ramp will allow AFCENT to more safely and securely park up to eight combat loaded bombers at Al Udeid.

Special Operations Command Central (SOCCENT): CENTCOM recommends you support our funding request for the $9.2 million Joint Use Training Facility to complete the $52.9 million Special Operations Forces (SOF) compound at Al Udeid which was approved in FY08. This will permit SOF to maintain their readiness while deployed in our AOR.

CONCLUSION

We have made significant strides in the command MILCON program since last year and now have an OSD-approved Master Plan that leverages and relies on Host Nation construction contributions in support of U.S. regional stability efforts. We have made significant progress on previously funded MILCON projects dating back to FY03 and are putting these facilities to good use every day. The requested FY08 WOT Supplemental combined with these FY09 MILCON submissions will focus on things most needed by our Commanders in the field. The submissions would enable us to

project forces in the region, continue current operations and prepare for the future while addressing our most pressing Quality of Life issues. I am honored to represent the men, women, and supporting families of CENTCOM by appearing before you and thank you again for your strong support.

LONG TERM SECURITY

Mr. EDWARDS. Let me just make a brief editorial comment from one person in this House, and that is that I hope our military leaders always are in a position to be able to speak openly and honestly with the Secretary of Defense, with the Commander in Chief and without it always getting in the press. We know you are loyal to the chain of command. but we also respect the fact that whatever viewpoints you have offered—and I don't want to get into the viewpoints of that today—vis-a-vis Iran, whatever views you have expressed are honest and sincere and well informed.

And the press is always looking for conflict. If it is not conflict, it is just not news in this town. And that is disappointing for all of us. I have great respect, though, for the leadership that you have shown.

Let me just ask, for the skeptics that are out there that say that there is more security now since we have got such a huge presence of U.S. forces in Iraq, but as soon as we leave, the Shia and Sunnis are just waiting to go after each other, and then the arms of the Sunnis will just be used to turn against the Iraqis. How would you respond to those skeptics and suggest that perhaps there is reason for you to believe that there would be long-term security if we pull-out 2 years from now, 3 years from now or 7 years from now?

Admiral FALLON. Well, I think that the truth is that there are always going to be some extremists in every society. Because of the situation in Iraq, there has been more of these folks who have been in front than maybe some other countries.

But the situation has significantly changed now, and I think that it is not just the mindset that I would offer. The picture is not us withdrawing, and now we are just gone, and they are in charge. This process of gradually turning this over to the Iraqi Security Forces who are increasingly competent and increasingly willing to pick this up. Just the steps they have taken; from the investment decisions that I mentioned previously, to their continued build-up of their forces, to some really good decisions that I have seen in putting good leaders in charge and making assessments of how people have done over the past year or so and making changes where it is appropriate.

In the South, for example, where we have a very, very light presence, all those provinces down there have been turned over to the Iraqis for their political control and security control. And a couple of times here in the past 6 months, there have been indications that trouble was brewing, that the extremists were trying to take back over or force things to happen. The Iraqis have dealt with this, and we have not had to put a significant rescue force, if you would, or response force in place. We have helped them. We have given them enablers. We have flown some troops around for them, and we have provided some of our Special Forces people, who are very effective. They are close to the Iraqi Security Forces. They mentor them.

But increasingly we are seeing the Iraqis with SWAT teams, which they have mirrored on ours, with commandos and with some of the Army units that are responding. They have made adjustments. They realize that the South, it is trouble. It is not a place

where there is a lot of open conflict, but there is a continual grinding, and most of it is Shias. It is different than other places. It is almost all Shia down there, and there are factions that are, frankly, vying for political domination, and so they have their times when they go at it and try to intimidate. But what we are seeing, Iraqis responding, and they are dealing with it.

One town I will mention, Diwaniyah, I was concerned about twice, once in the last 6 or 8 months. It looked like trouble was brewing, and one time we said, oh, we will have to go down there and clean it up. We did not have to. They took care of it. They brought people in from other parts of the country, and they cleaned it up.

I think they are stepping up to the plate, and if we do this in a smart fashion, I think we are going to be able to effect this. It is not going to be the U.S. It is their culture. It is going to be different. But they are dealing with things.

SYRIAN BORDER

I will give you another example. I was out in the West in the Sunni area a couple of weeks ago, and the marines there had tipped me off that there was trouble brewing out at one of the entry points on the Syrian border, and the issue was that the border police, Iraqis, out there had not been paid and were given—they were being short-sheeted by the central government. At least that was their complaint. And the story was, well, the Shia government's not paying enough attention to us. They don't care what happens out here.

Just last week a delegation from Baghdad went out there, visited with the gang, listened to the complaints, had the usual lubrication in that part of the world, a bag of money, handed it out, paid off all the debts, and folks were left with smiles on their faces and back to work and business as usual.

In another area, Diyala Province, where you have a mix of Shia and Sunnis, there has been a lot of trouble. Colonel Townsend with the Army, who just came back from Iraq 15 months after being Commander out there, his troops fought the battle of Baquba this past summer, house by house, street by street, very courageous actions that retook the city, and now it is generally back in the hands of the Iraqis.

One of the things that has been a real success is this rise in the citizens which stood up and said, we want to take responsibility for our neighborhoods, and they have been moving along. But they went on strike a couple weeks ago because they were unhappy with the leadership and the police. And again, a delegation from Baghdad went out, negotiated. They removed one of the key leaders, put a new one in, and they are moving on. This, to me, is the type of accommodation that is essential to moving forward. It is happening. It is not perfect, it is not a straight line, but it is moving.

Mr. EDWARDS. Thank you, Admiral.

Mr. Wamp.

AFGHANISTAN

Mr. WAMP. Thank you, Mr. Chairman.

Can you touch on Afghanistan just for a minute? My colleagues that just came back echoed your encouragement about Iraq, but are not as encouraged with Afghanistan. Can you touch on that just for a second?

Admiral FALLON. Yes, sir. Afghanistan, I believe, is significantly different than Iraq. I have to be careful myself that I don't take whatever we are learning in Iraq and try to put it on top of Afghanistan, or to take the news clips and the snippets of information I hear from Afghanistan and put it in the same context.

First of all, the scale of violence in Afghanistan is substantially less. These are countries that are about the same size of population. The number of incidents in Afghanistan are on a different scale, lower than in Iraq, just to set the scene. The majority of the violence in Afghanistan takes place in a minority of the locales. Our troops over there are using a figure of about 70 percent of the violent activity takes place in about 10 percent of the provinces.

Now, there are reasons for that. First of all, getting around the country in Afghanistan is extremely difficult. Those of you that have been there, you know that there is really only one road, and you can't call it a highway, and it loops almost a circle around a central mountainous area, with very few people in that central area. A majority of people live somewhere around this so-called ring road. And the contested areas, the areas where the Taliban who have never been completely eradicated and probably aren't going to be, their heartland, if you will, is in the South, in provinces of Kandahar and Helmand. These are very populated provinces as well. So there is a continual incursion down there in that area.

We have another challenge, and that is that the good news is lots of people have come to help. The bad news is, you know, there are so many people there with different agendas, some of them not necessarily nefarious, but they come from different perspectives, and they are trying to achieve different things. The coordination on the ground is challenging, and particularly regarding the development aspects of the country. So lots of folks here to help, in many cases tripping over each other, in my opinion, and, frankly, distracting in some regards, because everybody wants to go see President Karzai. And this is a fragile government with very immature institutions, so the amount of time he has to spend, I think, every week—because he wants to—he is a very outgoing, charismatic guy who wants to listen to all the stories—how do you run the country? And it is still running in many cases by a cell phone call to the Governor to done.

That said, the future of Afghanistan is going to be two things. One is the development of the government and their ability to actually govern. This is a challenge because traditionally the place has been very locally governed and locally run by tribal chiefs, elders and villagers. I think we have to remember that 70 percent of this population is still illiterate. They don't know anything except what they hear. Most information comes from word of mouth and rumors.

And but that said, I believe that the majority of people still support President Karzai as their national leader, and that is really a very strong plus. You don't have this extreme factionalism that

we saw in Iraq, which is also being mitigated, but you don't have it in Afghanistan.

The other thing is that the Afghan Security Forces, they are much smaller than Iraq. The army is building towards a goal right now of 80,000. That is probably not enough, but we are trying to do this smarter and more methodically than we did in Iraq. And, by the way, we are paying for it. U.S. taxpayers are very much footing the bill for the Afghan Security Force. I think it is a good investment, in my opinion, because we could use stability in this country. And, frankly, the more they do, the less we have to do. And the cost of putting U.S. forces over there is much greater than these things.

These guys are coming along. I like them a lot. They have a good leadership. They are tough guys. These are really rugged people, as you might expect growing up in that environment. The leaders are all veterans of the mujahedin wars against the Soviets, so they know how to do business. They have a good vision, and they want to do things smartly.

Another thing I like about it, when you go down and see the average unit, you will see Pashtuns, you see Tajiks, Uzbeks, Hazaras, these various sects. They are integrated, and they work together inside these units, and they have taken pains to make sure that it is a well representative institution.

So I think the army has really come along, and they want desperately to be in charge, smartly. They want to take responsibility. They actively seek every day more and more responsibility. You have got to love it.

I will be frank with you. The police are a different matter. The police are about 80,000 and the Army is about 50,000 now, climbing to 80,000. Police are about 75,000 or so folks on the payroll right now. A lot of them are the wrong people, in my opinion, or they need to be trained to a much higher degree of competence. Corruption is endemic. It is just the way life is. Very little by the way of economic activity in the country other than subsistence agriculture, and if you can't grow your own food, raise the money to feed your family that way, you have to get it some other way. So sticky fingers are widespread.

This is a big challenge. It is related to the drug culture. Why poppies in Afghanistan? Because they grow there like wild flowers do in Montana, and they just bloom, and it is an engrained cultural activity. So that has got to change.

Activity, the other negative thing that is getting a lot of press, in the past year the bad actors over here have realized the value of suicide bombers. They have gone from a dozen or so incidents last year—the previous year in 2006 to last year about 140 throughout the country. Now, just to put this in perspective, every day in Iraq we are dealing with 40, 50, 60 a day. There were 140 the entire year in all of Afghanistan. Nonetheless this is troubling because this rise in this kind of activity is certainly destabilizing, and frankly, in my opinion, as I walk around Afghanistan and talk to people, they are concerned about it. I can sense their nerves. They don't like it; they just feel uneasy. If you are in Kabul, 4 million people or something, the odds of you getting blown up by an

lED are pretty slim, but it is still unsettling for people. They have never had this before, and they don't like it. So that is an issue.

The flip side of that, in my observation, the Iraqi—I'm sorry, the Afghan intelligence folks are pretty darn good, and several times this year they have actually come to us and said, we have got a tip that there is a bomber out there, and he is driving a white Toyota, and we are on the lookout for him. And they have in many cases cut this stuff off when they knew about that.

Probably too much rambling here, but it is very complex. The number of incidents is clearly up, but the scale of these incidents is, I think, not even close to Iraq. And there are a lot of things that are moving forward to try to snuff it out. We still have a lot of work to do because this is not just Afghanistan. You cannot, in my opinion, isolate this country. The Pashtun tribal belt includes a good chunk of Pakistan. They don't recognize the border. They feel that they need to come back and forth all the time. And the Taliban are really Pashtun-centric. They take advantage of this. They know that the western part of Pakistan is basically ungoverned, it is really rugged, and so they hide out and take advantage of it.

The good news here is that in the past 6 months or so, the cooperation between the Pak military, Afghan military, there has been a lot of friction in the past, it has got a lot better, and the reason is because we are in the middle of it, and we are bringing them together, and this has been very, very helpful to us. In the east of Afghanistan where on paper it will be the worst, toughest territory because of the proximity of these sanctuaries and traditionally a lot of kinetic activity, the violence levels have come down significantly in the past 4, 5 months, and I am convinced that a big piece of that is better cooperation between the two countries along the border.

What we are looking for this summer, I went to the Secretary and asked him if he would consider putting additional troops into the country. I know we are stretched really, really thin. I looked at it, talked to folks who thought we might be able to identify a couple of Marine units that could do this. Secretary agreed, President okayed it. And so we are going to deploy a new Marine maneuver force with all of their enablers, the aviation and artillery and all those things that can make them very effective, and I think that is going to be a real boon for NATO. They are going to work for NATO, for General McNeil and the ISAF chain of command. There is another battalion of Marines that are going to work for me, the U.S. chain of command, and their mission is to train Afghan Security Forces. That is it. And to the best of their ability, this is not an ideal match-up. A lot of young Marines. But we are going to figure out how to make this work, and they will be over there working through most of this year and should give us a boost, and again try to make them more competent.

That is Afghanistan, and I pretty much touched every aspect of it.

Mr. WAMP. Mr. Chairman, am I on the 5-minute rule, or can I ask another question?

Mr. EDWARDS. It is your choice.

Mr. WAMP. Just briefly I will say, I had a nephew in Iraq, and as of last Friday my nephew, who just graduated from boot camp in the Marines, said he is going to Afghanistan by the summer. So I will have both these theaters covered by relatives, which many of us have. That was a great comprehensive answer.

But on the CENTCOM organization, we are going through some changes with AFRICOM. And the President just got back, talked about mil bases. You shared a little bit of this. I am very interested.

COUNTRIES IN CENTCOM

First, I am fascinated, have you been to all the countries in CENTCOM as you have been Commander, one; and two, give us a little of the needs through this transition, talk about Djibouti and where the line is. And I know we are all supposed to know this, but just kind of go through the basics of the CENTCOM reorganization.

Admiral FALLON. Yes, sir. I have been to most of the countries. There are a handful that are either not hospitable or impractical. I haven't been to Iran, haven't been to Syria, and have not been to Eritrea or Somalia, but I think just about every other place I have been to on several occasions.

In Africa, the northeastern part of the continent, the so-called Horn includes Sudan, Kenya, Ethiopia, Djibouti, Somalia, and Eritrea, and Egypt. Egypt is going to stay in CENTCOM. The other countries that are now in CENTCOM are going to transition to AFRICOM. But we have in place over top of all of these countries except Egypt another command subordinate to me called JTF, Joint Task Force, Horn of Africa, which works this region. Our intention is to transition that command to AFRICOM, that Commander to AFRICOM, and so he will report directly to them in a new arrangement next year.

But our intention is to stay connected because, frankly, we have a lot of resources that AFRICOM is not likely to have any time soon, and we will try our darnedest to continue to do work as we are going on.

I have to tell you that in, I think, probably 6 years now since that joint task force began operations, there has been a very, very substantial growth and affinity between the countries of that region and this task force. Every one of the leaders in the countries, except Eritrea and Somalia, tell me they are very, very happy with what our people are doing there. Most of what they do is not military, direct military things. They are supporting, they are doing medical things, they are trying to train their military, they are helping in schools and so forth. That is going to continue.

But the key enabler for all that activity is this base. It is an airstrip. It is called Camp Lemonier. For those who haven't been there, it is really an airstrip with a small area around it in which all of our people, a couple thousand of them, are embedded down, and the critical feature there is the airfield. It is a single runway, doesn't even have a taxiway. It has got a parking ramp. It is shared with the French. It has squatter—fighters there. It is shared with the Djibouti Government and their commercial air terminal and our people. And this is the one facility.

And I think it is most pertinent to your committee here that we really need to, I think, transition from really expeditionary, rudimentary, not particularly people-friendly to something that is more appropriate to our people being there for a while.

So we would hope they are going to be there for a while. They are very welcomed. The country of Djibouti welcomes them. I have met with the President several times. He is very supportive of our presence, and this is the enduring location.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Mr. Chairman.

IRAN

Thank you, Admiral, for your service. It is great to see you again. We kind of touched on the present issues that you deal with, and you have got—obviously you have got your hands full not only with Iraq and Afghanistan, but I wanted to ask you a little bit about your thinking as it relates to Iran and what kind of changes we might need in terms of force structure, in terms of MILCON, but primarily just how you see that developing.

As we rotate ships through there, are we going to need any kind of different aspects of that? The issue back in January, I guess, early this year, the Straits of Hormuz, I guess those kind of ships we have got over there, they are kind of fast-moving. They don't have the protection maybe that they need. And maybe get to that kind of engagement, kind of speed up your thinking about how we handle it, just your overall view, because I know you have to balance the knowledge of present what you are dealing with, but I am sure you spent a lot of time and energy thinking about the future because of all the difficult hot spots there. Can you talk about that and some of the thoughts you have about how you are dealing with the future?

Admiral FALLON. Yes, sir. I would be happy to.

A couple of things that are pertinent to remember; first, that we have had no relationship with Iran since 1979, no formal way to engage to discuss, no ambassador, no embassy, none of the normal ways in which countries communicate. And during that period of time, there has been a pretty obvious friction, to put it mildly, between the two countries, and that has continued unabated. The vocal rhetoric out of Tehran is U.S. go home. It has been the same since 1979, and this stems from the perception among the segment of the population that the U.S. supported the Shah. He was corrupt. He was deposed by the ayatollahs. And it has endured.

However, my observation is that a large number of Iranian people, the individuals, have a great affinity for the U.S., and that is demonstrated most obviously, I think, by the number of people that are here in the U.S. who have come from Iran and live here. Nonetheless, we have got this enduring public distaste and continual friction.

There are issues of Iranian behavior that I think are really important. Their nuclear program, which they claim is for peaceful purposes, very opaque. ———. They still kept their nuclear development program coming, which will enable them to use it for peaceful purposes, and that was their choice.

It is curious, because this country has huge energy reserves of oil and gas, and of all the countries in the world that might need nuclear power, it doesn't seem like this ought to be the top priority, given their other challenges, ———.

The other issue is the way they engage in the world. The Iranians have a curious behavior, bad behavior pattern of using surrogates to cause trouble. Why do they do this? In my opinion, this is a Shia-Sunni thing again. The Iranians and the people who live in the southern part of Iraq are predominantly Shia. They are a distinct minority in the greater Arab world, and there has been friction for a long time. Aside from that, the history is that when they want to, they can live and they can accommodate what they have. there are many exteriors there, but there is a perception among the Sunnis that the Persians who are not arab—most of those ayatollahs are not Arab, they are Persian, different ethnic background—that they would love to recreate the Persian Empire and be the kings of the Middle East again. Who knows?

But that is a fear in the minds of the neighborhood. So the Iranians for their part have an open campaign of, we are the nice guys, we are only here to help, we love you all, our neighbors. But their actions belie that. They have instigated trouble in Iraq. It is very clear. They have propagated weapons into Afghanistan, even supported the Taliban, who are ideologically the other extreme.

Taliban are Sunni extremists on one side, and the Shia extremists are on the other. They are meddling in a really negative way. Hezbollah is a clone of Iran, surrogates. And Gaza Strip same thing, Hamas. They get most of their support from Iran. And the Iranians have installed a group within their country, within their security apparatus, called the Iranian Guards and the external aspect of that they call Quds Forces. These are the people who actually do the dirty work in all these countries. It seems to us that they have a very strong voice in decisionmaking inside of that country.

It is really difficult. I had a tutorial from some British diplomats several months ago, and my head spun as they tried to explain to me how the decisionmaking is actually done inside the country. It is a Ph.D.-level exercise, believe me.

Anyway, that is Iran. Difficult for the neighbors to figure it out. Most of the neighbors are suspicious, and this includes neighbors from Central Asia as well. Their demonstrated behavior, whether it is contested naval presence, ours or anybody else in the Gulf, to the way they engage the neighbors, decidedly unfriendly. The things they do are destabilizing to the neighbors. They persist in this activity.

My opinion is that we need to come at this in a comprehensive manner. We need to maintain a strong demonstrated ability to withstand their pressure. We ought to stand tall with the neighbors who are looking for our help in standing up to Iran. At the same time, we have got to figure out a way to deal with these guys, because they are probably going to be around for a long time, and they represent a significant number of people as well as a big economic force in that region.

So it is a difficult chore for us, and we have got to figure out a way to move ahead on it. All this swirl about Iran policies and stuff

is trying to figure out what is—how do you do this? I don't think anybody has the perfect answers. So there is lots of discussion, lots of debate. That is my assessment of Iran.

Mr. CRENSHAW. Can I have a quick follow-up?

Mr. EDWARDS. I will ask staff how many minutes we have.

We have 6 minutes. About 3 more minutes or so.

Mr. CRENSHAW. You mentioned in Iran there is kind of a group who are really friendly toward the U.S. You know, you have the students, you have women, upper middle class, and I know that the reformers, you know, over the years have kind of come and gone. And it seems to me that the thing that I can understand right now is there is kind of a renewed suppression of some of the reform movements.

As you plan kind of how to deal with this, what is your sense of the people within Iran in terms of—as I understand it, they don't have very much refining capabilities. So they—gasoline, inflation ramp. Ahmadinejad is not doing everything he says he is going to do, so it seems there is more or less right now—but it seems there is more kind of suppression of the unrest.

In your judgment, do you see a time when you know there could be, you know, within the country the kind of reform that began to take place and then gets pushed back, or is that almost kind of impossible? Are we looking at too much money and too strong a military, all these kind of things for us to kind of have any kind of hope that someday within that country there would be folks rising up and maybe make a change?

Admiral FALLON. I don't know, to be honest with you, whether that is wishful thinking. There are clearly other voices in the country. There was ineptitude apparently from the outside in running aspects of the country like the economy; might be the thing that instigates more unrest within and among the people. It is really difficult for us to tell.

What I am learning from looking at decisionmaking, and it is very different from ours, they have all kinds of layers of groups who meet. One common thread is mullahs have put a lot of their own people at these different levels. They really keep good control of this. How long it might take to develop some kind of an internal resistance that might be effective in changing I don't know. I suspect at the end of the day the best bet will be to work hard at opening the country to as much interaction with others outside, and thereby forcing the regime to change and giving people options. The more they know, they more they might be inclined to kind of do things a little differently. This is including what is going on now.

Mr. CRENSHAW. Thank you.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Members, why don't we take a brief break. We have got a previous question vote that is kind of winding down now, then a 5-minute rule vote. Maybe we could vote early in the rule vote and continue on. Mr. Young will be next. Okay.

Mr. EDWARDS. I call the subcommittee back to order.

Mr. Young.

Mr. YOUNG. Mr. Chairman, thank you very much.

DJIBOUTI

Admiral, in looking at your military construction request, I find that actually your request for dollars is not all that big, but most of the construction that you request is not within the United States, in some of your outposts stations around the world.

I want to ask you specifically about a comment you made in your prepared statement about maintenance facilities in Africa and the bad weather and the temperature extremes, that you don't really have adequate facilities to protect the aircraft that you might be—that might be maintained there. Let's take Djibouti, for example, one of the cases you mentioned in your prepared statement. Does your budget provide what you think you need for that type of maintenance facility in Africa?

Admiral FALLON. Yes, sir, Mr. Young. The issue in Djibouti is that there really isn't any hangar facility except for one of these temporary things they call a clam shell, and it is not big enough to take a C–130 or the heavy helicopter, the 53s, that we have down there. This place is hot and dusty, sandstorms. It is a tough environment. So to do the maintenance, you have to actually fly the aircraft out somewhere else. Now, if the aircraft can't be flown out, then you have a problem, and you have to figure out how to do it in pretty bad conditions. So that is why the request for a hangar.

My sense of this before I got here was that the view had always been that this is just a real temporary place and may be gone tomorrow literally, so don't put anything in there. And I have to tell you I agreed with it a couple years ago, but now I think we are at a point where this is the one location we have in all of Africa. It is critical in the Horn, and I think we ought to start thinking about some of these events. So the answer is yes, we do have some of these things in. The hangar is one that is definitely needed.

Mr. YOUNG. We are, the committee, the whole Congress is pretty much concerned that we don't want to establish permanent bases in a lot of different parts of the world. So what we are talking about here would not be considered a permanent base of any type, just to take care of us while we are there?

Admiral FALLON. Yes, sir. The only permanent bases I think we ought to put in that category are bases in the U.S. or our territories. All these other facilities are, I believe, at the option of the governments that host them. Some of these facilities I would anticipate certainly would desire to be able to have access to or use longer than others. Djibouti, the more we operate there, the more I think this is probably one of those places. So doing a couple of things, some of the things—the dining facility there is pretty decrepit. I was in there a couple weeks ago. We need a few of these things. And, again, it is not big money. But I understand the issue is it is a foreign place, how much do we really invest there, and my sense is we ought to certainly desire to have that kind of construction.

AFGHANISTAN

Mr. YOUNG. Admiral, with the 3,200 Marines increased in strength in Afghanistan, do you need any military construction to

care for them, to house them or to feed them? Is there anything in your budget request that would relate to those 3,200 Marines?

Admiral FALLON. The short answer is no, but I think if I can use this to maybe illustrate one of the items that we would like for you to consider.

In our MILCON budget process, you know that it takes really a couple of years from the time we conceive of an idea to get it all through the process and then get it moving into construction. In the very fast-paced environment which we are operating in Iraq, Afghanistan, other locations, there are things that will come up inside that cycle, that window, that really need action. And we have been using the provision of CCA, the contingency support option, to take operations and maintenance money and convert it into—for us to be able to use these things.

These things are being used all the time, and there are two issues that have come to the fore here. One is there is a $200 million annual cap. Now, most of these projects are nowhere near $200 million, but there are enough of them that come up.

I will give you one that has just come up in Afghanistan. We have a detention facility there in which we have kept the bad actors that our Special Forces and other folks have rolled up in the country. The numbers are a fraction of Iraq. But we have got pushing 800 of these people in our custody now. It is a long process to get them dealt with through the judicial system, either ours or the Afghans'.

I went in to look at this facility last month, and it needs to get fixed. We will have to physically replace it for a number of reasons. We are going to have to do this right now, in my opinion. I don't want to wait. And so we are going to have to reprogram money within our own assets, and we would do this. And so this $200 million cap a year is something we would really like you to consider pushing up to something higher, anything.

The other aspect is that in the language there is a use of the word "enduring" facility. And I understand the rationale that if it is an enduring facility, it is going to be around for a while, the desired process would be through the regular MILCON system. But there are some bases like Bagram in Afghanistan which is our main base that we envision as enduring, but there is so much going on so quickly now, we really need an exception. I would ask you to consider an exception. I would ask you to consider an exception. So if you could look at this word and maybe contemplate giving us a little more room there, because as soon as—it is a kind of an immediate lightning rod here, and also at OMB and other places. Even at OSD they said, well, we are not sure we can support this because it will be viewed as enduring, and the Congress isn't going to like it. So these are the two aspects of it.

But back to your immediate question. We can deal with the Marine deployment this year within the existing authority to meet our existing needs.

PARKING AT CENTCOM HEADQUARTERS

Mr. YOUNG. Admiral, 2 weeks ago I was at MacDill, drove by your headquarters. I didn't visit your headquarters. I was going to another location at MacDill, a lot of activity, and I know that the

last previous 2 years we appropriated funding for your new headquarters. Talking to some of the folks there, as I say, a lot of activity and a lot of people, a lot of vehicles, looked like it was pretty crowded with vehicles. Do you have a parking problem there? Are we going to need to do something to help ease the parking problem?

Admiral FALLON. Yes, sir.

Mr. YOUNG. Because people come to work, and they need somewhere to put their cars.

Admiral FALLON. Sir, when the original headquarters were put in, it was up at the front end of the base. As you know, it wasn't very large, not many people there. Now the staff has expanded by three, four times what it was originally. We have cars parked allover the place. They would be in my driveway if they didn't have a wall to go through to get there.

Yes, we could use the facility. We have looked at the construction plans. We think that would be something that would be very, very helpful, and we probably can't get to it until maybe 2 years down the road. But that would be very helpful.

MACDILL AIR FORCE BASE

Mr. YOUNG. Mr. Chairman, I think we should visit that issue. There is a lot of activity at MacDill. I don't know if you have been there or not. I would like to suggest that you take the subcommittee to MacDill and see what this is and what happens there. The Central Command operation is unbelievable; the Special Operations Command, which is also located there. There are some unbelievable things that we couldn't even talk about in this room, and I think Members would really have an eye-opening education there.

Mr. EDWARDS. I look forward to that. If you lead that effort, I would be proud to join with you.

Mr. YOUNG. Admiral, thank you very much.

Chairman, thank you very much.

Mr. EDWARDS. Admiral, last year the committee was told that CENTCOM's consolidation plan for Iraq ultimately involved drawdown in four major contingency operating bases, I think was the term: Camp Victory, Balad, Al Assad and Camp Speicher; plus four convoy supports centers. Is that still basically your plan?

Admiral FALLON. I think so. When I say "I think," it is because General Petraeus has not come back to me with a modification. We talked about this extensively during the past year. They seem to be the most logical places to do it. Big bases all have an airfield. We need that kind of access in and out. They have reasonably large perimeters, so they ought to be pretty defensible. And I have seen nothing to change that.

U.S. FOOTPRINT IN IRAQ

Mr. EDWARDS. Without getting into a debate of when we draw down troops, this year, next year, go out into the future, whether it is—we won't be time specific—whether it is 10 years, 20 years or 30 years from now, what is our footprint? What is our final footprint in Iraq after the country is stabilized and we put security back in the hands of the Iraqi leadership and Government?

Admiral FALLON. I would think that we will get to the point over time, if this moves in the direction that I would like it to go, that the bases in Iraq will be Iraqi bases, not ours. We might share in a couple of these facilities for exercise activity or facilitating our training and equipping of the Iraqi Security Forces, but my sense is that these—as our footprint comes down, the Iraqis will assume responsibility for these bases, and they will become, over there, their facilities.

DAILY LIFE IN IRAQ

Mr. EDWARDS. I think it is important as we make MILCON decisions to understand what is going on from your perspective in Iraq. What is life like for the average Iraqi? Power, how many hours per day; unemployment levels, has the professional class started coming back in; can you get a doctor? The things that we care about for our families, our day-to-day lives, health care for our kids, and schools, and a job and electricity, what is the status for the average Iraqi family right now compared to where they were 4, 5 years ago?

Admiral FALLON. It is different depending where you go in the country. If you were in the north in the Kurdish area around Irbil, it is very nice, really no security concerns. They go about, it is booming, construction everywhere from the airfield to downtown. In other parts of the country, less visible.

But the average person that I engage, and I do this every time I go over there, every month, voices virtually no concerns about security today to me. And last summer, this time last year, it is all I got: You have got to stop this killing. You have to help us.

That is not their concern now. It is about day-to-day things, their lives, the economy. Jobs are, I believe, the number one issue. They are scarce, lots of folks that don't have enough to do, lots of people running around, and that is, I think, the number one issue in terms of the future.

There are other things that are aggravations, electricity.

First of all, they have enough food. That is not an issue. There are two reasons for that: One, they have a system. Saddam was pretty clever. That is how they kept control. He instituted a system of subsidies nationwide all over the place, and that works. It still works today. Every week they come in, they give them the basics, the rice, the cooking oil, things like that. But as I walk through the cities and towns now, increasingly they are loaded with fresh food. I ask, where it is coming from? A lot of it from Iran, Syria, things they grow themselves. I see more and more of that going on. Our AID people are giving them seeds, and things are booming. Food is not a problem.

Electricity is probably the most common complaint. It bugs me because I have been pushing this button myself now most of the time. I think we are-poised to see it increase substantially. It got to the point where in fall, October sometime, it reached an all-time high. It had never been that high during Saddam's era. And then it dropped off. Some of it is seasonal because they do a lot of maintenance when the temperatures cool off. It is coming back. That is the number one issue.

But there are a number of projects under way to address this. A lot of them are security related because, frankly, the bad guys

went off after this with a vengeance. They started blowing up towers all over the country, the pylons fell down, the power grid. It is an antiquated system. Maintenance was almost nonexistent in the Saddam era, and so the infrastructure needs a lot of work.

There are some new power plants coming on line. There were some power plants that were never functional they're coming on line. I could bore you for an hour. That is the issue.

The one thing if I had a wand to put on top of this, if we could fix electricity in a major way throughout the country, I think people would be very happy, and a lot of other things would happen because it is so essential. They spend a lot of money on fuel for generators. Fuel is scarce, and the price is high, and everybody knows it, so it gets to them.

I walked through the streets in a neighborhood in Baghdad back about a month and a half ago. I was there last summer just after some pretty horrible bombings. Buildings were still broken and shattered. I walked down the street, and I found booming activity, people out of their shops, out of their stores, working themselves, putting new storefronts up, a lot of construction. The center of the street was a mess. There were piles of dirt and mud for good reason. They were putting in a new sewer into the street, and the reason they needed sewers is because when they put the new water lines in, they discovered the sewer couldn't handle it. So this was ongoing.

People came up to me on the street. In fact, a woman came up to me, which was really unusual in this area. She pulled out an ID card and said basically, I am a city council member here in this part of Baghdad. I would like your help. The sewer over here is wonderful, but we need one over here, over here; can you help me? They said, see these kids over here? They need a job.

One of the things that has been most helpful in the country has been the initiative of the people to join us in these things that we call CLCs, concerned local citizens. The name has been changed now to Sons of Iraq. They are all male. About 80 percent of these folks are Sunni, and it started in Anbar Province, but now increasingly the Shia are picking this up. These people are deputy sheriffs, if you would. They are in the neighborhoods.

Everybody—by the way, this is interesting—everybody has a gun. You are authorized in Iraq to have one AK–47. So they are authorized to do this. They bring their own weapons. We outfit them with ID cards and rudimentary equipment and some kind of way to distinguish them. In some cases they are just orange construction vests, sometimes it is certain kind of headgear, and they go out and do their thing.

It has been the most remarkable initiative in the country, I think, in turning the local people. We have 90,000 of these people at last count. General P is trying to throttle back the growth of them because what are we going to do with them? A lot of them would like to become regular members of the army and police. It is not practical. Thousands of them have been brought in, but it is really not practical to bring them in. So what are we going to do with the rest of them?

Lots of initiatives, retraining programs. There are a couple of the schools that have just started for vocational training to try and get

these folks. But this is really something that is bringing a smile to people's faces because it is about jobs, it is about having a future.

And so I think that the assessment I have is that in most parts of the country, they want to move on. Security is much better. It is not perfect, but it is to the point where they are not concerned with that nearly as much as they are about getting a job and moving on.

Mr. EDWARDS. Mr. Wamp.

MACDILL AFB

Mr. WAMP. One specific question: If you are going to build the parking garage in 2011 at MacDill, don't you need money in 2009? Are you going be to asking for money in 2009 for that parking garage, sir?

Admiral FALLON. The year 2010 would be the first, because the ongoing construction now, we physically can't do it or else we would have to shut the headquarters is my understanding. We have to complete the headquarters structure before we—there is not enough land. It has got to go in the same place.

BEYOND 2009

Mr. WAMP. The general question is really like three variables that I see after talking to you this morning and then listening for the last hour. The variables are redeployments that are not yet official or are to come, and then the supplemental that is moving; and then the variable of the Iraqi Government standing up by the end of the year and that sandwich flipping, as you said earlier, those type of variables. But do you foresee for the MILCON appropriations subcommittee any specific supplemental request that we can expect beyond the 2009 request that we see today that are pretty straightforward?

Admiral FALLON. I don't have any visibility beyond what has already been teed up. I think that the idea is to try to put—give due consideration to all the possibilities, put it in a package and move on. I recognize this is a challenge because we are coming down, and that is a good thing, and at the end it will result in a heck of a lot less money going out to support this. But we need some construction to accommodate our ability to withdraw, and, of course, there are other things that pop up from time to time. We are still burning a lot of money in operations, but the level of that activity, my observation, it is really beginning to come down.

General Petraeus made a good point. He said, you know, some people complain about all this money you are paying to CLCs, those Sons of Iraq. I look at it a different way. Look at how much we are not spending now to replace ripped-up vehicles, tanks, and MRAPs and Humvees that were shredded 6 months ago. That is just not happening now, not to mention the lives.

By the way, last month was the lowest casualty figure in Iraq since 2004, and we still unfortunately lost 27 people, but compared to what it was several months ago, a year ago, it is all moving in that direction. A little bit of investment here relative to the big scheme of things enables us to do this.

Mr. WAMP. While I don't expect the CENTCOM Commander to speculate, if you did look beyond later this year, do you think that some of those redeployments would stay within CENTCOM? In terms of planning for future MILCON needs, would it be logical that some of them would stay in CENTCOM, or would they likely rotate back here or to Europe, to some other place?

Admiral FALLON. I would anticipate that most of those forces will come back here to the U.S. I think we are in pretty good shape. All things being equal, we would like to have a couple thousand more people in Afghanistan, but that is relatively small compared to other things.

Mr. WAMP. Mostly Marines?

Admiral FALLON. For now, and some force replacement next year primarily for training. But most of these forces are coming back. They are Army forces, Marine forces that are based in U.S., and that is where we want them to come.

Mr. WAMP. Does AFRICOM mean an increase in troop strength in AFRICOM or just an organizational——

Admiral FALLON. The idea here would be they will need some staff personnel, but that is really small potatoes. The forces that would engage in Africa would be deployed periodically from other places, just like in the Pacific a lot of the force that is engaged in countries like the Philippines and Southeast Asia were based in the U.S. They just go out, do their missions and come back.

Mr. WAMP. If you had to guess at the cost of making Djibouti from temporary to more permanent, but not permanent, what kind of costs do you think would be involved in that?

Admiral FALLON. Certainly in the hundreds of millions, I think, at the top end. These are 20-year, 15-year; these are not huge investments.

Again, we have to balance this one. I am not looking to build big facilities. I just want things so our people can live in something other than tents, they can eat in a decent facility, and they can move aircraft around on the field.

Mr. WAMP. And the President made clear no permanent bases in Africa.

Admiral FALLON. No permanent bases, in my opinion, anywhere except in the U.S.

HOST NATIONS

Mr. CARTER. Thank you, Mr. Chairman. I apologize, but I have conflicting hearings this morning, and I had to use some information about the border. It is my understanding you gave testimony mentioning OSD approved a master plan that leverages host nations in these construction contributions. Now, can you tell me exactly what will be the contribution of the host nation and how these agreements work?

Admiral FALLON. Yes, sir. I will give you an example, probably the best one. We have been allowed by the Government of Qatar, in the center of the Persian Gulf, to use two facilities there. One is an airbase that was originally built for them which has now become our principal hub for land-based air operations in the entire region of—both in Iraq and Afghanistan, as well as transport aircraft. It is the airbase at Al Udeid. There is another facility in that

country called As Sayliyah about 10 miles away. Our Army uses that to refurbish a lot of torn-up equipment, heavy equipment, in Iraq, refurbish it, and send it back into the country or go back home once it is repaired. And I have a headquarters; forward headquarters is actually there in As Sayliyah.

The country of Qatar spends $6 for every dollar that we spend on all those facilities. So, for example, we have asked for a couple of things. Qataris want part of the aircraft ramp back because they are buying U.S. C–17s, and they would like to have that ramp back to use for their aircraft. We have flooded the place with airplanes right now. So we would like to build an additional ramp. We have suggested—and this is not formalized yet, but it is a single runway. We have B–1s, we have C–17s, fighters, you name it, as they do as well. One runway, to me, is pretty dicey when you get that level of ops. They ought to have a parallel taxiway and another runway. They are interested in doing that. So they are going to pay for the vast majority of it.

We have very few real facilities in this part of the world: Al Udeid in Qatar. We have naval facilities in Bahrain, and we have a small piece of the airfield there that we use in Kuwait, and they help us with that. In Kuwait we have facilities near the border that enable us to move our people in and out of Iraq. Kuwaitis have been magnificent and marvelously welcoming in allowing us to do this. This summer over the next 6 months, the truck traffic, the heavy equipment, the Humvee tanks and so forth that are going to be coming to that country, it is just a steady stream, they say, fine, go do it. We have some facilities in the northern part of the country, and we have a shipping facility in the port to load things on and off the ship.

As I look around the region, the bases in Iraq, the bases in Afghanistan really are the only two, Bagram and Kandahar; and we have a facility up in Kyrgyzstan, a modest airbase, their airfield, they have allowed us to use, modest facilities; and then the place in Djibouti, and that is about it. Everyplace else over there, we rely on the host country for anything we need and anything we get. So it is a pretty modest footprint. The host either paid for it directly like the Qataris, but decided they would like to have the land back that houses my headquarters now. On their nickel entirely they are building the new headquarters, complete hardened facility, $150 million, a block long, pretty "Gucci" place. They just said, what do you need? So we will put the electronics into it for communications, but it is their facility. They help us a lot in this region.

Mr. CARTER. Thank you. The oil business is good, sounds like.

Admiral FALLON. Yes, sir. If we can take care of the wars here, we will be in good shape.

Mr. Carter. Thank you, sir.

Mr. Edwards. Ms. Granger.

BANKING AND MAIL DELIVERY

Ms. GRANGER. Just a very short question. Thank you for giving us a good picture of what life is like. Thank you, Mr. Chairman, for asking that question.

Two things you didn't mention, that when every trip that I have been there, electricity was a big problem, banking, and just delivering the mail. What about banking and the mail?

Admiral FALLON. It is coming along. The Iraqis have not had a kind of banking system like we do. I just saw something, a fellow named Paul Brinkley. You may have heard of him or met him. He works for the Secretary of Defense now in development, and he has been over there in Iraq the better part of this past year trying to get things moving again, get the factories restarted, get people employed, get private investment in, and he has had remarkable success.

He sent me a note, I don't remember the details, but the banking system is coming along. He listed hundreds of places that now actually have banks facilities in cities, that they were beginning to pick up on this thing and come up into the modern age. Iraq had—it was an absolutely noncomputerized paper transfer.

The facts are one of the reasons I have discovered after I got into this job that life was so challenging with the Iraqi Army, for example, is when they are paid, they are paid in cash. And I got a chance, by the way, some months ago to see—I was up in Baquba after Colonel Townsend, behind me, had liberated the place of al Qaeda, and a couple of these guys took me downtown to visit the Bank of Baquba. I was very interested. I saw a couple of dusty old buildings, and I said, where is the bank? He said, right here. It was a big Conex box, a 20-foot trailer, and it was filled to the brim with dinars. It is all cash and carry.

And so the soldiers are paid once a month, and they are paid in a big pile of cash, and the money has to get home. They carry it home. They literally get on a bus or a truck, or we have been providing an airplane to fly them home, spend a week or so with the family, and then go back to their unit.

So now I understand. It accounts for why we have all this activity, why there are only about 80 percent of the people who are supposed to be there are always there and so forth.

It is going to be a slow process. It is coming along. The international community is beginning to take notice. A couple of weeks ago, Paul sent me an ecstatic note. He said that they had just completed the first of the private investment turnovers in Iraq; three big formerly state-owned cement factories in different places in the country had been purchased by a combination of international and Iraqi investors, into private hands, $3 billion, modest by a lot of measures, but significant. This is the start of getting this place up and running economically.

Paul has been running around; while he is trying to get these big long-term deals going, he has been trying to jump-start some other things. There are dozens of old plants, factories that mostly made ammunition for Saddam, trying to get these converted to do something for the people; and a couple small refineries, getting them up. Banking has a long way to go, but at least they are getting started.

Ms. GRANGER. Thank you very much.

Mr. EDWARDS. Thank you, Ms. Granger.

Mr. Young.

MR. YOUNG. Admiral, we are going to respect your schedule and wrap up here soon, but if I could ask one last question, and any

other Members will try to respect your schedule, I think if you leave at noon, you can make your next appointment.

AFGHANISTAN

Mr. EDWARDS. Mr. Wamp had talked about Afghanistan, and he went into some lengthy discussion of that. Let me ask you about General Jim Jones' analysis of Afghanistan. I have great respect for him, his experience and judgment. In terms of his analysis, what would you agree with and what would you disagree in his conclusions on where we were and where we need to go in Afghanistan?

Admiral FALLON. I would say that one of the things I have learned here in the past year is that activities are accelerating at a pace that is difficult to keep track of if you are not there every day watching it. Certainly in Iraq it has changed dramatically, and every visit I see more and more things going on. I believe that that is the case in Afghanistan.

And there are a couple of key points. When General Jones and his team went over there and looked at this several months ago, they highlighted a deficiency in troops. That was one of their big points, not enough troops over here. I agree. The numbers are something we could debate. But, at the time, there was no plan to send any additional U.S. forces over there. About the same time he was making his assessment, I had come to the same conclusion and had asked for additional troops. So that number one concern of theirs is being addressed in a significant way by this deployment.

Mr. EDWARDS. Did he have a specific recommendation in terms of the number of troops, increment of forces?

Admiral FALLON. He mentioned to me there were two outstanding requests that were already on the books, one from the NATO Command to provide General McNeil with a couple of maneuver—I think a total of two brigades of troops.

When you talk with, deal with NATO, it is not exactly the same as just dealing with the U.S., so he is also mindful of the fact that, frankly, they haven't been particularly effective. In many cases they are inhibited from performing the functions that, in my opinion, they ought to be doing. They have lots of boots on the ground, but they are not getting the job done, and primarily because they are constrained by a long list of "caveats," as they are called, restrictions on their activities, that range from going out at night to going out without certain protections, and actually going out at all without asking the capital back in Europe before they get permission. This really hobbles General McNeil's ability to work.

Nonetheless, we recognized last summer that putting a small maneuver unit—we put a battalion of U.S. troops in the southern area where we had not had U.S. troops before. Those folks did wonderful work. And it seems to me, after watching this go on, if we could put a maneuver unit down there, it would help out. So the Marine group with around 2,300 troops that are headed over there, they come complete with all the enablers. They have aircraft. They have tanks. They have trucks. They have all those things, the communications, the whole kit and caboodle, because they are designed to be very expeditionary. I think that is worth maybe double the

regular NATO contingency because they are self-contained. That is going to be very helpful.

The other outstanding requirement for my own chain of command, about 2,500 people to help train the Iraqi Security Forces, that has been an outstanding request for now at least a year, maybe a little over a year. We have been unable to fill that, trying to balance the competing demands, sending people to Iraq and not sending them back to Afghanistan. So we are going to meet about half of that requirement with the deployment of battalion brigades this summer.

I think those two injections of capability is going to be significantly helpful for us, because as we start this in Afghanistan, the weather really drives the operations tempo as the snow melts over the next month or so, and Taliban and other bad actors begin to move. Our intention is to move in front of them to cut them off, be in front of any annual offensive. They keep talking about their spring offensive. Last year it really wasn't an offensive by them, it was us. Now that we have the additional manpower to work this, I think we are going to be ahead of the problem.

So back to the basic question. Afghanistan is not as bad as I think some would have you believe. It is, however, in dire—not dire, it is in need of real coordination, particularly in the development phase. Too many nations are over there doing little bits here and there, and to make it coherent so this country can move forward. And this development stuff can fill in behind troops and put security in place. So I think it is coming along.

The other major thing I highlighted earlier is capability of the Afghan Army and Police, our number one challenge. That is where we are going to spend most of the efforts to fix it. We are learning lessons. We brought them on, thought they were trained, put them loose out there in the little towns, and a lot of them turned out to be ineffective for different reasons.

So what we come up with now is to go out to the most problematic areas, pull the police out temporarily, put in a special well-trained national Afghan police force to hold the fort—they are actually doing a lot better than that—immersion for a couple of months; the other police, put more mentors—and, frankly, it is U.S. people that are shouldering the burden of this—and put these folks back in. And we are getting really good reports. We started this about 6 months ago, and we are working our way around the country in the most problematic areas.

So this combination of factors, I expect to make this much less of a concern. We will see as we go. I don't want to do too much talking ahead of the results here, but I am very confident we will take a turn for the better here.

Mr. EDWARDS. Thank you, Admiral.

Admiral, thank for your distinguished service to our country. You are a tribute to the men and women who serve with you and under your command. We are honored to be with you today. Thank you.

[CLERK'S NOTE.—Questions for the Record Submitted by Chairman Edwards.]

Question. The four major "overwatch" bases in the consolidation plan are described as "contingency bases". What distinguishes a "contingency" base from an "enduring" base?

Answer. Contingency bases are required to support an operation for a finite amount of time with access and support requirements tied to a specific operation. When the operation is complete, CENTCOM no longer requires access.

Enduring bases include three categories of bases (Main Operating Bases, Forward Operating Sites, Cooperative Security locations). These locations provide support required to execute multiple military missions assigned to a Combatant Commander. Access to these locations and the establishment of steady state and surge capability at these locations provides the commander an ability to respond immediately and expand rapidly to anticipated and emergent requirements in theater.

Question. What role would bases in the GCC countries play in an "overwatch" posture in Iraq?

Answer. (S)———.

Question. The consolidation plan does not call for any of the four contingency operating bases to be located in the northernmost parts of Iraq where Kurds are predominant. However, Kurdish leaders have made public statements indicating that they would welcome enduring U.S. bases in their region. Is it still your intent not to locate enduring bases in this area?

Answer. I'd like to make it clear that the United States does not seek permanent bases in Iraq. As the situation in Iraq develops, our strategy to posture forces and adjust basing structure will continue to be driven by operational requirements. Currently, those requirements revolve around how best to support U.S.-led counter insurgency operations. Over the next year, these requirements will transition to optimizing support to the Iraqi forces which increasingly lead these efforts.

To date, the situation in the northernmost, mainly Kurdish areas of Iraq have not required the deployment or basing of large U.S. forces there. This is likely to be the case for the foreseeable future. As the security situation improves and the U.S.-Iraq relationship matures, it is of course possible that basing locations could be adjusted.

Question. The fiscal year 2008 supplemental request includes $43 million for an urban bypass road at Mosul. Since none of the final bases in the consolidation plan are at Mosul, why is this project needed?

Answer. U.S. forces operate in and around Mosul, using Qarrayah West as the primary consolidation location while using various other bases in the region as required. We anticipate U.S. and coalition forces will continue operating in the vicinity of Mosul.

The primary purpose, however, of the bypass is not to support sites in Mosul, but to support movement along our primary North-South main supply route. The project will allow convoy traffic to bypass the Mosul city center, where IED and small arms attacks are more prevalent. By providing an alternate route, the bypass will reduce that threat and reduce potentially contentious U.S. presence and friction within the city.

Question. In a recent interview, General Petraeus stated that "There will be detainee releases on both the coalition and Iraqi side. They just passed an amnesty bill last week along with their 2008 budget and the provincial powers law. It will be a very active period." (Defense News, 2/25) Other information indicates that the detainee population will continue to grow. Assuming that the current security situation stays roughly constant, do you anticipate that the detainee population will increase or decline over the next year?

Answer. Over the course of the remaining year, we anticipate the detainee population will slowly decrease. This reduction however, is contingent on the Government of Iraq along with MNF–I to stabilize and restore security to the country.

Question. Do you plan ultimately to turn over coalition detainee facilities to the Government of Iraq?

Answer. MNF–I detention facilities, located at U.S. Forward Operating Bases within Iraq were constructed to meet MNF–I detention requirements. Facilities will be individually evaluated for reutilization, real property transfer, or foreign excess personal property transfer in accordance with the appropriate policies and procedures as part of base closures or transfers.

Question. One of the projects requested in the fiscal year 2008 supplemental is $11.7 million for a Juvenile Theater Internment Facility Reintegration Center (TIFRIC). How do you define a juvenile for this purpose? How many juveniles are currently detained by the coalition? Are juvenile detainees currently segregated from adult detainees?

Answer. Juveniles are defined as anyone 17 years and younger and are segregated from the adult population. As of 6 Mar 2008, there were 582 juveniles in U.S. detention facilities.

Question. In a written response last year to a question from the Committee regarding Bagram, you stated that "CENTCOM sees a requirement for a permanent base in Central Asia to support [Operation Enduring Freedom] and the full spec-

trum of military operations beyond OEF." What are the specific national security interests that require a permanent base in Central Asia to support such operations beyond OEF?

Answer. This Combatant Command, like others, is assigned specific military tasks. This includes, but is not limited to responding to situations where U.S. personnel must be evacuated (NEOs), humanitarian assistance and consequence management missions, and peacekeeping and peace enforcement missions. Additionally, we anticipate requiring access in the region so that we can combat violent extremist organizations that are focused on attacking U.S. interests in the region and globally. Sustaining access is a critical enabler for an immediate response and rapid expansion as required. Access to basing in Central Asia will also be used to support Theater Security Cooperation activities in the region to advance bilateral relationships and garner support for U.S. policy objectives.

Question. Bagram is highly dependent on fuel supply lines traversing the Central Asian republics and the northwest sector of Pakistan. I understand that much of the fuel for Bagram is brought in by individual contract truck drivers. If you intend to establish Bagram as a "permanent base in Central Asia", are you studying options for mitigating the fuel supply problem over the long term (beyond increasing storage capacity at Bagram)?

Answer. We have studied many options but they all route through either Pakistan or Central Asia. With no refinery or natural production of crude in Afghanistan we must rely on outside sources of supply.

When studied geographically, there are only three cost effective alternatives to bring fuel into Afghanistan. One alternative is via Iran which is not viable given current diplomatic barriers and trade restrictions. The other alternatives are through Central Asia and through Pakistan.

A commercial solution may exist to improve this area of operations but will require State and USAID intervention. ———.

Question. The fiscal year 2008 supplemental request includes $30 million to build a strategic ramp at Manas Air Base in Kyrgyzstan. The fiscal year 2009 budget request includes $6 million for a hot cargo pad. There have been tensions with the Government of Kyrgyzstan over recent incidents and demands from that government for an increase in U.S. payments for access to Manas. What is the importance of Manas to operations within the CENTCOM AOR? What are the terms of current arrangements with the Government of Kyrgyzstan regarding access to the base, including U.S. payments?

Answer. (S)———.

Question. In fiscal year 2007, Congress appropriated $370 million in emergency supplemental funds to pave roads in Afghanistan as a counter-IED strategy. The fiscal year 2009 request includes $70.5 million for two more such projects. Have you seen any empirical evidence so far that this strategy is effective at reducing the frequency and lethality of IED attacks?

Answer. The Funding for the roads did not come through until late fiscal 2007 and IED emplacement data collected in Afghanistan thus far does not differentiate between paved and unpaved roads.

However, C-IED analysts conclude that paved roads serve as a deterrent for IED emplacement. Coalition vehicles travel with much greater ease and speed along paved roads thus, making them more difficult targets for insurgents. As such, paved roads reduce the effectiveness of IED attacks and are an important counter-IED Tactic, Technique, and Procedure (TTP). Moreover, road pavement programs provide needed infrastructure improvements and job opportunities for Afghanis, who otherwise would depend upon insurgents for financial support.

Question. It was reported recently that the Turkish military set up at least 11 "temporary bases" in northern Iraq following its incursion into Iraqi territory. (Today's Zaman (Istanbul), 2/29) Has the Government of Turkey informed you of the locations of these bases, their populations, their assets, or their specific purpose?

Answer. All Turkish temporary bases in northern Iraq were removed following the Turkish forces incursion in February 2008.

Question. January 2008, France announced that it would establish a new military base with about 400 personnel in the United Arab Emirates, with an additional 150 French naval personnel stationed in Abu Dhabi. Did the French military coordinate with CENTCOM on the establishment of this base? Will the U.S. military have access to it? Does the French military have access to any U.S. bases in the Persian Gulf area?

Answer. The French are in the early stages of establishing co-use of existing UAE locations to support a small air, ground and naval presence. No bases are being built for their use in UAE.

Generally in the area, access and use are coordinated on a bilateral basis with the host nation. The French attache in UAE did provide information on their plan immediately after the announcement, but this was not coordinated with the U.S. ahead of time. The U.S. does not have a base in the UAE. We share existing UAE bases and have coordinated use of specific areas on UAE bases by use by air and naval components. The French do not have access to any U.S. bases in the Gulf and do not share any existing facilities with the U.S.

[CLERK'S NOTE.—End of Questions for the Record submitted by Chairman Edwards.]

THURSDAY, MARCH 6, 2008.

DEPARTMENT OF VETERANS AFFAIRS—MEDICAL CARE

WITNESS

MICHAEL J. KUSSMAN, UNDER SECRETARY FOR HEALTH

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS. I call the subcommittee to order.

Mr. Secretary, thank you for being back and for your service to VA and our military throughout your lifetime.

Mr. Kearns, thank you, it is good to have you here, as well.

This afternoon, the subcommittee will have our hearing on medical care in the Department of Veterans' Affairs.

Our witness for this hearing, obviously, is Dr. Michael Kussman, the Undersecretary for Health.

As Undersecretary for Health, Dr. Kussman directs a health care system which employs more than 198,000 health care professionals and support staff at more than 1,400 sites of care.

I would also like to welcome back Mr. Paul Kearns, Chief Financial Officer.

Is Mr. Baker here, also?

Mr. Baker, good to see you, sir. Chief Business Officer of VHA.

Congress provided more than $37 billion to the Veterans' Health Administration for fiscal year 2008. This appropriation was $2.6 billion more than the president's request, and this is impressive.

It has resulted in an additional 1,335 physicians and 4,968 new nurses and nursing assistants.

Additionally, the total workforce for the medical services account was increased by more than 15,000 personnel, a result of Congress' budget increase.

I was pleased to see that our total fiscal year 2008 appropriation came to the new baseline for the medical services account. Miracles still happen in Washington and how that one got through OMB, I don't know, but I won't ask questions. I will salute our leadership in the VA and those at OMB that saw the importance and Congress' clear intent that $3.6 billion or $7 billion above the president's request for 2008 became the new baseline, and that helped us greatly.

I might just report, for those that don't know, that at 12:30 this morning, we voted on a budget resolution out of the Budget Committee in the House that would increase VA discretionary funding for fiscal year 2009 by $4.9 billion over the historic level we set in fiscal year 2008.

That is actually about $3.2 billion above the president's request for fiscal year 2009. So we are off to another potentially historic year of standing up for those who have stood up for our country.

I do have some concerns about some of the decreases within some of the VA accounts proposed for 2009, but I want to salute the administration for its significant increases in medical health care services.

Particularly, I do have some questions about the proposed cuts in medical research and construction, and we will have a chance to discuss that.

Before we hear from Dr. Kussman, I would like to recognize my colleague from Tennessee, Mr. Wamp, for any comments that he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Just very briefly, so we can get on with it.

I thank you for your service and I concur with the chairman on virtually everything he said. I am very encouraged by what is going on.

But we do face many new challenges and I have got keen interest in continuing reforms in VA health care, as well as just the entire head trauma frontier that we face in the future and what that is going to do to our system of addressing these problems when these veterans come home.

So thank you for your service. I look forward to a great afternoon.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

Dr. Kussman doesn't need a long introduction before this subcommittee. But for those who don't know, he was confirmed as Undersecretary of Health for the VA Health Administration in May of 2007.

We are particularly grateful for his 28 years of active duty service in the U.S. Army, culminating in his assignment as a commander of Europe Regional Medical Command.

He also commanded the Martin Army Community Hospital at Fort Benning, Georgia.

Dr. Kussman, welcome back. It is great to have you here.

Your testimony will be submitted for the record.

We would like to recognize you for any opening comments you would care to make.

Mr. KUSSMAN. Thank you, Mr. Chairman, for the warm welcome and it is nice to be back.

Mr. EDWARDS. It is good to have you here.

STATEMENT OF THE HONORABLE MICHAEL J. KUSSMAN

Mr. KUSSMAN. Thank you.

As you mentioned, sir, I would appreciate the full testimony being put into the record.

I have a very short oral statement that I am prepared to read, and then we can go on to your questions.

As mentioned, I have Paul Kearns, retired, Air Force—I won't hold that against him—Paul Kearns, and I want to make a comment.

Paul was in San Francisco yesterday on official business and flew back last night. So if he falls asleep, we will give a kick. But I appreciate his dedication——

Mr. EDWARDS. I am glad he is back.

Mr. KUSSMAN [continuing]. And his getting here this morning. His deputy was very frightened that he wouldn't be here and would have to be sitting at the table.

Mr. EDWARDS. Well, if you fall asleep, we will blame us.

Mr. KUSSMAN. The President's 2009 request includes total budgetary resources of $41.2 billion for VA medical care, an increase of $2.3 billion over the 2008 level and more than twice the funding available in 2001.

Our ongoing commitment to those who have faithfully served this country in uniform is clearly demonstrated through this request.

Our total medical care request is comprised of funding for medical services $34.08 billion, medical facilities $4.66 billion, and resources for medical care collections of $2.47 billion.

Our top legislative priority is implementing the recommendations of the President's Commission on Care for America's Returning Wounded Warriors, otherwise known as the Dole-Shalala commission.

VA is working closely with officials from DOD on the recommendations of the Dole-Shalala commission that do not require legislation to help ensure veterans achieve a smooth transition from active military service to civilian life.

For example, the VA and DOD signed an agreement in October of 2007, creating the federal recovery coordinating program to ensure medical services and benefits are provided to seriously wounded, injured and ill active duty service members and veterans.

VA hired the first federal recovery coordinators in coordination with DOD. Three of these federal recovery coordinators are stationed at Walter Reed Army Medical Center, three at National Naval Medical Center, and two at Brooke Army Medical Center in San Antonio.

They will coordinate services between VA and DOD and, if necessary, private sector facilities, while serving as the ultimate resource for families with questions or concerns about VA, DOD and other federal benefits.

During 2009, we expect to treat about 5,770,000 patients. This total is nearly 90,000 or 1.6 percent above the 2008 estimate. Our highest priority veterans, those in priorities one through six, will comprise 67 percent of the total patient population in 2009, but they will account for 84 percent of our health care costs.

We expect to treat about 330,000 OEF/OIF veterans in 2009. This is an increase of 40,000 or 14 percent above the number of veterans from those two campaigns.

We will provide timely, accessible and high quality medical care for those who bear the permanent physical scars of war, as well as compassionate care for veterans with less visible, but equally serious and debilitating mental health issues, including traumatic brain injury and post-traumatic stress disorder.

Our treatment of those with mental health conditions will include veterans' family members, who play a critical role in the care and recovery of their loved ones.

The department's resource request includes $3.9 billion in 2009 to continue our effort to improve access to mental health services across the country. This is an increase of $319 million, over 9 percent above the 2008 level.

These funds will help ensure VA continues to deliver exceptional accessible mental health care. The department places particular emphasis on providing care to OIF and OEF veterans with PTSD.

Our strategy for improving access includes increasing mental health care staff and expanding our telemedicine health program, which allows us to reach about 20,000 additional patients with mental health conditions each year.

In April of 2006, there were over 250,000 unique patients waiting more than 30 days for the desired appointment date for health care services. As of January 1st of this year, we had reduced the waiting list to just over 69,000.

Our budget request for 2009 provides the resources necessary for the department to virtually eliminate the waiting list by the end of the year, and, I can tell you, as of the end of February, we were down, I think, at 37,000. And so we hope that we will be able to eliminate the list by the end of the year.

Improvements in access to health care will result, in part, from the opening of new community-based outpatient clinics, CBOCs, during the next 2 years, bringing the total number to 846 by the end of 2009.

The President's budget request for VA contains $252 million devoted to research projects focused specifically on veterans returning from service in Afghanistan and Iraq, including research in TBI and polytrauma, spinal cord injury, prosthetics, burn injuries, pain, and post-deployment mental health.

I look forward to working with the members of this committee to continue the performance tradition of providing timely, accessible and high quality benefits and services to those who have helped defend and preserve liberty and freedom around the world.

That completes my statement.

[Prepared statement of the Honorable Michael J. Kussman follows:]

STATEMENT OF THE HONORABLE
MICHAEL J. KUSSMAN, MD, MS, MACP
UNDER SECRETARY FOR HEALTH
DEPARTMENT OF VETERANS AFFAIRS

FOR PRESENTATION BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS AND RELATED AGENCIES

MARCH 6, 2008

Mr. Chairman and members of the Committee, good afternoon. I am happy to be here to discuss the President's 2009 budget proposal for the Department of Veterans Affairs' (VA) health care programs. Joining me today are Paul Kearns, Chief Financial Officer of the Veterans Health Administration (VHA), and Gary Baker, Chief Business Officer of VHA.

The President's 2009 request includes total budgetary resources of $41.2 billion for VA medical care, an increase of $2.3 billion over the 2008 level and more than twice the funding available in 2001. Our ongoing commitment to those who have faithfully served this country in uniform is clearly demonstrated through this request. Our total medical care request is comprised of funding for medical services ($34.08 billion), medical facilities ($4.66 billion), and resources from medical care collections ($2.47 billion). We have included funds for medical administration as part of our request for medical services. Merging these two accounts will improve and simplify the execution of our budget and will make it easier for us to respond rapidly to unanticipated changes in the health care environment throughout the year. We appreciate Congress providing us with the authority to transfer funding between our medical care accounts as this helps ensure we operate a balanced medical program. We will evaluate the potential need for adjustments to our medical accounts during 2008.

Our top legislative priority is implementing the recommendations of the President's Commission on Care for America's Returning Wounded Warriors (Dole-Shalala Commission). The Commission's report provides a powerful blueprint to move forward with ensuring that service men and women injured during the Global War on Terror continue to receive the health care services and benefits necessary to allow them to return to full and productive lives as quickly as possible. VA is working closely with officials from DoD on the recommendations of the Dole-Shalala Commission that do not require legislation to help ensure veterans achieve a smooth transition from active military service to civilian life.

For example, VA and DoD signed an agreement in October 2007 creating the Federal Recovery Coordinator Program (FRCP) to ensure medical services and

other benefits are provided to seriously-wounded, injured, and ill active duty service members and veterans. VA hired the first Federal Recovery Coordinators (FRCs) in coordination with DoD. Three of these FRCs are stationed at Walter Reed Army Medical Center, three at National Naval Medical Center, and two at Brooke Army Medical Center. They will coordinate services between VA and DoD and, if necessary, private sector facilities, while serving as the ultimate resource for families with questions or concerns about VA, DoD, or other federal benefits.

The 2009 budget request will allow VA to achieve performance goals in two areas critical to the achievement of our health care mission:

- provide timely, accessible, and high-quality health care to our highest priority patients – veterans returning from service in Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF), veterans with service-connected disabilities, those with lower incomes, and veterans with special health care needs; and
- advance our collaborative efforts with the Department of Defense (DoD) to ensure the continued provision of world-class health care and benefits to VA and DoD beneficiaries, including progress towards the development of secure, interoperable electronic medical record systems.

One of our highest priorities is ensuring OEF/OIF veterans returning from service receive everything they need to make their transition back to civilian life as smooth and easy as possible. We will take all measures necessary to provide them with timely benefits and services, give them complete information about the benefits they have earned through their courageous service, and implement streamlined processes free of bureaucratic red tape.

We will provide timely, accessible, and high-quality medical care for those who bear the permanent physical scars of war as well as compassionate care for veterans with less visible, but equally serious and debilitating, mental health issues, including traumatic brain injury (TBI) and post-traumatic stress disorder (PTSD). Our treatment of those with mental health conditions will include veterans' family members who play a critical role in the care and recovery of their loved ones.

Information technology (IT) plays a vital role in direct support of our medical care program and VA is requesting a significant increase in IT funding in 2009, much of which will help ensure we continue to provide timely, safe, and high-quality health care services. The most critical component of our medical IT program is the continued operation and improvement of our electronic health record system, a Presidential priority that has been recognized nationally for increasing productivity, quality, and patient safety. We must continue the progress we have made with DoD to develop secure, interoperable electronic medical record systems, a critical recommendation in the Dole-Shalala Commission report. The availability of medical data to support the care of patients shared by VA and DoD

will enhance our ability to provide world-class care to veterans and active duty service members, including our wounded warriors returning from Afghanistan and Iraq.

Workload

During 2009, we expect to treat about 5,771,000 patients. This total is nearly 90,000 (or 1.6 percent) above the 2008 estimate. Our highest priority patients (those in priorities 1-6) will comprise 67 percent of the total patient population in 2009, but they will account for 84 percent of our health care costs. We expect to treat about 333,000 OEF/OIF veterans in 2009, an increase of 40,000 (or 14 percent) above the number of veterans from these two campaigns we anticipate will come to VA for health care in 2008, and 128,000 (or 62 percent) more than the total in 2007.

Funding for Major Health Care Initiatives

In 2009 we are requesting nearly $1.3 billion to meet the needs of the 333,000 OEF/OIF veterans we expect will come to VA for medical care. This is an increase of $216 million (or 21 percent) over our resource needs to care for these veterans in 2008.

The Department's resource request includes $3.9 billion in 2009 to continue our effort to improve access to mental health services across the country. This is an increase of $319 million, or 9 percent, above the 2008 level. These funds will help ensure VA continues to realize the aspirations of the President's New Freedom Commission Report, as embodied in VA's Mental Health Strategic Plan, to deliver exceptional, accessible mental health care. The Department places particular emphasis on providing care to OEF/OIF veterans with PTSD. Our strategy for improving access includes increasing mental health care staff and expanding our telemental health program, which allows us to reach about 20,000 additional patients with mental health conditions each year.

Our 2009 request includes $762 million for non-institutional long-term care services, an increase of $165 million, or 28 percent, over 2008. By enhancing veterans' access to non-institutional long-term care, the Department can provide extended care services to veterans in a more clinically appropriate setting, closer to where they live, and in the comfort and familiar settings of their homes surrounded by their families. These services include adult day health care, home-based primary care, purchased skilled home health care, homemaker/home health aide services, home respite and hospice care, and community residential care. During 2009 we will increase the number of patients receiving non-institutional long-term care, as measured by the average daily

census, to about 61,000. This represents a 38 percent increase above the level we expect to reach in 2008.

VA's medical care request includes nearly $1.5 billion to support the increasing workload associated with the purchase and repair of prosthetics and sensory aids to improve veterans' quality of life. This is $134 million, or 10 percent, above the funding level in 2008. This increase in resources for prosthetics and sensory aids will allow the Department to meet the needs of the growing number of injured veterans returning from combat in Afghanistan and Iraq.

Requested funding for the Civilian Health and Medical Program of the VA (CHAMPVA) totals just over $1 billion in 2009, an increase of $145 million (or 17 percent) over the 2008 resource level. Claims paid for CHAMPVA benefits are expected to grow by 9 percent (from 7.0 million to 7.6 million) between 2008 and 2009 and the cost of transaction fees required to process electronic claims is rising as well.

Our budget request contains $83 million for facility activations. This is $13 million, or 19 percent, above the resource level for activations in 2008. As VA completes projects within our Capital Asset Realignment for Enhanced Services (CARES) program, we will need increased funding to purchase equipment and supplies for newly constructed and leased buildings.

Quality of Care

The resources we are requesting for VA's medical care program will allow us to strengthen our position as the nation's leader in providing high-quality health care. VA has received numerous accolades from external organizations documenting the Department's leadership position in providing world class health care to veterans. For example, the December 2007 American Customer Satisfaction Index (ACSI) survey, conducted by the National Quality Research Center at the University of Michigan Business School and the Federal Consulting Group, found that customer satisfaction with VA's health care system was higher than the private sector for the eighth consecutive year. The data revealed that patients at VA medical centers recorded a satisfaction level of 83 out of a possible 100 points, 6 points higher than the rating for care provided by the private sector health care industry.

In December 2007 the Congressional Budget Office (CBO) issued a report highlighting the success of VA's health care system. In this report, "The Health Care System for Veterans: An Interim Report", CBO identified organizational restructuring and management systems, the use of performance measures to monitor key processes and health outcomes, and the application of health IT as three of the major driving forces leading to high-quality health care delivery in VA. In October 2007, the Institute of Medicine released a report, "Treatment of

PTSD: An Assessment of the Evidence", affirming the efficacy of VA's use of exposure-based therapies for the treatment of PTSD. This confirms the Department's own conclusions and bolsters our efforts to continue to effectively treat veterans of the Global War on Terror who are suffering from PTSD and other mental health conditions.

These external acknowledgments of the superior quality of VA health care reinforce the Department's own findings. We use two primary measures of health care quality: clinical practice guidelines index and prevention index. These measures focus on the degree to which VA follows nationally recognized guidelines and standards of care that the medical literature has proven to be directly linked to improved health outcomes for patients. Our performance on the clinical practice guidelines index, which focuses on high-prevalence and high-risk diseases that have a significant impact on veterans' overall health status, is expected to grow to 86 percent in 2009, an increase of 1 percent over the level we expect to achieve in 2008. As an indicator aimed at primary prevention and early detection recommendations dealing with immunizations and screenings, the prevention index will also grow by 1 percent above the estimated 2008 level, reaching 89 percent in 2009.

Access to Care

In April 2006 there were over 250,000 unique patients waiting more than 30 days for their desired appointment date for health care services. As of January 1, 2008, we had reduced the waiting list to just over 69,000. Our budget request for 2009 provides the resources necessary for the Department to virtually eliminate the waiting list by the end of next year. Improvements in access to health care will result in part from the opening of new Community-Based Outpatient Clinics during the next 2 years, bringing the total number to 846 by the end of 2009.

The Department will expand its telehealth program, a critical component of VA's approach to improving access to health care for veterans living in rural and remote areas. Other strategies include increasing the number of CBOCs and enhancing VA's participation in the National Rural Development Partnership, which serves as a forum for identifying, discussing, and acting on issues affecting those residing in rural areas. In 2009 the Department's Office of Rural Health will conduct studies to evaluate VA's rural health programs and develop policies and additional programs to improve the delivery of health care to veterans living in rural and remote areas.

Medical Collections

The Department expects to receive nearly $2.5 billion from medical collections in 2009, which is $173 million, or more than 5 percent, above our projected

collections for 2008. About $8 of every $10 in additional collections will come from increased third-party insurance payments, with almost all of the remaining collections resulting from growing pharmacy workload. We will continue several initiatives to strengthen our collections processes, including expanded use of both the Consolidated Patient Account Center to increase collections and improve operational performance, and the Insurance Card Buffer system to improve third-party insurance verification. In addition, we will enhance the use of real-time outpatient pharmacy claims processing to facilitate faster receipt of pharmacy payments from insurers and will expand our campaign to increase the number of payers accepting electronic coordination of benefits claims.

Legislative Proposals

The President's 2009 budget includes seven legislative proposals totaling $42 million. One of these proposals expands legislative authority to cover payment of specialized residential care and rehabilitation in VA-approved medical foster homes for OEF/OIF veterans with TBI. Another proposal would reduce existing barriers to the early diagnosis of human immunodeficiency virus (HIV) infection by removing requirements for separate written informed consent for HIV testing among veterans. This change would ensure patients treated by VA receive the same standard of HIV care recommended to non-VA patients.

The 2009 budget also contains three legislative proposals which ask veterans with comparatively greater means and no compensable service-connected disabilities to assume a modest share of the cost of their health care. They are exactly the same proposals submitted but not enacted in the 2008 budget. The first proposal would assess Priority 7 and 8 veterans with an annual enrollment fee based on their family income:

Family Income	Annual Enrollment Fee
Under $50,000	None
$50,000 - $74,999	$250
$75,000 - $99,999	$500
$100,000 and above	$750

The second legislative proposal would increase the pharmacy co-payment for Priority 7 and 8 veterans from $8 to $15 for a 30-day supply of drugs. And the last proposal would equalize co-payment treatment for veterans regardless of whether or not they have insurance.

These legislative proposals have been identified in VA's budget request for several years. These proposals are consistent with the priority system of health care established by Congress, a system that recognizes priority consideration must be given to veterans with service-connected conditions, those with lower incomes, and veterans with special health care needs.

These ... ave no impact on the resources we are requesting for VA medic... y do not reduce the discretionary medical care resources we are se... Ou... udget request includes the total funding needed for the Depar... to co...inue to provide veterans with timely, accessible, and high-quality ...ical s...vices that set the national standard of excellence in the health care i... In...ead, these three provisions, if enacted, would generate an estim... ...on in revenue from 2009 through 2013 that would be depo... ...ndatory account in the Treasury.

Medic... ...ca...

VA is ... ...ing ...42 million to support VA's medical and prosthetic research progr... ...est will fund nearly 2,000 high-priority research projects to expa... ...n areas critical to veterans' health care needs, most notably resea... ...as of mental illness ($53 million), aging ($45 million), health servic... ...provement ($39 million), cancer ($37 million), and heart diseas... ...).

One o... ...priorities in 2009 will be to continue our aggressive research prog... ...proving the lives of OEF/OIF veterans. The President's budg... ...A contains $252 million devoted to research projects focus... ...on veterans returning from service in Afghanistan and Iraq. This i... ...rch in TBI and polytrauma, spinal cord injury, prosthetics, burn i... ...d post-deployment mental health. Our research agenda includ... ...e projects with DoD to enhance veterans' seamless transition from ... ...nt facilities to VA medical facilities, particularly in the treat... ...s with TBI.

The ... ...uest for research funding will help VA sustain its long track reco... ... conducting research projects that lead to clinically useful interv... ...prove the health and quality of life for veterans as well as the gener... Recent examples of VA research results that have direct appli... ...ed clinical care include the use of a neuromotor prosthesis to he... ...store lost movement in paralyzed patients, continued deve... ...rtificial retina for those who have lost vision due to retinal dama... ...nexpensive generic drug (prazosin) to improve sleep and redu... ...mares for veterans with PTSD, and advancements in identi... ...erapy to prevent or slow the progression of Alzheimer's disea...

In ad... ...appropriations, the Department's researchers compete for and rece... ...m other federal and non-federal sources. Funding from external sour... ...ed to continue to increase in 2009. Through a combination of

VA re[illegible]d funds from outside sources, the total research budget in 2009 will b[illegible].85 billion.

Sum[illegible]

Our 2[illegible]dget request of $41.2 billion for medical care and $442 million for med[illegible]thetic research will provide the resources necessary for VA to:

- [illegible]mely, accessible, and high-quality health care to our highest [illegible]y patients—veterans returning from service in Operation Enduring [illegible]om and Operation Iraqi Freedom, veterans with service-connected [illegible]ties, those with lower incomes, and veterans with special health [illegible]eeds; and
- [illegible]ur collaborative efforts with DoD to ensure the continued [illegible]of world-class health care and benefits to VA and DoD [illegible]ilies, including progress towards the development of secure, [illegible]erable electronic medical record systems.

I look [illegible]to [illegible]orking with the members of this committee to continue the Depa[illegible]dition of providing timely, accessible, and high-quality benefits and [illegible]se who have helped defend and preserve liberty and freedom arou[illegible]

Mr. EDWARDS. Thank you, Dr. Kussman.

Mr. Wamp, do you want to begin the questioning this afternoon?

ELECTRONIC HEALTH RECORDS

Mr. WAMP. Yes sir, Mr. Chairman.

As we go through these notes, I am open for however you want to tag-team this to maximize efficiency of the afternoon. Whatever your plan is, I am on board, and thank you for your leadership.

Dr. Kussman, VA health care is known around the world as having maybe the most sophisticated records management system in health care.

But the inspector general came to us and said that you have got many challenges on financial management.

So how can the same organization that is so sophisticated on medical records have problems with financial management and what is underway to cure that problem?

Mr. KUSSMAN. Sir, thank you for the question.

And let me just say I appreciate your comment about the electronic health record and we believe it is, arguably, the best electronic health record in the world.

We have a ways to go in our business management. As you may or may not know, I have four major things that I am interested in in my time as the under secretary.

One is continuing to improve patient care. The second is leadership. One is improving new performance measures, and fourth is business processes.

I believe we can provide the greatest care in the world, but if we don't provide this in an efficient and effective manner and cannot account for all the money that you so kindly and the taxpayers of this country give us, then we are in danger.

So we have some material deficiencies and we are working hard. And I don't disagree with the IG on this. We are working hard to fix those.

Let me just say, and, in fact, yesterday, we just had a briefing from DeLoitte, who is the contractor for the IG, and I was gratified to see that they said that we are getting better.

But we still have a very long way to go. And one of our problems is that we are a socially-driven system, not an economically-driven system, and, for a long period of time, the issues that are important weren't important to people and to put in place the mechanisms that would allow us to answer the questions that the IG or Deloitte would ask us.

And so when you are a socially-driven system and you are focused on health care delivery, some of these other things don't get done.

And I think what we have seen is that you can't continue to run this business known as the Veterans' Health Administration without starting to put processes in place that are economically-driven standards to account for what you do.

And so we are working very hard to start working with the IG and with DeLoitte and IT and resource managers to start to put in place—to hire enough people to do the process the right way.

It is not that we don't know what to do. It is just that we haven't had, historically, the infrastructure to do this well. And we are committed to doing that.

Mr. WAMP. Let me just say, as we leave that topic, that if we don't get our arms around it and the Congress continues to spend these record amounts of money on these very important needs, we do a disservice to the veterans of the future, because there will be a real backlash with the kind of reporting that you have seen on these organizations that claim to be working in veterans' best interest, that are serving their own self-interest, and what a tragedy that is.

And we don't want the VA to be seen as an inefficient organization. And I don't mean to lecture. I just know this is a real problem as we ramp up the funding, because it will come against all of us that we are not efficient enough to handle increase in funding.

So I just want you to make that the top priority as you go forward.

COMMUNITY-BASED OUTPATIENT CLINICS

On CBOCs, I have got a big one in my backyard, and it is a good one and it has improved dramatically in the last decade. And 846 is a better number and I do agree with your testimony that they meet needs in a very efficient and effective way.

I also think that we shouldn't be caught in the you have to get your health care in a VA box around the country, because that has politically kept certain facilities open longer than they probably should have been open when there was a more efficient way to deliver that health care, and we have got to get over that.

And CARES, I thought, was going to bring about more sweeping reforms than it did. And I want to kind of ask you, as we look at CBOCs and the need to fund them, are we considering further reforms?

For instance, where we have—all of us know VA health care from our district first and then maybe whatever we have learned outside of our district.

But in my district, people have to go from the CBOC service area 2 hours for inpatient care in a hospital, and it is through the mountains and there are wrecks and it is dangerous.

And a lot of our veterans like to have a third option besides the CBOC or driving 2 hours to get inpatient care, and that is to have the ability, with a Medicare reimbursed voucher type approach, to go to the local public hospital and receive their care so their relatives can come see them while they are in the hospital.

And how much of that are we considering or is that down the road or are there just too many reasons why it can't be done? Because my veterans would like to have all three options—go to the CBOC, if that will suffice, go to Murfreesboro and get the health care, if that is what they want, but, frankly, Murfreesboro stays full.

Yet, there are local providers that would take that Medicare reimbursement voucher if that veteran chose to go locally, so they could stay close to home and get that inpatient care.

Mr. KUSSMAN. A very complex question and I will do my best to answer it as quickly as possible.

I think that we are always looking at options on the continuum of care and, as you know, we spend—Paul, correct me—close to $2 billion on fee-based care.

So we are already buying a significant amount of care around the country.

One of the things that we are very proud of, as you know, sir, is the quality of care and the electronic health record and all those things together that make us if not the best, clearly near the top of the best of health care in this country, perhaps the world.

And one of the challenges we have is fragmented care, where people will, even now, use their Medicare benefit and then use the VA and then they may use TRICARE for things, and that care gets fragmented and there is no way to coordinate that care.

And so when that happens, inadvertently, we can actually do harm to people, because one of the values of our integrated system, and keeping people in the system, it doesn't make any difference where they go if you can pull up their record and find out what is going on, know what medication they are on. You saw that in Katrina and other instances.

So we will continue to emphasize people in our system. On the other hand, we want to be sure that we aren't inappropriately hurting people or creating situations that are inappropriate.

And not only are we looking at continuing to expand the CBOCs and make them larger and expanding the capabilities, more and more care is done in this country in the outpatient setting. You really don't need a hospital for something like 90 to 95 percent of why people go to a hospital.

So we are looking at that to provide more services closer to home. We are even looking at what we call outreach clinics, smaller clinics that are open in rural areas, maybe not every day, but a couple days a week or a certain number of days a month. So there are more and more access points.

So I think we are looking at the continuum of care to provide more and more services within our system, but, where appropriate, we don't hesitate to buy it.

But if you do that across the board, I worry about the quality of what we do will start to degenerate, because one of the big problems in the civilian community and other health care systems is there is no way for them to talk to each other and people get fragmented care, and I certainly don't want to contribute to that.

Mr. WAMP. I will yield back.

I would just say, on my way out, we have an MG center now as part of our CBOC, which is exactly what you are talking about, more and more services.

And I agree with you in concept, but I also believe that as we have the Iraq-Afghanistan veterans coming back and we have these long-term issues, like head trauma and mental illness and everything else now, we are going to have to consider reforms and not be quite so quick to defend the status quo or defend why things can't be done and look at what the alternatives are, because the same efficiencies you are talking about, by having a CBOC approach, there are other efficiencies that we might want to follow as well.

So I would encourage you to stay open-minded and not closed-minded that you have to get your care in a VA box.

And I yield back for now.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Farr?

Mr. FARR. Thank you, Mr. Chairman.

TRANSFER OF RECORDS FROM DOD TO VA

I want to first of all thank you for your leadership on the Budget Committee to get that budget allocation for veterans. You ought to be thanked by the whole nation for that.

I am very interested in following up on—to use the term from another committee—the interoperability of people being in active duty military and then, particularly with the injury cases, transferring out to Department of Veterans Affairs.

I don't need any numbers right now, but I wondered if you could provide for the committee how many of those new electronic files for these new vets are being initiated in DOD since they can no longer serve in the military because of their injury and then being turned over to you.

How many new electronic files are just the historical veteran, the old vet, who had records in the VA and you transferred them to electronic records?

What I hear is that the DOD has not yet got into the system. They are not doing their work and, therefore, this transition from them to you has been difficult.

Perhaps you could get some numbers for us and tell us what we have to do to get back to DOD. If they are going to give you the patients, then they ought to give you the medical records and it ought to be on their dime to have to create that medical record.

The interoperability issue is one that I would like to talk about, because that is the only way we are going to get local, state and federal government to work together.

The individual living out there lives in a community and doesn't know which government is which. They have just got a problem.

And we traditionally have been saying we don't fix it here, you have got to go someplace else. I think what we are trying to do is get one stop to fix many problems. In my district, we have all the military land from the closure of Fort Ord, and the DOD has a lot of active duty military families.

DOD doesn't have enough outpatient services for them in their clinic. So what we are trying to do locally is figure out how we could combine both DOD active duty military and veterans in building a clinic, an outpatient clinic.

And I think you are aware this is a major construction project in the out years at the former Fort Ord, which would serve as a CBOC for the region's underserved veterans.

I want to encourage you to make sure that there is adequate funding in the fiscal year 2010 budget to get this joint VA–DOD project moving.

Mr. KUSSMAN. Sir, I am aware——

Mr. EDWARDS. Dr. Kussman, before you answer. Rather than have you have to give a short answer, if we could recess just for a moment, go vote.

We have got a motion to recommit after this, if you don't mind, if we could just go vote, come right back and have just a little bit of time. That way, you can give the full answer.

[Recess.]

Mr. EDWARDS. Let's go back. I am going to defer your answer to him and let me ask a question or two, if I could, and then I will stop when he gets here.

The 2009 administration budget request significantly reduces medical construction, it reduces medical research, all relative to fiscal year 2008, and then a small reduction in the homeless program.

Is it fair for me to conclude that it wasn't as if the VA were saying there aren't needs in these three areas, but I assume the administration and OMB had to set priorities and it chose to put the medical services account as a top priority?

Mr. KUSSMAN. That is what takes place in all the budgetary planning.

What you articulated so well already is that there may be some decrease from 2008 to some of the line items in 2009, but they are still significantly greater than what the 2008 original budget was or 2007 budget.

So we are moving in the right direction and there is still a marked commitment to all those programs that you listed.

Mr. EDWARDS. While we are waiting for Sam to come back, let me just get to what Mr. Wamp said and what you and I have talked about privately, and I would say for the record, is I hope every person within the VA health care system understands that this is a golden historic opportunity to raise the bar so much higher in terms of our baseline for VA health care funding.

And I hope everyone who has authority over a single dime of spending understands that it only took one bridge to nowhere to taint the entire process.

And so it is just absolutely vital and I can't emphasize it enough, it is vital that not one dime of this be spent on a $20,000 mahogany desk or—and I have been out to the hospitals. It is thrilling to see the changes that have been done with even some of the minor construction, the nonrecurring maintenance money.

And I have not heard one example yet and that is great news and I compliment you and your people for that, but, please, I hope that filters down to every level.

If there is any hospital director that had real patient care needs, but they quadrupled the square footage in their director's office and spent a massive amount of money on fancy furniture, then they will have hurt millions of veterans.

And I appreciate Mr. Wamp emphasizing that, and I know you understand that better than we do, given your service in the Army medical program, as well——

Mr. KUSSMAN. Well, I am grateful for that—as you know, and we are working hard at it. There are some admin and facility things that do need to be repaired, but not to make administrators better and it is really all related to how do we take care of the most deserving patients in the world, people who have been hurt in defense of their country, and that is what we are all about. That is all we are about.

Mr. EDWARDS. And do you think that sense of responsibility has filtered down to the grassroots level, that everybody knows how critical this is?

Mr. KUSSMAN. If they do not, they are tone deaf or they can't hear. Mr. Feeley, who is not here, who is the deputy Under Secretary for Operations and Management, doesn't take too well to people who don't understand our mission.

So we are pushing real hard and, as you know, the new secretary is just as aggressive as we all are. So I think that anybody who doesn't understand that probably needs to find a new job. We don't hesitate to ask them to do so.

Mr. EDWARDS. That is good to hear.

Now that you have answered Mr. Farr's question, we are going to——

Mr. FARR. Wait a minute, wait a minute.

Mr. KUSSMAN. I am well aware of the issues on the—and the partnering and things that are going on there with DOD.

I know that both clinics, our clinic and the DOD clinic, are kind of maxing out on their capability. We are sharing as much as we can there.

As you know, there was a project that got put through the joint incentive funds, the JIF fund.

Mr. FARR. The VA funded the feasibility study that is going on right now.

Mr. KUSSMAN. No, I was just going to say. But that money came out of the VHA money. Who came out of Bob Weibe, who is the VISN director, $250,000 that was funded to look at that feasibility study and come back with a recommendation that we can then partner with DOD to move forward on that, because I think it is a good idea.

Mr. FARR. You think it is a good idea.

All these questions essentially—Mr. Wamp's issue about where we have these clinics and hospitals geographically located in one place and we have got people into this system that is a silo system, essentially.

You are in the VA and you go to the clinics and, as you say, probably you don't need to have as many people going to the hospitals, and we send the serious specialty cases to a hospital.

On the other hand, there are people who are a long way away, and how can we also utilize existing providers that are there in the community, and I think that is kind of a new area to open up.

Last year, our bill enacted a law which required the VA to add a marriage and family therapist to its list of service providers, but I understand, to date, no action has been taken.

And the question is really how and when will the VA add the marriage and family therapist to the list of service providers.

Mr. KUSSMAN. That has been looked at critically by our people and there are some issues of certification and quality that have to be looked at when we—at our vet centers that are run by—have people who are trained in family counseling.

We have people in our facilities that are in social work, psychology, are trained in that same discipline. And so from a clinical perspective, I think it has been determined that we didn't think we needed to do that.

Mr. FARR. Well, Congress has asked you to do that and the reason why, is that these are trauma issues, psychological issues, and a lot of vets, as you know, don't want to go to a VA facility. They don't want to go into a quasi-military situation.

They want to have access to therapists that are in their local community who are licensed by their state as professional doctors, the same way you would send a vet to the hospital. I don't think you check the credentials of the doctor that is seeing them, the local doctor.

It sounds like there is more of a scope of practice issue, a fight between those that are in the VA clinics and those that are outside providers.

Mr. KUSSMAN. Well, I would differ with you in the sense of if it was determined to be clinically needed and we couldn't provide the services for people, then we would consider——

Mr. FARR. Well, that was determined and that is why Congress ordered it. It was required in that law to add marriage and family therapists to the list of service providers, and you are saying that you decided they don't need to do that.

Mr. KUSSMAN. No, I certainly wouldn't be in violation of the law. And so let me go back and look and see specifically what was said.

Mr. FARR. And would you find out how and when and if? Thank you.

Another technology out there is something that has come to me in my district, it is called HeartMath. It is a behavioral therapy, with a sister technology that helps reduce stress and anxiety, and, as I understand it, DOD is using it to help military personnel returning from combat who may have mental health issues.

There are 18 VA clinics around the country and 10 DOD facilities where the doctors are using HeartMath to assist the servicemen and veterans with PTSD and other mental health issues.

However, since HeartMath is not an official treatment technology under the VA formulary, these doctors or patients themselves are paying for the treatment out of pocket.

And I wonder if, one, you are familiar with this technology, and, two, as I understand, Bob Ireland is familiar with this and I wondered if you would meet with him at DOD and ask him about the DOD's experiences with HeartMath.

Essentially, what I am trying to do is see if HeartMath can be approved treatment.

Mr. KUSSMAN. I would be happy to do that.

VISION-IMPAIRED VETERANS

Mr. FARR. Thank you.

And then the last one on this round is blind veterans. VA operates training and rehab centers to help blind or vision-impaired veterans adjust to the loss of vision.

Palo Alto has a polytrauma center—I think you have several centers in the United States.

I am wondering, how many blind, vision training and rehab centers does VA operate?

Mr. KUSSMAN. I don't have the actual number. But we have four and going to be five polytrauma level one rehabilitation centers. These are state-of-the-art complexes for the polytrauma.

Mr. FARR. The National Federation of the Blind has comprehensive training facilities, and their complaint was that yours is a very short course. Theirs is more of a comprehensive course.

Mr. KUSSMAN. I can't comment on theirs. We have been recognized as really a leading organization in the country dealing with blind rehabilitation. We have been doing that for years.

We have several centers around the country that do the very complex care and then we have what we call HIST and GLOS, the different levels of blind——

And we developed a new program called coordination and continuation of care that the blind advocacy groups have asked us to do and are very appreciative and complimentary of the sophisticated care that we——

Mr. FARR. Do you know if you contract with any?

Mr. KUSSMAN. I don't know this particular company, but even in our systems, we have all that available in multiple sites around the country. I can't give you the exact number. I could try to find out that for you.

Mr. FARR. Maybe we could just look into this training for the blind, because the National Federation of the Blind, who is a very highly respected organization, has some concerns that they think they can do, in some cases, a better job than the VA. They would like to provide those services to you, or you may already be contracted with them. I am not sure.

Mr. KUSSMAN. I am not sure. I will find out.

Mr. FARR. Thank you.

Mr. EDWARDS. Zach.

Mr. WAMP. I am going to go back to the issue, after talking with Mr. Farr during the vote about other options, because I want to be a little more graphic in the dilemma that we face, because in our service area, we have got 16,379 vets that use the CBOC in Chattanooga, from our whole 18-county service area.

And a little contrary to something you said a minute ago, if they have a gall bladder that needs to be removed, many times, they have to wait in order to get in and out of Murfreesboro, 2 hours away, by van, driven by volunteer veteran, many of whom are pretty old, and equipment that is not exactly the most sophisticated transportation available to veterans.

This is how it works. This is the real life.

A few years ago, snowy, rainy, sleety afternoon, a van wrecked, veterans died. To me, it is like why is that necessary to get health care when—and I will just call it by name—Erlanger, the $500 million a year local safety net public hospital, not only, in 1999, it went into effect in 2000–2001, I set up a 2-year demonstration, like Dave Weldon did in Florida, like Dave Hobson now wants in Ohio, where, under VISN–9, a little carve-out, small amount, for the CBOC doctors to refer veterans that want to go and have their gall bladder removed at Erlanger, a public hospital, instead of driving 2 hours to have that alternative.

And over 2 years, a grand total of 58 patients were referred under this pilot program. We had a field of play of x dollars. They didn't even use a small portion of it, because there was just a complete reticence, reluctance to refer anybody to a local provider, even though the veterans wanted to do that. They wanted to go there.

They are the ones that came to me on this. I didn't dream it up. They said, "We want to be able to go and get this."

So these are real live situations. This is a safety issue, it is a time issue, and it is not as simple as we have quality care. If you have to wait, then access is an issue, not just the quality.

I am not going to argue with you about the quality, because I don't get the quality complaints that I got 15 years ago. I don't get those. It is much better. I believe that. And I believe there are a lot of—but I don't want to beat the drum too loud—but I can tell you that there are many more members like Hobson out in Ohio who says, "We have degraded care from an access standpoint from our region," because there is the inpatient care that the outpatient clinics can't meet.

And then what are the veterans' options? I just feel like these veterans', our greatest citizens, need as many options as possible, not fewer options. And I don't want any bureaucracy to defend their existence by saying, "No, that is only a VA responsibility," when the VA, in this world, can provide some of this.

Matter of fact, if we had telemedicine and now things that should not require transporting certain patients 2 hours to go to get their health care. It takes them out of their family, out of their community, and, I have got to tell you, through the mountains of east Tennessee, it is not safe.

And I know we are an area of degradation. There were the top five areas in the country, we were one of them, and I just happened to end up as ranking member on the subcommittee, so you get to hear about it.

But I hope that we can fix these problems.

I also have a pain medicine doctor who contracts with you who has prescribed pain medications to veterans who then see another doctor in the VA system who says to them that under the VA Directive 2002–074–VHA, they do not have to take the prescription prescribed by this other doctor, because he is a private provider, which is probably one of your fee-based statements you said a minute ago.

I know you all contract out services to local providers. They come in to the VA center. They see the patients at the outpatient clinic. They end up happening to be in the hospital in Murfreesboro and another VA doctor says, "No, you are not going to take these." Yet, they have seen this local provider.

And I don't want to give his name out, but I can tell you he has complained now over and over that there is not a consistent standard for pain medication in the VA system.

I would just make you aware of that. And then a whole other frontier of questions on head trauma, but I will get to those in the next round, if you want to just keep going.

HEAD TRAUMA

Mr. EDWARDS. Do you want to go ahead on head trauma?

Mr. WAMP. Well, I just feel like—and I will give an example. In Erlanger, the president of the United States came there last year, because they had fished out clots in the brain with this new procedure, going into the brain, and it avoided stroke and then they fished out the largest clots and the most clots.

It is the place in the country to go. Now, unless the VA duplicates that ability, this is going to be a great need from IED explosions and head trauma.

You have a lot of stroke now caused in the brain from head trauma and it is an aftereffect. I am not talking about when they get hit by an IED, but people that are around head trauma—I am not a doctor, I am just telling you what I learned.

I am concerned about this. Will head trauma lead to a lot of these other procedures and, if so, this is—Erlanger is the place, in not our region, but in the country. The president of the United States went there to see it.

If they get to you in a certain number of hours and they fish out the clots in your brain, you recover from a stroke in 2 weeks instead of 2 years, and the rehab time and everything else, and then just the overall prognosis.

Many of our agencies, we talked about this at our earlier hearing today, they don't look down the road—then the next thing you know, they are not even set up to deal with it.

What is coming down the road in VA health care with head trauma and IEDs and the asymmetrical wars that we are fighting now, given the needs of these veterans, because Walter Reed, you know, that was a painful experience, but what about the VA system in the future to keep up with the medical needs of these veterans coming home after experiencing the kind of head trauma that they are exposed to?

Mr. KUSSMAN. Complex questions and there are several aspects of it, sir.

One is the standard treatment for strokes, regardless of where it comes from, is now known as a brain attack. They are trying to get people to be sensitive around the country, it is nothing new to VA itself, this is standard of care, to be able to assure that people, the physicians, the health care providers and the community realize that a brain attack is equally as critical as a heart attack.

And the underlying pathophysiology is the same, is it a clot or an embolism—someplace. And so the whole evolution of the care for strokes is changing to try to get people within 20 minutes or a half-hour, just like we do with heart attack, that they can provide this and a lot of that care can be done in—I don't know enough about the Erlanger clinic to know specifically, but around the country, everybody is moving toward that paradigm.

Now, specifically related to OIF/OEF people and veterans, I have heard that term bandied about about strokes related to traumatic brain injury. I am not aware of any literature that actually says that.

Now, I am not denying it. I just don't know if there is any evidence that shows that.

But if it were going to happen, it would happen more in the severe traumatic brain injury. And so far, in the whole war, and I am not minimizing this at all, there are under 500 people who have suffered moderate to severe traumatic brain injury.

They have all come through our system. A couple have gone out into the civilian—they have chosen to use the civilian rehabilitation program.

The big concern, I think that what you have been talking about, even before and now, is the mild traumatic brain injury. And we were concerned about that, too.

I mean, the civilian literature or the medical literature on mild traumatic injury is extremely anemic, I would call it. It is not very robust in the literature. And most of the literature has been done in car accidents and the football field—and it appears from the literature that most people who have mild/concussion get better on their own. Now, it may be a little bit—mild concussions, that is the Troy Aikman, the football player, the quarterback for the Dallas Cowboys, retired early because he had had eight concussions and the best clinical advice was, "Hey, Buddy, you know, enough is enough. I don't know what will happen with the ninth and the tenth."

There was a very recent study that came out, it was a lead article in the "New England Journal of Medicine," 30 January of this year, and we can certainly get it to you. I am not suggesting you have to read through all the medical stuff.

But the important thing was the conclusions. This was done by Chuck Hoge, who works at the Walter Reed Institute of Research, specifically looking at the sequelli of mild traumatic brain injury, the aftermath of mild.

And what he was saying is something that we have all been semi concerned about, is in the context of when you call something traumatic brain injury, there is a connotation of this that is pretty scary.

And in the medical literature, mild traumatic brain injury is nothing—I won't say nothing more, I am not trying to minimize it. It is really a concussion.

And he says we ought to stop talking about mild TBI, but talk about concussions, because that has a different ramification in everybody's mind, because many people have suffered concussions, including myself.

Maybe I am not what I could have been, but the fact is that most concussions, people get better right away or over a period of days.

What his study showed is that the sequelli from this concussion/traumatic brain injury, he maintains, has nothing to do with the head bump.

It has to do with how the individual responds to the environment under which that head bump took place. In other words, if the person has PTSD afterwards or is depressed or can't sleep and has—it is related to the fact that he or she was in this blast or IED thing and they saw their friends, some of them killed or significantly maimed in this, but not due to the head trauma itself.

And his conclusion is that under these concussions, at least one or two of them, there is no significant long-term sequelli from that.

Now, time will tell about this and we are trying to put registries together so we can follow people, but if that turns out to be true, which is consistent with the civilian literature on the similar types of injury, then, hopefully, I keep my fingers crossed, we are not going to have a major, major problem of long-term neurological problems related to this mild TBI/concussion.

I am not trying to minimize it. It is just this new finding in the literature.

Mr. WAMP. Mr. Chairman, if I could just close by telling you a quick story.

One of our former colleagues and one of my best friends in the world, his name is Steve Largent, and he was an NFL Hall of Fame football player. He had six of those concussions in the NFL.

In absolutely perfect health, 3.5 years ago, he had a stroke. They told him the same thing you just said. And then when I was in Chattanooga with the foremost experts on this particular procedure at Erlanger Hospital, they said that is not right.

Head trauma causes clots in the brain. So if there is a warning flag that goes up for you to say look down the road and be careful, I would say the data may not be accurate and you may see other things, because there is no other explanation in Steve Largent's case, none.

It doesn't meet any of the other categories, except the trauma in the head. And the first thing Coach Osborne said when that happened to Steve Largent was six concussions in the NFL.

So I just think these are the kind of problems that we need to all be sensitive to and the data may change and I understand studies are done and you are hanging your hat on the latest that you have, but I am telling you, people that fish these things out, they see a lot of this and they believe that a lot of it is caused by head trauma.

Mr. EDWARDS. Would you like to—could you hold any response to that? Are you comfortable, each of you, if we go vote, come right back, miss the debate on the motion to recommit—We will stand in recess for a few moments.

[Recess.]

Mr. EDWARDS. We will call the committee back to order.

Zach, did you want to followup the direct question to Dr. Kussman——

Mr. KUSSMAN. Well, I don't have—I mean, what I was trying to allude to is I don't dispute what you are saying, because I think that time will tell and that the important thing for us is to not make mistakes like we did in the past and make sure that we do epidemiologic studies and have good registries so we can follow.

And if it turns out, 5 or 10 years now, suddenly, more strokes are happening, we certainly would want to know that and be prepared to deal with it.

Mr. EDWARDS. Thank you.

PRIORITY EIGHT VETERANS

Dr. Kussman, let me ask you about priority eight veterans. It has been since 2003 that we have said, no, that we didn't have the capacity.

My assumption would be if, overnight, we opened the doors of our VA hospitals to all the priority eight veterans, you could end up having such a dramatic increase in demand that you end up compromising quality, increasing waiting lines for doctors' appointments for millions of veterans, including those presently using the system.

But short of having all or nothing, does the VA have any data that would suggest that if you raise the income level $5,000 or

$3,000 or $10,000, what the increased demand would be for VA care?

I know under the present scenario, in some parts of the country, a single veteran, say, making under $30,000 would be considered too wealthy to get VA care if he or she is not service-connected.

And we all know, in this day and age, that is not very wealthy. I know in higher income areas and higher expense areas, that that threshold is higher and whether they are married or single, too.

But any data that would allow our committee to take a look at that and see if there is even a demonstration project approach or if you just incrementally raise that so we could begin to, not overnight, but over time, maybe open the doors to middle income veterans without opening the floodgates?

Any thoughts on that?

Mr. KUSSMAN. You are exactly right, Mr. Chairman, that we would predict that if we opened it the way we were before January 2003, my recollection, and somebody can correct me, but I think we were projecting something like 750,000 new uniques and somewhere around 1.4 million, 1.5 million enrollees.

But as you have articulated, that was overwhelming, the system in a bolus. And it is not that we wouldn't want to take care of these people. The problem would be there is no infrastructure that could absorb it.

Now, one other thing we are looking at, with all the largess that we have gotten last year and hopefully this year, is to more efficiently and better take care of the people we are taking care of.

And as you know, we are still growing, not as rapidly as we were before, because the net increase is about 1.6 percent, but it is actually more new people coming in and it is because of the vets of World War II, the Korean veterans, and, much to my chagrin, my age group of people from Vietnam are starting to die. And the number of deaths is somewhere probably about 1.5 thousand a day all together, the majority being World War II veterans.

So if they were all to come in, we couldn't absorb them. And so we would either have to fee-base it or find some other way to take care of them, or let the waiting times and all those other things go back, which was what, as you recall, drove Mr. Principi into making that decision in January 2003.

And it was a decision that Congress said that the secretary is supposed to do every year and decide what groups of people can—so I don't think we have any specific numbers for you, but it is something we certainly could look at or consider what would happen and some kind of changes, but we haven't——

Mr. EDWARDS. But you would agree that immediately opening it up to all priority eights would swamp the——

Mr. KUSSMAN. It is not a matter of not wanting to do it. It is just that there is no way to take that number of patients.

INNOVATION

Mr. EDWARDS. One other line of questioning. We have tried to resist tremendous calls for earmarking VA bills. I think I like not doing that.

But one of the things that happens is we all have different people coming in, presenting ideas that they think are innovative ideas that could save the VA money and provide better care to veterans.

I will give you one case, and I do not have the facts. I couldn't tell you whether this particular company's product is better than others or makes sense or not.

But a Member of Congress brings a group in and they claim they have a system that would send out a message to either somebody's cell phone or their cell phone in their home and their pager, and you must respond back, one, on when you have a VA doctor's appointment, so you don't miss your doctor's appointment, and, two, when you need to take critical medication.

In this particular company's case, I think there are a couple of major Fortune 500 companies that have used this system and claim that it is a cost savings.

My question isn't so much about that particular product, I just use that as an example. But do you have a corpus of money where you can try innovative demonstration projects that might benefit the entire VA health care system if they worked out, but it would be otherwise an expense to a VISN or to an individual hospital?

For example, if I am director of the VA hospital in Houston and somebody approaches me with this idea, I might think it is a great idea, but with budgets always being stretched, I don't want to take money out of my operating expense of the Houston VA DeBakey Center in order to do a demonstration project that might save the VA millions of dollars and save a lot of veterans' lives and improve the quality of their care.

Tell me how the VA system is evaluating innovative ideas from the private sector and is there a system of funding when you do come across some ideas that really are worthwhile.

Mr. KUSSMAN. Thanks for the question. It is an interesting one. We get buffeted—that is maybe not a good word. We get challenged on this regularly. People come to us for a whole litany of things, some good, some not so good, and some terrible.

Frequently, they come that the product needs to be tested and it is not ready for prime time and they would like the government/VA to provide them dollars to test their product.

We don't do that. We don't support people's testing a product. What we will do is, if they have a product that has been tested and they want to do some research on whether that product is effective or not, they can apply to our research program, through DeBakey or the Temple VA or Waco VA or whoever it is——

Mr. EDWARDS. What would be? Would you go to the research program or would you go to an individual hospital?

Mr. KUSSMAN. Well, there are two ways to go. We want to determine if the innovation is effective, and we don't know if it is effective, then that would be a research project, I think, and we will entertain requests for research if they can find a VA—a principal investigator at a place that would support it, and we would fund it and they would have to compete for other research dollars out of pot.

This can be done in conjunction with industry, as well as directly with our—as you know, our total research budget is about $1.8 bil-

lion and it is a mix of appropriated dollars and DOD, NIH, and industry.

If it is a proven product and they come to me, and frequently they come to the secretary or myself or somebody, and they—I am always willing to talk with them, because I never know when this is going to be a great—And afterwards, I usually will refer it to the subject matter expert. If it is a neurologic thing or what you are describing, IT and other things, to see if this could work.

If there is good interest in that, because, as you know, this has been done and Fortune 500 companies and things are using it and it is very effective and we would like to try it, then there is money available either through the VISNs or through the central office for pilot studies.

I have a contingency fund that we can use for different things, if it is appropriate, or it could be, as I said, into research.

And so there are multiple ways that we can do it. If they want us to buy the product, which is a slightly different thing, then they frequently will come to me asking for a corporate purchase, and I don't usually, at the central level, drive how the care should be done in one way or the other.

And if it is a good modality, then they really need to go to the VISNs or facilities, who would then want to add that to their armamentarium.

Mr. EDWARDS. If they went to the VISN, would that have to come out of the VISN's operating and maintenance money?

Mr. KUSSMAN. See, that is different than putting the product on the list of things that we can use versus they want us to test the product for them or do a pilot study. Then it would be our money testing an individual's product.

So there are different ways to do it, but we are always willing to consider, on a case-by-case basis, something that would benefit the veterans.

Mr. EDWARDS. And if you would have your staff look at this system, all I want to be sure of, because I don't have the expertise to evaluate, when somebody comes into my office today, whether it is a worthwhile idea or not.

I just want to be sure the system isn't so biased against innovative ideas because of money coming out of a particular hospital's operating budget, and if you have decided that we needed an innovation fund so it doesn't come out of the VISN budget or doesn't come out of the local hospital budget.

That may not be a good idea, I don't know, but——

Mr. KUSSMAN. The under secretary——

Mr. EDWARDS. How much money for innovative ideas?

Mr. KUSSMAN. Well, it is a mix of things. If there is something new that happens someplace and it was an emergency, there are all kinds of different things——

Mr. KEARNS. We keep about $400 million at the beginning of the year for initiatives that Congress may direct, or that the secretary or the under secretary might direct—and unanticipated requirements, or a new idea that has merit.

Mr. EDWARDS. If you would just take the time to review the system to just be sure. You think you have got a good vetting system so that if there are some great ideas out there that help us save

dollars, I think we need to send a message to the taxpayers, we are not only spending more for the VA, the veterans' health care system, but we are being innovative and have a system that encourages innovation, at the same time, being able to ferret out the frivolous——

Mr. KUSSMAN. And I think Mr. Wamp basically asked the same question.

Mr. FARR. So did I, the HeartMath.

Mr. KUSSMAN. And it is very easy to get lazy in an organization and just say, "Okay, this is the way to do it." And part of my job is to be sure, and many of the people sitting here, is to be sure that when news ideas come up, they get a fair shake.

But if it is a good thing, we should make it available to the veterans. The veterans should not take second-class care on anything.

Mr. EDWARDS. Thank you.

Sam.

THE FUTURE OF HEALTHCARE RESEARCH

Mr. FARR. Yes, please. I would just add a HeartMath to that same list.

Mr. KUSSMAN. You got it.

Mr. FARR. I want to share with the committee, I had the privilege of listening to some people that are real big thinkers of where society is going and combining technology with medical breakthroughs.

And essentially, with the genome project, the future of mankind will be the ability to do this kind of assessment of your being and then come up with a plan and the idea with this plan is that you will heal by yourself, because you will know what you are susceptible to and aware of things that your body lacks that you need to be healthy.

And the emphasis will be on that and it is fascinating. The whole direction of politics right now is universal health care. If you listen in this town, it is health care that is busting the Federal Government. It is the largest continuing inflationary cost of government.

Without change, it is going to bankrupt us. And so it seems to me that one of the advantages you have in this incredible system is being in the forefront of the public health debate.

Do you treat more people than the Department of Defense does?

Mr. KUSSMAN. Well, there are more veterans in the country——

Mr. FARR. Than there are active duty.

Mr. KUSSMAN. Of veterans in the country, about 10 percent are retirees. And then if you look at active duty and the family members and everything, I don't know—what is it—about 10 million or something for the whole—but the systems aren't too far apart.

Mr. FARR. The retirees, if they are in places like Washington, DC they will go to Bethesda for space available, and they always seem to have it, at least when I am out there.

Mr. KUSSMAN. TRICARE for life, which is a very good program. But to answer your—I think the question is——

Mr. FARR. Well, I haven't asked it yet. A friend of mine created a company where he goes out to counties and assesses all of the inputs in a particular field, like what is all the mental health, where does it all come from, all the moneys, private, public sector,

what kind of services are out there, and provides essentially the service model for every kind of field and he has done this now 600 sites in 25 states.

And what is interesting is you can set up a case management system. So, essentially, you can take that electronic record that you have compiled and put it into this system.

I want you to just look at this. It isn't going to cost you anything, because he doesn't charge for that. But it is a way of really helping case management electronically and giving-back to the patient so they can know what kinds of incredible options are.

And why I think it is important for veterans is that this discussion we have had about what about this vet who is not living in an urban area, who lives way out on the boonies, in a small town, and he has come back with severe disabilities. The VA doesn't know where there is a support group in that town, or what kind of expertise might be there.

It is a little community. The civilian community knows that. The family may not, because you usually don't know those things until it hits you and then you ask questions. If you ask the right question, you end up getting a lot of help. You ask the wrong question, you still don't know what is going on.

This program, called Network of Care, is that one that will allow every community in these 25 states, these counties, to give you this kind of comprehensive information.

It seems to me it is just information that ought to go into a packet for the vet and say, "Okay, when you go home, look this up and you will be able to find like kinds of folks with similar kinds of problems," and you can also find out who the docs are and what the specialties are there and so on.

And I have tried to encourage you to look at it before and I think the department has said, "We are not interested," although now they are just putting out grants to do this rural outreach.

So maybe this is a way of checking out what the right hand and left hand want to do.

Let me get into somewhat of a specific question, though. It is about the polytrauma operations at VA hospital. I understand we have three polytrauma hospitals that are running at full capacity and the Palo Alto is running under capacity.

What is the problem there?

Mr. KUSSMAN. Well, I don't know if there is a problem. Each of our centers have, I think, 12 beds each and, at any given time, there may be full or not full, depending on the flow of patients and geographically where they want to go.

We are in the process of building a fifth one in San Antonio. It will be online in 2010 or 2011. But the money is there to build it, I think $66 million, $67 million for it.

So the number of people who are in there vacillates on the clinical situation. If there is a place that is filled and the next one comes in, we have never turned anybody away. We will create another bed for the period of time that we need it or, generally, what we use is one of the spinal cord beds or some other bed that is available in the institution.

I am not aware that we have ever turned anybody away.

Mr. FARR. They are under-capacity at the facilities in Palo Alto, but at your other polytrauma—centers, they are at full capacity.

Mr. KUSSMAN. I don't think there is any sinister plot there. I think it is really a matter of who wants to go or not wants to go, and they will take the patients as appropriate.

Mr. FARR. Well, if we are having a problem there of not getting enough patients, maybe outreach could be provided in our area, because we have clinics.

Mr. KUSSMAN. I will just give you a quick little piece of information, if you don't mind. We have transferred about 470–480 patients in the total of 5 years into those four centers from OIF/OEF.

The total number of patients who have transitioned through those centers is about 1,100. And what it says is that less than 50 percent of the patients that need this type of care are actually injured in the war.

This is something that happens in car accidents and other training accidents and things, that is why we have this infrastructure that existed, to some degree, before the war, with traumatic brain injury centers, and we built on for this polytrauma.

So there is a real need for this and it doesn't appear that there is a huge number of—more non-combat wounded veterans that are in this than combat.

Mr. FARR. Do you prioritize that?

Mr. KUSSMAN. No.

Mr. FARR. Because one of the other complaints—is that the old veterans feel that they are being put to the back of the line or being delayed because we are prioritizing Iraq-Afghanistan vets.

Mr. KUSSMAN. When they are in the system, the decision what needs to be done is done by a clinical physician. It doesn't make any difference what your priority was or anything once you are in.

SUICIDE RATE OF VETERANS

Mr. FARR. How about measuring suicide rate? We discussed that in a previous hearing here. I guess the records weren't there to be able to compare suicide rates among wounded warriors from different conflicts over time and that there is some work being done on that, but the data isn't comparable and hasn't been transparent.

Mr. KUSSMAN. I think this is a great challenge, because if you wanted to know how many veterans commit suicide, which is the basic question, remember, we only see a segment of the veterans population.

So there are veterans who may or may not have committed suicide that we don't have any visibility of. We have 7.5 million enrollees out of 23 million. So about a third of the people we might have some information on, but even the enrollees, we sometimes don't know. It is the people we are seeing.

I am not trying to obfuscate it. It is just that when somebody says, "Well, how many veterans'," we don't know. A lot of times, it is hard to collect data on suicides, because somebody might have driven into a tree or been drunk and they really were trying to kill themselves, but it doesn't get coded as a suicide, but as an accident.

There are people who commit suicide by police, they do things, and it doesn't—and sometimes we don't even know that that happened, even though they were a veteran.

What we have to do is we have to rely frequently on the Centers for Disease Control, because they keep a national death registry, of which suicide is part of that.

And on all death certificates, there is a little box on the bottom that says, "Was this patient a veteran or isn't this patient a veteran?" If the coroner or other people will check it, then we have a chance of finding out what happened.

Sometimes that doesn't happen. So we don't know. We have looked very hard at this, because there is a suggestion that all these suicides are happening and what is going on. It is a very important priority for us.

We have had our epidemiologists look at OIF/OEF veterans, in particular, to see if we can get some sense of how many of them, that we know of, anyway, are committing suicide.

Now, you have got to be careful you don't compare apples and oranges, because if you look at the national suicide rate and then look at the suicide rate of veterans, you get a skewed picture, because there are two groups of people who commit suicide more frequently than others.

One is white males over the age of 60. Fifty percent of our population is over the age of 60. And so right away we have a skewed group.

The other group are particularly males in the age of 18 to 25. They do a lot of quick—they do things, they don't look at the ramifications of what they do.

And so if you cull out those groups of people and compare apples and apples, because if you compare the whole population of the country, which includes, obviously, 50 percent women or more than 50 percent women and children, they don't commit suicide at the same rate that these other groups, which we have a high percentage of.

And so if you compare and compare, the suicide rate, as far as we can tell, in veterans, is not significantly different than an age-adjusted population in the civilian community.

Han Kang, who is our epidemiologist, looked back using state data and epidemiologic data from the CDC and looked at how many OIF/OEF veterans that we could find that committed suicide from 2001 to now, it was 114. Is that right? I think it is 114.

And if you then do the statistics on that, there is a large variance. I don't want to get into statistics, but because the number is relatively small, that you can say that the number truly would fall, say, between .65 and .25, with one being the——

Mr. FARR. Now, does that number differentiate from they are truly a veteran, they are not currently serving?

Mr. KUSSMAN. That is correct. That is correct. I am not commenting on people who are on active duty in the DOD. These are people who were on active duty, transitioned, have a DD–214. They are veterans.

And so if you look at that number, it is pretty consistent statistically with anybody else.

So it is not that this isn't important. We think it is extremely—every suicide is a suicide too many. And we have put in place a very aggressive program where—you know of our call center, our hotline that is in Canandaigua, that 24/7, it is unique because it is staffed not by volunteers and things, which SAMHSA hotlines and other local hotlines for suicide are staffed by.

These are staffed by mental health professionals and the beauty of this, not only are they mental health professionals who can talk to the person who calls, but they have access to the health record.

So what gives us a leg up on that, that is, the person will talk to us besides just calling in sometimes—we have had about 20,000 calls since last August, 20,000 calls. You say, "Why the heck didn't we do this sooner?" But I can't explain that. We were just stupid, I don't know.

But the fact is it is obviously a need. We have had about 500 saves. Now, we consider a save as someone that seemed to be really serious. I mean, most people, when they think about doing something, killing themselves, don't do it, 98 percent of the time they don't do it.

But that 2 percent is still a lot of people. And we have been able to find out where they were. Here is an anecdote for you. This is one of the great stories.

It is an individual who called, didn't want to tell us where he lived. He was talking to one of our people on the line. The conversation went on for quite a while.

Finally, he admitted—wouldn't say who he was, but said he was in San Antonio and he was on a bridge and he was going to jump.

So while one of our providers was talking to him, one other called San Antonio police and said, "We have got a jumper." They said, "It is a big city. Where would we go?"

Finally, the guy mentioned his name. So quickly pulled up on the record where he lives and then went and Googled, got a map of San Antonio and looked where he lived and looked for the nearest bridge.

Then they called the San Antonio police back and said, "Go to bridge X and see if he is there." He was there. Saved this guy from jumping.

Now, it is anecdotal and all that other stuff, but the point is having this service for veterans has turned out to be extremely, extremely valuable.

Also, what we have done is we have put a suicide coordinator in every one of our facilities. They are not coordinating suicide. They are coordinating the fact that the services that are provided, we have educated all our primary care people and other people what to do when somebody mentions to you that they are thinking about killing themselves.

So they have skills. It is like yelling "fire" in a crowded room and it is against the law. The same thing happens. Anybody says that, you have got to believe them and be very serious in that.

So we have done a lot of things. We will never stop suicide, I am sad to say, because it is part of an illness and when people are determined to do it, they are going to do it.

I have had a tragic situation in my own practice, where somebody came in, I talked to them and they were depressed. I said,

"Are you doing okay?" "Yeah, I am doing fine, Doc," and all this other stuff, and shake hands, "see you next week," and they walk and shoot themselves in the parking lot.

I said, "What did I do wrong? What did I miss?" Very unfortunate and we all have examples of those tragic things.

So I believe we are really working very hard on trying to minimize suicide, though you know we——

Mr. EDWARDS. Thank you. Thank you for that.

We are through voting for the day and the week. They have pulled the bill down. In case anyone has to catch a plane or anything.

Mr. Wamp.

Mr. WAMP. Well, Mr. Chairman, I know this meeting has not been as specific about the funding request levels as normal appropriation subcommittee hearings.

In a sense, it is bigger than that on some of the concerns that we have and there are forms that we desire.

But I want to followup on Mr. Farr's comments, because I think he and I and the chairman agree on a whole lot of things and have the same kind of concerns.

To pick up on what Sam said, I think if you add people that receive their health care through the VA system, the Medicare system, Medicaid system and SCHIP, you are now above half of the American people.

Fifty-two percent of Americans receive some form of government health care. But that is why I think it is so important for the VA to demonstrate, because I don't know where we are going with this, this is an evolution, as Sam said, of health care.

If we are moving to a single payer or two-tiered system or wherever we are headed, it is so important that the VA be a model for how you can deliver government health care in an efficient way.

And so you almost have like a triple burden on you right now, not just the traditional VA paradigm and mindset, but this literally is going to determine, I think, whether the government can efficiently deliver it, because you have the advantages provided to you that Medicare and Medicaid don't really have, because of the way the money passes down and the state match on Medicaid and the fact that Medicare is reimbursing and the fact that the Balanced Budget Act of 1997 has cut so many Medicare benefits.

You have all your fingers on the buttons of the health care delivery system and if you go through reforms that make it efficient and prove through the VA system that government health care can be delivered, it changes the paradigm.

It changes the possibilities of whether we embrace some kind of universal coverage. And that is why this is bigger than just your funding request and whether the VA works.

But I am very interested in this committee playing a role in seeing that you are as successful as you can be.

And to be honest with you, my history in 14 years here is that the authorization committee is awfully difficult to maneuver through. I know you have got to kind of suck up to both appropriations subcommittee and authorizing committee.

But it is easier to get things done through the appropriations process than it is authorization process, and there are 100 reasons why things can't be done.

I am interested, in thinking like that, in how you measure customer satisfaction, because when we have like the master sergeant in the Marine Corps here, his wife was back here and she had these meetings with the family members of people that are on active duty and keeps her finger right on the pulse of what it is that they need and whether or not their quality of life is acceptable and whether or not they might consider reenlisting. They have their antennae up.

How does the VA really keep their finger on the pulse of the veterans to understand what it is they want, what it is they expect?

My experience is I have been one of those people, because when the veterans beat my door down with our outpatient clinic, the next thing you know, we have extended hours and we have a larger waiting area and we have pharmaceutical this, that and the other. The dental guy works an extra day out of the week, because the veterans come through me and say this needs to be done and the representative goes there.

But what are you doing to make sure that the VA is a state-of-the-art customer satisfaction organization in health care in America today?

Mr. KUSSMAN. A very important question—so we have a whole litany of things, advocates and facilities where people can go to complain about it if we are not doing it.

We have a "secret shopper" program, where people go out, don't tell anybody who they are, but pretend they are just a plain old customer and see what happens when they call for an appointment, and things of that sort.

The national survey on satisfaction of people in health care that is done out of the University of Michigan, every year, it is done it and we, both inpatient and outpatient, get better scores than the civilian community.

We do what is called SHEP, and, for the life of me, I can't remember what the S–H–E–P stands for, but we send out 600,000 surveys periodically and ask all these questions to people and get them back, by facility and by clinic, to determine whether we are doing the job that we think we are doing.

And by the way, as you are alluding to, you can provide the best care in the world, but if people are unhappy about it, then shame on us.

So the other part of this is just plain old traditional patient satisfaction surveys. We do that and our satisfaction rate across the board is about 86–87 percent, which is right in there at the top of most systems.

Now, the question is what about the other 12–14 percent of people, what are they unhappy about? And you have to drill down a little farther to figure that out.

But one of the questions, "Did you get an appointment when you wanted to," and the answer may be no, but they wanted it tomorrow and we gave it to them 3 days from now. So it is very subjective, but it is important.

So we try very hard and I am very proud actually of all the numbers that we get back. It is not perfect, we have got to keep working at it, but most of the complaints that we have are really related to more access than they are once they are in, and people are very happy generally with the care, whether it is a CBOC or whether it is a main facility.

And that is a problem I have been challenged with about access. When I took over August 12, 2006, I was acting for 9 months—I remember the day, the moment, the hour.

But the truth of the matter is I have been listening to what you all tell me and the VSO groups. People are unhappy about this, they can't get an appointment, and we are measuring it and thinking most people are getting appointments.

So what is the disconnect? Why do you go out and have town hall meetings and hear that people are complaining? I am not critical that they are complaining. We don't see it on the basis of the accumulated data.

And I have been very puzzled, I am still puzzled by it, and what I did is we have contracted with Booz Allen Hamilton. I have asked them—they are going to be through in June or July—to do an assessment of our access, looking at our appointment schedule, you know the issue with the IG, things like that, and come back to me and tell me what is actually going on, because I am having trouble, quite frankly, getting my arms around something that the data isn't consistent with what I am hearing.

And I believe that what we are hearing is a miscommunication. I would ask you, when you go out and ask—go to see your constituents, when they say they couldn't get something done, ask them what exactly is it. Is it an appointment or is it a procedure?

And there is a difference here. For instance, could you—within 30 days? It is not perfect.

But the question then is how long does it take you to—that is a different question. And so now we are starting to measure hip replacements, knee replacements, cataracts, colonoscopies as a performance measure. Those are four big volume things that we do.

It is to try to take those performance measures that we have been using in an outpatient setting and transfer them into the inpatient setting and find out maybe that is where the breakdown is, that you have to wait for your procedure, and that is what the people are upset about. But it is not that they couldn't get an appointment to see the orthopedic surgeon.

I am not trying to split hairs. I think it is a different issue and we are working hard to get our arms around it.

Sorry for the long answer.

Mr. WAMP. I think it was an excellent answer and I thank you for that answer.

Thank you, Mr. Chairman.

Mr. EDWARDS. Mr. Berry.

Mr. BERRY. Thank you, Mr. Chairman.

Mr. EDWARDS. And as you begin, let me—I am going to excuse myself. Mr. Farr is going to continue to gavel and please continue on.

Mr. Bishop, thank you for coming.

Dr. Kussman, as I leave, let me just thank you again and everyone that works within the VA health care system, for the hard work you do and for your particular leadership. Thank you for that.

I look forward to following up on this and I know we will have a number of questions in writing——

Thank you for being here today.

Mr. BERRY. Thank you for being here, Mr. Secretary. And I think everyone in this room and on this committee and I am sure everyone at the VA is primarily interested in being able to take care of our veterans, and I appreciate that very much.

I wanted to ask you about one specific program that we have in Arkansas. One of our biggest problems is being able to get our veterans in rural areas into a place where we have got some clinics.

But still, especially for mental health services and things like that, it is difficult to get them where they can be treated or where services are available from out in the rural areas.

And as that has continued to develop as a result of the ongoing wars in Iraq and Afghanistan, we have begun to realize that it was a larger problem than we realized in the beginning.

And the private sector has risen to the occasion and partnered with one of our universities there that has an extensive community college network in northeastern Arkansas and north central Arkansas.

And we had one particular individual that contributed $1 million to get this program started and they have put together an organization that helps with education assistance, all that that implies, rehabilitation services, mental health resources, and social services, and the ability to help with all of these.

Now, their objective is primarily to help the veteran and to work with the VA or anyone else that is willing to work with them to get the job done and see that these people can return to as normal a life as possible.

And they met with you and you basically told them, "We hope it works out for you, but we are not interested."

And my question to you is: Is that going to be VA policy? Should they just pursue their goals on their own without any coordination or cooperation from the VA or what is your thought on that matter?

Mr. KUSSMAN. I would take umbrage, sir, with the fact that I don't think that was an accurate description that we are not interested.

The issue was that they were, as I recall, and I see a lot of people—the exact everything. But they were looking for us to provide money to support that and it wasn't that we weren't interested in the concept, because I think it is a good one, but we don't give money out to—if we were going to do it for this university, what about any other university?

And so the issue was how can we work together, but they were, as I recall, wanting a donation to help support the program, and——

Mr. BERRY. Well, I know that that is not the case today. Do you outsource anything like that? Does the VA outsource anything like that?

Mr. KUSSMAN. We outsource—earlier, we were talking, and I was actually corrected. I said $2 billion was the fee-based—I have been told it is $3 billion.

We outsource a lot of stuff to people where it is appropriate to provide the care——

Mr. BERRY. And you would be willing to work with these people.

Mr. KUSSMAN. I am always willing to work with it. I think that what they need to do is talk to the nearest—in Arkansas and see what would be appropriate, because there is always—not from a national level, because—and I don't mean to—49 other states that have the same thing.

So I can't necessarily condone or take one thing over another. If I gave a grant, then the next thing I know, we would have to have maybe 49 other grants.

But I think the concept is good, because what we want to do is get these veterans back into school, provide them the full depth and breadth of resources that they need to maximize whatever capability they have.

Mr. BERRY. Well, I wasn't in pursuit of a grant for these folks. If there is an opportunity for the VA and they are going to do some outsourcing anyway, I don't know why these people wouldn't be qualified to apply to be a part of that as much as anyone.

Mr. KUSSMAN. Well, I think, again, when we buy services, it is usually for a specific service at a specific time. And so I would encourage them to continue the dialogue at the local level—see what can be done in a partnering locally.

Mr. BERRY. Well, they have not been well received, I can tell you. And I have spent some time with these folks and I know what they do and I don't see it.

It would be pretty hard for me to find a problem with it, because they have done a good job. They are doing a good job for our veterans, even though they are not in cooperation with the VA at this time.

So you think that they can expect to be at least heard from the folks in the local——

Mr. KUSSMAN. [Off mike]

Mr. BERRY. Okay. Thank you.

Thank you, Mr. Chairman.

Mr. FARR. You are welcome.

Mr. Bishop.

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

Welcome.

JOINT VA/DOD MEDICAL FACILITIES

Mr. KUSSMAN. Nice to see you again.

Mr. BISHOP. That is a wonderful segue to my question.

I am very interested in hearing your views on the—and the productivity of joint military-VA medical facilities, the ones that you now have up and operating, for example, in north central—San Antonio. You have got facilities in Chicago, Biloxi, and Alaska.

How viable an option is it going forward, particularly as we begin to build more DOD military medical facilities, and there are some that will be coming up this year?

Are there obstacles, pitfalls, other issues that we should know about?

In the other subcommittee, I had an opportunity to meet and talk with—the under secretary of defense health affairs, General Schoomaker, the Army surgeon general, Vice Admiral Robinson of the Navy, and General Roudebush, who is the surgeon general of the Air Force, and all of them expressed very strong support for VA–DOD cooperative efforts.

Is there a way that we can work together to try to facilitate that—we expect that Martin Army may be getting a new hospital. It is a 50-year-old facility, as you are aware, and we expect that this year they may be building a new hospital.

The closest VA hospital is Tuskegee, which is aging, and, of course, they have to send people to Montgomery if it is anything other than a cold and if it requires any specialty, to Birmingham.

I am from Georgia and, of course, that is Atlanta or Augusta or Dublin, and, of course, Dublin has downsized its—the southern part of my district with the state of Florida.

If we were—I should say, when we build this new military hospital at Martin Army, is there a possibility that we could get some kind of memorandum of understanding so that it could be a joint facility with VA?

We have got a tremendous number of veterans in a 50-mile radius that could make good use of that right there at Fort Benning.

Mr. KUSSMAN. The issue of DOD–VA sharing is—part of the reason I came to the VA was to work on that and it is a very important issue.

We stand ready in any way, shape or form to partner and look at it. I know that DOD is starting to look at its aging infrastructure or its medical hospitals.

We have the same problem. We have 153 hospitals, average age is 57 years, and the challenge of building new full service hospitals is money—for us, it is anywhere from about $750 million to $800 million to $1 billion a hospital, and, actually, we are worried it is pricing us out of business.

I mean, how do you deal with that huge amount of money for one—and when the examples of north Chicago and Biloxi and other places, I think that we—I know all those people you talk about very, very well and——

I believe that the partnering with DOD–VA—there is a lot of interaction and we are looking at partnering.

So particularly at Fort Benning, that hasn't—I am not aware that that has come up on the radar screen of DOD wanting to build a hospital, requesting a partnering.

Mr. BISHOP. Well, DOD hasn't requested the partnering. But as the representative for Fort Benning and for the surrounding areas, with lots of veterans who are requesting a veterans' hospital, it seems to me like it would be economically feasible to, one, give the services to the veterans and DOD save the taxpayer dollars, if that was—to have a joint location there.

Mr. KUSSMAN. Well, there are all kinds of other options. We asked about—should be expanded and then partner with the new hospital——

I don't know the answer to that, but certainly we stand ready to work with DOD.

Mr. BISHOP. Sir, I don't want to take up any more of this committee's time, but I would like to get with you or someone, your designee, probably ASAP, because I know that hospital building program is going to be—at this time.

Mr. KUSSMAN. We will get somebody to contact you, the appropriate associate, to get some insight——

Mr. BISHOP. Thank you.

Mr. FARR. Thank you.

The last question, Mr. Wamp, and then I have one quick one, and then we will adjourn.

Mr. WAMP. Just a technical kind of question. The $3 billion that you referred to on private contract, does that include veterans that go get emergency are?

Mr. KUSSMAN. Sometimes.

Mr. WAMP. Does the $3 billion that you referred to—

It includes the emergency care. So it is basically all non-VA healthcare is in that $3 billion category you have, because I figured that would push it way up.

How much of that is emergency care and how much of it is actually contracting? And I say that, because like in our outpatient clinic, more and more, rightly so, you are contracting for services.

So you don't have to keep doctors around for these particular procedures that you are able to get a guy to come in and do with a certain amount 2 days a week and you pay him or her, and that is the contracting.

But wouldn't a majority of the $3 billion be emergency room care for veterans that just go and get health care or not? I am just asking.

Mr. KUSSMAN. We can get back to you. It is a mix. When we have a contract with somebody——

Mr. WAMP. Because, see, like in a lot of these areas, and this is what gets to the CBOC challenge, if you are a veteran in my area and you need emergency room care, you are not going to the VA hospital, because it is 2 hours away.

So by definition, you are going to be—that is going to be a big ticket item at a CBOC with a large service area, because they are going to go and get that at whatever hospital the ambulance takes them to when it is time to have an emergency exception here to the VA delivery system.

Anyway, I think this committee maybe understands you all pretty well and I am really looking forward to working on reforms even through our bill to try to help you do your job and to improve the way you do your job and even maybe to set the new paradigm into the future as to the role the VA plays in the whole system and the new world that we live in, because wars are changing, veterans are changing, by definition.

The challenges of keeping veterans or keeping our men and women in uniform, both Guard, Reserve and active duty, or all three, serving our country is predicated by what they see out into the future.

Is this a—not only is it a worthy vocation and is it the right thing to do, but is it a long-term commitment I should make, be-

cause is the country going to be there for me. So it is all really tied in to patriotism in a big way. I don't mean to give a speech.

But I thank you for your appearance here today. I think it has been helpful to everyone.

And, Mr. Farr, I want to thank you especially, because I think you and I share a lot of the same goals here.

ACCESS TO QUALITY CARE

Mr. FARR. I want to echo your sentiments. I think this committee, in the House and Senate, the incredible increased appropriations we made last year and, as Mr. Edwards said, we are going to continue it again with some additional money this year, the whole concept there is that we move VA from sort of that other organization to being probably the most respected medical service provider in the United States.

What all states and providers are struggling with is: How you do this in a cost-effective manner that gives quality care and is using all the adequate technologies that are out there.

So my last questions are essentially along those lines.

One is as you expand your tele mental health care to people who do not live in the area that offers the broadband connection services, how are you going to do that?

We struggle with this broadband issue here and what we find is rural America just gets screwed.

Your effort is to expand your tele mental health. And have you got a system that will reach beyond the broadband service area?

Mr. KUSSMAN. Well, I am not an expert on those particular issues, but as you know, we stood up our new office of rural health. Our director is here with us today.

And we are going to spend this year about $22 million looking at the whole concept of rural health—and, also, how we can outreach more.

Mr. FARR. Some of those things we suggested will hopefully be looked at.

Mr. KUSSMAN. That is exactly correct.

Mr. FARR. What about the non-institutional long-term care? As I understand it, the number of the non-institutional long-term care patients in the VA is expected to grow in the next several years.

You mentioned that VA is expanding the services provided by organizations and the community, essentially, contracting out.

If you expect, as your testimony pointed out, approximately a 40 percent increase in the number of patients receiving non-institutional long-term care, what criteria are using to project that increase? How do you determine that?

And can you tell the committee, as a percentage, how many veterans receive some form of non-institutional long-term care?

Also, how does this care, cost-wise, compare per patient to provide in-home services to veterans? Do you have any comparison?

Mr. KUSSMAN. What the cost is related to?

Mr. FARR. Yes.

Mr. KUSSMAN. We can certainly get that for you. But the important thing here is that, as you know, the fastest growing part of our multi-pronged approach to long-term care is the home health care, going up, I think, 28 percent in this year alone.

We provide long-term care in our own bricks and mortar. We have community nursing homes and state homes. And now the biggest and fastest growing is people staying at home, because we talk to the veterans, they would like to do that.

They would like to stay home as much as possible, stay in their own communities, not have to go someplace where we have bricks and mortar or whatever it is.

And so we are working very hard to be able to provide them, in conjunction with the communities, day centers and other things, including foster homes and other things, where people can stay in a much more conducive area and environment than to go to a traditional——

Mr. FARR. It is a very cost-effective medicine.

Mr. KUSSMAN. It is both cost-effective and it provides a better service for the veteran. I mean, we are not doing it just because we want to save money.

Mr. FARR. And I think what is going to happen, as you do more of that, is that you are going to have a lot of other service providers coming up and saying, "We can do this more cost-effectively for you."

How are you going to select these service providers? I think that is the question we have been asking all day. How do you verify the quality of service from a non-institutional provider?

Mr. KUSSMAN. Well, we have our office of long-term care and geriatric care that sets standards and we then go out and check both the state homes and our own homes.

When we have somebody enrolled in the community-based long-term care, it is done at the local level, not from a central. They have the standards that we put out and the policies and procedures that are supposed to be done, and they will monitor that with their social workers and other people to ensure that the people who are providing the care are continuing to do that.

If they don't, they won't get the contract or won't work, but there is a lot of granularity in the contract of what we expect them to do.

Mr. FARR. Mental services, the licensed care providers, is there a federal standard that might be different from a state standard California is always arguing they upgrade these standards and the California standards are higher than the fed's. Is that true?

Mr. KUSSMAN. Which is a national standard. We would work with the standard—I mean, if there is a better standard of care in the state, we would certainly consider using that. We wouldn't use a worse standard.

Mr. FARR. It is always these minimums. We know now that the military has to follow building codes of a local community. For a while, they didn't have to.

They built a hospital in my district at Fort Ord and then when they closed, nobody wanted it, because they didn't build it to earthquake standards, because they just felt the federal standards were all they had to meet.

I want to just thank you. We have had a long day. I am sorry that others missed it, because it is not often in these congressional hearings that you get as much interactive dialogue with the wit-

nesses that we have had today, and I think we both appreciate the frankness of it.

Certainly, it will lead to a stronger and better Veterans' Administration and particularly the health care. We are really looking forward to working with you.

Mr. KUSSMAN. Thank you.

Mr. FARR. Thank you. The hearing is adjourned.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Edwards.]

WOMEN'S HEALTH

In the fiscal year 2008 budget request, the Select Program called "Women Veterans" was estimated at $78 million dollars. The fiscal year 2009 budget request estimates that VHA will spend $149 million for Women Veterans in fiscal year 2008 and requests $163 million for fiscal year 2009. Can you please give us your thoughts on what caused the growth in 2008 and how comfortable you are with the 2009 estimate?

Response. The growth is directly tied to the increased number of women veterans from Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) who are seeking health care from the VA. Five years ago, 7% of all veterans were women, but 14% of today's active duty military forces are women. Five years ago, 12% of eligible women veterans sought care from the VA, whereas, 41% of eligible women veterans from OEF/OIF are seeking VA care.

VA uses an actuarial model to forecast patient demand and associated resource needs. The annual patient projections generated by the VA Enrollee Health Care Projection Model are a function of the projected enrolled population and the mix and intensity of workload for those enrollees as projected by the Model. The patient projections are then adjusted to account for those enrollees who seek only non-modeled services such as readjustment counseling. Components of the model methodology and data sources are continually updated, allowing VA to make accurate forecasts. VA believes the 2009 budget request for this program is a reasonable estimate.

MEDICAL ACCOUNTS

Since 2004, the Veterans Health Administration has had three medical accounts in order to allow for greater visibility of how medical funding was spent. Can you tell me why the fiscal year 2009 budget submission combined the Medical Services and Medical Administration accounts?

Response. In the 2009 request. VA is proposing that the Medical Administration appropriation be consolidated into the Medical Services appropriation. Merging these two accounts will improve the execution of our budget and will allow VA to manage the delivery of health care to veterans more effectively.

Prior to the establishment of the three medical care appropriation accounts in 2004, a medical facility director was allocated a single budget that could be used to address local operational priorities in the care of veterans as they occurred. For example, funds could be used to address critical vacancies in nurse staffing or personnel performing security, patient scheduling, or the medical collections functions as the need arose. All of these functions are critical to the successful care and treatment of the patient.

Under the current appropriation structure, the facility director has limited management flexibility in making operational decisions. For example, a medical center director may need to hire additional clinical staff, which is paid from the Medical Services appropriation; however, in certain cases, to accommodate the additional staff the medical center director may need to hire additional staff to safeguard against unnecessary and inappropriate medical care, conduct quality assurance, or perform medical coding, which is paid from the Medical Administration appropriation. However, if sufficient funding is not available in the Medical Administration account at the facility to hire these supporting staff, the director cannot shift funding from the other medical care appropriations to support this function. Instead, the director must first seek a realignment of funds between appropriations at the network level, or at the national level if network funding availability and flexibility is also limited. If funding is not available at the national level, VA must notify the Office of Management and Budget and the Congress of an appropriations transfer request. This is one way the current multiple appropriation structure has added complexity to the management of health care at the facility level and increased the

amount of time it takes to implement operational changes. By combining the two appropriations, the facility director could immediately hire additional clinical staff and the appropriate supporting staff.

In addition, the multiple appropriation structure has significantly increased the volume of financial transactions needed to administer VA's health care system. Each appropriation is allocated to approximately 150 separate facilities or program offices. For example, in 2003, there were approximately 30,000 funding transactions to support the single medical care appropriation structure. In 2005, there were over 55,000 funding transactions required to support the three appropriation structure, and this has grown to about 91,000 in 2007. The significant growth in transaction volume has also increased the risk of errors and the potential for anti-deficiency violations.

Can you help us understand why it has been so difficult for VHA to submit accurate budget requests for these accounts?

Response. Since the creation of the three account structure in FY 2004, there has been a series of significant changes that have made it very difficult to accurately estimate the exact amounts required in each appropriation approximately 23 to 24 months prior to the end of the execution year. For example, in FY 2004 it took until the start of the fourth quarter (July 2004) to fully implement the new three appropriation structure. The FY 2005 President's Budget request had already been submitted in February 2004 prior to any operational experience at the facility level under the three account structure. The FY 2006 President's Budget was submitted in February 2005 based on less than 6 months actual experience under the three account structure. Subsequently, an additional $1.5 billion was added to the FY 2005 Medical Services appropriation and an additional $1.452 billion was provided by Congress to the FY 2006 Medical Services appropriation.

In addition, we have had to continually adjust our estimates for the three medical care accounts to reflect actual operational experience in delivering care to veterans at the local level.

If the accounts are combined, can you tell me what safeguards will be used to ensure that spending on Medical Administration does not grow at a greater rate in proportion to medical services?

Response. VA already has cost centers established in its financial system that would allow us to monitor costs associated with Medical Services and Medical Administration. VA can separately identify the costs for Medical Administration and would be able to provide cost information to Congress upon its request.

LOUISVILLE, KENTUCKY HOSPITAL

Mr. Secretary, last year the CARES priority list for major construction listed the Louisville, Kentucky project as #4 and this year it is #7. What has changed in the last year that would justify moving this project down the priority list? What is the status of the site selection process for this facility, and how quickly do you expect to be able to finalize site selection?

Response. As part of the annual VA capital investment process, projects that have not received any funding through the appropriations process are resubmitted and evaluated along with any new projects that are added for the next budget cycle. This resubmission gives the medical centers an opportunity to update their application or provide a new one based on any policy changes regarding the delivery of health care and other external factors such as changes in workload projections.

The main reasons Major Construction project submissions moved up or down in the ranking between FY08 and FY09 were due to the updates or changes that were made to the applications, new projects that were added, and adjustments that were made to the evaluation criteria definitions to include the latest special emphasis related programs such as traumatic brain injury and polytrauma care.

The Louisville site selection process will begin when this project is prioritized for funding within the annual planning process.

HOMELESS

Can you tell me why, after the fiscal year 2008 appropriation included $130 million for the Homeless Grants and Per Diem program, funding it at the fully authorized level, your fiscal year 2009 budget submission estimates $107 million for fiscal year 2008 and only requests $122 million for fiscal year 2009? Can you tell me what process is used to determine the priority of funding for additional grants?

Response. Based on VA's review of homeless care programs in the private sector, as the FY 2009 President's budget was being developed, it did not appear that there were enough programs that meet VA standards for homeless care to effectively obligate $130 million in FY 2008. Funding up to $130 million is available for the Grant

and Per Diem (GPD) program in FY 2008, and any unobligated funds will be carried over into FY 2009 to be available for the GPD program. In addition, VA plans to spend $2.5 million to improve the infrastructure of the GPD program by adding GPD liaisons, program development specialists, and training initiatives.

PTSD

The fiscal year 2008 budget submission included an estimate of $171 million to treat all veterans with Post Traumatic Stress Disorder. The FY 2009 budget submission estimates that VHA will spend $45 million in FY 2008 on Post Traumatic Stress Disorder for OIF/OEF veterans and $55 million in FY 2009. Can you tell me why this year's budget submission only addresses OIF/OEF veterans and what the numbers are for all veterans for 2008 and 2009?

Response. Post-Traumatic Stress Disorder (PTSD) estimates for all veterans are included in the Mental Health estimates found on page 1H–13, Volume 2, Medical Programs and Information Technology Programs, but not as a separate line item. The estimates are as follows:

PTSD Estimates, FY 2008–FY 2009

[Dollars in Thousands]

	FY 2008	FY 2009
PTSD (All Veterans)	265,633	319,032

DUAL DIAGNOSIS MENTAL HEALTH PROGRAMS

In 2007, the Office of Inspector General reviewed the Veterans Health Administration's Mental Health Strategic Plan. The Office of Inspector General recommended that VHA should not require sustained sobriety for treatment in inpatient PTSD programs for returning combat veterans. Can you tell me what progress you have made in implementing this recommendation?

Response. The Veterans Health Administration issued a memorandum to the Field in November of 2007 establishing principles for the assessment and treatment of all veterans presenting with a substance use treatment need. The memorandum clearly stated key principles that highlight VHA's recognition that substance use disorders (SUD) can be acute, episodic/recurring, or chronic conditions. The memorandum reaffirmed VHA's commitment to treat veterans appropriately during acute states of intoxication or withdrawal, whether at risk for suffering a withdrawal syndrome, whether abusing or dependent, and whether the SUD is co-occurring with other physical or mental health concerns. Key principles in the memorandum included:

(a) VA facilities must not deny care to an enrolled veteran on the basis of intoxication, active abuse of or dependence on an illegal substance or alcohol, or withdrawal. If it is clinically appropriate to delay certain services or treatments because of these conditions, other services and treatments must be provided both to address the veteran's immediate needs and to promote his or her engagement in ongoing care.

(b) All facilities must make medically supervised withdrawal management available as needed for enrolled veterans with substance use disorders. Although withdrawal management can often be accomplished on an ambulatory basis, facilities must make inpatient withdrawal management available for those who require it. This support can be provided in VA facilities or by referral to other facilities on a contract or fee-basis.

(c) Facilities must not deny or delay appropriate care for substance use disorders to any enrolled veteran on the basis of the length of current episode; number of previous treatment episodes; use of prescribed controlled substances; legal history, or other mental health disorders. When it is clinically appropriate to delay a specific service or treatment, another must be provided that is specifically targeted to treatment of the current needs of the veteran.

(d) Every medical center must have services available to meet the care needs of enrolled veterans with both substance use disorders and PTSD or other mental health conditions. When active treatment is required for both conditions, it can be provided in specially designed dual diagnosis programs with treatment planning, care coordination, and collaboration between providers or through services provided by both substance use disorder and mental health programs.

These principles codify the requirement for patient-centered care. VHA facilities and providers can never adopt the position that a veteran is untreatable because substance use or dependence precludes addressing mental health conditions or that

concurrent or complicating mental illness make it impossible to also address substance abuse or dependence. Services must be available to provide care for veterans with substance use disorders and mental health conditions, alone or in combination, regardless of acuity or chronicity. The services offered must be appropriate to the needs of the veteran suffering an SUD.

VHA is in the process of making the principles of the memorandum a VHA Directive. VA also is in the process of doing site visits to monitor how this guidance is being implemented in the field and to help sites work out any problems in full implementation of this guidance.

MEDICAL RESEARCH

We have heard in the past that most Medical Research projects last at least 3–5 years. We appropriated $480 million for Medical Research for fiscal year 2008. The fiscal year 2009 budget request reduces this amount by $38 million and applies that reduction to the research areas that most effect the OIF/OEF veteran population (for example, trauma and mental health). Can you tell me what steps you are taking to mitigate the impact of this reduction on research for these veterans?

Response. VA remains committed to increasing the impact of its research program. VA's strong commitment to research that addresses the needs of veterans of Operations Iraqi Freedom and Enduring Freedom (OIF/OEF) has been reflected in the growth in the number of projects and project funding over the last few years. As a result of the supplemental appropriation in fiscal year (FY) 2007 and additional emergency appropriations in FY 2008, there have been considerable investments for expensive equipment such as high-resolution magnetic resonance imagers that will be used to enhance VA's OIF/OEF-related research. Over the next few years these investments will payoff in better understanding and treatments of these important disorders, but the very large increases were "one-time" expenses that have effectively met the immediate needs for enhancing the strong ongoing research programs.

We have carefully prioritized our research projects to ensure they continue to address the needs of veterans of OIF/OEF in addition to other veteran populations. The FY 2009 budget request includes $252 million for research directed at the full range of health issues of OIF/OEF veterans, including traumatic brain injury and other neurotrauma, post-traumatic stress disorder and other post-deployment mental health, prosthetics and amputation healthcare, poly trauma, and other health issues. Additional research funding priorities covered by the FY 2009 budget request include chronic diseases and health promotion, personalized medicine, women's health, and aging.

Our ability to achieve the level of $751 million in other federal funding will be contingent upon the relative availability of the research funds and the degree to which our research proposals are accepted and funded by the other organizations.

LONG-TERM CARE

In your statement you mention that the FY 2009 budget will support an average daily census of 61,000 for non-institutional care compared to a census of 44,200 in FY 2008. This would be a remarkable 38% increase in noninstitutional care while institutional care remains essentially flat. What could explain this remarkable growth in the use of long-term care resources? Is there really such an incredible waiting list for these services? And if so, why was it not addressed earlier?

Response. The growth in non-institutional long-term care in the FY 2009 Congressional Budget Submission reflects VA's long range plan to shift resources to home and community based services, while maintaining capacity in nursing home care. VA believes that a comprehensive approach of noninstitutional care can limit increases in the demand for nursing home care. This approach also reflects veterans' preference for home based services.

VA's estimates of the demand for home care services are based on a model which measures actual home care utilization by age, disability level, marital status, and veterans' use of these services. Demand is expected to grow steadily for a number of years.

The FY 2009 increase appears particularly strong because, for the first time.in the Congressional Submission, VA has added the long-term care portion of its Home Telehealth Program to the mix of non-institutional care services. The Home Telehealth Program average daily census increases 80 percent from FY 2008 to FY 2009.

SMOKING CESSATION

What progress has been made by the Department with regards to smoking cessation?

To address the issue of tobacco use among veterans, the Veterans Health Administration (VHA) has adopted a number of measures to increase access to the evidence-based smoking cessation care for veterans who smoke.

• All FDA-approved smoking cessation medications, including over-the counter medications, are on the National VHA Formulary.

• ln 2003, VHA issued national guidance that lifted previous restrictions on prescribing smoking cessation medications in order to make them available to any veteran who wanted to quit.

• ln 2004, the revised DoD/VA Clinical Practice Guidelines on Management of Tobacco Use encouraged integration of smoking cessation treatment into primary care, dentistry, and other clinical settings.

• In 2005, a Federal regulation was adopted to eliminate the co-payment for smoking cessation counseling for veterans seen in VHA clinical settings.

• VHA developed smoking cessation programs to address the high rates of smoking among patients with psychiatric disorders, as this population smokes at nearly twice the rate of patients without psychiatric disorders and they are disproportionately affected by smoking-related illnesses.

• The VHA electronic medical record is an important tool to support clinical reminders and national performance measures to help identify patients' tobacco use and to prompt health care providers to advise patients to quit and to offer them assistance.

• In 2006, VHA revised the national performance measures on tobacco use. The national performance measures, in addition to screening for tobacco use, required all patients who smoked to be provided with counseling on how to quit and offered smoking cessation medications and a referral to a smoking cessation clinic at least once a year.

• For fiscal year 2007, approximately 75 percent of smokers seen in VHA nonmental health clinical settings were provided with counseling and a referral to smoking cessation clinics and 71 percent were offered medications to help them quit.

What steps are being taken to decrease OEF/OIF veteran tobacco use?

VHA has taken the following steps to decrease OEF/OIF veteran tobacco use:

• VHA has funded multi-site research trials looking at the linkages of posttraumatic stress disorder (PTSD) and tobacco use and the efficacy of a treatment model that integrates smoking cessation treatment into PTSD care to address the needs of these patients.

• This year the Public Health Strategic Health Care Group has partnered with the Durham VA Medical Center Mental Illness Research, Education, and Clinical Center (MIRECC), which specializes in behavioral risks for OIF/OEF veterans to look at the unique treatment needs of this population to assist with the development of clinical programs that will be responsive to this veteran population's needs.

• Because of continuing concerns about the higher rates of tobacco use among both military and veteran populations, VHA has collaborated with the Department of Defense to contract with the Institute of Medicine to convene a study to identify future policies and programs needed to help address the use of tobacco.

[Clerk's Note.—End of questions for the record submitted by Chairman Edwards.]

[Clerk's Note.—Questions for the record submitted by Congressman Wamp.]

REQUEST TO MERGE MEDICAL ADMINISTRATION AND MEDICAL SERVICES ACCOUNTS

Under Secretary Kussman, the VA is proposing legislative language that would consolidate the Medical Administration appropriation and the Medical Services appropriation. The budget justification says that merging these two accounts will improve the execution of the budget and would allow VA to respond rapidly to unanticipated changes in the health care environment throughout the year.

What are the current challenges in executing the budget based on the current account structure, and how will merging these accounts improve the execution of the budget?

On the point of allowing the VA to respond rapidly to unanticipated changes in the health care environment throughout the year, what unanticipated changes have you had to respond to in the past, how has the account structure hindered your ability to respond to those changes, and how will merging these accounts allow you to respond?

Response. ln the 2009 request, VA is proposing that the Medical Administration appropriation be consolidated into the Medical Services appropriation. Merging these two accounts will improve the execution of our budget and will allow VA to manage the delivery of health care to veterans more effectively.

Prior to the establishment of the three medical care appropriation accounts in 2004, a medical facility director was allocated a singe budget that could be used to

address local operational priorities in the care of veterans as they occurred. For example, funds could be used to address critical vacancies in nurse staffing or personnel performing security, patient scheduling or the medical collections functions as the need arose. All of these functions are critical to the successful care and treatment of the patient.

Under the current appropriation structure, the facility director has limited management flexibility in making operational decisions. For example, a medical center director may need to hire additional clinical staff which is paid from the Medical Services appropriation; however, in certain cases, to accommodate the additional staff the medical center director may need to hire additional staff to safeguard against unnecessary and inappropriate medical care, conduct quality assurance, or perform medical coding, which is paid from the Medical Administration appropriation. However, if sufficient funding is not available in the Medical Administration account at the facility to hire these supporting staff, the director cannot shift funding from the other medical care appropriations to support this function. Instead, the director must first seek a realignment of funds between appropriations at the network level, or at the national level if network funding availability and flexibility is also limited. If funding is not available at the national level, VA must notify the Office of Management and Budget and the Congress of an appropriations transfer request. This is one way the current multiple appropriation structure has added complexity to the management of health care at the facility level and increased the amount of time it takes to implement operational changes. By combining the two appropriations, the facility director could immediately hire additional clinical staff and the appropriate supporting staff.

In addition, the multiple appropriation structure has significantly increased the volume of financial transactions needed to administer VA's health care system. Each appropriation is allocated to approximately 150 separate facilities or program offices. For example, in 2003, there were approximatelY 30,000 funding transactions to support the single medical care appropriation structure. In 2005, there were over 55,000 funding transactions required to support the three appropriation structure, and this has grown to about 91,000 in 2007. The significant growth in transaction volume has also increased the risk of errors and the potential for anti-deficiency violations

Since the creation of the three account structure in FY 2004, there have been a series of significant unanticipated changes that has made it very difficult to accurately estimate the exact amounts required in each appropriation approximately 23 to 24 months prior to the end of the execution year. For example, in FY 2004 it took until the start of the fourth quarter (July 2004) to fully implement the new three appropriation structure. The FY 2005 President's Budget request had already been submitted in February 2004 prior to any operational experience at the facility level under the three account structure. The FY 2006 President's Budget was submitted in February 2005 based on less than six months actual experience under the three account structure. Subsequently, an additional $1.5 billion was added to the FY 2005 Medical Services appropriation and an additional $1.452 billion was provided by Congress to the FY 2006 Medical Services appropriation.

In addition, we have had to continually adjust our estimates for the three medical care accounts to reflect actual operational experience in delivering care to veterans at the local level.

COMMUNITY-BASED OUTPATIENT CLINICS

The VA budget request includes $9.5 million for Community-Based Outpatient Clinics. You note that these clinics have shown to be cost effective and have improved access to high-quality health care for our veterans. The budget documents [page 1D–3] say that "as part of the Strategic Planning process, VA has also initiated a review of nationwide access in rural areas. Nationally, VA had identified the underserved areas and will be developing plans to provide access in those areas." Please tell the Committee, for the record, where those areas are located. Explain more about how these plans will be developed, and is there funding in the budget request to fund these rural, underserved areas or are you looking to fund these areas at this as part of the fiscal year 2010 request?

Response. VHA recognized that delivering health care closer to the veterans' place of residence was one way to better achieve our mission of being a patient centered integrated health care organization. As a result, one of the main focuses of the most recent Strategic Planning guidance cycle was improving access to care in underserved areas. These areas include urban, rural, and highly rural, but they are not differentiated in this process because an area often includes more than one designation.

For the 2008–2012 Strategic Planning cycle, VHA provided VISNs with data that demonstrated their performance on drive-time access to guidelines for primary care (Table 1). VISNs were asked to develop solutions to meet the needs of veterans in these markets where travel time exceeded the access standards. Possible solutions included CBOCs, tele-health, and partnerships with DoD. VHA will proceed with developing business plans for the CBOCs identified in fiscal years 2008 and 2009 and will re-evaluate the out-year CBOCs in a future cycle.

VHA makes continuous improvements in the process it uses to identify the need for CBOCs. This most recent strategic planning cycle focused on improving access to primary care in underserved areas. VHA is planning to increase the sophistication with which it identifies the need for CBOCs by evaluating a combination of Geographic access data and with projections from VA's Enrollee Health Care Projection Model.

Table 1:—ACCESS GUIDELINES

Type of care	Time criteria (minutes)	Threshold criteria (%)
Primary Care	30 min.—Urban	70
	30 Min.—Rural	
	60 Min.—Highly Rural	
Acute Hospital	60 min.—Urban	65
	90 Min.—Rural	
	120 Min.—Highly Rural	
Tertary Care	240 min.—Urban	65
	240 Min.—Rural	
	Community Standard—Highly Rural	

FEDERAL RECOVERY COORDINATORS/WOUNDED WARRIORS

According to your testimony, the VA and DoD signed an agreement last October to provide Federal recovery coordinators to ensure that medical services and other benefits are provided to seriously-wounded, injured, and ill active duty servicemembers and veterans. I know this program is in its infancy, but please tell the Committee what you can about how this is being implemented. How many of these Federal recovery coordinators have been hired? How are they being paid? How many Federal recovery coordinators is there a need for, and how much funding is in the budget request for these coordinators?

Response. "The President's Commission on Care for America's Returning Wounded Warriors," co-chaired by Senator Robert Dole and Secretary Donna Shalala, endorsed the assignment of a Federal Recovery Coordinator (FRC), to serve as the primary point of contact for coordinating clinical and non-clinical care for each Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) severely wounded, ill and injured servicemember and his or her family. Although the Commission recommended that the Department of Health and Human Services (HHS) manage the program, VA volunteered to take the lead in establishing the program in coordination with the Department of Defense (DoD), HHS and the Public Health Service (PHS) Corps. DoD and VA, through the Senior Oversight Committee, established the Federal Recovery Coordination Program (FRCP) whose mission is to facilitate an efficient, effective and smooth rehabilitation and transition back to military duty or civilian life. The program is managed by the Care Management and Social Work Service, Office of Patient Care Services, Veterans Health Administration (VHA) and is comprised of representatives from VHA and the Veterans Benefits Administration (VBA), as well as four representatives from DoD.

A Memorandum of Understanding (MOU) between VA and DoD was signed on October 30, 2007, for the joint oversight of the FRC Program. In December 2007, VA hired the FRCP Director and Supervisor. In January 2008, VA hired eight FRCs; however, in March 2008 one FRC who was located at the National Naval Medical Center died, leaving the program with a total of seven FRCs in place. VA is actively recruiting two additional FRCs as soon as possible. These additional FRCs will be located at Brooke Army Medical Center, San Antonio, TX, and the Naval Medical Center, San Diego, CA. A third FRC will be selected to replace the now vacant position at National Naval Medical Center.

Once hired, the current FRC staff attended a joint VA and DoD training session which was conducted over an intensive 2-week period which occurred in January 2008. After training, the FRC staff was then located at the following Military Treatment Facilities (MTFs) and are currently actively receiving patients:

- 3 at Walter Reed Army Medical Center, Washington, DC

- 2 at National Naval Medical Center, Bethesda, MD
- 2 at Brooke Army Medical Center, San Antonio, TX

DISABILITY EVALUATION SYSTEM/WOUNDED WARRIORS

The VA and DoD are piloting a disability evaluation system for wounded warriors at major medical facilities in the Washington, DC area. The key features of this pilot project, according to your testimony, include one medical examination and a single disability rating determined by the VA with the goal of simplifying benefits, health care, and rehabilitation for injured servicemembers and veterans. This is one of two pilot programs that are mentioned in your testimony, and I applaud you for your work on these. Is there any concern that as you try to move to a comprehensive program as it relates to the Dole-Shalala report that these two programs will already be stovepiped, and the systems that you are setting up to run these programs won't be able to merge with some larger comprehensive program that might not be too far off in the future?

Response. VA and DoD are piloting a Disability Evaluation System (DES) for all servicemembers referred to Medical Evaluation Board/Physical Evaluation Board (MEB/PEB) in the National Capital Region. The current pilot program utilizes a single disability rating prepared by VA that is binding for both VA and DoD. Since this is a pilot, there are no permanent policies or information technology changes that would hinder flexibility to implement future comprehensive programs related to the recommendations of Dole-Shalala, or recommendations by other groups.

GAO REPORT ON "IMPROVED OPERATIONAL CONTROLS AND MANAGEMENT DATA WOULD ENHANCE VBA'S DISABILITY REEVALUATION PROCESS"

As you know the GAO conducted a study on the VA's disability reevaluation process. The GAO found that the operational controls do not adequately ensure that staff schedule or conduct disability reevaluations as necessary. The GAO recommended, and the VA concurred, that VA needed to modify its electronic diary system to ensure that appropriate reevaluations are scheduled to occur; develop additional methods to ensure accuracy of completed and cancelled reevaluations; clarify its guidance so that all regional offices use the same criteria for measuring the timeliness of reevaluations and develop a plan to collect and analyze data on the results of reevaluations. Please tell the Committee what the VA has done since this report was released to address the GAO's findings.

Response. In February 2008, the VETSNET suite of applications was enhanced to automatically establish electronic "work items" for maturing diaries and other system-generated messages. These electronic "work items" remain in the system until resolved. Documentation of the resolution of the work items (e.g., claim established, due process notification sent, no action necessary, etc.) must be entered into the system, providing an audit trail of the disposition of the messages and diaries.

With this enhancement, diaries and messages may now be managed with the VETSNET Operations Reports (VOR). These reports also allow regional offices and Headquarters to assess timeliness of action and disposition.

Diaries and system messages for claimants paid through the Benefits Delivery Network (BDN) are still managed using paper VA Forms 20–6560, which are mailed to regional offices. Currently, over 800,000 veterans are being paid through VETSNET, and substantially all compensation and pension records will be converted to VETSNET by July 2009.

As data is collected and accumulated through the VETSNET reports, we will use the additional information available to assess the reevaluation process and make appropriate changes.

CHATTANOOGA AREA HEALTH CARE AND CARES DECISION

Undersecretary Kussman, back in 1999 and I helped to create a pilot program in Chattanooga where the VISN 9 would contract for care locally that they could not receive at the Outpatient Clinic which is located in Chattanooga. The alternative was and still is to have my local veterans drive to Nashville or Murfreesboro for care the Chattanooga clinic cannot provide. For two years one of my local hospitals, Erlanger, participated in the pilot program, however they opted not to continue participating because the VA would not refer patients to a non-VA facility. (Over the course of the pilot project only 58 patients were referred to Erlanger.)

In response to this, I worked with former Chairman Taylor to direct GAO to review the pilot project as well as access to care for Chattanooga area Vets. In regards to the pilot project the GAO found that the VA put significant restrictions on what vets were allowed to be referred to Erlanger.

Additionally, and I think what speaks to the larger problem, GAO found that at the time 99% or the 16,379 enrolled vets in the 18-county Chatt area faced travel times that exceeded the VA's guidelines for accessing inpatient care. In addition 50% or Chatt area enrolled vets faced travel times that exceeded the VA's 30-minute guideline for outpatient care.

As I am sure you are aware, since that time the CARES program has been developed to provide the VA with a national road map charting the way to better meet the healthcare needs of our veterans.

The final CARES plan released in 2004 recognized the problems in the Chatt Area and recommended that the VA continue to work to contract with non-VA providers to meet the needs of the local community.

Could you give me an update on two things: What the VA is doing to work with non-VA providers to ensure adequate local access to services?

Response. VA has implemented a demonstration project, Project HERO, intended to assess VA's ability to leverage contracts on a large scale for these needed services. This project has been implemented in four VISNs. It requires vendors to meet these internal VA access standards, provides facilities alternatives to care when internal resources are not available, and improve sharing of clinical documentation associated with these external services.

Additionally, VA does contract with available community providers for case by case fee basis.

Could you update me on the VA's implementation of the 2004 CARES decision?

Response. Campus Realignments—Tennessee Valley Healthcare System (HS) has moved all inpatient surgery to the Nashville Campus and completed the consolidation of all services.

Inpatient Medicine and Surgery—The Commission recommended increasing inpatient medicine services through a mix of in-house expansions and community contracts.

The cumulative occupancy rate for FY08 to date at Tennessee Valley HS—both Nashville and Murfreesboro is 76.4%. This occupancy level has not necessitated expansion of medicine beds at either facility.

There has been a steady increase in the amount of inpatient care being contracted in the Chattanooga area:

REVIEW OF INPATIENT SERVICE UTILIZATION—PATIENTS IN CHATTANOOGA SERVICE AREA

	FY 03	FY 04	FY 05	FY 06	FY 07
Patients Treated in the Community	84	122	212	201	267
Patients Treated at TVHS	327	376	437	435	477
Total Patients	411	498	649	636	744
Percent of Patients Receiving Care in the Community	20.4	24.5	32.6	31.6	35.9

With the expected growth in veterans living in the Chattanooga service area, it is expected the need for continued contract and fee basis inpatient services will continue to grow.

Outpatient Primary and Specialty Care—The Commission recommended expanding services at current sites of care and use community contracts.

The Chattanooga CBOC is the most heavily utilized Tennessee Valley HS clinic, serving 12,682 veterans in Fiscal Year 2007. Tennessee Valley HS has submitted a concept paper for a new capital lease for a replacement clinic of 50,000 NUSF in the Chattanooga area. In the interim they are in the process of leasing administrative space near the CBOC to allow for additional clinical space.

The following additional staff has been added at the existing site:

- An additional primary care team
- 8 additional mental health providers
- A full-time Cardiologist
- Contract provider for Orthopedics while recruitment is underway for a staff Orthopedic Surgeon
- Ophthalmology, Podiatry and other subspecialties are referred to community providers or to one of the main Tennessee Valley HS campuses.

In response to increasing demand for diagnostic services, in December 2005, a VA Imaging Center was opened in the same complex as the CBOC. The center offers diagnostic radiology, CT scans, bone density studies, ultrasound, and complete audiology testing. Pulmonary function tests are planned for the future, and possibly cardiac stress testing.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Wamp.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Farr.]

Last year this Subcommittee and the Congress instituted the largest funding increase in the VA's history. Given that the VA had a previous $1.7 billion shortfall in their health care budget,

• Is the VA accurately anticipating sufficient funding to meet the anticipated health care needs of an aging veterans' population?

Response. VA's actuarial model accounts for the fact that enrollees will need more health care services as they age, and the utilization and expenditure projections reflect those services that they are expected to receive from VA. VA does an annual data match of enrollees' actual utilization in VA and Medicare that provides a fairly complete picture of the health care utilization patterns of the age 65 and older enrollee population.

VA also recognizes that there will be a growing need for long-term care services as our population ages. VA's goal of improving the offering of long-term care services with an emphasis on home and community-based programs will assist VA in planning to meet the increasing demand for these services by our aging as well as our newest generation of veterans.

To accomplish this goal, VA has increased its Medical Care budget obligation request for long-term care services, particularly home and community based services, in each of the past 4 years (reported in millions of dollars). VA has targeted its increased budget dollars toward rehabilitation and longitudinal home care as alternatives to institutional care. VA is also expanding existing capabilities in long-term care, including care coordination and telehealth technologies; and will continue to improve services for traumatic brain injured veterans through targeted day health and respite care centers.

Is the VA accurately anticipating sufficient funding for veterans returning from operations in Iraq and Afghanistan?

Response. In FY 2009, VA estimates that it will treat over 333,000 OEF/OIF veterans at a cost of approximately $1.27 billion. This estimate is based on the actual enrollment rates, age, gender, morbidity, and reliance on VA health care services of the enrolled OEF/OIF population. OEF/OIF veterans have significantly different VA health care utilization patterns than non-OEF/OIF enrollees, and this is reflected in the estimates above. For example, when modeling expected demand for PTSD residential rehab services for the OEF/OIF cohort, the model reflects the fact that they are expected to need eight times the amount of these services compared to non-OEF/OIF enrollees. The model also reflects OEF/OIF enrollees' increased need for other health care services, including physical medicine, prosthetics, and outpatient psychiatric and substance abuse treatment. On the other hand, experience indicates that OEF/OIF enrollees seek about half as much inpatient acute surgery care from VA as non-OEF/OIF enrollees.

Many unknowns will influence the number and type of services that VA will need to provide OEF/OIF veterans, including the duration of the conflict, when OEF/OIF veterans are demobilized, and the impact of our enhanced outreach efforts. VA has estimated the health care needs of OEF/OIF veterans based on what we currently know about the impact of the conflict. To ensure we are able to care for all returning OEF/OIF veterans, we have made additional investments in our medical care budget and we monitor actual expenditures against budget levels on a monthly basis.

VET CENTERS

I have heard from some employees at the VA that some older veterans are being turned away or put to the back of the line in favor of veterans from the GWOT. The last thing we want to see is vets competing for services among themselves.

• What can you tell us about access to care being received at local Vet Centers?

Response. The Readjustment Counseling Service (RCS) mission is to provide outreach and readjustment counseling to all combat veterans of any war or armed conflict, and to the members of their families. The number of Vietnam veterans served at Vet Centers has actually increased over the last three years, and Vietnam veterans continue to make approximately 70% of all the visits provided by the Vet Centers. Also, Vet Centers continue to report having no waiting list for new veterans, of any combat era, to be seen and evaluated. Veterans without appointments are welcome to walk into a Vet Center, and our standard is for them to be seen by a counselor within 30 minutes for an evaluation and to schedule follow-up appointment.

SEAMLESS TRANSITION BETWEEN VA AND DOD

When an active duty soldier is honorable discharged, the Department of Defense must transfer that soldier's records to the VA. There have been problems in the past making this a timely action, and some soldiers discharged with a service connected disability have discovered that the DoD and the VA do not always use the same disability ratings system. You mentioned in your testimony that the VA and the DoD need to "continue" progress on interoperable electronic medical record systems.

• What progress has been made previously?

Response. VA and DoD have made significant progress toward the development of interoperable electronic health record systems. Since 2002, DoD has transferred available electronic records on approximately 4.3 millions service members that have separated from active duty. DoD transferred these records to a jointly developed secure repository, known as the Federal Health Information Exchange (FHIE), where the records are available for viewing by VA clinicians treating these veterans and VBA staff adjudicating disability claims. DoD also has transferred pre- and post- deployment health assessment and post deployment health reassessment forms in electronic format on over 880,000 patients. These forms are also available for viewing in FHIE.

In 2004, VA and DoD began sharing current electronic health data in viewable format bidirectionally through the Bidirectional Health Information Exchange. At present, VA and DoD have increased this data exchange to now include outpatient medication, allergy information, laboratory results, radiology reports, ambulatory encounter notes, problem lists, procedures, and discharge summaries. These data are exchanged on shared patients that receive health care from both VA and DoD facilities and are available at every DoD military treatment facility and VA medical center (VAMC), including key facilities treating wounded warriors, such as Walter Reed and Brooke Army Medical Centers, Bethesda National Naval Medical Center, and Landstuhl (Germany) Regional Medical Center. DoD also is sending clinical theater information electronically in order to address issues related to battlefield injuries.

In support of our most seriously ill and injured, DoD is sending radiology images and scanning the entire medical record at these facilities and sending it to the four Level 1 VA polytrauma centers that are receiving these patients for recovery and rehabilitation.

NON-INSTITUTIONAL LONG-TERM CARE

Dr. Kussman, you also mention in your testimony that there exists generational differences in providing long-term care to newer veterans. Accordingly, you list access to modern technologies as a means of addressing some of these generational differences.

• Has the VA projected how many potential long-term care patients may enter the system from Iraq and Afghanistan—not 30 years from now but starting now and in the near future?

Response. VA has not made formal projections of long-term care demand for Iraq and Afghanistan veterans. Currently, there are fewer than 500 veterans from these conflicts who require long-term care services. VA has sufficient capacity to meet both the nursing home and home and community based care needs of these veterans.

The number of non-institutional long-term care patients is expected to grow by the VA in the next several years. In your testimony, Dr. Kussman, you mention that the VA is expanding the services provided by organizations in the community.

• Your testimony mentions that you are expecting approximately a 40% increase in the number of patients receiving non-institutional long-term care. What criteria are you using to project that increase?

Response. The growth in non-institutional long-term care in the FY 2009 Congressional Budget Submission reflects VA's long range plan to shift resources to home and community based services, while maintaining capacity in nursing home care. VA believes that a comprehensive approach of noninstitutional care can limit increases in the demand for nursing home care. This approach also reflects veterans' preference for home based services.

VA's estimates of demand for home care services are based on a model which measures actual home care utilization by age, disability level, marital status, and veterans' use of these services. Demand is expected to remain robust for a number of years.

The FY 2009 increase appears particularly strong because, for the first time in the Congressional Submission, VA has added the long-term care portion of its Home

Telehealth Program to the mix of non-institutional care services. The Home Telehealth Program average daily census increases 80 percent from FY 2008 to FY 2009.

• Can you tell the committee, as a percentage, how many veterans receive some form of non-institutional long-term care?

Response. In FY 2007, fifty percent of VA's total extended care patient population received some form of care in either non-institutional or enriched housing settings. Of the total veteran population enrolled in VA for health care, two percent received non-institutional long-term care services.

• How much does it cost the VA, per patient, to provide in-home services to veterans? How does this compare to the residential care rates at VA homes?

Response: In FY 2007, the average cost to provide in-home services to veterans was approximately $42 per day. The average daily rate for care in VA nursing homes was $654 per day in FY 2007 . VA is unable to separate the "residential" cost of nursing home care from the total cost of that care.

• How does the VA select the service provider for these services?

• How does the VA verify the quality of service from noninstitutional providers?

• Does the VA rate the quality and satisfaction with in-home services compared to institutionalized services?

Response. VA chooses home and community based care providers on the basis of quality, geographic coverage, and cost. VA uses Medicare and Medicaid certified agencies to provide care. Certification is the accepted standard for ensuring a quality service. VA also examines the findings of State Health Departments on agencies and reviews the findings on the Centers for Medicare & Medicaid Services (CMS) Website, Home Health Compare. While VA does not "rate" the quality of care agencies provide or veteran satisfaction, VA does measure quality through CMS and the States and seeks veterans' reactions to the services provided and their satisfaction through telephone interviews of one-third of those receiving services.

RURAL HEALTH CARE

Your testimony mentioned the expansion of the mental health care staff and the expansion of the telemental health program in order to reach additional patients.

• How will the VA expand telemental health care to people who do not live in an area that offers the broadband connection necessary for delivering these services?

Response. Telemental health services are provided by VA to veteran patients in two ways in areas where broadband services are an issue. First, telemental health services are provided between hospitals and clinics; and second telemental health is provided into the patients' homes via home telemental health. In terms of services provided between hospitals and clinics in areas that are under-provisioned with DSL/broadband connectivity, video devices can be deployed utilizing integrated switched data network (ISDN) with 256K capacity to interface to VA ISDN gateways strategically located and consolidated throughout the VA enterprise network. Improvements in the past several years in video compression algorithms have provided higher quality video connection experience utilizing affordable basic rate interface lines where broadband is not available. In terms of providing home telemental health services directly into veteran patients' homes, VA is developing a business plan and service strategy to accomplish this through a range of telecommunications modalities. At this time, VA does not have the definitive solution to accomplish this. Legal, technical, and financial aspects are being further explored and developed as VA endeavors to extend health care as close to the veteran community as possible.

• What does your outreach program advertising these services entail? Can you provide the committee with some specific examples?

Response. Telemental health expansion is part of VA's overall mental health expansion. It is one way to allow veterans access to care; therefore it fits within general activities occurring nationally and locally to raise awareness among veteran patients about the availability of mental health services in VA. VA's Office of Care Coordination and associated staff at the Veteran Integrated Service Network (VISN) and local facility level market telemental health services internally to staff to promote the increased use of telemental health. Nationwide, VISN and facility staff members promote the use of telemental health services to Veteran Service Organizations.

VISN STRUCTURE

As you are aware, the Veteran Integrated Service Network is the system that oversees the operation of regional veterans' hospitals and outpatient service centers.

• Please tell the committee your views on the effectiveness of the VISN structure for providing health care.

• What recommendations can you give to the committee to improve the VISN system?

Response. VA's structural transformation from a hospital system to a health care system, commonly known as Veterans Integrated Service Networks (VISN) has been a success. This structural transformation facilitated the shift from an inpatient hospital based system to an integrated patient-centered health care system, which provides the most effective and efficient care for veterans.

The VISNs provide broad and general operational direction and supervision to medical center field operations, which include fiscal and personal resource management, information technology, business operations, canteen service, clinical liaison, planning, quality management, safety, industrial hygiene, environment management, emergency management, engineering operations and policy. The span of control is reasonable and the geographical layout has worked well over the past 10 years.

HeartMath is a behavioral therapy, with assistive technology, that helps reduce stress and anxiety. The DOD is using it to help military personnel returning from combat who may have mental health issues. In 18 VA clinics around the country and 10 DOD facilities doctors are using HeartMath to assist servicemen and veterans with PTSD and other mental health issues.

Are you familiar with HeartMath and how it is being employed at VA sites?

Response. A phone meeting occurred between the Office of Mental Health Services (OMHS) in the Department of Veterans and the Department of Defense to review this request. VA had no prior knowledge of the Heart Math device, other than a review of the website for this device. DoD has some experience with it. According to DoD, HeartMath provides a measure of heart rate variability and balance of cardiovascular tone. DoD has some experience with its use on a trial basis in some settings that do relaxation training. Relaxation training has various uses, and DoD has used it as an adjunct to PTSD treatment, although only in a few sites and not routinely. VA is not aware of any evidence supporting its use as a treatment for PTSD per se, and DoD has not collected evidence regarding the efficacy or effectiveness of HeartMath for other problems.

VA recommends that the vendor for this device be invited to make a presentation, particularly focusing on the scientific evidence that would support its efficacy in relation to specific medical or mental health conditions. VA will contact the vendor and extend an invitation for a presentation.

In 2006 Congress enacted law that required the VA to add marriage and family therapists to its list of service providers. To date, the VA has not done so.

• How and when will the VA add marriage and family therapists to its list of service providers? What is taking so long to implement the law?

Response. Section 201 of Public Law 109–461 added Marriage and Family Therapists (MFTs) and Licensed Professional Counselors (LPCs) to section 7401 (3) of title 38, United States Code. This gave the Veterans Health Administration (VHA) the option of employing individuals with these credentials under our Hybrid Title 38 employment system.

For many years, VHA has, and continues to successfully hire individuals with master's degrees in mental health counseling, marriage and family counseling, and related fields as readjustment counseling therapists in our Vet Centers. In accordance with guidelines established by the U.S. Office of Personnel Management, these positions are properly classified in the GS–101, Social Science series. Qualified LPCs and MFTs may be hired in this series. VHA is considering the possibility of utilizing individuals with these credentials in its medical centers to further enhance mental health staffing needs.

In May 2007, VHA provided a report entitled "Marriage and Family Therapy Workload" to leadership on the Senate and House Committees on Veterans' Affairs, in accordance with the requirements of section 201 of Public Law 109–461. As a follow-up to that report, a recently initiated occupational study is assessing the current and future use of therapists and counselors within VHA. During this endeavor, VHA has been in contact with key officials at the American Association for Marriage and Family Therapy, the American Counseling Association, the American Mental Health Counselors Association, and VA professionals in the areas of mental health, social work and pastoral counseling. The information we have obtained from these organizations, along with a survey of facility staffing and health care needs VHA will undertake in the next few months, will allow us to determine the most appropriate use of these professionals in our health care system. No changes to position descriptions or establishment of occupational series specific to MFTs or LPCs will be made until a complete evaluation of the study results has been finalized.

The VA operates training and rehab centers to help blinded or vision-impaired veterans adjust to the loss of vision. The Palo Alto polytrauma center has one such center.

• How many blind/vision training and rehab centers does the VA operate?

Response. Current blind rehabilitation services are provided through ten residential Blind Rehabilitation Centers that provide comprehensive blind rehabilitation training. The locations are noted below:

- West Haven, Connecticut
- Augusta, Georgia
- Birmingham, Alabama
- West Palm Beach, Florida
- San Juan, Puerto Rico
- Hines, Illinois
- Waco, Texas
- Tucson, Arizona
- American Lake, Washington
- Palo Alto, California

Thirty-eight blind rehabilitation outpatient specialists (BROS) provide blind rehabilitation training to veterans and their families who may not be able to travel to a Blind Rehabilitation Center. BROS services are provided to veterans in the most appropriate setting, for example, home, college, nursing home, work site, and assisted living environments. BROS are located at VAMC's and outpatient clinics and serve veterans at the Vet Centers.

One hundred sixty-four visual impairment service team (VIST) coordinators provide case management for legally blind and severely visually impaired veterans. VIST coordinator duties include providing and/or arranging for the provision of appropriate treatment in order to enhance a blind veteran's functioning. VIST coordinators are located in VAMC's, outpatient clinics, and CBOCs and serve veterans at the Vet Centers.

Two Visual Impairment Services Outpatient Rehabilitation (VISOR) Programs are outpatient, intermediate short-term rehabilitation programs. They provide safe overnight accommodations for veterans who are visually impaired and require temporary lodging. The programs are located in Lebanon, PA, and West Haven, CT.

• Do blinded veterans have the right to choose to be sent to an intensive rehabilitation program outside of the blindness VA system, and have that vocational Rehabilitation funded by the VA?

Response. Rehabilitation services provided by VA fall into the categories of "vocational rehabilitation," which is provided by the Veteran Benefits Administration (VBA), and "clinical blind rehabilitation," which is provided by the Veterans Health Administration (VHA). VA continually assesses the unique needs of all blinded veterans and when this is indicated in an individual patient's care, engages the private sector to provide care as a complement to the VA system of care. In circumstances where VA is not able to provide the needed services, or required services are geographically inaccessible, title 38 United States Code § 1703 provides authority for VA to contract or purchase services from non-VA sources for certain categories of veterans.

• If so, how many blind Veterans have been sent for training outside of the VA, and has the VA funded that rehabilitation?

Response. Since 2003, VHA Blind Rehabilitation Program has referred 228 blind or visually impaired veterans or service members for Vocational Rehabilitation training outside of the VA system. VA paid for 3 private Vocational Rehabilitation training programs, while 225 veterans or service members received State Vocational Rehabilitation training in their home environment at no cost to the veteran.

• Can you give me some sense of the kind of training or rehab that goes on in the VA centers and how that compares to the rehabilitation blind-centric organizations provide to newly blinded persons?

Response. VA Blind Rehabilitation Services are provided by employees who are university-trained professionals in blind rehabilitation, optometry, psychology, social work, and nursing. Inpatient VA Blind Rehabilitation Centers (BRC) services are accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF). VA BRCs provide assessment, evaluation, rehabilitation planning and training in the areas of:

• Orientation and mobility—orientation to the environment, spatial awareness, safe movement, travel training, use of public transportation, effective use of technology such as global positioning systems.

• Communication—the ability to send and read written materials to self and others, e.g. reading; writing; using organizational strategies such as notes to self; the use of Braille; and speech-output technology.

• Activities of daily living—personal care, grooming, health care, care of clothing, household cleaning and management, meal preparation including shopping, financial management.

• Manual skills—sensory integration, household repair, woodworking, small engine repair.

• Computer technology—use of computers for word-processing, access to Internet, email and other personal uses for computers.

• Vision rehabilitation—provision of optical and electronic devices that magnify images so that they can be seen by veterans who retain sufficient vision to use their sight effectively for daily tasks. Training in the use of vision and devices that allow veterans to read, write, watch television, access computers, manage money, etc., using vision.

• Counseling—adjustment to blindness, peer-support, individual counseling by psychologists and social workers.

• Health management—lifestyle, fitness, exercise counseling and regimens, dietary and medication management and compliance (e.g., diabetes control), oversight for veterans who have medical conditions that require medical support (e.g., on dialysis, COPD), mental health services for veterans who require it (e.g., PTSD).

• Leisure and recreational activities—participation in sports, hobbies and outings that provide opportunities to use skills developed in the classroom, and socialization with fellow veterans in the program.

• Family training programs—Family members are invited to the program for several days of classes in understanding visual impairment and blindness, attend classes with their veterans, and receive counseling and support in understanding issues associated with the veteran's increased skill and independence.

Blind-centric organizations provide training similar to that provided by VA Blind Rehabilitation Centers, with a similar philosophy to provide the milieu of assessment, instruction, and support services to help individuals regain skills, adjust to blindness, function independently. The primary differences between VA's program and blind-centric organizations are:

• VA BRC length of stay is determined by the veteran's goals for training and assessment of the veteran's current level of ability. Programs are an average of 6–8 weeks, and veterans may return for additional training. Blind-centric programs require clients to attend their centers for about 6 months.

• VA BRCs hire only university-trained professionals in specific disciplines that are required for blind rehabilitation. Blind-centric programs do not require university training for their staff who provide instruction, and frequently utilize instructors who are blind as having the requisite training and background to train others who are blind.

• VA BRCs are CARF accredited. Blind-centric programs are not CARF accredited.

• VA BRCs provide medical and nursing care for inpatient veterans. Blind-centric programs do not provide medical and nursing care for their clients.

• VA BRCs provide vision rehabilitation services for veterans with limited sight. Blind-centric programs do not provide vision rehabilitation services, nor do they emphasize the use of vision in daily life for clients who have useful vision; instead, clients with vision are blindfolded and taught to use other senses.

• VA BRC staff provides incremental training to emphasize safety. The difficulty of lessons are gradually increased to assure that veterans are challenged to learn without experiencing circumstances that could be adverse, particularly for elderly veterans, or those with traumatic brain injury. Blind-centric programs emphasize a "discovery learning method" that allows clients who are blind to resolve difficulties on their own; e.g., getting lost on a travel training lesson.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Farr.]

TUESDAY, MARCH 11, 2008.

U.S. NAVY

WITNESSES

ADMIRAL GARY ROUGHEAD, CHIEF OF NAVAL OPERATIONS GENERAL JAMES T. CONWAY, COMMANDANT OF THE MARINE CORPS

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. Good afternoon. I want to welcome everyone to our fiscal year 2009 Navy and Marine Corps hearing for military construction and family housing.

Admiral Roughead, welcome to our committee.

Admiral ROUGHEAD. Thank you very much for having me.

Mr. EDWARDS. Thank you for your lifetime of service.

Admiral ROUGHEAD. Thank you.

Mr. EDWARDS. General Conway, welcome back to our subcommittee. It is good to have you back.

And thank you both, and your families, and all you do for our families and our country.

This will be another banner year for Navy and Marine Corps MILCON, especially the Marine Corps. The total request is $3.1 billion, a 41 percent increase over last year's request. For the Marine Corps alone, the request is over $2 billion. I think it is safe to say it may be the largest MILCON budget the Marine Corps has ever requested.

Many of these increases are due to the Marines continuing efforts to add another 27,000 personnel to its permanent end strength by 2011. The total request for growing the force in fiscal year 2009 is $1.4 billion. Much of this money would be invested in new barracks.

We want to have a series of questions and discuss a range of issues today, but before we proceed with your opening comments, I would like to recognize our ranking member, Mr. Wamp, for any comments he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Thank you, Mr. Chairman.

And, Admiral, General, it is an honor to even be sitting here at the table with you. I appreciate very much your service to our country and the people that you represent sitting here today.

The chairman and I have a great relationship. We are off to a very good start. And I am the new kid on the block, but I admire you, and I look forward to working with him to make sure that you have everything you need to meet the demands of today and tomorrow, especially given the changes that we know are underway with a ramped up force of the United States Marine Corps.

I have read the background and look forward to today and then working with you in the months and years ahead to make sure that you have what you need.

We are grateful for your service, and thank you for your presence here today.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, sir.

Admiral Roughead is appearing here before the subcommittee for the first time as Chief of Naval Operations. Briefly, for the record, let me say that he has 35 years of active service, including six operational commands, and is a 1973 graduate of Annapolis.

He became the Chief of Naval Operations on September 29, 2007 and was previously assigned as commander of Fleet Forces Command. He also served as the Deputy Commander of the Pacific Command, Navy Chief of Legislative Affairs—we apologize you had that responsibility—and commandant of the Naval Academy.

General James T. Conway, before our committee once again, Commandant of the Marine Corps; has 38 years of service, and thank you again for that service.

He was commissioned as an infantry officer in 1970. He has been the Commandant of the Marine Corps since November of 2006. He commanded the first Marine expeditionary force during two tours in Iraq. He served as president of the Marine Corps University at Quantico and commanded a battalion landing team in Desert Storm. A native of Walnut Ridge, Arkansas. Now, where is Walnut Ridge, Arkansas.

General CONWAY. It is up in the northeastern part of the state, probably closer to Jonesboro.

Mr. EDWARDS. All right. I used to spend summers in a little town called Warren, Arkansas, pine and tomato countries.

Without objection, your formal testimony will be submitted for the record, and I would now like to recognize you, Admiral Roughead, for any opening comments you would care to make and then General Conway to follow.

STATEMENT OF ADMIRAL GARY ROUGHEAD

Admiral ROUGHEAD. Chairman Edwards, Representative Wamp, it is my honor to appear before you today, representing the dedicated Sailors and civilians of our Navy who are out and about carrying out our maritime strategy and doing essential work for our nation around the globe.

For our Sailors to be forward, they must be individually ready and mission ready, and shore infrastructure is essential to their success. To support our mission, our bases must have scalable, agile and adaptive capabilities for our warfighters, our ships and our aircraft.

For warfighters, that means facilities that provide innovative and relevant training. For our ships and aircraft, it means the ability to properly maintain, equip and prepare today and tomorrow the force structure, the force laydown and the operational concepts that we are going to use.

To optimize individual readiness, shore installations must provide an environment which enables two things: A quality of work and a quality of life that our Sailors and Navy civilians deserve.

Maintaining quality of work means we provide our Sailors and Navy civilians with the facilities and support to get the job done efficiently and effectively, such as optimized maintenance facilities, communications infrastructure and pier and airfield upgrades.

Sustaining quality of life means that we must address not only the needs of the Navy Sailor and Navy civilian but those of our families as well. Those resources include quality medical facilities, fitness centers for health and physical readiness, child care facilities and housing where Sailors can enjoy their time at home and the assurance of safety of their families when they are far away.

In recent years, our shore facilities deteriorated as our investments focused on field readiness. This deterioration impacts our ability to support our Fleet and thereby affects our Sailors' quality of work. Sailors need the piers and shore repair facilities to keep the Fleet ready.

It also has a direct effect on our Sailors' standard of living. Housing is a crucial element to this, but lack of available, affordable child care is consistently ranked as a top readiness and retention issue.

To address this need, we have requested funding for an additional 1,320 spaces at our child development centers and homes this year. We are grateful for your support of our public-private ventures, which satisfy critical housing needs. These and other important initiatives will improve recruiting and encourage Sailors, Navy civilians and their families to stay Navy.

To recapitalize our facilities and sustain our operational requirements today and in the future, we must make the right investments and the right capabilities and services at the right installations now. Navy Installation Command has made progress by leveraging best practices and consolidating budget development. The Shore Readiness Board of Directors that I created in November, shortly after I became the Chief of Naval Operations, will further allocate funds to the appropriate capabilities.

With the 2009 budget, we will have the necessary resources to maintain our readiness.

I thank you and the committee again for your time today and for your continued support of the 600,000 Sailors, Navy civilians and our families.

I stand ready for your questions.

[Prepared statement of Admiral Gary Roughead follows:]

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY
CONSTRUCTION, VETERANS AFFAIRS, AND
RELATED AGENCIES

STATEMENT OF

ADMIRAL GARY ROUGHEAD

CHIEF OF NAVAL OPERATIONS

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES

OF THE

HOUSE APPROPRIATIONS COMMITTEE

11 March 2008

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES

Chairman Edwards, Representative Wamp, and distinguished members of the committee, it is my honor to appear before you today representing the dedicated men and women, Sailors and civilian, of our Navy. I appreciate the opportunity to testify about the Navy's shore infrastructure and its essential role in mission and individual readiness. Our installations and infrastructure enable warfighting and are major contributors to the Quality of Work of our Sailors and Navy civilians and the Quality of Life (QOL) of our Sailors, civilians, and their families. The Navy's success depends upon the right facilities, at the right installations, providing the right services. The FY 2009 budget provides the necessary resources to maintain our readiness.

Our Naval Stations, bases, and forward operating locations are the logistical hubs, gateways, workplaces, and homes that those who serve and their families rely upon in their personal and professional lives. These installations must be ready to deliver scalable, agile, and adaptive capabilities. Our installations, military construction projects, base realignment and closure strategies, and housing programs are essential to a ready Fleet of motivated and trained Sailors and Navy civilians and prepared families.

For years, the Navy has underfunded shore installations to fund afloat readiness. Consequently, the condition, configuration, and capacity of our shore installations have degraded significantly. We cannot continue on this path. I am committed to reversing the decline in our shore installations' condition, configuration, and capacity through a data and capabilities-based process that aligns shore investments with needed Navy warfighting capabilities, improved service, and Joint requirements.

In 2007, we undertook deliberate actions to develop an accurate fix of our shore infrastructure and a comprehensive shore investment strategy. The FY 2009 budget submission incorporates our initial findings of our actions and provides funding where it is needed most. Specifically, our budget requests $207M above the FY 2008 budget in O&M Restoration and Modernization. We will invest this additional funding in critical mission facilities that are in the poorest conditions. We will repair and restore critical airfields at Key West, Patuxent River, Jacksonville, and Whidbey Island. We will perform needed repairs to our piers, dry docks, and shoreline in Norfolk, Puget Sound, and Indian Head. We also will improve the condition of our bachelor housing at Great Lakes and inadequate training spaces at the Naval Post Graduate School in Monterey.

The FY 2009 budget represents a $245M increase in O&M Sustainment funding for a total of $1.34B for daily maintenance and repair. It includes $106M to continue our aggressive efforts to dispose of 2.7 million square feet of excess infrastructure. The FY 2009 request maintains the Base Operating Support output level standards established in PB 2008. These standards ensure "medium risk" in shore legal compliance and operational requirements.

In November 2007, I established a Shore Readiness Board of Directors to accelerate the development and execution of our Shore Investment Strategy. We have gained efficiencies since transforming and operationalizing the shore establishment with the stand-up of Commander, Navy Installations Command (CNIC) in 2003. Under the direction of CNIC, we leverage the best practices and successes of individual installations as we provide shore operations support on a regional level. We have consolidated the installation budget

development function from eleven separate entities to a single Budget Submitting Office. As demonstrated during the 2007 fires in California, we integrated lessons learned and developed a responsive command and control structure that quickly leverages Navy-wide support to any installation and the adjacent communities in times of need.

As we move forward, I will leverage and expand upon the Navy Ashore Vision 2030 and develop a way ahead to significantly strengthen the operational linkage between our installations and our warfighters. The updated vision, Navy Ashore Vision 2035 (NAV2035), will present a strategic vision for Navy shore infrastructure that supports our maritime strategy and meets the needs of our Sailors, their families, and Navy civilians. In concert with the 2007 Defense Installations Strategic Plan, NAV2035 will provide guiding principles to ensure our shore infrastructure is sized, configured, located, and networked to optimally meet expected operational requirements.

This vision will facilitate risk-balanced investments across the entire shore establishment. It will address not just bricks and mortar, but people, training, equipment, and maintenance processes. Excellent facilities and services enhance our ability to attract and retain the best talent to the Navy. Accordingly, adequately resourced shore readiness is essential to achieving our recruiting and retention goals.

As we execute the FY 2009 budget, we will abide by the following principles:

- Aggressively identify and eliminate infrastructure identified as excess capacity
- Strengthen, align, and integrate our shore planning capabilities and processes to ensure a holistic approach to requirements determination and prioritization
- Transition to a condition-based maintenance program that adequately invests and sustains facilities to achieve their designed service life and achieves the lowest life-cycle cost
- Optimize Quality of Service by fully recognizing that our shore infrastructure and services contribute directly to attracting and retaining the high quality workforce required for our future
- Align infrastructure investments to support new platforms
- Stabilize and adequately fund Base Operating Support to provide Quality of Service standards consistent across all of our Installations

MILCON Program

The FY 2009 budget submission requests Military Construction (MCN) appropriations of $1,083M, including $56.7M for planning and design and $13.7M for Unspecified Minor Construction. The Navy Reserve Military Construction (MCNR) appropriation and authorization request is for $32M, including $1.2M for planning and design. The FY 2009 Military Construction (MILCON) budget focuses on:

- The right bases with the right capabilities to meet current and future mission requirements;
- Quality housing for our Sailors and their families;
- Recapitalization of critical shore infrastructure.

Navy shore infrastructure is a critical component of our operational capabilities. It is where we train and equip the world's finest Sailors; where we develop and maintain the most sophisticated weapons, technologies, and platforms; and from where we deploy to provide presence or in response to crises around the world and around the clock. First and foremost, our bases must support the warfighter. The Navy continues to develop and procure the balanced future Fleet. When these new weapons platforms enter the Fleet, shore facilities must be ready and fully capable to support them. To this end, our FY 2009 budget includes funding for eight projects that will provide new and/or improved piers, wharfs, hangars, training, and RDT&E facilities. Funding for 11 additional projects will improve existing waterfront and airfield facilities. This year also marks the final phase of infrastructure improvements that will complete the Navy's recapitalization of Recruit Training Center, Great Lakes. This successful recapitalization effort has dramatically improved our accessions training pipeline and the combat readiness of our newest Sailors joining the Fleet.

Shore facilities and services contribute directly to individual and family readiness, which improves the overall readiness of our Navy. Funding in the FY 2009 budget will allow us to replace outdated, single-function gymnasiums with modern multi-function fitness complexes to assist Sailors in meeting the ever-increasing physical demands of service. The five Child Development Center (CDC) projects included in the FY 2009 budget request will increase our capacity by 1,320 spaces. These projects, in concert with the use of interim modular classrooms, Child Development Home expansions, and contract civilian spaces, will enable us to meet the DOD space requirement goal. The CDC program is vital to the support of our Sailors and their families. We are committed to replacing temporary spaces with permanent facilities and meeting future demand for service.

Appendix I provides a brief overview of other Navy projects funded by the Military Construction Program.

The Navy will continue to execute large military construction projects that are in excess of $50M. Pier and wharf replacement, weapons magazines, industrial facilities, and dry dock repairs are examples of large projects that are critical to current and future readiness. This budget submission complies with the Office of Management and Budget policy and the DoD Financial Management Regulation that establishes criteria for the use of incremental funding.

The Navy's FY-2009 budget is our initial step in restoring our Shore Infrastructure's condition, configuration, and capacity to meet our Navy's readiness requirements and to attract and retain the Sailors. We will aggressively focus on the needs of our Sailors, the requirements of our warfighters, and our ever-pressing responsibility to sustain, recapitalize, and right size our shore infrastructure.

BRAC Program

Base Realignment and Closure (BRAC) legislation has enhanced our efforts to create a more efficient and effective shore establishment. Prior BRAC rounds have reduced much of our excess infrastructure capacity. Our aggressive approach to selling BRAC property has resulted in more than $1.1B in Land Sales Revenues (LSR). We have reinvested these funds in environmental cleanup efforts that accelerate other closures and in public conveyance transfers that benefit the Navy and local communities. We financed significant portions of

the prior BRAC program with LSRs from the sale of prior BRAC properties, starting in FY 2003. The depletion of LSR revenues, increased requirements related to environmental clean-up, and the prospect of very limited future LSRs, have intensified the requirement for appropriated funding. The FY 2009 prior BRAC program is financed with $179M appropriations and $24.8M of residual LSR to continue environmental clean up, caretaker efforts, and early property transfer efforts.

BRAC 2005 legislation continues the process of improving efficiencies and reducing footprint. We have started to implement business plans for BRAC 2005 actions that account for $893M in yearly savings for steady state operations starting in FY 2012. We are leveraging current BRAC requirements to enhance our process for joint infrastructure requirements determination and our workforce's joint infrastructure professional development. With DoD and the other Services, we have developed joint basing guidance that focuses on common levels of service and support. While there is still much work to be done, the Joint Basing process is redefining our infrastructure modeling processes and it is significantly increasing our economy-of-scale efficiencies.

Housing Program

I am very pleased with the progress the Navy has made in our housing program. Much of our success is due to your strong support. The FY 2009 budget addresses our continued commitment to improve living conditions and provide safe, affordable, and comfortable housing for our Sailors and their families worldwide.

High-quality and affordable housing is essential for Navy families during long and short separations and has a significant impact on individual and mission readiness. We continue to pursue a three-part housing strategy:

1. Reliance on the Private Sector: Our policy is to make every effort to provide housing for our Sailors in the local community first. Sailors have the opportunity to buy or rent homes in the community if they receive Basic Allowance for Housing (BAH). The results of a recent DoD housing survey indicated that more than half of Sailors living in communities chose to rent rather than purchase homes.

2. Public/Private Ventures (PPV): We greatly appreciate the support of Congress for extending the same principles of privatization used for family housing to our critical bachelor housing needs. We expect unaccompanied privatization to be as successful in accelerating improvements in living conditions for our single Sailors as it was for family housing. We have continuously refined our family housing privatization program and have instituted a portfolio management program that collects and analyzes financial data to ensure that the projects are sound and the partners are performing as expected.

3. MILCON: Since private sector housing and privatization do not address all our housing requirements, we require construction funding for select CONUS locations where PPV is not financially feasible and for overseas family and bachelor housing.

Family Housing

Utilizing a combination of increased recapitalization funding and PPV authorities, the Navy met the Secretary of Defense's goal to fund the elimination of all inadequate military family housing units by FY 2007. In FY 2002, the Navy identified over 22,000 inadequate units in our inventory. Contracts and PPV agreements were in place by the end of FY 2007 to eliminate all inadequate homes by 2011.

Summary of Inadequate Unit Elimination (EOY Data)					
	FY07	FY08	FY09	FY10	FY11
Inadequate Units	9,610	6,181	3,151	1,253	0

Our FY 2009 family housing budget request includes $123M for family housing construction, improvements, planning, and design. This amount includes $62.6M for replacement construction for housing our permanent party personnel at our remote and isolated facilities in Guantanamo Bay, Cuba, and $58.5M for improvements to Navy-owned inventory in Guam and Japan. The Budget also provides for a government contribution in conjunction with the use of housing privatization authorities at Gulfport, Mississippi. While we have successfully transitioned nearly all of our CONUS housing to PPV, we must make improvements to our retained assets, primarily overseas, to provide suitable homes for our Sailors and their families. The FY 2009 budget request provides funding to renovate, replace, and sustain approximately 7,800 housing units in foreign/overseas locations. The FY 2009 budget request includes $339M for the operation, maintenance, and leasing of Navy family housing.

At the end of FY 2007, 95 percent of CONUS and Hawaii family housing had been privatized. In just over 6 years, 18 privatization projects were awarded for a total of 40,355 homes. The Navy applied $277M of its own funds and secured $4.9B in private sector investments to achieve a leverage ratio of 18:1. Our portfolio management program collects and analyzes financial, occupancy, construction, and resident satisfaction data to ensure that the projects are optimized and that services are provided as expected. In 2006, the Navy began hosting PPV focus groups to assess the quality of privatized housing and housing services delivered to Navy families to determine if changes in Navy policies and procedures are warranted. We will host these sessions every other year at each privatized location. We monitor customer satisfaction closely and PPV continues to show improvement.

Navy Awarded Projects

Location	Units
Kingsville I	404
Everett I (185 units were sold)	0
Everett II	288
Kingsville II	150
San Diego I	3,248
New Orleans	941
South Texas	585
San Diego II	3,217
Hawaii I	1,948
Northeast Region	3,187
Northwest Region	2,985
Mid-Atlantic Region	5,840
Midwest Region	1,658
San Diego Phase III	4,268
Hawaii Phase III	2,517
San Diego Phase IV	3,532
Southeast Regional	5,269
MW Phase II (NSA MidSouth)	318
CURRENT ENDSTATE TOTAL	40,355

Bachelor Housing

Our Bachelor Housing Program addresses two goals: 1) Eliminate permanent party inadequate spaces; and 2) Ensure bachelor housing meets privacy standards. The Navy is relying on military construction, the use of PPV authorities, and community housing for single Sailors authorized to receive BAH to reach these goals.



I recently visited the first Unaccompanied Housing Privatization (UHP) project site, Pacific Beacon, in San Diego. Pacific Beacon will provide 941 dual master suite units, each featuring private bedrooms with walk-in closets, bathrooms, and study nooks. The suites also feature a shared common living room and kitchen featuring full-size refrigerators, dishwashers, and washer/dryers. The site also includes a swimming pool, a fitness center, a movie theater, classrooms, and a WIFI café. I was very impressed by the accommodations at Pacific Beacon. They are the best enlisted bachelor quarters I have seen in my Navy career.

Our second unaccompanied housing privatization project is in Hampton Roads, Virginia. We awarded the contract in November 2007 and expect occupancy in 2009. This project will construct 2,364 spaces for E1-E3 Sailors. We are evaluating a third pilot project for Jacksonville/Mayport, as well as follow-on phases for the projects in San Diego and Hampton Roads.

Our bachelor housing budget request for FY 2009 includes: $131M for quarters operations and $159.3M for new construction. Included in the $159.3M construction request is the project at San Clemente Island Naval Auxiliary Landing Field that will eliminate the final 38 inadequate spaces in the Navy's inventory. In addition to the project at San Clemente, we have a special programs barracks project at Great Lakes, IL and a bachelor enlisted quarters project in Guam.

CONCLUSION

We are a strong Navy with the reach, presence, and power needed today and tomorrow. As we build the future Fleet, we will remain ready to fight while fully supporting our people. The dedication of our Sailors and Navy civilians is inspiring. They are truly making a difference, and it is an honor to serve alongside them. Reversing the decline in our shore infrastructure's condition, configuration, and capacity is a key component in our efforts to remain the world's dominant maritime power. Military Construction and Quality of Life programs are essential to maintaining our readiness. The right investments in the right capabilities and services at the right installations will continue to provide this Nation with the world-class maritime force it demands and requires.

I am grateful for your support, and I look forward to working with you to ensure our programs continue to support our Navy's readiness, our motivated and well-trained Sailors and civilians, and their dedicated families.

Appendix I

Military Construction – Navy (MCN)

The Navy's MILCON program balances current mission, recapitalization of existing infrastructure, and preparations for our future Navy. It also demonstrates our commitment to the critical importance of our people and our requirement to attract, train, and retain the best.

Water Front Operations

$176M for five waterfront MILCON projects supporting mission alignment and recapitalization including:

- British Indian Ocean Territories (BIOT), Diego Garcia: Wharf Upgrades & Warehouse. Provides the remaining utilities required to support a LAND class tender
- New London, CT: Pier 31 Replacement
- Pearl Harbor, HI: Magnetic Silencing Facility, Increment 2 of 2
- San Diego, CA: Berth Lima Conversion to support homeporting of a third CVN
- Mayport, FL: Alpha Wharf Improvements

Airfield Operations

$62M for three projects supporting Airfield Operations, both CONUS and in Africa:

- Whidbey Island, CA: Hangar 5 Recap, Increment 2 of 2
- Camp Lemonier, Djibouti: Aircraft Maintenance Hangar
- Camp Lemonier, Djibouti: Aircraft Parking Apron

Base Support

$40M for critical infrastructure investment:

- Marianas/Guam: Wastewater Collection System, Phase I. Replaces selected gravity-fed sewer lines and lift stations (not associated with Defense Policy Review Initiative)
- Indian Head, MD: Sewage Treatment Plant to meet the "Chesapeake Bay Restoration" Memorandum of Understanding

C4I Operations

$44M in support of critical data/information systems:

- Washington, DC: National Maritime Intel Center, Increment 3 of 3
- Camp Lemonier, Djibouti: Telecommunication Facility
- Various Locations: Data Center

Expeditionary Operations

$60M to support the Naval Expeditionary Combat Command, Special Operating Forces, Joint Global Expeditionary Communication and Logistics support:

- Tampa, FL: Joint Communications Squadron Facility
- Pearl Harbor, HI: Joint Forces Deployment Staging Area
- Gulfport, MS: 25th Naval Construction Regiment Headquarters
- Various Locations: Forward Operating Site

Intermediate/Depot Maintenance

$60M for two projects to support the V-22 Osprey and CVN transits:

- Norfolk, VA: Norfolk Harbor Channel Dredging for the safe transit of CVNs into the Deperming Station and Norfolk Naval Shipyard
- Cherry Point, NC: Engineering Product Support Facility. Constructs an engineering product support facility to accommodate V-22 Engineering Lab Equipment

Ordnance/Weapons

$102M in support of Strategic weapons storage and Ammo operations in the western Pacific:

- Silverdale, WA: Limited Area Production and Storage Complex, Increment 5 of 7
- Marianas/Guam: Kilo Wharf Extension, Increment 2 of 2

RDT&E

$91M in support of future systems development:

- Washington, DC: Autonomous Systems Research Lab for development of future generations of autonomous systems
- Mechanicsburg, PA: Full Scale Electric Drive Test Facility. Provides a facility to conduct full-scale testing of integrated all-electric ship concepts
- Lakehurst, NJ: Advanced Arresting Gear Test Site for life-cycle testing and support of new Arresting Gear system for CVNs
- Kauai, HI: Advanced Radar Detection Laboratory for testing advanced CG(X) radar systems to support deployment of multi-mission S-band radar

Training

$111M in support of Navy Accession Training and new platform specific training curriculum:

- NSTC Great Lakes: Special Programs Barracks. This NSTC Great Lakes project completes the Recruit Training Command Recap program
- Various Locations: MMA (P-8A) Simulator Training Building to support training for the P-3 replacement aircraft

Sailor and Family Readiness

$268M in three Major focus areas: Bachelor Housing, Culture of Fitness, and Child Development.

- Marianas/Guam: Bachelor Enlisted Quarters. Provides permanent party Navy junior enlisted (E1-E3) personnel adequate housing
- San Clemente Island, CA: Bachelor Enlisted Quarters. Provides 45 1+1E standard modules and completes the elimination of permanent party gang head barracks in the Navy

Navy has implemented an initiative to replace over-aged single function gymnasiums with multi-function Fitness Complexes to enhance Sailor Readiness to meet increasing demands on our Force.

- Newport, RI: Fitness Center
- Guantanamo Bay, Cuba: Fitness Center
- Pearl Harbor, HI: Fitness Center

Through the combination of construction of new Child Development Centers, interim modular classrooms, an expanded Child Development Home program, and additional contract civilian spaces, the Navy will achieve the DOD goal to provide service to 80% of the potential need. The FY-2009 funding request includes five projects that will reduce the deficit by 1,320 spaces.

- Pearl Harbor, HI: Child Development Center
- Jacksonville, FL: Child Development Center
- El Centro, CA: Child Development Center
- North Island, CA: Child Development Center
- Norfolk, VA: Child Development Center

Military Construction – Navy Reserve (MCNR)

The Navy Reserve Component FY-2009 Military Construction program consists of one joint facility and two training facilities that directly support GWOT. These are:

- Little Creek, VA: Ordnance Operations Facility. Constructs an Explosion Ordnance Disposal Unit 10 operations and maintenance facility
- Yorktown, VA: Ordnance Handling Cargo & Training Facility. Provides facilities to support Navy Cargo Handling Battalion ONE Fleet deployment operations
- Wilmington, DE: Armed Forces Reserve Center. Provides a Joint facility with the Delaware Army National Guard

The Navy continues to investment in Navy Reserve Facilities; capitalizing on joint use opportunities with other DOD organizations. The Navy Reserve program will continue to exploit every opportunity to share existing joint facilities and to reduce new footprint requirements.

Mr. EDWARDS. Thank you for your comments.
General Conway.

STATEMENT OF GENERAL JAMES T. CONWAY

General CONWAY. Chairman Edwards and Congressman Wamp, it is my pleasure to always provide you with forthright analysis assessments here at the Marine Corps. I bear that in mind as we appear before you today.

The Marine Corps retains the mission to provide a multicapable force for our nation, the two-fisted fighter, if you will, able to destroy enemy formations with our air and ground team in major contingencies but also able to fall back on our—and warfare skills all over decades of conflict.

Our magnificent patriots have been extremely effective in disrupting insurgents and the Al Qaida in the Al Anbar province. In the spirit of jointness, I would note that it has been Marines and soldiers and Sailors in a composite effort over time that has brought success there.

We are still supporting a surge in Iraq, and we have already shifted from population protection to transitioning security responsibilities to Iraqi security forces, and Iraq will be stepping up to the task. While it may not be our core competency, Marines have addressed the nation-building aspects of our duties with enthusiasm and determination.

In answer to the most recent call from the Secretary of Defense, we are also deploying more than 3,000 Marines to Afghanistan. There, Marines will assist the joint force in either gaining or maintaining momentum there. We fall in on our expeditionary ethos of living hard and fighting well as part of an air-ground team.

We do, however, have a significant issue with our families, though the Marines are doing extremely well. Simply put, they are proud of their contributions to this war, but they are tired. We owe it to those families to put our family service programs onto a wartime footing. For too long, our programs have been borne on the backs of volunteers, perhaps acceptable during peacetime, but untenable during a protracted conflict. The Congress has been exceptionally supportive in enabling us to make good on the promise to do more.

Of course, we look forward to our obligations to the nation, and we have learned lessons in trying to build a force as we fight. We are growing our force, but it is more than just manpower. This growth requires training, infrastructure and equipment to meet the needs of our country. You have helped us meet those requirements with steady support and encouragement, and for that, we certainly thank you.

For our infrastructure, the Marine Corps has dedicated funding more than eight times our historical average—your point earlier, sir—for barracks and construction; however, this increase is the result of more than just our growth. For the longest time, we placed some of our operational priorities above these projects. Frankly, we put ourselves in—with regards to our barracks. We now have a severe backlog of repair needs and construction requirements.

I think the photos in my written statement will provide you an appreciation of the conditions of some of our most dire barracks, some of which were built actually during the Korean War.

We are committed to providing adequate billeting for all of our existing, unmarried, junior enlisted Marines and non-commissioned officers by 2012 and for our increased end strength by 2014.

On behalf of your Marines, I extend a great appreciation for your support this year, and I thank you in advance for your efforts on behalf of our brave Servicemen and women who are in harm's way.

I assure you that the Marine Corps appreciates the increasing competition for the nation's discretionary resources, and we will continue to provide a tangible return on every dollar spent.

Thank you, Mr. Chairman.

[Prepared statement of General James T. Conway follows:]

Not Public Until
Released by the HAC

STATEMENT OF

GENERAL JAMES T. CONWAY
COMMANDANT OF THE MARINE CORPS

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE

MILITARY CONSTRUCTION SUBCOMMITTEE

ON

FY09 MILITARY CONSTRUCTION
MARCH 11, 2008

Not Public Until
Released by the HAC

General James T. Conway

Commandant of the Marine Corps



General Conway was born in Walnut Ridge, Arkansas and is a graduate of Southeast Missouri State University. He was commissioned in 1970 as an infantry officer. His company grade assignments included multiple platoon and company commander billets with both the 1st and 2nd Marine Divisions; Executive Officer of the Marine Detachment aboard the USS Kitty Hawk (CVA-63); series and company commander at the Marine Corps Recruit Depot in San Diego; aide to the Commanding General, and Director, Sea School.

As a field grade officer, he commanded two companies of officer students and taught tactics at The Basic School; he also served as operations officer for the 31st Marine Amphibious Unit to include contingency operations off Beirut, Lebanon; and as Senior Aide to the Chairman, Joint Chiefs of Staff. Promoted to Lieutenant Colonel, he was reassigned to the 2d Marine Division as Division G-3 Operations Officer before assuming command of 3d Battalion, 2d Marines in January 1990.

He commanded Battalion Landing Team 3/2 during Operations Desert Shield and Desert Storm. Selected for colonel, he served as the Ground Colonels' Monitor, and as Commanding Officer of The Basic School. His general officer duties included Deputy Director of Operations, J-34, Combating Terrorism, Joint Staff, Washington, D.C.; and President, Marine Corps University at Quantico, VA. After promotion to Major General, he assumed command of the 1st Marine Division. In November 2002, Major General Conway was promoted to Lieutenant General and assumed command of the I Marine Expeditionary Force. He commanded I Marine Expeditionary Force during two combat tours in Iraq. In 2004, he was reassigned as the Director of Operations, J-3, Joint Staff, in Washington, D.C.

General Conway graduated with honors from The Basic School, the U.S. Army Infantry Officers' Advanced Course, the Marine Corps Command and Staff College and the Air War College.

General Conway's personal decorations include the Defense Distinguished Service Medal with palm, Navy Distinguished Service Medal, Legion of Merit, Defense Meritorious Service Medal, Meritorious Service Medal with two Gold Stars, Navy Commendation Medal, Navy Achievement Medal and the Combat Action Ribbon.

Chairman Edwards, Congressman Wamp, and Distinguished Members of the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies, thank you for the opportunity to report to you on the state of your Marine Corps. In our recent meetings, as well as previous testimony before this Congress, I have pledged to provide you with frank and honest assessments; I come here today again with that thought in mind.

Your Marine Corps is fully engaged in what we believe is a generational struggle against fanatical extremists; the challenges we face are of global scale and scope. This Long War is multi-faceted and will not be won in one battle, in one country, or by one method. Your Marines are a tough breed and will do what it takes to win — not only in these opening battles of Iraq and Afghanistan, but also in the subsequent conflicts which we endeavor to prepare for today.

In the face of great hardship, your Marines have made a positive and selfless decision to stay resolved. More than 332,000 Marines have either enlisted or re-enlisted since September 11, 2001; more than 208,000 have deployed to Iraq or Afghanistan — a telling number for a force of less than 200,000 Marines. Make no mistake, they joined or decided to re-enlist *knowing* they would go into harm's way.

They have answered the Nation's call and are fully engaged in this fight serving with distinction as the professionals they are. It falls on us, then, to fully support them — we owe them the full resources required to complete the tasks ahead. Now more than ever, they need the sustained support of the American people and the Congress to provide them the help they need to fight today's conflict, prepare for tomorrow's, and fulfill our commitment to Marine families.

Grow the Force

To meet the demands of the Long War as well as the uncertainty of our Nation's security environment, our Corps must be sufficiently manned, well trained, and properly equipped. Like the Cold War, the Long War is a generational struggle that will not be measured by the number of near-term deployments or rotations; it is this long-term view that informs our priorities and plan for growth.

To fulfill our obligations to the Nation, the Marine Corps will grow its personnel end strength to 202,000 Active Component Marines by the end of Fiscal year 2011. This increase will enable your Corps to train to the full spectrum of military operations and improve the ability of the Marine Corps to address future challenges of an uncertain environment. Our growth will

enable us to recover our ability to respond in accordance with timelines outlined in Combatant Commander war plans — thereby, reducing operational risk. Just as importantly, this growth will relieve strain on those superb Americans who have volunteered to fight the Nation's battles. This growth includes:

- ***An increase in our end strength to 202,000 Marines;***
- ***Adequate expansions of our infrastructure to provide for our Marines, their families, and their equipment; and***
- ***The right mix of equipment for the current and future fight.***

This additional end strength will result in three Marine Expeditionary Forces — balanced in capacity and capability. The development of Marine Corps force structure has been the result of a thorough and ongoing process that supports the Combatant Commanders and accomplishes our Title 10 responsibilities. The process addresses all pillars of combat development (Doctrine, Organization, Training, Materiel, Leadership and Education, Personnel, and Facilities) and identifies our required capabilities and the issues associated with fielding them.

Infrastructure

The Fiscal Year 2009 President's Budget of $3.2 billion for our facilities program is a 59 percent increase over our Fiscal Year 2008 proposal. Our program consists of $534 million for facility sustainment; $881 million for restoration and modernization; $297 million for Family Housing PPV seed money and operations and maintenance of housing; and $2.038 billion for supporting construction for our active and reserve forces.

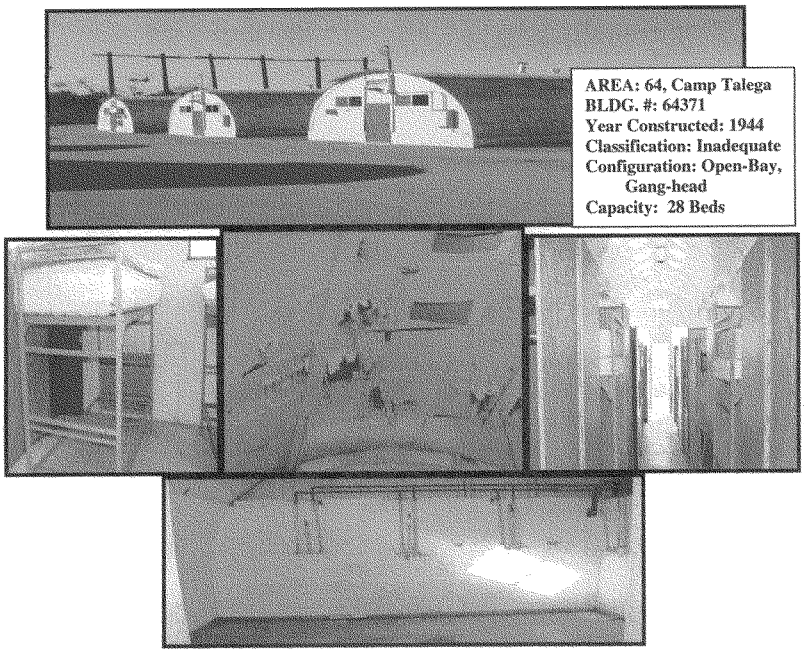
This unprecedented level of funding in our facilities program is primarily the result of our end strength increase to 202,000 Marines and our conviction that the Marine Corps must provide adequate, fully functioning facilities for our Marines to operate and live. Because our manpower expansion has already begun, temporary facility solutions were put into place beginning in Fiscal Year 2007. In Fiscal Year 2007 and 2008, $951 million was requested to support our growth — for bachelor enlisted quarters, family housing, and operational facilities. In Fiscal Year 2009, $1.3 billion is requested in support of this growth.

Exacerbating our requirements, for many years, we funded only our most critical needs. As a result, we have a backlog of repair needs, construction requirements, and our installations are in a poor position to properly accommodate our increased number of Marines. Most of the efforts in Fiscal Years 2007, 2008, and proposed-2009 accelerate non-unit specific facilities, which benefit all those aboard the installation — such as bachelor quarters, family housing, ranges, operational facilities, and landfills. This will assist in getting our installations ready to support our Grow the Force initiative.

As a result of our rapid but rigorous planning process, we were able to submit our end-strength growth stationing plan to Congress in October 2007. Our proposed Fiscal Year 2009 request is based on that stationing plan and will go a long way to ensure that adequate facilities are available to support a 202,000-Marine Corps — while meeting our environmental stewardship requirements.

The Marine Corps' has four major funding areas where recapitalization and modernization initiatives in infrastructure and facilities are programmed: Bachelor and Family Housing; Facility Sustainment, Restoration, and Modernization; Military Construction; and Military Construction, Navy Reserve.

Bachelor Housing. Bachelor housing is my top Military Construction priority. Beginning in Fiscal Year 2008, we began the Bachelor Enlisted Quarters Initiative. For the longest time, we placed some of our operational priorities above these projects. We have put ourselves *in extremis* with regards to new barracks as we have degraded their priority for decades in lieu of operational requirements. In concert with this written statement, I have enclosed photographs of some of our most pressing requirements for barracks renovation and replacement. We are now committed to providing adequate billeting for all of our existing unmarried junior enlisted Marines and non-commissioned officers by 2012 — and for our increased end strength by 2014.



AREA: 64, Camp Talega
BLDG. #: 64371
Year Constructed: 1944
Classification: Inadequate
Configuration: Open-Bay, Gang-head
Capacity: 28 Beds

As these photographs show, we have some distance to go before we are able to claim success in this area; but as just stewards of our resources, we are committed to moving forward. The Fiscal Year 2009 budget request continues to build on this initiative and proposes $1.168 billion bachelor housing new construction in support of our current end strength.



AREA: 53, Camp Horno
BLDG. #: 53430
Year Constructed: 1953
Last Renovation: minor, 2006
Classification: Inadequate
Configuration: Open-Bay, Gang-head
Capacity: 48 Beds

The Marine Corps is the youngest, most junior, and least married of the four military Services. Providing appropriate and comfortable living spaces for these young men and women — who are facing ever-changing responsibilities and make the sacrifices for our Nation — just makes sense. Taking care of our single Marines is my highest priority for infrastructure support. The Marine Corps has dedicated more than eight times our historical average for new and replacement barracks construction. We are also committed to funding whole room barracks furnishings on a seven-year replacement cycle and prioritizing barracks repair projects to preempt a backlog of repairs.

The Marine Corps' primary focus remains housing our junior enlisted bachelor personnel in pay grades of E1 through E5 in our barracks, with a goal of providing a 2+0 room standard that allows two junior enlisted Marines (E1-E3) to share a room and bath. We believe that assigning two junior Marines to a room is the correct balance between the privacy desired by the Marines and the Marine Corps' goals of providing companionship, camaraderie, and unit cohesion. This balance provides the atmosphere we believe is necessary to motivate, train, and develop Marines, while fostering unit integrity. Noncommissioned officers (E4 and E5) are provided a private room with bath in a 2+0 room.

The Marine Corps currently maintains 86,804 bachelor enlisted housing spaces worldwide. We required an additional 16,330 spaces in 2006 in the United States to adequately house our enlisted bachelor Marines. Our program is now adjusted to support our current end strength. Your support of our Fiscal Year 2009 $1.168 billion Military Construction request for bachelor housing will allow us to continue to reduce this shortfall through thirty five barracks projects at eight bases located in California, Georgia, Hawaii, and North Carolina. With your continued support, the Marine Corps is on track to obtain our goal to achieve the 2+0 standard to support 180,000 end-strength (pre-grow-the-force end strength) by 2012 and supports our 2014 goal to provide adequate housing for 202,000 Marines. Consequently, our single Marines are seeing signs of progress and know the support is there to provide them with quality housing.

Family Housing. With over 170,000 family members, Marine Corps families are an integral component of readiness. We must always remember that Marines and their families serve out of a sense of duty and loyalty to our country and as they do so, they face the difficulties of the military lifestyle — frequent relocations far from extended family and deployments that

separate families for months at a time. A continued commitment to improving family housing helps us to convey our appreciation for their service and sacrifices.

In continued support of the President's Management Agenda, we have been increasing our quality family housing inventory through public private ventures (PPVs) and through Military Construction where necessary.

The Department of Defense has had a long-standing goal to eliminate all inadequate family housing. We have nearly 23,000 owned, leased, or PPV family housing units worldwide; in 2001, the Marine Corps had close to 17,700 inadequate housing units with the majority of those units requiring significant revitalization or replacement. Thanks to your support, I am proud to report that we successfully had contracts in place by the end of Fiscal Year 2007 to completely revitalize all remaining inadequate housing by Fiscal Year 2014.

The Fiscal Year 2009 President's family housing budget request of $297 million for the Marine Corps includes $37 million for family housing operations, $9 million for traditional Military Construction, and $251 million for PPV seed money. Support for this request will allow us to continue to address the requirement for additional family housing resulting from "Grow the Force" increases and the remaining requirement for the stand-up of the Marine Corps Special Operations Command and to reduce our long-standing housing deficits. Under our traditional military construction programs, we will sustain and restore 72 townhouse enlisted units at Marine Corps Air Station Iwakuni, Japan.

Public Private Ventures. The PPV seed money will permit construction of 394 deficit-reduction units and a DoD Dependent school at Marine Corps Base Camp Lejeune in North Carolina; the construction or purchase of 951 units at Marine Corps Base Camp Pendleton and Marine Corps Air Ground Combat Center in California; and 520 units at Marine Corps Base Hawaii. This aggressive PPV program will continue to allow the Marine Corps to leverage private sector funds. In addition to government financing, the private sector will contribute an estimated $149 million worth of development capital for PPV projects in Fiscal Year 2009.

We have privatized ninety-six percent of our world-wide inventory to date and continue to see success from our PPV projects at Marine Corps installations in Arizona, California, Georgia, Hawaii, Massachusetts, Missouri, New York, North and South Carolina, and Virginia. PPVs have not only improved the homes in which our families live, they are also providing

community support facilities such as community centers, playgrounds, green scapes, etc., that help create neighborhoods and a sense of community.

Appropriation of last year's request will provide funding to award two PPV projects. This funding will allow for additional housing construction through privatization at Marine Corps Bases Camp Lejeune and Camp Pendleton, and Marine Corps Air Ground Combat Center Twentynine Palms. Upon award of these projects, we will have successfully privatized approximately 97 percent of our worldwide inventory and reduced our housing deficit by up to 1,103 homes.

With nearly 100 percent of our domestic inventory privatized we will continue to build on our prior successes and use PPVs to help us address most of our remaining housing requirement. We thank the Congress for its generous support of this program — it has made all the difference in the world to our families.

Basic Allowance for Housing. In addition to PPV initiatives for family housing, the Department of Defense's continued support for full funding of the Basic Allowance for Housing (BAH) is allowing more families to access quality affordable housing in the private sector. This is important since more than two-thirds of married service members do not live on a military installation. However, many families continue to prefer to live in military or PPV housing for a number of reasons, including economics, safety, schools, and community support. PPV combined with traditional Military Construction will continue to build and improve the homes necessary to supplement private sector housing.

Facility Sustainment, Restoration, and Modernization. Facility sustainment funding is critical to keeping our buildings ready to support the mission and provide an acceptable quality of life. In the past, our infrastructure was not replaced at an appropriate rate, causing portions of it to deteriorate. As a consequence, the Marine Corps has had to use an increasing percentage of its facility sustainment funds to bind together old, inadequate buildings throughout the course of their service life, rather than maintaining newer, more economical structures; this has resulted in significant numbers of facility sustainment projects being deferred due to a lack of funds. This directly affected the living and working conditions in barracks, mess halls, and other facilities, in highly visible and negative ways. In addition, we suffered a "quiet crisis" with respect to less obvious repairs to steam plants, runways, sewer lines, and roads.

Because of a funding model and standards developed by the Office of the Secretary of Defense (OSD) to determine the amount of funding we need to sustain our facilities, we have done very well in programming and execution of facility sustainment. In Fiscal Year 2008, our estimated sustainment rate is over 100% — allowing us to take care of some backlogged repairs. To build on this investment, we added approximately $400 million in the Fiscal Year 2009 budget to reduce the backlog of restoration work in our existing facilities. This one-time injection of repair money will help improve living and working conditions for both existing and "Grow the Force" Marines.

Military Construction. For the second year in a row, the Fiscal Year 2009 proposal for Military Construction represents a significant increase from traditional funding levels in order to provide facilities to address long-standing requirements at our bases and stations. The facilities we are proposing will ultimately support our ramp-up to 202,000 end strength increase.

The Marine Corps prioritizes and balances our Military Construction requirements against many pressing needs. As I stated earlier, bachelor housing is our top Military Construction priority. In Fiscal Year 2009 we have requested an investment of $1.168 billion in bachelor housing construction. This is the second year of our initiative to construct new barracks to support a Marine Corps force of 180,000 by 2012. For decades, we set aside our barracks shortfall as a funding priority, and we now find ourselves well below acceptable living standards. $856 million of the $1.3 billion in Grow the Force Military Construction investment is an acceleration of our BEQ initiative. This funding with an additional $312 million in our regular program request provides a total of $1.168 billion in BEQ funding in support of both our BEQ and Grow the Force Initiatives. The additional BEQ funding in the Grow the Force initiative will help meet existing deficiencies and enable our bases to house new Marines earlier. This investment plan does not take into account our end strength growth to 202,000 but will go a long way toward meeting the additional future requirement and our effort to have all single Marines adequately housed.

Other long-standing improvement requirements at our bases and stations include dining facilities at Camp Lejeune; MCAS New River, Camp Pendleton and Quantico; a Child Development Center at Camp Lejeune; ranges at Camp Pendleton and Camp Lejeune; facilities that support the stand-up of the V-22 aircraft in North Carolina and California; the second and third stage of barracks replacement supporting the 3rd Recruit Battalion at MCRD Parris Island;

a recruit support battalion barracks at MCRD San Diego; and the third stage of student officer quarters replacement at The Basic School at Quantico.

The support of this Committee is clearly evident when I visit Marines who are working in some of our newly-constructed facilities; their morale and ability to accomplish their mission is significantly and positively affected. When new construction is deferred, in the short term, Marines will still find a way to accomplish their mission. However, in the long term, especially with our end strength increase, we cannot defer new construction without having a profound effect on readiness, retention, and quality of life.

Military Construction, Navy Reserve. The Marine Forces Reserve is an integral and vital portion of our Marine Corps total force. Marine Forces Reserve is comprised of almost 39,600 Select Marine Corps Reserve personnel at 183 sites, dispersed throughout 48 states, Washington D.C., and Puerto Rico. As these numbers suggest, maintenance of Marine Corps Reserve facilities presents a considerable challenge. It is our mission to make sure they are supported with adequate facilities. The Military Construction, Navy Reserve program for exclusive Marine Corps construction must effectively target limited funding to address at least $130 million in deferred construction projects. Over 50 percent of the reserve centers our Marines train in are more than 30 years old and of these, 35 percent are more than 50 years old.

In addition to antiquated facilities, the modern equipment our Marines use today requires appropriately constructed or modified maintenance facilities, as well as adequate electrical power and other support infrastructure upgrades to maintain combat readiness. The electrical demand on our facilities has increased significantly due to the widespread use of electronic devices and technologically advanced equipment, such as weapons systems simulators. We still continue to use inadequate facilities built to accommodate manual typewriters, M151 jeeps, and M-48 tanks.

To help us address these challenges, the President's Fiscal Year 2009 Budget for Military Construction, Navy Reserve contains $22.98 million in appropriations request for construction and $843 thousand in planning and design. This program addresses our most pressing requirements and will provide a new Reserve Training Center and a vehicle maintenance facility in Fresno, California; and a Reserve Training Center in Windy Hill, Georgia.

Improving Quality of Life for Marines and Families

Marines take care of their own – period. This enduring pledge between Marines is never more sacred than during time of war. Just as every Marine makes a commitment to the Corps when they earn the title Marine, the Corps makes an enduring commitment to every Marine – and an enduring commitment to their family.

Putting Family Readiness Programs on a Wartime Footing. Our Marines have been at war for over six years; our commitment has been to place the programs that support their families on a wartime footing as well. Last year, we conducted a self-imposed, rigorous assessment of our family programs and have aggressively moved forward to improve them at every level. We continue our assessments — targeting younger Marines and their families to ensure that we are fully addressing their needs. We request that Congress, through authorities and appropriations, continue to support these initiatives so that we can advance these reforms to meet the evolving requirements of our warfighters and their families.

Our Marine Corps Family Team Building Program and unit Family Readiness Programs, the centerpiece to our family support capability, was based on a peacetime model and 18-month deployment cycles. It was also largely supported on the backs of our dedicated volunteers; our volunteers have been performing magnificently while shouldering the lion's share of this program — but it is time to dedicate sufficient resources in light of the demands of our wartime operations.

We have recently initiated a sustained funding increase to implement Marine Corps family readiness reforms in Fiscal Year 2008. These reforms include:

- Formalizing the role and relationship of process owners to ensure accountability for family readiness;
- Expanding programs to support the extended family of a Marine (spouse, child, and parents);
- Establishing primary duty billets for Family Readiness Officers at regiment, group, battalion, and squadron levels;
- Improving the quality of life at remote and isolated installations;
- Increasing Marine Corps Family Team Building installation personnel;

- Refocusing and applying technological improvements to our communication network between commanders and families;
- Dedicating appropriate baseline funding to command level Family Readiness Programs; and
- Developing a standardized, high-quality volunteer management and recognition program.

In addition to family readiness program improvements, the Marine Corps has dedicated $100 million in the Fiscal Year 2008 GWOT Supplemental Amendment for Warrior Family Support. The funding will be used to help transition and expand our installation and deployed family readiness support through staffing, infrastructure, equipment, and technology initiatives. At installations across the Marine Corps, to include remote and isolated installations, we are making programs and services upgrades to support the families of our deployed warriors. Remote and Isolated Installation Contact Teams were assembled to review our programs that serve these Marines with unique needs. We are acting on command-specific findings and recommendations by investing over $35 million in Fiscal Year 2008 to increase the depth and breadth of programs offered at these installations and to execute facility modernization or refurbishment.

Exceptional Family Member Program (Respite Care) (EFMP). We are offering our active duty families enrolled in the Exceptional Family Member Program up to 40 hours of free respite care per month for each exceptional family member. Also seeking to provide a "continuum of care" for our exceptional family members, we are using our assignment process, working with TRICARE and the Department of the Navy Bureau of Medicine and Surgery to expand access and availability to care, and providing family support programs to ease relocations and ensure quality care transitions.

Wounded Warrior Regiment. In April 2007, the Wounded Warrior Regiment was activated to achieve unity of command and effort in order to develop a comprehensive and integrated approach to Wounded Warrior care. The establishment of the Regiment reflects our deep commitment to the welfare of our wounded, ill, and injured. The mission of the Regiment is to provide and facilitate assistance to wounded, ill, and injured Marines, Sailors attached to or in support of Marine units, and their family members, throughout all phases of recovery. The Regiment provides non-medical case management, benefit information and assistance, and

transition support. We use "a single process" that supports active duty, reserve, and separated personnel and is all-inclusive for resources, referrals, and information.

There are two Wounded Warrior Battalions headquartered at Camp Lejeune, North Carolina, and Camp Pendleton, California. The Battalions include liaison teams at major military medical treatment facilities, Department of Veterans Affairs Polytrauma Rehabilitation Centers and Marine Corps Base Naval Hospitals. The Battalions work closely with our warfighting units to ensure our wounded, ill and injured are cared for and continue to maintain the proud tradition that "Marines take care of their own."

The Regiment is constantly assessing how to improve the services it provides to our wounded, ill, and injured. Major initiatives of the Regiment include a Job Transition Cell manned by Marines and representatives of the Departments of Labor and Veteran Affairs. The Regiment has also established a Wounded Warrior Call Center for 24/7 support. The Call Center both receives incoming calls from Marines and family members who have questions and makes outreach calls to the almost 9,000 wounded Marines who have left active service. A Charitable Organization Cell was created to facilitate linking additional wounded warrior needs with charitable organizations that can provide the needed support. Additionally, The Regiment has also strengthened its liaison presence at the Department of Veterans Affairs Central Office. These are just some of the initiatives that reflect your Corps' enduring commitment to the well-being of our Marines and Sailors suffering the physical and emotional effects of their sacrifices for our great Nation.

We are at the beginning of a sustained commitment to care and support our wounded, ill, and injured. As our Wounded Warrior Program matures, additional requirements will become evident. Your continued support of new legislation is essential to ensure our Wounded Warriors have the resources and opportunities for full and independent lives.

Thank you for your personal and legislative support on behalf of our wounded warriors. Your personal visits to them in the hospital wards where they recover and the bases where they live are sincerely appreciated by them and their families. Your new Wounded Warrior Hiring Initiative to employ wounded warriors in the House and Senate demonstrates your commitment and support of their future well-being. We are grateful to this Congress for the many wounded warrior initiatives. This landmark legislation will significantly improve the quality of their lives and demonstrates the enduring gratitude of this Nation for their personal sacrifices. I am hopeful

that future initiatives will continue to build upon your great efforts and further benefit the brave men and women, along with their families, who bear the burden of defending this great country.

Combat Operational Stress Control. Marine Corps commanders are fully engaged in promoting the psychological health of our Marines, Sailors, and family members. Our commanders bear responsibility for leading and training tough, resilient Marines and Sailors, and for maintaining strong, cohesive units. Unit commanders have the greatest potential for detecting stress occurrences and assessing impact on warfighters and family members. Our leaders establish an environment where it is okay to ask for help and that combat stress is as deserving of the same respect and care as any physical wound of war. With the Navy's medical community, we are expanding our program of embedding mental health professionals in operational units — the Operational Stress Control and Readiness (OSCAR) program — to directly support all elements of the Marine Air-Ground Task Force. We also continue our collaboration with sister Services, the Department of Veterans Affairs' National Center for Post-traumatic Stress Disorder, and external agencies to determine best practices to better support Marines and their families.

Traumatic Brain Injury (TBI). With the frequent use of improvised explosive devices (IEDs) and improved protective measures that reduce mortality rates, more Marines are exposed to possible traumatic brain injuries. As with other poorly understood injuries, there is sometimes a reluctance by individual Marines to seek medical attention at the time of the injury. Education is the best way to reduce this stigma, and it is to be the most effective treatment for those suffering a mild injury. TBI awareness and education is part of pre-deployment and routine training. All Marines are being screened for TBI exposure during the post-deployment phase and those identified as injured receive comprehensive evaluation and treatment. A pilot program for baseline neurocognitive testing is being implemented to improve identification of TBI and maintain individual and unit readiness in the field. The Marine Corps continues to work closely with DoD's Center of Excellence for Psychological Health and Traumatic Brain Injury to continue to advance our understanding of TBI and improve the care of all Marines.

Post Traumatic Stress Disorder (PTSD). The Marine Corps Combat Development Command, Marine Corps Training and Education Command, Naval Health Research Center, and others are studying ways to identify risk and protective factors for Post-Traumatic Stress

Disorder (PTSD) and to increase our resilience to stress. By improving the awareness of both individuals and our leaders, we can provide early identification and psychological first aid for those who are stress-injured. Better screening and referral of at-risk Marines are underway via pre- and post-deployment standard health assessments that specifically screen for mental health problems. The Department of Veterans Affairs has established comprehensive guidelines for managing post-traumatic stress, which are available to all services.

The Marine Corps is grateful for the effort Congress has put into making TBI, PTSD, and other-combat-related mental illness issues a top priority. We will continue to do the same so that we can further improve our knowledge and treatment of these disorders.

Conclusion

The Marine Corps continues to create a multi-capable force for our Nation — not only for the current operations in Iraq and Afghanistan, but also for subsequent campaigns of the Long War. We are committed to ensuring we remain where our country needs us, when she needs us, and to prevail over whatever challenges we face. On behalf of your Marines, I extend great appreciation for your support thus far and thank you in advance for your ongoing efforts to support our brave Service men and women in harm's way.

Now more than ever, they need the sustained support of the American people and the Congress to simultaneously maintain our readiness, reset the force during an extended war, modernize to face the challenges of the future, and fulfill our commitment to Marines and families. I promise you that the Corps understands the value of each dollar provided and will continue to provide maximum return for every dollar spent. Again, I thank you for the opportunity to report to you on their behalf.

Mr. EDWARDS. Great.
Thank you, both.

SINGLE VS. MARRIED SERVICEMEMBERS

Could I ask you, both, just for the record, what percentage of your personnel are married versus single?

Admiral ROUGHEAD. Mr. Chairman, for us, it is in the—I want to say in the 70 percent range. I can find you the exact number, but it really is around 70 to 80 percent. And many of them, as you know, are dual-income families, which really is the driver behind a lot of the child care initiatives and family support programs.

General CONWAY. And for us, it is much less than that. It is 40 to 45 percent.

Mr. EDWARDS. Forty to 45 percent? Okay.

INADEQUATE HOUSING

One of the questions that I ask every year, and I want to establish a track record so we can trace it, is based on DOD definitions, how many personnel do you have in families living in inadequate housing and/or inadequate barracks today?

General Conway, you mentioned 2012 and 2014 as the end goal for having them in housing that meet standards. Could you tell me, if you have access to that, how many personnel are living in housing or barracks that don't meet basic DOD standards? And would you define what those standards are?

Admiral ROUGHEAD. Yes, sir. For our family quarters, the definition of inadequacy is any unit that requires over $50,000 in repair. In the continental United States, we do not have quarters that fall into that category, but we do have quarters outside of the continental United States that are considered inadequate, specifically 46 in Guantanamo Bay, Cuba, 736 in Sasebo, Japan and six in Guam.

With regard to our single accommodations, single Sailor accommodations, the requirement for us is a one-plus-one configuration for our barracks with a 90-square-foot per person square footage. At the end of this year, we will have eliminated the inadequate accommodations for our permanent party Sailors.

As you know, we are working to move our E–3 and below and E–4, less than four years of service, off of our ships and provide them with a homeport ashore. At the present time, I have 9,000 Sailors who do not have accommodations. By the end of 2010, I will have that number down to 2,100. That does not mean that they will be in a one-plus-one configuration. My priority is to give them an option off the ship first, and so that is what we are continuing.

Mr. EDWARDS. Admiral, just for the record—and this is now a DOD-wide definition of adequate family housing, not a Navy unilateral decision—but, technically, under the definition of adequate family housing, a family, mother and dad with two children under the age of 10, could be living in a home, say, a two or three-bedroom home, and that home might need $49,999 worth of repairs—a leaky roof, dishwasher and dryer don't work, floors are warped—but for $49,999 you could fix that home. But even if the Navy had no intention of fixing that home, that would technically be defined as adequate housing.

I hope there are not many cases like that, but is it correct that technically that home would be defined as adequate housing, because for just $50,000 you could fix it and it would meet standards; is that correct?

Admiral ROUGHEAD. That would be the technical definition. It would technically be under the adequate standard.

Mr. EDWARDS. I hope we can work with you on this. I just think for obvious reasons that standard doesn't really give the services or the Congress the data we need to figure out how many people are truly living in housing that they shouldn't be living in. But I think you told me earlier, on average, you are putting about $8,000——

Admiral ROUGHEAD. On average, it is about $8,000, which I think speaks to the quality and repair of the homes that our folks are living in.

Mr. EDWARDS. Right.

Admiral ROUGHEAD. And also, as we spoke, the authorizations that we have been given by the Congress to pursue public-private ventures has, in my entire time in the Navy, which is, as you so kindly mentioned to be about 35 years, I have never seen our Sailors live in the kind of housing as they currently are. And I believe that has been made possible through your endorsement and approval of the public-private ventures.

Mr. EDWARDS. That is great news to hear. Thank you.

General Conway?

General CONWAY. Sure. I will get back to you, if I can, with the exact numbers, but just to give you an overarching perspective, let me say that we do have substandard housing in both the United States and overseas for some of our families that are based there.

[The information follows:]

As of January 2008, there were 69 families remaining in inadequate government-owned family housing. There were another 2,915 families remaining in inadequate privatized housing.

As of the end of Fiscal Year 2007 contracts were in place to eliminate all inadequate units. As of January 2008, there remained 175 inadequate government-owned family housing units scheduled to be demolished as part of an FY 2007 MILCON project. As of the end of January 2008, there remained another 4,349 inadequate homes that are scheduled to be demolished through privatization.

As of January 2008, there were 2,278 Marines living in inadequate, ganghead troop energy/surge barracks at Camp Pendleton (Camp Horno) and Camp Lejeune (French Creek).

As of January 2008, there were 4,233 inadequate barracks spaces.

But I would hasten to say that we are fast overtaking those issues with the public-private ventures. By this year, we are at about 96 percent of those public-private ventures that are effective, and in another couple of years it is going to be at 97 percent. And the few exceptions that we have in the United States will be conscious exceptions for valid reasons. So this whole public-private venture concept has just been a tremendous windfall to us.

When a Marine sergeant with four children can have a 2,300–square-foot house overlooking the Pacific, you know that things are definitely looking up.

I would add that I don't know how many Marines I have talked to overseas who say that they had a level of comfort leaving their families back on the base now because it is such a nicer community and a nice place, and the family is not thinking about going home for the duration of the deployment. So it really helps reduce the consternation given the tempo that we are experiencing.

I wish I could say the same about the barracks; I cannot. We have barracks that were built well before the Korean War and World War II. I am not proud to say that as an institution we have done this to ourselves in a very real sense, to the degree that we have taken available monies and simply not put them against the housing. We have prioritized other things ahead of housing now for a long time to the point where we are currently, as I said in the statement—

Unlike the other Services, we look to billet our young Marines, E–1 through E–3, in two-man quarters. After they become an NCO, then they can expect a single room with a head facility. But until that time, we think it is good for us as an institution, because we are the youngest of all the Services, by far, and it is also good for the nation, because we save some monies in not asking for that single-man kind of capability.

We have a program that is built through 2012 that will take care of those billeting concerns. My predecessor finally slapped the table and said, "We have got to do something about this, the time is now," and here is a program, certainly, that is underway.

As you mentioned, sir, in your opening statement, we also funded now for some of those additional quarters we are going to have to have by 2012, 2014 as we bring new Marines onboard, those additional 27,000 Marines.

So we are not out of the woods by any stretch of the imagination, but I think, comparatively, we are much better off than we were at one time, and we see some definite lights on the horizon.

Mr. EDWARDS. Would you have a ballpark guess as to how many barracks right now don't meet what you would consider to be standards for Marines?

General CONWAY. Sir, I would say it is probably at least half.

Mr. EDWARDS. Half. What would that number—in real numbers, how many barracks would that be?

General CONWAY. Sir, the program for new barracks is calling for 30, I think, so I hate to give you a rough estimation but if you are looking at essentially half of that being substandard at some point, you are——

Mr. EDWARDS. 30 barracks?

General CONWAY. Yes, sir.

Mr. EDWARDS. Different barracks projects?

General CONWAY. Different buildings; yes, sir.

Mr. EDWARDS. Okay. You meant in terms of the number of individual Marines that are living in barracks that we don't believe meets modern standards.

General CONWAY. Well, part of that would be a distortion because we have got so many people overseas, and so that would not be a correct detail. I can get all that for you——

Mr. EDWARDS. Could you?

General CONWAY [continuing]. And lay out those that are deployed and not——

Mr. EDWARDS. Okay. If you wouldn't mind giving us the hard numbers, because I think each year we just want to compare how we are doing this year, and I think we are making progress. Everybody deserves credit for that, but if you could follow up with the hard facts, that would be great.

General CONWAY. Absolutely.

[The information follows:]

As of January 2008, there were 69 families remaining in inadequate government-owned family housing. There were another 2,915 families remaining in inadequate privatized housing.

As of the end of Fiscal Year 2007 contracts were in place to eliminate all inadequate units. As of January 2008, there remained 175 inadequate government-owned family housing units scheduled to be demolished as part of an FY 2007 MILCON project. As of the end of January 2008, there remained another 4,349 inadequate homes that are scheduled to be demolished through privatization.

As of January 2008, there were 2,278 Marines living in inadequate, ganghead troop emergency/surge barracks at Camp Pendleton (Camp Horno) and Camp Lejeune (French Creek).

As of January 2008, there were 4,233 inadequate barracks spaces.

Mr. EDWARDS. Thank you, both.

Mr. Wamp.

BASE REALIGNMENT AND CLOSURE

Mr. WAMP. Thank you, Mr. Chairman.

Admiral, I think the chairman gives us a very good forecast on things, and I know that last year's bill and the coming budget request are favorable, but BRAC is still an issue in terms of meeting our 2011 deadline, and I know that the Navy shows in the outyears some savings that will be derived from BRAC, yet in the 2008 budget request versus the actual omnibus appropriation bill, there was a delta between the request and the final funding amount.

What does that do to your schedule? Does that put a pinch on you? And is your 2009 BRAC request actually just trying to catch up with what you didn't get in 2008?

Admiral ROUGHEAD. Yes, sir. Because of the rescission, we have put in jeopardy being able to fulfill the requirement to be complete by 2011. And it actually affects two projects: One for me in Seattle, and then Jim has one in Quantico. So that is very important to us if that could be restored.

Mr. WAMP. General, do you need to speak to that or just, "Ditto"?

General CONWAY. Pretty much the same, sir. We do have one other BRAC issue. There are only two, really, that affect us. The one that would bring together various intelligence agencies in Quantico, with BRAC already being looked at with regards to that, not the least of which is the traffic, because Quantico is a pretty busy place already.

But the other thing is that we have a facility in Kansas City that is getting ready to move from there this year down to New Orleans

ostensibly, but there will need to be construction started on the federal city in New Orleans or we won't be able to go there in town. We will wind up moving out.

So both of those issues are BRAC-related and both——

MOVING FROM JAPAN TO GUAM

Mr. WAMP. I am also interested in this Okinawa to Guam piece of the big transformation, and I say tongue-in-cheek, make sure that the island of Guam doesn't sink with all this construction and concrete going into it. Give us an update on that from your perspective in terms of the transition because it is a major shift, and a huge investment over the next 5 years.

General CONWAY. Yes, sir, it really is. And let me start with the investment aspect of it, sir. The reason, I think, that our government finds it so unattractive is that there is estimated to be a bill somewhere between $10 billion and $11 billion, and the Japanese, at this point, are signed on to pay for $6 billion plus of that, and we would pick up the remaining $4 billion plus.

What it would entail is, essentially, the movement of about 8,000 Marines from Okinawa onto the island of Guam. Our major headquarters would go, the—headquarters would go, as would both the—and division headquarters.

What we consider to be, I think, earnest money is the Japanese commencing construction on what we call the Futenma Replacement Facility. The Futenma Airfield right now is in the middle of a very popular area. It wasn't when it was built, but it has grown up around there a good deal, so the Japanese want to move that facility, as a part of the arrangement, off what we call Camp Schwab on the island, and they are in the process of, again, doing their own environmental aspects of that construction.

We had come upon a mild problem—we hope it will be mild—and that is the discovery of a little mammal called dugong, which lives in the coral off of Camp Schwab. Now, the Japanese are aware it is there, and they are not concerned about it, because there are tens of thousands of other dugongs elsewhere. It is actually one of our courts in the United States that has said that the Department did not give the dugong proper consideration in arriving at our negotiations with the Japanese. So although we don't have a halt work, we do have some judicial issues that we have got to get over.

In terms of our spending, sir, and in terms of what is taking place on Guam, until such time as the Japanese start to build, we are only in the planning phase. My commander in the Pacific, Lieutenant General John Goodman, is looking at developing training opportunities. The Navy is looking at reinforcing that with some interconnectors, both high-speed vessels and perhaps some amphibs.

We look at establishing some training bases around the Pacific region that will help us with engagement but also help to get the Marines off the island. I think you indicated it is very small, and there is not a lot of training opportunity there, so it concerns us some that our forward forces would be fully trained and ready for whatever might happen.

But I would simply finish, I think, by saying, we are not going to be spending much of any money until such time as we see,

again, proper investment on the part of the Japanese that would tell us that their series of governments now agree with it and support it.

AFGHANISTAN

Mr. WAMP. General, a question in this round. Last week, we heard about the need for Marines in Afghanistan from Admiral Fallon. You are at 184,000 in 2007—184,000 on your ramp up, I think. What can we look for in 2008 in terms of your continued recruitment of these new Marines that are needed in the future?

General CONWAY. Sir, we actually exceeded—our goal was 184,000. We actually beat that by a couple of thousand. We think we can do that again this year based on every indication thus far. We think that we can be as high as 194,000 Marines based on this year's efforts. Our recruiters are just doing magnificent work out there.

And, of course, I think you know that we are building those units first that are most highly stressed. And we have built a couple of infantry battalions. There is a third one that will be in the rotation soon. Other units, MPs, engineers, intelligence folks, we are trying to build those units to the greatest level of OPTEMPO for the—requirements, such as the——

Mr. WAMP. Well, a week ago, Friday, my nephew graduated from boot camp at Parris Island, so my family is doing our part to help you all.

General CONWAY. We will take care of him for you.

Mr. WAMP. Thank you, sir.

I yield back.

Mr. EDWARDS. Thank you.

As I recognize Mr. Farr, could I just follow up on the BRAC question, and you can have your staff submit it in writing, a summary of the negative impacts. You didn't get any of the—$933 million, as I recall, was the amount that we used for other priorities, including veterans' health care, and we need to try to substitute all of it or the vast majority of that. If you could give us, in writing, what the real consequences are of the issues you discussed, that would be helpful.

[The information follows:]

Navy's share of the $939 million FY 2008 Congressional BRAC 2005 reduction is $143 million. The lack of appropriations will result in a delay of awarding two BRAC construction projects totaling $97 million (Investigative Agencies Consolidation, Quantico VA; Reserve Center, Fort Lewis, WA) and delay move-related expenditures in the amount of $46 million (Operations & Maintenance) from FY 2008 to FY 2009. These delays add uncertainty and hardship for the Navy personnel and families affected by the move. These delays prevent achieving management efficiencies and savings that were the basis for the BRAC decisions. Without the prompt and full restoration of funds, Navy's ability to accomplish BRAC by the September 15, 2011 statutory deadline will be jeopardized.

The FY 2009 budget submission does not address nor attempt to recapture the $143 million FY 2008 reduction.

Mr. Farr?

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

I want to commend both of you for your outstanding service. We are really proud that both of you command our military resources with such great capacity that you do.

I want to just mention, General, that I represent the Defense Language Institute, and I am——

Mr. EDWARDS. You do? [Laughter.]

You have done a great, great job.

Mr. FARR. It is all I ever talk about here, that and the Naval Postgraduate School.

It is just fascinating to walk in and see those classes in—whatever language of the moment. They are small classes, but the young people who are there are our Army's best resource. DLI, which is under Army TRADOC Command, tells me that the first students to come for a new language are the Marines. They call up and say, "We are sending seven Marines here to learn Pashtu," and they say, "We will be ready for them," and hang up the phone and say, "We need to better start a Pashtu class; we don't have one." And by the time the students get there, they have one set up. It is amazing.

And I want to just tell both of you, because the Defense Department has been so supportive. We passed, last week, a "crisis corps" for the State Department and USAID to attract the most talented people who are interested in serving, much like your talent in the military. These federal government civilians would come together in a single command with training, not defense training, but civil affairs and humanitarian operations training. I think the Senate is going to pass H.R. 1084. The president wants it badly, and you really ought to help him.

General CONWAY. We need it badly.

Mr. FARR. I appreciate your testimony, Admiral, about bringing together the Navy Installations Command, the idea of a one stop for running installations. What you and I talked about on the phone is you say we leverage the best practices and successes of individual installations as we provide shore operations support on a regional level.

And the idea is that the best practices can all be brought into one common command like you pointed out was a response to the fires in California. The problem is that a lot of these installations are much alike, but, as you know, the Naval Postgraduate School is different. It is an academic institution.

You are going to go out and talk with the school, I know, because you are going to address the graduating class. I hope you get into that issue and where the Installation Command doesn't follow through, where just small micro decisions don't get done or the delays are so long. Because it is a real problem for operating the Naval Postgraduate School.

I also wanted to ask you, as we execute our 2009 budget, to abide by the following principles. First was aggressively identify and eliminate infrastructure identified as excess capacity. Hasn't it always been done internally, for instance when you got prepared for the last BRAC round? Do you have a lot of that information or they didn't go into excess capacity?

Admiral ROUGHEAD. Actually, Mr. Farr, if I could just start with the NPS. Coincidentally, Dan Oliver happened to be in the building yesterday and he and I sat down for about a half an hour and talked about the school and also some of the things that I will be able to engage in when I go out there.

But I would say, one of the things that has become apparent to me since becoming CNO about five months ago is that—and you point to an aspect of how we are managing and resourcing our shore installations—is that we still, even though our Installations Command manages the regions, within those regions, we still have other activities under different commands that are in there.

And what we are doing is beginning to, still under Installations Command, but bringing in all of the issues of all of the participants and then looking at, what is the best approach given the different real estate tenants that exist there, and how do we make sure that we are covering and providing the types of services to meet the needs of all the various activities that may be in there. So I think that is going to help, getting to the point that you raised.

The other aspect is that as we go into the development of the fiscal year 2010 budget, to be able to look at what I consider the three key institutions of learning and development in our Navy, and those are: Where we begin, which is the Naval Academy, where we then enhance and advance the academic qualifications, which is the Naval Post Graduate School, and then the Naval War College, where we then add the higher levels of operational art and strategic thinking to our officer corps.

And in that 2010 budget, to look at how are we allowing the tide to lift all boats, if you will. So that is something that I am very interested in doing.

Mr. FARR. Good. Good.

Admiral ROUGHEAD. With regard to the excess infrastructure, yes, we did get ready for that on BRAC, but I travel around a bit. I commanded the Pacific Fleet, and then I had the privilege of then coming east and commanding the Atlantic Fleet. And we have a lot of bases, and sometimes to clear my head I go for runs around the bases, and I will run by a building that is vacant and not being maintained or by some pier space that is not being used and is beginning to fall down and create problems.

So that is the type of excess infrastructure that I am talking about, not necessarily closing bases but how do we really get the infrastructure within our bases and within our structures, that which we don't need and it is either in disrepair and becomes a hazard or doesn't reflect well on the Navy. What should we do to get rid of that? And then also on those bases how do we make sure that we have the right type of infrastructure to the mission?

Mr. FARR. Well, I applaud you for doing that. Because you mentioned the academic institutions that you have, what I have learned is that there is some excess capacity within those classrooms, and there is a demand out there, usually in the civilian section, or other federal agencies or, in some cases, in the private sector. I think that is one place the military has to look into to see where can we get a better bang for the buck. Can we invite these civilians into the classroom?

It is not like applying to a regular public or private university. This is space available where there is a decision made by the Command that this will be an appropriate person to have in the classroom. Because I think you can get a better bang for your buck. You may have some Title 10 restrictions on that, but we may need to make some exceptions to those in the modern era.

Admiral ROUGHEAD. I think, for example, our Chief of Naval Research estimates that we have a need for about 400 engineers a year, civilian engineers. And if there is capacity, for example, at the post-graduate school, he is an advocate of being able to bring those civilians in. I would say, as you mentioned, perhaps there needs to be some legislative relief, but, also, I believe those who are sending those for that engineering degree need to kick into the pot as well.

Mr. FARR. Well, as we do in the IMET Program, we could do the same thing for civilian IMET.

Mr. EDWARDS. Thank you.

Mr. Berry.

Mr. BERRY. I wanted to thank you, gentlemen, for your service and all you do for this country. I don't have any questions.

Mr. EDWARDS. Thank you. He is the smartest one on the subcommittee. [Laughter.]

Mr. Crenshaw.

DISPERSAL OF ASSETS

Mr. CRENSHAW. Well, I have got a couple of questions.

Welcome back, General, and, Admiral, it is great to have you in front of the subcommittee.

Admiral, as you probably know, I have had a lot of discussion with senior Navy officials about dispersing our assets, including your predecessor, Admiral Mullen. And as you know, right now, on the East Coast, all our nuclear carriers, which soon will be all the carriers we have, are home ported in Norfolk, and when you look at dispersing assets, both nuclear and non-nuclear, that is a lot of eggs in one basket. I think there are six big amphibs as well in Norfolk.

And then you look at the fact that on the West Coast, the Pacific fleet, we have got, I guess, six carriers and, counting Japan, you have got three different home ports.

So you haven't been before the subcommittee before, and I would like to hear you talk a little bit about your view, what your perspective is on this whole issue of dispersal of assets, particularly in today's world of terrorism and all the kinds of things. You know, it brings back memories of Pearl Harbor. But I would appreciate your perspective.

Admiral ROUGHEAD. Yes, sir. And thank you for that question, sir, because it leads to something that I charged my staff to do shortly after I became CNO, and that was for us to take a look at what I call our force laydown. Where do we have the ships, where do we have the airplanes, what is the command structure that we have in place, and do we have it in the right place? Does it best serve our response requirements? Does it best serve the presence requirements that we may be called upon to perform globally? And are we able to support our people in a way that they are the most competent and then their quality of life is as good as we can make it? So I have my staff working on that.

As you know, we also have about ready to be put out for public comment the Environmental Impact Statement, specifically focused on the base in Mayport and the 13 options of the different force packages that we could put down there. That will be out for public

comment with a decision to be made by the Secretary in January of next year.

So I believe that when those two things come together, it will really inform us as to, do we have the laydown right and to be able to base that decision on a strategic underpinning of it is the best thing for the country and for the Navy if we position our forces in this way. And I look forward to getting that from my staff. I am very interested in doing the same in the Pacific as well.

As General Conway mentioned, with his moving Marines there, what do we in the Navy have to change to be able to support the missions that the Navy and Marine Corps have to be performing in the next couple of decades?

ENVIRONMENTAL IMPACT STUDY

Mr. CRENSHAW. You mentioned the environmental impact study. As I understand it, there is a preliminary report that is supposed to be made public this Friday. Is that still the plan?

Admiral ROUGHEAD. Well, my understanding, Mr. Crenshaw, is we are on track to release it here very, very soon, and I am not aware of any issue that will be an impediment to that.

Mr. CRENSHAW. And as you may know, last year, this subcommittee added language to the omnibus appropriations bill that said that the Navy would—as soon as the preliminary report is released, then the Navy would do a statement of just how much it would cost in terms of dredging and in terms of multi-construction if this environmental impact study, which is about Mayport, once that was completed, there would be a study to say, "These are the costs that would be involved to make the upgrades to make Mayport capable of home porting a carrier."

Are you aware of that, and are they getting ready to—I think it was a 30-day timeframe to begin that study. Is that on track? I mean, once—is that still——

Admiral ROUGHEAD. Yes, sir. What would be the dredging cost and impact in the basin to take it down to a depth, and that process will go forward.

Mr. CRENSHAW. And any other military construction. Because there has been a lot of non-nuclear upgrades done in Mayport——

Admiral ROUGHEAD. Right.

Mr. CRENSHAW [continuing]. But I think everything else—just last question, Mr. Chairman, and I don't presume to know what the EIS study is going to show or what the Navy is going to decide, but a couple of hypothetical questions: If the decision were made to home port a nuclear carrier at Mayport, obviously you would have to have the dredging done, but some of the military construction projects, like the nuclear facility, I think it is called a nuclear maintenance facility, would it necessarily have to be in place if a carrier came and wasn't due for an availability for a couple of years?

Would it be within reason to say, once we have done the warf upgrades and the dredging upgrades, some of the military construction that might be nuclear-specific would need to be in place, not necessarily the day that the home port was announced but certainly in a reasonable time to do any availability.

I mean, that is a hypothetical question, but, in general, is that precedent, I mean, when you home port a carrier other than times when not everything is in place that doesn't need to be in place until availability takes place.

Admiral ROUGHEAD. As you said, Mr. Crenshaw, that is kind of a hypothetical question, but we, as a matter of routine, have not homeported nuclear carriers in very many places. I can say that the work that we are doing, for example, to prepare the USS GEORGE WASHINGTON's arrival into Japan, the work that we will have done there will be able to support the maintenance availability.

As you know, in the Northwest, we have a nuclear certified shipyard. San Diego already has the infrastructure for nuclear aircraft carriers and submarines, and then, of course, Norfolk has significant nuclear repair and maintenance capabilities there. So that is kind of new ground that we are plowing, and we have to look at that very, very carefully and the type of support that would be required.

Mr. CRENSHAW. Got you. I mean, the dredging, obviously, and any kind of warp upgrades, but if there was something that was controlled maintenance facility that took a year to build that wasn't going to be needed, that might—again, that is hypothetical, it is in the realm of possibility.

Admiral ROUGHEAD. Sure, but I also would say that it is very important because of very, very high standards that we place on the safety of our nuclear-powered warship that we really have to make sure that the requirement facilities are in place because of the safety issues that are involved.

Mr. CRENSHAW. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Kennedy.

HOUSING PRIVATIZATION

Mr. KENNEDY. Thank you, Mr. Chairman.

Admiral Roughead, thank you very much for your service.

General Conway, thank you for your service.

I wanted to ask, sort of, military construction, first on that. With respect to housing, I know the chairman was mentioning it earlier, but I wanted to ask for your input on it, because it seems to be the big challenge in terms of moving to further accommodate our junior enlisted members with their barrack situations, and the move toward the privatization has been successful where it has been done.

And, certainly, dealing with our operation and maintenance budget, this has been a program that has been quite successful. And yet because change is involved, there has obviously been a lot of reticence in the Pentagon to move very quickly toward expanding it all too far and wide.

But I was wondering whether you could comment on your perspectives on it, given the fact that so far out there it has provided a pretty good method of providing quality housing for our soldiers, sailors, airmen, Marines and Coast Guardsmen, and yet it has certainly got a lot of potential for further application. And what you see is that application, and I know the Navy has done a great deal

with it. Do you think we can expand it to some of our junior enlisted for their barracks?

Admiral ROUGHEAD. Yes, sir. You will have to look far and wide to find a stronger proponent of public-private venture housing and barracks.

I have seen the quality of life of our Sailors increase dramatically since we moved into that program. Personally, I am about ready to move into my own fourth PPV house, and I think it is a great success for us.

Most recently, I was struck during a visit in San Diego with the new Pacific Beacon PPV venture. I would move in there tomorrow myself, because it really is not only a wonderful facility but it provides the types of services that young men and women expect when they come into the Navy, and we are able to do that through PPV.

I would encourage continued use of the PPV for not only our married Sailors but also for single Sailors and the authorizations that we have in place for the three single-Sailor PPVs—San Diego, Norfolk and Mayport—but then to see if we could ride on the authorizations in San Diego should we be able to expand that single-Sailor PPV. In other words, I would like to see the authorizations that we already have in place to be the authorizations that allow us to expand it in the future. It is wonderful, and it is a huge difference in quality of life for our people.

General CONWAY Sir, we are watching it carefully. The concern that we have has to do with occupancy rates.

Mr. KENNEDY Right.

General CONWAY As much as we deploy and as much as we are forward based right now, we are concerned that we could build something that would then be unfair to the owners and unfair to the Marines——

Mr. KENNEDY Right.

General CONWAY [continuing]. In terms of the payment arrangements.

So we are watching the Navy experiment very closely. I think there is the potential there for better quality of life. There is the potential that maybe our supporting establishment, our bases who are not expected to deploy, could live in something like that.

Mr. KENNEDY Right.

General CONWAY But those are determinations we are going to have to make and I think probably maybe even before this year is out.

Mr. KENNEDY Well, we certainly look forward as a committee to work with you and see that quality housing comes to every single person wearing a uniform.

DDG 1000

Admiral Roughead, while you are here, if you could comment on the issue of DDG 1000 and what we see in the future as far as—and application of this, kind of, one-size-fits-all command and control that we have managed to finally put in place now, these new systems, command and control that we are off and running on but yet, obviously, we are facing this initial bow wave of costs, and people may look at that and say we should redo this all over again when all the work has been done to set us off in this course.

What is your feeling? I know Admiral Mullen was very much a part of the initial move to get this going.

Admiral ROUGHEAD. Well, I am pleased that in the last couple of weeks we have been able to put two of the DDG 1000s on a contract and begin moving forward with that ship. Because unlike previous ships, and particularly combatants, that we have built in the past, where we would introduce, perhaps, two new technologies, the DDG 1000 has 10 that we are moving forward.

The one that I believe is critically important, has the technology that has allowed us to decrease our staff, I think that what we will derive from the DDG 1000 is we will clearly shape the future of how we build the follow-on, for example, the cruiser follow-on that we have, but getting these ships going that will allow us to put those technologies into play and then from that I believe that then just feed future programs.

Mr. KENNEDY. Well, that is encouraging to hear. Obviously, a lot of constraints in our capital budget for shipbuilding and so forth, but this is obviously a big program, and we want to make sure we don't stumble as we get started, because it has been an investment we have made for years, and it is just about to pay off, so you have got to keep going.

Thank you.

Mr. EDWARDS. Thank you.

Judge Carter?

FAMILY SERVICES PROGRAM

Mr. CARTER. Thank you, Mr. Chairman.

Thank you, both, for being here. I apologize for being late. Way too much stuff going on here.

It is my understanding the Marine Corps has expressed a real desire to increase the family services support for the Marines and their family members, especially those folks who are coming back from being deployed and while they are deployed. How does this budget help to meet that goal?

General CONWAY. Sir, our family services programs for years has relied on virtually next to nothing, $5 million a year in the budget for family programs. Now, to contrast that, we were spending $50 million a year more for college education programs, assistance programs, if you will.

So comparing the bases, you can see right away that we didn't have it right. We relied on the practice of volunteers to do most of the heavy work, and perhaps in peacetime that gets you through, but that certainly doesn't get you through a protracted conflict like this.

So we recently decided to reprogram about $30 million of our own monies in order to be able to put more against the requirement that we saw through our family services program and then probably two weeks after that walked in to see the Deputy Secretary of Defense, Gordon England, on something entirely different, and he asked me, could we use—could the Marine Corps use $100 million of GWOT monies in order to be able to really jumpstart this family program.

The Army was going to get six or seven times that, although a lot of theirs was associated with some level of MILCON and that

wasn't our intent. But he said it seemed like a fair apportionment, and if I could spend it—I assured him we could—that it would be likely in fact and would really be appreciated.

Mr. CARTER. And is this budget addressing those needs and as we continue down the road to approve these family services, are we sending it to them and do we even know how we want to go forward? Because I think this committee wants those family services to be there for our Marines.

General CONWAY. Sure. My officer, my three-star general who works the programs and resources, said to me just the other day, you can see that we are creating a level of expectation here to meet a dependent need. But we are going to need to get some of this, I think, into the top line. He doesn't think that even with the, perhaps, GWOT money this year and next that we can sustain even the efforts with $30 million over the course of future years. So he feels like we are going to have to ask for more in that context to be able to support our families.

Mr. CARTER. Well, I think we will certainly want to hear about that as it comes down the pike.

Now, it is my understanding that the Marine Corps has been pretty successful in the growing the force project; kind of ahead of schedule.

General CONWAY. We are being incredibly successful, and I attribute that to the great young Americans out there who want to fight for their country. They, I think, have that expectation when they join the Marine Corps.

Mr. CARTER. Well, of course, as we do this, we want to make sure that we are adequately providing facilities and barracks and all the other things as we grow the force, because I think all of us see the necessity to grow the force across the board is very important.

General CONWAY. Yes, sir.

Mr. CARTER. And as you have said, and others have said, these are family folks that are fighting wars for us these days, and we have to provide this privatization in housing that we have been talking about and other things. We need to stay ahead of the curve, not playing catch up. This is my personal opinion. I think that makes a better corps, it makes a better fighting force.

General CONWAY. I agree with you.

Mr. CARTER. And so I am hopeful that you will highlight these things in this budget and other budgets to come, as we move down this line and growing the force so that when we put these Marines into fight, we also are giving them the services and the lifestyle when they get home.

General CONWAY. Sir, we project that we are going to see $4.6 billion go into the top line in 2009, and it is about that same amount on through 2012. Now, there is this concern that we have got that because of our success that we are seeing, with the additional 2,000 last year and what we think will be an additional 2,000 this year, we are getting a little bit ahead of our planning curve.

Mr. CARTER. That is kind of why I asked the question.

General CONWAY. But, again, my three-star general who managed that thing is very good, and I think he is doing some visita-

tions and some of those types of things to make sure that we are resourcing——

Mr. CARTER. Well, I just wanted to express my concern.

Thank you, Mr. Chairman.

CHILD DEVELOPMENT CENTERS

Mr. EDWARDS. Thank you. And let me just ditto that Judge Carter speaks for all of us in saying this subcommittee wants to stay firmly committed to and focused on improving quality of life for families. No one is more aware than the two of you and the sacrifices that children are making and the spouses are making.

That leads me to my question. For the record, could each of you submit how many child care centers would be needed to meet 100 percent of the need? And also same question, vis-a-vis youth activity centers.

General CONWAY. Yes, sir.

[The information follows:]

INFORMATION

In addition to the 13 MILCON Child Care Centers that are planned across the FYDP to meet 80 percent of the child care need, Navy requires 12 more Centers to meet 100 percent of the need. The extension and higher threshold limits of the expiring NDAA authority that increased the minor construction authority for Child Care Centers (serving ages birth through 12 years of age), in addition to MILCON, would greatly assist us in meeting expansion goals for our families.

The current OSD goal for all Services is to achieve 35 percent participation for our Youth programs. Currently the Navy averages between 19 and 24 percent and we project to meet the OSD goal within the next two years. Our ongoing Youth program improvements include: (1) Utilizing our non-appropriated fund construction program, Navy has successfully funded/completed 22 new Youth Centers since 1997 and we will continue to do so to meet the needs of our military Youth; (2) our national partnership contracts with organizations like the Boys and Girls Clubs of America and 4H that allow our youths to participate in recreation center in the local communities; and (3) new innovative programs that capture pre-teen and teenagers interests, as well as programs that focus on deployment stress and specific related subjects. Other than our planned non-appropriated fund recapitalization construction program over upcoming years, we currently assess that no additional facility infrastructure footprint is required to meet our goals.

To achieve 100 percent of potential need (the Marine Corps is currently at 71%), using exclusively Child Development Centers (CDC) (MILCON), the Marine Corps would need 22 MILCON projects to account for an additional 6,565 spaces. Of that number, the following projects are currently being planned:

—In response to the President's State of the Union guidance, we are advocating for acceleration of six CDC MILCON projects (one at Marine Corps Base Hawaii, three at Marine Corps Base Camp Lejeune, and two at Marine Corps Base Camp Pendleton).

—In addition, four other CDC MILCON projects are also beginning initial planning (one each at Marine Corps Base Camp Lejeune, Marine Corps Air Station Cherry Point, Marine Corps Air Station New River, and Marine Corps Base Quantico).

If these MILCON projects are funded, the Marine Corps will need an additional twelve unplanned MILCON projects in order to achieve 100 percent of the potential need. Plus, in order to properly staff and operate these 22 facilities, the Marine Corps would require an additional $48.6M annually, based on an annual per space operating cost projection of approximately $7,400.

It should be noted, however, CDC construction via MILCON will not be the exclusive means today to meet the child care needs of Marine Corps parents. We continue to seek partnerships with public and private organizations that meet our established standards (e.g., the National Association of Child Care Resource and Referral Agencies) to expand our off-base care options and contribute to our space and capacity solutions.

With regard to youth activity centers, in accordance with OSD Policy, MWR Youth Centers must be constructed with non-appropriated funds. Marine Corps Youth Centers compete for funding as part of the larger Marine Corps Community Services Non-appropriated Fund Construction Program. There are no OSD prescribed potential need formulas or standards for program capacity as are prescribed for child development programs. Therefore, facility requirements are identified by installation commanders based on local assessment of need for afterschool, evening or weekend recreation needs of the on-base youth population. It is additionally expected that youth recreational needs will be supported by off-base community support programs such as YMCAs, local school programs, community sport programs, etc.

Mr. EDWARDS. I would like to ask you about inflation. I don't know if in your MILCON planning process it has changed, but in years past OMB dictated a 2.4 percent inflation package per year for military construction, which, frankly, we all know doesn't even meet the laugh test in the Pacific Northwest, the Southeast, other parts of the country and the world.

Are you still having to operate under that assumption? Are you allowed within the Pentagon planning process to make more realistic assumptions about inflation in the out-years?

Admiral ROUGHEAD. Well, Mr. Chairman, there is no question that inflation is having an effect on what we are able to build and how quickly we are able to build it. I would see it, and my staff engineer would reluctantly come in and tell me about the growth and how it was kind of pricing us out. But we do follow the templates that are provided. We plan the projects, but we are feeling the tension with inflation. The growth in some of the countries around the world in things like steel and the demands for cement and what have you is producing an inflation pressure.

Mr. EDWARDS. Right. Does OMB still demand that you use a 2.4 percent inflation factor?

Admiral ROUGHEAD. In our budgeting process, yes, sir, we follow the standard.

Mr. EDWARDS. So that basically means the second, third, fourth and fifth years FYDP are underestimated relative to the true cost of construction.

Admiral ROUGHEAD. If the predictions are accurate.

Mr. EDWARDS. Right.

General Conway.

General CONWAY. I will say I just went to St. Louis this last week for a presentation, and I saw my brother-in-law there who is in construction. He said that raw materials are down, and we talked about it some. He said it runs sideways but, generally, it is the Northeastern, so your concern is still correct, sir, but it is seasonal, it is regional and runs sideways. So there are a lot of variables in all of that.

REPROGRAMMINGS

Mr. EDWARDS. Okay. Maybe I will finish not with a question but just a comment to get this on the record. There has been discussion about seeing that all individually listed projects be put in the statute, not in the report language of our appropriations bill. It has a certain ring with the public, want to hide this in the report language.

The report language is out there to the public and the press to see anyway, but given you have unexpected inflation in some parts

of the country, if we put these projects in the statute, then no longer can we and the Senate subcommittee approve reprogrammings to move money from one project where one installation will say it came in under budget.

And under the present system, you ask us to move that money to another project where in the Pacific Northwest you are facing maybe a 15 percent inflation rate per year. And in order to please the public out there, we put all this in the statute. We will no longer have that authority.

So I say that for the record. If that is to be the case for the 2009 appropriation bills, we need to think seriously about how we give you the flexibility to be able to handle that.

You could end up with a project that is 90 percent completed, the day care centers or barracks, but you can't complete it for an entire year, because we can't sign our name on the letter and give you that reprogramming authority. So I hope we will keep that on the table as we move forward this year.

Mr. Wamp.

AFRICOM

Mr. WAMP. Mr. Chairman, thank you.

Admiral, we were fascinated with Admiral Fallon's testimony last week. I think the AFRICOM proposal is on the table, investments in Djibouti, I think, in your budget request of $31 million. For a non-permanent facility, that is getting into some real money, and we know that there is more to follow, but you talk about securing the maritime assets. What do you foresee there? What will your role be?

Admiral ROUGHEAD. Yes, sir. With regard to AFRICOM, we are in the process of providing the manpower to man the staff that is taking place and thinking through what the right command relationships are for my Naval Component Combatant Commander and supporting General Ward and the work that he is going to do down there. We have already had more activity on the African continent in the last couple of years than probably in the previous couple of decades.

But with regard to Djibouti, I do believe that Djibouti will be a point of presence for quite some time. As you know, we have a lease there, and I think that there will be presence. It is a critical area and a critical fight that we are involved in. So the improvements that we are making there are to enable the joint force—and it is not just Sailors but Marines, Army and Air Force—to be able to better perform their missions that I think are important in that very critical area of the world.

JOINT BASING

Mr. WAMP. Let me ask you all both a question about joint basing. I flew back from China and other ends of the world with Representative Clyburn in January, and we stopped at Hickam, he hadn't been there before. But I remember when chief enlisted men came in here. The Air Force really has a beef with joint basing. From your perspectives, where is the joint basing process right now?

Admiral ROUGHEAD. I will speak from some experience out in the Pacific, because I have had responsibility for Pearl Harbor, and, as you know, Pearl and Hickam are together. Also, looking out toward Guam. I think at the local level, we have had some good efforts by the commanders in doing these tabletop exercises that allow us to identify where some of the issues would be and how we work our way through the bases. Particularly, I think it is important to never lose sight of what the missions of those bases are and can we support that.

OSD has recently issued some guidance that the Services are taking aboard and working our way through. I do believe that there are some efficiencies and benefits to the joint basing process, but each base is going to be different, and it is a function of mission, it is a function of population, it is a function of the location, where it is. And so I don't believe that one size fits all and that we have to look very hard at that.

Where we are in trying to prejudge what the standards of living or the core levels will be, I think it is a little premature to determine whether somebody is going to win or lose. I think we have to work our way through it. We have to keep in mind that the objective is to provide the right mission support for whatever that joint base is there to do and also to provide the quality of life for our people, whether they be single or married.

Mr. WAMP. General Conway.

General CONWAY. Sir, I was just thinking as the CNO was talking, we have very few of our bases that are joint in any way. Probably the closest you come to it is on Okinawa where we share some facilities there with respect to BRAC 2005—Joint Basing Guidance, the Corps has one participant, HQMC Henderson Hall. And as you were saying, I think all those factors play, as well as, sort of, the personalities of the local commanders and how well they are able to coordinate. Because it is essentially at that level where joint basing takes place.

Now, I think in the future it is going to be more driven with us. We are going to be on Guam with Air Force, with Navy and, most recently, even some Army will be there, and I think we will look at Guam as one big base in some ways.

And, of course, the Joint Strike Fighter, some of the noise factors and so forth, some of the closing of certain bases, the enhancements of others, we may see it more. But I still tend to think it will be pretty much a local type of thing as opposed to something of a Service headquarters or even——

Mr. WAMP. General Conway, in closing for my questions, Mr. Chairman, a new guy like me wanted to see some real needs in housing and child care and then even see some things that showed the past and the future of the Marine Corps. I think your master sergeant recommended Camp Pendleton. Would you say the same thing, that would be a good place to go to see, kind of, where we have been and where we need to go?

General CONWAY. Sir, there are places—yes. If you wanted to see it all, the whole spectrum, Camp Pendleton is probably the place to go. If you wanted to see it at its worst, I am not sure that Camp Pendleton and our major bases aren't the first to make some fairly major strides forward.

What I have experienced in my travels about the Corps in just over a year now is that at some of our secondary bases and stations they really need the most help. When we sent out word on what the needs were for this $100 million and how it should be allocated and assigned out, our secondary bases and stations were the people that really needed help at that point, as opposed to Pendleton, Lejeune or even being——

But I think Pendleton is still the best.

Mr. WAMP. Thank you, sir.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Crenshaw.

BLOUNT ISLAND

Mr. CRENSHAW. Thank you, Mr. Chairman.

General Conway, let me ask you a little bit about Blount Island. A lot of hard work went into changing that from a lease facility now to be owned by the Department of Defense, and some exciting things are happening there. There are some security challenges, there are some organizational challenges, but it seems that has all been—as I understand it, there is going to be a master plan coming from the Marines.

And then can you share with us a little bit about that, and how it is—are there any infrastructure needs that are going to be part of that? The new ship is going to be part of that. Is it going to change anything that we need to do with Blount Island? Can you, kind of, just give us an overview of that?

General CONWAY. Yes, sir, I can. Blount Island is absolutely critical to us, because even as we speak, they have got one of our MPS, Maritime Prepositioning Squadrons, in a rehab kind of role, and they do marvelous work offloading the ships and starting the equipment and getting everything back up to speed.

When we offloaded that equipment in 2003, about 95 percent of it was just ready to go. So they do marvelous work between them and the squadrons, and so therefore it is an absolutely critical facility to us and what we do for the nation.

There are 10 major projects that need to be managed to turn it into the facility that we would like it to be and to keep it doing what it is going to do now for the long term. That comes to a total of something around the order of $150 million to $155 million that at this point is essentially on our unfunded list. We don't have the money ready and available to do the things that the commander and his boss—we regionalized all the bases and stations. He works for the Major General overall, but both the commander there and General Williams agree that these are exactly the things that we need to do to bring it up to a world class kind of facility.

So we are going to work hard to try to find that money in the future to, again, keep the general—for us.

Mr. CRENSHAW. Great.

This one may be, Admiral, more for you. It was mentioned about the bachelor housing, and I think it was originally going to be San Diego and Norfolk and Bremerton and now Mayport is kind of in that mix.

Just a couple of kind of specific, and I don't know if you have all the details, but as I understand it, it depends on whether those facilities are going to be on the base or off the base. I think in San Diego they are on the base—no, they are off the base, and then in Norfolk, on the base. And issues about, like, in Mayport it would be on the base, and then there is some issue about when you sell land, a private entity, on a military base, you need to have some sort of easement, egress and ingress, that kind of thing.

Do you know much about—I mean, I would be curious to know how it is going because some of the housing that was kind of geared toward the basic housing allowance, and you have got kind of an income strain where the developer could come in and say, "Well, I know the money is coming in," but when you have got some of these younger sailors that probably don't have a basic housing allowance, how does that impact a developer when he says, "I am going to build a facility." He doesn't really have any guaranteed income stream.

Are those questions that you are familiar with? Anybody that could talk about those things?

Admiral ROUGHEAD. Yes, sir. I think with that, I wouldn't even begin to get into the easement laws and what have you on that, but as you pointed out, the models are different, and I think that is what is important as we go in and put in the type of accommodations for Sailors, is to look again specifically at the installation, where can it best be placed? And in the case of San Diego, it is off, but there is very easy access.

So I think each one has to be looked at and we will see how the—with regard to the public-private for single Sailors, there is BAH that is provided, and that is why—you know, it is not a free lunch, because even though the private contractor picked it up, that now creates a manpower bill because of what we are doing.

But it is clear to me that the contractors that are involved and meeting with them seem to be pretty optimistic about the future. I think it is important that the facilities that we build are properly sized for the Fleet that we expect to be there for some time so that we don't get into a period where there is vacancy. So all those go into the mix, and I think the two that we have in place now are moving ahead, and that is why I am very interested in the third one.

Mr. CRENSHAW. Are they actually in place? You have got people living there now?

Admiral ROUGHEAD. Well, in San Diego we have Sailors living in a converted building, the Pacific Beacon, which is the four-tower complex that is being built. It is still under construction but moving ahead very, very rapidly. And the quality of work, the quality of the rooms—every room in those four towers that a Sailor will live in looks out on San Diego Bay. Not many people who live in San Diego can see that.

Mr. CRENSHAW. Probably a pretty good recruiting tool. I know I have seen the married housing out in San Diego, and, I will tell you, it is just magnificent.

But I wonder, with the single sailors, would there ever be, or have you thought about, issues about discipline and just kind of cohesion? Because if you are on a ship, obviously, you are there all

the time, and if you are out somewhere, are those things that you have heard complaints or has there been discussion about how——

Admiral ROUGHEAD. Mr. Crenshaw, so far it has gone very well, and I give the credit to our young men and women who live there. When you give them a quality place to live, they will take care of it. And the contractor has an interest in maintaining it so that their maintenance costs are down.

I would also say that one of the things that struck me about the effort that we have on the way in San Diego is the way the contractor has worked with other providers—phone providers, Internet providers—that really are tailored to the types of schedules that our sailors are on. So that, if for example, they get called away on a mission, that they are not penalized with trying to terminate a service before they leave.

And that is why I think it is really a program that is providing quality of life for our people that is very important, and it is going to be very important to attract young men and women into—but I think all the Armed Forces. If they come in and they see a great place to live with the types of things that are part of their life today, the kind that could meet with friends and family that is so important to them, that is huge, and I really appreciate your support and everything you have done to make that possible.

Mr. KENNEDY. If I could add, I have heard stories where the contractors actually give a smaller stipend to some of the dorm, if you would say, or some of the guys that are going to be the, kind of, watch out for everyone else on the floor, and in exchange they pay half the rent in order to keep everyone else, kind of, in line. And it's like those kinds of informal bargains that they make with——

Mr. CRENSHAW. It is like a hall monitor. [Laughter.]

Mr. KENNEDY. Hall monitor. That kind of stuff they have figured out works.

Mr. CRENSHAW. One quick question: I was looking at this, Admiral, the right places. It is a chart that shows some East Coast and it talks about the possible homeport of the LCS and DDX. It shows a possible homeport at Norfolk, and like other places, it doesn't say possible homeport. Has any decision been made about that?

Admiral ROUGHEAD. No, sir. That is what I have my staff working on now is to go out and look at where do we want the capabilities and the capacity to the numbers to be for the world that we envision in the next few decades. It is trying to look into the crystal ball and then saying, "We believe the capability that we are going to need."

Mr. CRENSHAW. So you could have put possible homeport in other places.

Admiral ROUGHEAD. Yes, absolutely.

Mr. CRENSHAW. Just checking. Thank you.

Mr. EDWARDS. Mr. Kennedy.

NAVAL WAR COLLEGE

Mr. KENNEDY. Just looking forward to having you up to the Newport, Rhode Island War College. We have got huge transitions as a result of BRAC, as you know, a lot of MILCON issues because of the absorption there for the Marines that are coming up, 700 Navy and Marine personnel, from supply school, and we are doing

the best we can absorbing them all. But for 40 years there wasn't an anticipation there that that would be necessarily the place for quite the hub of activity that it is going to be now for the next 50.

I knew the War College would always be there as an anchor, but as far as everything else, the surface warfare and the naval undersea warfare, NAFs and everything else. That was never quite a guarantee. So all those old buildings, I mean, we have still got—our sailors are living in and buildings that are vintage World War II, so we are going to be working to try to bring that up to snuff. That is our challenge, so we will be working with you to try to do that.

Admiral ROUGHEAD. Thank you, and thank you for your support. The War College has just continued to do great work, not just in our operational and strategic thinking and putting in place some new courses of instruction that are important to our future but also really expanding nationally. They are doing some really good things, and thank you for your support.

Mr. KENNEDY. Thanks.

Mr. EDWARDS. Mr. Carter?

INCREMENTAL FUNDING

Mr. CARTER. I guess I have got one last question. It just seems like they have recently changed the rules for having incremental funding for large MILCON projects. How does that affect each of your service's planning, both currently and in the future, as you look down the road, how are we going to plan these large MILCON projects?

Admiral ROUGHEAD. Yes, sir. It is somewhat out of step in that we fully fund and then when it is incrementally funded and the change is made to incrementally fund, that is money that we no longer have available. So in subsequent years, we have to go ahead and reprogram the other increments. So it is one that, I believe, of reconciliation of how we budget and move forward would be very helpful to us, and I think we would be able to benefit greatly if that were to happen.

General CONWAY. Same is true, sir, for our Corps. I think it is true across the Department of the Navy. It caught us a little unaware. We would like to counter back, if you will, and see if we can get some things changed.

Mr. CARTER. Yes. It seems troublesome to me.

Thank you, Mr. Chairman. That is all.

GUANTANAMO BAY, CUBA

Mr. EDWARDS. Okay. I will just quickly ask one question.

Guantanamo, in this budget, there is a request for $63 million for new family housing and $21 million for a new fitness center. I don't know who the next president is going to be, and I don't know what our policy is going to be regarding the detainees in Guantanamo. Without getting into that debate, would you make this request even if the policy were to be not to continue keeping the detainees in Guantanamo?

Admiral ROUGHEAD. Yes, sir, I would, because, to circle back around, I think that our interests in the Caribbean are significant. The amount of infrastructure, particularly the energy infrastruc-

ture in the Gulf of Mexico, and what we have on Guantanamo and the folks that we have there, I do believe these investments are worth it for the Navy.

Mr. EDWARDS. I saw that housing down there last year. It is pretty questionable.

Mr. Wamp.

Mr. WAMP. I am through, Mr. Chairman. Thank you.

Mr. EDWARDS. Mr. Kennedy.

Mr. Crenshaw.

Well, if not, on behalf of the entire committee, let me thank you for your service to our country and for being here today.

[CLERK'S NOTE.—Questions for the Record Submitted by Chairman Edwards.]

UNACCOMPANIED HOUSING CONSTRUCTION STRATEGY

Question. The navy has indicated its intention to have ashore quarters for the roughly 9,000 E1–E3 sailors who currently live aboard ship while in port. I understand that many of the sailors who are quartered ashore do not have living arrangements that meet the Department of Defense standard for 90 square feet of living space per person, even if the barracks themselves technically meet the 1 + 1 standard. Does the Navy have a construction strategy for completing the Homeport Ashore initiative and meeting the DoD space standard for unaccompanied housing?

Answer. Although the Navy intends to provide quarters that meet the DoD privacy standards (where each member has their own sleeping room), to get Sailors ashore quickly, we are currently housing Sailors at two or more per room as an interim step to achieve its Homeport Ashore initiative. The Navy intends to achieve the Homeport Ashore initiative through a combination of military construction (MILCON), privatization, and host country agreements where applicable. The last MILCON project required as part of the Homeport Ashore initiative (based on current ship home porting projections) was authorized and appropriated in Fiscal Year 2008. While this does not meet the full DoD privacy standards, it does provide housing ashore for the vast majority of our junior Sailors on sea duty. The Navy is developing a Master Bachelor Housing Plan which will include a strategy to provide unaccompanied personnel with housing that meets applicable standards.

UNACCOMPANIED HOUSING FYDP

Question. What has the Navy programmed for sailors' unaccompanied housing in the FYDP?

Answer. The Navy has programmed the following projects for Sailors' unaccompanied housing in the FYDP:

Location	Project number	Description	($000)
FY 2009			
NALF San Clemente IS CA	740	Bachelor Enlisted Quarters (BEQ)	34,020
NAVSTA Great Lakes IL	744	RTC Special Programs Barracks	62,940
NAVMARIANASSUPPACT Guam	469	BEQ, Main Base	62,360
Total FY 2009			159,320
Fy 2010			
NAVSUPPACT Bahrain	935	Transient Quarters III	24,700
NAVSTA Newport	451	BEQ Replacement	35,370
Total FY 2010			60,070
FY 2011			
NAVSUPPACT Bahrain	938	Bachelor Enlisted Quarters III	31,800
NAVSUPPACT Bahrain	936	Transient Quarters IV	24,700
NAS North Island	742	Bachelor Enlisted Quarters	13,760
Total FY2011			70,260
FY 2012			
NAVSUPPACT Bahrain	937	Bachelor Enlisted Quarters II	32,273

Location	Project number	Description	($000)
NAVSUPPACT Panama City, FL	379	Joint Diver ''A'' School Dormitory	10,658
NAVSTA Newport	482	Bldg 1269 SEA Improvements	6,500
Total FY 2012			49,431
FY 2013			
NAVSUPPACT Bahrain	934	Transient Quarters II Addition	3,420
NAVSTA Great Lakes IL	713	''A'' School BEQ Replacement	36,505
NAVUNSEAWARCNDET AUTEC	200	Bachelor Enlisted Quarters	9,630
NSS Portsmouth NH	285	Construct Addition to CBQ #373	9,699
Total FY 2013			59,254

BARRACKS PPV

Question. Is the Navy seeking expansion of the barracks PPV initiative beyond the three pilot projects? If so, will this contribute to the Homeport Ashore program?

Answer. The Navy has not included a request for the expansion of the barracks privatization authority in this year's budget submission. To date, the Navy has executed two of the three projects and is developing a concept for a third project in the Jacksonville/Mayport, Florida area.

Given our experience with the pilot authority to date, we believe the privatization authorities can be a useful and effective tool in improving housing for our single Sailors, especially as a complement to the Homeport Ashore program. I would like to see the authority expanded beyond its pilot status, if the three pilot projects are successful and financially feasible.

BARRACKS MILCON

Question. Is the Navy requesting MILCON funding in FY09 for barracks at any locations that are being considered for barracks PPV?

Answer. No, our only FY 2009 MILCON projects are in Guam; Great Lakes, IL; and San Clemente Island, CA. The three pilot PPV locations are Norfolk, VA; San Diego, CA; and the Jacksonville/Mayport, FL area.

INFLATION FIGURES

Question. What has the Navy done to incorporate more realistic, regionally adjusted inflation figures in its FY09 military construction and family housing program?

Answer. For projects in the PB09 program, the Navy used the best available pricing source and did not solely rely on the DoD Facilities Pricing Guide Guidance Unit Cost. This enabled consideration of the latest market condition information and DoD direction available at the time of budget submission. Listed below are the pricing sources utilized in preferential order from highest to lowest:

—User-Generated based on 100 percent designs or Architectural/Engineering (A/E) studies and current market conditions.

—User-Generated based on historical cost data from same type of facility constructed recently.

—User-Generated parametric cost estimates using costing models for common types of facilities.

—DoD Facilities Pricing Guide Guidance Unit Cost (GUC).

Additionally, through a formalized Cost Consistency Review Board we have incorporated lessons learned, made adjustments to address recent trends, and ensured that pricing for key features were appropriately considered for all projects. Key pricing features included:

—Incorporating adjustments to ensure seismic requirements were appropriately considered.

—Adding a line item to ensure Leadership in Energy & Environmental Design (LEED) and Energy Policy Act (EPACT) 2005 compliance was appropriately considered.

The inflation rate used to escalate projects from program lock to the program midpoint of construction (average OCT 2009) was 2.2 percent per year which is consistent with the DoD Facilities Pricing Guide.

SPECIAL WEAPONS SECURITY

Question. Last year, the Navy provided a rough estimate of $1 billion for special weapons security requirements under the Strategic Systems Program pursuant to Presidential Directive 28. What is the current estimate?

Answer. The current MILCON requirement for Nuclear Weapons Security (NWS) in the FYDP (FY09–13) is $495 million of which $477 million is budgeted in the President's Budget 09 FYDP. The President's Budget for FY 2009 includes funding for one NWS project, a $51 million increment to P–973; Limited Area Production and Support Complex. While a number of projects remain unfunded, the Navy has taken steps to mitigate the lack of available facilities by implementing interim solutions to ensure Navy provides security as directed in Presidential Directive 28. The President's Budget 09 FYDP also includes $1.3 billion budgeted in other appropriations for both shore side and transit protection NWS.

PPV—CHILD DEVELOPMENT FACILITIES

Question. Marine Corps has been able to include new schools in some of its family housing PPV projects. Has either the Navy or Marine Corps considered the possibility of including child development facilities as a part of PPV?

Answer. To date, no Navy housing privatization project has included the construction of child development facilities. The Navy budget includes a robust program for the construction of child development centers (CDCs) as part of the overall military construction (MILCON) program. The inclusion of CDC construction in a military housing privatization project, as a complement to the MILCON program, may be considered on a case-by-case basis where it can be supported by project cash flows without sacrificing quantity or quality of the housing or other amenities.

YOUTH ACTIVITY NEEDS—DEPARTMENT OF NAVY

Question. The Department has set a goal of meeting 35 percent of youth activity needs by 2009. What are Navy and Marine Corps doing to meet this goal?

Answer. Current youth participation rates range between 19 percent and 24 percent. In order to achieve the newly established 35 percent goal, we must increase availability of programs and services to meet the emerging needs of our dependent military youth. Our long standing national partnership with the Boys and Girls Clubs of America has increased participation in the Department of Navy. The Navy recently entered into a similar affiliation agreement with the National 4–H program. Also, we are making numerous improvements to our military operated programs to attract youth members. These improvements include technology lab hardware/software upgrades that provide homework assistance programs, youth fitness program such as the on-line FitFactor program (navygetfit.com), and increased transportation and hours of operation for youth programs. Additionally, through an OSD joint services contract, the Navy is providing on-site counselors to assist staff members with identifying and assisting youth with deployment and family separation stress.

This summer, the Navy is coordinating a joint Service Teen Forum that will bring together military youth from all Services to identify their top issues and brief our senior leadership so we can continue to make service delivery improvements that meet their unique needs.

MILCON REQUIREMENTS GUAM

Question. Has the Navy fully scoped the MILCON requirements for all elements of forward-basing vessels at Guam? What are the total outstanding (FY09 and beyond) MILCON requirements for the three SSN's, SSGN, T–AKE, and transient carrier berthing?

Answer. Yes, the Navy has scoped MILCON requirements for all current berthing needs of forward-basing vessels at Guam as follows:

P–431 Alpha/Bravo Wharf Extension (FY06 Incr 1 [$25.4M]/FY07 Incr 2 [29.8M]) meets SSGN and 3 x SSN berthing requirements

P–502 Kilo Wharf Extension (FY08 Incr 1 [$50.9M]/FY09 Incr 2 [$50.9M] is designed specifically to meet ordnance handling requirements for the new T–AKE

P–518 X-Ray Wharf Improvements [$33.4M] (unprogrammed) meets nonordnance logistics handling requirements for the new T–AKE

P–583 CVN-Capable Wharf [$390.1M] (unprogrammed) meets transient carrier berthing requirements

The Guam Joint Military Master Plan (GJMMP) and Global Shore Infrastructure Plans (GSIPs) are currently under development and will include all Amphibious Ready Group (ARG), Expeditionary Strike Group (ESG), and CVN infrastructure and berthing requirements. The Navy will continue to address these requirements in future budget submissions.

ENVIRONMENTAL IMPACT FOR LCS HOMEPORTING

Question. When will the environmental impact statement for homeporting of the Littoral Combat Ship be complete? When does Navy anticipate making final homeporting decisions for LCS?

Answer. The homeporting decision process is deliberate and balanced. This process takes into account national security requirements; operational availability; training, total cost and other programmatic implications such as impacts on Sailors and their families; the effect on local economies and National Environmental Policy Act (NEPA) requirements.

The Environmental Assessment and Finding of No Significant Impact for the initial LCS Flight Zero ships was completed in Dec 2005 and Naval Station San Diego was selected as the homeport. Lessons learned from the initial flight zero ships will help determine long-term requirements and basing. Additional environmental planning efforts are planned in the upcoming fiscal years pending a finalized LCS acquisition schedule. The potential homeport locations have not yet been fully determined. Once initiated, these NEPA efforts will typically conclude within 12–18 months.

FLAG HOUSING GUAM

Question. The family housing request includes $1.695 million to reconfigure the interior of six flag housing units on Guam, which equates to a cost of $282,500 per unit. How do you justify this reconfiguration versus whole house replacement construction?

Answer. The proposed project involves extensive work, encompassing repairs in addition to reconfiguration, which will result in the revitalization and modernization of these homes and an extension of their useful life at a cost that is approximately 25 percent of the cost to construct a replacement unit. Accordingly, the proposed work is more cost-effective than replacement.

The area cost factor for Guam is 2.64 which means that construction costs in Guam would be over 150 percent more than the cost of comparable construction in Washington, DC. To illustrate this point, the Guam project cost exclusive of contingency and supervision, inspection, and overhead is approximately $1.5 million (or $253,000 per unit). Adjusting for geographic cost differences, the same project in Washington, DC would cost approximately $100,000 per unit.

Although the units are located at Flag Circle, they are designated for senior (paygrade 0–6) officers.

GROW THE FORCE—TEMPORARY FACILITIES

Question. You have noted that the Marine Corps is actually recruiting beyond its targets to meet the personnel required for Growing the Force. This will put additional strain on your facilities until the permanent construction for GTF is completed. I understand that the Marine Corps intends to rely on approximately $900 million in temporary facilities for three to seven years until permanent facilities are finished. To what extent are you relying on facilities temporarily vacated by deployed units?

Answer. Existing facilities will be utilized to the largest extent practical. However, the majority of our interim facility solutions will be temporary and relocatable facilities.

GROW THE FORCE—RESERVES

Question. Is there a GTF impact on the Marine Corps Reserve? If so, is there a milcon requirement.

Answer. The current Marine Corps Reserve end strength of 39,600 is sufficient. There are no plans to include the Reserves in the Grow the Force effort.

GROW THE FORCE—CONSTRUCTION

Question. Does your Grow the Force plan fully account for all of the permanent construction necessary for the end state of growth?

Answer. Our plan fully accounts for the permanent construction necessary to support Grow the Force.

GROW THE FORCE—BARRACKS

Question. How many additional permanent party barracks spaces are needed due to Growing the Force? What is the total military construction estimate for this requirement?

Answer. Approximately 10,600 additional spaces at a cost of $800 million will be needed to support Grow the Force requirements.

GROW THE FORCE—BARRACKS ACQUISITION STRATEGY

Question. You have requested a large number of barracks projects to execute in a single year. For example, you have requested 19 projects at Camp Pendleton alone. What is your acquisition strategy for barracks?

Answer. These bachelor quarters projects will be packaged into small and medium-size contracts, attractive to a range of small, medium, and large contractors. Additional projects will be set aside for small business concerns to ensure achievement of small business award goals. To speed the delivery of facilities and simplify facility sustainment in the future, we are using a consistent design adaptable to specific sites.

TRAINING BARRACKS

Question. What is the state of Marine Corps training barracks? Do you have a program to bring all of these up to current standard?

Both MCRD Parris Island and MCRD San Diego have Military Construction in FY 2009 for new Recruit Barracks. We also plan additional recruit barracks to support Grow the Force recruit throughput. At the completion of these projects, all recruit barracks should be adequate. However, keeping recruit barracks adequate is an ongoing process:

- In 2007 and 2008 the Marine Corps is investing over $18 million in repair and modernization projects for recruit barracks at MCRD San Diego that include replacement of toilets/showers, drains, roof repairs, replacement of floor and wall tile, and installation of fire sprinkler systems.
- Between 2007 and 2009 the Marine Corps invested (or plans to invest) over $14 million in similar repairs to MCRD Parris Island recruit barracks.

The Basic School (TBS) at Quantico, which provides training for our new Marine Corps officers, will be totally recapitalized and replaced over the next 10+ years. The vast majority of existing facilities are classified as inadequate and beyond economical repair. This construction supports the TBS master plan.

The Officer Candidate School barracks at Quantico have been replaced and refurbished and no other new barracks projects are needed at this time.

AGED BARRACKS—REPLACEMENT PROJECTS

Question. In written response to the Committee last year, you provided a table that identified 43 barracks built between 1920 and 1944 and indicated replacement projects for those facilities that had been programmed. Please provide an updated version of this table.

Answer. Table Attached.

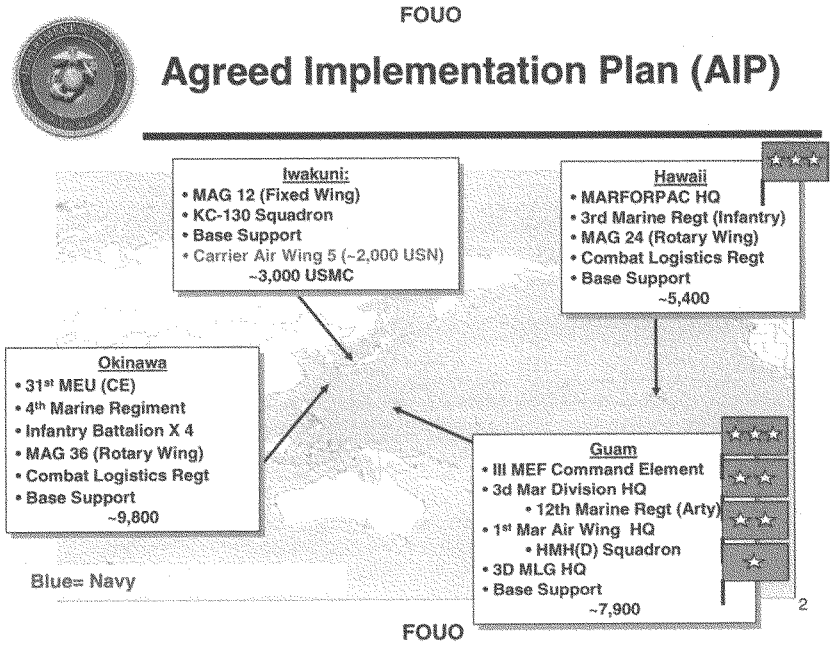
Location	Building Number	Year Built	Demo	Rplmt project	Remarks
MCRD SAN DIEGO CA	5	1920	No	No	Historic Register; 2 floors reassigned as Office space with 3rd floor as overflow billeting
MCB QUANTICO VA	2001	1928	2011	P-536T	Under review
MCB QUANTICO VA	2002	1928	No	No	Under review
MCB QUANTICO VA	2005	1928	No	No	HVAC upgrade project completed 1 Nov 2006
MCB QUANTICO VA	2003	1931	No	No	Under review
MCB QUANTICO VA	2202	1941	No	No	Reassigned to Admin space; not for barracks use
MCB QUANTICO VA	3088	1943	No	No	Reassigned as Continuing Education Office; not for barracks use
MCB QUANTICO VA	2106	1940	2010		Belongs to HMX at MCAS Cherry Point NC (facility physically located at MCAF Quantico)
MCB HAWAII	226	1941	2008	P-749	
MCB HAWAII	227	1941	2008	P-749	
MCB HAWAII	228	1941	2008	P-749	
MCB HAWAII	229	1941	2008	P-749	
MCB HAWAII	230	1941	2008	P-749	
MCB HAWAII	225	1941	2008	P-749	
MCAS CHERRY POINT NC	644	1942			Reassigned to Base Emergency Medical Services; EMT Personnel to move out upon completion of P-141 (FY 2012)
MCB CAMP PENDLETON CA	21441	1942	2012	SRM Demo list	Open Bay - Trainee (NCO School)
MCB CAMP PENDLETON CA	1342	1943	No	No	Personnel are on TAD orders (i.e., site visits, etc)
MCB CAMP LEJEUNE NC	M232	1942	No	No	MCCSSS SNCO Student
MCB CAMP LEJEUNE NC	M233	1942	No	No	MCCSSS SNCO Student
MCB CAMP LEJEUNE NC	M234	1942	No	No	MCCSSS SNCO Student
MCB CAMP LEJEUNE NC	M235	1942	No	No	MCCSSS SNCO Student
MCB CAMP LEJEUNE NC	M236	1942	No	No	MCCSSS SNCO Student
MCB CAMP LEJEUNE NC	M614	1942	2010	P-1011	Open Bay - Student
MCB CAMP LEJEUNE NC	M616	1943	2010	P-1011	Open Bay - Student
MCB CAMP LEJEUNE NC	M622	1943	2010	P-1011	Open Bay - SNCO
MCB CAMP LEJEUNE NC	M309	1943	2015	P-1320	Open Bay - Trainee (Fld Med School); to be used for GTF overflow
MCB CAMP LEJEUNE NC	M316	1943	2015	P-1320	Open Bay - Trainee (Fld Med School); to be used for GTF overflow
MCB CAMP LEJEUNE NC	M318	1943	2015	P-1320	Open Bay - Trainee (Fld Med School); to be used for GTF overflow
MCB CAMP LEJEUNE NC	M504	1943	2008	P-828	Open Bay - Trainee (MCCSSS - Pipeline)
MCB CAMP LEJEUNE NC	M507	1943	2007	P-828	Open Bay - Trainee (MCCSSS - Pipeline)
MCB CAMP LEJEUNE NC	M514	1943	2008	P-828	Open Bay - Trainee (MCCSSS - Pipeline)
MCB CAMP LEJEUNE NC	M516	1943	2008	P-828	Open Bay - Trainee (MCCSSS - Pipeline)
MCB CAMP LEJEUNE NC	M518	1943	2008	P-828	Open Bay - Trainee (MCCSSS - Pipeline)
MCB CAMP LEJEUNE NC	M621	1943	2010	P-1011	Open Bay - Trainee
MCB CAMP LEJEUNE NC	M231	1943	No	No	Officer - Transient; under review
MCB CAMP LEJEUNE NC	M521	1943	2008	P-151	Open Bay - Trainee (MCCSSS - Pipeline)
MCB CAMP LEJEUNE NC	BB45	1944	No	No	Student - Transient; MC Eng School (SNCO & Officer); under review
MCB CAMP LEJEUNE NC	RR9	1942	2011	P-1286	Troop Emergency/Surge
MCB CAMP LEJEUNE NC	RR4	1942	2011	P-1286	Troop Emergency/Surge
MCB CAMP LEJEUNE NC	RR5	1942	No	No	Open Bay - shooters, transient overnight guest; under review
NEWBURGH NY (4th MAW, NOLA)	1920	1942	Discussions underway for potential demo/relocation		Used by reserves for drill weekends and overflow personnel
NEWBURGH NY (4th MAW, NOLA)	1918	1942	Discussions underway for potential demo/relocation		Used by reserves for drill weekends and overflow personnel
NEWBURGH NY (4th MAW, NOLA)	1910	1942	Discussions underway for potential demo/relocation		Used by reserves for drill weekends and overflow personnel

Guam Relocation – Units and Capabilities

Question:

Please briefly describe the Marine Corps units and capabilities that will be left in Okinawa, and those that will be relocated to Guam, under the US-Japan agreement.

Answer:



GUAM RELOCATION—FUTENMA REPLACEMENT FACILITY

Question. What is the impact to the Marine Corps' capabilities on Okinawa if the Futenma Replacement Facility is not completed?

Answer. If the Futenma Replacement Facility is not completed, the following will result:

—Japan will have not fulfilled the key provision of the Agreed Implementation Plan on Okinawa Reorganization that the U.S. concluded with the Government of Japan (GOJ) in 2006. As a result, the U.S. would not be obligated to relocate approximately 8,000 Marines off of Okinawa to Guam.

—II MEF forces could continue to base and operate from the island of Okinawa as they have for decades.

—The Marine Corps could continue to use MCAS Futenma for air operations in Okinawa, but the following constraints apply:

The maintenance of facilities at Futenma has been minimal since the 1996 Special Action Committee on Okinawa (SACO) Agreement. This was the original agreement between the U.S. and Japanese governments to construct a Futenma Replacement Facility. Since Futenma was to be replaced, little was invested in maintaining the facility. If the Futenma Replacement is not built, the existing Futenma facilities will require substantial investment, or the facility would become unusable in the near future.

Operating from Futenma, the USMC would still be faced with opposition on the island to the continued use of Futenma, perpetuating an on-going source of discontent in the vicinity of the airfield and with the Okinawa Prefectural Government.

The political viability of continued, long-term use of the airfield is in question, because the Okinawan population, which encroached on Futenma Air Station after it was built, is vocally opposed to continued operation of the facility.

MV–22—Military Construction Cost for Bed Down

Question. What is the total outstanding (FY09 and beyond) Marine Corps military construction requirement for bed-down of the MV–22?

Answer. The current planning estimate for Marine Corps MILCON requirements for MV–22 support is approximately $141 million.

[CLERK'S NOTE.—End of Questions submitted for the Record by Chairman Edwards.]

[CLERK'S NOTE.—Questions for the Record submitted by Congressman Wamp.]

GUAM REALIGNMENT—ADMIRAL ROUGHEAD'S RESPONSE

Question. The budget continues detailed studies, plans, and environmental analyses for the United States and the Government of Japan DPRI to relocate about 8,000 marines and dependents from Okinawa to Guam by 2014. Please tell the Committee what your sense is of the planning process and the vast number of decisions that would have to be made, and is 2014 a realistic goal? How much does the budget request include for studies, plans, and environmental analyses for the Guam realignment? Is there funding in the Navy budget request for this work or is the funding elsewhere in the budget?

Answer. The Joint Guam Program Office (JGPO) in the Office of the Assistant Secretary of the Navy (Installations and Environment) is coordinating this initiative, as directed by the Deputy Secretary of Defense. The Master planning process is progressing well. The draft Master Plan will be available at the end of this month and will show a conceptual laydown plan. The working-level Guam Joint Military Master Plan is being developed in parallel with the Environmental Impact Statement (EIS) and should be available this summer.

Natural and cultural resources and socioeconomic studies are underway on Guam and in the Commonwealth of the Northern Marianas Islands (CNMI), and additional studies are set to begin this summer. To support the final EIS document, the JGPO is coordinating with Federal and local regulatory agencies in quarterly partnering sessions to identify and resolve potential hurdles. JGPO is also the champion of a Lean Six Sigma project that aims to streamline the review process. These efforts support the approval of the EIS Record of Decision in January 2010.

The Department of Navy's FY 2009 budget includes $62 million for the DPRI initiative. Of the $62 million, $28 million is in the Military Construction Navy appropriation for construction planning and design, $25 million in Operations and Maintenance, Marine Corps and $9 million in Operations and Maintenance, Navy ac-

counts for continued master plan and EIS studies, plans, and analyses for the Guam realignment. Although programming and budgeting for the Guam realignment program remains a Service responsibility, JGPO coordinates those Service funding requirements.

Aside from the costs directly associated with the realignment, there are many infrastructure needs on Guam that may directly or indirectly impact the execution of the program. JGPO continues to work closely with the Government of Guam and other Federal Agencies and Departments to identify their respective funding requirements. JGPO has partnered with the Department of the Interior to monitor and address the Federal response in meeting these funding requirements as part of an Interagency Work Group.

DoD and the Government of Japan continue to strive toward a completion date of 2014.

GUAM RELOCATION—PLANS, DECISIONS, BUDGET—GENERAL CONWAY'S RESPONSE

Question. The budget continues detailed studies, plans, and environmental analyses for the United States and the Government of Japan DPRI to relocate about 8,000 marines and dependents from Okinawa to Guam by 2014. Please tell the Committee what your sense is of the planning process and the vast number of decisions that would have to be made, and is 2014 a realistic goal? How much does the budget request include for studies, plans, and environmental analyses for the Guam realignment? Is there funding in the Navy budget request for this work or is the funding elsewhere in the budget?

Answer. Moving approximately 8,000 Marines and associated family members to Guam by 2014 entails planning the echeloned movement of designated units from Okinawa to Guam in such a way as to match the construction progress on Guam and to maintain operational viability during the relocation. Marine Forces Pacific (MFP), planning with Headquarters, U.S. Marine Corps and on behalf of the Commander, U.S. PACOM, has created a timeline of execution that is matched to requirements and obligations of the Agreed Implementation Plan (AIP).

The existing timeline is aggressive and will require coordination of the Governments of Japan, the United States, and Guam, as well as industry partners. The Department of the Navy PB09 budget request includes the required funding for studies, plans, environmental analysis as well as planning and design for the Guam realignment in addition to previously appropriated FY08 totals.

	FY07	FY08	FY09
Military Construction, Navy	.....	$11.0M	$28.1M
Operation and Maintenance, Marine Corps	.....	$9.0M	$24.8M
Operation and Maintenance, Navy	$21.6M	$18.8M	$8.8M
Total	$21.6M	$38.8M	$61.7M

Efforts are proceeding apace to complete the Environmental Impact Statement and obtain the Record of Decision (ROD) in FY 2010 in order for the construction of facilities to begin.

BRAC 2005—ADMIRAL ROUGHEAD'S RESPONSE

Question. According to your testimony, BRAC 2005 continues the process of improving efficiencies and reducing footprint, and that the Navy has started to implement business plans that account for $893 million in annual savings for steady state operations starting in fiscal year 2012. The Navy budget request includes $871.5 million to continue implementation of the 2005 BRAC recommendations. How much were you cut between the fiscal year 2008 request versus the 2008 appropriation, and what type of adjustments is the Navy making due to the rescission? Does the fiscal year 2009 request try to recapture the cuts that were made in fiscal year 2008? How do these cuts impact planning, execution and the 2011 deadline?

Answer. Navy's share of the $939 million FY 2008 Congressional BRAC 2005 reduction is $143 million. The lack of appropriations will result in a delay of awarding two BRAC construction projects totaling $97 million (Investigative Agencies Consolidation, Quantico, VA; Reserve Center, Fort Lewis, WA) and delay move-related expenditures in the amount of $46 million (Operations & Maintenance) from FY 2008 to FY 2009. These delays add uncertainty and hardship for the Navy personnel and families affected by the move. These delays prevent achieving management efficiencies and savings that were the basis for the BRAC decisions. Without the

prompt and full restoration of funds, Navy's ability to accomplish BRAC by the September 15, 2011 statutory deadline will be jeopardized.

The FY 2009 budget submission does not address nor attempt to recapture the $143 million FY 2008 reduction.

MARINE CORPS-GROW THE FORCE (NAVY SUPPORT)—ADMIRAL ROUGHEAD'S RESPONSE

Question. Does this budget request adequately address the fiscal year 2009 requirements as it relates to the Grow the Force Initiative in the Marine Corps?

Answer. The Navy has no military construction requirements to support the Marine Corps' Grow the Force initiative and none are included in the FY 2009 budget request.

GROW THE FORCE—FY09 REQUIREMENTS—GENERAL CONWAY'S RESPONSE

Question. Does this budget request adequately address the fiscal year 2009 requirements as it relates to the Grow the Force initiative in the Marine Corps?

Answer: Yes, the FY09 budget request adequately addresses the funding necessary to implement the Marine Corps' Grow the Force plan.

CAMP LEMONIER—BUDGET REQUEST—ADMIRAL ROUGHEAD'S RESPONSE

Question. You mentioned the conduct of operations to dissuade and counter piracy off the West African coast to provide a secure maritime environment. In the budget request, there is a total of about $31.4 million for three projects at Camp Lemonier in Djibouti. Is the Navy assuming a larger role there and do you anticipate the transition to AFRICOM to be moving in the right direction? What kind of impact do you think your presence will have on your ability to counter piracy off the West African coast?

Answer. The Navy is not assuming a larger role at Camp Lemonier. The three projects, an aircraft maintenance hangar, a parking apron for that maintenance hangar, and a telecom facility, will replace the inadequate infrastructure (i.e., tents and outdated C4I electronic systems). These structures will enhance maintenance capabilities for current aviation forces in Djibouti. While there is no direct link between these projects and counter-piracy operations off the Horn of Africa, improved aircraft maintenance and communications will enhance our maritime capabilities in the area.

The transition to AFRICOM will further our efforts to implement the new cooperative Maritime Strategy and increase the security and stability of the surrounding maritime domain. AFRICOM will be responsible for regional initiatives such as Global Maritime Partnerships that seek a cooperative approach to maritime security in the region to counter piracy, terrorism and other illicit activities. Additionally, Africa Partnership Station is a tailored, routine presence in West and Central Africa that integrates various entities to build capability and capacity in partner nations to address common challenges in the region.

JOINT BASING PROCESS—ADMIRAL ROUGHEAD'S RESPONSE

Question. Your testimony indicates that there is much work to be done on the Joint Basing process, but would you give the Committee an update on the status of the Joint Basing process.

Answer. Over the past few months we have made significant progress on Joint Basing. The Office of the Secretary of Defense (OSD) issued the Joint Base Implementation Guidance (JBIG) on January 22, 2008, directing Total Obligation Authority (TOA) and real property assets transfer from the supported component to the supporting component. OSD, with full Service participation, is developing specific guidance and performance standards to enable each Joint Base to develop site specific Memoranda of Agreement (MOAs). These MOAs will further define the relationships between components and commit supporting components to deliver approved output levels.

The JBIG has two implementation phases: Phase I begins January 31, 2009, and Phase II on January 31, 2010. The Navy has the lead on the following joint bases:

- Joint Base Anacostia-Bolling, DC
- Joint Base Pearl Harbor-Hickam, HI
- Joint Base Little Creek-Story, VA
- Joint Region Marianas, Guam

All actions will be completed by September 2011.

BASIC HOUSING ALLOWANCE—ADMIRAL ROUGHEAD'S RESPONSE

Question. Currently, sailors have the opportunity to buy or rent homes if they receive Basic Allowance for Housing. How does a sailor qualify for a Basic Housing Allowance, and what percentage of sailors receive a Basic Housing Allowance?

Response. Under the provisions of section 403 of title 37 of the U.S. Code, any Sailor who is entitled to basic pay and does not permanently reside in government quarters is entitled to a full Basic Allowance for Housing (BAH) based on his or her pay grade, dependency status (i.e., a member with, or without dependents), and permanent duty location. This includes Sailors and their families who reside in housing built, maintained, and/or operated under a public-private venture. However, the law also stipulates that members in pay grades below E–6 without dependents are not entitled to BAH if assigned afloat. The law goes on to provide that the Secretary concerned may authorize BAH for these members if they are serving in pay grades E–4 or E–5. Navy policy limits this authority regarding Sailors in pay grade E–4 to those with at least four years of service. Thus, the effect of the law and Navy's policy is that members without dependents in pay grades E–l to E–4 (with less than four years of service) may not receive a full BAH if they are assigned to a tour of duty aboard a ship or submarine. As of February 2008, 68.89 percent of Sailors who receive basic pay also receive BAH.

FAMILY HOUSING BUDGET—ADMIRAL ROUGHEAD'S RESPONSE

Question. The budget request includes $123 million for family housing construction, improvements, planning and design. For the record, please breakout each of these items, by location and dollar amount.

Answer. The requested information follows:

Location	Project No.	Description	Appropriation Request ($M)
Family Housing Construction:			
NS Guantanamo Bay, Cuba	H–541	Replace 38 units	$16.5
NS Guantanamo Bay, Cuba	H–543	Replace 60 units	23.7
NS Guantanamo Bay, Cuba	H–544	Replace 48 units	22.4
Subtotal			62.6
Family Housing Improvements:			
NCBC Gulfport, MS	H–06–92–2	Privatization	$8.4
NB Guam, Marianas Islands	H–02–03	Revitalize 6 units	1.7
CFA Sasebo, Japan	HD–16–02	Revitalize 224 units	32.4
CFA Sasebo, Japan	HD–15–02–1	Revitalize 68 units	8.8
CFA Sasebo, Japan	H–2–02	Revitalize 44 units	7.2
Subtotal			58.5
Family Housing Planning & Design—Various Locations.			2.0
Total Family Housing Construction Request ($M).			$123.1

FAMILY HOUSING—CONSTRUCTION, IMPROVEMENTS, PLANNING & DESIGN

Question: The budget request includes funding for family housing construction, improvements, planning and design. For the record, please breakout each of these items, by location and dollar amount.

Answer: By location, the budget request included the following funding for family housing construction, improvements, and planning and design.

Location	Amount ($000)
Total USMC Family Housing Construction	0
MCB Camp Lejeune, NC	81,987
MCAGCC Twentynine Palms, CA	49,600
MCB Camp Pendleton, CA	59,026
MCB Hawaii, HI	60,000
MCAS Iwakuni, JA	8,910
Total USMC Family Housing Improvements	259,523

Location	Amount ($000)
MCAS Iwakuni, JA	156
Total USMC Family Housing Planning & Design	156
Total USMC FHCON	259,679

FAMILY HOUSING BUDGET OVERSEAS LOCATIONS—ADMIRAL ROUGHEAD'S RESPONSE

Question. The fiscal year 2009 budget request includes funding to renovate, replace and sustain 7,800 hosing units in foreign/overseas locations. How much does the budget request include for these activities? Please provide, for the record, a listing by location and dollar amount for these units.

Answer. The budget request includes $333 million for these units. Table below provides breakdown.

Installation	FY09 Owned	FY09 Leased	FY09 $K
Marianas Is., Guam	1,505	0	40,967
US Overseas totals	1,505	0	40,967
London, UK	131	0	2,560
Madrid, Spain	0	0	208
Rota, Spain	781	0	16,230
Atsugi, Japan	1,033	0	13,030
Sasebo, Japan	661	0	57,251
CNF Japan HQ/Yokosuka	2,940	0	32,694
Chinhae, Korea	50	0	553
Guantanamo Bay, Cuba	719	0	83,718
CNR Europe HQ	0	0	2,721
Naples, Italy	1	1,126	38,738
Sigonella, Italy	8	930	34,541
Gaeta, Italy	0	0	428
St Mawgan, UK	0	0	264
Valencia, Spain	0	0	141
Lisbon, Portugal	0	1	342
Larissa, Greece	0	1	610
Souda Bay, Crete	0	1	624
Cairo, Egypt	0	16	1,016
Dubai, UAE	0	1	59
Hanoi, Vietnam	0	1	50
Hong Kong, China	0	4	509
Jakarta, Indonesia	0	13	1,048
Kuala Lumpur, Malaysia	0	1	31
Lima, Peru	0	8	437
Manama, Bahrain	0	2	232
Manila, Phillipines	0	4	230
New Dehli, India	0	3	204
Oslo, Norway	0	1	42
Singapore, Singapore	0	118	3,827
Tel Aviv, Israel	0	1	37
Vientiane, Laos	0	2	57
Foreign totals	6,324	2,234	292,431
Navy totals	7,829	2,234	333,398

FAMILY HOUSING—RENOVATE, REPLACE, SUSTAIN HOUSING IN OVERSEAS LOCATIONS—GENERAL CONWAY'S RESPONSE

Question. The fiscal year 2009 budget request includes funding to renovate, replace, and sustain housing units in foreign/overseas locations. How much does the budget request include for these activities? Please provide, for the record, a listing by location and dollar amount for these units.

Answer. By location, the Fiscal Year 2009 budget includes the following funding to renovate, replace, and sustain housing units in foreign/overseas locations.

Location	*Amount ($000)*
MCB Hawaii, HI (Section 802 units)	15,600

Location	*Amount ($000)*
MCAS Iwakuni, JA	*8,910
Total FHCON Improvements	24,510
MCAS Iwakuni, JA	3,071
Total FHOPS Maintenance	3,071
Total Family Housing	27,581

*Note: The total Hawaii project is $60M. $15.6M to purchase/improve existing Section 802 units, and $44.4M for PPV seed money to build additional housing units.

FAMILY HOUSING—O&M AND LEASING COSTS—ADMIRAL ROUGHEAD'S RESPONSE

Question. The fiscal year 2009 budget request includes $339 million for the operation, maintenance, and leasing of Navy family housing. Please tell the Committee how much is included for each of these activities.

Answer. The table below shows line-item detail of the $339 million dollar request.

[Dollars in millions]

Account	*FY 2009 Request*
Utilities	41.9
Operations	
Management	54.0
Services	12.5
Furnishings	14.2
Miscellaneous	0.7
Maintenance	83.4
Leasing	116.7
Privatization Support	15.5
Navy Totals	338.9

CHILD DEVELOPMENT CENTER CONSTRUCTION—ADMIRAL ROUGHEAD'S RESPONSE

Question. The fiscal year 2009 budget request includes funding for the construction of 5 new child development centers. Please tell the Committee what the cost to construct for each of these centers and how many spaces will be created at each of these 5 centers.

Answer. The following Child Development Center MILCON projects were included in PB09:

- NAS Jacksonville (Project Number: 192) at $12.89M providing 302 total spaces
- NS Pearl Harbor (Project Number: P019) at $29.30M providing 302 total spaces
- NAF El Centro (Project Number: P211) at $8.90M providing 98 total spaces
- NAS North Island (Project Number: P503) at $14.27 providing 302 total spaces
- NS Norfolk (Project Number: P923) at $10.50M providing 302 total spaces

Summary: A $75.86 million total investment in Child Development Centers yielding a total of 1,306 spaces.

CHILD DEVELOPMENT CENTERS EXPANSION PLAN—ADMIRAL ROUGHEAD'S RESPONSE

Question. According to testimony the Navy has developed an aggressive child care expansion plan, adding over 4,000 new child care spaces within the next 18 months. Of these 4,000 spaces within the next 18 months, how many of these spaces are included in the fiscal year 2009 budget request?

Answer. All 4,000 spaces are included in the FY 2009 budget request. The 4,000 additional spaces will be accomplished through four expansion initiatives: 1) previously funded minor construction child development centers (CDCs); 2) military home-care expansion; 3) temporary modular classrooms; and 4) commercial contract spaces.

1. Minor construction: We are opening 1,300 new spaces.

2. Military home-care expansion: 400 additional subsidized, military certified home care spaces which will be accomplished through standardized/increased subsidies Navy-wide.

3. Temporary modular classrooms: 2,150 spaces will be added by installing temporary units adjacent to existing military CDCs. These units will be replaced in outyears with additional planned construction.
4. Commercial contract spaces: Through a national contract, the budget request resources 150 subsidized contract spaces in nationally accredited commercial child care centers.)

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Wamp.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Boyd.]

CAMP LEJEUNE WATER CONTAMINATION

Question. General Conway, my District Office has been contacted by or advised of 7 different families in my District that are seeking medical records, birth records, or other information directly related to the Camp Lejeune Water Contamination. I am requesting a written response from your agency to me that addresses the efforts that are being made to look deeper into the issue, and the overall direction that your agency is headed in the handling of this issue.

Answer. The Marine Corps remains committed to finding answers to the many questions surrounding historic water quality at Marine Corps Base Camp Lejeune, NC, and providing this information to the public. Prior to 1987, some of the drinking water at Camp Lejeune contained unregulated chemicals, primarily solvents used in dry cleaning and degreasing operations. Drinking water wells that contained these chemicals were closed in the early 1980s with the last well closed in 1985.

Exposure to these chemicals in the drinking water at Camp Lejeune has not been linked to any illnesses, at this time. The Marine Corps has worked closely with the Agency for Toxic Substances and Disease Registry (ATSDR), the Environmental Protection Agency (EPA), the General Accountability Office (GAO), and the National Academy of Sciences (NAS) to study and address the issue. Since 2003, the Marine Corps has spent over $10 million supporting the efforts of these agencies to determine whether our Marines may have been adversely affected by the water.

Presently, the ATSDR is attempting to project when the drinking water was first impacted, who may have consumed the impacted water, and whether there is any association between exposure to the chemicals in the drinking water and certain adverse health conditions in children born to mothers who lived at Camp Lejeune between 1968 through 1985 (thought to be the most sensitive population). They estimate that this study will be completed in mid 2009. In April 2007, the Marine Corps contracted with the National Academy of Sciences (NAS) to conduct a comprehensive review of available scientific literature in order to recommend future actions that could be taken (estimated completion Oct 2008). Other completed studies include a review by the GAO, a Department of Justice investigation, an EPA Criminal Investigation Division investigation, as well as a panel review commissioned by the Commandant of the Marine Corps.

The Marine Corps fully supports the efforts of these agencies, and is providing data, access, and logistical assistance to them; upon completion of their studies, the Marine Corps will publicize

the results. The Marine Corps has made it a top priority to identify and contact the potentially impacted population (individuals who lived or worked at Camp Lejeune between 1957 and 1987) so that they can be notified of their potential exposure and updated as additional information becomes available. Unfortunately, the Marine Corps does not have complete personnel records covering this entire period.

To this end, in September 2007 the Marine Corps established a Notification Registry to inform former Camp Lejeune residents that they may have been exposed to impacted drinking water and receive additional information when ongoing studies are complete. The registry can be accessed at *www.usmc.mil/clsurvey* or via the toll-free hotline at 1–877–261–9782. Interested parties can also e-mail questions to *clwater@usmc.mil*

To reach former Marines not contained in our records, the Marine Corps has placed advertisements in internal and military publications, articles in local newspapers (nationwide) and radio announcements (nationwide). Additionally the Marine Corps has funded paid advertisements in National publications such as "USA Today". These efforts have enabled the Marine Corps to identify thousands of individuals and mail over 50,000 letters notifying them of their potential exposure, informing them of the issue and providing contact information so they can learn more.

The Marine Corps and Department of the Navy continue to clean up environmental contamination aboard the base and fully cooperate with other state and federal agencies. The drinking at Camp Lejeune today is safe to drink and is tested more rigorously than required.

[CLERK'S NOTE.—End of Questions for the Record submitted by Congressman Boyd.]

WEDNESDAY, MARCH 12, 2008.

U.S. PACIFIC COMMAND

WITNESSES

ADMIRAL TIMOTHY KEATING, U.S. NAVY COMMANDER, U.S. PACIFIC COMMAND

GENERAL B.B. BELL, COMMANDER, REPUBLIC OF KOREA—UNITED STATES COMBINED FORCES COMMAND, AND COMMANDER, UNITED STATES FORCES KOREA

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. Good morning.

Admiral Keating, General Bell, welcome to the committee.

We are here today to discuss the fiscal year 2009 military construction and family housing request for U.S. Pacific Command, including U.S. Forces Korea.

The total amount of requested military construction supporting PACOM is $2.9 billion. This includes $675 million in overseas construction and $2.2 billion in U.S. construction supporting PACOM and its components.

Pacific Command's force posture is undergoing what is perhaps its greatest transition since the early post-war era. The transition involved a major realignment of bases in Japan, including the eventual transfer of 8,300 Marines and their dependents from Okinawa to Guam.

In Korea, the U.S. military has reduced its presence, I believe, by about one-third. The remaining forces are relocating and consolidating south of Seoul.

Finally, the Army, Navy, Marine Corps and Air Force are all realigning forces to increase their presence in the Pacific.

Before we proceed with the opening comments and my introduction of our witnesses today, I would like to recognize Mr. Wamp, our ranking member, for any opening comments you would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Well, Mr. Chairman, let me just thank you for your leadership and for these two great military leaders' presence here today.

It is inspirational to be in your presence. I know you both now and have great confidence in you.

General Bell and I have known each other for a long time. He went to school at the University of Tennessee-Chattanooga and is a property owner in my district.

I don't know of a more gung-ho American soldier than General Bell. I have known a bunch of them, and he is here in the flesh.

General BELL. I will not get on the table today, I promise.

Mr. WAMP. And, Admiral Keating, your leadership is very much appreciated.

We have got many challenges ahead, but it is a great privilege to be a part of this process. And even this morning there was commentary in the press about the many challenges we face, trying to spend $14 billion in Guam, and the kind of support long term that we need.

So that, in and of itself, is earth-changing and paradigm-shifting for the United States military.

But it is a great time of opportunity for us and I particularly appreciate PACOM, because I have been through a lot of this part of the world and I know the importance historically there and it is as important today as it has ever been, even just thinking of North Korea and the kind of presence and consistent leadership we need in your part of the world.

So it is a privilege to see you here in your nation's capital and I can't thank you enough for your service. And all the people sitting behind you, you are their representatives today.

And we so we compliment you.

Mr. EDWARDS. Thank you——

What is amazing to me is to look at you two great leaders and think that you represent 76 years of public service to our country and to our service men and women and their families.

Thanks to you both for that distinguished service.

By way of brief introduction, Admiral Keating assumed command of PACOM on March 23rd of 2007, nearly 37 years of service after graduating from the Naval Academy in 1971.

And thank you for every one of those years, 37 years of service.

He is a naval aviator with over 5,000 flight hours, probably flew planes faster than my dad in World War II, flew those PDYs. I am told 100 knots, climbing 100 knots, straight level, 100 knots, more or less.

He has served as commander of the Northern Command and NORAD from 2004 to 2007. A native of Dayton, Ohio.

General B.B. Bell is commander of U.S. Forces in Korea, has been in that post since February 2006. He also was commander of U.S. Army Europe prior to his current post, 39 years of service.

He also—and I have always saved the best for last—served as III Corps commander at the great Fort Hood in Texas.

And, General Bell, let me just tell you, as someone who has considered myself privileged to be your friend for so many years now, this will be your last time to testify before our committee, as you retire in June.

Thank you for your lifetime of service. I have never known any general officer who has fought harder for our service men and women and their quality of life to support them than you have, and you have been a tremendous fighter every step of the way.

If your troops weren't being treated right, you saw to it that they would be.

And I can't say enough about your leadership and the sacrifice that you and Katie have made for our country.

How many moves in all those years of service?

General BELL. Sir, you wouldn't believe it if I told you. You would conduct an investigation.

We have made 33 moves.

Mr. EDWARDS. Thirty-three moves in 39 years.

General BELL. It will be 34 here before too long, and that is it.

Mr. EDWARDS. Well, I think that underscores the point I would make. I consider the unsung heroes and heroines in our nation's defense to be our military spouses and children and the sacrifices your families make in all those years.

It just makes me proud to be at the same table with you. Thank you for that service.

General BELL. Thank you, Chairman, I appreciate it. It is an honor.

Mr. EDWARDS. Thank you.

Without objection, your full testimony will be submitted for the record, but I would like to recognize both of you, beginning with you, Admiral Keating, to present your opening remarks and then we will go into questions and answers.

STATEMENT OF ADMIRAL TIMOTHY J. KEATING

Admiral KEATING. Thank you very much, Chairman, for the pleasure and the privilege of appearing before you for my first opportunity today.

I would like to add, with emphasis, for your record, Mr. Chairman, the Pacific Command's gratitude and thanks to B.B. Bell and Katie. It has been my great personal and professional privilege to work with B.B. on a couple of different occasions and, as you say, there is no more fierce advocate for our men and women in uniform than General B.B. Bell.

We will miss him. His kind doesn't come along often.

Behind me, Mr. Chairman, I would like to introduce one gentleman in particular, our senior enlisted leader for the United States Forces in the Pacific, Chief Master Sergeant Jim Roy, United States Air Force.

I am glad that he could join us today. His efforts on behalf of enlisted men and women in the Pacific Command are of the same quality as General Bell's have been, as you mentioned.

I am sure you would feel the same sense of pride that I do as I sit before you representing those 350,000-some men and women in uniform and the civilians who support our efforts in Southwest Asia, Southeast Asia, and all throughout the Asia-Pacific Region.

In a couple of words, Mr. Chairman, our region is stable, thankfully. Security is improving and it is perhaps best characterized by the significant economic engine that is churning, running on all cylinders out in the Asia-Pacific region.

We have had several elections recently in our area of responsibility. They have gone well, I believe, for our command and certainly for our country.

In Japan, the Republic of Korea, Australia and Thailand, new governments are in place and, in each case, they are supportive of our strategy at the United States Pacific Command.

There is a collaborative mindset amongst all those countries where we work throughout our region, with a couple of notable ex-

ceptions, most prominent, North Korea and China, People's Republic of China, of course, and more on those in just a second.

But all of us in the region agree that we can improve our security through multi-lateral efforts, trying to leverage bilateral relations, build on the very solid set of relations we have in that area, but expand them to a multilateral effort.

We have had 23 chiefs of defense come to our headquarters and we have been able to visit 21 countries in the year that we have had the privilege of command.

So we are getting out, we are moving around, and we are spending time with folks to emphasize maritime security systems and try to improve the information sharing and collaboration so as to reduce, if not eliminate our own concern, and that is violent extremism throughout area of responsibility.

We have had, through your support, the opportunity to provide humanitarian efforts to tens of thousands of people throughout the Asia-Pacific region. The United States' Naval Ship *Mercy* is coming again this summer, our hospital ship.

She was through two summers ago. Last summer, the USS *Peleliu*, an amphibious ship from our United States Navy, who took most of the Marines off and put a number of doctors and dentists and nurses on, and they saw about 30,000 people throughout the Southeast Asia area, over 1,000 major surgeries performed, and that is where goodwill and humanitarian assistance, of course, goes a long way to improving peace and stability in our region.

The money that you give us has been very helpful in our war on terrorism. In particular, in the countries of Indonesia, Malaysia, and the Republic of the Philippines have used—it is not a king's ransom, but it is a significant effort.

It allows them to collaborate in significant ways to improve maritime security, in particular, through the Strait of Malacca, a significantly important strategic chokepoint for us in our theater, and security has been significantly enhanced because of the money that you have given us to reduce the movement of terrorists and the flow of the financial support that they need.

So we are hopeful for progress throughout our region. As you saw, no doubt, in the paper, Ambassador Chris Hill is engaged with the North Koreans tomorrow, I think, this time in Geneva, trying to move that ball a little bit closer to the goal line for six-party talks, which would—he is, of course, closer to this problem—we watch with him very carefully as we strive for peace in the peninsula.

The People's Republic of China, I have been there twice—it's slow going with them, but we think we are making progress. We are emphasizing, again, not just transparency, but statement of intent.

We are not as near where we want to be with them, but I am encouraged. It is a gradual progress, but I think it is measurable and it is, in the long run, of significant importance to the United States——

I am, once again, grateful for your support, Mr. Chairman, Congressman Wamp. We will be happy to take your questions.

[Prepared statement of Timothy J. Keating follows:]

FOR OFFICIAL USE ONLY

UNTIL RELEASED BY THE

HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

STATEMENT OF

ADMIRAL TIMOTHY J. KEATING, U.S. NAVY

COMMANDER

U.S. PACIFIC COMMAND

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

ON MILITARY CONSTRUCTION IN U.S. PACIFIC COMMAND

12 MAR 08

FOR OFFICIAL USE ONLY

UNTIL RELEASED BY THE

HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

INTRODUCTION

Mr. Chairman and Members of the Committee:

On behalf of the men and women of the U.S. Pacific Command (USPACOM), thank you for this opportunity to share with you the military construction (MILCON) needs and initiatives in the USPACOM area of responsibility (AOR).

The region is secure and stable. This year, I have had the opportunity to visit 21 regional nations – more than one-half the total in our AOR. I also hosted 23 National Chiefs of Defense in Hawaii this past November. From these first-hand experiences, I gained the sense that my counterparts see a secure and prosperous future for the region, particularly if we choose to approach security issues with a collaborative mindset. I share their optimism and a desire to seek multilateral solutions when possible.

2007 was a year of considerable change in the region. Positive economic trends continued for most of Asia, which has three of the world's top 10 economies (Japan, China, and India). The region played a greater role on the global diplomatic stage. Many Asia-Pacific nations improved, and some expanded, their military capabilities as well. All these trends are impacting how nations interact with each other and the U.S. This dynamism and interplay offer more opportunity than challenge but will require our continued, confident leadership and a commitment of resources commensurate with the importance of this vibrant region to our Nation.

Working in this constantly evolving arena, USPACOM forces conducted meaningful military-to-military engagement with regional partners and realized progress in a number of security areas. We improved multilateral information sharing with partners and held the first-ever conference among Asia-Pacific Intelligence Chiefs; enhanced the capacity of our regional partners to counter transnational crime and terrorism; changed attitudes in populations at risk for terrorist exploitation; advanced U.S. and allied ballistic missile defense capabilities; and, mitigated human suffering in the wake of natural disasters. Our military accomplished all of these things, and significantly, they did so in full cooperation with our embassy country teams, allies, and partners.

Outside our AOR, Pacific-based forces continue to serve with surpassing distinction in Iraq and Afghanistan. Next year, we expect to sustain about 30,000 USPACOM-assigned personnel in the USCENTCOM AOR. Many Asia-Pacific nations have made and are still making significant contributions to our efforts in the Middle East, including Australia, Japan, Republic of Korea, Thailand, Singapore, Fiji, Mongolia, Tonga, and New Zealand. Having visited our people and partners in Iraq, I assure you USPACOM forces on the ground are confident, believe in their mission, and see progress being made. We all should be proud of them and their families.

MILCON continues to be a vital enabler of ready forces. Because of your support of our $1.9 billion request in FY08, USPACOM MILCON program continues to meet operational and quality of life requirements. MILCON is facilitating significant capability enhancements, to include F-22s at Elmendorf AFB and the homeporting of the nuclear-powered carrier USS

GEORGE WASHINGTON at Yokosuka, Japan later this calendar year. We are grateful for the support of the Congress and welcome your careful consideration of our FY09 program.

FISCAL YEAR (FY) 09 MILCON

In FY09, USPACOM requests $2.8 billion in MILCON for facilities and infrastructure to support U.S. military forces and their families - $1.8 billion or 64% for Quality of Life initiatives and $1.0 billion or 36% for warfighting projects. Of note, nearly $1.0 billion requested in FY09 funding would focus directly on supporting Grow the Force initiatives for Army and Marine plus-ups in the Pacific.

READINESS AND WARFIGHTING

Rapid response in the Asia-Pacific region hinges on flexibility, speed, and agility of our military forces. The force posture agreement with Japan, reached under the auspices of the Defense Policy Review Initiative (DPRI), will improve our ability to effectively employ U.S. forces while addressing concerns of the Japanese populace. Similar agreements reached with Korea under the Security Policy Initiative (SPI) would provide the strategic flexibility for U.S forces while allowing the South Korean military to take on a greater role for defense of the Korean Peninsula. Japan and Korea are bearing much of the cost associated with the planned posture changes but U.S. MILCON funds are necessary to complete remaining military construction and other infrastructure needs. As we move forces from Japan onto Guam and restructure those in Korea, our MILCON investments would enable USPACOM and Service

Components to better employ U.S. forces, protect national interests, and demonstrate enduring commitment to the region, while adding political stability and operational flexibility to our posture. For FY09, we seek $1.0 billion for readiness and warfighting projects critical to properly realign and employ forward-based forces.

Japan: On 1 May 2006, the U.S. Secretaries of State and Defense and their Japanese counterparts issued the Roadmap for Realignment, which lays out the overall implementation for realignment of U.S. forces in Japan. Under the Roadmap, the Government of Japan would fund costs associated with U. S. force posture changes in Japan. The U.S. also has a planned share in the MILCON funding to support impending changes in Japan. In FY09, USARPAC requests $18 million for a battle command training facility at Sagami and $2 million for a sensitive compartmented information facility at Camp Zama.

Guam: Guam-based forces offer strategic flexibility and freedom of maneuver needed for prompt action in the Global War on Terror, response to theater contingencies, and peacetime engagement. For FY09, our MILCON requirement on Guam includes several Navy and Air Force infrastructure projects required for current operations. For FY10 and beyond, the Air Force plans to enhance Intelligence, Surveillance, and Reconnaissance (ISR)-Strike capacity, while the Navy would add berthing capability for a nuclear-powered aircraft carrier (CVN) on Guam. Under the realignment roadmap with Japan, U.S. force projection capabilities would be enhanced by the repositioning of approximately 8,000 Marines from Okinawa to Guam. Planning continues for projects to support the relocation of III MEF units by 2014.

For FY09, U.S. Pacific Fleet requests $77 million for current mission improvements ($51 million for increment two of an ammunition wharf extension and $26 million for waste water utility infrastructure improvements). PACAF seeks $5 million for a combat communications maintenance facility at Andersen AFB to establish a consolidated combat support training center. While supporting current readiness needs, these projects are consistent with the planned Marine build up.

Japanese funding (approximately $6 billion) to support the movement of U.S. forces to Guam by 2014 is expected to flow in increasing increments beginning as early as Japan Fiscal Year 2009. U.S. MILCON investment (approximately $4 billion) to complement the Government of Japan financial contribution is needed starting in the FY10 timeframe.

The Navy and Air Force MILCON request for Guam is in coordination with Office of the Secretary of Defense and the government of Guam. The Navy-led Joint Guam Program Office (JGPO) is leading the detailed facility-level planning effort to support the force build-up. USPACOM continues to work with the JGPO, the Secretary of Defense staff, the Services, and others to ensure subsequent plans meet our operational requirements.
When completed, Guam will be a Joint Base with significant forward-based combat power.

Korea: We continue to restructure U.S. force presence on the Korean peninsula by redeploying U.S. troops out of Korea, relocating U.S. troops out of downtown Seoul and returning Yongsan Army Garrison to the Republic of Korea (ROK), and consolidating the remaining troops into two hubs south of Seoul. These efforts better position U.S. forces to

conduct combat operations, should deterrence fail on the peninsula, and make the U.S. presence less intrusive on the Korean people. In 2009, we anticipate the ROK, under the amended Land Partnership Plan and the Yongsan Relocation Plan, to fund much of the construction of facilities and infrastructure for this transition. Eighth Army requests $20 million in MILCON funding for a vehicle maintenance complex at Camp Humphreys for U.S. Army forces relocating from camps north of the Han River.

MILCON projects in Japan and Korea improve our capability and demonstrate our mutual commitment to these two important allies. This relatively small amount of U.S. MILCON funding, compared to the large contributions from Japan and Korea, is essential to accomplishing our planned force posture changes.

USPACOM also supports the following MILCON activities requested by our Service Components and defense agencies:

U. S. Army Pacific (USARPAC): USARPAC seeks $344 million for FY09 warfighting MILCON program. $47 million is requested for operational facilities at Ft. Wainwright Alaska and $40 million would provide a satellite communications center in Hawaii. Japan based forces require $20 million for a battle command training facility and a sensitive compartmented information facility. Finally, USARPAC will have an increased number of soldiers due to the Grow the Force initiative, which would require $237 million for unit operation centers and infrastructure to adequately beddown the forces in Hawaii. The added forces in Hawaii would provide USPACOM with necessary manpower to continue their robust operational tempo.

Of note, the Army finalized the Hawaii-based Stryker Brigade Combat Team Environmental Impact Statement (EIS) in February 2008. We anticipate the Department of the Army will move forward on $145 million of previously approved projects for the Stryker beddown in Hawaii, once the EIS Record of Decision is signed.

Pacific Fleet (PACFLT): PACFLT requests $356 million for FY09 warfighting MILCON program, which includes $77 million for Guam; $37 million for CVN berthing infrastructure repair/improvements at San Diego naval base; $34 million for increment two of EA-18G facility improvements at Whidbey Island, WA; $51 million for trident missile facilities at Kitsap Naval Base, WA; $6 million for a Joint Forces deployment staging area at Pearl Harbor, HI; $41 million for increment two of a submarine maintenance facility at Pearl Harbor, HI; $47 million for a new pier to support deep draft surface combatant vessels at San Diego, CA; and $35 million for pier improvements at a classified site. Modernization of missile defense testing facilities is critical to defend US interests in our vast theater. PACFLT also requests $29 million for an Advanced Radar Detection Laboratory at the Pacific Missile Range Facility in Hawaii.

Pacific Air Forces (PACAF): PACAF requests $141 million for FY09 warfighting MILCON program, which includes $5 million for Guam combat communications infrastructure; $136 million for hangars and infrastructure for the F-22A beddown at Elmendorf AFB, AK.

Marine Forces Pacific (MARFORPAC): MARFORPAC requests $139 million for FY09 warfighting MILCON program, which includes $42 million for a military working dog facility, water training facility, and MV-22 aircraft support infrastructure at Miramar Air Station,

CA; $20 million for an aviation training facility at Yuma, AZ; and $77 million for infantry training facilities, communications maintenance, and vehicle maintenance buildings at Camp Pendleton, CA. This total request represents $120 million to support additional Marines provided by Grow the Force initiatives in the Pacific.

DLA: In FY09, DLA seeks $25 million to replace a fuel pipeline at Naval Station Pearl Harbor, Hawaii.

QUALITY OF LIFE FOR OUR MEN AND WOMEN IN UNIFORM

We are committed to providing appropriate quality of life for USPACOM service members and their families. In FY09, USPACOM requests $1.8 billion for Quality of Life projects for bachelor and military family housing, and other facilities, $704 million of which supports Grow the Force initiatives.

Bachelor Housing: In FY09, USPACOM requests $1.0 billion for 28 barracks. The dramatic increase in bachelor housing is targeted to accommodate the repositioning of forces within the region. Specifically, MARFORPAC seeks $582 million for 18 barracks to fulfill congressionally-mandated Grow the Force needs at Camp H.M. Smith, HI; Camp Pendleton, CA; and Marine Corps Base Barstow, CA. Additionally, MARFORPAC requests $224 million for 6 barracks. The barracks would support Marine forces realignment in the AOR while achieving the Commandant's Redline Initiative (two E1-E3 Marines per room by 2012). USARPAC requests $105 million for barracks in Alaska and Hawaii. Finally, PACFLT seeks $34 million

for a barracks at North Island Naval Station, San Diego, CA, and $62 million for a barracks at Navy Base Guam to support the Navy Sailor Homeport Ashore Initiative.

Family Housing: USPACOM has made tremendous strides using MILCON and the Military Housing Privatization Initiative (MHPI) to modernize and replace antiquated housing. The Services are actively exploring further public-private ventures for housing in Alaska, California, and Hawaii. However, Housing MILCON will still be required in Japan and Korea, since privatization is not authorized in these foreign countries.

In FY09, USPACOM requests $667 million for Family Housing. USARPAC requests $66 million to enter a privatized housing partnership under the Army's Residential Communities Initiative, which would privatize housing at Ft Wainwright and Ft Greely in Alaska. PACAF requests $248 million in FY09, apportioning $245 million to improve 1,334 military housing units at Kadena, Misawa, and Yokota air bases in Japan as well as $2 million to upgrade housing support facilities at Kadena air base. PACFLT seeks $50 million in FY09, which would provide $2 million to improve 6 homes on Guam and $48 million to improve 328 homes at Sasebo in Japan. MARFORPAC requests $178 million in FY09, which includes $59 million for 351 units at Camp Pendleton; $50 million for 600 homes at Twentynine Palms, CA; and, $60 million in Hawaii for 520 homes. Additionally, $9 million is requested to renovate 72 units at Iwakuni, Japan. 8th Army seeks $125M for 216 homes to support the Yongsan Relocation effort in Korea.

Other Quality of Life: In FY09, USPACOM requests $144 million for other Quality of Life requirements. USARPAC seeks $15 million to construct a dental clinic at Fort Richardson, AK in support of Grow the Force increases. PACFLT requests $45 million for a new fitness center to replace multiple dispersed facilities at Naval Station Pearl Harbor, Hawaii. MARFORPAC requests $84 million: $7 million for a fire station at Miramar, CA and $77 million for a fitness center, access road improvements, and water treatment facility at Camp Pendleton, CA.

Medical: USPACOM seeks $30 million in FY09 Medical MILCON to support the hospital on Guam. This project replaces an existing obsolete energy distribution system and ensures the safety of hospital patients.

DoDEA: No DoDEA MILCON in FY09 is requested, but we anticipate that future MILCON would be required as the Marines and their dependents move to Guam. HQ DoDEA has been coordinating with the JGPO regarding population requirements to calculate the number of additional schools required.

Joint POW/MIA Accounting Command (JPAC): In FY09, PACOM will complete the design for the new JPAC headquarters at Hickam AFB. In FY10, we will seek congressional authority and military construction funds for this $105 million headquarters/analysis building. This Navy requested world-class facility would house state of the art laboratories to speed the identification of the dead and missing from our nation's wars, past and present.

CONCLUSION

USPACOM, working along side our allies and partners, remains committed to preserving a secure and stable Asia-Pacific region. Our forward presence and agile and flexible military forces have long been the guarantor of regional stability. Focused MILCON investment at the right places makes our forward and responsive presence possible. With your support, we will see Guam transformed into the premier joint military complex that offers unrestricted freedom of action for U.S. forces. We will complete our alliance transformations with Japan and the ROK. We will also begin the beddown of the Grow the Force manpower plus-ups. We will continue to maintain a superior quality of life for our forces with the construction of thousands of housing units and many new barracks. We sincerely appreciate your advocacy and assistance as USPACOM people continue to contribute to the security of Asia and the Pacific.

Mr. EDWARDS. Thank you, Admiral Keating.
General Bell.

STATEMENT OF GENERAL B.B. BELL

General BELL. I would like to make an opening statement, and I appreciate it.

Chairman, thank you for letting me be here today.

Congressman Wamp, sir, it is great to see you and I look forward to seeing you down in and around east Tennessee. It would be a great honor.

On February 25th, a man named Lee Myung-bak was inaugurated as the president of the Republic of Korea. It was a landslide victory.

This is a radically different individual than the individual we have been dealing with for the past 10 years, actually, two individuals we have been dealing with for the past 10 years.

In his inaugural address before international heads of state, diplomats, dignitaries, they were all there, and 45,000 Koreans assembled in front of him in an outdoor ceremony, he really spoke eloquently of the United States of America.

He singled us out in front of all these heads of state and they were a little nervous, because he is talking about one country instead of perhaps all those countries.

He said, "We will work to develop and further strengthen traditional relations with the United States into a future-oriented partnership based on deep mutual trust that exists between the two peoples. We will also strengthen our strategic alliance with the United States."

Our partnership with the Republic of Korea, which is now a solid 58 years old, since the beginning of the Korean War, is entering, in my view, an extremely positive era, wherein the South Koreans strongly desire to reinvigorate the traditional alliance with the United States.

In recent State Department polling, and they hire companies to do this and they are very credible polls, 75 percent of the South Koreans believe that the American military presence was important to their national security and they want us to stay there.

Interestingly, 68 percent of the citizens of the Republic of Korea believe that the mutual defense treaty between the two nations should be maintained even if there is resolution with the North Koreans, and I found that very interesting.

The bottom line is that, today, we are indeed welcome and wanted and expressed so by the Korean government in the Republic of Korea. Of course, this alliance is a full partnership with both nations committing a lot of resources.

Under the 2004 bilateral Yongsan Relocation Plan, and Yongsan is where we are located right now in the heart of Seoul, dead center in their city, it is the old Japanese garrison from 1910 to 1945, and we moved in there at the end of World War II and had a few fist fights in 1950 to 1951 to stay there. But we have been there since 1953 now.

But at any rate, South Korea agreed to shoulder the majority of the infrastructure expenses associated with moving our forces out

of Yongsan garrison, farther south in their country, down to a place called Garrison Humphreys at Pyongtaek.

And already, in that physical process, South Korea has spent about $2 billion in that effort. It is of the magnitude of the Guam move, but it is local and inside Korea and certainly not a U.S. possession, and it doesn't get as much publicity.

For our part, we agreed to do one thing, and this was back in 2004, and that was to provide the family housing and senior officer and senior enlisted quarters at Garrison Humphreys commensurate with those that we already owned and had in Yongsan.

We estimated that would be a bill, over 15 years, of about $1.4 billion, over a 15-year lease period.

So that was our going-in position. They were going to pay the majority of our costs to move from Seoul and we were going to spend about $1.4 billion, and ours would be amortized over a 15-year period, and both nations signed up to that in 2004 in an international agreement.

To be honest with you, we have not made any progress in fulfilling our share of the agreement at this point, because we have not found a way successfully, either within DOD and certainly here in Congress, to convince you all of the process that we were pursuing as being a valid, legitimate process.

In other words, we are dead in the water right now on executing our responsibilities that we agreed to almost 4 years ago. The Koreans are moving out smartly, and have been.

I will just leave that on the table, sir, and we might talk about that a little bit more.

But in addition to their financial commitment to that Yongsan Relocation Plan, South Korea also provides us with annual burden sharing dollars to defray large parts of our labor, maintenance and construction costs.

In 2007, they gave me $770 million cash to put in the bank and in 2008, this year, $787 million to defray these expenses. And we use those moneys for labor costs and for maintenance and sustainment, but, also, military construction, built to Department of the Army and DOD standards, but with their money, not appropriated funds out of Congress.

By the way, Congress does approve these projects, but not for funding. They just have oversight of the projects to make sure we are not doing something dumb, like building a casino or something.

I mean, you all have oversight of that process.

But at any rate, in the past year alone, with those burden sharing moneys, we have funded the construction of an $8.5 million vehicle maintenance facility at the Marine camp in Mujak, an $8.3 million upgrade to 22 hardened aircraft shelters at Osan Air Base.

We began construction of a $41.8 million barracks complex for enlisted personnel at Kunsan Air Base, and we are in the process of approving the construction of a $35 million humidity-controlled warehouse to support our prepositioned combat equipment stocks at Army Garrison Carroll, and a $39.4 million senior NCO dormitory at Osan Air Base.

Our South Korean partner and our ally is funding all of this at no cost to the United States.

I guess my point is that they are in financial partnership with us in funding a majority of the bills that we accrue down there in the Republic of Korea.

I would like to end now, because I know you want to get to questions, but I would conclude by saying that this partnership that we have with the new administration over there, only been in office—quite frankly—has been phenomenal.

I have had personal engagements with the President of the Republic of Korea since he took office. That was not the case with the last president. He has sent his national security advisor to see me at various places, extolling the benefits of the relationship, and even went so far, in our just completed very major theater exercise, called Key Resolve/Foal Eagle to seek me out in an underground bunker and deliver a personal letter to me from the Republic of Korea, thanking the United States for running the exercise and helping defend their country, an extremely positive outreach program.

President Lee Myung-bak will come to the United States in April. President Bush has already issued an invitation to him to go up to Camp David so that they can have a good engagement.

I have been a strong advocate for the Congress of the United States to offer this man a joint session. I don't know if that will happen, but he would be honored to have that opportunity.

If the Congress, Senate and the House see fit, it would be a forum for him to come in here and explain his views and how different they are than the past administration over there, and they are radically different to the positive.

Sir, I would like to stop with that and I would be honored to take your questions.

[Prepared statement of General B.B. Bell follows:]

STATEMENT OF
GENERAL B. B. BELL
COMMANDER, UNITED NATIONS COMMAND;
COMMANDER, REPUBLIC OF KOREA-UNITED STATES COMBINED FORCES COMMAND;
AND COMMANDER, UNITED STATES FORCES KOREA
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
SUB-COMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS AND RELATED AGENCIES

12 March 2008

Table of Contents

I. Transforming the United States – Republic of Korea Alliance 6
II. Combined Forces Command 7
III. United Nations Command 9
IV. United States Forces Korea 10
Normalizing Tours for United States Forces Korea 12
Legislative and Fiscal Support for Transformation and Relocation 16
Family Housing, Senior Occupant Housing and other Military Construction .16
Sustainment, Restoration and Modernization (SRM) 19
Allied Burden Sharing 20
V. An Alliance for the Future 22

Mr. Chairman and distinguished members of the committee, thank you for the opportunity to appear before you today. As the Commander, United Nations Command (UNC); Commander, Republic of Korea–United States Combined Forces Command (CFC); and Commander, United States Forces Korea (USFK), it is a privilege to represent the Servicemembers and their Families who serve in the Republic of Korea (ROK). On behalf of these outstanding Soldiers, Sailors, Airmen and Marines, I thank you for your unwavering support which allows us to promote prosperity and stability in Northeast Asia and ensure security on the Korean peninsula. I appreciate this opportunity to present my updated assessment of the command and our plan for continued transformation and strengthening of the United States–Republic of Korea Alliance.

As you know, our Alliance was forged in blood when our countries fought side-by-side during the Korean War, and was formalized by the signing of our Mutual Defense Treaty in 1953. This treaty has since served both nations well, while continually assuring the Republic of Korea and its citizens that the United States is a committed ally. Our Mutual Defense Treaty with Korea is a model of foresight, strategic thinking, and global understanding. Behind the shield of our alliance, the Republic of Korea has rebuilt from the devastation of war and is now a thoroughly modern nation with a vibrant democracy and a flourishing trade-based economy. South Korea now showcases the 11th largest economy in the world. For the past 55 years, our bilateral military alliance has provided the stability and security that is essential for preserving peace, promoting democracy, and fostering prosperity for the citizens of the Republic of Korea.

The Alliance still serves its original purpose of deterrence against north Korea. However, it is in our best interest to cultivate and expand the Alliance into one that more fully serves our two nations by contributing to a broader strategy for the promotion and enhancement of regional security. Regardless of the outcome of ongoing negotiations with north Korea and the possibility that a future peace treaty might further contribute to regional security, our Alliance with the Republic of Korea along with a meaningful U.S. force presence should be maintained throughout the 21st Century and beyond.

The previous administration of President Roh put a high priority on developing cooperative relations between north and South Korea in an effort to lay the foundations for a peaceful and prosperous peninsula. Inter-Korean dialogue was highlighted by the second north–South Korean Presidential Summit in October 2007. Newly inaugurated President Lee, Myung-bak has articulated a policy of continued engagement and cooperation with north Korea, but has noted that any such engagement should occur in parallel with further progress toward complete denuclearization. The U.S. is supportive of inter-Korean dialogue and there is reason for optimism that bilateral north-South engagement could bolster the Six-Party Talks effort to achieve the complete denuclearization of the Korean Peninsula while advancing the path to peace. However, the strategic rationale for a future U.S. force presence in Korea far transcends the important, yet one-dimensional north Korea issue.

Historically, security interests have been the initial basis for long-term U.S. defense alliances. Security and stability underpin opportunities for peace,

economic growth, and social development. To remain healthy, an alliance can and should change and expand over time. As an example, after the fall of the former Soviet Union many believed that the North Atlantic Treaty Organization (NATO) would become obsolete due to the perception that it existed only to deter Soviet aggression during the Cold War. However, instead of disbanding after the fall of the Iron Curtain, NATO has evolved into a multi-dimensional alliance whose members share the fundamental values of democratic principles, individual freedom, and free market enterprise. Indeed in the post-Cold War era, NATO has blossomed from sixteen to twenty six nations, including Eastern European countries. Further expansion is possible.

Nearly 20 years after the end of the Cold War, we can clearly see that the members of NATO demonstrated exceptional strategic courage and foresight, transforming the alliance into one committed beyond its single dimension of military security in Europe, into an alliance with global impact in support of democracy and increasing prosperity for all its members. In the United States, there was never any thought that we should disband NATO after the fall of the Soviet Union. The United States led the effort to expand NATO, while refocusing and redefining its purpose. Today, the foresight of twenty years ago appears remarkably wise, as the Trans-Atlantic Alliance engages with an increasingly complex European, Central Asian and Global environment.

Similarly, it is time for Washington to reexamine its Defense Treaty with Seoul and look beyond the narrow scope of the DMZ threat, and solidify the Alliance as a pillar of stability and cooperation that will be an example for all the

nations of Northeast Asia and the world. Today, Northeast Asia is changing and its nations are engaging across a broad range of activities. Located on the Asian mainland, Korea is situated at the regional nexus of an emerging China, a resurgent Russia and a prosperous Japan. Indeed, Seoul is geographically closer to Beijing than it is to Tokyo. Keeping in mind this central position of Korea in the region, it is important for America to fully appreciate that Northeast Asia is home to four of our nine largest trading partners. The region accounts for 24 percent of all U.S. trade as well as a $191 billion U.S. direct investment position in 2006. With nearly a quarter of the world's population (1.5 billion people) and four of the world's 16 largest economies, having a combined 2006 gross domestic product (GDP) of approximately $16.4 trillion (25 percent of the global GDP), Northeast Asia is crucial to the world's expanding free trade system and is certain to remain an area absolutely critical to U.S. national interests.

Within the Northeast Asia region, the Republic of Korea plays a vital role in sustaining U.S. prosperity. With expanding markets, the prospect of a mutually beneficial free trade agreement with the United States, and as one of the most technologically and scientifically advanced countries in the world, the Republic of Korea is a first-class economic power and a major business, banking and commerce center. South Korea is already the world's largest shipbuilder, the 3rd largest steel producer, and the 5th largest car manufacturing nation. As a major U.S. economic partner, South Korea ranks as our seventh largest trading partner and seventh largest export market. South Korea's economic strength will continue to develop under the newly elected ROK president.

While the region generates much of the world's commerce, it is also highly vulnerable to flashpoints which can threaten stability. Notwithstanding progress toward a denuclearized Korean Peninsula borne from the Six-Party Talks process and the ongoing disablement of north Korea's nuclear facilities, we remain concerned about north Korea's proliferation of military equipment and ballistic missiles along with missile-related technologies. Beyond the north Korean threat, the presence of five of the world's six largest militaries and three proven nuclear powers, heightened nationalism, historical animosities, territorial disputes, resource competition, and historical struggles for regional hegemony all come together to pose long-term regional security challenges in this area which is so critical to our economy and other national interests.

In view of U.S. economic and security interests in the ROK and the region, it is my most considered judgment that the U.S. should set a cooperative policy based on shared interests and values with the Republic of Korea to maintain a meaningful American troop presence on the Korean Peninsula throughout the 21st Century and beyond, even subsequent to a peace treaty with north Korea, should that come about. Peace, stability and prosperity in this region of the world have not been attained for the past 55 years by accident or good luck. They are a function of a reliable and credible long-term U.S. presence in Korea, Japan and the Pacific Rim.

Korea-based U.S. forces are the only U.S. forces present on the East Asian mainland. In considering our future engagement, opportunities and influence in East Asia, we should take counsel of history and recall stated

policies for the area following World War II. Many argue that America's perceived policy of retrenchment from the Asian mainland, highlighted by Secretary of State Acheson's "Perimeter" speech to the National Press Club in 1950, set conditions for instability and emboldened north Korean aggression, supported by outside influences. Now is the time for the United States to reaffirm the tenets of our Mutual Defense Treaty Alliance with Korea and set our course for cooperative engagement on the Asian mainland throughout the 21st Century. A stated long-term commitment to our South Korean Ally on the Asian mainland which is independent of a peace treaty with north Korea is the most cost-effective approach to long-term peace and stability in East Asia.

I. Transforming the United States – Republic of Korea Alliance

In considering our long-term interests, the United States will be best served by balancing the ongoing on-peninsula transformation of today's Alliance with an additional and fundamental change in our troop stationing policies in the Republic of Korea. I am convinced that we have an historic opportunity to end our outdated and debilitating legacy system of one year family unaccompanied short tour rotations, and replace it with normal three year family accompanied tours of duty. Normalizing our outdated one year troop rotation system makes a symbolic statement to both our ROK and regional allies that the U.S. has a firm and long-term commitment to peace and stability in the region.

While established to deter the north Korean threat, the U.S.-ROK Alliance is maturing from a single purpose military relationship to a broader partnership committed to expanding prosperity and regional stability which should be

continued and reinforced. It is in our national interest to do so. The presence of U.S forces and the strength of the Alliance form a cornerstone of continued regional peace and stability, essential for stable global markets, expansion of prosperity through free trade, and promotion of freedom and democracy.

II. Combined Forces Command

The Republic of Korea and the United States established the Combined Forces Command (CFC) on November 7, 1978, and it has proven to be the most advanced, capable, bilateral warfighting command in our nation's history. Led by a U.S. four star Commander, CFC has effectively deterred aggression and provided a peaceful and stable setting for the citizens of the Republic of Korea and the region for nearly 30 years.

With the end of the Cold War and significant downturn in external conventional military support to the north Koreans, coupled with continued major enhancements to the ROK military, the Republic of Korea and United States have frequently discussed and negotiated changes to the Alliance's military command and control mechanisms. In fact since the Korean War and until 1994, a U.S. four star Commander operationally controlled the ROK military in peacetime, as well as in potential wartime. On conclusion of negotiations in 1994, peacetime operational control (OPCON) of the Republic of Korea military was transferred from the U.S. led Combined Forces Command, to the Republic of Korea Joint Chiefs of Staff (ROK JCS). Since 1994, the Republic of Korea and the United States have discussed and negotiated the next logical step in Alliance command arrangements, the full transfer of wartime operational control of ROK

military forces from the U.S. led Combined Forces Command to a new ROK Joint Forces Command (JFC). Final negotiations to set a date for this transition were agreed to in 2007, with a ROK military OPCON transition from CFC to the ROK JFC date set for 17 April 2012.

This is all made possible by the enormously successful economic and military development of the Republic of Korea. Celebrating the 11th largest economy in the world, the ROK is a solid democratic nation, with a world-class, highly competent and professional military dedicated to the preservation of its republic and clearly poised, with U.S. continued support, to assume responsibility for wartime operational command of its forces. With OPCON transition, one of the long standing perceived infringements on ROK sovereignty and self determination will be removed along with a lightning rod for political dissent and anti-American sentiment. This move is healthy, long overdue, and in the best interest of both the United States and the Republic of Korea.

To achieve realignment of responsibilities in the transition of wartime OPCON in 2012, the ROK and U.S. militaries completed a transition road map—the Strategic Transition Plan (STP)—signed in 2007, identifying requirements and milestones for the next five years. Prior to the ROK assuming wartime operational control of its own forces in 2012, U.S. and ROK planners will develop new terms of reference, crisis action standard operating procedures, wartime command and control procedures, and operational plans through formal alliance consultative processes, such as the bi-monthly Security Policy Initiative and the annual Security Consultative and Military Committee Meetings.

The culmination of the Strategic Transition Plan will be marked with a certification exercise in March 2012, followed shortly thereafter by the disestablishment of CFC and the simultaneous establishment of separate and complementary U.S. and South Korean national military commands, with the U.S. in a doctrinally supporting role to the ROK warfighting Joint Forces Command. Our intent is to achieve initial operational capability for the new U.S. joint warfighting command, provisionally described as Korea Command (KORCOM), and its Service components, followed by full operational capability prior to the final certification exercise in March 2012.

III. United Nations Command

As the longest standing peace enforcement coalition in the history of the United Nations, the United Nations Command represents the international community's enduring commitment to the security and stability of the Korean Peninsula. With fifteen current member nations and the ROK, the United Nations Command provides a unified and prompt international response mechanism to preserve the security of the ROK if there is a north Korean attack. Furthermore, the UNC actively supervises compliance with the terms of the 1953 Korean Armistice Agreement fulfilling the members' mutual pledge to "fully and faithfully carry out the terms" of the Armistice. With responsibility south of the Military Demarcation Line for the maintenance of the Armistice Agreement, the UNC meets with the Korean People's Army (KPA) representatives, inspects South Korean units positioned along the DMZ, and conducts investigations into alleged

Armistice violations to prevent minor incidents from escalating into destabilizing crises.

In accordance with the Strategic Transition Plan, both countries are jointly studying future arrangements for Armistice maintenance responsibilities, as well as the enduring role and authorities of the UNC. It is our goal to transfer or delegate appropriate armistice authorities and responsibilities to the Republic of Korea, while ensuring that the United Nations Command remains a critical component in deterring aggression and supporting combat operations should conflict erupt on the peninsula. Through the United Nations Command we must also maintain the United Nations–Japan Status of Forces Agreement, which provides throughput access to critical Japanese air and naval bases for U.S. and UN forces during crisis.

IV. United States Forces Korea

Under the Yongsan Relocation Plan (YRP), signed by the U.S. and the ROK in 2004, U.S. joint force elements operating in the Yongsan Garrison in Seoul will relocate to our Main Operating Base (MOB) at Garrison Humphreys, near Pyongtaek, approximately 40 miles southwest of Seoul. The relocation of the Second Infantry Division is also part of a separate U.S.-ROK realignment plan, the Land Partnership Plan, which, when complete, will enable United States Army forces to assume a more efficient and less intrusive footprint within two sanctuary MOB locations south of Seoul. It will remove our forces from the traditional military operational avenues between Seoul and the DMZ, thus putting U.S. forces in ground force and artillery sanctuary locations well south of the

nation's capital. Relocation will also significantly improve the quality of life of our Servicemembers, while returning valuable land to the citizens of the Republic of Korea.

For four of the past five years, the relocation of U.S. forces has frequently been contentious between the ROK and U.S. governments. The central issue has been the application of the bilaterally negotiated Status of Forces Agreement (SOFA) procedures to return vacated U.S. base camps to the Republic of Korea. However over the past year, the ROK Minister of National Defense led an inspired effort which has largely resolved the disagreements and friction. We are confident that the new government will continue to negotiate in good faith with the United States regarding this most important issue.

In 2007, we returned an additional five installations and expect to return two installations and seven other SOFA granted facilities in 2008. To date, we have closed 37 installations encompassing over 17,208 acres with a tax assessed value of over $500 million and returned 35 installations to the Republic of Korea. Along with these camps and in accordance with our SOFA, we have transferred free of cost to the Republic of Korea the full range of buildings, capital assets, and improvements found on these camps, many built with U.S. appropriated military construction funds. It remains our goal to close a total of 63 facilities and areas—two thirds of all land granted under the SOFA, totaling more than 38,000 acres. Given the recently established cooperative effort as noted above, we are hopeful that this process will proceed smoothly to the mutual benefit of both nations in accordance with the U.S.–ROK SOFA.

In exchange for the return of the majority of our dispersed camps, the Republic of Korea, per our agreements, has purchased 2,800 acres of land required to expand Garrison Humphreys and the Air Force's Osan Air Base.

Normalizing Tours for United States Forces Korea

With the momentum of our relocation into two sanctuary Main Operating Bases south of Seoul and the transition of wartime OPCON to the ROK in 2012, the U.S. is uniquely positioned to execute a tour length policy change in Korea. Much like our agreements with our European and Japanese Allies, and at the invitation of our Korean Ally, it is my assessment that we should normalize U.S. Servicemember tour lengths in Korea to fully authorize three year family accompanied tours.

In 55 years, the Republic of Korea has transformed from a war ravaged country to one of the most modern, progressive, and democratic countries in the world. It is an economic powerhouse with modern world class medical centers and universities. Unfortunately, in a modern and vibrant Republic of Korea, the U.S. still rotates Servicemembers on one year unaccompanied assignments as though this remained an active combat zone. It is not.

Recall that at the height of the Cold War and with U.S. Army divisions facing numerically superior Russian and Warsaw Pact divisions armed with modern equipment and tactical nuclear weapons, we still welcomed our families to Europe and fully offered three year family accompanied tours to our married Servicemembers. We resourced and practiced Non-Combatant Evacuation procedures to ensure that in the event of crisis we could redeploy our family

members to the United States. Not only did this policy provide a solid measure of stability and eliminate family separations for our post-Vietnam volunteer military, it also sent a powerful message to our friends and adversaries alike that America was fully committed to our NATO Alliance for the long-term. With a force in Korea less than 10% the size of our commitment to the Cold War in Europe, we can easily afford and should, in coordination with our Korean Ally, initiate a policy now to begin the implementation of a ten year program to transition to family accompanied tours in Korea.

Such a policy will eliminate a significant added source of family separations in a military already extraordinarily stretched by repeated unaccompanied short tour combat rotations to Afghanistan and Iraq. We are needlessly contributing to family separations for the U.S. military with our current rotational practices here in Korea, while continuing to send a message to our Northeast Asian partners and allies that we either expect imminent conflict, or that we are not fully committed and can withdraw our forces on a moment's notice. Conflict is not imminent and with our force in sanctuary locations south of Seoul, our immediate no-notice vulnerability will be dramatically less than that faced by our force in the Cold War in Europe—again, a force where we welcomed family members. We should make a long-term commitment to South Korea and the other members of the Northeast Asia community by signaling that the United States has important national interests in the area and, at the invitation of the Republic of Korea, is committing to a policy of three year family accompanied tours in Korea.

This proposed policy will bring our stationing practices in line with the same practices we have set for our forces in both Europe and Japan—policies that have enjoyed long-term Congressional support. We could implement this policy with an infrastructure expansion plan over ten to fifteen years. With major burden sharing financial support from our Korean Ally, including anticipated increases, to build community facilities required for full normalization, the financial burden to the United States will be comparatively low, particularly given the return on investment with long-term security and stability to the region.

The benefits of normalizing tours are many and include improved continuity, stability, readiness and retention of regional, institutional, and cultural knowledge. Also the end-state will result in reduced entitlement costs and an overall savings as we decrease the number of permanent change of station (PCS) moves and lower the need for entitlements resulting from family separations.

Currently, in addition to receiving a Cost of Living Allowance that ensures equitable pay for our Servicemembers who serve in Korea, the Army, Air Force, and the Navy offer their Servicemembers Assignment Incentive Pay (AIP), a program that authorizes a monthly cash incentive for Servicemembers who are willing to extend their tours in Korea. AIP has saved the Department of Defense millions upon millions of dollars in reduced PCS costs. So far, since the AIP program began in 2004, the Army and the Air Force have had over 19,000 Soldiers and Airmen volunteer for AIP. While AIP has been a major success, for our family unaccompanied Servicemembers—over 80% of our authorized force

in Korea—accepting AIP means longer separations from family back in the States. Rather than providing incentives to unaccompanied personnel to stay longer in Korea, it is my assessment that we should focus on enabling Servicemembers to bring their families to Korea and establish a more family oriented environment. With three year tour normalization, we could end the Assignment Incentive Pay program.

With family accompanied Servicemember tour normalization implemented in close coordination with our Korean Ally as provided for in our current bilateral Strategic Flexibility Agreement, the United States will be in a position to consider selected levels of worldwide deployment of our Korean based force, not unlike how our forces deploy from and return to their bases in Europe and Japan. Deployment from and return to our Korean MOBs where our families would be located would be a function of any continued threat from north Korea, and U.S. global force generation requirements. In all decision making related to our alliance with Korea, the U.S. would be obligated to continue to ensure we meet our security responsibilities with the Republic of Korea, while never sending a message of weakness or lack of commitment to real or potential adversaries, including north Korea.

I have submitted a formal proposal to the Department of Defense recommending an endorsement to move to a normal three year accompanied tour policy in Korea, along with the opening of negotiations with the Republic of Korea regarding their assessment, and hopefully their support. It is under consideration. Endorsement of this proposal will provide our Servicemembers a

better quality of life, strengthen the U.S.-ROK Alliance, and send a powerful message to the nations of the area of America's long-term commitment to stability and security in Northeast Asia.

Legislative and Fiscal Support for Transformation and Relocation

In looking to the future, our realignment to two sanctuary Main Operating Bases in the ROK provides us with a unique opportunity to change the paradigm and begin to meet the needs of our Servicemembers and families, allowing us to focus on improving living and working conditions. To this end, sustained access to several different funding programs will be essential, including United States military construction, host nation-funded Special Measures Agreement construction, and commercial build-to-lease programs. Using these different funding streams, we have recently constructed several modern unaccompanied housing quarters and barracks for our Servicemembers. However, as time passes, the goal to achieve "to standard" facilities and infrastructure becomes more illusive. It is long since time to act.

Family Housing, Senior Occupant Housing and other Military Construction

As part of the Yongsan Relocation Plan (YRP) signed by the U.S. and the ROK in 2004 to move the U.S. joint force footprint from Seoul to the new MOB at Garrison Humphreys south of Seoul, the Republic of Korea agreed to provide at their expense the majority of the required buildings and infrastructure at a cost of billions of dollars. The ROK is aggressively pursuing their agreed to requirements, already spending nearly two billion dollars in pursuit of project goals. For our part, the United States agreed to provide the majority of required

family housing and unaccompanied senior leader quarters for our force, at a cost we estimate to be between one and two billion dollars. Although the number of family housing units required under the YRP is substantially less than what will be required for a future normalized stationing environment, should that be approved, meeting YRP family housing requirements provides a solid foundation for a normalized tour path over the next ten to fifteen years.

To date, we have been unable to gain Congressional support to fund our family housing commitments to meet our obligations under the 2004 YRP. The result of this situation is that the United States is telegraphing to our long time Korean Ally that we are not prepared to execute our commitments in the Yongsan Relocation Plan. My assessment is that failure to execute our obligations under this plan will result in a crisis in the Alliance, and signal a clear lack of commitment to our national interests and to our ROK Ally in this most important area of the world. This will send a chilling message to the regional players, including Japan, China and Russia.

In the past year, I have emphasized the need for a solution to meet our family housing requirements under the YRP during Congressional hearings, numerous office calls with members, and continuing correspondence in order to empower the Army to provide the necessary family housing and unaccompanied senior quarters at MOB Garrison Humphreys. After consultation and debate and in spite of our many, many pleas, we have not achieved consensus. Right now we are dead in the water.

For FY09, the Army is requesting $145 million in military construction funds. A portion of the requested funds—$20 million—will be used to construct a much needed vehicle maintenance complex at MOB Garrison Humphreys. The majority of the funds—$125 million—is requested to build the first 216 joint force family housing units at MOB Garrison Humphreys. While this is a necessary start, and your support for these family housing apartment towers is needed and greatly appreciated, our future stationing at MOB Garrison Humphreys requires more than 2,100 additional housing units. We would appreciate your support when the funding for these necessary units is requested.

Without the support and funding to procure military housing, we will remain in Seoul, which is within range of north Korean artillery, while essentially refusing to relocate from land in Seoul which we have promised to return to our Korean Ally. We have absolutely no business continuing to garrison troops in our Ally's capital city, and it is in both our interests to execute the Yongsan Relocation Plan on time and on schedule.

Until we have appropriate housing constructed that meets DoD standards for our Servicemembers just as we do in Europe and Japan, we cannot meet U.S. obligations agreed to under the YRP. Determining an immediate solution to our family housing requirements ensures the success of our historic endeavor with the ROK to both transform the current U.S.-ROK Alliance command structure, and relocate the footprint of U.S. forces to sanctuary locations in accordance with national and strategic policy level guidance. As the commander in the field, it is my most considered judgment that it is imperative that Congress

support the President's Budget request, thus authorizing the initiation of requests for proposals and construction for the initial housing units. In this way, we can begin the process of taking care of our Servicemembers and their families in a way that all Americans will endorse, while meeting our agreements with the Republic of Korea.

Sustainment, Restoration and Modernization (SRM)

Currently I assess our facilities overall in Korea to be the most dilapidated in the U.S. military, outside of active combat or peace enforcement zones. This regrettable situation is not in keeping with our stated commitment to the young men and women who selflessly serve our nation. In Korea we need to commit to recapitalizing our facilities and infrastructure. As a reliable and trusted ally, we are committed to helping defend one of the most prosperous and advanced countries in the world, yet the facilities that we subject our Servicemembers and their families to in Korea resemble something only a couple of years out of a combat zone.

Year after year our Servicemembers and their families are subjected to sub-standard and often decrepit facilities and housing here in Korea, 8000 miles from home. The war in Korea ended nearly fifty five years ago and it is time to put our personnel into facilities and infrastructure they rightfully deserve as American citizens, military volunteers and patriots. "Out of sight – out of mind" is not an acceptable facilities and infrastructure strategy for our priceless young men and women, and their families. As a nation, we simply cannot turn a blind eye to this decades long lack of capitalization and maintenance.

Our facilities and infrastructure are old, particularly Army facilities where over one-third of the buildings in the command are between 25 and 50 years old and another one-third are classified as temporary structures. In 2007, our estimates are that Eighth United States Army was under funded by 26 percent ($28 million) in sustainment and 78 percent ($307 million) in restoration and modernization requirements. The Seventh Air Force was under funded by 40 percent ($20 million) in sustainment and 93 percent ($244 million) in restoration and modernization requirements. As a result of long-term annual shortfalls, many buildings have substantial deferred maintenance, contributing to continual deterioration. Without the investment to sustain, restore, and modernize our facilities, our Servicemembers and their families will continue to be perpetually relegated to live and work in run-down, dilapidated, patched-up facilities. Your commitment to our SRM Program requirements, supplemented by host nation financial burden sharing contributions, will allow us to begin to effectively pursue an infrastructure renewal program to enhance our readiness and upgrade the quality of life for our personnel and their families.

Allied Burden Sharing

At the end of 2006, the Republic of Korea and the United States concluded talks on a new Special Measures Agreement (SMA) regarding ROK cost sharing support for USFK in 2007-2008. The resulting ROK SMA burden sharing contribution represented approximately 41% of U.S. Non-Personnel Stationing Costs (NPSC) over this two year period—725.5 Billion Won ($770M) for 2007 and a Consumer Price Index (CPI) adjusted increase in 2008 to 741.5

Billion Won ($787M). This is an improvement from the 2006 SMA contribution of 680.4 Billion Won ($722M) representing 38% of NPSC.

Defense burden sharing is advantageous to both Alliance partners. For the United States, the Republic of Korea's willingness to equitably share appropriate defense costs is a clear indicator that United States forces in Korea are welcome and wanted. Host nation funded construction satisfies critical infrastructure requirements that would otherwise be borne by U.S. taxpayers. In the past year ROK SMA contributions funded the construction of an $8.5M Vehicle Maintenance Facility at Camp Mujuk and an $8.3M upgrade of 22 Hardened Aircraft Shelters at Osan Air Base. We also authorized the design and construction of a $36.6M U.S. Army Air Defense Artillery Brigade headquarters facility at Osan Air Base, and began construction of a $41.8M barracks complex for enlisted personnel at Kunsan Air Base. We are in the process of approving the construction of a $35M humidity controlled warehouse to support Army Pre-positioned Stocks at U.S. Army Garrison Carroll and a $39.4M joint senior Non-Commissioned Officer dormitory at Osan Air Base.

For the Republic of Korea, nearly all ROK SMA burden sharing funds are expended directly into the Korean economy by paying the salaries of Korean local national employees, Korean contractors and service agents, and Korean construction firms. In 2007 the Republic of Korea contributed 295.4 Billion Won ($314M) toward Korean local national employee wages, funding the majority of the cost of this absolutely necessary workforce on U.S. bases. Republic of Korea SMA contributions also offset 132.5 Billion Won ($141M) of U.S. logistics

requirements last year, through contracts with Korean companies in critical warfighting functions such as equipment repair, maintenance, and munitions storage.

In principle, both sides agree to the goal of reaching an equitable level of commitment to allied cost sharing. The U.S. Department of Defense believes that to achieve equitability, the ROK should share approximately 50% of NPSC. While this year's contribution did not meet DoD's goal, the ROK and the U.S. will continue to negotiate and coordinate in pursuit of reaching a more equitable sharing level of USFK stationing costs.

V. An Alliance for the Future

The U.S.-ROK Alliance is one of the greatest bilateral success stories in modern history with many chapters ahead. In 1950, the United Nations Command was created to defend the Republic of Korea when it was attacked by north Korea. In 1957, establishment of U.S. Forces Korea provided the command structure necessary to support the Alliance. In 1978, the Alliance underwent a major evolutionary change when we created the Combined Forces Command to provide a unified ROK and U.S. command structure. The Alliance evolved once again in 1994 when peacetime OPCON of ROK forces was transferred to the ROK Joint Chiefs of Staff. With the transition of wartime OPCON to the ROK Joint Force Command in 2012, the United States and the Republic of Korea will enter a new era of cooperation, an era marked by a first-world Republic of Korea with military capabilities to match its stature. In a broader context, the Alliance will be key to maintaining and advancing U.S.

national interests in this strategically vital region of the world. This is a natural evolution—one whose time has come both militarily and politically.

The USFK transformation significantly contributes to increased strategic relevance and flexibility for United States forces stationed in the Republic of Korea. Our improved basing posture provides a force capable of dissuading potential threats to the U.S.-ROK Alliance, and to overall U.S. interests in the Northeast Asia region. Your continued investment in installation infrastructure through United States MILCON projects and SRM, and your assistance in finding an immediate solution for our family housing requirements through programs such as military construction and commercial build to lease will greatly improve our operational capabilities and the quality of life for our Servicemembers, Department of Defense Civilian employees, and families.

The Republic of Korea and others perceive the presence of an enhanced, transformed U.S. Forces Korea as the most important statement of the United States' resolve and commitment to the U.S.-ROK Alliance. It is this reality that lies at the core of the Alliance's ability to deter aggression and maintain regional peace and stability. We look forward to continuing this vital partnership—one that promotes freedom, democracy, and global free trade in Northeast Asia—throughout the 21st century and beyond.

We are all proud of all the Soldiers, Sailors, Airmen, Marines, and Civilians who serve in the Republic of Korea. Thank you for your continued support to them as they work to ensure vital U.S. interests are preserved on the Korean Peninsula, as well as across Northeast Asia.

Mr. EDWARDS. Great. It will take us about a minute or less to go up and vote and come back. It is a motion to adjourn. So we can do that pretty quickly and come back and then start the Q-and-A, if we could.

General BELL. Great, yes, sir.

[Recess.]

Mr. EDWARDS. Thank you again for your excellent opening statements.

I would like to begin the questioning by recognizing Mr. Wamp, out of respect for the fact that General Bell is going to be your constituent and your neighbor.

General BELL. Sir, property taxes are too high——

Mr. WAMP. There will be a time and place for that, man. I am with you. I am with you completely.

General BELL. I have no idea what they are, Congressman. I am just——

Mr. WAMP. Probably lower than the rest—high quality of life and low cost of living.

Chairman Edwards and I were just talking, I don't want to overdo this, but on the way up to the floor and back about who you all represent and who you are and your incredible patriotism, and we just can't say enough about it.

SOUTH KOREAN ECONOMY

General Bell, when we think about South Korea, what is the economy like there? Is this a good time for them to be doing this? Is this a sacrificial kind of investment or they just feel real good about the future and are willing to do it?

General BELL. Congressman, the South Korean economy is bustling. They are the 11th largest economy in the world today.

This new president's goal is to be one of the top 10 and I would not be surprised if he makes that.

South Korea has come, in just 30 years, from a still third world, war ravaged country, just 30 years ago, much less 55 years ago, to today to be a modern first world country.

The days of MASH are long gone, to say the least.

I am extremely impressed when I look at the economic vitality of the Republic of Korea, the way they entered the world market, and, also, the way they compete in the world market.

They are world marketeers. Obviously, a small country the size of Korea, which is about the size of our state of Indiana, but only about 20 percent of which is habitable, because the rest of South Korea is mountains.

So when you take 20 percent of Indiana and plop down 50 million people, you get what is going on in South Korea today, this unbelievable economy. So they are doing very well.

The new president—they are chunking along at about a 4.5 percent annual growth rate, and his goal is 7 percent. He is a businessman. He ran three Hyundai heavy industry companies. He was also a national assemblyman, congressman, and he was also the mayor of Seoul. He has run a large city, 22 million people in the greater Seoul metropolitan area.

So their focus is totally on the economy. They are a wealthy nation. They are our seventh largest trading partner and they

produce, along with other countries in that area, both Japan and China, 25 percent of the world's gross domestic product, and growing.

So this is a bustling area and they are willing to defray these costs to ensure that they retain this partnership with America.

Mr. WAMP. And the person on the street feels the same way, not just the new leadership?

General BELL. Clearly. I will tell you, this is a—I don't want to get too longwinded, but this is a maturing democracy. It started really, real democratic principles, about 30 years ago.

There were a lot of pretty strong-armed guys before but world democratic principles began, as we would recognize them, about 30 years ago.

If you could imagine our country, sir, 30 years after our founding, it probably wasn't as smoothly running as it is today, and you all might even ask how smooth it really runs today.

GUAM

So they have sorted out a lot of schisms in how a democracy operates in the Republic of Korea, and I think that is why we have seen some left and right turns amongst the electorate in terms of the kind of leadership that they want leading it.

Right now, the turn they have made, you cannot describe, in our terms, like republican and democrat and conservative and liberal. It doesn't mesh up that way.

But they have gone from being very nationalistic and very self-centered and very ideological, just recently—to a realization that if they were going to compete in the real world and have real friends, they needed to swing back and pick their partners.

And so they have come back to a point where they want to partner with their best long-term friend, the United States, and they are willing to risk a lot to achieve that.

That is radically different than just a year ago, and that is the electorate. I mean, you look at these polls and that is the way they spoke. They are not kidding.

Mr. WAMP. Admiral Keating, I want to talk on the next round about Guam and about terrorism from Indonesia to Malaysia.

But right now I want to follow up, while we are on this topic, and shift over to China.

CHINA

I read excerpts of your testimony in the Senate here a couple of days ago and I met with you. But my wife and I and my chief of staff were with Representative Clyburn and we were in Shanghai a couple months ago, speaking of a city with 20 million people that doesn't do it right, to be honest with you, whether it is the environment or just controlled growth.

I think I heard what you said is that the potential military build-up in China is not as great an imminent threat as some would have you believe.

I think there is still a lot of chaos in China in terms of the explosive growth in the major cities and environmental issues, and the government is not really in command of a lot of the infrastructure

requirements, and so they are not even capable of putting together, frankly, a full-scale military buildup.

But I would like for you to pick up on what kind of threat China really is to us right now in your region.

Admiral KEATING. Thank you, Congressman, for the question.

We watch China carefully—inspirational wisdom, but I believe there is no worry about—the number of folks—it must keep awake at night as much as China, it doesn't. Their military buildup does not keep me awake at night.

It is a cause of concern. They are developing technologies that indicate a strategy that goes beyond harmonious integration and peaceful rise.

Their strategies and their bumper stickers all sound good, but the commitments they are making in their defense budget are of concern—weapons. They are fielding missiles that are very sophisticated technologically, that have range in excess of 1,000 kilometers and have pretty effective countermeasures, electronic countermeasures.

They have, of course, demonstrated their ability to shoot down a satellite in space and they are developing submarine technology that is of concern to us. They have 64 or 65 submarines, about a half a dozen nuclear powered. They are quiet. They are stretching or they are expanding the areas of blue water Pacific. They are coming outside their littoral waters.

So their navy is getting to be more forward deployed. The air force, they are developing missiles and they have jets that are very sophisticated technologically.

Their army is about 1.5 million strong. They are finding out, to their surprise, it costs a lot of money to recruit, train and equip a first rate military force.

I am not saying they are first rate, but they are finding out it costs a lot money to do that.

I mentioned Chief Master Sergeant Jim Roy a minute ago. They do not have a senior noncommissioned officer corps. It doesn't exist in the People's Liberation Army.

They have asked Jim Roy to come over and talk to them about our senior noncommissioned corps. When he goes there to meet his counterparts, he sits down with—they just don't have a senior NCO corps.

So they are very interested in our military, how we recruit, train and equip, the moneys you give us. They are developing appreciation for the costs getting there.

So we are watching them very carefully. We are attempting to sustain and improve the dialogue. We want more personnel exchanges. We want them to come see how we do business. We want to go see how they are developing their capabilities.

We are working closely with all countries in the region so as to develop an appreciation for the benefits of multilateral engagement with them.

I am optimistic, but we have a long way to go with it.

Mr. WAMP. I will wait for the next round.

HOUSING

Mr. EDWARDS. Admiral Keating, let me ask you. Our committee has tended to focus a lot on quality of life, because there is no shortage of lobbyists running around on Capitol Hill when you are fighting for a nuclear aircraft carrier.

But when you are fighting for better housing for your servicemen and women and their families, daycare centers, youth activity centers, there are not a lot of lobbyists running around D.C. fighting for those.

Could you give me an overview of how you think we are doing in terms of housing and meeting DOD standards for housing in the area under your command?

Admiral KEATING. Thank you, Chairman.

A couple of points come to mind. Our aide, a flight lieutenant, he and his wife and two daughters just moved into brand new housing on Oahu. I was the flag lieutenant to Admiral Crowe in 1985 and the housing, my wife and I chose not to occupy government housing.

If J.T. were here, he would tell you it is first rate. It is—and good. It is brand new. The schools that his kids attend are very good.

Mr. EDWARDS. Is the housing the new public-private housing?

Admiral KEATING. Yes, it is and it is going very well, from our perspective.

And there are hundreds and hundreds of units. We are building, even as we speak, on Ford Island. So the young enlisted member who might have been somewhat reluctant to come to Hawaii for duty because of the cost of housing and the quality of education is happier now to get orders to Hawaii.

We have more people wanting to come to our command headquarters staff than we have billets available.

So it is a—situation for us.

In Japan, we lived in Japan for a couple years. Our son and our daughter both lived there separately for months. The barracks were good in Japan. They are good and getting better.

Our daughter lived on the economy for a while and we moved to housing in Japan and found it to be very comfortable. So we had firsthand family experience with housing in Japan.

B.B. can speak to Korea.

Throughout the rest of the area, including Alaska, and you are giving us money this year, we are going to build some 40 new housing units and barracks in Alaska and California, in particular.

So the improvements that you are going to allow us to make are significant—quality of life is good in Pacific. With your support, it is getting better and our bill this year includes some significant funding for it.

Mr. EDWARDS. And would you mind following up, after this hearing, and just answer in writing, with the help of your staff, the question of how many personnel under your command are presently living in housing that does not—housing or barracks that do not meet DOD standards?

And then, secondly, what kind of waiting lists are there for daycare centers or youth activity centers?

Admiral KEATING. We will get back to you.

[The information follows:]

In the USPACOM area of responsibility, approximately 4,500 families live in housing units that need to be renovated or replaced to meet DoD standards. 4,500 housing units represent about 6 percent of the total USPACOM inventory. The number of inadequate homes is down substantially from a high of 75,000 in 1997. With continued congressional support, we anticipate eliminating substandard family housing by 2009.

Regarding barracks in the command, approximately 5,200 personnel reside in spaces that are considered inadequate. All Pacific Air Forces dormitories met standards in FY07. With approval of the USPACOM FY09 request, USPACOM will make significant progress in reducing the number of inadequate barracks, to include the elimination of substandard spaces for U.S. Army Pacific soldiers.

There is an estimated shortfall of 58,000 spaces for day-care DOD-wide; the DOD goal is to have a childcare wait time of three months or less. In the USPACOM AOR, wait lists vary by Permanent Change of Station (PCS) cycles, but DOD childcare goals are met at most bases. Exceptions are in Hawaii, Alaska and Japan—especially in the infant and pre-toddler age care.

In Hawaii, waiting time for the Navy, Army, and Air Force is greater than 6 months for infant care. The Army also has shortfalls in Hawaii for pre-toddlers and school age care.

In Alaska, Elmendorf AFB has a waiting list over six months for school age care. Additionally, the Army requires additional spaces for infant, pre-toddler and school age care in Alaska.

Waiting lists for the Navy at Atsugi, Japan exceed 6 months. There are also Marine shortfalls in capacity at Iwakuni and Camp Butler for infant and pre-toddler care. At Camp Zama, there is shortage of Army slots for school-aged care.

Efforts are ongoing to decrease the waiting time and increase capacity. The Navy plans to have sufficient spaces by 31 Dec 08 to achieve the goal of three months or less wait time at all facilities throughout USPACOM. Planned Marine MILCON projects will expand the existing Child Development Centers (CDC) in Hawaii by 150 spaces. Several PACAF bases have received OSD funds to expand their capacities in their CDCs and School Age programs. Planned Army MILCON projects will add over 1,500 spaces at Ft. Richardson, Ft. Wainwright, Schofield, and Ft. Shafter between FY07–FY12.

Staffing challenges, primarily in Japan, are being met by recruitment and retention initiatives to minimize staff turnover due to normal PCS. Efforts to increase the number of Child Development Homes are also on-going in Japan.

Mr. EDWARDS. We could just follow up on that.

And one comment I will make that I have made in our other hearings, but just so you know, it is an issue that we are going to keep pushing.

I understand now that DOD has a DOD-wide policy that says adequate housing for families, military families, is defined in a way I find almost ludicrous.

If DOD spent $50,000 to fix the leaky roof, take the old washer and dryer out that aren't working and fix the warped floors, if we spent $50,000 and that brought the house up to standard, then, technically, that family is living in "adequate" housing, even if the military never spent a dime of that $50,000.

It just doesn't pass the common sense test and somehow we have all got to work together in a responsible way to figure out how to better—so that you, as commanders, and we, as members of Congress, can get the data we really need to find out how many families are truly living in houses or single troops living in barracks that don't meet standards.

That is not much good for a family, and this wasn't your decision—say, "Well, listen, you ought to feel better because we spent $50,000 so you would be living in adequate housing, and, therefore, we define your house as adequate."

We will keep looking at any ideas you have in the future and how we can work together to get the data we really need to see that every serviceman and woman and their families are living in quality housing. I would be deeply grateful to you for that.

General Bell, I know we have had some deplorable housing conditions in the Republic of Korea in years past. How are we doing? What are your thoughts there?

General BELL. Well, Chairman, it is a mixed bag. Obviously, we are building some new barracks and a couple of new family housing units with this host nation money.

So whenever we can do that, we build to DOD standards and these are very fine quarters.

But on balance, I think we are letting our service members down. I make no bones about that. It is no revelation, sir, for your committee. I say it to DOD, Department of the Army, and to all the committees.

There is uncertainty in our government about our future in the Republic of Korea. That is unfortunate, because, in my view, it is such a strategic location, given the rise of China and the resurgence of Russia, the economic powerhouse that is Japan.

Korea is right in the nexus of all of that. In fact, Seoul is 100 miles closer to Beijing than it is to Tokyo. This is an incredibly strategically important location for us.

1-YEAR TOUR

And I argued, not very effectively, but certainly argued that we need to stop looking at Korea 1 year at a time in view of the North Koreans as though, when that problem is solved, we will take our troops and go home.

We need to look beyond North Korea and recognize the strategic importance of South Korea and form a strategic partnership with them that normalizes our relationship.

And that one act would allow us then to articulate to you and others the kinds of family housing that we need and the kinds of facilities and then you could see why we wanted them more clearly than the current 1-year-at-a-time notion, next year we might just leave, because North Korea—we might have a peace treaty or something and then the war will finally be over.

The war of democracy versus totalitarianism and free market economies and peace and security is going to be something this nation fights forever, and fighting it in South Korea is a good place for us.

Ten percent of my service members are authorized to bring their families to Korea. The other 90 percent are not. They are on 1-year short tours.

Of the 10 percent who can bring them, most live in substandard quarters provided by our government, and you would not be proud to walk in them. You would not be proud and you would not tolerate some of the quarters that I could show you that good sergeants and young officers are living in today.

We have a chance to turn that around, and I won't belabor this too long, with this relocation. And with the relocation, for just those who are currently authorized, not withstanding my belief that we need to normalize over there—but for those that are mov-

ing, if we do resource the new family quarters, which I hope that we will eventually, we can ensure that they are provided to DOD standards and take care of the long-term problem of inadequate quarters for both senior enlisted, noncommissioned officers, officers and family members who are authorized to be in Korea today.

We have a one-time opportunity to do this right. We are 4 years behind the power curve, straight up. We agreed to do this in 2004 and we have not done it yet.

But we haven't screwed it up yet either, because we still have options where we can do this correctly.

So I put in my posture statement with some clarity what I believe needs to be done and how we need to pursue it.

I will say this in conclusion. DOD, in recognizing that we are unable to get congressional support for the build to lease options in Korea, has asked for $125 million of military construction for Army family housing, this year.

The Army is the executive agent for this, even though it is multiservice housing, Army, Navy, Air Force, Marine.

That will build us 216 of the more than 2,000 required units that we must put up at Garrison Humphreys, about 10 percent. It will start the process.

I strongly recommend and ask for your consideration to go ahead and ensure that $125 million makes it through the markup process and is ultimately approved in the next defense authorization bill and appropriated accordingly.

It will allow us to get started. It will show good faith with our ally. It will allow us to put up good housing and put our service members into it.

And then if we have to work different approaches for the remaining 90 percent, whether it is build to lease, whether it is additional military construction or even a privatization approach that the Army is investigating now, and I support their——

They are looking at getting Korean companies to accept the privatization approach that we have done in the United States and assume the risk of the United States leaving, moving or not showing up.

But that is not stupid. It is worth pursuing and they are trying that.

So there are three approaches and my recommendation is we go ahead and fund the $125 million that we have asked for. It will build three towers. These are all towers, by the way. They are not like—on the ground.

And we should continue, I believe, the proper approach—I think that is a right approach. It amortizes costs over a long period of time.

It allows us to be in control of the standards and we ought not to walk away from the potential for privatization where Korean or other international companies assume the risk.

That is kind of where we are, sir. Sorry I was so long.

Mr. EDWARDS. No, no, I appreciate that. I will follow up in my second round of questions. Thank you.

Mr. Berry.

Mr. Bishop.

Mr. BISHOP. Welcome. I have got a couple questions.

First of all, in written testimony before the Armed Services Committee, Admiral Keating—military buildup will require Taiwan to improve its own defenses to detect potential aggression from the Chinese mainland.

Do you—of Taiwan by the Chinese as a result of the buildup? And the follow up question is to what extent do we have fixed assets in Taiwan and to what extent, if any, will we need to, if we have them there—military construction to fortify those?

Admiral KEATING. We have no troops stationed in Taiwan, Congressman. So we do not have any MILCON request for Taiwan.

The threat that China poses is increasing, in my opinion, for the folks who are our friends in Taiwan. There are hundreds of surface-to-surface missiles in garrison across the strait between Taiwan and China.

The Chinese are developing slowly and it is in its very nascent states and it could be a—capability that could pose a threat for and there could be an invasion of Taiwan.

So in several respects, the Chinese military are developing systems and capabilities and technologies that cause us to view that with concern as it presents itself as a threat to Taiwan.

Mr. BISHOP. What is that we are doing to counteract that?

Admiral KEATING. We as?

Mr. BISHOP. As the U.S.

Admiral KEATING. To counteract China's——

Mr. BISHOP. As an ally to Taiwan.

Admiral KEATING. Several things. We participate in—we provide trainers for Taiwan's military. We participate in their—they have a couple of big exercises a year.

We send observers to help them develop the capabilities that are resident in their systems, and they are becoming much more well versed in joint operations, not just stovepipe army-navy operations.

So they are improving there. We are also working——

Mr. BISHOP. When you say joint operations, you mean joint operations with us?

Admiral KEATING. No, sir. Just the Taiwan forces themselves. They had not done much of that and we are encouraging them to participate in military operations in a joint fashion, as we do here in the United States.

Mr. BISHOP. The strategic agreement that we have with Taiwan, what does that require us to do? What are our obligations under that agreement?

Admiral KEATING. Our obligations are to provide—to help Taiwan provide for their own defense. We do not commit forces on a day-to-day basis in Taiwan, but we help them through the American Institute, which is an embassy counterpart there in Taipei, and to help them develop their defensive capabilities.

Mr. BISHOP. And do we have any pushback internally on that?

Admiral KEATING. Yes, we do, significant.

Mr. BISHOP. So how have we responded to that?

Admiral KEATING. In our visits, personally, two visits to China, when we get the Taiwan lecture, and it happens in every meeting,

we cite our longstanding balanced approach to diffusing tensions in the strait.

We have had since 1979 a policy that recognizes one China. We emphasize that to the People's Republic of China and to the folks on the island of Taiwan.

So we have had a constant, steady strategy for Taiwan and for China.

Mr. Wamp.

OKINAWA TO GUAM TRANSITION

Mr. WAMP. I want to follow up a little bit, looking at Guam.

I am the new kid on the block here. So explain to me, as we transition, from Okinawa to Guam, I think 8,300 Marines, 9,000 dependents, what the difference is between the dependents moving with the Marines versus Seoul, where virtually—or the vast majority of the soldiers do not have their dependents with them.

What separates those two paradigms in terms of our presence in Guam? And I assume that is the way it was in Okinawa, as well. It is more of a permanent situation where your families—in Guam.

Admiral KEATING. B.B. might be in a better position to answer that question, Congressman, but I will start, if I could.

In the early days of our committing troops to Korea, the likelihood of conflict was much greater there. So it was an intentional withhold to keep families——

The notion that every morning, in Seoul, they would wake up with 1,000 long-barreled artilleries facing them, that is not the situation in Okinawa then nor is it now, and it certainly isn't the case in Guam.

Mr. WAMP. Right. But it has changed dramatically and it is more like a Guam situation in South Korea.

General BELL. It certainly is. I don't want to get rambling here again. My son was born on the east-west German border facing two Soviet divisions, both equipped with tactical nuclear weapons, whose mission was to overrun us, kill all of us and show up at the ocean.

Yet, our nation gladly invited my family over there in a command sponsored role and wanted us to be with our families and accepted the risk—accepted the risk. Of course, a family had to agree to that.

Now, we are moving south in South Korea, out of harm's way physically, and I believe that it is time to change from that 55-year-ago war footing and recognize that South Korea is a first world country.

They are, and they know it, they have got a much better military than North Korea. They can fight North Korea with our help easily and North Koreans know that. That is why they have been developing weapons of mass destruction, because they are trying to seek another way to coerce and influence, because we are not afraid of their conventional military anymore in terms of defeat.

They could kill a lot of people, I will admit that and that is a tragedy, but in terms of defeating the alliance, they can't do that. It is not going to happen and they know it.

So it is time to, in my view, change the paradigm in Korea and recognize that the alliance is worth more than just dealing with North Korea every day.

Mr. WAMP. One word, though, General Bell, as you are having conversations with your successors in the days ahead, the $125 million request just—I was on this subcommittee 10 years ago and the change from 10 years ago until now on privatized housing in this country is significant.

General BELL. And it is for the better.

Mr. WAMP. That is exactly right.

General BELL. No question.

Mr. WAMP. And we hear it every time we have a hearing about housing.

General BELL. True.

Mr. WAMP. And it can work globally. I mean, again, I just came from Shanghai. There are investors all around the world that would like the kind of deal that U.S. developers have on privatizing military housing.

And if that can be done, just to reduce the appropriations obligation here is a creative approach, as it can be pursued.

And I don't want to slow it down, but if it can be done at the same tempo, then we would prefer that.

General BELL. Here is the challenge. By the way, I agree with you totally. I am open for any innovative thinking and, believe me, the South Koreans are a wealthy country and they have got big investors who have lots of money.

They continue to be a growing country. So if you were a builder and you were concerned that the U.S. might leave and you had no lease guarantees from any government, you would have to know, in your mind, that if America leaves, I can fill that up with Koreans.

And so when you build those, you want, in your heart, to build them to Korean standards so that Koreans would feel comfortable in those apartments based on their culture.

Meanwhile, I want to build these things to DOD standards, including force protection, thickness of walls, kinds of glass, that go into the glass, green space for our kids, because we are a green space kind of society and Koreans are different.

So we want to put all these requirements on them in an overseas environment so that it accommodates our service members, and my concern is they will say, "Too expensive for us to take aboard with no lease guarantee and we just can't go down this path. We will build them to Korean citizen standards. If you want to live in them, have a nice day."

We tried that in Hannam Village in Seoul. I would love to take you to Hannam Village and show you the results of that. That is a losing strategy for sergeants and young officers.

But I am still semi-optimistic that there is a pony in here somewhere, as we say in these things, and I am in no way trying to stall this out. I am an advocate of it and just gave the Army another advocacy letter about it.

But I have also given them five hardcore requirements that must be achieved by these Korean investors to accommodate our families

that will make this a little tougher than to say, "Well, that is okay, we will take that aboard."

PACOM GLOBAL WAR ON TERROR EFFORTS

Mr. WAMP. Admiral Keating, I have been to Australia a couple times, was there in January with the new prime minister, Kevin Rudd, a personal friend of mine. He will be here the end of this month to meet with the president.

As we were there and in New Zealand, and there are a lot of conversations still from Bali bombings forward. The focus is kind of off the Indonesia to Malaysia, but that is a zone that we should be concerned about in terms of proliferation of terror and these groups that are supporting terrorist activities there.

It is a threat to our country.

Admiral KEATING. The threat is lower today than it was at the time of the Bali bombing, for a couple reasons.

As I said in my opening statement, there have been some moneys that we were able to direct to Indonesia and to Malaysia that have provided for an improvement in the maritime security, and that makes it tougher for some of these terrorists to move around.

In addition to being able to move around, that is a wide open area down there and very difficult to patrol, if not impossible to patrol all the coastline.

So cameras and radars that we have been able to provide to Indonesia and Malaysia have helped them increase their security.

The information sharing we—some intelligence, where we take off the source of—and Australia is a significant ally with us in this contest.

The information sharing and intelligence gathering has helped them develop an ability to track and apprehend or sometimes kill the terrorist leaders who thought they had sanctuaries in Indonesia, increasingly tough for them in Malaysia, as well, and so, too, in the southern Philippines.

We have—forces of the United States Pacific Command who are deployed to the southern Philippines, helping, not doing the action themselves, but helping the armed forces of these get better at finding terrorists who are seeking sanctuary in southern Philippines.

So a number of initiatives underway, better security in the maritime domain, information sharing, and training their own counterterrorist forces with our Special Operations forces.

I think we are making it much tougher for terrorists.

Mr. WAMP. Other than what we have talked about here today with Guam and Marines, are there any other major redeployments in the PACOM region?

Admiral KEATING. One that I would like to mention, Congressman, and—it is not so much a redeployment, but it is kind of a watershed for our changed force.

You gave us some money that allows us to—with the Japanese help, we will bring the United States Ship *George Washington*, a nuclear powered aircraft carrier, that will be permanently homeported in Japan.

Ten years ago, when we were living there, I would have said that—Japan will allow us to put a nuclear powered aircraft carrier

permanently in Japan. It is underway from Norfolk, Virginia and it will switch out with the USS *Kitty Hawk* in Pearl Harbor this summer.

Kitty Hawk will retire and *George Washington* will go for a permanent deployment in Japan.

So about the same number of sailors in the battle group, but that is a watershed change for us in the Pacific.

Otherwise, absent the movement of Marines from Okinawa to Guam and those troop situations B.B. described, we are fairly static.

There are three nuclear submarines that are now home ported in Guam, attack submarines, and we are deploying the SSGN. It is an older Trident missile submarine, where the intercontinental ballistic missiles have been taken out and Tomahawk missiles have been inserted in their place, and there are about 150 of those PLAMs and a module of the missile tubes is now available for Special Forces, and the USS *Ohio* is on its maiden deployment as an SSGN in the Pacific as we speak.

General BELL. I just exercised with that ship, had my Special Forces on board. I went to it, also, as part of an exercise—capability, phenomenal capability, and it gives me all kinds of good, warm, fuzzy feelings about a lot of things.

Having that thing sitting in Guam is perfect.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. Could I ask staff, would you let us know when there are 3 minutes left for this vote?

LONG TERM LEASING

Admiral Keating, since we are making improvements in housing in Hawaii, and I would like to focus on Korea for a minute and follow up and make sure we get a handle on where we are and how we break this logjam.

As I understand it from staff, the administration asked last year for authorizing language to raise the cap on leased houses——

General BELL. That is correct.

Mr. EDWARDS. In Korea.

General BELL. Yes, sir.

Mr. EDWARDS. And the House Armed Services Committee did not put that language in their bill, which meant we have no authority to appropriate it, since they had not authorized it.

So I understand that the administration did not request that language this year. Perhaps one of the reasons is the Congressional Budget Office estimated the first-year cost of that housing cap increase as $300 million for 1 year.

I don't know what they estimate it would be in the out years. I don't know if that is a true reflection of the cost of the U.S. taxpayers or that is just accounting.

General BELL. Sir, it is accounting. It is mostly accounting. I get very emotional about that.

Mr. EDWARDS. So the out year leasing costs and pushed those back to the front year.

General BELL. There are two things at issue, Chairman. First, these service members are in the military today. They actually exist. They are in Yongsan Garrison. We are real people.

And we are paying leases for them now today. Now, I will admit those leases where they live are certainly not of the—I mean, for whatever reason, South Korea has become a real major world power in the last 20 years.

So the last time we did a big lease agreement there, the cost of living was much lower than it is now. But we are paying, on average, for leases, about $700 million today over the lease period of the buildings that we are leasing.

So when you look at what—if we did build to lease down in Garrison Humphreys, that is not new money. Now, part of it is new money, because the leases are going to be—if we did leases—are going to be more expensive than our current leases, no question about that. I surrender. They will be.

But you have to subtract what we are currently paying for leases and it is about 50 percent of what these future leases would be. So half the bill is off the table. It is real money already being paid by you, by our Congress.

So when CBO and OMB both, CBO starts marking this up as though it were new money, that is not fair. It is not correct and it is inappropriate.

I have made this point repeatedly. But, yes, the leases today are going to cost us more than they did 20 years ago. I would say that the good news is that these are long-term leases, 15 years.

We got that language approved several years ago here by Congress. So that is a 15-year amortization period for about $750 million of new dollars over a 15-year period.

Well, divide 750 by 15 and you are not breaking the bank. It is, in my view, almost pennies. And at the end of the 15-year lease period, the leases are paid up and we retain that property for as long as we are there, without any lease payment requirements.

All we have to do is pay for maintenance of the buildings.

So I have always believed, the 2 years that I have been there, that the lease potential is a good deal for America. It gives us control of the standards.

In fact, we give the companies our DOD drawings and say build them this way. It takes care of all these issues about quality control and what Americans deserve versus perhaps the way another culture builds their things, and it is amortized over such a period of time.

If you believe we will be there longer than 15 years—this is only 10 percent of our force. I mean, I admit, if I wanted to do them all, we need to start talking some more.

Mr. EDWARDS. Ten percent of our force in Korea?

General BELL. Right. They are the only ones authorized this kind of housing right now. So this is simply an agreement that we signed in 2004 for those who currently have family members over in Korea in Yongsan and, in some cases, senior enlisted and senior officers who are not authorized to have their families, similar lease arrangements for decent quarters for them, as well.

FAMILY HOUSING IN KOREA

Mr. EDWARDS. Let me ask you this. And I worked for——

General BELL. And I get pretty emotional.

Mr. EDWARDS. Well, thanks for getting emotional about the quality of life for our troops and their families.

I worked for 8 years on this subcommittee at times when it wasn't a very popular thing to push the public-private housing partnership program, and I am thrilled to see how well it seems to have worked around the country.

But if, in Korea, we have got problems on build-to-lease if we have got privatization difficulties on Korean versus the U.S. standards there, what would it cost, doing it the old-fashioned way, just flat-out Congress appropriating the money, what would it cost to provide enough quality housing so that every soldier and military family, U.S. military family living in Korea is living in quality housing?

General BELL. $1.4 billion.

Mr. EDWARDS. $1.4 billion.

General BELL. Yes, sir.

Mr. EDWARDS. And that would be housing for how many people?

General BELL. This would meet our housing requirements for about 2,400 families and senior NCOs. The other folks live in barracks and, by and large, I am going to build those with host nation moneys.

Remember, I have got $787 million in real dollars. Now, I am obligated to spend that on local-national employment. I have to pay—I mean, that is an agreement that we have with the Koreans, and I am obligated to spend a lot of that money on maintenance, sustainment and logistics.

But then the rest of it I spend on construction, and you have oversight of that.

Mr. EDWARDS. It is the family housing that we have to do.

General BELL. It is the family housing.

Mr. EDWARDS. In your opinion, there are enough dollars available to see that the single soldiers and troops are living in quality barracks.

General BELL. I can't tell you that. To be honest with you, the movement of the Second Infantry Division from north of Seoul to Pyongtaek, Garrison Humphreys, which is another program, not part of the Yongsan Relocation Plan, but it is a program we want to—it is our initiative.

We are going to end up paying about half of that bill and the other half, in my view, is going to be paid by the burden sharing funds. Now, we can spend these burden sharing funds any way we want to, but that is the general agreement that we have by the State Department and the Ministry of Foreign Affairs and Trade, that we will equitably share these costs of sustaining our troops over there.

So if you look at the cost of moving—which is another program, I have put in our program in the POM, the program objective memorandum, in DOD, the moneys that we will need to move half of 2–ID, based on the assumption that the other half will be paid for by the Koreans.

That is reliable. That is very reliable. Sir, that bill is another $1 billion. But that is to move the 2–ID, not just housing, because those are all—it is also their motor pools, their headquarters, their command and control facilities, the whole shooting match for mov-

ing a tactical unit, including barracks for them, because right now, none of them are authorized to have their families over there.

It is a tactical maneuver unit. If I could change that—but that is another billion bucks. So $2.4 billion for the whole shooting match would be more accurate over a period of years.

Mr. EDWARDS. It sounds like it is time for our subcommittee to make a trip there and we probably need to get some of our authorizing colleagues to go with us.

General BELL. It would be wonderful.

Mr. EDWARDS. Because we can't write the check unless they authorizes it, whether it is for leased housing or whether it is for the old-fashioned way.

General BELL. I think it would be worth your trip.

Mr. EDWARDS. But it just seems like this is a problem that continues to go on and on.

General BELL. Yes, sir.

Mr. EDWARDS. And we have got to figure out a way to deal with it.

Why don't we take a break and we can go vote.

One thing you probably need to think about is our subcommittee taking a trip there and taking a look at it.

General BELL. That would be great. I think it would all be clear to you when you saw it.

Mr. EDWARDS. And find a solution.

We will stand in recess.

[Recess.]

Just to follow up on that, Congressman Wamp and I were talking and we ran into Congressman Hunter coming back after the vote, and we said we need to get the authorizers and the appropriators together to sit down, come up with a game plan, talk to CBO and OMB, and just find a way to address this problem.

Otherwise, we are going to be at a table like this, whether it is us or somebody else, 10 years from now discussing this. And I raised this question 3 or 4 years ago.

ACCOMPANIED TOURS

It seems to me that it is terribly unfair that, basically, because our country is unwilling, including Congress, unwilling to make a commitment of dollars for housing in Korea, if you get a young soldier that is coming back from, say, his second tour of duty in Iraq, goes back to Fort Hood or Fort Drum, and, a few months later, he or she is reassigned to Korea, and only one out of 10 married soldiers there has access to accompanied housing, what we are basically doing is our country, through our unfairness and unwillingness to make this a priority, basically forcing great American families to live apart for another year, and that is just wrong.

It seems to me that families ought to have the option, if they so choose.

Those that want to shouldn't be forced to live a year apart from their loved ones because our country is not willing to support their housing and their children's education and infrastructure.

General BELL. Can I give you a quick answer?

Mr. EDWARDS. Please do.

General BELL. Spouses of service members have passports and the Republic of Korea is an open country. So we have over there, right now, as many as 1,400 families living all over the place, in decrepit areas, unauthorized by me—non-command sponsored, who simply said enough is enough, I am going to stay with my soldier.

And when you talk to these folks—and by the way, I have made it law over there—I don't have the authority to make a law, I just proclaimed it and waited until somebody told me I couldn't do it, that they will receive medical care.

They are Americans. They will go to our schools. We will provide them with all the services that they deserve as patriotic Americans, but I can't put them into housing, because I don't have any.

So they live here and there, over there, because they want to stay with their service member, because of the very issue that you talked about.

It is very common for me in Korea right now to have a service member show up 5 months after he or she got back from Iraq. They are then reassigned to Korea on a short tour, with no family, and that family just follows and they pick a place on the economy relatively near to that garrison wherever that service member is, and they just find and they rent an apartment.

Mr. EDWARDS. Is the cost very expensive there?

General BELL. Yes sir, they are. They are expensive, inadequate, and they are not to our standards.

Mr. EDWARDS. So I assume your successor could—if this subcommittee took a trip over there, we could go to some of those houses and see what——

General BELL. And meet the families and understand what they are going through to stay connected as a family. And by the way, their attitude is fairly good.

Now, here is what they say to me, and sir, I talk to hundreds of them. They say, "Look, it is worth it. It is a lot better than being separated another year." They look at it positively.

But you look at what we are, by our attitude, forcing them to do and you just go, "This is not right. We have got to do better."

Mr. EDWARDS. Where are their children going to school?

General BELL. First, these are mostly—it is amazing—mostly young people, because they are in new marriages. The old saying goes, "Look, pal, it is the fourth tour." These are mostly young marriages and they have infants.

There are infants everywhere across that country, American infants, 6 months old to 2 or 3 years old. The majority, I would say 80 percent have non-school aged children with them.

So then you get into, okay, what about pediatricians. Well, I mean, it is phenomenal. So we have tried to order up more pediatricians, but against what requirement? I don't have a requirement, because they are not authorized.

So they hope for the best in many cases and they hope their kids don't get sick. We don't have a Tricare administrator over there.

Sir, I could go on for days. I have identified every rat. I have talked to every rat. I have killed some rats. There are plenty of rats left.

Our service members are not being treated right in Korea. You are exactly right. And we need to do better by them and I am hop-

ing that, with your support, and in DOD—nobody is a bad guy. I cannot find any bad guy in this.

It is the system that we have that we need to turn around.

Mr. EDWARDS. We have got to get everybody under the same roof to sit down together at a table like this and just find a solution.

General BELL. I have about half as many American families over there as I have authorized that just say, "Look, I have got a passport, you can't stop me," and they are right.

Mr. EDWARDS. If every family had the option of living in decent housing and their children going to a quality school in the Republic of Korea, what percent of the married soldiers do you think would be accompanied?

General BELL. About 50 percent of our service members are married. So that is the pool. So let's just say I had 25,000 troops. So 12,500 would have the option of coming—our studies tell us 70 percent of that 12,500—that's 10,000—would bring their families out of a force of 25,000.

Mr. EDWARDS. So basically the policy, what we are doing is we are saying 60 percent of those soldiers and their families, even though you would like to be together, we are forcing you to live apart for a year.

General BELL. So what they do, in the states, they go home and live with mom or whatever and they just take another year.

Mr. EDWARDS. All right. Well, we will follow up. Sorry we didn't make it to Korea while you were there, but today will be a good prompting to get us over there.

General BELL. Thank you, sir.

Mr. EDWARDS. Mr. Wamp.

Mr. WAMP. I have no more questions.

SUBSTANDARD HOUSING

Admiral KEATING. Mr. Chairman, you asked a great question a minute ago and I had an answer right in front of me, and we will amplify this in our response for the record.

You asked us about substandard housing. We are down from 75,000 10 years ago. So less than 10 percent of the homes in Pacific Command need to be renovated or replaced, and we are on track to meet our mandated goal to achieve zero substandard housing by 2009.

So within 1.5 years or 2 years, we will be down to zero. We are down from 75——

Mr. EDWARDS. Is that family housing or does that include barracks?

Admiral KEATING. That is family housing. Barracks, we are not quite as far along on the glide slope. U.S. Army Pacific, all permanent party barracks will be standard by 2009 and the Marine Corps will take a little bit longer, but the Pacific has already done it and the Navy is on track.

So it is a good picture, particularly compared to where we were 10 years ago and even 2 years ago, we had 12,000 homes that were substandard.

So we are on glide path and we will give you the specifics.

Mr. EDWARDS. I will just never forget the time I went to Fort Hood and I went to the first new family housing unit, as a result

of General Bell's great leadership and the privatization effort there, and it was a sergeant's family and I went out in the backyard and had just one-on-one with the wife. They had several small children.

And I said, "What does this mean to you? Tell me the truth. Good, bad, ugly, whatever?" And she said, and I will never forget it, she said, "You know, it is not only a house I am proud to call home for my family, but it says my country appreciates my sacrifice and my children's sacrifice to our nation while my husband is deployed overseas."

And these great Americans that, with their loved ones in combat zones, 2 out of the last 4 years or 3 out of the last 5 years, and for any one of those families to be living in substandard housing is just not right, and I am thrilled to hear about the improvements being made under your command and hopefully we can take charge and make some improvements.

Admiral KEATING. You are right, sir. Across the military, save the problem in Korea, the turnaround the last 10 years has been phenomenal and it is a blessing.

It is a blessing. Our military is being well cared for in most cases. I am very proud of Congress, I am proud of DOD and a lot of good people that made this thing—volunteer Army and facilitated it in a way that—all volunteer military—I am sorry—and facilitated both the facilities it needed. It is a blessing.

Mr. EDWARDS. It just hadn't happened.

Admiral KEATING. It just didn't happen.

Mr. EDWARDS. Chairman Young, we spent quite a bit of time focusing on the problems of housing. The CBO scoring of housing for South Korea and hundreds of millions of dollars and privatization being the debate between do you build those houses to South Korean standards or to American standards.

What has happened is we have been at an impasse and we haven't been able to solve that, and we have got to get authorization from the Armed Services Committee to raise the lease cap.

So your leadership will be very, very important to us as we find a way to break through this.

Admiral Keating, if I could just ask one more question. I want to recognize Chairman Young for any comments and questions that he might have.

GUAM CONSTRUCTION COSTS

In terms of Guam, we are doing so much there. What are the inflation factors? Have you been allowed to estimate the true cost of construction there and true inflation rates?

I know sometimes DOD—under this OMB mandate of 2.4 percent inflation rate, which, with the kind of construction going on there, that we have going on in Guam, I can hardly imagine that would be realistic.

Do you think you have a realistic handle on what the true construction costs are going to be over the next 4 or 5 years or so?

Admiral KEATING. Chairman, I would like to take that for the record. My opinion is it has not been brought to attention as a significant factor, which is a non-answer and nobody has told me it is a problem.

But we will take that for the record and I will get back to you very quickly on the inflation in Guam.

[The information follows:]

OSD mandated the use of 2% for inflation in construction cost estimates for the Guam military buildup. The Air Force recently commissioned a cost estimate modeling effort for upcoming Guam MILCON projects. They determined that the anticipated construction costs would significantly increase due to competition for limited labor/material with the Marine buildup construction effort. Based on this study, USPACOM anticipates the actual cost of construction on Guam will exceed the predetermined inflation factors and area cost factor for Guam.

Mr. EDWARDS. That would be helpful.

Chairman Young.

Mr. YOUNG. Mr. Chairman, thank you very much.

I spoke to the Admiral and the General before the hearing. In the Defense Committee, we had the Secretary of the Army and the chief of staff of the Army, and, since I am the ranking member, I needed to be there. We had a very good hearing.

DMZ

And I will just be very brief. A few years back, Chairman Edwards and I, our roles were reversed, I was chairman, he was the ranking member, and we had a very important issue in Korea.

And that was military construction to make—available to move our troops out of the DMZ area, and I assume you probably have already discussed this.

Mr. EDWARDS. I didn't talk about the 3 a.m. call.

Mr. YOUNG. We had overlooked the fact of the time changes and got your predecessor out of bed to answer the phone, and, of course, he said, "No, no, I was up waiting for your call."

General BELL. I am sure he was, actually.

Mr. YOUNG. But, anyway, we finally took care of our part of that problem. We appropriated the incremental funding to begin that project.

And the question I have is: how are we doing, Admiral? Are we well on the way to having that completed? Are most of our troops moved out of the immediate DMZ area?

General BELL. Chairman, about half of that work has been done. One, we have redeployed a lot of those forces to the United States physically. One of the brigades, a maneuver brigade, actually went from Korea to Iraq, fought for a year, and then ended up at Fort Carson, Colorado.

We still have, north of Seoul, in the Second Infantry Division area, the division headquarters and we also have one maneuver brigade. We also have some supporting stuff still there.

That piece is not yet facilitated. In other words, the follow-on requirements to move that piece south of Seoul, not to redeploy it, but to move it south of Seoul as part of the garrisoning at this place called Garrison Humphreys has not—the funds for that have not yet been appropriated.

Now, I will tell you the funding of that will be borne in two directions—one, U.S. costs and, the other, host nation burden-sharing money, our ally, and we talked about that at some length.

Our agreement is about a 50–50 split. And so what I have done is taken 50 percent of the cost to move the remaining force that

is north of Seoul to its garrison locations of the future south of Seoul and I have programmed all those moneys in the appropriate program objective memorandums for the services, mostly Army.

So that is accounted for. Now, whether it makes it into the budget process and is submitted, beginning next year, in the 2010 budget, is problematic. I have got to make sure it is, but I believe it will be.

The other 50 percent we need to use host nation funds for and we will. We have a good agreement with the Republic of Korea. So what you worked with General Leon LaPorte—so well is culminating and now we are going to go into the next phase and it is all sequenced pretty well.

That is called the Land Partnership Plan, the LPP, which has to do with moving the Second Infantry Division to sanctuary locations. They have either moved or they have come back to the states, half of them. The other half should be moving over the next 5 years.

That is where we are, sir.

YONGSAN GARRISON RELOCATION PLAN

Mr. EDWARDS. If I could interject, because Chairman Young is such a key player in this whole defense process.

Could you give him a brief summary of the housing frustrations? You used the word "dead in the water."

General BELL. Sir, I used it at the Senate Armed Services Committee yesterday, as well, because it is fact.

The other program that is ongoing over there is called the Yongsan Relocation Plan. That is a different issue and it moves us from our garrison location in downtown Seoul, and it is a big area, it is about a 500-acre complex, to the same place, Pyongtaek. We are going to consolidate there as a main hub.

The South Koreans asked us to move and I don't blame them. You can imagine having a British army still garrisoned in Washington, and we wouldn't be too excited.

They asked us to move and they said they would pay for the vast majority of that move and they are.

They have already spent $2 billion in preparing the ground for that move down to Garrison Humphreys.

So they are rapidly—I mean, you ought to see it, sir. That is 1,000 trucks a day in and out of this construction area. It is phenomenal.

We agreed, this was in 2004, General Leon LaPorte, we agreed to negotiations to take the family members and senior NCOs and officers that live in the Yongsan Garrison and who were leasing quarters at the time on Yongsan, government leases, we agreed to take care of that with our funds, and we estimated that the new leases in Pyongtaek over a 15-year period would be about $1.4 billion, amortized over a 15-year lease payback period.

That has not been favorably considered by Congress in those four intervening years, and you all know the history of that.

So DOD has now said, "We surrender." We are going to begin an Army family housing MILCON approach to this to start the project to show good faith to our ally, because our ally is getting very nervous about where are the Americans when they are spending bil-

lions and we are just—not one nickel has been spent by America yet. So we have asked for, in this budget, $125 million to begin construction of these family housing quarters of about 216 units in three high-rise apartments, and we hope that those are appropriated here in Congress and we can begin this project.

We hope to stop using MILCON and either go back to build-to-lease or the Army is now pursuing a fully privatized approach over there to determine if international investors and the South Korean investors might be interested, without lease guarantees, but with the powerful housing market that they have over there, accepting the risks of those leases and doing this in an RCI manner, fundamentally, with no guarantees.

Those negotiations are ongoing. I wouldn't say I am optimistic, but I am excited about the possibility and I am a supporter of that.

So we have three approaches. None of them have produced a single set of quarters yet from the agreement that we—and we are 4 years into it.

So this is, in my view, dead in the water, but we are still floating. We didn't die in the water and then sink. We are still out there and we can start paddling again, and we need to.

I wouldn't even mind cranking up an outboard motor engine and moving along at a rapid pace.

I would like to take all the Guam money and spend it in Korea. That would take care of it. [Laughter]

Sir, that is where we are.

Mr. YOUNG. It is good to have both of you here.

Admiral Keating, we have had a chance to visit at his headquarters and we did not get to visit with you in your headquarters in Korea. However, you are the——

General BELL. We did, we had a great time.

Mr. YOUNG. As your friend, I want to say that in view of your approaching retirement—the nation is going to miss your service.

General BELL. Thank you, sir.

Mr. YOUNG. The other is, as your friend, you deserve a good rest and I send my invitation to come to Florida and let my son teach you how to catch——

General BELL. Sir, I have an appointment with a trout in the Smokey Mountains. But as soon as I get through with him or her, whatever the case may be, I will be down there to take on your sharks.

Mr. YOUNG. Well, Mr. Wamp will give you maybe some mountain trout or something——

But in this subcommittee, with Chairman Edwards and Ranking Member Wamp, you have got strong leadership and they are going to make good things happen for you.

General BELL. Thank you. It has been an honor.

Mr. YOUNG. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Chairman.

The additional questions I have I will submit in writing for the record.

Admiral Keating, perhaps, if we were to start to put together a trip for the subcommittee to go visit Korea, we could be in touch with your staff about where in your command you think you would need for us to——

General BELL. It sounds like Guam to me, Mr. Chairman.

Admiral KEATING. Guam would be important and Japan and see the construction projects that are ongoing there and if you can give us a half a day or a full day in the headquarters at Camp Smith in Hawaii, preferably on the front end of your trip, but coming or going, we would be——

General BELL. Guam is only 8 hours from Korea. So it is close.

Mr. EDWARDS. We will follow up on that. Thank you both for your tremendous leadership. It is good to have you here today. Thank you.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Edwards.]

QUESTIONS FOR ADMIRAL KEATING

Question. The target date for the bed-down of marines in Guam is 2014. Is the full U.S. share of construction costs for relocating marines from Okinawa to Guam programmed in the current FYDP?

Answer. The current FYDP (09–13) does not contain the full U.S. share of construction costs as laid out in the "Road Map for Realignment" agreement with the Government of Japan. The U.S. share is $4.18B, with the current FYDP programming $1.98B for military construction/planning. USPACOM, through the Joint Guam Program Office, continues to advocate for the full U.S. share of Guam construction costs in FYDP 10–15, currently in development within the Department of Defense.

Question. Please provide an update on Government of Japan action regarding appropriations and other funding instruments for the relocation of marines from Okinawa to Guam.

Answer. The Government of Japan (GOJ) passed the "Law to Promote the Realignment for U.S. Forces in Japan" in May 2007. This law established the legal framework to obtain funding and initial cost estimates. We anticipate GOJ funding to begin in 2009 and extend through 2014. The Joint Guam Program Office is currently coordinating with the GOJ representatives to finalize the by-year funding stream.

Question. I understand that the relocation to Guam will require work on training ranges in the Northern Marianas, and that this cost has not been factored into the total estimates for the Okinawa-Guam transition. What is the total estimated cost for training ranges? Who is responsible for developing these cost estimates?

Answer. The agreement to move the Marines from Okinawa to Guam included $500 million for training facilities/ranges. Marine Forces Pacific has the responsibility to develop a Marine training concept study, with costs, for Guam and the Commonwealth of the Northern Mariana Islands. The study, with an expected completion date of April 2008, will validate, or update if required, the current $500 million estimate.

Question. Are there any other non-programmed requirements related to the cost of the relocation to Guam?

Answer. The Marine training concept study, when complete in April 2008, is likely to identify training requirements which exceed the current $500 million planning factor. For example, this study may advocate for additional land acquisition to accommodate firing range requirements on the island of Guam. Any land acquisition costs would be a new requirement.

Question. Is PACOM developing a plan to secure the safety of the increased number of military personnel and family members in the event of future typhoons impacting Guam?

Answer. USPACOM currently has a Tropical Cyclone Operations Instruction requiring all commanders in the Area of Responsibility to establish a Tropical Cyclone Conditions of Readiness program to warn, secure, and prepare DOD personnel and property in the case of an approaching tropical cyclone.

Planned Guam construction projects are designed to withstand tropical cyclones. Upon completion, these facilities will augment designated evacuation facilities in current plans to accommodate increased military personnel.

Question. What is the projected total family housing requirement on Okinawa post consideration and the relocation to Guam, and how does this compare with the current housing inventory?

Answer. Family housing requirements on Okinawa have not been finalized. The mix of permanent party to temporary duty Marines based on Okinawa is under revision in response to "Grow the Force" changes planned for the Marine Corps. The Services are completing a comprehensive housing market analysis for Okinawa. Once complete (expected completion in July 2008), this analysis will establish the housing requirement and allow us to assess the adequacy of the housing inventory.

Question. According to the U.S.-Japan "road map," the transformation of Army C2 at Camp Zama was to be complete by FY08. What is the status of this transformation?

Answer. The U.S. Army activated a cadre at Camp Zama, I Corps Forward, in December 2007. Due to operational commitments with Operation IRAQI FREEDOM, the final transformation of Army Command and Control (C2) at Camp Zama will not be fully completed by FY08. I Corps is scheduled to transfer to Camp Zama upon return from Iraq but the exact timing for the I Corps Headquarters move is not yet established.

Question. Are there any U.S. milcon requirements for Sagami beyond the Battle Command Training Center?

Answer. Yes, there are other projects in the FYDP for Sagami. In FY13 of the U.S. Army's current FYDP (09–13), a $28M Vehicle Maintenance Shop project is planned. The project will provide a maintenance facility and organizational parking to support I Corps at Camp Zama and Sagami General Depot.

Question. The Navy milcon request includes $35.1 million for wharf upgrades at Diego Garcia to provide a forward operating location for a submarine tender. Has the decision to provide this forward location been finalized? Is the U.S. required to obtain the United Kingdom's consent for this initiative, and if so, has that consent been obtained? What additional milcon requirements are necessary to provide this forward operating location?

Answer. With full consent of the United Kingdom, the decision to upgrade the facilities at Diego Garcia to support a submarine tender has been finalized. The U.S. is required to notify and obtain consent from the United Kingdom for all military construction projects planned for Diego Garcia.

The FY09 request is the second phase of a three phase effort. The third and final phase is programmed in the FYDP for FY10 at $32.4M.

Question. The Missile Defense Agency milcon request includes $25.5 million for AN/TPY–2 construction in the PACOM AOR. My understanding is that the final location has not been determined. What is PACOM's role in this decision? When will that decision be made?

Answer. USPACOM advises the SecDef on all basing decisions in the AOR. USPACOM is working closely with USSTRATCOM and MDA on possible future basing locations for a second forward-based AN/TPY–2 radar for the USPACOM AOR. The site selection timeline for the second radar has not been established.

Question. The Pacific Warfighting Center at Pearl Harbor was drastically reduced in scope last year. Is PACOM satisfied that the current project meets the requirement? Is there any intent to construct a follow-on phase?

Answer. The 34,300 square foot Pacific Warfighting Center under construction at Ford Island site will provide USPACOM with sufficient capacity to accomplish its mission. USPACOM does not anticipate any requirements for follow-on construction.

QUESTIONS FOR GENERAL BELL

Question. Has USFK performed a life-cycle cost analysis comparing build-to-lease housing versus traditional family housing construction? If so, what were the results?

Answer. A lifecycle analysis using a straightforward approach comparing MILCON to Build to-Lease (BTL) for family housing was completed in July 2007. The analysis shows that over a 17 year interval (2 years for construction and 15 year lease period) BTL has a Net Present Value (NPV) of approximately $503K per unit and MILCON has an NPV of approximately $521K per unit.

Question. You mentioned that USFK currently pays for housing leases at Yongsan. What is the annual cost for these leases?

Answer. The projected FY08 cost for the 548 Army leased family homes in the Yongsan area (300 on U.S. Army Garrison Yongsan and 248 in Hannam Village near Yongsan Garrison) is $26.9M.

Additionally, 510 families reside in individually leased apartments in the vicinity of Yongsan at an annual Overseas Housing Allowance (OHA) expenditure of $25.7M. 1096 unaccompanied officers and NCOs reside in individually leased apartments near Yongsan at an annual OHA expenditure of $48.5M.

Question. Please provide an updated breakdown of the total construction costs for the Yongsan Relocation Plan and the Land Partnership Plan, and further break out

these costs among the various U.S. and ROK funding streams. Also, please indicate how much of these funds have been provided to date.

Answer. The total planned cost apportioned between both the Republic of Korea and the United States for construction under the Yongsan Relocation Plan (YRP) and the Land Partnership Plan (LPP) is currently estimated at approximately $10.68. USFK and the ROK have contracted a Project Management Consortium (PMC) in accordance with the YRP agreements to perform program management services. The PMC is currently evaluating the planned cost and will provide a baseline cost in July 2008.

Within the current planned cost the ROK contribution is estimated at $7.47B ($5.84B direct funded and $1.63B USFK executed host nation funded construction using burden sharing contributions) and USFK is seeking to resource approximately $3.13B through Service Component U.S. MILCON, BTL or private investment sources.

Investment to date includes over $lB from the ROK; no money has been appropriated by Congress to support the execution of either of these plans. While the US Congress has appropriated approximately $300 Million in MILCON to Garrison Humphreys for Second Infantry Division requirements, these appropriations are not directly tied to our national commitments associated with YRP or LPP.

Question. Has USFK performed a full cost analysis of transitioning to a policy of normal three-year accompanied tours? What would be the one-time investment costs, and what would be the annual recurring cost (or savings) after implementation?

Answer. USFK has performed a full analysis of transitioning to a policy of two-year unaccompanied and three-year accompanied tours as required by DOD Instruction 1315.18; Procedure for Military Personnel Assignment dated 12 January 2005. Based on this analysis, we project an annual Permanent Change of Station cost savings of up to $102M. This analysis specifies that family support facilities and adequate housing are available through government owned, government leased, and economy quarters. Therefore there is no identification of a onetime investment cost associated with extending tours at current population levels.

USFK is seeking a policy change from OSD to allow the Services to begin to phase-in fully normalized tours over a ten year period. This would allow the Services to plan for and program resources to support a fully normalized Korea.

Question. Would your proposal for three-year accompanied tours apply to personnel of all services in Korea?

Answer. Yes, this policy change would apply to service members of all Services programmed for locations that convert to three-year accompanied tours.

This policy change will amend the Joint Federal Travel Regulation pertaining to and applied to all Services. This tour normalization conversion will be phased in over a 10 year period to allow the Services to plan and program for increased servicemember and family presence at their garrisons, bases, and other locations.

Question. Has the ROK granted all of the required land at Camp Humphreys?

Answer. The land grants at U.S. Army Garrison Humphreys are guaranteed in the Yongsan Relocation Plan (YRP) and Land Partnership Plan (LPP) agreements. However, all land grants have not been officially granted. We have completed a joint survey of all land that will be granted. These land grants will be phased in over time as land fill and facilities are complete and as we begin to occupy new facilities. Until this happens, the ROK retains responsibility for security, access control and emergency response services.

Question. Much of the additional land at Camp Humphreys consists of rice paddies that must be drained and filled before construction commences. Is there a lag time between this site preparation and construction at Camp Humphreys to allow for ground settling, and if so, how long is this lag?

Answer. Construction at U.S. Army Garrison Humphreys can begin 3–4 months after site preparation. Pile foundations for new facilities can start at that time which will allow construction while the fill continues to settle. Final settlement is expected 8–12 months after site preparation, which will allow construction of utilities and pavement.

Question. Last year, you indicated that negotiations between USFK and ROK were underway over a railhead in the northwest part of Camp Humphreys and a civilian highway running along the western perimeter. Please provide an update on these projects.

Answer. USFK continues to negotiate with the ROK regarding the synchronization of all on and off installation infrastructure. These ongoing negotiations will ensure that the planned access control points and rail-head are tied into existing or planned local infrastructure in accordance with master plan timelines.

Question. You indicate that a new U.S. joint warfighting command, known as Korea Command or KORCOM, is expected to reach FOC by March 2012. How would this KORCOM structure be different from the current U.S. command structure in Korea? Would it replace U.S. Forces Korea? Would KORCOM remain a sub-unified command under Pacific Command?

Answer. A new U.S. command, provisionally called Korea Command (KORCOM), will replace U.S. Forces Korea (USFK) and will remain a sub-unified command under U.S. Pacific Command. While KORCOM will remain a sub-unified Command under PACOM, its is also projected to retain national alliance military responsibilities from the Secretary of Defense as agreed through the Security Consultative Meetings with our ROK Ally which will be specified in an updated Strategic Directive and Terms of Reference. KORCOM will consist of a joint headquarters and subordinate Service and functional component commands. The current U.S. Forces Korea Headquarters is the U.S. contribution to the ROK–US Combined Forces Command. There is no separate USFK Headquarters today as all USFK Headquarters personnel work under the Combined Forces Command. Once OPCON transfer is complete, the KORCOM headquarters will be responsible for Title X U.S. Civil Code National Command, as well as executing wartime battle command of selected U.S. Forces supporting our Korean ally. The new U.S. joint headquarters in Korea, U.S. Korea Command (KORCOM), will be a separate U.S. joint headquarters operating in support of the ROK national warfighting command.

Question. Will 8th Army headquarters be relocated to Hawaii? How does this impact transformation plan in Korea?

Answer. Eighth U.S. Army headquarters is transforming from its current legacy Army ServIce Component Command (ASCC) structure to the Army's new modular, warfighting Operational Command Post (OCP) structure and will be known as Eighth Army OCP-Korea. At some point in the future, U.S. Army Pacific will be redesignated as Eighth Army, and it will establish a Main Command Post (MCP) in Hawaii that will play an increased role in supporting U.S. forces in Korea. A date for the potential move of the Eighth Army flag to Hawaii has not been determined, as we must fully consult and coordinate with our Korean ally. These actions are synchronized with Department of Defense, USFK, Department of the Army, and Eighth U.S. Army transformation plans.

Question. You indicated last year that "Current access to training ranges in South Korea is insufficient to fully meet the training needs of U.S. forces." Has the ROK completed modernization of the Jik-do range? Do you regard this modernization as sufficient? Are you seeking reopening of the Koon-ni range?

Answer. We have made significant progress with our ROK ally in the last year with respect to range and airspace access as well as range modernization. The Republic of Korea has completed the instrumentation of Jik-do range with a Weapons Impact Scoring Set that replaces a capability we lost with the closure of Koon-ni Range. We now have an additional scoreable bombing range that has improved our training for all of our Services.

While the progress made over the past year has improved our readiness, there still remains work to be done to improve airspace utilization and range access. We are working closely with the Republic of Korea to gain access to additional bombing ranges to meet our training requirements.

We are not seeking the re-opening of Kooni range because the airspace above the bombing range was needed for expanded operations at Seoul's Incheon International Airport. The airspace is now used to ensure adequate safety clearance between arriving and departing commercial aircraft.

Question. Last year, you expressed concern about the medical care access for servicemembers in Korea. Have you been assigned a Tricare manager? Do you have any further concerns regarding medical care?

Answer. Due to decreased clinical providers, clinical support, and administrative personnel, I have been forced to prioritize care for DoD beneficiaries—this has resulted in some DoD civilians no longer having prioritized access to care in some U.S. facilities. Many of these beneficiaries are now required to receive their care in Korean hospitals. I have been working this issue through the Department of the Army on two fronts and if successful will hire 76 new medical and clinical support personnel in the near term which will enhance clinical access for my civilians.

Furthermore, I continue in my efforts with DoD to resource a TRICARE Overseas Contractor responsible for coordinating specialty care off of our installations, establishing Primary and Specialty Care networks throughout Korea, and for establishing "local offices" in major population hubs.

Today, we resource our TRICARE Service Center at the U.S. Army Garrison Yongsan in Seoul for all beneficiaries assigned to Korea—this office coordinates care in local hospitals for beneficiaries who exceed the capabilities of the U.S. facilities

in Seoul, Osan, and the geographically dispersed clinics located throughout Korea. This office, however, cannot process claims for our beneficiaries.

Until a TRICARE Overseas contract is awarded, and a TRICARE Managed Care Support Contractor is established in Korea, our active duty Servicemembers and their families will not have adequate access to TRICARE information and resources, and they will be required to continue submitting reimbursement claims for allowable medical services to offices located in the United States.

Question. You intend to close a total of 63 camps and facilities in Korea. You indicate that to date you have closed 37 and returned 35 of those. What is the timeframe for closing and returning the balance of camps and facilities?

Answer. Of the 37 that we have closed, 35 have already been returned and two (Camp Hialeah and Gimpo Mail Facility) are projected to be returned this year (2008), along with 7 additional parcels of land.

The balance of the camps and facilities (26) are all part of the Land Partnership Plan (LPP) and Yongsan Relocation Plan (YRP). They will be returned once the units located on these camps have relocated to newly constructed facilities at U.S. Army Garrison Humphreys.

[CLERK'S NOTE.—End of questions for the record submitted by Chairman Edwards.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Wamp.]

Question. The budget request includes $125 million to construct three high-rise, multistory family housing apartment towers at U.S. Army Garrison-Humphreys. This project is part of the Land Partnership Plan between the U.S. and the ROK which allows U.S. forces to be relocated south of the Han River, and smaller army garrisons be turned over to the host nation. What will be the total U.S. funding requirement for housing construction as contained in the LPP agreement? Will the fiscal year 2009 budget request of $125 million meet the total requirement to move the 2nd Infantry Division?

Answer. The Land Partnership Plan (LPP) is an agreement between the U.S. and the Republic of Korea (ROK) to relocate the Second Infantry Division (2ID) to enduring hubs south of Seoul. It does not specify a provision for family housing. The Yongsan Relocation Plan (YRP) is an agreement between the U.S. and the ROK to relocate U.S. forces from Seoul to the U.S. Army Garrison Humphreys in Pyongtaek. The YRP requires the U.S. to provide family housing units for those members of the command who will be displaced from Yongsan Garrison in Seoul to Garrison Humphreys. Therefore, the Army's $125 million FY 2009 MILCON request will only fund construction of the first 216 family housing units of the approximately 400 total family housing units required for our future stationing needs mostly associated with he YRP. Additional funding will be required to complete LPP.

CONSTRUCTION COSTS

Question. With the current strength of the South Korean economy, what impact are you seeing on construction costs/construction inflation? Would it be in our best interest to fund additional military construction or housing at a time when the South Korean economy is so strong?

Answer. The current strength of the South Korean economy has had minimal impact on the cost of construction. There has been a slight increase in pricing due to the surge in oil and other commodity prices. Notwithstanding these commodity price increases, USFK construction projects have been awarded at or near the estimated project cost over the past year. To take advantage of this competitive pricing environment, it is in the best interest of the United States to fund additional military construction and housing projects now in order to meet the agreed upon relocation timeline.

The United States and the Republic of Korea signed the Land Partnership Plan and the Yongsan Relocation Plan in 2004. To date no money has been appropriated by Congress to support the execution of either of these plans. Meanwhile our Korean ally is heavily executing their responsibilities under the plan and they have already invested well over one billion dollars. It is important that the United States not lose additional time and begin to execute our agreements with the Republic of Korea.

The U.S. Congress has appropriated approximately $300 million in MILCON to Garrison Humphreys for Second Infantry Division requirements not directly tied to our national commitments associated with YRP or LPP.

STRATEGIC CULMINATION PLAN

Question. General Bell, according to your testimony we are four years away from the culmination of the Strategic Culmination Plan that will be marked with a certification exercise, followed by the disestablishment of the Combined Forces Command and the establishment of separate and complementary U.S. and South Korea national military commands. Your testimony highlights our intention to achieve operational capability for the new U.S. joint warfighting command, and its service components, followed by full operational capability prior to that final certification exercise in March 2012. Give the Committee your assessment on whether or not you think we will meet this goal. What resources are you requesting in the fiscal year 2009 budget request to move towards that goal? Is there adequate funding planned between now and FY 2012 to meet the goal?

Answer. My assessment is that we will meet our goal to transfer wartime OPCON to the Republic of Korea (ROK), and establish separate and complementary U.S. and South Korean national military commands. The Strategic Transition Plan (STP) specifies 19 task areas for ROK Joint Chiefs of Staff (JCS) and United States Forces Korea (USFK) to action before OPCON transfer in 2012. On-going review of those task areas indicates that both nations are currently on plan. The United States does not view the STP as containing any "go/no-go gates" that must be passed through to achieve OPCON transfer. If we do not accomplish a component of the STP, it is the United States' intent to "bridge" the potential shortfall while executing "OPCON transfer" on time with our Korean ally, and not later than 17 April 2012.

In FY09 I requested an additional $53.6M from the Army to support important command, control, communications, computers, and intelligence (C4I) ($37.6M); intelligence, surveillance, and reconnaissance (ISR) ($5.6M) and JCS-sponsored theater level exercises ($10.4M) that will directly facilitate OPCON transfer and establishment of a new, separate U.S. military command. I am also working with the Army to address our requirements for the FY10–15 Program Objective Memorandum (POM), including $1,006.9M in FY10–12 to support required C41 ($760.5M), ISR ($135.6M), JCS-sponsored theater level exercises ($78.8M), and to develop a joint theater logistics capability ($32M).

MILITARY TO MILITARY ENGAGEMENT/SECURITY PROGRESS

Question. In your testimony you highlighted progress in a number of security areas, including improved multilateral information sharing, enhanced the capacity of regional partners to counter transnational crime and terrorism; changed attitudes in populations at risk for terrorist exploitation, advanced U.S. and allied ballistic missile defense capabilities, and mitigated human suffering due to natural disasters. That is quite a list. Can you tell the Committee more specifically how you accomplished some of these things, and how does your fiscal year 2009 budget request allow you to continue to make progress along these fronts?

Answer. USPACOM has improved regional security by increasing the number and sophistication of our multilateral, collaborative activities with allies and partners. The focus on multilateralism extends to all engagement activities—information sharing, subject matter expert exchanges, exercise and training evolutions, and cooperative solutions to security challenges. Two particularly important examples, given the maritime nature of USPACOM, include exercise MALABAR with India and the multilateral efforts with "train and equip" funding in the triborder sea area between Indonesia, Malaysia, and the Philippines. With MALABAR, we expanded participation to include Japan, Australia, and Singapore. Regarding tri-border sea region, and using 1206 "train and equip" funds, we installed a $122M radar/sensor system and provided watercraft to reduce sanctuary for terrorists and interdict criminal activities such as drug trafficking or arms smuggling. USPACOM advocates for continued "train and equip" authority and funding in FY09. Without congressional action, authority for NDAA Sec 1206 funding expires in FY08.

The USPACOM counter drug program, executed by Joint Interagency Task Force-West (JIATF–W), has proven extremely successful. Through information fusion centers, JIATF–W increased information sharing between national police and other security forces, leading to the arrest of high value criminals and destruction of drug production facilities. For FY09, the JIATF–W capacity-building budget of $14.4M will be focused on increasing partner nation security in Thailand, the Southern Philippines, and Indonesia.

Assisting those civilian populations at risk to terrorist exploitation is a continuing USPACOM priority. Working by, with, and through regional partner nations, USPACOM has emphasized humanitarian assistance and civil-military operations as a key method to reduce regional susceptibility to violent extremists. For example, in concert with the Armed Forces of the Philippines, USP ACOM supported over

$3M in Humanitarian Assistance missions, building schools, wells, and cisterns as well as providing basic healthcare to thousands of patients. Additionally, USPACOM provided goodwill through ship-borne humanitarian assistance deployments, reaching populations rarely visited by U.S. security forces. Last year, USS PELELIU provided medical and dental services to more than 35,000 patients and veterinary services for almost 3,000 animals. USPACOM plans to deploy USNS MERCY in 2008 for a similar mission.

USPACOM advanced U.S. ballistic missile defense (BMD) capabilities in theater by increasing both our inventory of U.S. Aegis Standard Missile-3 interceptors and the number of Aegis destroyers capable of launching them. Numerous Theater High Altitude Anti-missile Defense tests demonstrated U.S. commitment to the defense of our partners. The Japanese Self Defense Force is upgrading BMD capability of their Aegis cruisers, with one ship already successfully engaging and destroying a ballistic target in December 2007. To enhance interoperability, USPACOM exercises and seminars provide a venue for U.S. and Japanese Defense planners to develop tactics, techniques, and procedures for the bilateral defense of Japan.

USPACOM forces have quickly responded to disasters within the area of responsibility. After an earthquake in the Solomon Islands, USPACOM provided a naval vessel to work with Australia and New Zealand, assisting in helicopter airlift and humanitarian assistance. Additionally, USPACOM forces responded to the Bangladesh cyclone SIDR in November, with embarked U.S. Marine Expeditionary Units delivering 861,000 pounds of supplies, 14,000 gallons of water, and treating over 4,000 patients. In February 2008, USPACOM assisted Chinese citizens during a period of severe cold by airlifting 16 tons of cold weather gear, blankets, and humanitarian daily rations.

[CLERK's NOTE.—End of questions for the record submitted by Congressman Wamp.]

THURSDAY, MARCH 13, 2008.

U.S. AIR FORCE

WITNESSES

GENERAL T. MICHAEL MOSELEY, CHIEF OF STAFF, U.S. AIR FORCE

MAJOR GENERAL DEL EULBERG, THE AIR FORCE CIVIL ENGINEER, U.S. AIR FORCE

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding.] Let's call the subcommittee to order.

General Moseley, General Eulberg, welcome back to the subcommittee. It is great to have you here.

Please accept my apologies for being late. There are several things happening today. We had a beautiful ceremony for those who have served in Iraq and Afghanistan in the Rotunda of the Capitol, and also honoring those who have given their lives in Iraq and Afghanistan. And they had a moment of silence on the floor.

As I was leaving, the Speaker and I had a brief conversation about this subcommittee's work.

We are glad you are here. Today, we are here to discuss the fiscal year 2009 military construction and family housing request for the Air Force. The Air Force's fiscal year 2009 MILCON request, the active component, is $935 million, a decrease of about 19 percent compared to the fiscal year 2008 appropriation and a small increase over the fiscal year 2008 request.

The Air National Guard's fiscal year 2009 request is less than half of last year's request, while the Reserve's request represents a more than 25 percent decrease from last year's budget.

The Air Force clearly is facing great pressure on its budget. I know there are tremendous needs for procurement funding, and, clearly, this is reflected in this recent year's MILCON request.

So it is obvious that one of the bill payers for procurement has to be MILCON, and, General Moseley, that would certainly be one of the issues we would want to talk about today so that we keep a handle on what the consequences are for quality of life and MILCON Air Force programs, as you have to make those very difficult fiscal priorities.

The family housing construction request is $396 million, which is an increase of about 9 percent over the fiscal year 2008 request, reflecting the Air Force's commitment to funding the elimination of all inadequate housing here and overseas by 2009. I salute you for what you have done.

We will discuss these and other issues today, but before we proceed, I would like to turn to our ranking member, Mr. Wamp, for any opening comments he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Thank you, Mr. Chairman.

I just want to welcome you, both, and thank you for your service. Also to say that as we go through some significant transition with all the branches, the Air Force is unique because there are so many areas where you are leading and cutting edge on quality of life in some of these issues with the environment and, frankly, the condition of your personnel, and we are grateful for that leadership. And you also have a different position on some of the new proposals, such as joint basing, so I particularly welcome you here today.

Thank you for your service and I appreciate your willingness to work with the transition that is underway with the other branches, knowing that the world that we live in requires these changes and that the conflicts of the future are not like the conflicts of the past, and we all need to go through this period of change.

And at this subcommittee, we understand that we are a part of that, and the quality of life issues for the personnel around the world have to be held up and, frankly, made a focus so that the people are not lost in the middle of all these changes.

Thank you, again, for your presence here today and for you, General Moseley, for coming by and talking with us earlier so I could get to know you a little bit. As the new kid on the block, I am grateful to be here and grateful, sir, to you.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

General T. Michael Moseley is the Chief of Staff of the U.S. Air Force, a position he has held since September of 2005. He previously served as Vice Chief of Staff from August of 2003 to September 2005. He was the Combined Forces Air Component Commander during Operation Enduring Freedom and Operation Iraqi Freedom, a fighter pilot with 2,800 hours of flight time and, I will save the very best for last, a graduate of Texas A&M University—a fellow Aggie. It is a thrill to have you here.

At the witness table with General Moseley is Major General Del Eulberg, the Air Force Civil Engineer who oversees the construction, maintenance and environmental quality of Air Force bases around the world.

General Eulberg, thank you for your distinguished service to our country as well, and it is great to have you back before the committee.

General Moseley, your full record will, without objection, be submitted for the record, but we would like to recognize you now for any opening comments you would care to make, and then we will proceed with the discussion.

General MOSELEY. Mr. Chairman, thank you.

Mr. EDWARDS. Thank you.

STATEMENT OF GENERAL T. MICHAEL MOSELEY

General MOSELEY. Chairman Edwards, Congressman Wamp, distinguished committee members and staff, it is a pleasure for both of us to be here again this year.

Our Air Force Civil Engineer, Major General Del Eulberg, and I appreciate the opportunity to discuss these very, very important

issues that directly affect our people, our quality of life and our mission conduct in the United States Air Force as part of a joint team.

Let me start by, again, thanking the committee and the staff for consistent and strong support of America's veterans, our Airmen, our Air Force families but equally our Soldiers, Sailors, Marines and Coast Guardsmen that are out there today in harm's way and their families who support them.

Your marks help us maintain and improve Service member housing and quality of life that are critical to our warfighting projects. We appreciate your continued support when you conference with the Senate.

As you know, the Air Force has now been engaged in non-stop combat for over 17 years. From August of 1990, when we deployed into the Middle East for Desert Shield, and in January 1991, when combat operations began for Desert Storm, your United States Air Force has not redeployed from the Middle East for 17 years, 12 years of no-fly zones plus attendant combat in Bosnia, Kosovo, Somalia, Mogadishu, Afghanistan and now Iraq.

We find ourselves facing emerging and increasingly sophisticated threats in all of our three warfighting domains—in the air, space and cyberspace. In the midst of this uncertain environment, our priorities remain consistent: Win today's fight, take care of our people, and prepare for tomorrow's challenges. And our investments in facilities and housing and our judicious implementation of BRAC programs are key to achieving these priorities.

Today, approximately 25,000 of your Airmen are deployed in the Central Command area of responsibility as part of the ongoing fights in Iraq, Afghanistan and the Horn of Africa. More than 2,500 of them are engineers.

These Airmen are doing a fabulous job, and our joint and other federal agency and multinational partners continue to ask for Airmen when they need these tough jobs to get done well. I am very proud of them, and I am proud of the Air Force families that support them.

So it is not surprising that our MILCON, BRAC and housing investments in the fiscal year 2009 President's Budget request have carefully balanced the need to care for them today with the need to also ensure future generations of Airmen are properly armed, trained, housed and cared for.

I will ask General Eulberg to give you some more details about plans for funding our MILCON, family housing and BRAC projects. As he does, please keep in mind that all of these projects take place in the context of what I am calling a redefinition of air power for this century.

We see the world beyond our borders fraught with instability, terrorism, rising peer competitors, rapid technological advances and proliferation of dangerous technology, and we are determined to ensure the Air Force's continued ability to fly, fight and win in that environment.

So we are transforming our organizations and adopting new concepts of operations and leveraging and exploiting breakthrough technologies to achieve cross-domain dominance and maintaining America's asymmetric edge across the spectrum of combat and con-

tinue to provide our nation global vigilance, global reach and global power.

Mr. Chairman, in conclusion, the Air Force's ability to wage and win our Nation's wars, now and in the future, depends heavily on both our Airmen and the state of our operational infrastructure. The Air Force is distinct in that our bases serve not only as housing for our families or our peacetime places of work. They are our "front lines"—our warfighting locations, whether here in the United States or abroad, due to the unique characteristics of air, space and cyberspace power.

That is why our people at our bases are important to us, and I take pride in the Air Force's reputation for taking the highest quality care of these installations, because that is where our people live and work.

I thank you again for this committee's continued help in making this happen, and I look forward to your questions and continued work on these important points.

Mr. Chairman, thank you.

[Prepared statement of General T. Michael Moseley follows:]

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON MILITARY CONSTRUCTION

AND VETERANS AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: FISCAL YEAR 2009 AIR FORCE MILITARY CONSTRUCTION, FAMILY HOUSING PROGRAMS, AND BASE REALIGNMENT AND CLOSURE

STATEMENT OF: GENERAL T. MICHAEL MOSELEY,
CHIEF OF STAFF OF THE AIR FORCE

March 13, 2008

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

BIOGRAPHY

UNITED STATES AIR FORCE

GENERAL T. MICHAEL MOSELEY



General T. Michael Moseley is Chief of Staff of the U.S. Air Force, Washington, D.C. As Chief, he serves as the senior uniformed Air Force officer responsible for the organization, training and equipage of more than 710,000 active-duty, Guard, Reserve and civilian forces serving in the United States and overseas. As a member of the Joint Chiefs of Staff, the general and other service chiefs function as military advisers to the Secretary of Defense, National Security Council and the President.

General Moseley graduated from Texas A&M University in 1971 with a Bachelor of Arts degree in political science. He earned a Master of Arts degree from Texas A&M University in 1972, also in political science. He has commanded the F-15 Division of the USAF Fighter Weapons School at Nellis AFB, Nev., the 33rd Operations Group at Eglin AFB, Fla., and the 57th Wing, the Air Force's largest, most diverse flying wing, also at Nellis. The general has served as the combat Director of Operations for Joint Task Force-Southwest Asia. General Moseley also commanded 9th Air Force and U.S. Central Command Air Forces while serving as Combined Forces Air Component Commander for operations Southern Watch, Enduring Freedom and Iraqi Freedom. The general is a member of the Council on Foreign Relations. He has been awarded the Knight Commander of the Most Excellent Order of the British Empire, the Order of National Merit (Officer) and the Order of National Merit (Commander) by the president of the French Republic, which is the second highest French military award. He has also been awarded the United Arab Emirates' Military Medal, 1st Class, by the president of the U.A.E., and the Mérito Santos-Dumont from the Brazilian Air Force.

General Moseley's staff assignments have been a mix of operational, joint and personnel duties. These include serving in Washington, D.C., as Director for Legislative Liaison for the Secretary of the Air Force; Deputy Director for Politico-Military Affairs for Asia/Pacific and Middle East, the Joint Chiefs of Staff; Chief of the Air Force General Officer Matters Office; Chief of Staff of the Air Force Chair and Professor of Joint and Combined Warfare at the National War College; and Chief of the Tactical Fighter Branch, Tactical Forces Division, Directorate of Plans, Headquarters U.S. Air Force.

EDUCATION

1971 Bachelor of Arts degree in political science, Texas A&M University, College Station
1972 Master of Arts degree in political science, Texas A&M University, College Station
1977 Squadron Officer School, Maxwell AFB, Ala.
1981 Fighter Weapons Instructor Course, U.S. Air Force Fighter Weapons School, Nellis AFB, Nev.
1984 Air Command and Staff College, Maxwell AFB, Ala.
1988 U.S. Air Force Joint Senior Battle Commander's Course, Hurlburt Field, Fla.
1990 National War College, Fort Lesley J. McNair, Washington, D.C.
2000 Combined Force Air Component Commander Course, Maxwell AFB, Ala., and Hurlburt Field, Fla.

ASSIGNMENTS
1. June 1972 - May 1973, student, undergraduate pilot training, Webb AFB, Texas
2. May 1973 - July 1977, T-37 instructor pilot and spin flight test pilot; flight check pilot, and standardization and evaluation flight examiner, 3389th Flying Training Squadron, 78th Flying Training Wing, Webb AFB, Texas
3. July 1977 - September 1979, F-15 instructor pilot, flight lead and mission commander, 7th Tactical Fighter Squadron, Holloman AFB, N.M.
4. September 1979 - August 1983, F-15 weapons and tactics officer, instructor pilot, and flight lead and mission commander; standardization and evaluation/ flight examiner, 44th Tactical Fighter Squadron and 12th Tactical Fighter Squadron, Kadena Air Base, Japan
5. August 1983 - June 1984, course officer, Air Command and Staff College, Maxwell AFB, Ala.
6. June 1984 - June 1987, Chief, Tactical Fighter Branch, Tactical Forces Division, Directorate of Plans, Deputy Chief of Staff for Plans and Operations, Headquarters U.S. Air Force, Washington, D.C.
7. June 1987 - June 1989, Commander, F-15 Division, and instructor pilot, Fighter Weapons Instructor Course, U.S. Air Force Fighter Weapons School, Nellis AFB, Nev.
8. June 1989 - June 1990, course officer, National War College, Fort Lesley J. McNair, Washington, D.C.
9. June 1990 - August 1992, Chief of Staff of the Air Force chair and professor of Joint and Combined Warfare, National War College, Fort Lesley J. McNair, Washington, D.C.
10. August 1992 - January 1994, Commander, 33rd Operations Group, Eglin AFB, Fla.
11. January 1994 - May 1996, Chief, Air Force General Officer Matters Office, Headquarters U.S. Air Force, Washington, D.C.
12. May 1996 - November 1997, Commander, 57th Wing, Nellis AFB, Nev.
13. November 1997 - July 1999, Deputy Director for Politico-Military Affairs, Asia/Pacific and Middle East, Directorate for Strategic Plans and Policy, the Joint Chiefs of Staff, Washington, D.C.
14. July 1999 - October 2001, Director, Legislative Liaison, Office of the Secretary of the Air Force, Headquarters U.S. Air Force, Washington, D.C.
15. November 2001 - August 2003, Commander, 9th Air Force and U.S. Central Command Air Forces, Shaw AFB, S.C.
16. August 2003 - September 2005, Vice Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.
17. September 2005 - present, Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.

FLIGHT INFORMATION
Rating: Command pilot
Flight hours: More than 2,800
Aircraft flown: T-37, T-38, AT-38 and F-15A/B/C/D

MAJOR AWARDS AND DECORATIONS
Defense Distinguished Service Medal with oak leaf cluster
Distinguished Service Medal with oak leaf cluster
Defense Superior Service Medal with oak leaf cluster
Legion of Merit with oak leaf cluster
Meritorious Service Medal with three oak leaf clusters
Air Medal
Joint Service Commendation Medal
Air Force Commendation Medal
Air Force Achievement Medal
Global War on Terrorism Expeditionary Medal
Global War on Terrorism Service Medal
Korea Defense Service Medal
Knight Commander of the Most Excellent Order of the British Empire
French National Order of Merit (Commander)
French National Order of Merit (Officer)
United Arab Emirates' Military Medal, 1st Class
Mérito Santos-Dumont, Brazilian Air Force

OTHER ACHIEVEMENTS
2003 H.H. Arnold Award, the Air Force Association's highest honor to a military member in the field of National Security
2004 Sergeant William Jasper Freedom Award for contributions in maintaining freedom
2005 U.S. Air Force Sergeant's Association Excellence in Military Leadership
2005 James V. Hartinger Award for significant achievements in advancing the military space mission
2005 Inducted into the Texas A&M Corps of Cadets Hall of Honor

EFFECTIVE DATES OF PROMOTION
Second Lieutenant July 9, 1971
First Lieutenant July 9, 1974
Captain Jan. 9, 1976
Major Oct. 1, 1983
Lieutenant Colonel March 1, 1986
Colonel April 1, 1991
Brigadier General Dec. 1, 1996
Major General Feb. 1, 2000
Lieutenant General Nov. 7, 2001
General Oct. 1, 2003

(Current as of January 2008)

INTRODUCTION

Air Force facilities, housing, and Base Realignment and Closure (BRAC) programs are vital to our installation infrastructure. Our installations are weapons systems, serving as power projection platforms from which we provide the *Global Vigilance, Global Reach, and Global Power* that underwrite America's security and sovereignty. Every mission to fly and fight, and everything we do to deliver sovereign options in air, space, and cyberspace originates directly from our stateside, overseas, and expeditionary installations. I would like to highlight a few significant ways our Total Force Airmen are serving this great Nation.

Approximately 25,000 Airmen are currently deployed as part of Operations ENDURING FREEDOM and IRAQI FREEDOM. More than 2,500 of these Airmen are civil-engineers. Forty percent of our civil-engineers are serving side-by-side with our Army comrades-in-arms by filling Joint-sourced "in lieu of" or "individual augmentee" positions, sharing the same level of risk while operating with them "outside the wire." Our heavy construction RED HORSE engineers and our Prime BEEF engineers are well-known in the area of operations for their ability to build and maintain expeditionary installation weapons platforms, whether bedding down Air Force, joint, or multinational forces. Our Explosive Ordnance Disposal (EOD) Airmen contribute 37% of Central Command's joint EOD capability in theater and in calendar year 2007 they responded to more than 8,400 calls to destroy IEDs, unexploded ordnance, or weapons caches. Two out of every three of these Airmen EOD warriors work directly with Army Brigade Combat Team commanders. In 2006 and 2007, seven EOD Airmen were killed in action and 26 more were wounded.

We are honored to be part of the joint team serving our Nation's call to arms, and our warfighting partners – whether joint, other federal agency, or multinational – continually tell us how impressed they are by the capabilities our installation support personnel bring to the fight. We will

never forget that eighteen of our logistics, installation, and mission support Airmen have made the ultimate sacrifice in this war.

Although it rarely grabs headlines, a major reconstruction effort coexists with the operational missions in Iraq and Afghanistan. Our Air Force Center for Engineering and the Environment (AFCEE) is executing an extraordinarily robust program to help set conditions that will allow free societies to flourish in both countries. Thus far, their $4.6 billion dollar effort includes 576 projects to construct or repair more than 4,000 facilities to include government and military facilities, airports, roads, schools, medical clinics, police stations, utilities systems, and more. Iraqi and Afghan citizens are doing the lion's share of this work, making up more than 70% of project engineers and 90% of the construction workforce. External audits validated AFCEE's efficiency, low overhead costs in manpower and financial resources, minimized in-country presence, and successful leveraging of the latest efficient and effective business processes.

AIR FORCE INSTALLATION SUPPORT LEADERS

Our Air Force is a great example of leadership in energy and the environment. This is our fourth year in row leading the federal government in those areas, and we are number three in the nation in the purchase of renewable energy to operate our $243 billion physical plant. We are on track to beat by two years the Department's 2014 goal for environmental restoration. Our housing privatization initiative has leveraged more than 350 million taxpayer dollars to bring in almost $6 billion in private sector investment, speeding the delivery of adequate housing to our deserving Airmen. The Air Force is solidly on track to eliminate inadequate overseas housing by Fiscal Year 2009 and, thanks to Congress' support in the Fiscal Year 2007 bill; we have completely funded the elimination of inadequate stateside family housing. Our emergency responders implemented the cross-functional Air Force Incident Management System in December 2007, making us the first

federal agency to meet the Executive Order and the Department of Homeland Security directive for implementing the National Incident Management System, assuring seamless and coordinated emergency response among agencies at or near our installations.

The Air Force has a long and successful history of working toward common goals in a joint environment without compromising Air Force principles and the well-being of our people. Joint Basing initiatives are no exception. To guarantee success, each joint base should be required to provide a suitable setting to all of its assigned personnel, their families, and other customers within the local communities our bases support.

To accomplish this, we are working with the other Services and OSD to establish a common Joint Base quality of life standard. Our Airmen, Soldiers, Sailors, Marines, DoD Civilians and their families will benefit from efficient, consistent installation support services. Such standards will ensure the Air Force and our sister Services continue to provide all personnel with the level of installation support services they deserve. As we work with the Office of the Secretary of Defense and our sister Services, we will ensure all joint basing initiatives contribute to the DoD's ability to perform its mission.

We look forward to establishing a BRAC-envisioned executive agency agreement involving local leaders and the local unit commander. Such an agency, combined with elimination of duplicate offices and administration of centrally agreed standards, would improve efficiency while safeguarding mission requirements and quality of life for families and Service members. We believe the natural, direct feedback and tension between a service provider and a paying customer is the best model to drive efficiency and cost savings.

The Air Force remains committed to ensuring that all bases, joint or otherwise, maintain their capability to perform their missions and meet our quality of life standards. We want joint

bases to be so efficient and effective that an assignment to a joint base would be a highlight for every Service member.

TRANSFORMATION

We are transforming our Service around new concepts of operations, organizational change, and advanced technologies to produce efficiencies and free up funds for weapon systems modernization. Part of our strategy is to transform our installation support enterprise on a scale not seen since the post-Cold War draw down. The first major transformation initiatives of our 60,000 person Civil-Engineering (CE) organization are largely complete. We have reorganized CE at all levels; rebalanced the force to include increased manpower in our high-demand RED HORSE and EOD combat engineer capabilities; and centralized the execution of all MILCON, housing construction, and environmental restoration at AFCEE in San Antonio, Texas.

We are also transforming our CE business processes, infrastructure, and technology to enable us to operate our installations within reduced funding levels. Our two-pillared approach includes producing efficiencies in enterprise-wide business processes while reducing by 20% the funding required for maintaining and operating our $243 billion physical plant by the year 2020. Internally, we have already significantly reduced our installation support funding over the last three years. We are now figuring out ways to operate and maintain our installations within this funding level. Not only are we elevating internal best practices to the strategic level and using the Air Force Smart Operations for the 21st Century (AFSO21) toolkit of lean and "Six Sigma" process improvement methods, we are also incorporating best practices from leading private sector companies.

We established "Corps of Discovery" teams to visit companies such as GM, IBM, GE, Bank of America, ExxonMobil, CB Richard Ellis, Jones Lang LaSalle, Archibus, and others.

We found that we share many of the same challenges in maintaining our operational or primary mission "edge" while effectively balancing investment in infrastructure. These patriotic companies, through gratis partnerships, are sharing invaluable transformation lessons learned. We are focusing our CE transformation on these key lessons learned, such as strategic sourcing and portfolio-level real estate management. Leading edge companies manage their real estate and physical plant with a holistic and integrated asset management approach that enables them to better articulate and manage risk in support of their company's mission. We have already reorganized our CE personnel around asset management, however, true transformation takes years, and these companies are no exception. Their knowledge and experience is proving invaluable to us as we transition to the asset management approach, which plays a key role in the second pillar of our CE transformation.

Maintaining our installations within current funding levels requires an aggressive approach to target limited funding on the most critical portions of our physical plant. Portfolio-level asset management accurately assigns value to our built and natural environment, enabling business case analyses that improve decisions on operations and resources. Our asset management initiatives include activity management; utilities privatization; energy conservation; enhanced use leasing; incentive-based consolidation, demolition, and demolition in situ programs; housing privatization; and others. Implementing these transformational business processes requires an enabling information technology (IT) system.

We are transforming IT systems to support reengineered business processes and maximize the talent of our work force. Our IT acquisition strategy leverages key insights from the "Corps of Discovery" partnerships and will leverage capable commercial-off-the-shelf systems. While meeting executive, department and Air Force requirements for real property

accountability systems and data transparency, the new agile installation management IT system will enable enterprise-wide portfolio management covering the complete infrastructure lifecycle.

These initiatives will help us overcome current and future fiscal challenges. Efficiently managing installation support from an enterprise-wide portfolio perspective will help free up funds and ultimately enable us to sustain and modernize the world's best air, space, and cyberspace force.

FISCAL YEAR 2009 AIR FORCE MILCON, BRAC, ENVIRONMENTAL, AND FAMILY HOUSING PROGRAMS

Air Force facilities, housing, environmental, and BRAC programs are key for our installation power projection platforms. Our infrastructure investment strategy focuses on winning today's fight, taking care of our people, and preparing for tomorrow's challenges, as well as implementing BRAC, protecting and restoring our natural environment, sustaining our infrastructure, and striving to recapitalize our aging infrastructure. Our total force military construction, family housing, environmental, and sustainment, restoration, and modernization programs are paramount to successful operations and maintaining the quality of life our Airmen and their families deserve.

The Fiscal Year 2009 President's Budget (PB) request for Air Force military construction is more than $2.1 billion, comprised of traditional MILCON ($988 million), BRAC 2005 ($734 million) and housing investments ($396 million). Unfortunately, demands on our resources require tough choices. Our challenging fiscal environment includes increased operations, maintenance, and personnel costs; the cost of the long war against terrorism; and absorbing inflation factors that reduce overall buying power. These factors have compelled us to self-finance the centerpiece of future dominance – a massive and critical recapitalization and modernization effort of our aging air and space force. To accomplish this, we are accepting manageable risk in facilities and

infrastructure funding. The Air Force is taking risk in infrastructure. These risks are balanced across the Total Force and across all mission areas. The Total Force MILCON portion ($988 million) of the Fiscal Year 2009 PB military construction request reflects our highest construction priorities. This request includes $935 million for active military construction, just over $34 million for the Air National Guard, and $19 million for the Air Force Reserve. This budget also carefully balances our facility operations and maintenance accounts for sustainment, restoration, and modernization with military construction programs to make the most effective use of available funding in support of the Air Force mission. The Air Force Total Force sustainment funding in Fiscal Year 2009 is $2 billion, 90% of the amount called for by the Facility Sustainment Model. The Fiscal Year 2009 Total Force restoration and modernization (R&M) funding is $514 million – an increase of approximately $168 million over last year's request.

The Air Force Fiscal Year 2009 PB request of $396 million for Air Force Military Family Housing investment program balances new construction, improvements, and planning and design work. While we continue to strive to eliminate inadequate housing, we cannot allow more housing to fall into disrepair. In addition to the $396 million requested for housing investment, we requested nearly $599 million for operations and maintenance – for a total housing investment request of just under $1 billion.

We continue our proactive and responsive environmental quality and restoration programs. The Fiscal Year 2009 request includes just over $1 billion for direct-funded non-BRAC environmental programs: $435 million is for traditional environmental restoration activities; $367 million for environmental compliance activities and projects; $82 million for pollution prevention initiatives; $53 million for environmental conservation activities; $61 million for munitions response activities; and $17 million to invest in promising environmental technologies.

To continue our aggressive BRAC implementation schedule, the FY09 PB request includes $1.2 billion is requested for BRAC-related activities, of which $734 million is construction. The Air Force is lead for 64 BRAC business plans and has equity in 16 additional business plans. Full support of this funding request is critical to ensure we meet the requirement for compliance by 2011.

Sound investment in our installations postures the Air Force to support our priorities of winning today's fight, taking care of our people, and preparing for tomorrow's challenges. This budget request will provide the funds to ensure our installations continue to serve as effective power projection platforms that enable the continued success of our core Air Force missions.

WINNING TODAY'S FIGHT

The Air Force's first priority is to win today's fight. We plan to invest $222 million on 14 projects that enhance the Air Force's ability to deliver intelligence, maintenance, and operational capabilities to our Unified Combatant Commands. The Air Force program includes five projects directly contributing to winning today's war within U.S. Central Command. These projects provide much-needed in-theater aircraft maintenance, appropriate aircraft parking, fueling, and cargo handling space. Eight CONUS projects provide critical infrastructure necessary to continue to deliver, grow, and improve the high demand for an unmanned aerial system presence in current and future operations. Construction of a large vehicle inspection station will greatly improve the force protection and operational capability of forces at RAF Lakenheath in the United Kingdom.

TAKING CARE OF OUR PEOPLE

The Air Force sees a direct link between readiness and quality of life. The Air Force is committed to creating and maintaining a consistently high quality and safe environment in locations where Airmen work, train, reside, and recreate. Our Total Force Airmen are the most valuable assets we have in winning today's fight and ensuring our air, space and cyberspace dominance. Thus, we must continue to recruit, train, develop, and retain the best America has to offer. As our Air Force becomes more capable, more efficient and more lethal, so will our Airmen. The quality of life we provide our Airmen and their families, who make enormous personal sacrifices, is a distinct determining factor in how long they remain in our service. This year's budget includes a wide spectrum of projects to care for our Airmen and their families, to include quality family housing and dormitories, functional fitness centers, safe child development centers, and exceptional training and operational facilities.

Family Housing

The Air Force Family Housing Master Plan details our Housing military construction, operations and maintenance, and privatization efforts. Our Fiscal Year 2009 budget request for family housing is a just under $1 billion and includes $396 million for our housing investment program to replace and improve more than 2,100 housing units at eight overseas bases. Consistent with our Department's Strategic Planning Guidance, we are on track to fund projects through 2009 that will eliminate inadequate overseas housing. An additional $599 million will pay for operations, maintenance, utilities and leases to support the family housing program.

We have used the privatization authorities granted by Congress to accelerate our family housing improvement program. By the beginning of Fiscal Year 2009, we will have privatized more than 41,500 housing units. We plan to privatize 4,300 additional housing units with the

Fiscal Year 2009 PB funding. Current projections show we will have strategically leveraged more than $350 million in government investment to bring almost $6 billion in private sector total housing development, or sixteen dollars of private investment for each public tax dollar. We are evaluating the privatization of remaining stateside installations where feasible.

Unaccompanied Housing (Dormitories)

Our Fiscal Year 2009 total Air Force requirement for dormitory rooms is 60,200. We have made great progress using the three-phased investment strategy outlined in our Dormitory Master Plan (DMP). Phase I of our DMP, now construction complete, eliminated central latrine dormitories. With the Fiscal Year 2007-2009 MILCON programs we will be fully funded to complete Phase II of our DMP, which is our permanent party and pipeline dorm room shortage (deficit), by building new dormitories. In Phase III, now underway, we will replace existing dormitories at the end of their useful life with a standard Air Force-designed private room configuration under the 'Dorms-4-Airmen' concept. The 'Dorms-4-Airmen' concept capitalizes on a wingman strategy and keeps our dorm residents socially and emotionally fit.

We are as committed to providing adequate housing and improving the quality of life for our unaccompanied junior enlisted personnel as we are to our families. Our Fiscal Year 2009 Program demonstrates this position with a request of $104 million for dormitory investment to replace or construct more than 1,400 rooms at three stateside bases.

Fitness and Child Development Centers

The Air Force maintains its strong commitment to the 'Fit-to-Fight' program. Fitness is a critical part of Airmen's lives as they prepare for the rigors of the expeditionary environment. Our goal is to replace at least one fitness center per year until we have the resources to do more. This year we will construct a new fitness center at Dover AFB, Delaware.

We are also dedicated to providing our families with adequate and nurturing child care facilities. The most urgent need in 2009 is at Columbus AFB, Mississippi. Its current facility only meets half of the childcare requirement and is being supplemented by a leased trailer. Our $8 million effort will provide supervised care for 128 infants and preschool children.

Operations and Training

Our MILCON program supports our expanded view of quality of life for Airmen by providing quality facilities to train and operate in. New security forces operations and communications facilities in Burlington, Vermont, will provide the men and women of the Air National Guard in one of our most stressed career fields with functional, up-to-date facilities to meet necessary training and day-to-day operational requirements. This year's program also includes a 56-position combat arms training and marksmanship facility at Maxwell AFB, Alabama, to supplement the existing, undersized, high-demand range. The range enables the continuing improvement of our Air and Space basic course by providing combat-focused training to our junior officers. Finally, a recapitalization project at the United States Air Force Academy concludes the phased upgrade of the Fairchild Hall academic building.

Environmental Management Programs

Our environmental management programs continue to ensure the most basic quality of life needs are being met for our Airmen and surrounding communities: clean air, clean drinking water, and healthy working and living conditions for our workforce and base residents. We are also implementing refinements to our environmental management approach to incorporate best practices. All Air Force installations are now utilizing the environmental management system to identify environmental aspects of base operations, assess their impacts, and help commanders make informed decisions and investments to reduce environmental risks and compliance costs.

Our installation commanders significantly reduced new environmental enforcement actions last year, decreasing them from Fiscal Year 2005 to Fiscal Year 2007 by 39% – a major success story.

PREPARING FOR TOMORROW'S CHALLENGES

Our third priority is to prepare for tomorrow's challenges. Our Fiscal Year 2009 MILCON request is a direct reflection of our strong commitment to the current and future success of our Air Force and is heavily weighted toward preparing for tomorrow's challenges by addressing our most critical modernization and recapitalization needs. $493 million of the Fiscal Year 2009 Total Force military construction request consists of 32 projects essential to modernization and recapitalization.

The F-22 Raptor is the Air Force's primary air dominance fighter. It provides operational access, homeland and cruise missile defense, and freedom to maneuver for our joint forces. Combat-capable F-22s are in full rate production on the world's only 5th generation production line. Elmendorf AFB, Alaska, is our Nation's second operational Raptor base, and Holloman AFB, New Mexico, will be the third. We are constructing 13 projects to continue to beddown the world's premier operational 5th generation fighter at a cost of $197 million. The F-35 Lightning II Joint Strike Fighter is our 5th generation multi-role strike fighter aircraft optimized for air-to-ground attack. When it becomes operational, the F-35 will recapitalize combat capabilities currently provided by the F-117A and F-16, and will complement the capabilities of the F-22. A student dormitory project at Eglin AFB, Florida, continues the beddown for future joint F-35 training squadrons. To provide the best possible training to our aircrews by using a professional adversary force of pilots and controllers, the Air Force is pressing forward with its vision for a more robust Aggressor program. Constructing an

Aggressor squadron operations facility and aircraft maintenance facility at Nellis AFB, Nevada, supports the beddown of a full 24-aircraft F-16 Aggressor squadron.

Our Tactical Air Controllers are embedded with ground forces, directing the use of air power in conjunction with ground operations. This year's MILCON program provides the 3rd Air Support Operations Group with a Joint Air Ground Center at the unit's host Army installation, Fort Hood, Texas. This facility supports the Army's brigade transformation and provides Air Force Tactical Air Controllers with the training space required to fulfill the critical close air support mission.

We are modernizing and recapitalizing our facilities in support of large-frame aircraft as well. The C-17 continues its outstanding performance as both an inter- and intra-theater airlifter, including conducting operational airdrops, aeromedical evacuation, and engagement in humanitarian operations, among its many roles. The addition and alteration of simulator facilities at Charleston AFB, South Carolina, and McChord AFB, Washington, will greatly improve the program's training efficiency. Another MILCON project at Cheyenne, Wyoming, constructs a C-130 squadron operations facility to support daily 24-hour operations for airborne firefighting, aeromedical evacuation, and homeland defense missions. Tinker AFB, Oklahoma, is also receiving a hangar to satisfy scheduled maintenance requirements for Air Force Reserve and Air National Guard associate KC-135 units.

Intelligence, Surveillance, and Reconnaissance (ISR), communications, and space systems play an ever-increasing role in military operations. The Total Force Initiative (TFI) Information Operations Squadron Facility at New Castle, Delaware, will support commanders in the field by providing real-time information operations mission support, analysis, and feedback of reconnaissance missions around the world.

Depot Maintenance Reengineering and Transformation (DMRT) remains essential to revitalizing depots using lean principles to increase aircraft availability by reducing depot cycle time, defects, and costs. This program has played a significant role in transforming our industrial base to more effectively support warfighter requirements. The Fiscal Year 2009 budget supports the DMRT initiative with two projects, one at Robins AFB, Georgia, and one at Tinker AFB, Oklahoma, together totaling $73 million.

Our Fiscal Year 2009 military construction program has five additional infrastructure modernization projects worth $109 million. These projects cover the spectrum from a Special Operations Command Central Headquarters facility at MacDill AFB, Florida, and personnel moves in the National Capital Region, to an infrastructure project on Andersen AFB, Guam, which enables the relocation of a combat communications unit from Kadena AB, Japan. These projects recapitalize our aging infrastructure and enable us to support our vision for a modernized force.

BASE REALIGNMENT AND CLOSURE

The ongoing implementation of Base Realignment and Closure recommendations is among the Air Force's efforts to transform our Total Force. In this round of BRAC, 78% of our required actions involve the Air Reserve Component while in past rounds fewer than 20% involved the Air National Guard and Air Force Reserve. This transformational effort will ensure the Air Force is more lethal, agile, and capable of maintaining dominance in air and space, and soon in cyberspace as well.

JOINT BASING

Much progress has been made to implement joint basing. The Department and the Services are working through many complex issues such as command responsibilities, disposition of real estate, manpower and fiscal resources, new organizational structures, and

information technology integration. A Senior Joint Base Working Group, led by the Deputy Undersecretary of Defense (Installations & Environment), is developing policy to implement joint bases by September 15, 2011, in accordance with BRAC law. The group is in the process of providing common standards for delivery of service and common definitions of these services before installation management functions are transferred. Once standards and corresponding performance metrics are established, the bases will develop formal support agreements and implementation plans to proceed with the joint base construct. The Air Force has a long and successful history of working toward common goals in a joint environment without compromising Air Force principles and the well being of our people. Joint basing will be no different.

SAN ANTONIO MEDICAL MERGER

In San Antonio, Texas, the Air Force is the lead for implementing one of the most complex sets of BRAC recommendations in history. Along with the other Services and the TRICARE Management Activity, we continue to make significant strides to change the way military health care is delivered by consolidating all military enlisted medical education and training onto a single campus at Fort Sam Houston and by centralizing much of our military medical research functions.

Execution of BRAC recommendations in San Antonio is fully funded and on-schedule. On January eleventh of this year, the Corps of Engineers broke ground on a $92 million Battlefield Health and Trauma Research facility that will be integral to developing life-saving medical care for our warfighters. This year, we will also begin constructing instructional facilities, dining facilities, and dormitories in direct support of world-class training for our Joint medics. Two dormitory contracts were awarded in February to support this effort.

BRAC 2005 EXECUTION REPORT CARD

Managing and executing the multi-million dollar program, with diverse interests, locations, and economic influencers involved is a major endeavor. As a result the Air Force has made a major effort to identify, analyze and define its requirements and the assets needed to implement its program.

The Air Force has executed 80% of our Fiscal Year 2007 BRAC MILCON projects, with the total contract awards staying within the original total programmed amount. We are on track to award all unexecuted Fiscal Year 2007 projects and stay within budget. We also project executing within our overall programmed amount for our Fiscal Year 2008 BRAC MILCON program.

The $939 million Omnibus reduction to the Department's BRAC 2005 account, however, is driving us to defer or cancel projects. Construction delays and disruptions will prohibit the relocation of people and assets, impacting mission readiness and the ability to meet mandated completion deadlines. Prompt action and restoration of full funding will permit us to comply with the BRAC recommendations as approved by the Congress.

AIR FORCE REAL PROPERTY AGENCY: BRAC AND REAL ESTATE

The Air Force is a federal leader in the implementation of the real property management principles outlined in Presidential Executive Order 13327, *Federal Real Property Asset Management*. We aggressively manage our property assets to deliver maximum value for the taxpayer, support to the warfighter, and improved quality of life for our Airmen and their families. The Air Force is achieving these priorities by completing our BRAC property disposal mission and leveraging the value of our non-BRAC property assets using a palette of property management and disposal tools.

The Air Force successfully deeded 85% of the 87,000 acres of legacy Air Force BRAC property to date. The highly successful reuse of Air Force base closure property led to the creation of tens-of-thousands of jobs in the affected communities. To complete the clean up and transfer of remaining property, the Air Force is partnering with industry leaders on innovative business practices for its "way ahead" strategy. These include an emphasis on performance-based environmental remediation contracts, using such performance-based contracts on regional clusters of BRAC bases, and innovative tools such as early property transfer and privatization of environmental cleanup. Our objectives remain clear: (1) provide reuse opportunities that best meet the needs of the Air Force and local communities, (2) move the process along smartly in each situation to get property back into commerce as soon as practical, and (3) provide transparency throughout the process. Of the 32 legacy BRAC bases slated for closure, we have completed 19 whole-base transfers. The remaining 13 are targeted for transfer by 2010.

As the Air Force transfers BRAC property for civic and private reuse, we must ensure past environmental contamination on the property does not endanger public health or the environment. The Air Force will continue to fulfill this responsibility, as reflected in our Fiscal Year 2009 request for $120 million for legacy BRAC clean up activities.

At our non-BRAC installations, we continue to reshape our infrastructure. The Air Force seeks fair market value for disposal or outgrants of property. We are using new tools, such as enhanced use leasing (EUL) authority, to optimize our resources and obtain value from our underutilized or excess capacity – value we can return to the warfighter.

EUL constitutes a rapidly growing segment of our efforts to leverage the value of our property assets. EUL allows us to lease military property that is currently underutilized, but still needed for future mission needs, to private industry and public entities in exchange for cash or

in-kind consideration that will provide certain services, facilities, or property repair and renovations to the Air Force.

MAINTAINING OUR FACILITIES AND OPERATIONAL INFRASTRUCTURE

The Air Force remains focused on sustaining, restoring, and modernizing our operational infrastructure. Through our "Corps of Discovery" partnerships, we have been benchmarking leading private sector asset managers. We are finding and implementing ways to manage better, utilize resources more wisely, leverage private sector investment potential, and use smart information technology. Our aim is to effectively manage assets by optimizing resources to deliver operational infrastructure for the warfighter at our installations and ranges. In 2009, we have focused sustainment funding on keeping our "good facilities good" and targeted limited Restoration and Modernization (R&M) funding to fix critical facility and infrastructure deficiencies to maintain readiness.

Our sustainment program is aimed at maximizing the life of our facilities and infrastructure to preserve our existing investment. Without proper sustainment, our facilities and infrastructure rapidly wear out. Additionally, commanders are driven to use other operations and maintenance (O&M) accounts to address facility requirements that impact mission capabilities.

When facilities require restoration or modernization, we use a balanced program of O&M and military construction funding to make them mission ready. Unfortunately, restoration and modernization requirements in past years exceeded available O&M funding. We must continue to invest in R&M to reduce the resultant backlog of deferred projects while fully funding sustainment to maximize the life of our facilities and infrastructure.

The Fiscal Year 2009 Air Force Total Force sustainment funding request is $2 billion, 90% of the amount determined by the OSD Facility Sustainment Model. The Fiscal Year 2009

Total Force R&M funding request is $514 million, a much needed improvement over the Fiscal Year 2008 President's Budget request.

DEMOLITION OF EXCESS, OBSOLETE FACILITIES

In addition to modernizing and restoring worn out facilities, we also demolish excess and obsolete facilities, ensuring funds are focused on facilities we need rather than on sustaining those we do not. For the past ten years, the Air Force has aggressively demolished or disposed of facilities that were unneeded or no longer economically viable to maintain. From Fiscal Year 1998 through Fiscal Year 2007, we demolished 27.3 million square feet of non-housing facilities and infrastructure at a cost of $303 million in O&M funding. This approach to "shrink from within" has allowed us to target our O&M funding on facilities we need for the long-term mission. As part of its transformation vision, the Air Force will continue to aggressively identify opportunities to eliminate excess and obsolete facilities.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

This year's Air Force MILCON request includes $88 million for planning and design, of which $8 million is for military family housing. The request includes $71 million for Active Duty, $5 million for the Air National Guard and $4 million for the Air Force Reserve. These funds will allow us to complete the design work for Fiscal Year 2010 construction programs and to start designs for Fiscal Year 2011 projects, allowing us to award contracts in the year of authorization and appropriation.

This year's request also includes $28 million for the Total Force unspecified minor construction program, which is our primary means for funding smaller projects.

ENERGY STRATEGY

The Air Force is a global leader in facility energy conservation and renewable energy. In

the last year the Air Force was recognized with the 2007 Presidential Award for Leadership in Federal Energy Management and continues to pursue its strategic vision of making energy a consideration in all we do. Our strategy is built around a balance of supply side energy assurance and demand side energy efficiency. Our new energy strategy for the 21st Century is focused on meeting the President's new energy mandates outlined in Executive Order 13423 and Energy Independence and Security Act of 2007 (EISA 2007). Our strategy covers not only our facilities infrastructure, but also fuel optimization in our aviation operations and ground transportation fleet.

Last year we drafted a new infrastructure energy strategy founded on four pillars: 1) improve current infrastructure, 2) improve future infrastructure, 3) expand renewables, and 4) manage cost. The core of our strategy is Pillar One, which entails eliminating waste in our existing physical plant. Conducting effective energy audits to identify energy waste streams is the first step. Optimizing the efficiency of heating and cooling systems, and eliminating over-lighting are just two of the initiatives in our energy toolbox. Furthermore, in 2008 we are attacking the increasing plug load of computer systems through improved local area network-based energy management solutions.

With an eye toward improving future infrastructure, our traditional project goals of delivering high quality facility projects on schedule and within budget is expanding to include creation of functional, maintainable, and high performance facilities. Under Executive Order 13423 and EISA the Air Force will employ the federal leadership in high performance and sustainable building guiding principles to reduce total cost of ownership and improve energy efficiency and water conservation to provide safe, healthy, and productivity-enhancing facility environments. We currently employ the U.S. Green Building Council's Leadership in Energy &

Environmental Design (LEED) criteria in our designs. The LEED Green Building Rating System is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. We are incorporating day-lighting and improved building envelope designs to reduce heating, ventilation and air conditioning loads, and power use. By Fiscal Year 2009, 100% of Air Force-eligible MILCON projects will be "capable of certification" in LEED at the "silver" level. High quality energy-efficient facilities are our goal.

The Air Force is responding to the effective doubling of the energy conservation mandate of Executive Order 13423 by strengthening management of our energy programs through governance structures at all organizational levels. Additionally, we are building an investment program based on high value initiatives that save energy and help the Air Force mitigate the impact of rising utility costs. We are hiring energy professionals to assist our major commands and installations in targeting the right initiatives. We are also expanding our partnership with the Office of the Secretary of Defense, the Department of Energy, the Environment Protection Agency, and others to implement best practices across our enterprise.

In the area of renewable energy our strategy calls for expanded public-private partnership that leverages private sector capital to bring renewable power production to our bases at competitive prices. For example, in a partnership with state and local government and private industry, we became host in December 2007 to a 14.2 megawatt (MW) peak power photovoltaic (PV) solar array at Nellis AFB, Nevada – the largest PV array in North America. This and other energy conservation and renewable power initiatives will enhance our campaign to meet or exceed the goals of the new Executive Order.

The Air Force continues to be the largest user of renewable energy as defined by the Energy Policy Act of 2005 with the purchase of almost one million MW of renewable power

representing 9.5% of our total electrical consumption last year. Also, for the fourth year in a row, the Air Force heads the EPA's list of Top 10 federal government green power purchasers in the Green Power Partnership and is the number three purchaser in the nation.

Finally, the Secretary of the Air Force announced two "Model Energy Bases," McGuire AFB, New Jersey and Barksdale AFB, Louisiana. We will use these two bases as a means to do "proof of concept" on energy initiatives and track results to gain further traction for our Air Force energy programs.

UTILITY PRIVATIZATION

Similar to our efforts in privatizing housing, the Air Force is privatizing utilities where it makes economic sense and does not adversely affect readiness, security, or mission accomplishment. Reliable utility systems are critical infrastructure components and essential to mission operations and quality of life. These systems must also be consistent with modern technology to optimize energy conservation. Privatization offers the best solution for simultaneously meeting both requirements.

The Air Force, under our Department's utilities privatization program, has conveyed 14 systems under 10 U.S.C. 2688 and six additional systems using standard Federal Acquisition Regulation (FAR) clauses, for a total of 20 privatized systems with a plant replacement value in excess of $300 million. We are currently evaluating an additional 335 systems for privatization. Where market conditions may have changed, we plan to re-solicit 145 systems previously determined "uneconomic." We anticipate possibly privatizing another ten systems in Fiscal Year 2008. We now anticipate more than half of about 500 systems could be privatized by the program's end. We expect many competitive solicitations will end up as sole source procurements from local utility companies.

MILCON PROGRAM CHALLENGES

We continue to see challenges in executing our MILCON projects for the amounts estimated during our program development due to three economic forces. First, major construction booms in several regions of the United States produce competition for limited construction resources and drive contractor bids upward. Multiple BRAC moves in central Texas and post-Hurricane Katrina reconstruction in Mississippi, Louisiana, and Alabama are causing construction costs in these areas to outpace the rest of the country. Second, construction material price increases are outpacing normal inflation rates. Third, actual inflation is increasing at rates greater than the OSD/OMB cost model.

Since December 2003, the Producer Price Index for materials and components used in construction is up 24% as of the end of 2007, which is greater than inflation. Heavy construction, typical in MILCON projects, was impacted the most by significant increases in commonly used materials, such as diesel fuel (202%), asphalt (120%), concrete products (32%), steel mill products (60%), and copper/brass mill shapes (146%). We hope the worst is over, and we have even seen lumber and plywood prices decrease by 7% over the same timeframe. We anticipate, however, continual increases in labor rates. Our ability to estimate and adjust to inflation and construction material cost spikes is based on price models and inflation factors and we are working closely with our Department's Comptroller Office and other members of the Tri-Service Cost Engineering Committee to improve the accuracy of our MILCON program costs.

Numerous proactive measures are being proposed and analyzed to overcome these MILCON pricing challenges. A recently completed report to Congress provides recommendations to be further analyzed by OSD and worked through OMB to adjust inflation factors to more accurately profile industry and the economy, ultimately resulting in a more

accurate MILCON development and execution process.

LIMITING ENCROACHMENT

We continue to pro-actively limit potential negative mission impacts of off-base encroachment by addressing zoning and land use planning concerns. We maintain open and ongoing communication with our neighboring communities by participating in local land use processes through our Air Installation Compatible Use Zones program. We are also utilizing the Readiness and Environmental Protection Initiative (REPI) to acquire land interests in our runway clear zones, preventing incompatible development and allowing us to address non-typical land use issues. We have successfully used REPI projects at McChord AFB, Washington, to prevent incompatible development in the North clear zone; and at Eglin AFB, Florida, to protect the off-base Florida Black Bear habitat. Further habitat destruction would likely result in this bear being listed on the endangered species list, and the resultant restrictions on habitat disturbances on and off base could cause major impacts to the base's operations.

CONCLUSION

The current and future readiness and capability of our Air Force to assure friends and allies, deter our enemies, and, when necessary, fight and win our Nation's wars, depends heavily upon the state of our power projection platforms – our installations. As the Air Force continues to modernize and recapitalize, we will continue to wisely invest our precious military construction, BRAC, and environmental funding to win today's fight, take care of our people, and prepare for tomorrow's challenges.

Mr. EDWARDS. Thank you, General Moseley.
General Eulberg.

STATEMENT OF MAJOR GENERAL DEL EULBERG

General EULBERG. Yes, sir.

Mr. Chairman, Congressman Wamp and distinguished members of the committee, I am proud to be here with General Moseley representing your Air Force.

Investments in our fiscal year 2009 construction programs are focused on achieving the Air Force priorities to win today's fight, take care of our people, and prepare for tomorrow's challenges. These investments are critical in ensuring our installations continue to serve effectively as warfighting platforms.

Our fiscal year 2009 President's Budget request of $5.2 billion for MILCON, BRAC, family housing and facility maintenance is less than our fiscal year 2008 President's Budget request of $5.6 billion. This is consistent with our overall strategy of taking acceptable risk in infrastructure as we move to modernize our aging weapons systems.

The manageable risk we are taking in MILCON will be mitigated by our requested $168 million increase over last year's request in our restoration and modernization funding. We are doing this equitably across the total force as we all contribute to the central recapitalization of our weapons systems.

Our housing construction and renovation program continues to be a good news story for our Air Force families, as you mentioned, Mr. Chairman.

Airmen and families and commanders continue to provide very positive feedback. Housing privatization also continues to be a private and public sector success story. For every dollar we invest yields the equivalent of $16 invested by the private sector. Similar strategic leveraging will help find additional opportunities to quickly bring quality homes to our Airmen.

Consistent with our department's strategic planning guidance, our fiscal year 2009 request for housing investment will fully fund our program to eliminate all inadequate housing overseas. We are asking for $396 million that includes more than 2,100 housing units at eight overseas installations.

Again, I would like to highlight that with the fiscal year 2009 President's Budget and Congress' support in past budgets, the Air Force is now funded to eliminate all inadequate family housing. Thank you for your support.

We must provide quality of life for our Airmen at their operating and training locations, as well as their homes. Maintaining proficiency of our battle-tested Airmen who have been in continuous combat and expeditionary operations for more than 17 years requires quality training environments.

We have targeted a portion of our program to support this—for example, the new security force operations and communications facilities in Burlington, Vermont will provide Air National Guardsmen in one of our most stressed career fields with modern facilities to meet training and daily operational requirements.

To prepare for tomorrow's challenges, our President's Budget request consists of $491 million for 32 projects. Twelve of these con-

tinue to beddown the F–22 Raptor, our fifth generation air superiority fighter in Alaska and New Mexico.

The other 20 projects support beddown of the F–35 Joint Strike Fighter, a robust aggressor squadron at Nellis Air Force Base, a joint air-ground center at Fort Hood to support our tactical air controllers embedded with the Army and other critical requirements.

I want to again highlight this year that we remain focused on facility energy conservation, renewable energy and meeting or exceeding the President's new energy mandates. For the fourth year in a row, the Air Force is the number one purchaser of renewable energy in the federal government. Last year, we purchased 9.5 percent of our electrical power from renewable power sources.

I am pleased to say that last December we finalized our partnership with the state and local governments and private industry to host North America's largest photovoltaic solar array, providing 14 megawatts of power at Nellis Air Force Base, Nevada.

We have also institutionalized the latest green standards in facilities design and construction. All fiscal year 2009 Air Force-eligible MILCON projects will meet Leadership in Energy and Environmental Design, or LEED, silver certification criteria.

The Air Force, like other services, also continues to experience significant challenges due to the construction climate, as we testified last year during the hearing. The producers price index for construction materials has risen 24 percent since December 2003, while the consumer price index rose 14 percent. This is especially tough in a more competitive construction market, such as the Gulf Coast region and San Antonio, Texas.

With our MILCON programming budgetary cycle, the DOD price models and inflation factors must forecast inflation three years before construction starts, often resulting in inflation factors falling short of actual inflation.

In a 2002 to 2007 study, OSD and OMB inflation rates were one-third lower than the average of industry's most popular indices. Underestimating inflation rates in our projects drive reactive solicitation strategies, scope reduction and workarounds.

To meet this challenge, the Services and OSD are in the process of submitting a report to Congress which provides recommendations on how to adjust and deal with the rising costs that will result in more accurate MILCON development and execution.

Another example of Service partnership can be found in the Joint Construction Management Office in San Antonio, Texas, where we are leveraging the strength of the Army Corps of Engineers and our newly renamed Air Force Center for Engineering and Environment. This office will successfully execute hundreds of millions of dollars of BRAC MILCON in San Antonio.

Finally, I want to reiterate that we support the Air Force priority to recapitalize and modernize its weapons systems. To produce efficiencies and free up funds, we began the most comprehensive transformation of civil engineering since the post-Cold War drawdown. We have already restructured our organizations from top to bottom, centralized all capital investment execution at the Air Force Center for Engineering and the Environment, we have rebalanced our manpower to include increases in high-demand Rapid Engineers Deployable Heavy Operational Repair Squadron Engi-

neers (RED HORSE) and Explosive Ordnance Disposal (EOD) combat capability.

Currently, we are reengineering our business process by enabling information technology around an industry-proven, portfolio-level asset management approach, one of the key lessons learned from our strategic partnership with industry leaders, such as IBM, CB Richard Ellis, Jones Lang LaSalle, Bank of America, ExxonMobil, Walt Disney and General Motors.

We are developing new strategies to ensure limited funding is focused on the most critical portions of our physical plants. Through activity management, incentive-based demolition and consolidation programs, utilities privatization, enhanced-use leasing, housing privatization, energy conservation and other initiatives, we are striving to maintain our warfighting platform.

I am honored to be here for my second hearing cycle as the Air Force Civil Engineer, and I am proud to be part of the Air Force team, ensuring air dominance for the U.S. and our allies.

I look forward to your questions.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, both, for your opening statements and also for your lifetime of service to the Air Force.

INADEQUATE HOUSING

Let me begin, and perhaps I could direct this to you, General Eulberg.

General Moseley, obviously, at any point, if you would care to comment, I would welcome that as well.

I think one of the untold success stories for the last decade, between the Bush administration and the Clinton administration, both supporting the public-private housing program. We really have made tremendous progress in providing the kind of quality housing for our service men and women and their families that they should have had decades ago. And I am proud of this subcommittee's bipartisan effort and role in that public-private approach, which is a new approach to providing quality housing for military families.

But each year, I want to ask each service how many are still living, whether married or single, are still living in housing or barracks that don't meet DOD standards.

For the record, General Eulberg, do you know offhand, as of today, not how many contracts are in place, but how many people, as of tonight, in the Air Force will be living in either barracks or in family housing that don't meet basic DOD housing standards?

General EULBERG. Yes, sir. As we testified last year, we had 9,400 families in inadequate homes, and this year, we have 4,000 families in inadequate homes. And with the fiscal year 2009 President's budget request, we will eliminate all inadequate homes, and this year's focus is on the overseas.

So as you mentioned, Mr. Chairman, it has been a success story in leveraging our investments. And we will have built out all MILCON and family housing privatization by the year 2013. So Airmen, regardless of where they are stationed around the world, will have homes that meet today's standards.

Mr. EDWARDS. Great. And I salute you for that progress.

What are the numbers in terms of single service men and women living in barracks? Would you have that?

General EULBERG. Yes, sir. Through fiscal year 2009, we will fund projects to eliminate inadequate dorms, which include construction of permanent party and pipeline deficits. We have eliminated all central latrine dorms and all permanent party Airmen are currently living in private rooms. We will be addressing our sole remaining pipeline deficit dorm in fiscal year 2010.

According to the current dorm master plan, approximately 2,700 Airmen live in inadequate dorm rooms. I would like to highlight that 2,300 are currently funded in fiscal year 2009, so that remains the delta there. The 400 is the pipeline dormitory at Goodfellow Air Force Base, Texas, which we are going to be addressing in the fiscal year 2010 President's budget request.

We will continue to replace and renovate existing dormitories at the end of their useful life, so you will continue to see requests from the Air Force as we recapitalize our dormitory program as the facilities continue to age. And that will be articulated in our dorm master plan.

General MOSELEY. Chairman, if I could reinforce, thank you for your personal touch on this, but thanks to the committee also for helping us get at this for our youngest Airmen. To be able to get folks out of those older dorms and into the newer dorms, especially in overseas locations, is not just a quality of life issue, it is a safety issue. It is also a discipline issue, and it also lets the first Sergeant and the squadron commanders watch over our youngest and most inexperienced folks.

And, certainly, because of your personal touch in this committee, we have been able to get to those numbers. So we are down to 400.

Mr. EDWARDS. And that is tremendous progress, and I salute you, both, for your leadership and focus on that.

Let me ask just one follow-up question. It is not an Air Force policy, it used to be last year, but as I now understand it, the definition of adequate housing is a DOD policy, and it doesn't seem to pass the common sense test to me.

Please correct me if I am wrong. The Department of Defense says an Air Force family is living in an adequate house if the Air Force would just spend $50,000 to fix the leaky roof, replace the inoperable washing machine and dryer, fix the windows that are broken and straighten up the floors that are warped, regardless of whether the Air Force ever spent one dime on that home. Is that technically the definition that you are operating under, according to DOD standards? Is that family with the leaky room that hadn't been fixed defined as living in adequate housing?

General EULBERG. Sir, we do not apply that definition to adequacy standards in our housing. The United States Air Force uses a housing community profile condition process where we send out—every three years, we send out teams to all of our bases to make an assessment of our homes. And these conditions score one through five, five being a new home.

We make an assessment in 14 different categories. We look at the size of the home, the functional layout of the home, if it is meeting current standards that you would provide in the private

sector. And we go through all the utility systems, playgrounds, tot lots, 14 different categories, and we come up with a condition score.

And if the condition score is 3.75 or less, then the house is deemed inadequate and needs investment, regardless of the amount, Mr. Chairman. So that is how we do it.

Mr. EDWARDS. I salute you for that.

And it was several years ago the threshold DOD was using was $15,000, and they raised it to $50,000. It could look like magically overnight everybody got adequate housing when, in fact, they just raised the amount of money needed to bring it up to standards, which moved from $15,000 to $50,000. So I salute you for the standard that you are using.

Mr. Wamp.

Mr. WAMP. Thank you, Mr. Chairman.

I am going to avoid the temptation to talk a lot, because it is really special to think about even my civilian experience with the Air Force of having lived on base for 3 months as a 13-year-old with my uncle and my aunt at Howard Air Force Base in the Panama Canal zone and then just through the years I could reminisce, and I am going to resist that temptation.

But I do want to say that 3 weeks ago today, particularly for you, General Eulberg, I was privileged to deliver the keynote at the United States Air Force Academy on character day, and they had needs there, because the service academy is the youngest, and those buildings were built 50 years ago, and most of them are still standing.

I saw that firsthand while I was there, and I want to raise that issue, because it is just one inspirational place. And for 2,800 cadets to be in the auditorium, as I shared with them and listened to them and was inspired by them, it is a sight to see. It was a top three event in my 14 years of service for me, personally, and I have told everyone of that experience.

BASE REALIGNMENT AND CLOSURE

General Moseley, I have asked all the chiefs in the services about BRAC because of all the good things that were done over the last couple of years by the new majority relative to MILCON and our veterans' needs. The one thing that didn't happen fully was BRAC. There is a shortfall delta between last year's budget request and the actual year-end bill. How does that affect you? Do you just postpone things? The 2011 deadline is going to be hard to meet. How do you adapt?

General MOSELEY. Sir, it is hard to adapt. I would request to the committee to take a hard look at restoring that funding so we could execute the legislation in the BRAC planning. Delaying funding till the last minute puts us in a bit of a bind, because, as you know, sir, it is hard to get things on contract at the end, and things cost more as we go further. So the ability to execute and the ability to implement, we are hamstrung a bit if we can't get that funding and can't execute.

I suspect my other Service Chief brothers said the same thing, because we talk about this quite a bit, about our ability to be able to pull this together and execute this in the timeline that we are asked to.

Mr. WAMP. And I think we just need to hear it and know what the challenges are we face, because my hat is off to this committee for what they have done in the past for all these needs, but we can put it all into the prism as we look forward.

RED HORSE AND PRIME BEEF

Another thing, I thought back to is when I traveled with the speaker of the House in 1999 through Alaska, and headed west. We were briefed there on Bosnia and the global operations at that time. And, boy, the Air Force has changed in intent because RED HORSE and Prime BEEF are very different from what we saw the Air Force's lead role in 1999 from Elmendorf.

So just tell us a little bit more about RED HORSE and Prime BEEF and these people on the ground, in the Middle East, on behalf of the Air Force and our combined force.

General MOSELEY. Sir, let me tell you, my perspective is not only as service chief but my perspective as having commanded that operation in the Middle East for the two campaigns.

RED HORSE, for us, and Prime Base Engineer Emergency Force (BEEF), these are heroes on so many levels, and they are fundamental to the operation of an expeditionary field. They not only can build an airfield but they can operate an airfield, they can renew and restore airfields. We can capture airfields, and they can bring them up to speed. They are professionals in every way, and they live in the same culture for us that the United States Naval Construction Battalions (SEABEES) have for the Navy. I mean, this is our combat expeditionary engineering effort, and we do this as a total force, with a mix of Guard, Reserve and active.

And so, I will tell you, some of my fondest memories are the first campaign in Afghanistan. We spent time with a Pennsylvania engineering unit that had been there for six months. They were asking to stay another six months to finish the projects that they had started because of the pride that they had in what they did but also the contribution.

So, sir, this is a big deal for us. We take a lot of pride in those folks. They wear a different hat. They wear a red hat, and over time people have asked, "Do we not let them wear a different piece of a uniform," but I have said over time they should wear something unique because of who they are and what they do. So this is a serious effort for us.

General Eulberg is a civil engineer. Let me let him finish.

General EULBERG. Well, sir, I really appreciate the comments and General Moseley's confidence in his engineering force that the Air Force has. I get all goose bumpy just thinking about it.

One of the successes we have is training our young men and women in Prime BEEF and RED HORSE to go do these missions around the world. Both Active, Guard and Reserve engineers come together and seamlessly form a team to be able to accomplish what is needed in the combat zone. So that is a real tribute to the training program that we have established over the years between the total force, as well as with our joint partners.

As you go forward, we have RED HORSE teams that are made up of all three parts of the total force, and we are very proud of what they do.

I would like to highlight that there are other key elements of Air Force engineering capability that are present in the theater and support the combatant commander. The Air Force is currently executing $4.6 billion of reconstruction in Iraq by the Air Force Center for Engineering and the Environment. We have constructed or repaired over 4,000 facilities in reconstructing Iraq, primarily in the justice and security sector, and have been very successful.

There have been a number of audits and reports done, and I am proud to say that because of our business model, we have a very small footprint, we rely very heavily on the Iraqi workforce. Ninety-one percent of our construction projects utilize labor from Iraqi citizens. Seventy-two percent of our professional workforce over there are Iraqis as well.

So we have a very small footprint, and our business model has been extremely successful in the United States Central Command Area of Responsibility (AOR), in supporting our Nation's objectives.

Lastly, I would like to say that, as General Moseley mentioned at the very beginning, our installations are warfighting platforms. We have developed, over the years, great master planners, those skill sets that we bring to the fight every day in the AOR. The combatant commander utilizes Air Force engineers to plan these joint warfighting platforms, like Balad Air Base, Iraq where we do master planning and layouts to maximize both security as well as the mission capability of the various units on the installation.

So that is a third dimension that is often overlooked, but it produces combat power at the end of the day.

So I am proud to be associated with the men and women that serve over there in all capacities.

General MOSELEY. Congressman Wamp, I will give you a frame of reference. In my time as Commander of Central Command Air Forces, we built or modified 51 airfields all through Afghanistan and Iraq. At its peak, in Operation Iraqi Freedom, we were operating out of 38 airfields at once. And those 51 airfields and peaking at 38 couldn't have been done without RED HORSE and Prime BEEF. They were the ones that go on and build the airfield up. They put the runway down and set up the facilities, and operated the base.

Sir, that Pennsylvania unit, one afternoon while I was talking to them, the ambient air temperature at that location was 140 degrees, and these guys were telling me—I grew up in a construction family, so these guys were telling me they can't lay the hot mix in the day because it won't cure. They have got to wait and lay it late in the afternoon and let it cure all night. And so they were operating 24 hours a day on top of metal buildings, stringing wire and laying hot mix at night so it could cure when it was 140 degrees outside.

So these are heroes.

Mr. WAMP. Mr. Chairman, I will wait till the next round since Mr. Crenshaw is here.

Mr. EDWARDS. Okay. And this is a 15-minute vote, and I would ask staff to just let us know when we have 3 minutes left to go.

Mr. Crenshaw.

DECREASE IN MILITARY CONSTRUCTION

Mr. CRENSHAW. Thank you, Mr. Chairman.

Thank you. I apologize for being late. There are a lot of meetings going on today.

But one question I had was about just the military construction part and really as it applies to the Reserve, Air National Guard, things like that. I noticed there is less request made for military construction, and I didn't know—I assume, in part, that is due to, kind of, the war against terror. With the Army and the Marines, there is a lot of budget pressure there.

So, in general, are you asking for less military construction money because there are less requirements or is there some budget pressure that you might have some requirements that really just because of budget constraints, they're going to go unfunded?

General MOSELEY. Congressman, that is a great question.

I would say that the business that we are in, as Service Chiefs at our Services now, are balancing competing requirements and competing demands. And these are budgetary issues and funding issues, and so we are making some hard choices relative to the four major areas that we have, which are personnel, infrastructure and MILCON, operations and maintenance, and investment, and to be able to balance that in an affordability sense. We are making some hard choices here.

As the 18th Chief of Staff, I am 100 percent committed to the Guard and Reserve and the Active Duty as a total force and the ability to deal with this global war on terrorism and tomorrow's challenges as a total force is the only way I see us being successful in the future. So I am a big fan of the National Guard and Reserve, and we include them in everything that we do as far as building the budget and building the set of priorities.

So, sir, we are very sensitive to military construction projects, whether it is active, Guard or Reserve.

Mr. CRENSHAW. Well, for instance, I know in my district there is an Air National Guard wing, and under the BRAC process they ended up with five new aircraft, but there wasn't any military construction money in BRAC. And, of course, every year they tell me, "We need some money because we got the new aircraft. We need some military construction."

So, in general, how is it that the BRAC requirements, in terms of military construction, how does that work? And are there some requirements that aren't being funded like that just because of budget constraints?

General MOSELEY. Sir, I would say there are probably a lot of requirements out there that are not being funded because of affordability issues. For specific details, I will let the civil engineer talk about that, but we try not to let something go uncovered.

We are very serious about the aviation units and about the requirements to operate airplanes.

And, sir, I will tell you, as we mentioned before, to be able to get the BRAC funding restored is a big deal for us. To be able to execute that and to get all of this done by 2011 is a serious challenge.

General EULBERG. Yes, sir. And I would just like to add on—whether it be BRAC or the traditional MILCON funding, as you

mentioned, there is not enough money to invest in our infrastructure as we would like to because of competing priorities.

And whenever we go through the BRAC process to determine what the requirements are, as you know, there are a lot of recommendations under BRAC, but like the normal budgeting process, there is a vetting process where you look at every weapons system move, regardless of the base, and those requirements have to be validated.

And I would like to say, there is always the push between what is a new requirement based on mission movement and what is an existing deficiency. And that debate goes on in all Services.

And so without specific details on the type of project you are talking about, sir, I will just tell you that it is a total force discussion, whether it be BRAC funding or MILCON, and we prioritize within available resources.

Mr. CRENSHAW. Does it affect the daily operations, do you think, of—I mean, like, there is never enough money, I understand that, and there are certain things that are more deficient than the others, but would you say that the lack of funding, does it impact the day-to-day operations in any of these projects?

And, Mr. Chairman, maybe one part is, I don't know if it is appropriate, that some of the—if there is not enough money and there are some requirements that aren't being funded, maybe do we have a list of what those might be or should we ask them just to let us know that there are some—that they are asking for so much but there are some things that actually are required but because of budget constraints they really don't ask for them. I don't know if that would be helpful for us.

Mr. EDWARDS. That would be appropriate to ask.

General MOSELEY. Congressman, we do, at the request of the Congress, forward an unfunded requirements list every year that is parallel to the budget. And in that unfunded requirements list, we prioritize that with the initiatives to win today's fight, take care of our people, and prepare for Tomorrow's Challenges. And in that, I believe, is about $800 million worth of MILCON projects that are unfunded.

Mr. CRENSHAW. Thank you.

Thank you, Mr. Chairman.

BRAC FUNDING

Mr. EDWARDS. Thank you. How much time do we have before the vote finishes? Five minutes?

Let me just jump in real quickly. I want to thank Mr. Wamp and Mr. Crenshaw for bringing up the BRAC issue. Clearly, we have to address that.

In calendar year 2007, we had, as a result of taking money out of this subcommittee's allocation to fund increases for veterans' health care, including a lot of the troops coming back from Iraq and Afghanistan, we underfunded BRAC with the assumption we would replace that money when we got to the Iraq war supplemental bill. We replaced 100 percent of the president's request.

This past year, we did the same thing to fund up additional MILCON requests and veterans' health care programs. We took $939 million out of the president's request for BRAC. The BRAC

fund that we approved was a significant increase over the previous year. It was $939 million short of the president's request.

My hope, again, is that we can come close to replacing that, dollar for dollar, just as we did last year.

General Eulberg, for the record, do you have the Air Force's allocation, the shortfall—that $939 million, how much of that—if that were to be fully funded, how much of that would go to the Air Force?

General EULBERG. Yes, sir. If it was fully funded $235 million of the reduction is Air Force, and of that $235 million, $129 million is in direct BRAC MILCON, which going back to the earlier question on what is the impact, because it delays our ability to do things like move the mission and related equipment and personnel from Kulis Air National Guard Base to Elmendorf Air Force Base, Alaska, it affects the Joint Strike Fighter at Eglin Air Force Base, Florida and a number of other quality of life facilities at Shaw Air Force Base, South Carolina. So there is a direct impact to our personnel as well as our missions as a result of that.

Mr. EDWARDS. Could I ask you—you are a step ahead of me—could I ask you sometime in the next week, General Eulberg, to send to the committee a written list of some of the complications if you don't get BRAC funding? I think it would be important. Because sometimes I know you can't move personnel from one installation to another in the BRAC process until you have new housing and facilities, so there is a backlog that is created.

[The information follows:]

The $939 million Omnibus reduction to the Department of Defense BRAC 2005 account must be restored. If left unfunded, the reduction will result in the Air Force receiving $235 million less than required in Fiscal Year 2008. The Air Force will experience delays and disruptions in construction and the movement of our people and assets. Delays will also impact our ability to meet mandated completion deadlines.

To implement BRAC 2005 and the Commission's recommendations, the Air Force uses a continuous process to identify, analyze, refine, coordinate, and validate requirements. Although the Air Force has not cut any projects due to this reduction, if left unfunded the Air Force will need to defer BRAC military construction projects, operations and maintenance requirements, and planning and design. Those deferments are based on today's planned award dates. The Air Force may further adjust its strategy and the deferral list in order to maintain the needed flexibility to execute its program.

Our initial analysis of the reduction indicates the Air Force will be required to accept risk in the following areas:

—Military Construction: Will defer 21 projects, valued at $124.2 million (15% of total BRAC military construction, including a housing project valued at $9 million. All deferred projects have an estimated award date after June 1, 2008.

—Planning and Design (P&D): Will defer $5.2 million in requirements (28% of total P&D).

—Operations and Maintenance (O&M): Will defer $96.8 million in requirements (36% of total O&M).

If the reduction is restored sometime during this fiscal year, we will figure out a way to get back on track. If it is permanently lost, we will be hard broke; delays in accomplishing the Fiscal Year 2008 requirements will have ripple effects impacting mission readiness and our ability to meet the mandated BRAC 2005 completion deadline of September 2011.

Let me stop there. We have less than 3 minutes left.

To my colleagues, we are going to have a journal vote after this first vote.

Mr. WAMP. Mr. Chairman, I will come back and I have about three more questions. So as soon as we vote that second time, you and I will come and finish.

Mr. EDWARDS. Sounds good.

[Recess.]

Mr. EDWARDS. I would like to call the committee back to order.

Let me just take a couple more minutes, and I think that will take up my 5 minutes on this round.

INFLATION ASSUMPTION

On the inflation factor issue, I have been concerned that it seemed the policy in the past that OMB, some genius at OMB decided that construction inflation was going to be 2.43 percent a year, and then each service has to develop for each year of MILCON budgets based on that assumption.

General Eulberg, you referenced the inflation issue. Clearly, we all understand, and you quantified it, but the difficulty we are facing with construction inflation, whether it is for roads, military construction or VA facilities. Are you allowed to—as you develop your future years defense plan for MILCON, are you allowed to build in what you think within the Air Force is—assumption or are you given a guideline by OMB that you can only assume 2.4 or some other ridiculously low number that doesn't pass——

General EULBERG. Sir, we are given the information we can use in the out-years, and that is exactly what the TriService study will report on.

I hope we are successful in convincing OSD and OMB and if required Congress, for that kind of latitude, because, ultimately, we have to either cut scope, change our acquisition strategies, do less quality construction, which becomes more and more important when you have to start cutting costs. We begin to trade off things like sustainment, LEED design criteria that will help to lower the life cycle costs of the project overall. And so we really save a little money upfront, and it costs us a lot more over the long haul, because we want to make sure those features are built into our buildings.

And that is why this year you will see an additional line on our DD Form 1391 MILCON documentation. We have added a line item of two percent for sustainability features in every one of our buildings, as I alluded to in my opening statement.

Why? Because we want it formally part of the project so it is not traded off due to cost pressures, because that is good, long life cycle asset management for the United States taxpayer.

Mr. EDWARDS. I hope we can work together to change the process, because we have just got to have realistic data to allow you to make good decisions rather than assuming.

What is the assumed number right now that comes out of OMB?

General EULBERG. Sir, I will have to give you for the record.

Mr. EDWARDS. The last time I saw it, it was 2.43 percent or something.

General EULBERG. Sir, I think 2.3 percent, but—2.2 to 2.4 percent.

Mr. EDWARDS. Okay. Thank you very much.

[The information follows:]

The Price Escalation Index (annual rates in percentage) for military construction and operations and maintenance programs for Fiscal Years 2009–2013 is a straight line 2.0 percent.

Mr. Wamp.

Mr. WAMP. Thank you, Mr. Chairman.

JOINT BASING

General Moseley, another privilege I have had a couple of times, including 2 months ago, was going through Hickam, and that is a good example of kind of the woes of joint basing. I want you to explain the Air Force's concern, which is a legitimate concern, and is different from the other Services, on the potentiality of joint basing and what it can do to places where your base is your operational command in a conflict.

General MOSELEY. Sir, thanks for that question.

Let me go back. The staff back here said that they felt like $100 million is our unfunded. What we said was $12 million.

Sir, we are looking to make joint basing a raging success. It is rich for us and the ability to look at saving on a joint base offers us a chance to do some things that we haven't been able to do before.

So I am a big supporter of joint basing, and I am a big supporter of the initiatives that we worked very hard coming out of BRAC.

There are 12 joint bases and the Air Force is the lead Service for six of those bases. So half of this effort comes to us, and so you know we take this very seriously.

Sir, we have had a series of continual dialogues on joint basing and how do we implement it and how do we execute it, and I am going to defer in a minute to General Eulberg who has been the guy doing that very work.

Our desires in this process is to ensure that we streamline all understandings of mission requirements and that we streamline all understandings of the ability to execute a mission, whether that is maritime, land, air, space or joint, and that we understand each other's knots in our ropes as far as we go through this process about operating port facilities, operating airfields, and operating training ranges.

And we have gone through a series of tabletop exercises so we can much better understand each of these in a joint setting. And we are to the point now where we are looking at memorandums of agreement at each of the bases to protect those imperatives and the ability to execute.

There are still some issues out there that we are working through, but, for the most part, I am in full support of joint basing and in full support of how we get at this. The concerns that we have still revolve around execution of command and those tabletop exercises and those memorandums of agreement will take us a long way to addressing that.

Mr. Chairman, let me turn it over to our expert who has been doing that.

General EULBERG. Sir, as General Moseley mentioned, we have been about this for a couple of years, meeting with OSD as well as the other Services at the 12 joint bases. It has been a challenge because of how we do installation support between the various

Services are different, and I will just give you one example which underscores what General Moseley was talking about, in that as we go forward with joint basing, the Air Force has always been particularly concerned about it for a couple of reasons.

One, they are our warfighting platforms. We launch and recover aircraft out of our bases. We also deploy from those airbases, so we are very concerned about our embedded military at the joint bases.

The engineers take care of our military forces, so . . . we are very concerned and need to get down to the details through the memorandum of agreements (MOAs). We must ensure we have the ability and commanders have the ability to organize, train, and equip our military members.

Next challenge, after we work our way through the MOAs, we are funded a little bit differently. Installation support for the other Services is sometimes coded with mission dollars, and so we have to work our way through that as well. At the end of the day, a joint base, regardless of who the lead Service is, must try to achieve the highest standard for that capability.

When Navy, Army, Air Force, or Marine families, or our young troops go to a fitness center we must strive to achieve the highest standard that any of the services have. And we are working our way through that as we speak, because, ultimately, we want joint bases to be the places where our young men and women want to be stationed and preserve our capability.

The last thing that I would like to highlight on the mission side that we are working with OSD and the other Services on is, again, they are our warfighting platform. Airfield operations is a core competency of the United States Air Force. We do not believe that is an installation support function. It is warfighting for the United States Air Force, and we are working that hard with OSD now.

But I believe we will—in fact, I know we will—be successful.

CYBER COMMAND

Mr. WAMP. General Moseley, earlier you mentioned one of your primary responsibilities, cyber command. What facilities or infrastructure needs do you have with the cyber command mandate?

General MOSELEY. Congressman, that is a great question. I can answer some of it but not all of it.

We have a provisional command that we are looking as the leading edge of trying to get our arms around this new domain. We have had several discussions in the joint world as well as amongst ourselves about how best to provide forces for the U.S. and use the current unified command plan to size the forces and execute in that domain.

So we are in the process of deciding and determining and fielding how we recruit and train both Non-Commissioned Officers (NCOs) and officers to live in that world and operate and how to develop squadrons, groups and wings to be able to present forces 24 hours a day, seven days a week, whether it is in place or virtual, and to be able to operate in that domain.

Our provisional Cyberspace command stood up at Barksdale Air Force Base, Louisiana. We have a major general in charge of it, and we are looking to stand up a permanent command later.

Sir, we have had a variety of headquarters locations offered and offerings to conduct studies and analysis, plus the environmental assessments at each of those locations.

And, sir, I think it is 18 states who have offered opportunities to do that, and so we want to get this right, and we want to understand the pluses and minuses and it is equally important to understand what synergies—institutions as well as civilian professional institutions—that are out there living in these domains.

So it is not just about an Air Force headquarters, it is about how do you derive the fully synergy of what is possible in this new warfighting domain?

And so going through the 18 states' offerings will probably take us through the summer and into the fall before we have some closure.

So that is the part that I don't know yet, sir.

Mr. WAMP. Mr. Chairman, I just have one question left, and I will hold since Mr. Bishop has shown up, if you need me to wait for another round.

Mr. EDWARDS. It is your choice. Okay.

Mr. Bishop.

MOODY AIR FORCE BASE

Mr. BISHOP. Thank you very much. I just have one area of questioning related to family housing.

You know that we have had several disruptions in the housing construction at Moody Air Force Base, particularly when the prime contractor ran into difficulties and financial problems. Can you give us an update on where the project is now and whether a new prime has been identified? And what is the projected timetable for that project? And how successful has Air Force been in utilizing local contractors as subs? And the final question is, have the subs that were working for the first prime been able to get paid?

General MOSELEY. Sir, I am going to tell you from our perspective what I think, then I am going to let the civil engineer fill in the details.

From our perspective, it has taken way too long, and we have got people that are disadvantaged from not being able to move into housing. To me, this is an issue between contractors that have not been able to deliver, and I understand the oddities of the court system and there is litigation that is going on, which is taking time, which is the way litigation works, but it is also time that we don't have people living in houses that are new, and we don't have people that are able to move into houses at four different locations.

I can't get into the litigation business, because it is not my job, other than to express frustration that it has taken way too long to get housing built and to get people into quality homes under this template that we have got now.

So let me get out of the way and let the civil engineer provide the specific details for you.

General EULBERG. Sir, as you alluded to, and General Moseley mentioned, privatization of our family housing has been overall very, very successful across the Air Force. We are having issues with American Eagle at four bases where they are the project owners at Hanscom, Patrick, Little Rock and Moody Air Force Bases.

Where we are at right now is, obviously, the contractor has failed to perform. They fell behind, as you highlighted, way behind. We have gone through a number of court actions. The Moody project is now in Georgia state receivership.

The current project owner is American Eagle, which is made up of Carabetta as well as Shaw, and those two companies are right now in discussions with a potential buyer of the four-base deal. They are meeting and hope to have a letter of intent in the next 30 days and a sale by this summer, about the July timeframe. They are working through all those details now, and we hope that they are successful.

And for purposes of this discussion, we are very optimistic that we will be able to work through a deal. And, again, that would be Shaw-Carabetta with the bondholders as well as the United States Air Force are working together to see if we can't get a new project owner on board to be successful.

As you highlighted, there are subcontractor liens that are outstanding. To date, $233,000 in liens have been paid for subcontracts at Moody Air Force Base, Georgia.

Mr. BISHOP. How much are unpaid?

General EULBERG. There is a total of $7.1 million in unpaid subcontractor liens. They have filed liens and claims, and that is going through the legal process for adjudication at this time.

Mr. BISHOP. You have already paid 200 plus thousand, but you have got several million outstanding. I receive a lot of communication about that situation, particularly from folks that are suffering from lack of payment. And, of course, my hands are tied, I guess, like yours are, but I appreciate your updating us on the situation.

General EULBERG. Yes, sir.

General MOSELEY. Congressman, we are equally frustrated that we can't move people into those houses. That is a nice looking community down there, and it is a community that has no one living in those houses. It is very frustrating to know that we are going to get quality and full enhancements in military family housing that meets our criteria and we can't get at it at those four locations because of what is happening at this time.

Mr. BISHOP. Are you getting any details as to what happened with the company? Do you have any information on that, what happened to American Eagle that caused them to get into these troubles?

General EULBERG. Yes, sir. Well, there are a number of issues, especially across the board. Not only did we have four bases involved, which were four separate source selection authorities, four separate source selection committees that went through the process, but we would like to highlight that the Army and Navy also had projects with American Eagle and experienced exactly the same problem.

American Eagle failed to deliver and manage these projects appropriately. The bondholders were notified of problems. These projects began in October of 2003 and 2004, and those were the dates of the privatization contracts that were let at all four installations.

Fundamentally, American Eagle fell behind in their construction schedule; therefore, they fell behind in the Basic Allowance for

Housing (BAH) payments that we would be making to them. And so it became non-sustainable, if you will, and bondholders were notified. Part of the issue was the bondholders also did not react when the Air Force notified them.

So there are a number of lessons learned along the way in this process, but, fundamentally, American Eagle was unable to manage a project of this size.

Mr. BISHOP. Had they managed projects for the Air Force or for the other services prior to these particular contracts or was this the first impression with this particular company?

General EULBERG. In terms of housing, sir?

Mr. BISHOP. Yes.

General EULBERG. Yes, this is the first.

Mr. BISHOP. Had they done some other contracts?

General EULBERG. They may have done other government work. I don't know what that is, but it was not associated with the housing construction for the United States Air Force.

Mr. BISHOP. Thank you, sir.

Mr. EDWARDS. Do you have any way of predicting, since it is in the legal process, how long this will take to resolve and get the families in the houses?

General EULBERG. Yes, sir. We predict that if we get a letter of intent executed by American Eagle and the new project owner within the next 30 days, we will have a sale agreement by July of this year, to include new financing. We will restructure each one of the housing requirements at each one of the bases and then go forward. And we will be able to move on. This has been a very complex problem and project, but we are optimistic that we will have this behind us by this summer.

Mr. EDWARDS. Thank you.

CHILD CARE WAITING LIST

Could I ask you to submit, Chief, for writing to the committee what the waiting list totals are at various installations of the Air Force for daycare and whether there are some unfunded needs for youth activity centers as well? And I think we will ask this question each year just to see if the waiting list for daycare is getting longer or shorter. We will meet with the top non-commissioned officers of the service's daycare. It is always high on the list of needs.

General EULBERG. Yes, sir.

[The information follows:]

We currently have approximately 8,600 individuals on daycare waiting lists. The total number reflects both parents who "need" on-base services, as well as those who "prefer" on-base services. The Air Force tries to honor parental preferences where possible and, consequently, we find that waiting list numbers are higher than actual measured child care "needs".

Of the 8,600 currently on Air Force waiting lists, the actual "need" is calculated at 4,000 child care spaces. In Fiscal Year 2005, it was 6,400 spaces, so we've made headway in drawing that number down. We measure overall "need" for child care spaces using an accepted Department of Defense formula that projects "unmet child care demand". The formula gives us a good estimate of the amount of child care we must project, fund and provide through our child development centers, school age centers, and family child care homes.

Currently, we have three projects funded in the Fiscal Year 2008 military construction program which will provide 866 child care spaces. Our current military construction program across the Future Years Defense Program provides for six projects and 1,357 child care spaces. Additionally, we recently identified the 15 projects (1,666 spaces) to the Office of the Secretary of Defense for Personnel and Readiness in support of an initiative to meet the requirements of the President's State of the Union address for "expanding access to child care".

The following table details the approximately 8,600 individuals on waiting list by Air Force major command, location and base:

AIR FORCE CHILD CARE WAITING LIST - MARCH 2008
CHILDREN 6 WEEKS TO 12 YEARS

MAJOR COMMAND	STATE	BASE	WAITING LIST TOTAL	MAJOR COMMAND	STATE OR COUNTRY	BASE	WAITING LIST TOTAL
PACAF	AK	Eielson	23	ACC	NM	Holloman	37
PACAF	AK	Elmendorf	172	AFMC	NM	Kirtland	77
AETC	AL	Maxwell/Gunter	38	AFSOC	NM	Cannon	0
AETC	AR	Little Rock	60	ACC	NV	Nellis	307
ACC	AZ	Davis-Monthan	164	AFMC	OH	Wright-Pat	100
AETC	AZ	Luke	179	AETC	OK	Altus	84
ACC	CA	Beale	217	AETC	OK	Vance	11
AFMC	CA	Edwards	16	AFMC	OK	Tinker	204
AMC	CA	Travis	172	ACC	SC	Shaw	42

AIR FORCE CHILD CARE WAITING LIST - MARCH 2007

MAJCOM	STATE	BASE	WAITING LIST TOTAL
AFSPC	CA	Los Angeles	53
AFSPC	CA	Vandenberg	50
AFSPC	CO	Buckley	150
AFSPC	CO	Peterson	138
AFSPC	CO	Schriever	25
USAFA	CO	Academy	36
AFDW	DC	Bolling	227
AMC	DE	Dover	123
AETC	FL	Tyndall	61
AFMC	FL	Eglin	295
AMC	FL	MacDill	213
AFSOC	FL	Hurlburt	239
AFSPC	FL	Patrick	97
ACC	GA	Moody	136
AFMC	GA	Robins	97
PACAF	HI	Hickam	378
ACC	ID	Mountain Home	44
AMC	IL	Scott	233
AMC	KS	McConnell	88
ACC	LA	Barksdale	51
AFMC	MA	Hanscom	89
AFDW	MD	Andrews	151
ACC	MO	Whiteman	45
AETC	MS	Columbus	21
AETC	MS	Keesler	119
AFSPC	MT	Malmstrom	31
ACC	NC	Seymour-Johnson	65
AMC	NC	Pope	139
ACC	ND	Minot	60
AMC	ND	Grand Forks	13
ACC	NE	Offutt	247
AMC	NJ	McGuire	84

MAJCOM	STATE OR COUNTRY	BASE	WAITING LIST TOTAL
AMC	SC	Charleston	118
ACC	SD	Ellsworth	43
ACC	TX	Dyess	100
AETC	TX	Goodfellow	0
AETC	TX	Lackland	221
AETC	TX	Laughlin	6
AETC	TX	Randolph	203
AETC	TX	Sheppard	33
AFMC	TX	Brooks City-Base	20
AFMC	UT	Hill	274
ACC	VA	Langley	442
AMC	WA	Fairchild	60
AMC	WA	McChord	123
AFSPC	WY	FE Warren	51
USAFE	ENGLAND	Alconbury	18
USAFE	ENGLAND	Croughton	19
USAFE	ENGLAND	Fairford	9
USAFE	ENGLAND	Lakenheath	220
USAFE	ENGLAND	Menwith Hill	0
USAFE	ENGLAND	Mildenhall	110
USAFE	GERMANY	Geilenkirchen	50
USAFE	GERMANY	Spangdahlem	96
USAFE	GERMANY	Ramstein	322
USAFE	GERMANY	Vogelweh	74
USAFE	GERMANY	Sembach	20
PACAF	GUAM	Andersen	22
USAFE	ITALY	Aviano	22
PACAF	JAPAN	Kadena	74
PACAF	JAPAN	Misawa	59
PACAF	JAPAN	Yokota	36
PACAF	KOREA	Osan	19
USAFE	PORTUGAL	Lajes	1
USAFE	SPAIN	Moron	0
USAFE	TURKEY	Incirlik	42

In the overseas commands, Air Force youth centers (YC) are funded with appropriated funds. The following project is in the current Future Years Defense Program:

- Eielson Youth Center Replacement; Fiscal Year 2010: $12.2 million

In the stateside commands, Air Force youth centers are funded with non-appropriated funds. The following projects have been received by the Air Force Services Agency:

- Buckley YC (new): Approved $8.5 million; low bid was $12.2 million; base is down scoping and will re-report to Congress in Fiscal Year 2009 program
- Langley YC Add/Alter: Approved $4.8 million; current Non-Appropriated Funds cash flow will not permit award; on hold pending additional dollars in the cash flow.
- Moody YC Add/Alter: estimate $7.4 million
- Cannon YC Add/Alter: estimate $4.1 million
- Fairchild YC Add/Alter: estimate $4.2 million
- MacDill YC Add/Alter: estimate $3.1 million

Mr. EDWARDS. I am proud of what this subcommittee did together last year to initiate $130 million of unrequested daycare, unrequested from OMB for daycare centers, much requested from our military leaders. I applaud the administration this year to have a huge increase for daycare funding.

But if we could just get those numbers, that would be helpful.

General EULBERG. Yes, sir.

INFRASTRUCTURE

Mr. EDWARDS. General Moseley, in your testimony—and I appreciate your honesty—you said, "The Air Force has taken risks in infrastructure." It goes back to what you have already said about you have got to make tough choices, given the budget and time of war, the needs for new procurement programs.

Could you take a couple of minutes to further explain what you mean when you say the Air Force is taking risks in infrastructure?

General MOSELEY. Sir, as you know, we have four kinds of money: Personnel money, infrastructure and MILCON money, O&M money, and investment. As we work with OSD and the other Services on the affordability issues of taking care of our people, winning today's fight and preparing for tomorrow's challenges, we are having to make hard choices across each of those portfolios.

In the previous President's Budget request, as we received our total obligation authority, to be able to pay that bill, we took additional risk in infrastructure MILCON, we took some additional risk in O&M, we tried to hold our investment accounts as constant as we could, and that is where we ended up, force shaping 40,000 personnel authorizations off the books.

And so I think we need to increase the floor—and this is our issue, not your committee's, and are looking now at 330,000 instead of going all the way down to 316,000. But that is an example of having to make the trades with the obligational authority that we have.

Sir, I will give you a MILCON example. We accelerated the F–22 into the Pacific to meet United States Pacific Command's demands and requirements for deterrence and dissuasion. We have three squadrons appropriated—two to go to Elmendorf Air Force Base, Alaska and one to go to Hickam Air Force Base, Hawaii. And so we have got the airplanes there at Elmendorf now, but we are a bit behind on MILCON to the airplane.

So to be able to get the operational piece of this—the aircraft—into the theater to do the deterrence and dissuasion missions, we have taken a bit of risk in MILCON, and we are a bit behind.

And we have that in our Fiscal Year 2009 unfunded requirements list in order to catch up.

As we beddown the airplane at Holloman Air Force Base, New Mexico, we can operate immediately with Fort Bliss, Texas and the brigade combat teams that are there, plus the White Sands Missile Range and all of that wonderful airspace. We are trying to catch up with the MILCON again, because these aircraft are very capable, and to get them at the right place at the right time, we are lagging a little bit in the MILCON.

So those are two good examples of risk.

Mr. EDWARDS. Okay. And on your unfunded MILCON list, the $800 million list, are those in descending order of priority? Do you rank them? If you could fund one project, what would it be? If you could fund 10, what would they be?

General EULBERG. They are not.

And I have no idea whether we can find any additional money for the fiscal year 2009 President's Budget request, but if we did, we will sit down with your staff and go through what would be the order of priorities.

General MOSELEY. Yes, sir.

General EULBERG. Yes, sir.

General MOSELEY. And that acceptance of risk touches all of our components—Active, Guard and Reserve—to be able to fight today's fight, to maintain our operation and maintenance accounts, our flying hours and our training ranges and to be able to pay for our people, because not only is it the right thing to do to pay people who come to work every day but it is the law. And then the investment accounts, because we have got such an aging inventory, we have to somehow address that. Those are the tradeoffs that we are dealing with.

Mr. EDWARDS. Okay. Thank you for that.

Mr. Wamp.

Mr. WAMP. General Moseley, as we close, let me say about your comment on your actions, that I am glad that Sam Houston and Davy Crockett understood Texans when they got out there.

Mr. EDWARDS. I am glad we turned them into heroes.

Mr. WAMP. Yes. They were heroes when they left——

[Laughter.]

Mr. WAMP. We do have that in common.

PRIVATE SECTOR

General Eulberg, this is kind of a softball, but I am actually interested in this. It seems to me that many countries around the world appreciate our free enterprise system sometimes more than we do. It also seems like the United States Air Force appreciates it, and through this core of discovery, you are trying to leverage the beauty of our free enterprise system and the knowledge and the cutting-edge advancements into the military.

And I also understand that is one of your goose bump things, so give me 2 minutes, as we close here, on the advantages for our armed services of leverage in the private sector.

General EULBERG. Sir, thank you very much for that question. As your staff probably told you, during our Air Force Fiscal Year 2009 MILCON/Military Family Housing/BRAC staffer days, I got so excited over this.

As we go about our business of trying to become more efficient and effective in maintaining our warfighting platforms, we have to get better as stewards of the taxpayers' dollars to figure out what we are going to do.

So we set on a path to visit the companies that I highlighted in the opening statement. We went to every one of those companies with their C-ring executives, the Chief Operating Officer, Chief Financial Officer, Chief Procurement Officer, Head of Human Relations and Information Technology sat down an entire day with each

of these great companies and we took 10 of our experts there and spent all day talking about, how do you do business case analysis, how do you flatten your organization, how do you leverage strategic outsourcing and the other aspects of the decision-making process.

How do you do portfolio management across the entire spectrum of managing your real estate, whether it be, how do you do leasing, what kind of decisions you make to do that, what type of IT systems do you have in place to roll off to do a business case analysis? Our aim is to provide our commanders in the field with good decision-making support.

So instead of repairing a crack in the runway, with that one dollar and one hour of time, we are actually focused in on the encroachment issue where we should be spending our one dollar and our one hour of time. So it allows a much broader perspective in managing. Also, the private sector has seen great savings by a portfolio-level management of installations. Fifteen to 20 percent on utility contracts; service contracts, 15 percent savings; strategic sourcing, savings can be as high as 40 percent.

So if we can take those lessons learned from the private sector, roll it into an asset management culture, which is part of our reorganization, with new IT tools that allow that to take place, and we will be more effective at managing these warfighting platforms. We will be able to do the same mission for less dollars and really leverage the power of our people who do this every day.

Mr. WAMP. Mr. Chairman, 10 years ago, when the privatization in housing began, and you rightly said to me, "We have got a lot to be proud of there." This is the next 10-year mission in terms of transformation of activities. This is definitely——

General MOSELEY. Congressman, if I could parallel just for a moment these business practices.

We take in an amount of information, which are equivalent to T1 lines, which is about a million bits of information per second. When everything is up and running, that operations center brings in over 100 T1 lines at any one time. With that kind of information, imagine what the future could be with displays that look a lot like a hologram or displays that look a lot like a real-time picture of weather.

So when you do time-sensitive targeting on opportunities to strike things that present themselves very fleeting, how can you look at the situation and see where the weather is, where the friendlies are, and where the hostiles are? How can you bring that together much, much quicker?

In days past, we did it with grease pencils, and we did it just with mental calculations. We are at a point now where we know what is out there. The next challenge is to be able to display it and to be able to put that behind you as a baseline and then to get into really, really fascinating work.

So this partnership, like cyber that you asked about, how do you partner with academia, how do you partner with industry to stay at the leading edge of those technologies? This is really exciting stuff.

Mr. WAMP. Just for my colleagues, from my old subcommittee responsibilities before I got promoted, when the new capitol visitor center opens in November here and you go through it and you get

the tour and you see the video and you see all the technology, you will go, "Wow, Disney was consulted on that," just like Disney is being leveraged here. So the government finally realizes the tremendous advantages are out there, if we will just go seek them out.

General MOSELEY. Sir, the last thing, which I know that you will like, is that we have also begun to work very, very closely with the Federal Aviation Administration (FAA) and the Department of Transportation. Since we do airplanes and spacecraft and they do airplanes, we are looking to fit how do we display the future air traffic control system and how do we look at those sorts of synergies so everyone benefits at the same time based on what we do and what they do. I mean, for a guy that flies airplanes, this is pretty exciting stuff.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. Chief, I just have one last question. It is not this subcommittee's jurisdiction and it is not my intention right now to get involved in the legal questions regarding the decision on the KC–45 tanker, but I do understand, please correct me if I am wrong, that the new type of aircraft won't be significantly larger than the tankers in the current inventory.

And I would like to ask you if this will require new infrastructure—hangars, aprons, shops—to replace the infrastructure used to house the present tankers? And if so, do you have a——

General MOSELEY. Mr. Chairman, that is a good question—let our legal folks prepare an answer for the record, because we are in a protest now, and want to stay—as much as I can here without an aggravation.

The military construction comparisons were included in the assessment of both offers, and the notion that either airplane will require some new enhancements to infrastructure, whether one has a bigger wingspan or not, you will still have to do—just like an F–22, an F–35 or either one of these aircraft, you will have to do some work. We have got some projections, but until we know the final answer to this, sir, we would be remiss in giving you a specific answer, because we don't know that yet. But the MILCON comparisons against the two were in the criteria that helps define the selection.

Mr. EDWARDS. Okay. Thank you.

General MOSELEY. And then, sir, there is much more to follow.

Mr. EDWARDS. Okay. Thank you.

General MOSELEY. Because each base is different. Each hangar and array is different, each base is different, and so we take a variety of bases and use those as baselines as we run through this.

But, sir, to get into detail of your question, some of it I know, some of it I don't know, but please let us take that for the record.

Mr. EDWARDS. Okay. Thank you, Chief.

Questions?

Well, if not, on behalf of the entire subcommittee, let me thank you, both, for your testimony today and, most importantly, for your and your families' lifetime of service and commitment to our country. We are grateful for that service, and it is great to be with you.

Thank you.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Edwards.]

MILITARY CONSTRUCTION AND FAMILY HOUSING

The FY 2009 Unfunded Requirements List included $385 million to increase active end strength by 13,554 and the reserve by 3,400. My understanding is that the current military construction and family housing program is built around the assumption that PBD 720 will be carried though.

Question. Does the $385 million include any MILCON or family housing requirements to increase end-strength? If so, what is the amount? If not, has the Air Force performed a cost estimate of the MILCON and family housing impact from increasing end strength to this level?

Answer. The $385 million does not include MILCON or family housing requirements. While the Air Force has not performed an estimate to determine the impact of increasing our end strength to this level, any increased MILCON and family housing requirements will be addressed as the requirement becomes known at the installation level.

MILCON requirements are determined for each base to support mission requirements and to enhance quality of life. While an increase in end-strength at the base level may drive additional requirements, we would also consider using existing infrastructure to support the increased requirement.

Family housing requirements are outlined in the Air Force's Family Housing Master Plan and are based on an assessment of housing in the local community as well as end-strength.

Therefore, for MILCON and family housing requirements, the impact of an end-strength adjustment at the installation level would have to be known before a requirement could be established; in addition, other available local resources would be considered before a MILCON or family housing project is developed.

ROAD MAP

Earlier this year, the Air Force published a "Road Map" identifying numerous bases in the U.S. and its territories that could potentially hold a variety of current and future systems. This appears to be unprecedented.

Questions. (a) Why did the Air Force choose to publish such a list? (b) Are you currently conducting engineering and environmental assessments at all of these bases for the systems indicated? (c) How did the Air Force determine which bases to list?

Answers.

(a) The Air Force published the Roadmap to create a common sight picture as part of a strategic planning effort to meet one of the Nation's most pressing needs: recapitalization and modernization of its aging Air Force fleet. The Roadmap represents a Total Force (Regular Air Force, Air National Guard, and Air Force Reserve) approach to the beddown of weapon systems to create a more efficient and flexible force structure. It outlines where future advanced weapon systems could potentially be based in the continental U.S., Hawaii, Alaska and the U.S. territories.

(b) The Air Force has not started environmental assessments on all the candidate bases mentioned in the Roadmap. Installations that meet basing requirements will then undergo thorough environmental studies in accordance with the National Environmental Policy Act (NEPA). NEPA mandates environmental analyses and impact studies which are critical factors in determining final beddown bases in the U.S. as suitable locations for weapon systems. These major studies take time, may consider either one or several installations in a single study and may not be initiated at every potential location. The findings of these environmental studies, and the results of required fiscal and operational analyses which will be conducted over the next several years, will determine the final beddown plan and phasing.

(c) The Air Force chose to evaluate installations which currently house legacy weapon systems forecasted for replacement by future systems. The Roadmap does not include possible basing initiatives on foreign soil. Overseas basing of Air Force future weapon systems will be accomplished in partnership with allies using normal consultative planning venues.

F–35 BEDDOWN

The total Air Force FY08–13 MILCON program for beddown of the F–35 is $480 million, includes $378 million that is unspecified.

Question. (a) When will the Air Force make a decision on the final beddown locations for the F–35? (b) What is the total projected MILCON requirement for F–35 beddown based on the current projected buy, beyond the amounts programmed in the current FYDP?

Answer. (a) On 16 January 2008, the Air Force released the Future Weapon System Roadmap of potential beddown locations for the F–35. The Air Force is in the process of finalizing the basing criteria for F–35 beddown. Once the Air Force has determined the basing criteria and performed a complete analysis of the potential locations against those criteria, additional announcements will be made on F–35 beddown locations.

(b) The Air Force has a requirement of 1,763 F–35s. At current projected procurement rates, F–35s will still be delivering well into the 2030's. Although each of the locations on the Future Weapon System Roadmap currently has a fighter mission, F–35 specific requirements usually require some amount of new MILCON or alteration of existing facilities to support F–35 operations. At this time it is too early to predict the MILCON requirement over the lifecycle of the F–35 until after site surveys have been conducted, assessments of existing infrastructure at those locations have been completed and final beddown locations have been determined.

COMBAT SEARCH AND RESEARCH HELICOPTER

The Air Force has programmed $109 million into the current FYDP, beginning in FY10, for the new Combat Search and Rescue helicopter. I understand that you are conducting environmental reviews at several possible beddown locations.

Question. (a) When will the Air Force make a decision on the final beddown locations for the CSAR–X? (b) Does the $109 million in the FYDP reflect the full projected cost?

Answer. (a) Kirtland Air Force Base, NM and Nellis Air Force Base, NV will be the first two Air Force bases to receive the aircraft. A decision for the remaining locations will occur no earlier than the summer of 2008.

(b) No, the funding is initial cost only. The final funding is dependent upon source selection and weapon system requirements.

DORMS-4-AIRMEN

Question. How many Airmen are currently living in "Dorms–4–Airmen" standard unaccompanied housing, and how many are living in 1+1 dorms?

Answer. Currently there are 4,018 Airmen living in Dorms-4-Airmen standard unaccompanied housing, and 15,156 Airmen living in 1+1 dorms.

PERMANENT PARTY DORMITORIES

Question. How many of your permanent party dormitories are more than 25 years old?

Answer. Of the Air Force's 924 dormitories, 500 permanent party dormitories are over 25 years old.

PIPELINE DORMITORIES

Question. Does the Air Force use a quality scoring for pipeline dormitories?

Answer. Yes, all Air Force pipeline dormitories are scored in the Dormitory Master Plan using a Total Facility Condition Score (TFCS). The TFCS is based on a five point scale and assesses the condition and functional deficiencies of the dormitory and its associated infrastructure. Condition Scores are determined based on estimated operations and maintenance plus the expected system replacement cost. Functional scores for pipeline dormitories compare the existing facilities and room configurations with the Air Force pipeline standards as presented in the Air Force Dormitory Design Guide.

GUAM MILITARY CONSTRUCTION

The Air Force has submitted a MILCON requirement of $1.8 billion for the bed down of Intelligence, Surveillance, and Reconnaissance/Strike systems on Guam.

Question. (a) Does the Air Force have a target date for the completion of this initiative? (b) What will be the impact to Marine Corps forces if this beddown is not completed concurrently with the relocation of Okinawa?

Answer. The start of the RQ–4 Global Hawk beddown in late Fiscal Year 2009/early Fiscal Year 2010 at Andersen AB, GU is on track. Through joint planning efforts, three of the planned Air Force Intelligence, Surveillance and Reconnaissance/Global Strike projects were identified as having the potential to facilitate the Marine beddown. However, a full assessment of the impact of the Air Force the program on Marine beddown capability needs to be coordinated with the Joint Guam Program Office.

RELOCATION FROM OKINAWA TO GUAM

The U.S., with the agreement and assistance of the Japanese government, plans to relocate 8,300 marines and their dependents from Okinawa to Guam.

Question. Is the Air Force currently assessing its force laydown on Okinawa?

Answer. The Air Force force structure on Okinawa will not change based on the Marine Corps' move to Guam; however, as future modernization, budget constraints, and global operational requirements dictate, the Air Force may re-evaluate force structure basing.

The U.S., with the agreement and assistance of the Japanese government, plans to relocate 8,300 marines and their dependents from Okinawa to Guam.

Question. Will the Marine Corps relocation have any impact on the Air Force force structure and footprint on Okinawa?

Answer. The Air Force and Marine Corps on Guam will continue to work together in order to successfully conduct missions in their operational environment. However, until the Marine Corps further defines and determines its requirements for Okinawa, we cannot accurately assess those impacts to our force structure and footprint.

TRAINING RANGES IN KOREA

General Bell, Commander of U.S. Forces Korea, has indicated dissatisfaction with the air-ground training ranges in Korea.

Question. What is your view of this situation and its impact on 7th Air Force?

Answer. U.S. Air Force and the Republic of Korea Air Force (ROKAF) are striving to meet training requirements in the face of the Republic of Korea's extraordinary development. Specifically, the loss of Koon-Ni range in 2005 (due to encroachment, noise complaints, and conflict with new Inchon airport), coupled with use of legacy airspace/air-to-ground range systems, limits training opportunities. The existing air-ground training ranges no longer accommodate evolving ROKAF and U.S. Air Force training demands, particularly given Korean economic development and increased civil aviation traffic.

Currently, two ranges are available to U.S. Korea-based aircraft, both with significant limitations to include no permanent electronic warfare training until 2011 and no night scoring:

Pilsung Range is the only range that allows strafe events that have proven so important in supporting OIF and OEF. All flying wings within the Republic of Korea (ROK) use this range, which significantly limits its availability. Weather, terrain, frozen ground in the winter and fire danger in the summer also limit Pilsung Range's availability for strafe. In addition, the range is too small for guided bomb units.

Jik-Do Range is unusable if any surface vessels are within a three nautical mile range (common-access is not restricted). Live munitions and Mavericks are not authorized due to ROK/US installation of instrumentation within the weapons footprint. However, Jik-Do Range is the only range available for night strafe. Also, combined ROK/US inert precision weapon practice on Jik-Do on March 25, 2008 could pave way for future joint direct-attack munitions training.

U.S. access to other ROKAF air-to-ground ranges has been restricted based on civil opposition. Current work-arounds include using the Kadena ranges and limited off-ROK deployments.

AFSOC WING AT CANNON

Question. What is the timeline for construction associated with the AFSOC wing at Cannon Air Fore Base and what are the total construction costs (including both Air Force and SOCOM-funded construction)?

Answer. As identified in the January 18, 2008 Government Accountability Office audit report, Cannon Air Force Base, New Mexico has an Air Force and Air Force Special Operations Command (AFSOC) military construction requirement of $283 million in the current Fiscal Year 2008–2013 Future Years Defense Program. However, at this time, we do not have a firm timeline or total construction cost for the facility requirements to beddown the AFSOC mission at Cannon Air Force Base. Facility requirements and costs are currently being developed by AFSOC in conjunction with Headquarters United States Air Force for the Fiscal Year 2010 President's Budget request.

PERSONNEL RELOCATIONS IN THE NATIONAL CAPITAL REGION

The Air Force has indicated a need to relocate 3,100 personnel from leased facilities in the National Capital Region (NCR) for the purpose of complying with Department of Defense force protection standards. Of these, 804 are being relocated through the BRAC program with a $53 million project scheduled for FY09. This leaves a balance of 2,300 personnel. In the FY09 MILCON request, the Air Force is seeking an additional $78 million to accommodate 1,200 more of these personnel at Andrews Air Force Base.

Question. Where are these personnel currently located?

Answer. Currently these personnel are primarily located in government leased space, at Bolling AFB, and the Pentagon.

Question. Of these personnel, how many are military, how many are Department civilians, and how many contractors?

Answer. The breakout of the Air Force personnel relocating from leased space to Andrews, Bolling, and the Pentagon is roughly 1,250 military, 1,150 department civilians, and 700 contractors.

Question. What functions do these personnel perform?

Answer. The functions of the personnel relocating to Andrews Air Force Base are a cross section of the Air Force staff functions and their supporting agencies. The functions include personnel, plans and operations, installations and logistics, financial management, scientific advisory board, IT support, staff judge advocate, and the Air Force District of Washington's staff. The functions of the personnel relocating to Bolling include: acquisition, Office of Special Investigations, Air Force Reserve command support, plans and operatios, war fighting integration, intelligence, plans and programming, public affairs, inspector general, general counsel, international affairs, and studies and analysis.

Question. Has the Air Force assessed the option of resolving force protection issues in place at these leased locations?

Answer. Yes, there have been two studies of leased space facilities conducted and all reach the same-conclusion. None of the current leased space occupied by the Air Force can meet Department of Defense force protection standards primarily driven by the set back standards from thoroughfares and a host of other significant vulnerabilities.

Question. Has the Air Force solicited feedback from civilian employees to ensure that they will follow the jobs to their new locations?

Answer. When final plans for personnel relocations in the National Capital Region have been completed, we will survey as appropriate for each location—Andrews Air Force Base, Bolling Air Force Base, and the Pentagon.

Question. Has the Air Force assessed the housing requirements for the military personnel to be relocated?

Answer. Housing was not specifically studied as the moves are within the same shared National Capital Region housing market area so there should not be an impact.

Question. How will the Air Force resolve the question of the remaining 1,100 personnel?

Answer: The remaining personnel are slated to go to Bolling Air Force Base. The movement of these personnel is primarily a result of the Deputy Secretary of Defense directed Pentagon Occupancy and Space Allocation Study (POSAS). The POSAS reduced the Air Force allocation of office space by 130,000 square feet which equates to approximately 900 personnel displaced.

[CLERK'S NOTE.—End of questions for the record submitted by Chairman Edwards.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Wamp.]

RISK IN INFRASTRUCTURE FUNDING

Question. General Mosley, not including BRAC, as I look at your fiscal year 2009 budget request, you are looking at reductions across-the-board with the exception of the Family Housing Construction account; that does include an increase of $83.1 million. Beyond that there are cuts to Military Construction, Air National Guard, Air Force Reserve, and Family Housing Operations and Maintenance. This is a challenging budget request for the Air Force. Operational and maintenance costs are rising, inflation is going up, and personnel costs are increasing.

The way that you stated it is that the Air Force is "accepting manageable risk in facilities and infrastructure funding." Can you provide the Committee with more of a quantitative assessment of this infrastructure risk?

Answer. Air Force facilities, housing, and Base Realignment and Closure (BRAC) programs are vital to our installation infrastructure. Our installations are weapons systems that serve as power-projection platforms. These platforms provide the Global Combat Support that enables the Global Vigilance, Global Reach, and Global Power that underwrite America's security and sovereignty. As the Air Force continues to modernize and recapitalize, we will continue to wisely invest our precious military construction funding to win today's fight, take care of our people, and prepare for tomorrow's challenges. In the short term this means taking acceptable risk in facilities and infrastructure funding.

The Air Force assesses risk in facilities and infrastructure by evaluating the requirements and funding of three related programs: Facility Sustainment, Restoration and Modernization (R&M), and Military Construction (MILCON). While these requirements are critically important to supporting our Installation Weapon Systems, we occasionally take risks in one or two in order to fund other Air Force priorities. In the Fiscal Year 2009 budget we chose to take increased risk in facilities and infrastructure in order to put more money toward modernizing our aging weapon systems.

The greatest risk was taken in the MILCON program, which is approximately 20% smaller than the Fiscal Year 2006 and 2007 budget submissions. We feel we've managed or mitigated the MILCON risk by funding Facility Sustainment to 90% of the Department of Defense requirements model and by reducing the risk in our R&M program by increasing funding over $160 million compared to Fiscal Year 2008. While these actions help us to manage risk in Fiscal Year 2009, we will likely re-invest in infrastructure in Fiscal Year 2010 to ensure we preserve the capability of our bases—our installation weapon systems.

Question. The Air Force budget request includes $1.2 billion for BRAC 2005 of which $734 million is for construction. How much were you cut between the fiscal year 2008 request versus the fiscal year 2008 appropriation, and what type of adjustments is the Air Force making due to those cuts? Does the fiscal year 2009 request try to recapture the cuts that were made in fiscal year 2008? How do these cuts impact planning, execution and the 2011 deadline? Which projects have you had to cancel or defer?

Answer. The $939 million Omnibus reduction to the Department of Defense BRAC 2005 account must be restored. If left unfunded, the reduction will result in the Air Force receiving $235 million less than required in Fiscal Year 2008. The Air Force will experience delays and disruptions in construction and the movement of our people and assets. Delays will impact our ability to meet mandated completion deadlines.

To implement BRAC 2005 and implement the Commission's recommendations, the Air Force uses a continuous process to identify, analyze, refine, coordinate, and validate requirements. Although the Air Force has not cut any projects due to this reduction, it has deferred BRAC MILCON projects, O&M requirements, and planning and design. Those deferments are based on today's planned award dates. The Air Force may further adjust its strategy and the deferral list in order to maintain the needed flexibility to execute its program.

Our initial analysis of the reduction indicates the Air Force will be required to accept risk in the following areas:

- Military Construction (MILCON): Will defer 21 projects, to include one housing project, valued at $126.4M (15% of total BRAC MILCON). All deferred projects have estimated award date after June 1, 2008.
- Planning and design (P&D): Will defer $5.2M in requirements (28% of total P&D).
- Operations and Maintenance (O&M): Will defer $97.8M in requirements (36% of total O&M).

If the reduction is restored sometime during this fiscal year, we will figure out a way to get back on track. If it is permanently lost, we will be hard broke; delays in accomplishing the Fiscal Year 2008 requirements will have ripple effects impacting mission readiness and our ability to meet the mandated BRAC 2005 completion deadline of September 2011.

(8) The Air Force was unable to request additional funding in the Fiscal Year 2009 President's Budget request because Service "fair share" costs were not known until after the Fiscal Year 2009 budget was submitted.

ENGINEER SHORTAGE

Question. A lot of what we hear is that there is a shortage of engineers in this country, but then you can always find someone to counter that argument. Is there a shortage of engineers in the Air Force and, if so, what are you doing to address the shortage?

Answer. Air Force Civil Engineer career-manning levels are stressed. Current CSAF guidance directs active-duty personnel to deploy at a goal of 1:4 dwell (1:2 max) and reserve forces at 1:5 dwell. Air Force Civil Engineers currently have six active duty Air Force specialties that do not meet that guidance without relief in the foreseeable future, and our Explosive Ordnance Disposal (EOD) officer and senior non-commissioned officer leadership are currently at a 1:1 dwell. Our EOD manning level is 60% for MSgt (E–7) and 74% for SMSgt (E–8), while our overall retention rates of officers is 50% for Captains, 75% for Majors, and 87% for Lieutenant Colonels. The Air Force is working to employ various recruitment/retention incentives to ensure we attract and keep qualified engineers in the skills and ranks needed. While we continue to meet both our in-garrison and deployed Civil Engineer requirements and National Security Strategy (NSS) requirements with a combined military and civilian workforce, continued joint-sourcing taskings (often referred to as in-lieu of (ILO) missions) and manpower cuts are placing increased stress on our military engineer OPSTEMPO. We continue to review and modify our requirement for engineers to align with our wartime combatant commander needs and installation-management organization. This response only addresses installation engineering support (Civil Engineer specialty) and does not include the research/development, acquisition or systems engineer needs of the Air Force.

RENEWABLE ENERGY

Question. The Air Force is now in its fourth year in a row of leading the federal government in leadership on energy and the environment. Your testimony says that the Air Force is number three in the nation in the purchase of renewable energy to operate its $243 billion physical plant. Can you quantify that for the Committee? What does it mean that you are number three in the nation?

Answer. The Air Force's green power ranking is from the EPA's Green Power Partnership. "Green power," a subset of "renewable power," is electricity generated from environmentally-preferable renewable resources such as solar, wind, geothermal, low-impact biomass, and low-impact hydro, but excludes waste-to-energy sources that are included in the more comprehensive category of "renewable." In Fiscal Year 2007 the Air Force purchased 899,143,000 kWh of "green power", up from 467,500,000 kWh in Fiscal Year 2006. We currently rank third nationwide behind Intel Corporation and PepsiCo.

The Air Force's primary strategy is to expand development of on-base renewable power generation through public/private partnerships. One such example is the 14.2 megawatt photovoltaic solar array at Nellis Air Force Base, Nevada, which is the largest photovoltaic project in the Americas. Although "renewables" on Air Force bases are expanding, we supplement on-base renewable power generation with the annual purchase of Renewable Energy Certificates. This helps the Air Force reduce its environmental footprint, meet its federal renewable energy mandates, and support the development of new commercial renewable power generation nationwide while assisting power producers to meet State mandates for renewable energy.

Question. Your testimony says that you are on track to beat by two years the Department's 2014 goal for environmental restoration. Can you please quantify that for the Committee? What is the Department's goal for environmental restoration?

Answer. The Department's goal for environmental restoration is to either put a remedy in place or complete the response at each cleanup site by 2014. The Air Force projects that either a remedy will be in place or the response will be complete at its 6,615 Installation Restoration Program sites (Active Duty, Guard and Reserve) by 2012, two years ahead of the Department's 2014 goal.

FAMILY HOUSING

Question. You plan to have privatized more than 41,500 housing units by the beginning of fiscal year 2009, and you plan to privatize an additional 4,300 housing units in fiscal year 2009 with your request, so that would take you up to 45,800 privatized units. At the end of fiscal year 2009, how many units would still not be privatized, and what is the Air Force doing to determine if it is feasible to privatize those units?

Answer. The Air Force is continuing to evaluate the feasibility of privatizing housing for all Continental United States installations. There are 9,400 units at 13 Con-

tinental United States installations under review but a final determination on privatization at these bases has not yet been made. The Air Force is continuing to conduct Housing Requirements Market Analyses as well as working various grouping options at the installations (i.e., financial feasibility studies).

BACHELOR HOUSING

Question. The fiscal year 2009 Air Force requirement for dorm rooms is 60,200. You noted in your testimony that Phase I, in which you eliminated central latrine dorms is now complete. Phase II is where you address permanent party and pipeline dorm room shortages by building new dormitories.

What is the cost for Phase II, and is the entire $104 million that is in the FY09 budget request the final funding requirement for Phase II or does part of that go to Phase III? What is the total cost for Phase III?.

Answer. With the Fiscal Year 2007–2009 military construction programs we will be fully funded to complete Phase II except for one remaining pipeline dormitory deficit at Goodfellow Air Force Base, TX ($14 million), which we will address in the Fiscal Year 2010 President's Budget request.

The $104 million in this year's President's Budget request supports renovation of a Phase II dormitory at F.E. Warren Air Force Base, WY ($9 million) and construction of a Phase III dormitory at Lackland Air Force Base, TX ($76 million), the first of six recruit dormitory projects. The remaining $19 million is a new mission requirement to construct a dormitory to support beddown of the F–35 Joint Strike Fighter.

Costs to complete Phase III to recapitalize our dormitories will continue to be evaluated through our Dormitory Master Plan process as our existing dormitories reach the end of their useful lives.

FITNESS CENTERS

Question. How much does the fiscal year 2009 budget request include for the construction of a fitness center at Dover (DE) Air Force Base? How many of your installations are currently in need of a fitness center, and what is the total cost to construct those centers?

Answer. The Fiscal Year 2009 President's Budget request includes $19 million to construct a fitness center at Dover Air Force Base, Delaware. The Air Force's current Future Years Defense Program includes 10 fitness center projects at $143 million. The total Air Force fitness center investment requirement includes an additional $683 million at more than 40 installations.

CHILD DEVELOPMENT CENTERS

Question. The fiscal year 2009 budget request includes funding for the construction of 1 new child development center. What is the overall Air Force need for child development centers?

Answer. The current Military Construction (MILCON) program includes the following projects ($64.5M):

FY09: Columbus AFB, MS—($8.1M).
FY10: Beale AFB, CA—($17.2M).
FY11: Cannon AFB, NM—($7.9).
FY11: Eglin AFB, FL—($11.0M).
FY12: Bolling AFB, DC—($9.0M).
FY12: Spangdahlem AB, Germany—($11.3M).

Additionally, we recently identified the following projects to OSD P&R in support of an initiative to meet the requirements of the President's State of the Union address for "expanding access to child care" ($70.7M):

MILCON-eligible Projects: MacDill AFB, FL; Moody AFB, GA; Seymour Johnson AFB, NC; Nellis AFB, NV; Vandenberg AFB, CA.

Minor Construction-eligible Projects: Davis Monthan AFB, AZ; Langley AFB, VA; Vogelweh AB, Germany; Spangdahlem AB, Germany; Tyndall AFB, FL; FE Warren AFB, WY; Malmstrom AFB, MT; Buckley AFB, CO; Schriever AFB, CO.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Wamp.]

[CLERK'S NOTE.—Question for the record submitted by Congressman Farr.]

BRAC

Question. Onizuka Air Force Station (California) is to be closed as part of the 2005 BRAC. Does the Air Force plan to sell the Onizuka parcel outright or will it consider an economic development conveyance request from the City of Sunnyvale (which is the LRA)?

Answer. As part of the property screening process to determine other federal agency needs for the property, the Air Force has approved a request by the Department of Veterans Affairs (VA) for the transfer of about two acres to support Veterans programs. The Air Force cannot formally announce a plan or make a final decision on the method of disposing the remainder of the property at Onizuka Air Force Station until the Air Force has completed the processes required under the base closure law and the National Environmental Policy Act (NEPA). The base closure law requires a redevelopment authority to prepare and submit a reuse plan to the U.S. Department of Housing and Urban Development (HUD). The plan will balance the homeless assistance requirements (of which there have been two requests) with other economic and development needs of the local community. The City has thus far indicated it will submit a plan by July 31, 2008, which is well before the projected base closure date of September 15, 2011. After HUD approval of the reuse plan, the Air Force will use the plan as its proposed action for NEPA environmental planning purposes, as required by the base closure law. If the City desires an economic development conveyance (EDC) of the property, then the City must submit an EDC application to the Air Force. When the NEPA process is completed, the Air Force will consider the EDC request and other property disposal options in arriving at its final property disposal decision.

[CLERK'S NOTE.—End of question for the record submitted by Congressman Farr.]

[CLERK'S NOTE.—Question for the record submitted by Congressman Boyd.]

BRAC

Question. Thank you for taking my question. I am curious about a parochial issue involving this most recent round of BRAC. The recommendation in BRAC that I am asking you about is below. My question is this:

Why is the proposed CRIF for F100 engines located at New Orleans Air Reserve Station, LA when the only base in the area that still uses F100 engines is Tyndall AFB? I look forward to hearing from you on this important issue.

Recommendation: Realign Langley Air Force Base, VA; Tyndall Air Force Base, FL; and Jacksonville International Airport Air Guard Station, FL. Establish a Centralized Intermediate Repair Facility (CIRF) for F100 engines at Seymour Johnson Air Force Base, NC by realigning base-level F100 engine intermediate maintenance from Langley Air Force Base. Establish a CIRF for F100 engines at New Orleans Air Reserve Station, LA (Air National Guard unit) by realigning base-level F100 engine intermediate maintenance from Tyndall Air Force Base and Jacksonville Air Guard Station.

Answer. This BRAC recommendation, which by law the Air Force must implement not later than September 15, 2011, accomplishes several things. First, it produces economies of scale by distilling five F100 engine repair locations into two. It also consolidates dispersed and random workflows, enhances reliability-centered maintenance, and improves support to the war fighter. Next, it leverages existing physical capacity at New Orleans Air Reserve Station keeping the amount of required military construction to a minimum. Finally, a CIRF at New Orleans will capitalize on the potential capacity and recruitment of experienced maintenance technicians left behind when the New Orleans Reserve A–10 flying mission moves elsewhere under a separate BRAC recommendation. This BRAC recommendation also helped define the future state F100 Consolidated Repair Facilities (CRF) network for the Repair Enterprise for the 21st Century initiative, which has now expanded into Repair Network Transformation. Under this initiative, 7 CRFs will repair engines for all F100-powered units. The New Orleans CRF will be an integral part of the capacity necessary to support these units.

The New Orleans Air Reserve Station CIRF will service F100 engines for nearly 100 F–15 aircraft assigned to Active Duty and Air National Guard units located in the Southeastern United States.

[CLERK'S NOTE.—End of question for the record submitted by Congressman Boyd.]

THURSDAY, MARCH 13, 2008.

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I would like to call the subcommittee to order.

Congressman Rodriguez, welcome back to our subcommittee. It is good to have you here.

This afternoon, our subcommittee will hear from members of Congress and public witnesses representing various nongovernmental organizations, and I want to thank all of you for being here and all the good work you do that impacts directly upon this subcommittee's work.

We have a number of people testifying and, for that reason and because of time constraints, we will ask each witness to limit his or her remarks to no more than 5 minutes, but we will, by unanimous consent, have the full testimony included in the record.

I would like to begin by recognizing my colleague, Mr. Wamp, our ranking member, for any comments he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Well, Mr. Chairman, this is as new for me as it is for others here. So I look forward to this action-packed afternoon.

It does remind me of when we were in the majority, and I was on the Interior Appropriations Subcommittee, and I thought one day that then Chairman Ralph Regula was just being nice to me, asking me if I would mind chairing the day that we had outside witnesses before the Interior Appropriations Subcommittee, and, after about the 60th Indian tribe testified before the committee, I figured it out.

So I figured out why I chairing that day's hearing, because it was a lot of different people and a lot of different information over about a 5-hour period of time.

But I do look forward to this this afternoon, and I thank you very much for your courtesy.

Mr. EDWARDS. Well, if I start asking so many questions, we are going to stretch out to 5 hours. Would you cut me off, please?

Mr. WAMP. Yes, sir, with pleasure.

Mr. EDWARDS. We are really honored to have Congressman Ciro Rodriguez, my colleague and friend from Texas, who has been a real champion for the military, our troops, their families, and is an outspoken leader for veterans.

Thank you for being here, Congressman, and the time is yours.

THURSDAY, MARCH 13, 2008.

WITNESS

HON. CIRO RODRIGUEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

STATEMENT OF THE HONORABLE CIRO D. RODRIGUEZ

Mr. RODRIGUEZ. Thank you, Mr. Chairman.

I want to personally thank you for allowing us the opportunity to testify, and I hope you will continue to do this. I hope it works out in a very positive way, and I hope you take into consideration all of the recommendations, since I am the first one, that come before you.

I represent the 23rd congressional district in Texas. It is one of the largest in the country. And I come before you today to express my concerns with the allocation of funds for the military construction and for the BRAC process.

Our nation's military care has reached an unprecedented level of performance never before seen in the history of war. Advances in medical technology and training have made the casualties of today into the wounded of tomorrow.

So in this particular situation that we find ourselves, we see the results of this and having the large number of people that have been injured during this war, and because of our technology, thank God, they are still with us.

But that also means that we have a responsibility for them. We do not have adequate facilities to handle this increase in population of wounded veterans.

Further, we have had the department of the chief of staff of the Army testify before the House Armed Services Committee that the Army is short in doctors, psychiatrists and other health professionals.

So we are in deep trouble when it comes to the number of people that we need in health care.

I suggest that we prioritize and make this recommendation, in the upcoming BRAC appropriations, defense health programs, to fund before other BRAC constructions, anything that deals with health care, that that take priority, and that includes the polytrauma centers in the VA and, if at all possible, to take that into consideration before anything else.

And if there are any cuts that are to be made, that those cuts would not be made when it comes to medical facilities that we are trying to upgrade as much as we can.

Our soldiers, sailors and airmen and the marines deserve nothing but the finest equipment and the facilities that our nation can afford. Our nation can ill afford to recruit and retain volunteer military, yet pass on the huge importance of neglected facilities and our lack of infrastructure.

So I once again stress the importance of prioritizing the health care area as one of the issues.

I also have the opportunity to have several bases within my area and we have inadequate housing for student pilots at Laughlin Air Force Base. It is their number one MILCON project.

Laughlin Air Force Base in Del Rio, Texas is the largest producer of pilots for our nation's Air Force. It is, in essence, where our Air Force mission begins.

Pilot training is a grueling and ingraining marathon that tests the will and nerve of not only the future aviators, but the thousands of support personnel that maintain the aircraft and the facilities in that area.

And due to those numbers and due to the shortage of dormitories, our facilities for the pilot training at Laughlin are of key importance to making sure that a good quality of life issue for our soldiers is there and to make sure that they don't reside in those old facilities that they have now.

We have, furthermore, the project at Laughlin—gains in population at the base will force more family housing units to be converted, driving military dependants to find housing in local communities, which is currently shown to be in the short of 435 units.

Laughlin Air Force Base has a project that is for the future. We are asking to see if it could come up to year 2009. That would allow construction of a 64-person unaccompanied officer's quarters, as well as demolition of 41 units that were built way back in 1949.

So I ask for that to be taken into consideration.

In addition, Camp Bullis, in my congressional district, is an integral part of the BRAC mandated consolidation of the military medical education in San Antonio.

Recent combat experiences in Iraq and Afghanistan have highlighted a shortfall in military training, especially within the area of urban operation.

And as you well know, Camp Bullis is within an urban area and, in this day and age, soldiers and sailors and airmen and marines are experiencing casualties in urban areas as the norm rather than the exception.

Camp Bullis has projected also funding for construction for a live fire exercise shoot house, which will provide a facility where our medical service members will learn how to move tactically in a building engaged in targets and practice, and, also, be able to practice in that area.

So I ask that the committee also seriously review the prioritization of the project and to move it forward for this year there at Camp Bullis.

In conclusion, I also hope that you will consider the costs of deferring long-term infrastructure improvements. The longer we wait on this, the worse it gets in terms of the cost and the sooner we go out on bids on some of these items, the lower we are able to get that done.

So I would hope that you would look at prioritizing those issues that I have indicated and, that is, when it comes to health care of our soldiers, when it comes to health care of our veterans, that you take that as the number one priority and move on that, and with the consideration of Laughlin Air Force Base and the need for our pilots.

These are our young pilots that are going to defend our country. We need to make sure we have facilities that were not built in 1949, but newer facilities there, with additional missions there at Laughlin, and, again, with a facility there at an urban area at Camp Bullis, which is unique and which almost doesn't exist anywhere else.

So I want to personally thank you for allowing me this opportunity to be here, and I want to thank you for allowing for us to be able to have an audience and to be talking to the cardinal right in front of me in the leadership.

Thank you.

[Prepared statement of the Honorable Ciro D. Rodriguez follows:]

Testimony of
Congressman Ciro D. Rodriguez, 23rd District of Texas
before the
Military Construction and Veterans Affairs Subcommittee
of the House Appropriations Committee
March 13, 2008

Mr. Chairman, ladies and gentlemen of the committee, thank you for the opportunity to speak to you today on behalf of the constituents of the 23rd District of Texas. I come before you today to express my concerns with the allocation of funds for military construction, both in the regular and BRAC programs.

Priority Funding for Defense Health Programs

Our nation's military care has reached an unprecedented level of performance never before seen in the history of war. Advances in medical technology and training have made the casualties of yesterday into the wounded of today. While a welcome statistic, the end result is an increased burden on both the military and veterans administrations' health care systems. We do not have adequate facilities to handle this increase in the population of wounded veterans. Furthermore, Lt. Gen. Michael Rochelle, Deputy Chief of Staff of the Army, testified before the House Armed Services Subcommittee that the Army is short on "doctors, psychiatrists and other health professionals." I bring to the MILCON and Veterans Affairs subcommittee a proposal that ensures we do not fall further behind in keeping up with this increase in wounded service members. I suggest that we prioritize in any upcoming BRAC appropriation Defense Health Programs funds before other BRAC construction. Additionally, I recommend this committee prioritize new facilities such as the VA's new Poly-trauma Rehabilitation Center. Employing this strategy would ensure that the training of health professionals and the construction of future treatment facilities be the priority and that the nation lives up to the promise we made our veterans and military personnel, especially those wounded in their service to America.

Investing in Military Infrastructure

There has been much talk of the need to react financially to the increasing requirements borne out of the global war on terror. Our Soldiers, Sailors, Airmen, and Marines deserve nothing but the finest equipment and facilities that our nation can afford. However, we should seek a balance between funding the short-term need with the long-term investment. Without newly created revenue streams, we are forced into a zero-sum exercise regarding funding for our military services. Our nation can ill afford to recruit and retain a voluntary military; yet pass on the huge burden of neglected facilities and a substandard infrastructure. I have recently spoken to a high ranking official in the Department of Defense who eloquently warned of the future cost of neglecting our infrastructure at the expense of funding today's war.

An important issue within my district worthy of mention is the need to ensure that military personnel have adequate facilities to reside in during training. Airmen undergoing pilot training are heavily stressed, and the additional weight of inadequate facilities is an unnecessary burden. In this particular case I refer to the Laughlin Air Force Base Unaccompanied Officer Quarters.

Laughlin Air Force Base Unaccompanied Officer Quarters
Adequate housing for student pilots is Laughlin Air Force Base's number one MILCON priority. Laughlin Air Force Base, in Del Rio, Texas is the largest producer of pilots for our nation's Air Force. It is in essence where our Air Force's mission begins. Pilot training is a grueling and draining marathon that tests the will and nerve of not only the future aviators, but the thousands of support personnel maintaining the aircraft and facilities that support them. The Air Force policy of giving student populations priority for on-base accommodations enhances pilot training by maximizing the time for training and interaction between students beyond structured training hours. Due to a shortage in dormitory–style facilities for pilot trainees, student housing requirements at Laughlin are currently supported by temporarily housing some students in converted Military Family Housing units. The converted units do not meet minimum Air Force standards for student dormitories. Furthermore, projected gains in the population at the base will force more family housing units to be converted, driving military dependents to find housing in the local community, which is currently shown to have a shortfall of 435 units. Laughlin Air force Base has a project in the FYDP to construct a 64-person, Unaccompanied Officer Quarters as well as the demolition of 41 housing units that are 49 years old. We can ill afford to delay this project any further. I ask that the committee seriously consider accelerating the project to the Fiscal Year 2009 appropriation.

As our nation continues to engage in the vital mission of preparing men and women to uphold freedom at home and abroad, it has become increasingly important for them to have the benefit of state-of-the-art firearms training facilities.

Camp Bullis Live Fire Exercise Shoot House
Camp Bullis in my congressional district is an integral part of the BRAC mandated consolidation of military medical education in San Antonio. In the near term Camp Bullis will serve as the field training location where our joint-service and total-force medical members will learn how to treat casualties in the field and transport them safely to a medical facility while simultaneously providing self-defense from engagements with an enemy. Recent combat experience in Iraq and Afghanistan has highlighted a shortfall in military training, specifically within the arena of urban operations. In this day and age, our Soldiers, Sailors, Airmen and Marines are experiencing casualties in urban areas as the norm rather than the exception. Camp Bullis has a project in the FYDP to construct a live fire exercise shoot house, which will provide a facility where our medical service members will learn how to move tactically in a building, engage targets, and how to practice target discrimination. Without this project those same service members will not

be able to attain and maintain efficiency for live fire training in urban environments, thus placing them at unnecessary risk when extracting battlefield casualties. I ask the committee to seriously review the prioritization of this project in the FYDP and consider including it in the Fiscal Year 2009 appropriation.

In conclusion, I hope that you consider the cost of deferring long-term infrastructure improvements for short-term needs. I trust that you will give ample consideration for my proposal to prioritize veterans health care facility funding. I thank the members of the sub-committee for your time and I appreciate your consideration of my testimony as you proceed toward an upcoming mark-up session.

Mr. EDWARDS. Ciro, thank you.

This isn't the first and won't be the last time you will be an eloquent spokesman for our military troops and their families and our veterans, and I want to salute you again for your work last year in seeing that we put money in the VA budget to create the first polytrauma center in the southwestern United States, which will be in San Antonio, as a result of your hard work.

Also, while I don't have any questions, and we will look at the project-specific requests you made, I want to thank you for bringing up BRAC.

If you had been here this morning at another meeting we had, Mr. Wamp, rightfully, talked to the Air Force chief of staff about what concerns we would have if we don't go back and fully fund BRAC.

And I know last year, you worked to see that we replaced 100 percent of the money that we had taken out of BRAC to add to veterans' health care needs, and I hope we can replace, if not every dollar, the vast majority of the money, $939 million, I believe, that we used out of BRAC–08 to put into other high priority military construction and veterans' programs.

And I know that, in fact, not only in the San Antonio area, but military bases all over the country and I think that it is important that Mr. Wamp, as our ranking member, and you and other key members have reminded us that we have got to keep our eye on BRAC, and try to get that in a supplemental.

Mr. RODRIGUEZ. Yes. And I want to thank you, and I don't know where you are on this, but I served 8 years on the Armed Services Committee, and I hope we don't do any more BRACs, and that is my hope, because there is no doubt that they have been real costly and there is a tendency to lowball them at the beginning, but they have been expensive.

But it is something now that we have to fulfill and we have done it. So we need to make sure we do the right thing and beef up in those areas where we have to.

And coming from a city where we have the largest base ever closed, which is Kelly Air Force Base, I am here to tell you that it has got 14,000 people working in there now and doing real well.

The other base, the only legislation of its kind in the country, which was Brooks City Base legislation, where we chose to BRAC that base ourselves and I don't have to tell you how hard that was in working with the labor side to assure them that they would have jobs.

That community is booming at Brooks City Base, but we also have the other BRACs both at Fort Bliss and downtown at Fort Sam Houston that we have to beef up on, and those contracts and those projections that were made earlier are much higher than what initially were anticipated.

So I would hope that we would come up to that.

Mr. EDWARDS. You bet. Thank you for your comments.

Mr. Wamp.

Mr. WAMP. I just want to commend Ciro for his initiative. If we had more members of the House that actually took charge of things like this, did their research, advocated in this kind of an effective way, we would be better off.

And I am impressed and I am grateful for your appearance here today.

Mr. RODRIGUEZ. Thank you very much. Thank you for having me.

Mr. EDWARDS. Thank you.

Mr. RODRIGUEZ. And I hope you continue to do this.

Mr. EDWARDS. Thank you. Thank you for being here.

We now have Cheryl Beversdorf. Ms. Beversdorf, welcome back to the subcommittee. It is good to have you back.

By way of introduction, Ms. Beversdorf is president and CEO of the National Coalition for Homeless Veterans, representing over 280 community-based homeless veterans' service providers in 48 states, the District of Columbia, Puerto Rico and Guam.

Ms. Beversdorf is a former Army nurse, and thank you for that service, and a former staff member of the Senate Veterans' Affairs Committee, and is a leading authority on homeless veterans' issues.

Let me just say, before you begin your remarks, we heard your testimony and that of others last year and that was a significant part of why we nearly doubled the funding for the Homeless Grant and Per Diem program.

We know we are just beginning. We hope a lot of the mental health care dollars we put into the budget will also go to providing the continuum of care that our homeless veterans need.

But to you and all those who testified, let me just say it may seem like a dog-and-pony show today as we run through this, but a lot of the ideas presented last year really did help us put together a historic bill for veterans last year.

Ms. BEVERSDORF. And it paid off.

Mr. EDWARDS. So welcome back.

Ms. BEVERSDORF. Thank you.

Mr. EDWARDS. And the 5 minutes is yours.

THURSDAY, MARCH 13, 2008.

NATIONAL COALITION FOR HOMELESS VETERANS

WITNESS

CHERYL BEVERSDORF, PRESIDENT AND CEO

STATEMENT OF CHERYL BEVERSDORF

Ms. BEVERSDORF. Thank you. Mr. Chairman, Mr. Wamp, the National Coalition for Homeless Veterans appreciates the opportunity to submit testimony before this subcommittee regarding VA appropriations for fiscal year 2009.

VA officials report the partnership between the VA and community-based organizations has substantially reduced the number of homeless veterans each night by more than 38 percent since 2003, a commendable record of achievement that must be continued if this nation is to provide the supportive services and housing options necessary to prevent homelessness among the newest generation of combat veterans from Operations Iraqi Freedom and Enduring Freedom.

Regarding the appropriations for the VA homeless veteran programs, Congress has established a number of programs within the VA to address homelessness among veterans, and the primary goal for these programs is to return homeless veterans to self-sufficiency and stable independent living.

Homeless veterans also receive primary medical care, mental health and substance abuse services at VA medical centers and community-based outpatient clinics through the health care for homeless veterans program, and my oral testimony contains recommendations for appropriations for several of these homeless veterans assistance initiatives.

Regarding the one that you had mentioned, the Homeless Vet Provider Grant Per Diem program, it is the nation's largest VA program to help address the needs of homeless veterans.

And last September, the GAO presented testimony before the House Veterans' Affairs Health Subcommittee regarding homeless veterans' programs and reported an additional 11,100 transitional housing beds are necessary to meet the demands of the estimated number of homeless veterans needing assistance.

And you are absolutely right, Mr. Chairman, thanks to the support of this subcommittee, Public Law 110–161 provided for $130 million, the fully authorized level, to be expended for the Grant and Per Diem program.

But based on the GAO's findings and the VA's projected needs, NCHV believes that $200 million authorization is now needed. The grant and per diem programs have evolved into a homelessness prevention network as much as a proven intervention, care and treatment collaborative partner with the VA, and an increase in the funding level for the next several years would help to ensure and expedite VA's program expansion targets and guarantee continued declines in veterans homelessness.

Regarding special needs, the VA provides these to VA health care facilities and existing grant and per diem recipients to assist them in serving homeless veterans with special needs.

Before these grants, Public Law 109–461 authorized appropriations of $7 million for fiscal year 2007 through 2011. And the increased risk of homelessness among these populations, and I especially want to emphasize women veterans, which is, frankly, the fastest growing cohort, because of the fact that women now make up 15 percent of the military, and this warrants funding for the special needs grant above the currently authorized level, and additional grant and per diem program funding would address this need.

Another program, HUD–VASH, which I remember you talked about last year, that program provides permanent housing and ongoing treatment services to the harder to serve homeless veterans with chronic mental health and substance abuse issues.

NCHV was incredibly pleased with Public Law 110–161, which included $75 million to be used for 7,500 Section 8 vouchers for homeless and disabled programs. And we are pleased that HUD has requested an additional $75 million for this program in the fiscal year 2009 budget.

Under this program, VA must provide funding for the ongoing treatment services to veterans receiving these rental vouchers.

We believe that the $7.8 million which was proposed in their budget for fiscal year 2009 was agreed to before the dramatic increase and the HUD–VASH vouchers became law and without knowledge of the HUD's fiscal year 2009 proposal.

With each housing voucher requiring approximately $5,700 in supportive services, we estimate approximately $45 million will be needed to adequately serve 7,500 or more clients in the HUD–VASH housing units.

Regarding mental health programs, you are right, virtually every community-based organization providing assistance to veterans in crisis depends on the VA for access to comprehensive health services, including screenings, counseling and necessary treatment as a matter of course.

The VA's mental health strategic plan has increased the number of clinical psychologists and other mental health professionals and VA medical centers, community-based outpatient clinics, and vets' centers.

We believe the budget's proposed funding would facilitate further implementation to the plan and urge the subcommittee to provide adequate funding to support this effort.

One last program, and that is the homeless veterans reintegration program. I know that this does not fall under this subcommittee's jurisdiction. However, I would just point out to this subcommittee that it is actually the only program wholly dedicated to providing employment assistance to homeless veterans.

And based on the program's success in terms of employment outcomes for one of the most difficult populations to serve and its cost-effectiveness as compared to other employment placement programs, NCHV believes that this program should be funded in fiscal year 2009 at its full $50 million authorization level.

An appropriation of this level would enable HVRP grantees to reach approximately 3,600 homeless veterans.

NCHV thanks this subcommittee for its service to America's veterans in crisis and would be happy to answer any questions.

[Prepared statement of Cheryl Beversdorf follows:]

660

Statement of the

National Coalition *for* Homeless Veterans

Before the

Committee on Appropriations,
Subcommittee Military Construction and Veterans Affairs
United States House of Representatives

Hearing on VA Appropriations for Fiscal Year 2009

March 13, 2008

The National Coalition for Homeless Veterans (NCHV) appreciates the opportunity to submit testimony to the House Appropriations Subcommittee on Military Construction and Veterans Affairs that includes recommendations on FY 2009 appropriations for and program management issues related to the U.S. Department of Veterans Affairs (VA).

Established in 1990, NCHV is a nonprofit organization with the mission of ending homelessness among veterans by shaping public policy, promoting collaboration, and building the capacity of service providers. NCHV is the ***only*** national organization wholly dedicated to helping end homelessness among America's veterans.

The majority of NCHV members, which includes nearly 280 organizations in 48 states, the District of Columbia, Puerto Rico and Guam, provide the full continuum of care to homeless veterans and their families, including emergency shelter, food and clothing, primary health care, addiction and mental health services, employment supports, educational assistance, legal aid and transitional and permanent housing.

In 2007, VA reported about 196,000 veterans are homeless on a given night and 400,000 veterans experience homelessness at some time during the year. The VA reports its homeless veteran programs serve 100,000 veterans annually, and NCHV member community-based organizations (CBOs) serve another 150,000.

VA officials recently reported the partnership between the VA and community-based organizations has substantially reduced the number of homeless veterans each night by more than 38 percent since 2003 – a commendable record of achievement that must be continued if this nation is to provide the supportive services and housing options necessary to prevent homelessness among the newest generation of combat veterans from Operations Iraqi Freedom and Enduring Freedom (OIF/OEF).

■ FY 2009 Department of Veterans Affairs Appropriations Recommendations

Congress has established a number of programs within VA to address homelessness among veterans. The primary goal for these programs is to return homeless veterans to self-sufficiency and stable independent living. The major homeless veterans programs administered by the VA include the Homeless Providers Grant and Per Diem (GPD) program, which includes transitional

housing, supportive services centers, special needs grants, GPD program liaisons, and Stand Down support; the HUD-Veterans Affairs Supported Housing (HUD-VASH) program; the Multifamily Transitional Housing Loan Guarantee Program; and the Compensated Work Therapy Transitional Residence program. Homeless veterans also receive primary medical care, mental health and substance abuse services at VA medical centers and community-based outpatient clinics (CBOCs) through the Health Care for Homeless Veterans (HCHV) program.

The landmark Homeless Veterans Comprehensive Assistance Act of 2001 (P.L. 107-95) established new program authorities and reauthorized long-standing homeless programs within the VA. While the authorization law set explicit funding levels for many of the VA homeless programs and authorities, actual annual spending levels are set by the VA Secretary via allocation of funds from the VA medical services account, which are appropriated by Congress.

VA homeless veteran programs function not only as a safety net for homeless veterans unable or hesitant to access emergency shelter, transitional housing or supportive services organized for the general population, they also function as a safety valve when other VA programs fail to reach veterans at a high risk of homelessness, such as veterans with chronic mental illnesses, addictions and extreme economic hardships.

Our testimony will focus on these homeless veteran assistance initiatives. We have testified many times about the need for additional funding for transitional housing and services for veterans in crisis, and celebrate the reduction in homelessness among these deserving men and women during the last six years. As we continue that legacy, we must also provide supports that will *prevent* homelessness among OIF/OEF veterans returning from war.

Homeless Provider Grant and Per Diem Program

The Homeless Provider Grant and Per Diem Program (GPD) is the nation's largest VA program to help address the needs of homeless veterans and supports the development of transitional, community-based housing and the delivery of supportive services. The program's goals are to help homeless veterans achieve residential stability, increase their skill levels and income, and achieve greater self-determination. The GPD Program provides competitive grants to community-based, faith-based and public organizations to offer transitional housing and service centers for homeless veterans. The GPD program is an essential component of the VA's continuum of care for homeless veterans, assuring the availability of social services, employment supports and

direct treatment or referral to medical treatment. The program also funds GPD liaisons who provide program oversight, inspections and outcomes reporting essential to the success and efficiency of grant recipients.

In September 2007 the General Accountability Office (GAO) presented testimony before the House Veterans Affairs Subcommittee on Health regarding homeless veterans programs, and reported an additional 11,100 transitional housing beds are needed to meet the demand presented by current VA estimates of the number of homeless veterans in need of assistance. This need does not yet include the increased requests for services expected from OIF/OEF veterans over the next three to five years.

The Consolidated Appropriations Act of 2008 (Public Law 110-161) provided for $130 million, the fully authorized level, to be expended for the GPD program. We greatly appreciate this Subcommittee's leadership to ensure that amount was included in the FY 2008 budget. However, based on GAO's findings and VA's projected needs for additional GPD beds, NCHV believes a $200 million authorization is needed. An increase in the funding level for the next several years would help ensure and expedite VA's program expansion targets. It would provide critical funding for service, or drop-in, centers – the primary portal that links veterans in need with the people who can help them. It would guarantee continued declines in veteran homelessness, and provide for scaling back the funding as warranted by the VA's annual Community Homelessness Assessment, Local Education and Networking Group (CHALENG) reports. The GPD program has evolved into a homelessness prevention network as much as a proven intervention care and treatment collaborative partner with the VA.

Special Needs Grants

The VA provides grants to VA health care facilities and existing GPD recipients to assist them in serving homeless veterans with special needs including women, women who have care of dependent children, chronically mentally ill, frail elderly and terminally ill veterans. Initiated in FY 2004, VA has provided special needs funding to 29 organizations totaling $15.7 million. The VA Advisory Committee on Homeless Veterans 2007 report states the need and complexity of issues involving women veterans who become homeless are increasingly unexpected. Recognizing women veterans are one of the fastest growing homeless populations and the need and complexity of those who become homeless is increasing, the Committee recommended future notices of funding availability target women veteran programs including special needs grant

offerings. P.L. 109-461 authorizes appropriations of $7 million for FY 2007 through FY 2011 for special needs grants. The increased risks of homelessness among each of these populations, especially women, warrants funding for special needs grants above the currently authorized level. Additional funding for the Grant and Per Diem Program would address this need.

HUD-VASH

The joint HUD-VA Supported Housing Program (HUD-VASH) provides permanent housing and ongoing treatment services to harder-to-serve homeless veterans with chronic mental health, emotional and substance abuse issues. HUD-VASH helps veterans lead healthy and productive lives off the streets. NCHV was pleased P.L. 110-161 included $75 million to be used for 7,500 or more Section 8 vouchers for homeless and disabled veterans in FY 2008. We are also pleased HUD has requested $75 million for this program in its FY2009 budget.

Under HUD-VASH, HUD funds provide rental assistance and VA provides funding for supportive services, including case management, to veterans receiving rental vouchers. We believe the $7.8 million in the FY2009 VA budget proposal was agreed upon before the dramatic increase in HUD-VASH vouchers became law. Based on historical data that shows each housing voucher requires approximately $5,700 in supportive services – such as case management, personal development and health services, transportation, etc. – we estimate approximately $45 million will be needed to adequately serve 7,500 or more clients in HUD-VASH housing units. The FY2009 VA budget must reflect a significant increase in funding these services. Rigorous evaluation of this program indicates this approach significantly reduces the incidence of homelessness among veterans challenged by chronic mental and emotional conditions, substance abuse disorders and other disabilities.

Multifamily Transitional Housing Loan Guarantee Program

This initiative authorizes VA to guarantee 15 loans with an aggregate value of $100 million for construction, renovation of existing property, and refinancing of existing loans to develop transitional housing projects for homeless veterans and their families. First authorized in 1998, only two projects have survived beyond the initial planning stages – in Chicago and San Diego – and only St. Leo's in Chicago has been developed.

While we believe this program seemed promising in its original design and intent, the real-life difficulties in long-term coalition building, planning and economic hardships developers have

encountered to date strongly suggest a much more practical and streamlined program should be developed to address the critical supportive housing needs of homeless veterans and those at serious risk of homelessness due to chronic health problems and poverty.

A congressionally mandated analysis of 2000 U.S. Census data in FY2006 revealed approximately 1.5 million veterans are living below the federal poverty level. The GAO and VA's own reports indicate an immediate need for more than 11,100 additional transitional housing beds for homeless veterans. And combat veterans from Iraq and Afghanistan – now in the fourth year of their repatriation – are requesting assistance in increasing numbers at VA and community-based service providers. The need for increased service capacity is immediate, and many community-based providers have successfully developed additional transitional and longer-term residential opportunities for their clients. We believe the resources earmarked for the Multifamily Transitional Housing Loan Guarantee Program might be better allocated to support projects that can be developed and brought on-line more swiftly.

Compensated Work Therapy/Transitional Residence (CWT/TR) Program

In VA's Compensated Work Therapy/Transitional Residence (CWT/TR) Program, disadvantaged, at-risk, and homeless veterans live in CWT/TR community-based supervised group homes while working for pay in VA's Compensated Work Therapy Program (also known as Veterans Industries). Veterans in the CWT/TR program work about 33 hours per week, with approximate earnings of $732 per month, and pay an average of $186 per month toward maintenance and up-keep of the residence. The average length of stay is about 174 days. VA contracts with private industry and the public sector for work done by these veterans, who learn new job skills, relearn successful work habits, and regain a sense of self-esteem and self-worth. We are pleased to see the additional funding provided for in the FY2009 proposed budget.

Mental Health Programs

Virtually every community-based organization that provides assistance to veterans in crisis depends on the VA for access to comprehensive health services, and without exception their clients receive mental health screenings, counseling and necessary treatment as a matter of course. These services are well documented, and case managers report this information to the VA as prescribed in their grant reports. Follow-up services – counseling, substance abuse treatments, outpatient therapies, medication histories and family support initiatives – are also monitored closely and reported in client case files.

Despite significant challenges and budgetary strains, the VA has quadrupled the capacity of community-based service providers to serve veterans in crisis since 2002, a noteworthy and commendable expansion that includes, at its very core, access to mental health services and suicide prevention. The development of the VA Mental Health Strategic Plan from 2003 through November 2004, and its implementation over the last three years with additional funding, has increased the number of clinical psychologists and other mental health professionals at VA medical centers, community-based outpatient clinics (CBOCs) and VA Readjustment Counseling Centers (Vet Centers). We believe the VA budget proposal would facilitate further implementation of the Mental Health Strategic Plan.

We strongly recommend, however, that more attention be directed to simplifying and expanding access to *community* mental health clinics for OIF/OEF veterans in communities not well served by VA facilities. Current regulations allow a veteran to apply for authorization to access services at non-VA facilities, but the process is often frustrating and problematic, particularly for a veteran in crisis. Protocols should be developed to allow the VA and community clinics to process a veteran's request for assistance directly and immediately without requiring the patient to first apply at a VA medical facility. In the interest of maximizing the immediate benefit of mental health supports and minimizing the risk of harmful and even suicidal responses by a veteran to debilitating pressures – perceived or real – this initiative should be universal and well publicized.

Homeless Veterans Reintegration Program Appropriations Recommendation

The Homeless Veterans Reintegration Program (HVRP) does not fall under this Subcommittee's jurisdiction. However, among federal homeless veteran programs, it is the only one wholly dedicated to providing employment assistance to homeless veterans. HVRP is funded by the Department of Labor (DOL) Veterans' Employment and Training Service (VETS) in compliance with the requirements of 38 United States Code, Section 2021, as added by Section 5 of Public Law 107-95, the Homeless Veterans Comprehensive Assistance Act of 2001. Section 2021 requires the Secretary of Labor to conduct, directly or through grant or contract, such programs as the Secretary determines appropriate to expedite the reintegration of homeless veterans into the labor force.

HVRP fills a special need because it serves veterans who may be shunned by other programs and services because of problems such as severe post-traumatic stress disorder, long histories of

substance abuse, serious psychosocial problems, legal issues, and those who are HIV-positive. These veterans require more time-consuming, specialized, intensive assessment, referrals and counseling than is possible in other programs that work with veterans seeking employment.

DOL estimates 15,095 homeless veterans will be served through HVRP at the FY 2009 appropriation level of $25.62 million. This figure represents less than ten percent of the overall homeless veteran population. The Veterans Housing Opportunity and Benefits Improvement Act of 2006 (P.L. 109-233) authorized HVRP to be appropriated at $50 million for each of fiscal years 2007 through 2009. Based on the program's success in terms of employment outcomes for one of the most difficult populations to serve and its cost effectiveness as compared to other employment placement programs, NCHV believes the program should be funded in FY 2009 at its full $50 million authorization level. An appropriation at this level would enable HVRP grantees to reach approximately 36,000 homeless veterans.

VA Homeless Veterans Program Management Recommendation

GPD Payment

Among Congress's intent when it adopted the Homeless Veterans Comprehensive Assistance Act (P.L. 107-95) was to simplify the process for paying GPD grantees. Regrettably, VA is requiring GPD grantees to submit extensive documentation regarding their sources of project funding in order to secure per diem payments at the maximum rate permitted by statute, which is the rate authorized for State homes for domiciliary care. This requirement limits providers from using their other funds as leverage, and instead forces them to use them as subsidy.

In addition, GPD grantees are not allowed to use GPD funds, either in capital development projects or operating per diem payments as a match to any other federal grant source, including pass-through dollars. To address these issues, NCHV is urging Congress to introduce legislation that would provide relief to current community- and faith-based providers in addition to organizations that may be interested in applying to the GPD program in the future. The new legislation would revise the per diem payment program to allow payments to be related to service costs rather than a capped rate and would also encourage high cost service areas to participate. The legislation would also direct the Secretary to ensure grantees under the GPD program are reimbursed for services to homeless veterans without decrementing the GPD rate based on other income streams. Additionally, the legislation would direct the Secretary to clarify that GPD funds may be used by recipients as matching funds for other federal grants or payments.

Conclusion

NCHV thanks this Subcommittee for its support of America's veterans in crisis. It has been a long and difficult campaign, but hundreds of thousands of lives have been restored and thousands of lives have been saved. We are honored to work alongside the Congress, the Administration, our federal partners, and the service provider network that has transformed policy into hope and redemption for these deserving men and women. What we have learned in the last 20 years is the greatest promise we can offer the new generation of combat veterans coming home from Iraq and Afghanistan – we are prepared to honor your service, help heal your wounds, and ensure you enjoy the blessings of the freedom you have preserved.

Mr. EDWARDS. Thank you for your excellent testimony and always being very specific.

The reintegration program, you said we don't have responsibility for that. What subcommittee or committees?

Ms. BEVERSDORF. Labor HHS.

Mr. EDWARDS. That is Labor HHS.

Ms. BEVERSDORF. Yes.

Mr. EDWARDS. All right.

Ms. BEVERSDORF. And it has actually been authorized for quite some years already at $50 million and each year, there is always about a $2 million increase. It is actually now about $25.6 million.

Mr. EDWARDS. So let me just say to you, we are going to stay focused on homeless veterans. I think last year was the first time, at least to my knowledge, that this subcommittee had a hearing specifically on the homeless veterans issue and we are going to stay focused until there is not one homeless veterans anywhere in America.

Ms. BEVERSDORF. Thank you.

Mr. EDWARDS. Let me ask you just one question about the per diem program.

I understand that for a veteran to be able to use that, does the place where they are staying have to have a certain number of veterans in it or a majority of veterans in it?

Ms. BEVERSDORF. Seventy-five percent, between 60 percent and 75 percent, and the grant comes from the VA and it goes to the organization.

Mr. EDWARDS. What if you have got a mid-size or a rural community where there is one homeless veteran in that community, what would be wrong with them going into some local homeless shelter and they can prove that that person is a veteran, then that shelter could get reimbursement?

Is it a quality control issue?

Ms. BEVERSDORF. We may have to introduce new legislation for that. I mean, we certainly very much support the fact that, you are right, sometimes veterans live quite a ways from a VA medical center or from a community-based organization.

So that would probably require some kind of legislation to be introduced that would allow reciprocity that that person could go to a non-grant and per diem program, but then ultimately get reimbursed.

The one thing that is really very important to know about the grant and per diem program and the community-based organizations, it is veterans helping veterans.

Mr. EDWARDS. Right.

Ms. BEVERSDORF. And the idea is that—and, also, they are close to a VA medical center. But I do understand what you are saying and we would even like to see that, for example, community health centers or mental health centers, perhaps they, too, could get reimbursed, even if they are not homeless, but they might be in crisis.

So the idea is if they could go to a civilian facility and at least get some help rather than say, "Oh, sorry, you are a veteran, you will have to go to the VA medical center," by that time, it might be too late.

Mr. EDWARDS. Would you look into those issues and would you specifically look at the question of what are the implications of being, good and bad, for the grant and per diem program, if we didn't have that requirement?

My hometown of Waco, I am told that one or two homeless veterans went to a local shelter and I think they received housing, but I don't know why they shouldn't be able to get some reimbursement.

Ms. BEVERSDORF. Did they get supportive services then, too, do you know?

Mr. EDWARDS. I don't know. I don't have the details. I will have to follow up on that.

But I would welcome your coalition evaluating that and telling us what you think the pluses and minuses would be of opening up that program.

Obviously, we would need additional money, because we don't want to take away from the care providers we have. But if we could get additional money, are there any downsides to allowing a veteran to go in, whether it is 15 homeless people and they are one of 15. At least they would have a roof over their heads.

Ms. BEVERSDORF. Right. And they would still get the benefits of the program itself.

Mr. EDWARDS. Yes.

Ms. BEVERSDORF. I understand what you are saying.

Mr. EDWARDS. Thank you.

Mr. Wamp.

Mr. WAMP. As a longtime proponent of mental health parity veterans who are mentally healthy are not near as likely to be homeless.

And so we are hearing from the psychologists, the psychiatrists, your organization, this is a huge priority and I am grateful that there is a coming together in this country around the criticality of mental health and the fact that if it is treated as a disease and people have their medications, they can become functional and operational and successful in our society, and that is at the heart of this.

I am grateful for your work, but I join the chairman in a commitment to not leaving any veteran behind.

Thank you.

Ms. BEVERSDORF. And you are absolutely right. When people ask why veterans are homeless, it is actually three issues. It is the health issue, like PTSD, traumatic brain injury, substance abuse issues, then the employment issues.

That is why HVRP is so important. And then affordable housing. I mean, all of these are factors which evolve as a result of their service in the military and they all need to be addressed in order to help these men and women not be homeless anymore.

Mr. WAMP. Thank you.

Mr. EDWARDS. Mr. Bishop.

Mr. BISHOP. I would just like to thank you for the job that you do. Thank you for your advocacy and I appreciate very much your testimony here today, and that is all I have.

Mr. EDWARDS. Thank you for your noble service.

Ms. BEVERSDORF. Thank you.

Mr. EDWARDS. I would now like to call our next witness, Terri Weaver, with the American Lung Association.

Ms. Weaver, welcome back to the subcommittee.

Ms. WEAVER. Thank you.

Mr. EDWARDS. Ms. Weaver is a nurse and a professor and researcher at the University of Pennsylvania. She is also past chair of the American Lung Association's board of directors.

We are glad to have you here. Again, your full testimony will be submitted for the record, but we would like to recognize you for 5 minutes now, Ms. Weaver.

THURSDAY, MARCH 13, 2008.

AMERICAN LUNG ASSOCIATION

WITNESS

TERRI WEAVER, PHD, RN, FAAN

STATEMENT OF TERRI E. WEAVER

Dr. WEAVER. Thank you, Chairman Edwards, Mr. Wamp, Mr. Bishop.

As Chairman Edwards introduced me, I am Dr. Terri Weaver. I am testifying on behalf of the American Lung Association in support of veterans' medical care and research.

I am a nurse, I am a professor, and I am a researcher, but I am also past chair of the board of directors of the American Lung Association, which was founded in 1904, which you might recall, to fight tuberculosis, and today we still fight to prevent lung disease and promote lung health through research, advocacy and education.

And we are very strong in supporting the Department of Veterans' Affairs in this important fight against respiratory disease.

The Department of Veterans' Affairs cares for over five million veterans, one million of which has chronic lung disease.

First, I want to thank the Chairman and the committee for their support of our request to increase the VA medical research funding of $480 million in fiscal year 2008. This investment will save lives.

We are also, however, pleased to see an increase in the president's budget for VA medical care. However, when there is a time when we ask veterans to do so much, we feel that this is so little and we need to do more.

The American Lung Association supports the nation's leading veterans' organization's budget request of $42.8 billion for medical care called for in the Independent Budget.

The American Lung Association is very concerned about the president's budget proposing cuts in medical research by $38 million. The cut is unacceptable and it really rolls back the progress that we experienced last year.

As a nurse, I support the urgent need for increased funding for medical care and research for the newer types of illnesses we are seeing, some of which you alluded to, but, also, acute traumatic injuries, central nervous system injuries, as well as pulmonary injuries.

We are also acutely aware of veterans in Iraq and Afghanistan who are also potentially exposed to bioterrorism and avian influenza that also affects the lungs, and we know there are men and women on the front lines and we have to really consider that.

The nation has also committed to all veterans—nearly 40 percent are over the age of 65. So along with the existing illnesses that we see in our younger veterans are illnesses such as hypertension, chronic obstructive pulmonary disease, hyperglycemia, which usually affected older individuals, and now is the time to increase funding for research at the VA to meet emerging needs and existing disease burdens.

The American Lung Association recommends and supports increasing VA Medical and Prosthetics Research program to $555 million.

I want to speak briefly about chronic obstructive pulmonary disease, which is on the increase, primarily caused by smoking. It is composed of both bronchitis and emphysema, and we have a large human and financial cost within the VA.

And 16 percent of veterans in the Department of Veterans' Affairs health care system have a diagnosis of COPD. It ranks fifth in the most prevalent disease in the VA population.

It is the fourth most common cause of death in the United States and by 2020, it will rise to the third leading cause of mortality.

We have, however, proven interventions which are effective and good treatments and rehabilitation that decrease exacerbations, hospitalizations, and documented improved quality of life.

In 2001, smoking prevalence was 43 percent higher for VA patients than the general population. In 2005, however, smoking prevalence among VA patients dropped to 23 percent, similar to that for the U.S. population of 21 percent.

Most of this was due to VA smoking cessation programs. This is commendable and a life-saving achievement and this committee really should be very proud of this accomplishment.

We urge the committee to continue to support smoking cessation efforts for all veterans.

Mr. Chairman, in summary, our nation's veterans deserve excellent care. They are giving the ultimate price and really sacrificing much.

Research programs funded by the VA have potential to improve the quality of life and health outcomes for all Americans, especially our veterans.

The American Lung Association supports increasing the investment in research to $555 million and funding VA medical care to $42.8 billion.

And I thank you so much for this opportunity to testify.

[Prepared statement of Terri E. Weaver follows:]



Bruce A. Herring
Chair

Stephen J. Nolan, Esq.
Chair-elect

Terri E.Weaver,
PhD,RN,FAAN
Past-Chair

Christine L. Bryant
Secretary

Terrence L. Johnston
Treasurer

NATIONAL HEADQUARTERS

Bernadette A. Toomey
President &
Chief Executive Officer

61 Broadway
New York, NY 10006-2701
phone: (212) 315-8700
fax: (212) 315-8800

1150 18th Street, NW
Suite 900
Washington, DC 20036-3816
phone: (202) 785-3355
fax: (202) 452-1805

For over 100 years,
the nationwide American Lung
Association has worked in
the fight against lung disease.

lungusa.org

1-800-LUNG-USA
(1-800-586-4872)

CURES
CLEAN AIR
SMOKEFREE KIDS

Achieving Life
Every Breath at a Time

STATEMENT OF THE AMERICAN LUNG ASSOCIATION ON

FISCAL YEAR 2009 APPROPRIATIONS FOR THE

VETERANS AFFAIRS MEDICAL RESEARCH PROGRAM

BEFORE THE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS AND RELATED AGENCIES

PRESENTED BY

Terri E. Weaver, PhD. RN, FAAN

March 13, 2008

Mr. Chairman, members of the Committee, I am Terri Weaver and am testifying on behalf of the American Lung Association's support for veterans' medical care and research. I am a nurse, a professor and a researcher at the University of Pennsylvania and the Past- Chair of the American Lung Association's Board of Directors. The American Lung Association was founded in 1904 to fight tuberculosis and today, we focus on preventing lung disease and promoting lung health through research, advocacy and education. The Department of Veterans Affairs is a very important component in the fight against respiratory disease. It provides health care to more than five million veterans, over one million of whom have chronic lung disease.

First, on I want to thank you, Mr. Chairman, and this entire committee for increasing the investment in life saving medical research at the VA to $480 million -- the level recommended by the American Lung Association. This investment will help to save lives.

The American Lung Association is pleased to see an increase in the President's budget for VA **medical care**. However, at a time when the nation is asking so much from the Veterans healthcare system, more is needed. **The American Lung Association supports the nation's leading veterans' organizations' budget request of $42.8 billion for medical care called for in the Independent Budget.**

The American Lung Association is concerned that the President's budget proposes cutting **medical research** by $38 million. This cut is unacceptable and rolls back the progress made last year. As a nurse, I support the urgent need for increased funding for medical care and medical research on acute traumatic injury, central nervous system injury and related disorders for our newest veterans. Too many young men and women are returning from Iraq and Afghanistan with these injuries. The American Lung Association is also mindful that most agents of bioterrorism and avian influenza affect the lungs, and that our servicemen and women will be on the front lines of efforts to counter these. The nation also has a commitment to all veterans; nearly 40% of our veterans are over age 65. Therefore, chronic diseases such as hypertension, chronic obstructive pulmonary disease, mental disorders, ischemic heart disease, and hyperlipidemia are now the most prevalent in the VA system. Now is the time to increase funding for research at the VA to meet emerging needs and the existing disease burden. **The American Lung Association recommends and supports increasing VA Medical and Prosthetics Research to $555 million.**

Since chronic lung disease has such a large human and financial cost within the VA system, I would like to focus on lung disease and in particular, **Chronic Obstructive Pulmonary Disease, or COPD.** An estimated 16% of veterans in the Department of Veterans Affairs (VA) Health Care System have been diagnosed with COPD. COPD ranks as the fifth most prevalent disease in the VA patient population. It is the 4th most common cause of death in the United States, and it is projected to become the 3rd leading cause of mortality by 2020. COPD is amenable to early diagnosis with a simple breathing test. Proven interventions are effective, and treatments have been shown to decrease exacerbations, hospitalizations, and improve quality of life. Recent advances in the diagnosis and treatment of COPD have been summarized in national and international guidelines in the past few years, but have not yet found their way into general medical practice. This needs to change to turn the tide of increasing COPD death.

COPD is a term referring to two lung diseases, chronic bronchitis and emphysema. They are both characterized by obstruction to airflow through the bronchial tubes, which interferes with normal breathing. Some people with COPD also have asthma.

Emphysema begins with destruction of the air sacs, also called alveoli, in the lungs where oxygen from the air is exchanged for carbon dioxide in the blood. The walls of the air sacs are thin and fragile. Damage to the air sacs is irreversible and results in permanent "holes" in the tissues of the lower lungs. As air sacs are destroyed, the lungs are able to transfer less and less oxygen to the bloodstream. The lungs also lose their elasticity, which usually helps to keep airways open and to exhale. The loss of elasticity and air sacs results in shortness of breath and difficulty exhaling.

Symptoms of emphysema include cough, shortness of breath and a limited exercise tolerance. Diagnosis is made by a simple and painless breathing test called spirometry, along with a medical history, physical examination and other tests. Emphysema doesn't develop suddenly. It comes on very gradually. Years of exposure to cigarette smoke and other respiratory irritants precede emphysema. It is prevented, and its progression is slowed or stopped by avoiding these irritants. Of the estimated 4.1 million Americans ever diagnosed with emphysema, 93 percent are 45 or older. While this was previously a man's disease, the gap between men and women is narrowing. Quality of life for a person suffering from COPD diminishes as the disease progresses. At the onset, there is minimal shortness of breath. People with COPD may eventually require supplemental oxygen and may have to rely on mechanical respiratory assistance.

Chronic bronchitis refers to inflammation and eventual scarring of the lining of the bronchial tubes. When bronchial tubes are inflamed or infected, the lungs attempt to manage the irritation by producing more mucus, which can itself impede airflow and cause a chronic productive cough. Chronic bronchitis is defined by the presence of a productive cough most days of the month, three months of a year for two successive years without other underlying disease to explain the cough. Chronic inflammation eventually leads to scarring of the lining of the bronchial tubes. The bronchial tubes then make an ideal breeding place for bacterial infections, which is a frequent reason for hospitalization and emergency visits for people with COPD. Of the 9.5 million people diagnosed with chronic bronchitis in 2006, 33.6 % were younger than 45.

National guidelines for the diagnosis and management of COPD include: Earlier recognition and awareness of symptoms will enable earlier diagnosis with relatively low cost testing. A diagnostic breathing test costs less than a single typical COPD medication prescription. It's an excellent investment against future, much higher costs of severe disease management. Once a diagnosis of COPD is made, stopping smoking and exposure to respiratory irritants has been shown to be the most effective treatment for the prevention and slowing of further damage to the lungs, and frequently diminishes or stops the production of excess sputum. Also effective in COPD is inhaled medication, which has been shown to decrease exacerbations and hospitalizations for more advanced disease, and improves quality of life and symptoms in many people with COPD. Immunization for influenza is also effective prevention. Oxygen therapy has been shown to prolong life and improve exercise tolerance in those who require it.

Pulmonary rehabilitation, provided by a team of health professionals, has been shown to help people cope physically, psychologically, and socially with COPD, is a recognized standard of care for COPD, and has been shown to decrease hospitalization rates, and improve quality of life and activity levels.

One cannot discuss lung disease without discussing smoking. In 2001, smoking prevalence was 43% higher for VA patients than the general population. In 2005, smoking prevalence among VA patients dropped to 23%, a similar percentage to the U.S. adult population that smokes (21%), mostly due to the VA's cessation efforts. This is a commendable and life saving achievement and this Committee should be very proud of this accomplishment. Smoking related illnesses are the leading cause of preventable death and disease among veterans, and account for between 12-20% of all medical costs. However, at a time when the youth of our nation are smoking less than ever, the American Lung Association remains concerned about the high smoking rates among active duty personnel and anecdotal reports of very high smoking rates among personnel deployed in Iraq and Afghanistan. **Mr. Chairman, we recommend that you highlight the high rates of tobacco use, and its future toll, by active duty military and veterans. We recommend that the Department of Defense and the Department of Veterans Affairs increase effective efforts to prevent tobacco use and increase tobacco cessation. The American Lung Association recommends a comprehensive approach to counter tobacco addiction through comprehensive cessation services, health care providers, behavior modification, telephone quit line support and pharmaceutical intervention. Tobacco prevention and education efforts need to be increased and smoke-free work environments should be provided for all personnel.**

Cigarette smoking is associated with a tenfold increase in the risk of dying from chronic obstructive lung disease. About 80-90% of all deaths from chronic obstructive lung diseases are attributable to cigarette smoking. In short, the best way to prevent COPD and many diseases the VA healthcare system manages is to quit smoking, or not smoke in the first place. It is possible to reduce the burden of Chronic Obstructive Pulmonary Disease and tobacco addiction in the VA system through using proven, effective measures summarized in national guidelines.

Mr. Chairman, in summary, our nation's veterans deserve excellent health care. Research programs funded by the VA have the potential to improve the quality of life and health outcomes for all Americans, especially our veterans. **The American Lung Association supports increasing the investment in research to $555 million and funding VA medical care to of $42.8 billion.** Thank you.

CURRICULUM VITAE
TERRI ELIZABETH WEAVER, PH.D., RN, FAAN

BUSINESS ADDRESS
University of Pennsylvania - School of Nursing
418 Curie Boulevard
Philadelphia, PA 19104-6096
215/898-2992
215/573-7492 (fax)
tew@nursing.upenn.edu

License #: Pennsylvania RN-193089-L
ANA Certification - Clinical Specialist in Medical - Surgical Nursing # 043934-05 1984 - 2006

EDUCATION

Postdoctoral Fellowship	1990-92	Gerontological Nurse Research Associate University of Pennsylvania School of Nursing Philadelphia, PA National Institute on Aging Teaching Nursing Home Program (Allan I. Pack, MD, PhD, Lois K. Evans, PhD, FAAN, sponsors)
Ph.D.	1990	University of Pennsylvania Philadelphia, PA Major: Nursing
MSN	1978	University of Pennsylvania Philadelphia, PA Major: Advanced Clinical Practice in Adult Health and Illness Clinical Subspecialty: Pulmonary Nursing
BSN	1973	University of Pittsburgh Pittsburgh, PA Major: Nursing

PROFESSIONAL EXPERIENCE

2007 – present	Professor of Nursing University of Pennsylvania, School of Nursing Philadelphia, PA
2005 - present	Member, Biobehavior Research Center University of Pennsylvania, School of Nursing
2002 - present	Chair, Biobehavioral and Health Sciences Division University of Pennsylvania, School of Nursing Philadelphia, PA
2001 - 2006	Member, Hartford Center for Gerontological Nursing Excellence University of Pennsylvania, School of Nursing
2001- present	Associate Professor (Secondary Appointment) Department of Medicine, Division of Sleep Medicine University of Pennsylvania, School of Medicine Philadelphia, PA

1998 - present	Senior Fellow, Leonard Davis Institute of Health Economics University of Pennsylvania Philadelphia, PA
1997 - present	Associate Professor University of Pennsylvania, School of Nursing Philadelphia, PA
1996 - 2000	Co-Director, Center for Urban Health Research University of Pennsylvania, School of Nursing Philadelphia, PA
1994 - present	Collaborator, Unit for Experimental Psychiatry, Department of Psychiatry University of Pennsylvania, School of Medicine Philadelphia, PA
1993 - present	Consultant, Penn Center for Sleep Disorders University of Pennsylvania Medical Center Philadelphia, PA
1993 –1999	Research Fellow, Center for Advancing Care in Serious Illness University of Pennsylvania, School of Nursing Philadelphia, PA
1991 - present	Member, Center for Sleep and Respiratory Neurobiology University of Pennsylvania, School of Medicine Philadelphia, PA
1991 - 1997	Assistant Professor and Course Director University of Pennsylvania, School of Nursing Philadelphia, PA
1990 - present	Fellow, Institute on Aging University of Pennsylvania Philadelphia, PA
1987 - 1991	Lecturer University of Pennsylvania, School of Nursing Philadelphia, PA
1985 - 1987	Teaching Assistant University of Pennsylvania, School of Nursing Philadelphia, PA
1978 - 1985	Pulmonary Clinical Nurse Specialist Hospital of the University of Pennsylvania Clinical Preceptor, Instructor University of Pennsylvania, School of Nursing Philadelphia, PA
1976 - 1978	Critical Care Coordinator Shore Memorial Hospital Somers Point, NJ
1973 - 1976	Staff Nurse II, Intensive Care Unit George Washington University Medical Center Washington, DC
1973 (June - August)	Staff Nurse Shore Memorial Hospital Somers Point, NJ

Mr. EDWARDS. Thank you, Dr. Weaver.

Am I correct in understanding that VA medical research played a key role in coming up with a cure to TB? Are you familiar with the VA's role in that?

Dr. WEAVER. Actually, there are many discoveries that have been attributed to research that has been conducted at the VA, TB being one of them. But there is a long list of really phenomenal discoveries that have come out of the VA medical system, even to this day, because I think one of the unique things that the VA medical system has that no other system has is a unified record of medical care.

And so that electronic medical record enables us to really use that as a database, which no one else has.

Mr. EDWARDS. That is great. Thank you very much.

Mr. Wamp.

Mr. WAMP. Smart lady, great testimony. No questions.

Mr. EDWARDS. Mr. Bishop.

Mr. BISHOP. Thank you for your testimony, appreciate it.

Dr. WEAVER. You are welcome. Thank you very much.

Mr. EDWARDS. Any questions?

Mr. FARR. Are we going to take care of the air for the veterans at the Olympics?

Mr. EDWARDS. We are going to go to China and clean that up.

Dr. Weaver, thank you very much——

Dr. WEAVER. Thank you very much.

Mr. EDWARDS [continuing]. For your testimony and your service.

I would like to now call before the subcommittee Dr. John Maupin. Dr. Maupin is president of Morehouse School of Medicine and is testifying on behalf of the Association of Minority Health Profession Schools.

Dr. Maupin, welcome to the subcommittee.

Let me just say, before you begin, the witnesses have done very well on time.

Dr. Maupin, thank you and the time is yours.

Dr. MAUPIN. Mr. Chairman, I am just curious why the warning would come to a college president.

I appreciate the opportunity to be here this morning.

Mr. EDWARDS. It is great to have you here.

THURSDAY, MARCH 13, 2008.

THE ASSOCIATION OF MINORITY HEALTH PROFESSIONS SCHOOLS

WITNESS

JOHN E. MAUPIN, JR., PRESIDENT, MOREHOUSE SCHOOL OF MEDICINE

STATEMENT OF JOHN E. MAUPIN

Dr. MAUPIN. Mr. Chairman, and to the ranking member, Mr. Wamp, we have known each other for some time. I am glad to be here.

And to my own state representative, Congressman Bishop, I appreciate that, and to Mr. Farr, the vice chairman.

You have my written testimony and I will cut mine short. I want to go directly to a couple of issues.

I want to be sure that you understand one passionate piece about me. I am a veteran. I spent over 30 years in the military, most of which was in the Reserves, active Reserves, and spent time at Walter Reed and on active duty during Desert Shield/Desert Storm.

And so I am very passionate about the care. I have been in the places, I have been at the various posts, and so I do understand.

What I really want to highlight is that we have a number of institutions, which I represent, the Association of Minority Health Profession Schools, 12 of the nation's minority institutions that represent medicine, dentistry, pharmacy and veterinary sciences.

We have been, for many years, excluded from full participation as training opportunities and full participation in the VA. While today things are better, progress continues to be very slow.

And I think at a time when we are trying to serve our veterans and we have institutions which really want to be a part of this, that it seems somewhat absurd to know that where there is a VA in a local town, that to have a surgery training program to be requested to say we can give you an opportunity, we want you to go from Atlanta to Montgomery, seems a little strange.

Where we are participating in community-based clinics, working with people in the various community-based clinics to provide preventive care, primary care, we still would like to be a part of the training activity at the local VA in Atlanta, for example, at Morehouse, my institution, for internal medicine sub-specialties and surgery activity.

This has gone on for a long time. We have worked with every administration of the VA to say, "Let's open this up."

Progress has been made. There is more progress today than ever before. At one time, we were actually told, point blank, that when there is already a medical school in a VA hospital, there can only be one medical school, and it was, at one time, a written policy, at one time, an unwritten practice.

And today that has opened up, but it still takes a lot once you have settled in and anchored in to share.

Now, we share public hospitals across this country in more than one medical school and to say we can't share a VA facility. While increased resources are given, we think priority should be given to the schools and programs that have been excluded from the participation.

We would like to ensure that language is put into this bill, your report language would include language that the VA put together a plan of action that ensures the full integration of minority health profession schools into the training and care programs that exist throughout all the VAs, with especially focusing on those which have programs that are nearby, that are right across the street.

In Nashville, where I was previously president, Meharry Medical College went to Murfreesboro. And I know at Morehouse, we were initially asked to go to and have gone to Tuskegee, Alabama to participate.

That disruption and that kind of inclusion, distant inclusion, separate but equal, if you will, has created where you really don't have the full advantages that the VA offers in training and experience

and exposure, because our students come from poor backgrounds, want to go into areas and work in areas that will serve veterans.

Many of them are public health service corps. Many of them have scholarships to the military service, will be veterans themselves. It is a great and wonderful experience and it is a great service we can offer.

It also allows us to participate in research opportunities and we know that there are barriers in research when it comes to minorities trusting the research infrastructure and research enterprise.

And so our participation is critical to a fair delivery of care, fair training, and an open research environment where there is a trusting relationship.

So what we encourage is that the VA be encouraged now. They have removed the language of separation, but they have not been forceful enough to create a program of action to integrate.

And I think when it is pushed a little harder, goodwill will come out and we have some people that have been very supportive of it, but there are others that still are somewhat resistant.

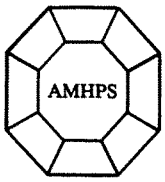
And the institutions that are there now often will need a little more push, because they have to give up something, in their mind, to make room for the other institution to participate.

So we encourage that language and ask for your support. We are ready to serve, as I have served over the years in the military and, most recently, just retired.

So I look forward to my—now that I am 60, I can actually be a real full-fledged retiree.

Thank you.

[Prepared statement of John E. Maupin follows:]



THE ASSOCIATION OF MINORITY HEALTH PROFESSIONS SCHOOLS
507 Capitol Court, N.E.
Suite 200
Washington, D.C. 20002

(202) 544-7499
Fax (202) 546-7105

OFFICERS

Barbara E. Hayes, Ph.D.
President

John E. Maupin Jr., D.D.S.,
Immediate Past President

Wayne T. Harris, Ph.D.
Vice President

Warren K. Ashe, Ph.D.
Secretary/Treasurer

MEMBERS

Charles R. Drew University of
Medicine and Science
1731 East 120th Street
Los Angeles, California 90059

Florida A&M University
College of Pharmacy
Tallahassee, Florida 32307

Hampton University
School of Pharmacy
Hampton, Virginia 23668

Howard University
Colleges of Medicine, Dentistry and Pharmacy,
Nursing and Allied Health Sciences
Washington, D.C. 20059

Meharry Medical College
1005 Dr. D.B. Todd Jr. Boulevard
Nashville, Tennessee 37208

Morehouse School of Medicine
720 Westview Drive, S.W.
Atlanta, Georgia 30310

Texas Southern University
College of Pharmacy and
Health Sciences
3100 Cleburne Street
Gray Hall, Suite 240
Houston, Texas 77004

Tuskegee University
College of Veterinary Medicine,
Nursing and Allied Health
Tuskegee, Alabama 36088

Xavier University of Louisiana
College of Pharmacy
1 Drexel Drive
New Orleans, Louisiana 70125

Washington Representative:
Health and Medicine Counsel
of Washington
Dale P. Dirks

Testimony of

John E. Maupin, Jr., D.D.S, M.B.A.
President of

Morehouse School of Medicine
Atlanta, Georgia

On behalf of the

ASSOCIATION OF MINORITY HEALTH PROFESSIONS SCHOOLS

Before the

Military Construction, Veterans Affairs, and Related Agencies Subcommittee
Committee on Appropriations
United States House of Representatives

"Addressing Healthcare Workforce Issues for the Future."

On
Thursday, March 13th, 2008

Chairman Edwards, Ranking Member Wamp, and members of the Subcommittee, thank you for the opportunity to present the views of the Association of Minority Health Professions Schools (AMHPS) as it concerns our institutions becoming more active with the satellite hospitals of the Department of Veterans Affairs (VA). AMHPS, established in 1976, is a consortium of our nation's twelve (12) historically black medical, dental, pharmacy, and veterinary schools. The members are the two dental schools at Howard University and Meharry Medical College; the four schools of medicine at Charles Drew University, Howard University, Meharry Medical College, and Morehouse School of Medicine; the five schools of pharmacy at Florida A&M University, Hampton University, Howard University, Texas Southern University, and Xavier University; and the school of veterinary medicine at Tuskegee University. Historically, this small number of schools has collectively trained 50% of the African American physicians and dentists in this country, 60% of its African American pharmacists, and 75% of its African American veterinarians. Many have called our institutions a national resource, and they are correct. Collectively, the goal of our historically minority institutions has been to train African Americans to serve in medically underserved areas. In other words, our institutions historically and still very much today make a great effort towards making the healthcare workforce look like America.

Since early 2006, AMHPS has actively engaged officials at the VA on its relationship with minority health professions schools. One of our founders, former Secretary of the U.S. Department of Health and Human Services (DHHS), and President Emeritus of Morehouse School of Medicine (MSM), Dr. Louis Sullivan, has taken the lead role in our advocacy. While serving as president in 1982, Dr. Sullivan met with Dr. Donald Curtis, chief medical officer for the VA, in an effort for MSM to support the VA in its provision of health care to veterans and to seek residency positions and research opportunities for MSM faculty and students. However, Dr. Sullivan was told at that time that the VA had a policy that instructed its satellite hospitals and facilities to have only one academic affiliation. In other words, Dr. Sullivan was told that MSM could not have a relationship with the Atlanta VA at that time because that VA already had a relationship with the Emory School of Medicine. As a result, MSM, based in Atlanta, Georgia, was forced to forge a relationship with the Tuskegee, Alabama VA some two and a half hours away. In addition to the two and half hours commute, MSM had to provide housing for the residents while they are in Tuskegee. This is an additional cost and burden for the medical school. Mr. Chairman, the MSM experience is representative of the experiences of our other minority serving institutions have had with the VA. Although many of our institutions are fortunate to work at the smaller satellite campuses, we have very limited access to the larger VA hospitals. Therefore, we do not feel as if we have an equitable relationship, compared with our counterparts at majority institutions.

Beginning on July 11, 2006, AMHPS put forth a strong effort to improve our working relationship with the VA. Concerning the single-institution-single-facility-policy, Dr. Sullivan met with VA Secretary R. James Nicholson. During that meeting Secretary Nicholson reported that he did not know of any such VA rule, and that he wanted the VA to work with historically black colleges and universities (HBCUs) in every possible way. From that point, Dr. Sullivan and AMHPS board members met with the Veterans Health Administration (VHA) Chief Academic Affiliations Officer, the Acting Principal Deputy Undersecretary for Health at the

VA., and the Chief of the Office of Research and Development at the VA to explain the historic difficulty that AMHPS schools have had in gaining equal access to student and resident training opportunities at the VA. However, by the end of this series of meetings, it became apparent that AMHPS would only be successful in gaining equal access on a case - by -case basis. In other words, MSM would have to independently advocate for more resident slots at the Atlanta VA, while Meharry Medical College (MMC) would have to work towards its own goal in Nashville, TN, etc.

Institutional Experiences

Washington, D.C.'s Howard University has a relationship with the Washington VA system, and the VA is Howard's most highly rated rotation. It was not always that way as residents in the past complained of blatant racism and favoritism towards Georgetown University residents. That apparently has changed thanks to the efforts of VA personnel and the hiring of a more diverse staff. Georgetown still has a 2:1 ratio of slots and residents at the VA. Howard would like more residency opportunities and ultimately a ratio that shows more equity. Howard would also like to take advantage of the other opportunities at the VA, such as their post traumatic stress disorders (PTSD) programs for residency training. Howard would like such collaboration in PTSD since it is not clear if combat exposure PTSD is the same as PTSD from community violence, and over a third of the patients in our primary care clinics have PTSD. Moreover the VA equalitarian health delivery model makes it ideal to investigate racial disparities in mental health services.

Howard reports that its students have an affinity for the VA because of the teaching opportunities and the variety of experiences available. Howard also feels that there are ample research opportunities which it would like to share with the VA. The VA has a Mental Illness Research and Education program on severe mental illness that would be ideal for collaboration since that is an area where there are few investigators.

In 2005, The Morehouse School of Medicine (MSM) expanded beyond its affiliation with the Tuskegee VA and began a new VA affiliation with the Atlanta East Point Community Based Outpatient Clinic (CBOC). The Atlanta East Point CBOC relationship began with three residency positions. In 2007, the Atlanta East Point CBOC obtained an additional five positions through the distribution of new VA resident positions for a total of eight residency positions. At present, MSM residents in family medicine, internal medicine, psychiatry, and community health/preventive medicine use the CBOC as a training location. The MSM relationship with the CBOC works well for us because the care provided to veterans at this location taps in to the MSM distinctive competence – primary care. MSM wants to build this relationship and will expand to a second CBOC planned to open in Stockbridge, Georgia later this year.

As importantly, MSM will expand its affiliation to include an inpatient service in July 2008. The MSM and Emory departments of psychiatry working with the Atlanta VA plan to open a shared inpatient service in July 2008. This will be the first MSM inpatient service at the Atlanta VA. MSM looks forward to building on the opening of this service.

In January 2008, MSM and the Atlanta VA began discussions about a shared internal medicine inpatient service starting in 2009. The start of the internal medicine inpatient service links to the plans at the Atlanta VA to expand the number of beds allocated to internal medicine as means to care for Veterans returning from our current conflicts around the world. Congress approved funds to support the expansion of the internal medicine beds earlier this year.

Also, in January 2007, MSM, Emory and the Atlanta VA convened its second quarterly meeting of the Academic Affiliation Partnership Council. These meeting serve as a forum to develop strategies to strengthen the developing partnership between MSM, Emory and the Atlanta VA. MSM and Emory Deans agreed to rotate the chair for these meetings.

Clearly, MSM is making progress at the Atlanta VA. Access to Surgery residency opportunities at the Atlanta VA remains a challenge. MSM desires to establish a full affiliation with the Atlanta VA that includes outpatient, inpatient, and research opportunities in all of our key clinical areas. At present, MSM continues to work with the leadership at Atlanta VA to expand residency training to include surgery and to open research opportunities for MSM investigators.

Since 1995, Meharry Medical College (MMC), in Nashville, TN, has had an academic affiliation with the Alvin C. York VAMC in Murfreesboro, TN, about an hour away. Over time, the spectrum of clinical and educational activities supported by this affiliation has evolved. Currently, residents and medical students rotate through the Alvin C York VAMC in Murfreesboro and some physicians at this hospital have Meharry Medical College appointments.

Provided below is a breakdown of the current number of residents and students supported by the Murfreesboro VA by specialty:

Family Medicine 6
Internal Medicine.....13
General Surgery.....0
Occupational Medicine.....2
Preventive Medicine.....6
Psychiatry.....8

Meharry Students rotating through Murfreesboro VAMC by year:

Year 2.....40
Year 3.....40
Year 4.....39

Meharry Medical College has not had access to the Nashville VAMC to pursue their educational and clinical mission. We believe that greater access to the Nashville VAMC would be mutually beneficial to MMC and veterans in the Tennessee Valley system. There are

programmatic areas where unmet needs may be filled by programs designed by MMC in partnership with Vanderbilt Medical School. The following areas are listed below:

1. Primary Care Internal Medicine with Specialty clinics in Hematology/Oncology, Nephrology, and pulmonary and Critical care.
2. Women's health Clinic
3. General surgery, Orthopedic surgery, and laparoscopic surgery
4. Consultative Psychiatry with emphasis on addiction psychiatry, post-traumatic stress disorder, and Geriatric Psychiatry.
5. Community based outpatient clinics.

Meharry Medical College needs Graduate Medical Education (GME) and faculty presence at the Nashville VAMC to expand the care available to veterans in the Tennessee Valley, as well as to provide more opportunities for education of residents and students. MMC has been in contact with Dr. Vincent Alvarez, Mr. John Dandridge and Mr. Pennington of the Tennessee Valley VA Healthcare system and Barbara K. Chang, MD, MA Director, Program Evaluation and Acting Director, GME Office of Academic Affiliations concerning the issues and MMC programs that would improve care for our veterans.

Mr. Chairman, the Department of Veterans Affairs has made some inroads, namely establishing a Blue Ribbon Panel on March 27th of 2007. However, despite the establishment of this panel, which we testified before, and the very cordial meetings with all of the officials at the VA to this point, no correspondence of encouragement to the satellite offices encouraging them to allow the AMHPS institutions to become more integrated into the VA system has materialized.

Recommendation

AMHPS' member institutions still remain unfulfilled in their current roles at VA institutions. We know we have a wealth of talent to bring to the facilities; and we are seeking the proportional opportunity to use that talent through resident and research opportunities for both our faculty and students. As one VA official said in a correspondence with AMHPS chairwoman Dr. Barbara Hayes, "One of VA's statutory missions is to train future health professionals, both for VA and for the nation." AMHPS realizes that there are limited positions available for training and research purposes. However, AMHPS seeks a common playing field with fellow health professions training institutions that have had access to the VA system for decades longer than we have.

We also feel as if we are uniquely qualified to serve our nation at this point. In a time when more African American men and women are involved in our conflicts around the world, not only do our institutions want to provide a patriotic service to our country's veterans, but we feel we can make a compelling case that our institutions, our students, our residents, and our faculty can provide a distinct service. For instance, this is the first time African American women are so physically involved in our international conflicts. One of our institutions, Meharry, specializes in minority women's health, and we all want to be part of solution for services of those defending our freedom.

Mr. Chairman, we encourage this Subcommittee in its Committee Report accompanying the Military Construction-Veterans Affairs Appropriations bill for Fiscal Year (FY) 2009 to add language that urges the VA to establish a plan for action to integrate the services of the nation's minority serving health professions institutions into the VA system, especially those geographically closest to the institutions. We suggest that report language should be:

"MEDICAL SCHOOL AFFILIATIONS WITH VA HEALTH CARE FACILITIES.—Though the committee is pleased that the VA has established the Blue Ribbon Panel on VA-Medical School Affiliations to examine the framework to enhance partnerships with medical schools and affiliated health professions schools, the committee recommends that the panel carefully examine and make recommendations on an expanded role for historically minority health professions schools with the VA system closest to their campuses. The committee urges the VA to share its findings with the committee."

Mr. Chairman, I would like to close by saying that AMHPS institutions want nothing more than to give service to our nation's men and women in uniform. They risk their lives for us, and our institutions are prepared to bring in their expertise and assist the VA system with their care and treatment. AMHPS institutions seek equity in receiving resident and research positions at the VA facilities. Previously, there was an unwritten rule that excluded our ability to fully affiliate with the VA. However, in 2007, we feel that the unique abilities that our institutions possess should be embraced by VA facilities, particularly those geographically closest to our institutions. We want to be an asset, and we are willing to do whatever it takes to move forward in that direction. Thank you for the opportunity to provide this testimony.

Mr. EDWARDS. Dr. Maupin, thank you for your excellent comments and for your 30 years of military service.

Does your full formal testimony have some specific proposals for the VA that we could work together on?

Dr. MAUPIN. It has some specific proposals and examples of the past, opportunities that are there, and, Mr. Chairman, I will add some.

After reading the proposal, I think there are a couple of edits that can be put in there for the record and I will get those immediately back to you.

[The information follows:]

What is needed to put this recommendation into action?

1. The VA—at the highest level—must commit efforts to foster equitable participation by historically black health professions schools, including historically black medical schools at the large VA Medical Centers in Atlanta, Nashville, Washington DC, and Los Angeles. The VA must also foster a closer collaboration with the HBCU dental, veterinary, and pharmacy schools in Washington, DC, Nashville, Tuskegee, Hampton, Tallahassee, New Orleans, and Houston.

2. The VA must initiate efforts to foster collaborative initiatives between the current health professions school affiliates and historically black health professions schools to promote historically black health professions schools participation in inpatient and outpatient care, resident and student education and research. The VA efforts must be aligned with the individual efforts of each historically black health professions school working with its local VA Medical Center. Each VA medical center must establish an Affiliation Partnership Committee that includes the leadership of both the historically black health professions school and the current health professions school affiliate.

3. HBCU medical schools must have access to VA faculty positions in all medical specialties and subspecialties.

4. The Committee must get an annual progress report from each of the major VA Medical Centers in Atlanta, Nashville, Los Angeles and Washington, DC, on the medical affiliations. The Committee must also receive a progress report from sites of the other health professions affiliations in Washington, DC, Nashville, Tuskegee, Hampton, Tallahassee, New Orleans, and Houston.

Mr. EDWARDS. If you could, we would welcome that. And it only seems to be common sense, as the VA is expanding and we have increased its budget and it is out looking for new physicians and dentists and others, that we reach out to all of our health care training facilities and universities and colleges.

I assume there is a higher percentage who have done a residency within the VA system—I haven't seen the data, but my assumption, as a layman, would be that there is a higher percentage of those students who end up working in the VA system than those who haven't done a residency in the VA system.

Dr. MAUPIN. Many of them who have had exposure end up coming back. It is pretty true. Once you have been exposed, you have a desire to want to participate in those, and there are other new settings, the community-based settings.

When you have the opportunity to go to primary care, but, also, a hub-and-spoke relationship, which is what they call super CBOCs or specialty centers to serve the surrounding community-based centers, and we want to participate in those and those are great opportunities for people to participate there.

Mr. EDWARDS. Could you also send us a list of all of the schools and colleges and universities in your organization?

[The information follows:]

Institutions which make up the Association of Minority Health Professions Schools (AMHPS):

Charles Drew University of Medicine and Science
Florida A&M University College of Pharmacy & Pharmaceutical Sciences
Hampton University School of Pharmacy
Howard University College of Medicine, College of Pharmacy, Nursing, & Allied Health Sciences, & College of Dentistry
Meharry Medical College School of Medicine & School of Dentistry
Morehouse School of Medicine
Texas Southern University College of Pharmacy & Health Sciences
Tuskegee University College of Veterinary Medicine, Nursing, & Allied Health
Xavier University of Louisiana College of Pharmacy

Dr. MAUPIN. Yes. It is included in the testimony, and I will update it.

Mr. EDWARDS. Thank you very much.

Mr. Wamp.

Mr. WAMP. I live halfway between Meharry and Morehouse. I have seen these benefits. I have seen it not work, I have seen it work.

Dr. Maupin didn't even need notes. He just shared 5 minutes of very good summary of what we need to consider. And those specific proposals, I think, Mr. Chairman, are exactly what we need to do.

This is a big win for the network and the support that the VA can use and then you can just imagine what it does in these schools across the country in terms of really stimulating people.

And if we are going to—there is a lot of talk about equality and justice, but this is where the rubber meets the road.

Thank you for your testimony.

Mr. EDWARDS. Thank you.

Mr. Bishop.

Mr. BISHOP. Yes, sir.

I appreciate very much your testimony, Dr. Maupin, and we have had conversations outside of the committee regarding this issue, and I would hope that the committee will seriously consider the language.

There is some suggested language, I think, at the end of Dr. Maupin's testimony and I think in his testimony, he lists all of the various members and the kinds of training that they provide.

I would hope that we would take that seriously and take his language as a guide and perhaps fine-tune it so that we can try to get the most that we can from these institutions, so that we can overall enhance our VA health system.

Dr. MAUPIN. And given that I have heard the numbers, I don't know what the exact numbers are, but I have heard the approximate numbers that one out of three veterans is a minority.

So those providing health care and working in the VA system ought to reflect the diversity of the great Americans who have served our country.

Mr. BISHOP. And the other thing that has become so clear to me is veterans who go to the VA community, the outpatient clinics, as well as the hospitals, very seldom have access to enough physicians.

The VA has had a problem getting the trained physicians to that and it—that established relationships. And so people who might not ordinarily go to work for the VA when they finish their residencies would see that as an opportunity and those relationships would be built early.

Dr. MAUPIN. You bet.

Mr. EDWARDS. Mr. Farr.

Mr. FARR. I have no questions.

Mr. EDWARDS. Thank you, Dr. Maupin.

Have you met with Dr. Kussman since he became secretary?

Dr. MAUPIN. I have not personally, but many of our leadership, Dr. Sullivan—and others have met. David Morehouse—on the blue ribbon panel.

We have people there. We are talking, but I think some of that needs a little bit more.

Mr. EDWARDS. We are going to encourage——

Dr. MAUPIN. I tell my students we have an arm of discipline and a hug of love. So we need a little arm of discipline while we are over here hugging with our love.

Mr. EDWARDS. I understand. We will see if we can't give love and some encouragement.

Thank you very much, Dr. Maupin.

Dr. MAUPIN. Appreciate it.

Mr. EDWARDS. I would now like to recognize our friend, Rick Jones. Rick, welcome back.

Mr. Jones joined the National Association for Uniformed Services as legislative director in 2005. Before this position, he served for 5 years, as we know, as the national legislative director for AMVETS.

He is an Army veteran, and we thank you for that service, Rick. He served as a medical specialist during the Vietnam War.

It is a privilege to welcome you back before the subcommittee, and the time is now yours.

THURSDAY, MARCH 13, 2008.

NATIONAL ASSOCIATION OF UNIFORMED SERVICES

WITNESS

RICK JONES, LEGISLATIVE DIRECTOR

STATEMENT OF RICK JONES

Mr. JONES. Thank you very much, Mr. Chairman. Thank you, Ranking Member Wamp, members of the subcommittee.

On behalf of the National Association for Uniformed Services, thank you for this opportunity to testify, and please accept our deep gratitude to you, Mr. Chairman and the members of the subcommittee, for working so hard with House leadership to provide the largest veterans funding increase in the 77-year history of the Department of Veterans Affairs, a $6.6 billion increase in fiscal year 2008, the current fiscal year.

Your attention to VA and military construction reflects enormously well on the Nation's gratitude for these special people who serve in uniform and protect and preserve our liberties.

Thank you.

As we continue our base realignment and closure activities, it is essential that funding for construction is in place for housing, barracks, child care centers, medical treatment and training facilities exactly when they are needed.

We urge you to see that adequate funds for military construction and quality of life initiatives are in place for returning troops and their families.

In the National Capital Region, we urge accelerated construction and development of the Bethesda facilities and we encourage the subcommittee to make certain that the Walter Reed and our military medical system is fully funded, to the extent you have influence there, so that we may fulfill all the missions that they are required to do.

Together, we really need to work to do the right things so they have uninterrupted care. These individuals are catastrophically injured. They need everything we can give them in these premier medical centers.

The National Association for Uniformed Services is concerned that VA remain sufficiently funded and we have seen the President's budget and we believe that it requires $43.7 billion in medical care, which is $2.6 billion more than the administration's request, $4.6 billion over current year funding.

The National Association firmly believes that the veterans' health care system is irreplaceable as a national investment. It is critical to the nation and its veterans.

Our citizens have benefited from the advances made in medical care through VA research and through VA innovations, as well as the electronic health record, which is one example of those innovations.

We strongly support, as well, the disability claims benefits. We need to provide timely benefits to those who are disabled. Benefits help offset the economic effects of their disability and it is a central function for the Department of Veterans Affairs. It needs to be funded adequately.

And despite VA's best efforts, they seem to be falling behind. We call on you all, lawmakers all, to make the VBA a priority within the upcoming budget.

We know the challenges to provide timely decisions on claims. We believe the solution is to ensure that VBA has adequate funding to reduce the backlog and achieve its mission.

We also urge members of the subcommittee to recognize the growing long-term care needs of American veterans. VA is a nationally recognized leader in providing quality nursing home care.

One of the settings for nursing home expenditures is in the state veterans' nursing home grant program. The association strongly supports additional funding for state veterans' nursing homes.

It is projected that the population of veterans aged 75 and older will increase to 4.5 million from the current 4 million population over the next 10 years.

We are looking at veterans population in general decreasing, but this one is increasing. And in the current year, priority one nursing homes, there are 91 in line, all validated, submitted by 23 states.

VA pays about one-third the cost of care in these state veterans' homes. So it is affordable. It is a good way to go to take care of our elderly veterans.

The administration's request is for $85 million. That will fund fewer than 25 of those 92 homes that are ready and in line. We

recommend that an increase be made in this area of $115 million above the administration's request.

We thank you, as well, for your work on the armed forces retirement home.

[Prepared statement of Rick Jones follows:]



TESTIMONY

of

NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

on

Military Construction and Veterans Affairs

before the

House Committee on Appropriations
Subcommittee on Military Construction, Veterans Affairs
and Related Agencies

presented by

Rick Jones, Legislative Director,
National Association for Uniformed Services

Thursday, March 13, 2008
H-143 Capitol

Chairman Edwards, Ranking Member Wamp, and members of the Committee:

I am pleased today to present testimony on behalf of the National Association for Uniformed Services (NAUS) on selected fiscal year 2009 issues before the Military Construction, Veterans Affairs, and Related Agencies Subcommittee. My name is Richard Jones, legislative director for NAUS.

First and foremost, the National Association for Uniformed Services wants to express our deep gratitude to you, Mr. Chairman, and the members of this Subcommittee for working so hard with House leadership to provide the largest veterans funding increase in the 77-year history of the Department of Veterans Affairs (VA), a $6.6 billion increase in the FY 2008 budget over the previous year.

Your attention to ensure that the VA is adequately funded for the care and treatment to our veterans and troops returning from Iraq and Afghanistan is greatly appreciated. It reflects the nation's gratitude to these special people who have served in uniform and fought so courageously to protect and preserve the liberties we cherish. Thank you.

Among the top issues that we will address today are continued adequate funding for the Base realignment and Closure Accounts, adequate resources for the Department of Veterans Affairs (VA) health care, and appropriate resources to train and maintain a support staff sufficient to reduce VA's disability claims backlog. We also have a number of related priority concerns such as the diagnosis and care of troops returning with Post Traumatic Stress Disorder (PTSD), the need for enhanced priority in the area of prosthetics research and traumatic brain injury, and providing improved seamless transition for returning troops between the Department of Defense (DoD) and VA.

Base Realignment and Closure Accounts

The National Association for Uniformed Services strongly believes that the mission of the Military Health System is critical to the men and women who are deployed and serving in

combat and the seriously wounded now being treated in our major medical centers. We has long expressed our concern with the changes proposed for the MHS under the 2005 Base Realignment and Closure (BRAC) Commission's recommendations. In an August 15, 2005, letter to the BRAC Commission, NAUS expressed its concern that major medical facilities and attendant skilled medical specialists were being devalued by the methodology used in deconstructing the MHS care system.

As we continue to develop our realignment accounts, we not only must maintain the vital priority of medical readiness and force health protection but also assure that housing, barracks, childcare and training facilities are in place and prepared for returning troops. While we work to support our military presence overseas, we must also address the issue of support for our troops and their families at home. The timely provision of construction funding is essential for our men and women in uniform as they come back from Iraq and Afghanistan.

We need to be prepared for the total impact at our CONUS bases and forts when 60,000 to 70,000 military personnel plus family members make the adjustment from scheduled overseas stations. If facilities are not ready because funding for construction is delayed or deficient, housing, barracks, child-care centers, medical treatment facilities and health care will go wanting at exactly the time they are needed. We urge that this matter be closely monitored to ensure adequate funds for military construction and quality of life initiatives are in place for returning troops and their families.

Another matter of great interest to our members is the realignment and consolidation of military health facilities in the National Capital Region. The proposed plan includes the realignment of all highly specialized and sophisticated medical services currently located at Walter Reed Army Medical Center in Washington, DC, to the National Naval Medical Center in Bethesda, MD, and the closing of the existing Walter Reed by 2011, according to the BRAC law.

While construction and development of the Bethesda facilities are underway, we ask your attention continue to focus on current facilities in place for the care and treatment of our wounded warriors. Indeed, we encourage the Subcommittee to make certain that Walter Reed

and our military medical system are fully funded, so they may fulfill the missions they are called upon to do. Together we need to do all we can to keep Walter Reed open and functioning for uninterrupted care of our catastrophically wounded soldiers and marines as they move through this premier medical center.

Our wounded warriors deserve our nation's best, most compassionate healthcare and quality treatment system. They earned it the hard way. And with application of the proper resources, we know the nation will continue to hold the well being of soldiers and their families as our number one priority.

Funding for the Department of Veterans Affairs (VA) Health Care

The National Association for Uniformed Services is concerned that the administration's overall recommendation for VA resources, while a step in the right direction, is not sufficient to meet the needs of what is necessary to provide health care for sick and disabled veterans, much less the number of troops returning from Iraq and Afghanistan.

The Department of Veterans Affairs (VA) requires, at a minimum, approximately $43.7 billion to support its medical care operations in fiscal year 2009, an increase of $4.6 billion over current year funding and approximately $2.6 billion more than the administration's request. We urge the Subcommittee to recognize the unique specialized care provided at VA facilities and provide the resources needed for VA to treat sick and disabled veterans.

The National Association for Uniformed Services urges the Subcommittee's support to ensure veterans have access to quality health care from VA. The Department's Veterans Health Administration (VHA) is a world-class leader in advanced care medicine and in the provision of primary care. In addition, VHA has consistently pioneered research initiatives in areas that have directly benefited not only veterans, but also our entire population.

The National Association for Uniformed Services is concerned that for the sixth year in a row the administration recommends an increase in prescription drug copayments to $15 from $8 and a

scaled enrollment fee based on a veteran's income. While not proposed to supplant appropriated dollars, the intention is clear. In combination with other initiatives, these proposals, according to VA's own assessments, would deny nearly 200,000 veterans from making a choice to use the VA for their health care and force from the system more than 1 million veterans who are already enrolled with VA. We urge the members of this Subcommittee to join with other congressional champions to reject these legislative proposals.

We support lifting the ban on access to VA health care for certain veterans classified as Priority 8 veterans. Denying access only devalues the service of those who seek care with VA. Restoring Priority 8 access could be started by enrolling those veterans who can identify private- or public-health insurance and making certain that VA is eligible for medical reimbursement, which would ensure that third-party payers would be made to the fullest extent.

The National Association for Uniformed Services firmly believes that the veterans healthcare system is an irreplaceable national investment, critical to the nation and its veterans. The provision of quality, timely care is considered one of the most important benefits afforded veterans. And our citizens have benefited from the advances made in medical care through VA research and through VA innovations as well, such as the electronic medical record.

We urge the Subcommittee to take the actions necessary to honor our obligation to those men and women who have worn the nation's military uniform. Clearly, when VA does not receive adequate funding, it is forced to ration, delay or deny care.

Department of Veterans Affairs, Disability Claims Backlog

The National Association for Uniformed Services strongly supports the provision of timely benefits to disabled veterans and their families. These benefits help offset the economic effects of disability and are one of the essential functions of the Department of Veterans Affairs (VA). The capacity of the disabled veteran to afford the necessities of life is oftentimes dependent on these benefits, so delays in the resolution of a claim is a matter of serious concern.

Despite VA's best efforts to deliver benefits to entitled veterans, the claims workload of the Veterans Benefits Administration (VBA) continues to increase. Simply stated, VBA is falling farther behind.

As of mid-February, VBA had more than 663,000 compensation and pension claims pending decision, an increase of nearly 30,000 from this time last year. In addition, more than 25 percent (25.6%) of these pending claims have been in the VBA system for more than 180 days. Rather than making headway and overcoming the chronic claims backlog and consequent protracted delays in claims disposition, VA has lost ground to the problem, with the backlog of pending claims growing substantially larger over the past year.

The problem is deeply troubling, but it can be corrected. Funding in the current fiscal year provides VBA resources appropriate to hire 3,100 full-time claims processors by the end of the year. With adequate training and application of technical support, we anticipate, despite the recently announced retirement of Adm. Daniel Cooper, that progress can be made to bring down the number of pending claims and shorten the waiting period for decision.

The National Association for Uniformed Services calls on lawmakers to make the VBA a priority within the national budget. The challenge is to provide timely decisions on claims submitted by veterans who suffer disability as a result of their military service. And the solution is to ensure that VBA has adequate funding to reduce the backlog and achieve the mission of providing timely claims adjudication.

Department of Veterans Affairs, Seamless Transition Between the DoD and VA

Congress must direct the Pentagon to get out of its stovepipe mentality and agree to transfer servicemembers' medical records to VA. The current roadblocks between DoD and VA serve only to delay or block the transition of servicemembers to veteran status. Good communication between the two Departments means VA can better identify, locate and follow up with injured servicemembers separated from the military.

We believe it is time for our national government to set the medical care for our wounded warriors ahead of nitpicking disputes between agencies charged with their care. We hear encouragement from the VA-DoD Senior Oversight Committee (SOC), established following the upsetting circumstances at Walter Reed Army Medical Center to coordinate care for America's returning wounded warriors. However, the provision of a seamless transition for recently discharged military is critically important for servicemembers leaving the military for medical reasons, particularly for the most severely injured patients.

Most important in the calculus of a seamless transition is the capacity to share information at the earliest possible moment prior to separation or discharge. It is essential that surprises be reduced to a minimum to ensure that all troops receive timely, quality health care and other benefits earned in military service.

To improve DoD/VA exchange, the hand-off should include a detailed history of care provided and an assessment of what each patient may require in the future, including mental health services. No veteran leaving military service should fall through the bureaucratic cracks.

Another area that would enhance a seamless transition for our uniformed services is the further expansion of single-stop separation physical examinations. A servicemember takes a physical exam when he is discharged. While progress is being made in this area, we recommend expanding VA's Benefit Delivery at Discharge (BDD) program to all discharge locations in making determination of VA benefits before separation. This will allow more disabled veterans to receive their service-connected benefits sooner.

The National Association for Uniformed Services compliments VA and DoD for following through on establishing benefits representatives at military hospitals. This is an important step and can often reduce the amount of frustration inherent in the separation process for service members and their families.

It is beyond belief that our Congress would allow further complications to stand in the way of achieving a seamless transition between the two departments that are absolutely responsible for

the care of our dedicated men and women in uniform. And, though efforts in 2007 have seen progress, we urge you to appropriately motivate DoD and VA to end remaining red tape and get the job done.

Department of Veterans Affairs, Medical and Prosthetic Research

As Congress moves forward in consideration of funding for fiscal 2009, the National Association for Uniformed Services encourages a strong effort to provide for the Department of Veterans Affairs (VA) medical research mission, especially in the area of prosthetic research. The Administration's proposal is insufficient at $442 million, $38 million dollars below the current year level of $480 million. The National Association for Uniformed Services supports increasing medical and prosthetic research to $555 million, $75 million above this year's level.

Clearly, care for our troops with limb loss and special needs is a matter of national concern. The global war on terror in Iraq and Afghanistan has produced wounded soldiers and marines with multiple amputations and limb loss who in previous conflicts would have died from their injuries. Improved body armor and better advances in battlefield medicine reduce the number of fatalities, however injured soldiers are coming back oftentimes with severe, devastating physical losses.

In order to help meet the challenge, VA research must be adequately funded to continue its intent on treatment of troops surviving this war with grievous injuries. The research program also requires funding for continued development of advanced prosthesis that will focus on the use of prosthetics with microprocessors that will perform more like the natural limb.

The National Association for Uniformed Services encourages the Subcommittee to ensure that funding for VA's medical and prosthetic research is adequate to support the full range of programs needed to meet current and future health challenges facing wounded veterans. To meet the situation, the Subcommittee needs to focus a substantial, dedicated funding stream that will provide the wherewithal to address the care needs of a growing number of casualties who require specialized treatment and rehabilitation.

Department of Veterans Affairs, Post Traumatic Stress Disorder (PTSD)

The National Association for Uniformed Services supports a higher priority on VA care of troops demonstrating symptoms of mental health disorders and treatment for PTSD.

The mental condition known as PTSD has been well known for over a hundred years under an assortment of different names. For example more than fifty years ago, Army psychiatrists reported, "That each moment of combat imposes a strain so great that ... psychiatric casualties are as inevitable as gunshot and shrapnel wounds in warfare."

Over the past several years, VA has dedicated a higher level of attention to veterans who exhibit PTSD symptoms. The National Association for Uniformed Services applauds the extent of help provided by VA. The programs for treatment of veterans exhibiting PTSD symptoms have set the high goal where it belongs on recovery and restoration. VA assistance is essential to many of those who must deal with the debilitating effects of mental injuries, as inevitable in combat as gunshot and shrapnel wounds.

Regarding the new emphasis on mental health and PTSD, the fiscal 2009 VA budget requests approximately $3.8 billion for VA mental health services, 80 percent of which is dedicated for treatment of seriously mentally ill veterans, including those suffering from PTSD. While many new approaches to treatments have been developed and are available to veterans, the National Association for Uniformed Services is concerned that VA's capacity to serve the mental health needs of returning veterans remains below the level needed.

The National Association for Uniformed Services encourages the members of the Subcommittee to increase funding $377 million above last year's level for mental health to meet the surging need of servicemembers returning from combat in Iraq and Afghanistan.

VA's ability to treat the number of new veterans from OIF and OEF must also be available to provide some type of mental health service to more than 833,000 of the nearly 5 million veterans

who currently receive VA mental health care. These veterans diagnosed with PTSD and other mental health disorders are receiving treatment within a network of 160 specialized programs, including outreach programs to address patients in the community.

While VA and Congressional leaders have taken important steps to move VA toward better care for veterans with mental health problems, many challenges still remain. The National Association for Uniformed Services urges the development of a consistent, seamless, and working approach that allows VA and DOD to screen returning service members and provide more effective early intervention that leads to healing.

VA requires additional funds to expand its specialized mental health programs, to provide additional capacity for inpatient psychiatric and residential care, to ensure effective treatment for post-traumatic stress and to help families deal with their loved ones return to civilian life.

VA Nursing Home Construction, Grants for State Extended Care Facilities

The National Association for Uniformed Services urges members of the Subcommittee to recognize the growing long-term care needs of America's veterans.

VA is a nationally recognized leader in providing quality nursing home care. One of the settings for nursing home expenditures is in State veterans' nursing homes. As America's aging veterans population grows older, affordable State nursing homes remain an attractive pathway for veterans' nursing care close to home.

The National Association for Uniformed Services strongly supports additional funding for the State veterans' nursing home program. It is important that we do so because despite projections of decline in the overall veterans population, from 24.3 million to 20 million over the present decade, it is projected simultaneously that the number of those aged 75 and older will increase from 4 million to 4.5 million and the number of those over 85 will more than double, from about 640,000 currently to nearly 1.3 million in 2012.

VA reports that a number of State nursing home facilities, already planned and approved for construction, are hung up because current year funding falls short of needs. In the current year,

the Priority 1 backlog stands at 92 validated construction projects, submitted by 23 States. In addition, it is our understanding that funding for nursing home construction in smaller States, like Utah, fall behind the schedule of funding for larger States due to VA decision methodology.

With VA paying about one-third the cost of care in State veterans' nursing homes, the shortfall of funding in the State program needs to be addressed. To continue reductions to this program is the wrong way to go in planning for the care needs of an aging veterans population.

As one of our members said, "The nation's old warriors are getting a double whammy. The Congress and Administration team up to speak for veterans' nursing homes then refuse to "walk the talk" by withholding the funding required to make nursing homes happen, especially in States smaller than New York. Conclusion: they speak with forked tongue."

The administration request for $85 million will fund fewer than 25 of the 92 projects ready for construction. VA is unable to support the proposed new State veterans homes without a NAUS-endorsed increase of $115 million above the administration request.

Department of Veterans Affairs, Medicare Reimbursement

The National Association for Uniformed Services supports legislation to authorize Medicare reimbursement for health care services provided Medicare-eligible veterans in VA facilities. Medicare subvention will benefit veterans, taxpayers and VA.

The National Association for Uniformed Services sees an all around win-win-win for establishment of Medicare subvention. VA would receive additional, non-appropriated funding. Medicare-eligible veterans would receive world-class medical treatment in the system our government provided for their care. Scarce resources would be saved because medical services can be delivered for less cost at VA than in the private sector.

In addition, direct billing between VA and the Centers for Medicare and Medicaid Services (CMS) would reduce opportunities for waste, fraud and abuse losses in the Medicare system.

The National Association for Uniformed Services encourages the Subcommittee to permit Medicare-eligible veterans to use their Medicare entitlement for care at local VA medical facilities.

Military Quality of Life, Allowances

The National Association for Uniformed Services urges the Subcommittee to provide adequate funding for military construction and family housing accounts used by DoD to provide our service members and their families quality housing. Terrific strides have been made over the last several years to improve on-base housing and the troops are pleased. However, many enlisted personnel face steep challenge in providing themselves and their families with affordable off-base housing and utility expenses.

The Basic Allowance for Housing (BAH) simply must ensure that rates keep pace with housing costs in communities where military members serve and reside. The funds for base allowance and housing should ensure that those serving our country are able to afford to live in quality housing whether on or off the base. We need to be particularly alert to this challenge as we continue to implement BRAC and related rebasing changes.

We also ask special provision be granted the National Guard and Reserve for planning and design in the upgrade of facilities. Since the terrorist attacks of Sept. 11, 2001, our Guardsmen and reservists have witnessed an upward spiral in the rate of deployment and mobilization. The mission has clearly changed, and we must recognize they account for an increasing role in our national defense and homeland security responsibilities. The challenge to help them keep pace is an obligation we owe for their vital service.

Armed Forces Retirement Home

The National Association for Uniformed Services is pleased to note the Subcommittee's continued interest in providing funds for the Armed Forces Retirement Home (AFRH). As you know, more than half of the residents in the Gulfport home were evacuated for care and

treatment to the Washington, DC, home the day after Hurricane Katrina struck and damaged the Mississippi facility in August 2005. We applaud the staff and residents at the Washington facility for stepping up to the challenge of absorbing the change, and we recognize that challenges remain in the transformation. We urge the Subcommittee to continue its help in providing adequate funding to alleviate the strains on the Washington home.

Mr. Chairman and Members of the Subcommittee, the National Association for Uniformed Services thanks you for your strong support in funding the rebuilding of the Armed Forces Retirement Home in Gulfport, Miss., destroyed by Hurricane Katrina.

And we thank the subcommittee for the provision of $240 million to build a new Armed Forces Retirement Home at the present location and to demolish the old buildings. We are encouraged to witness with you the long-anticipated groundbreaking on the future Gulfport home, which occurred earlier this month on March 3. When completed, the facility will provide independent living, assisted living and long-term care to 584 residents.

The National Association for Uniformed Services also applauds the recognition of the Washington AFRH as a historic national treasure. And we look forward to working with the Subcommittee to continue providing a residence for and quality-of-life support to these deserving veterans without turning over large portions of this campus, just four miles from the nation's Capitol, to developers.

Appreciation for Opportunity to Testify

As a staunch advocate for military retirees and veterans, the National Association for Uniformed Services represents all ranks, branches and components of uniformed services, their families and survivors. The Association recognizes that these brave men and women did not fail us in their service to country, and we, in turn, must not fail them in providing the benefits and services they ***earned*** through honorable military service.

Mr. Chairman, the National Association for Uniformed Services appreciates the Subcommittee's hard work. We ask that your work continue in good faith to put the dollars where they are most needed in our nation's highest priority areas, which include veterans health care and benefits services, housing for our military troops and their families, particularly in time of war.

The National Association for Uniformed Services is confident you will take special care of our nation's greatest assets: the men and women who serve and have served in uniform. We are proud of the service they give, and we recognize that the price we pay for their earned benefits will never equal the value their service provides our nation.

Again, the National Association for Uniformed Services deeply appreciates the opportunity to present the Association's views on the issues before the Military Construction, Veterans Affairs, and Related Agencies Subcommittee.

###



Richard A. "Rick" Jones

Legislative Director
National Association for Uniformed Services (NAUS)

Richard A. "Rick" Jones joined NAUS as Legislative Director on September 1, 2005. As legislative director, he is the primary individual responsible for promoting the NAUS legislative, national security, and foreign affairs goals before the Departments of Defense and Veterans Affairs, and the Congress of the United States.

Rick is an Army veteran who served as a medical specialist during the Vietnam War era. His assignments included duty at Brooke General Hospital in San Antonio, Texas; Fitzsimons General Hospital in Denver, Colorado; and Moncrief Community Hospital in Columbia, South Carolina.

Rick completed undergraduate work at Brown University prior to his Army draft and earned a Master Degree in Public Administration from East Carolina University in Greenville, North Carolina, following military service.

Prior to assuming his current position, Rick served five years as National Legislative Director for AMVETS, a major veterans service organization. He also worked nearly twenty years as a legislative staff aide in the offices of Senator Paul Coverdell, Senator Lauch Faircloth, and Senator John P. East. He also worked in the House of Representatives as a committee staff director for Representative Larry J. Hopkins and Representative Bob Stump.

In working for Rep. Stump on the House Committee on Veterans' Affairs, he served two years as minority staff director for the subcommittee on housing and memorial affairs and two years as majority professional staff on funding issues related to veterans' affairs budget and appropriations.

Rick and his wife Nancy have three children and reside in Springfield, Virginia.

National Association for Uniformed Services
5535 Hempstead Way, Springfield, Virginia 22151
Telephone: (703) 750-1342 ext. 1008
Fax: (703) 354-4380
Email: rjones@naus.org

National Association for Uniformed Services
5535 Hempstead Way • Springfield, VA 22151-4094
Tel: 703-750-1342 • Toll Free: 1-800-842-3451
Fax: 703-354-4380
Email: naus@naus.org • Website: www.naus.org
The Servicemember's Voice in Government
Established in 1968

SOCIETY OF MILITARY WIDOWS

March 3, 2008

The Honorable Chet Edwards
Chairman,
Subcommittee on Military Construction and Veterans Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

For the record, the National Association for Uniformed Services has not received any federal grants or contracts during the current fiscal year or during the previous two years in relation to any of the subjects discussed today.

Sincerely,

Rick Jones
Legislative Director
National Association for Uniformed Services

Mr. EDWARDS. $115 million in addition to the $95 million?

Mr. JONES. Yes, sir. $85 million is what the administration has asked for and we would like to see $115 million more. There are 92 homes in line. Very few of them will be funded, and, oftentimes, with all due respect, sir, all those fundings go to the larger states, California, which is wonderful, but there are also some smaller states, including perhaps Georgia, Utah, maybe Tennessee.

And Texas is a large state and we are pleased to see some of the funding go to Texas, as well.

Mr. EDWARDS. So you want $290 million.

Mr. JONES. Yes, sir.

We are pleased, also, and we thank you very much for your work on the Armed Forces Retirement Home.

The Gulfport facility is moving well, $240 million you provided for demolition of the towers and construction of the buildings. March 3 was the kickoff for the construction of the Gulfport facility.

Thank you very much for your care and supply of resources to the Armed Forces Retirement Home and, again, thank you for all you do to honor our troops and remember our veterans.

Thank you, sir.

Mr. EDWARDS. Thank you, Rick. And thank you for your partnership last year, as in previous years, but working together, you and your association were an important part of that historic VA budget.

And as you know, we are addressing many of these and the new budget we are proposing, you said we needed $4.6 billion above fiscal year 2008 for the VA discretionary account.

I think the budget before the House will be $4.9 billion above. So we are listening and all the——

Mr. JONES. Listening and exceeding.

Mr. EDWARDS [continuing]. All the needs you have mentioned, including the long-term care. That is something we need to spend, I think, more attention on.

Thank you very much.

Mr. JONES. Thank you.

Mr. EDWARDS. Mr. Wamp.

Mr. WAMP. Thank you for your service and your friendship to all of us.

Mr. JONES. Thank the speaker for this morning's celebration and remembrance of the 5-year anniversary. It was outstanding. I really enjoyed being there with families and friends who grieve for their loved ones lost.

Mr. EDWARDS. It was a beautiful ceremony, very tastefully done, I thought.

Mr. Farr.

Mr. FARR. I want to echo those thoughts.

You indicated that you wanted $4.6 billion. That would be the ideal.

Mr. JONES. That is what we believe would be sufficient to cover the new veterans, the current veterans, who are seeking care, disabled and sick. Yes, sir.

Mr. FARR. And I want to point out that because of our chair, the budget we are voting on right now upstairs has added $4.9 billion, you said.

Mr. EDWARDS. About.

Mr. FARR. So the committee is responding to the veteran community far beyond their expectations, and I want to attribute that to the leadership of Chet Edwards.

Mr. EDWARDS. Great partnership.

Mr. JONES. Thank you, sir.

Mr. FARR. I have one question. You are the National Association of Uniformed Services, and then we have the sergeants, the Air Force Sergeants, Reserve Association, the AMVETS Association, Disabled Vets Association, Paralyzed Vets Association, and Veterans' of Foreign Wars Association.

Mr. JONES. God bless America.

Mr. FARR. There are a lot of association dues.

What exactly is your organization? It sounds like both veterans and active duty.

Mr. JONES. Some are specific. Air Force Sergeants Association, for example, you just cited.

Our organization represents all ranks, all grades, all services. We represent all seven uniformed services, which include NOAA.

Mr. FARR. Active duty.

Mr. JONES. Yes. Active and retired, sir.

Mr. FARR. And retired.

Mr. JONES. They are survivors, they are orphans, they are children. We represent as much as we can to advocate the voice of the veterans and the service members' voice.

We make sure that voice is heard in these corridors, and that is represented so well, as you are doing. We simply echo what you are saying, in some respects.

There have been times, however, when it has been important for education to be made in some of these offices.

Mr. FARR. Is your association bigger than VFW?

Mr. JONES. VFW is one of the larger organizations. They have perhaps 2 million members. I think the American Legion, which you will hear from later today, may be the largest veterans' service organization, somewhere around 3 million.

Ours is somewhat smaller. We have about 200,000 members and supporters. So we are in that area.

We began our service in 1968, with an effort to fulfill the promise made to those veterans who had committed a career in service, and that promise was to fulfill health care for themselves and their families.

Mr. FARR. Thank you.

Mr. EDWARDS. Mr. Bishop.

Mr. BISHOP. I thank you for your service and thank you for being an advocate for our veterans.

Appreciate your coming today.

Mr. JONES. Thank you very much, Mr. Bishop.

Mr. EDWARDS. Thank you, Mr. Jones.

Mr. JONES. Thank you.

Mr. EDWARDS. It is now my privilege to call before the subcommittee a command sergeant, retired, Jonathan Hake.

Sergeant Hake is the director of military and government relations for the Air Force Sergeants Association and served nearly 30

years in the United States Air Force at 14 locations, and we thank you for that service.

He joined the staff of the Air Force Sergeants Association this month.

Sergeant Hake, it is great to have you here.

Sergeant HAKE. Thank you, Mr. Chairman. It is great to be retired, 2 weeks and counting now.

Mr. EDWARDS. But you are like a lot of our military retirees and veterans. You take the uniform off, but you continue serving, and thank you for that.

STATEMENT OF JONATHAN E. HAKE

Sergeant HAKE. Yes, sir. Thank you.

Sir, it is my honor and privilege to represent the 125,000 members of the Air Force Sergeants Association, and thank you for this opportunity.

I understand and appreciate the daunting task before you, as I listen to the testimony. And we also realize that your trust did the budget wisely, because you're trusted with the dollars that we contribute, and there are many factors that go into how you decide what is going to be funded, what is not going to be funded.

So to address that, I would like to ask that all my written testimony be put in the record.

Mr. EDWARDS. Absolutely. Without objection, so ordered.

THURSDAY, MARCH 13, 2008.

AIR FORCE SERGEANTS ASSOCIATION

WITNESS

JONATHAN E. HAKE, DIRECTOR, MILITARY AND GOVERNMENT RELATIONS

Sergeant HAKE. But I would like to focus on three key areas that are relevant to enlisted men and women.

The first is military construction as it is related to quality of life, and then VA funding, very briefly, and then the Montgomery GI bill.

Much attention has been given to the combat capability of advanced weapons systems, but I would tell you the most valuable weapons system America has is the men and women who serve, especially those that have—enlisted men and women of the Air Force.

If we expect to retain this precious resource, we must provide them, their families, facilities that reflect the level of commitment and sacrifice, and these facilities impact their desire to continue serving through multiple deployments and extended separations.

We devote significant resources to training and equipping America's sons and daughters, and that is a long-term investment, and we believe that the same level of commitment should be reflected in the facilities in which they live, work and play.

We caution deferring these costs, as someone mentioned earlier about infrastructure, especially at installations that are being on the BRAC list.

We applaud Congress's support for military housing privatization initiatives, because this is providing housing at a much faster pace than would have been possible through military construction alone.

AFSA urges Congress to fully fund appropriate accounts to ensure all remaining installations eliminate substandard housing as quickly as possible.

Those who are devoted to serving this nation deserve nothing less.

Tremendous strides have been made to improve access to quality of child care and fitness centers at our military installations, and we are grateful to the Department of Defense and Congress for working together.

But there is still more work to be done. As was mentioned by the gentleman that talked about VA care, a fit airman, a fit soldier, a fit marine, a fit sailor decreases the cost of medical care.

The demand for child care facilities continues to grow as a larger percentage of our military are married, have young children, and, of course, like I said, a fit force is actually essential to the rigors of service.

The next area I would like to talk about is VA funding, $4.9 billion, we thank you. We thank you for adding that and we believe the funding for the Veterans' Affairs should be moved to mandatory annual spending. It shouldn't be negotiated year after year after year.

One of our nation's highest obligations is the willingness to fully fund VA health care, facilities and other programs for those who have served in the past, those who are serving now, and those who will serve in the future.

There are many challenges facing veterans and we are encouraged by the initiatives centered on improving access, on the continuity of care and addressing scars of wars.

Some of those scars are obvious and others are not so obvious, such as traumatic brain injuries and post-traumatic stress disorders.

My final key point is the Montgomery GI bill. AFSA, the Air Force Sergeants Association, is extremely pleased by the interest by so many in Congress to overhaul the Montgomery GI bill educational benefits for those that have stepped up to defend America's interests at home and abroad.

No doubt, making the Montgomery GI bill a more viable benefit will have an associated cost, and we unequivocally and respectfully offer the return on that investment is not just good for the military, it is good for America.

We would like to see the Montgomery GI bill transformed into something like the post-World War II GI bill. This would go a long way toward recruiting this nation's best and brightest to serve.

There are many proposals worthy of consideration, but there are five key elements that we believe essential in the final product.

The first, we would ask the committee to fund a program that pays for all books, tuition fees, and that that be indexed annually to reflect the actual cost of education.

Second, we would ask you to eliminate the $1,200 user fee from Montgomery GI. To ask an airman basic, when going through

schooling, to pay $1,200 to get a benefit that they earn through virtue of their service just seems wrong to me.

The third is to make the Montgomery GI bill transferable to immediate family members, and I say immediate family members. Military members should be permitted to spend their benefit however best fits their situation, including those closest to them that have sacrificed.

Fourth, give enlisted members who have declined enrollment in the veterans' educational assistance program, better known as VEAP, during the late 1970s and early 1980s, an opportunity to enroll in the Montgomery GI bill.

There are currently about 10,050 airmen remaining on active duty today in this situation, 5,600 of those——

They passed on that VEAP program because of bad advice, because they thought it was a bad program, because of lack of foresight, a lot of different reasons. But wouldn't it be a travesty, as they have committed their life, decades of service, to leave without an educational benefit?

Mr. EDWARDS. Sergeant, I hate to interrupt, but out of respect to all the witnesses, we are a minute over time.

Can you take about 15 seconds? I want to hear that fifth—to the GI bill.

Sergeant HAKE. Well, fifth and final, sir, is total force Montgomery GI bill. Members of the Guard and Reserve contribute to the missions all over the world and they have been protecting the homeland here since 9/11.

So, sir, I thank you again. I am sorry I ran over.

[Prepared statement of Jonathan E. Hake follows:]

STATEMENT
BY
CMSGT (RET.) JONATHAN E. HAKE
DIRECTOR, MILITARY AND GOVERNMENT RELATIONS
AIR FORCE SERGEANTS ASSOCIATION

FOR

THE HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE FOR MILITARY CONSTRUCTION AND VETERANS AFFAIRS

FY 2009 BUDGET PRIORITIES

March 13, 2008

AIR FORCE SERGEANTS ASSOCIATION
5211 Auth Road, Suitland, Maryland 20746
(800) 638-0594 or (301) 899-3500
E-mail: staff@afsahq.org Home Page: www.afsahq.org

**** A participating organization in The Military Coalition ****

CURRICULUM VITAE

CMSgt (Ret.) Jonathan E. Hake is the Director, Military and Government Relations, Air Force Sergeants Association, a 125,000 member, not-for-profit 501 c 19 veterans organization that lobbies for improved quality-of-life benefits for the enlisted personnel and their families. Chief Hake is directly responsible to the Chief Executive Officer and members associated with over 150 chapters around the world.

Chief Hake served nearly 30 years in the United States Air Force at 14 stateside and overseas locations. His final duty assignment was Command Chief Master Sergeant, Air Force Materiel Command, providing advice to Commanders and Senior Executive Service civilians on the training, readiness and welfare of over 13,000 Airmen assigned to 10 major Air Force installations. He joined the Air Force Sergeants Association staff in March 2008.

DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Air Force Sergeants Association (AFSA) does not currently receive, nor has the association ever received, any federal money for grants or contracts. All of the association's activities and services are accomplished completely free of any federal funding.

Mr. Chairman and committee members, on behalf of the 125,000 members of the Air Force Sergeants Association, I thank you for the opportunity to present our views on what we believe should be the priorities for Fiscal Year 2009 for the Military Construction and Veterans Affairs Subcommittee of the House Appropriations Committee.

Air Force Sergeants Association represents Active Duty, Guard, Reserve, retired, and veteran enlisted Airmen and their families. We are grateful for this committee's efforts and I can't overstate the importance your work has to those serving this nation.

We are grateful Congress understands this solemn duty and has increased the Administration's programmed budget in each of the past few years to fulfill that commitment. We believe more work needs to be done.

In this statement I will cover two broad categories - military construction and veterans affairs – and identify specific areas we hope this committee will pursue during FY 2009. The content of this statement reflects the views of our members. As always, we are prepared to present more details and discuss these issues with your staffs.

Military Construction

Adequate infrastructure funding impacts readiness. While many focus attention on "front line" conditions during periods of war-it is natural and vitally important. However, we shouldn't overlook the value of providing adequate temporary and/or permanent construction, repair, and maintenance funds at home station installations. The quality of the facilities where military members and their families live, work and play directly impacts their desire to continue serving through multiple deployments and extended separations. We devote significant resources to training/equipping America's sons and daughters—a long-term investment—and that same level of commitment should be reflected in the facilities where they work. We caution deferring these costs, especially at installations impacted by base realignment and closure decisions, organizational transformation or mission-related shifts.

Housing privatization. We applaud congressional support for military housing privatization initiatives. Past efforts have provided access to quality housing at a much faster pace than would have been possible through military construction alone. There are many examples where success was achieved. AFSA urges Congress to fully fund appropriate account to ensure all remaining installations eliminate substandard housing as quickly as possible. Those devoted to serving this country deserve nothing less.

Child Development and Fitness Centers. Tremendous strides have been made to improve access to quality child care and fitness centers on military installations and we are grateful to the Department of Defense and Congress for your collective efforts addressing these areas of concern. There is still more work to be done. The demand for child care continues to grow as a larger percentage of military members have young children and a fit force is absolutely essential to enduring the rigors of service.

Veterans Affairs

How a nation fulfills its obligation to those who serve reflects its greatness. How we treat them also influences our ability to recruit future generations. This is a solemn duty and is reflected in the trust between the government and its uniformed members that have entered into a contract where each pledges with their life to support and defend the constitution. Today, the men and women of the armed forces continue a traditional of honor and valor exemplified by past generations. It is important our country lives up to its commitments made to all veterans--the role models for today and tomorrow's forces.

Mandatory Veterans Health Care Funding: We request Veterans Affairs funding be moved to mandatory annual spending. No citizens sacrifice more than those facing the unlimited liability of death. This nation should hold as its highest obligation the willingness to fully fund VA health care, facilities, and other programs for those who willingly serve it. Analysis performed by those who produce the Independent Budget suggests the President's FY 2009 Budget Plan will fall some $4 billion short of what is required to adequately fund all programs.

VA Medicare Subvention: Over the last several years, new "categories" of veterans have been created, limiting those who can receive services offered in VA hospitals. Those without service-connected disabilities and those with low disability ratings are either excluded from service or charged additional fees for care. This is especially taxing for older veterans. We have long maintained facilities that can serve veterans ought to do so. For those veterans who are Medicare-eligible, transferring Medicare funding to the servicing VA facility would lighten the financial burden for the VA and provide cost-effective care for the veteran. We believe VA Medicare Subvention would create a win-win-win situation for the veteran, Department of Veterans Affairs, and those administering Medicare.

Seamless Transition: AFSA is pleased Congress wisely called for the creation of a joint DoD-VA office to oversee development of bi-directional electronic medical records. This initiative is long overdue and promises to simplify an unnecessarily burdensome and inefficient process. We further believe resources should be dedicated to upgrading the scope of responsibilities and span of authority to include top-down planning and execution of all "seamless transition" functions, including the joint electronic health record; joint DoD/VA physical; implementation of best practices for traumatic brain injuries, post-traumatic stress disorder, and special needs care; care access/coordination issues; and joint research. This would be especially helpful improving benefit delivery at discharge for all service members.

Seamless Transition for Severely-Injured Guard and Reserve Members: It takes a total team effort to accomplish challenging missions. So too, must the VA be prepared to expand its efforts to ensure severely-injured Guard and Reserve members and their families receive needed transition services to make a successful return and adjustment to civilian status. Such programs have become critical as members of the Guard and Reserve have increasingly assumed the burden of battle.

Disability Retirement Reform: We urge this Committee to ensure any legislative changes to the military disability evaluation and retirement systems do not reduce compensation and benefit levels for disabled service members. If the intent of recent studies and commissions has truly been to refine the processes and provide proper, equitable compensation for those harmed while serving, the end result of those deliberations should certainly not be the reduction in compensation and benefit levels.

Care for Women Veterans: We applaud the actions of these committees in recent years to directly address the issue of the unique health challenges faced by women veterans. Between 1990 and 2000, the women veteran population increased by 33.3 percent from 1.2 million to 1.6 million, and women now represent approximately 7 percent of the total veteran population. By the year 2010, the VA estimates that women veterans will comprise well over 10 percent of the veteran population. Currently women make up more than 15 percent of the active duty force and approximately 25 percent of the reserve force with thousands serving, or having already returned from serving, in Iraq and Afghanistan. As the number of women veterans increases, the VA must be funded to increasingly provide the resources and legal authority to care for female-specific healthcare needs.

VA Facilities Construction and Renovation: There is an estimated a large backlog in construction and renovation funding. The need to upgrade, maintain aging and construct new facilities to provide adequate coverage has never been greater.

Congress supplemented the Administration's VA construction/renovation budget last year. We applaud you for that and ask for your action again to supplement the President's FY 2009 VA budget for construction and renovation by $100 million.

This is a critical matter and must be dealt with decisively. Technological advances in body armor has been done much to save lives, but has had an equally dramatic effect by increasing the number of patients (many very young and facing long-term care) as we continue to wage this lengthy war on terrorism. In addition to the obvious physical injuries, we believe there is an urgent and growing need for care capacity to address post traumatic stress disorders.

Funding for State Veterans Homes: State Veterans Home construction appropriations have been cut by over $40 million in the past two years and the project backlog is now nearly $1 billion. One year ago, there were 92 pending projects, but funding for only 22. AFSA urges this committee to earmark at least $200 million in FY 2009--for the construction and renovation of State Veteran Homes.
Investment in these homes is a wise one. VA Per Diem payments support care for over 28,000 veterans in nursing homes. State Homes provide nursing home care at less than 30 percent of the cost of care provided by the VA itself. We urge adequate support and funding for these important veterans' facilities.

Montgomery G.I. Bill (MGIB): We were extremely pleased the President mentioned transferability of Montgomery G.I. Bill benefits during his State of the Union. Shortly after that, both houses of Congress introduced legislation that would allow such transferability. Several changes need to be made to the MGIB in order to make it a more viable benefit. MGIB offers a return on investment that is not just good for the military member and his family, it is good for America.

There's no escaping the fact college cost continue to rise. As the gap between the cost of an education and value of the MGIB widens, the significance of the benefit becomes less apparent. Without an overhaul to reinvigorate the MGIB, this benefit will lose its effectiveness when it comes to recruiting this nation's finest young men and women into service. We believe this program should be transformed into something similar to the post-WW II G.I. Bill. We ask this Committee to fund a program that pays for all books, tuition, and fees. In addition, this benefit should be indexed annually to reflect the actual costs of education, especially for enlisted members.

We believe it is long overdue to afford an opportunity to all serving enlisted members who declined enrollment in the Veterans Educational Assistance Program (VEAP) to enroll in the MGIB. VEAP was intended to be a transitional benefit which enabled departing service members to secure necessary skills as they transition back into the civilian workforce. One of the greatest needs cited by our members is to provide a second chance for those who turned down their initial opportunity to enroll in VEAP. Many enlisted member during the late 70's and early 80s were advised not to enroll in VEAP because a better program was coming along. Unfortunately, when the MGIB program began, those who turned down the VEAP program were not allowed to enroll in the MGIB program. Very few of these Airmen remain on active duty today, but wouldn't it be a travesty to leave those who have devoted so many years of their lives to service be left without an educational benefit, because of a choice made so early in their career? Time is running out to make this right.

The $1,200 user fee required to qualify for MGIB should be eliminated. We believe members earn this benefit by virtue of their service. If Congress discarded this fee, it would also resolve the non-enrollment issue and solidify promises made concerning educational benefits during recruiting. Another option would be to allow enlisted members to enroll at any time during their first or subsequent enlistments. AFSA would strongly encourage the committee to incorporate this legislation as they look to revamp this benefit.

Members of the Guard and Reserve contribute to missions in Afghanistan, Iraq and here defending the homeland. Although more than 500,000 of these brave men and women have been called up since September 11, 2001, and more than 70,000 have pulled two or more tours of duty, they are denied educational benefits that are commensurate with their service. Despite our nation's increased reliance upon our Selected Reserve, the value of their standard MGIB benefits has fallen over the last 20 years from 47 percent to 29 percent of Active Duty benefits. In addition, they continue to

be the only benefits that members of the Selected Reserve who serve activated duty in the Global War on Terror cannot access once they separate from service.

The Total Force MGIB has two broad concepts—to consolidate active duty and reserve MGIB programs under Title 38 and restructure MGIB benefit levels according to the level of military service performed. DoD and the Services would retain responsibility for the cash bonuses, MGIB "kickers", and other enlistment / reenlistment incentives that they offer. Reservists mobilized for at least 90 days under federal contingency operation orders would be able to use remaining REAP benefits under Chapter 1607 after separation.

Mr. Chairman, in conclusion, I would like to thank you again for this opportunity to express the views of our members on these important issues as you consider the FY 2009 budget.

We realize you possess incredible responsibility as caretakers of the taxpayers' money and must budget wisely, basing difficult decisions on many factors. Choosing what can, and cannot, be addressed grows significantly difficult. However, AFSA contends that it is of paramount importance to provide quality health care and top-notch benefits in exchange for the devotion, sacrifice, and service of military members, particularly while this nation remains at war.

AFSA also firmly believes while much attention is given to the combat capability of technologically advanced systems, the most valuable weapon America has is those that serve, especially those wearing the chevrons of the enlisted grades. If we expect to retain this precious resource we must provide them, and their families, with quality facilities that reflect their level of commitment and sacrifice.

Again, Mr. Chairman, we are pleased by the hard work of this committee and its commitment to America's veterans past and present. On behalf of all Air Force Sergeants Association members, we appreciate your efforts and, as always, are ready to support you in matters of mutual concern.

Mr. EDWARDS. Thank you. We will submit your testimony, very excellent presentation.

We had the chief of staff of the Air Force sitting in this chair a couple of hours ago, General Moseley, but we know who runs the military.

So that is why we are so proud to have you in that chair right now.

Sergeant HAKE. Thank you, sir.

Mr. EDWARDS. And thank you for those years of service and excellent presentation, and we will follow up on those ideas.

Mr. Wamp.

Mr. WAMP. The good news for your members is, for the most part, your presentation is the agenda of this subcommittee. So I think we are going in the same direction.

Sergeant HAKE. If you would, please, anything that our association can do to assist you or your staffs, don't hesitate.

Mr. EDWARDS. Thank you.

You are in such close touch with the people who are really the backbone of our military and those that may not be making $100,000 a year in their service.

So please stay in touch with us. Don't just wait to hear from us. Let us know your ideas, specifically what we can do to be in support of the men and women you represent so well.

Mr. Farr.

Mr. FARR. The only comment I can make is that I appreciate your testimony. However, I disagree with the idea that we should have a fixed budget, because if you had a fixed budget, a steady budget, without this committee's work and the Congress, it would be $12 billion less than it is going to be at the end of this year.

So there is some merit in having the political discussion each year and being able to prioritize.

Sergeant HAKE. I understand completely, sir. I certainly don't want to put you out of work.

Mr. FARR. No, it wouldn't put us out of work. But if we stuck to the old budget, you would be out of work.

Sergeant HAKE. Yes. Yes, sir. I understand.

Mr. EDWARDS. Mr. Bishop.

Mr. BISHOP. Thank you very much.

I appreciate your testimony, because, although you didn't dwell on it in your oral presentation, you talk about the base alignment and closure accounts and the need for attention to be given to the veterans' health that will surround that, as well the military health.

But you also talk about the seamless transition between DOD and the VA. We have had a number of witnesses over the last few weeks and that is one of the issues that has been raised, that it is very important to have that seamless transition.

And I am just glad that you referenced it in your testimony about the budgets. It is what many of us have been seeing—and the DOD as we talk to the respective communities—of jurisdictions.

So thank you for highlighting that.

Mr. EDWARDS. Great.

Sergeant, thank you for being here.

Sergeant HAKE. Sir, if I may, before I depart, I would like to draw attention to five gentlemen and ladies that entered in blue uniforms behind me.

Mr. EDWARDS. Please do.

Sergeant HAKE. They are men and women of the Air Force Office of Special Investigations, stationed at Andrews Air Force Base, all military members, proud to be wearing Air Force blue.

Mr. EDWARDS. Thank you very much for your service. We are honored to be in your presence today. Thank you.

Thank you, sir.

Sergeant HAKE. Thank you, sir.

Mr. EDWARDS. Could I ask staff how much time we have before the next vote, before this vote finishes? So we could do one more witness.

I would ask Mr. Davis, Mr. John R. Davis to please come forward.

Mr. Davis served in the United States Marine Corps Reserve and as a second lieutenant in the Illinois Army National Guard. He joined the Fleet Reserve Association in February of 2006 as director of legislative programs.

Mr. Davis, welcome to the subcommittee and we would like to recognizes you for 5 minutes now.

THURSDAY, MARCH 13, 2008.

FLEET RESERVE ASSOCIATION

WITNESS

JOHN R. DAVIS, DIRECTOR, LEGISLATIVE PROGRAMS

STATEMENT OF JOHN R. DAVIS

Mr. DAVIS. Thank you.

Thank you, Chairman Edwards, Ranking Member Wamp, Congressman Bishop and Congressman Farr. Thanks for the opportunity to express FRA's views.

I also want to thank the chairman specifically for his leadership and sponsorship of H.R. 579 to prohibit Tricare fee increases.

On a similar note, FRA strongly opposes the VA health care fees proposed in the budget for category seven and eight.

The association wants to express its sincere gratitude to the subcommittee for funding in the fiscal year 2008 budget the largest annual budget increase in the Department of Veterans' Affairs 77-year history.

The subcommittee sent a clear message last year that there are no higher funding priorities than to ensure proper treatment of our wounded warriors and their families, to which we owe so much.

FRA is also thankful for the fiscal year 2008 defense authorization bill, which includes the wounded warriors provision, supported by FRA. These reforms, though, are still a work in progress and will be successful only with adequate funding, adequate funding for the wounded warrior resource center, which is supposed to be a single point of contact for families, caregivers, and other interested parties; adequate funding for the joint DOD–VA agency that is

going to set up the electronic health care records, an important step in realizing a true seamless transition; also, the VA budget, which is $1.7 billion more than last year's, but is $3 billion less than the Independent Budget, which FRA supports.

FRA is concerned that the Veterans' Benefits Administration, the VBA, has a backlog of more than 650,000 claims. Over 25 percent of those have been pending for more than 6 months.

The number of pending claims is actually increasing and the complexity of those claims is also increasing.

In order to meet the increasing workload, the VA must have appropriations necessary to increase staffing and training.

The proposed budget only increases VBA by about $50 million, which is less than a 4 percent increase over last year, which we think is woefully inadequate when you take into account the number of claims that will increase with the surge of troops in Iraq, the ongoing operations in Afghanistan and the aging veterans population.

FRA strongly supports adequate funding for medical research and the needs for disabled veterans. Noteworthy, however, is the fact that the proposed VA budget for medical and prosthetic research reflects a reduction of $38 million, and that is one of the most successful aspects of all the VA medical programs.

FRA strongly supports the Independent Budget recommendation to increase the funding for this program by $75 million.

We believe there is strong bipartisan consensus for reform of the system for evaluating disabilities of wounded service members and for additional funding and staffing.

The VA can properly deliver benefits to veterans only if it has adequate resources and staffing to process and adjudicate claims in a timely and accurate fashion.

Double-digit inflation, education inflation, has dramatically diminished the value of the MGIB and benefits fall well short of the actual cost of the college education.

FRA supports enactment of a total force MGIB, with the integration of active and Reserve MGIB programs under Title 38, which we think is very important to provide benefits for services performed and enable improved administration and better facilitate the purposes intended by the MGIB by Congress.

The nation's active duty and Reserve components are being integrated under the total force concept and we think that education benefits should be restructured and funded accordingly.

FRA appreciates the administration's call for transferability of MGIB benefits to family members, but notes there is no funding to request this in the current budget.

There are also thousands of senior enlisted personnel who entered military service during the VEAP era and did not have the opportunity to enroll in that.

The association, FRA, continues to advocate for the adoption of an open enrollment period and we believe that that will require some additional funding, as well.

I want to thank the subcommittee for being the only one in Congress that regularly invites our outstanding senior enlisted leaders to testify each year on the quality of life issues.

FRA strongly supports funding for the Navy's goal of adding 13 additional child support centers by 2013 and plans to increase child care capacity by almost 7,000 in this fiscal year 2009 year coming up.

There are, however, currently more than 8,000 children on waiting lists and the average waiting time for children is 6 months. In fleet concentration areas, it is more than a year.

FRA also supports funding to support the Marine Corps' plans to add 10 child care centers by 2013, since it has not met its DOD goal of providing at least 80 percent of its potential child care goals.

Currently, the Marine Corps has only achieved 71 percent of its child care goals.

And the association also supports funding necessary for the Marine Corps to build 35 new barracks for bachelor housing for—Marines in fiscal year 2009.

Thank you for allowing me to speak.

[Prepared statement of John R. Davis follows:]



Statement of
The Fleet Reserve Association

Before the

Committee on Appropriations
Subcommittee on Military Construction and Veterans Affairs
U.S. House of Representatives

By

John R. Davis
Director, Legislative Programs
Fleet Reserve Association

March 13, 2008

THE FRA

The Fleet Reserve Association (FRA) is the oldest and largest organization serving the men and women in the active, Reserve, and retired components plus veterans of the Navy, Marine Corps, and Coast Guard. The Association is Congressionally Chartered, recognized by the Department of Veterans Affairs (VA) and entrusted to serve all veterans who seek its help.

The Association is actively involved in the Veterans Affairs Voluntary Services (VAVS) program and a member of the National Headquarters' staff serves as FRA's National Veterans Service Officer (NVSO) and has a seat as a national representative on the VAVS National Advisory Committee (NAC). FRA testifies regularly before the House and Senate Veterans Affairs Committees and Appropriations Subcommittees, and before other special panels including the Veterans Disability Benefits Commission.

In 2007, 195 FRA Shipmates volunteered at 32 VA facilities throughout the country, enabling FRA to achieve VAVS "Service Member" status. Members of the Ladies Auxiliary of the Fleet Reserve Association are also actively involved in the VAVS program and hold an Associate Membership seat on the committee which requires involvement at 15 or more VA facilities.

In August 2007, FRA became the newest member of the Veterans Day National Committee. FRA joined 24 other nationally recognized Veterans Service Organizations on a committee that coordinates National Veterans Day ceremonies at Arlington National Cemetery. FRA also is a major participant in The Military Coalition (TMC), a group of 35 nationally-known military and veteran organizations representing the concerns of over five million collective members. In addition, FRA staff members serve in a number of TMC leadership roles.

FRA celebrated its 83rd anniversary on 11 November 2007. Over eight decades its dedication to its members has resulted in legislation enhancing quality of life programs for Sea Services personnel, retirees, veterans and their families.

FRA's motto is: "Loyalty, Protection, and Service."

CERTIFICATION OF NON-RECEIPT OF FEDERAL FUNDS

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any federal grant or contract during the current fiscal year or either of the two previous fiscal years.

INTRODUCTION

Mr. Chairman and other distinguished Members of the Subcommittee: The Fleet Reserve Association (FRA) appreciates the opportunity to present its recommendations.

Ensuring that wounded troops, their families and the survivors of those killed in action are cared for by a grateful Nation remains an overriding FRA priority. The Association therefore, wants to express its sincere gratitude to this Subcommittee, the full Committee, and its Senate counterparts for funding the largest annual budget increase in the Department of Veterans Affair's 77-year history. The increase includes additional health care funding with an emphasis on research and treatment for Traumatic Brain Injury (TBI) and Post Traumatic Stress Disorder (PTSD). The legislation also provides money for much needed additional VA case workers to reduce the major backlog of claims. These and other enhancements were strongly supported by FRA. This Subcommittee sent a clear message that there is no higher funding priority than to ensure proper treatment, housing and support facilities for all of our wounded warriors and their families to which we owe so much.

WOUNDED WARRIORS

FRA is optimistic about the progress toward establishing the joint DoD-VA office that will oversee development of a bi-directional electronic medical record per provisions in the FY 2008 National Defense Authorization Act (NDAA). The creation of a bi-directional electronic health record is a critical element in developing a seamless transition process between DoD and VA care. Despite jurisdictional challenges, this Subcommittee should ensure that this office has adequate funding to implement an electronic medical record as a critical first step in improved treatment of physical injuries as well as PTSD and TBI for veterans of OIF/IEF.

In addition to this distinguished Subcommittee, FRA salutes the Dole-Shalala Commission, the Marsh-West Independent Review Group, the VA Interagency Task Force on Returning Veterans, the Mental Health Task Force, and the previously authorized Veterans' Disability Benefits Commission, and the House and Senate Armed Services and Veterans Affairs Committees for the attention to the need for meaningful reform with regard to care and support for our wounded warriors and their families.

FRA supports the vast majority of these task force and commission recommendations, and we're pleased that the Wounded Warrior Act provisions were included in the FY2008 NDAA. That said, the work to provide the best care available for our wounded warriors is still a work in progress, and adequate funding is critical for success.

FRA asks this Subcommittee to ensure that the VA has adequate funding to assist the Wounded Warrior Resource Center so it can effectively serve as a single point of contact for service members, their families, and primary caregivers to report issues with facilities, obtain health care and receive benefits information.

In addition, it's important to provide adequate funding and staffing for the VA to ensure that a comprehensive description of entitlements is developed for service members upon their separation or retirement as a result of serious injury or illness. It's also essential that the VA has resources to do its part in working with DoD to jointly establish a standard service member' disabilities rating that takes into consideration all medical conditions; and ensure that the VA has adequate funding to provide comprehensive treatment for TBI, PTSD, other mental health conditions and military eye injuries, as well as the creation of centers of excellence focused on these conditions.

DEPARTMENT OF VETERANS AFFAIRS BUDGET

FRA appreciates the more than $47 billion requested for the VA in FY 2009, which represents a $1.7 billion increase over this year's budget and includes increases for mental health care (PTSD and TBI) by nine (9) percent, OEF/OIF veterans' care by 21 percent, and 24 percent for technology that will be used to implement the electronic health record that will help provide a seamless transfer from DoD to VA care. However, this amount is about $3 billion short of what is needed according to the "Independent Budget" that is supported by FRA.

The health care portion of the budget is significantly less than the Independent Budget ($43.3 billion) and calls for $39.1 billion in discretionary funding for veterans' health care, which represents nearly $2 billion increase in discretionary spending over the current year's budget. As painfully indicated in the health care funding emergency in 2005 and last year's Walter Reed Army Medical Center debacle, during a time of war it's important to anticipate significant numbers of new patients. And with health care costs skyrocketing, FRA questions the planning and foresight with regard to future requirements and believes the Administration's proposal is inadequate to meet the health care needs of the growing number of veterans eligible to seek care from the VA. Accordingly, the Association requests your support for additional health care funding to meet these pressing needs. In addition, FRA strongly supports adequate funding to support the extension of access to VA health care for returning service members from two to five years.

The Association notes that the number of veterans filing disability claims has increased by more than 38 percent between FY 2000 and FY 2006. The number of veterans receiving compensation increased by nearly 400,000 since 2000 – from just over 2.3 million veterans to almost 2.7 million and according to the Independent Budget, disability claims increased 29 percent in FY 2007. Given these statistics, FRA is concerned that as with health care costs, the ongoing war on terror and the "surge" in Iraq are only expected to further increase the number of VA disability claims and associated processing and compensation workload.

HEALTH CARE FEES

FRA again strongly opposes the Administration's plan to impose a tiered enrollment fee for veterans in Priority Groups 7 and 8 within the Department of Veterans Affairs Health Care System in FY 2009. The Administration's request also includes a recommendation to nearly double prescription drug co-payments from $8 to $15, for a 30-day supply – a plan FRA also opposes. The VA FY 2009 budget includes a request for a tiered annual enrollment health care fee based on

annual family income above $50,000 and an increase on pharmacy co-pays from $8 to $15 for Priority Group 7 and 8 beneficiaries. Annual family income above $50,000-74,999 would require a $250 enrollment fee; $75,000-99,999 would require $500 annual enrollment fee; and $100,000 and above would require $750 annual enrollment fee.

There are approximately 2.4 million veterans in these Priority Groups and FRA adamantly opposes shifting costs to them for care they've earned in service to our Nation. FRA is further concerned that the revenue from these fees will be directed to the Treasury and will not be reinvested back into the VA.

Although not under the oversight of this Subcommittee, FRA continues its strong opposition to TRICARE fee increases for military retirees and believes other cost-saving options must be implemented prior to adjusting fees for these retirees. The Association also appreciates your leadership on this issue Mr. Chairman, by sponsoring "The Military Retiree Health Care Protection Act" (H.R. 579.)

The Association is also very concerned about the lengthy appointment waiting times veterans are experiencing.

Medical and Prosthetic Research

The Department of Veterans Affairs is widely recognized for its effective research program and FRA continues to strongly support adequate funding for medical research and for the needs of the disabled veteran. The value of both programs within the veterans' community cannot be overstated. The Association is concerned with a $38 million cut (8%) in the FY 2009 proposed VA Budget for Prosthetics and Medical Research, which is one of the most successful of all VA medical programs. Accordingly, FRA requests enhanced funding for these important programs and strongly supports the Independent Budget's recommendation for a $75 million increase to $555 million.

Disability Compensation Claims Processing

The VA can promptly deliver benefits to veterans only if it has adequate resources and staffing to process and adjudicate claims in a timely and accurate fashion. Given the critical importance of disability benefits, the VA has a paramount responsibility to maintain an effective delivery system, taking decisive and appropriate action to correct any deficiencies as soon as they become evident. That said, the VA has neither maintained the necessary capacity to match and meet its claims workload, nor correct systemic deficiencies that compound the problem of inadequate capacity.

FRA is concerned that the Veterans Benefits Administration (VBA) has a backlog of more than 650,000 claims and over 25 percent of these have been pending for more than six months, which is only slightly better than 27 percent for that time period last year. The VA's claims backlog continues to be at an unacceptable level and the VBA has been unable to gain any ground on its pending claims backlog. Not only is the number of pending claims increasing, (400,000 last year)

but, the number and complexity of claims such as those associated with PTSD has increased. As noted in FRA's 2007 statement, from FY 2000 to FY 2006 the number of veterans receiving compensation for PTSD more than doubled from 130,000 to 270,000. In order to meet the increasing workload, the VA must have appropriations necessary to increase staffing and training for the Compensation and Pension Service. The Administration's FY 2009 budget only increases VBA by $50 million which is less than a four percent increase from FY 2008 and this seems woefully inadequate.

In addition, the US Court of Appeals for Veterans Claims is still experiencing a significant backlog of cases. FRA appreciates the 2007 re-call of retired judges to speed up the adjudication of claims, and the Association recommends that this distinguished Subcommittee consider additional funding for staff and judges to ensure timely adjudication of appeals. Congress should also require the Court to submit detailed annual reports to allow ongoing Congressional oversight to more accurately access the Court's workload and monitor its need for additional resources.

MGIB

The Montgomery GI Bill (MGIB) is important and aids in the recruitment and retention of high-quality individuals for service in the active and Reserve forces; assists in the readjustment of service men and women to civilian life after they complete military service; extends the benefits of higher education (and training) to service men and women who may not be able to afford higher education; and enhances the Nation by providing a better educated and productive workforce.

Double-digit education inflation is dramatically diminishing the value of MGIB. Despite periodic increases, benefits currently fall well short of the actual cost of education at a four-year public college or university. Unfortunately, not all of MGIB objectives are being achieved, particularly for mobilized members of the National Guard and Reserve forces.

There are thousands of senior enlisted personnel who entered military service during the Veterans Education Assistance Program (VEAP) era and are not enrolled in the MGIB. The Association continues to advocate for the adoption of an open enrollment period for these personnel and if authorized, strongly supports appropriations to fund this program.

The Nation's active duty, Guard and Reserve forces are effectively being integrated under the Total Force concept, and educational benefits under the Montgomery GI Bill should be restructured accordingly. Understanding jurisdictional responsibilities, FRA appreciates the changes last year to allow Reservists to apply for benefits after their military service.

FRA recommends significant additional funding to allow the MGIB benefits to keep pace with the cost of a college education for active and reserve personnel, and to cover expanded transferability authority to family members which may cost as much as $2 billion annually if authorized.

MILITARY CONSTRUCTION

As discussed by senior enlisted leaders of the Navy, Marine Corps, Army and Air Force during the 7 February 2008 Quality of Life hearing by this distinguished Subcommittee, child care facilities, work spaces and associated structures, and barracks construction are top concerns. These programs are particularly important to the Navy and Marine Corps per testimony by Master Chief Petty Officer (MCPON) of the Navy Joe Campa, and Sergeant Major of the Marine Corps Carlton Kent.

It should be noted that this is the only Subcommittee in Congress that regularly invites our outstanding senior enlisted leaders to testify each year. Our membership salutes you Mr. Chairman, and Ranking Member, Zack Wamp and members of this distinguished Subcommittee for consistently inviting them to testify on all important military quality of life issues.

FRA strongly supports funding the Navy's goals of adding 13 additional Child Development Centers by 2013. There are more than 8,000 children on waiting lists and the average waiting time for child care is six months and up to 12 months in fleet concentration areas. The Navy has 124 child care centers, 103 youth centers and 3,115 child development homes and plans to increase child care capacity by 6,907 in FY 2009.

The Association also supports expanding the Navy's Homeport Ashore project which provides pier side housing for single Sailors. As noted by MCPON Campa, these personnel include 9,000 of our junior sailors who are still living aboard their respective ships.

FRA also supports funding to support the Marine Corps plans to add 10 child care centers by FY 2013 since it has not met its DoD goal of providing 80 percent of its potential child care goals. Currently the Marine Corps has only achieved 71 percent of its child care goals. Further FRA supports efforts to expand child care opportunities by leasing off-base facilities, and converting housing units into child care centers.

The Association also strongly supports funding necessary for the Marine Corps to build barracks to house the Service's growing end strength including $1.168 Billion for new construction of 35 new barracks for bachelor housing for enlisted Marines in FY 2009.

FRA is also monitoring the implementation plan for relocating Marine Corps personnel and their families from Okinawa to Guam and urges approval and adequate funding to support the construction of barracks, family housing, fitness and child care centers and other facilities to ensure adequate work spaces, support services, quality of life and other associated programs.

BRAC

The Association remains concerned about inadequacy of funding for implementation plans for other DoD transformation initiatives, global repositioning, and BRAC actions. During the current wartime environment, it's important to establish and maintain support services and quality of life programs for active and reserve service members their families, and retirees at affected sites.

FRA notes the recent ruling by the DoD General Counsel determining that commissary construction projects that are necessitated by BRAC or re-stationing can not be paid out of the commissary surcharge fund, but must be funded via BRAC or MILCON funding. The two immediate projects impacted by this ruling are new commissaries at Fort Bliss and Fort Riley that will be built with BRAC and MILCON funding thus freeing up DeCA surcharge dollars for other important projects.

AFRH

FRA appreciates support from appropriators to provide funding to rebuild Armed Forces Retirement Home in Gulfport Miss. Many FRA members, who were residents at the Home, who were forced to relocate due to damage caused by Hurricane Katrina in 2005 are eager to go home. The Association welcomes the $240 million appropriated for reconstruction of the Gulfport facility at the same site of the old building that was damaged beyond repair from the hurricane. The ground breaking ceremony occurred this month and the new facility is scheduled to be completed by July 2010. FRA thanks this distinguished Subcommittee for its efforts to expedite this project and hopes that if additional resources are required for the reconstruction, this Subcommittee would act expeditiously to appropriate the resources to complete this project in a timely manner.

Conclusion

Mister Chairman, FRA sincerely appreciates all that you and members of your distinguished Subcommittee – and your outstanding staff do, to support our magnificent service members and veterans. And thanks again for the opportunity to present the Association's recommendations for your consideration.

JOHN R. DAVIS
DIRECTOR, LEGISLATIVE PROGRAMS, FRA

John Davis served in the United States Marine Corps Reserve in an artillery unit (155 self-propelled howitzers) and as a Second Lieutenant in the Illinois Army National Guard in the 1980s. He is in his third year as FRA's Director, Legislative Programs and is a member of FRA Branch 181.

John worked for nearly 13 years with the National Federation of Independent Business, including nine years as Director of the Illinois chapter and three and a half years in the federal lobbying office in Washington, D.C. John has lobbied on a variety of issues including health care, tort reform, insurance, taxation, and, labor law.

In 2005 John received a Masters of Public Policy (MPP) degree from Regent University, Alexandria, Virginia. John has a BA degree from Illinois State University in Political Science and History. John lives with his wife of more than 29 years in Vienna, Virginia. They have two children: Anne age 25 and Michael age 22 who is currently serving in the Marine Corps Reserves and has been mobilized for Operation Iraqi Freedom. John's wife, Kathy serves as a member of the unit's Key Volunteer Network.

Mr. EDWARDS. Mr. Davis, thank you for your comments.

Let me just say thanks for focusing on the backlog. With the funding that this subcommittee approved last year, the VA is in the process of hiring 3,100 new claims processors.

I am told that the backlog is actually going down some now. I want to verify that. But once those are all trained and in place, I think you will see a significant drop in the wait time, and we intend to add to what we did last year.

That wasn't just a 1-year——

Mr. DAVIS. My sense of it is, what I have been told by some VSOs and other people that are very involved with the VA budget, is, in effect, that the VA, with its bigger budget, has sort of been a victim of its own success, that the quicker adjudication of claims has actually encouraged more people to file claims and that that actually brings in the workload.

So even though we have added money, we had a 400,000 backlog last year and then we added money, we made it even bigger, we still ended up with six—right now, I believe it was last month, it was about 650,000 claims backlogged.

That is according to the Disability Subcommittee for the House Veterans' Affairs Committee.

Mr. EDWARDS. I will follow up on that. So the waiting time period had gone down.

But, of course, I would not want a single veteran not to apply for a claim because the backlog was so long. So I guess it is good news if these are veterans that may qualify and have earned benefits. We want them coming in.

Mr. DAVIS. Absolutely.

Mr. EDWARDS. If that means we have to hire more people, then we will do that.

And your comment about the senior enlisted leaders testifying, that is one of the highlights of our year and they always do an outstanding job.

Mr. Wamp.

Mr. WAMP. Straightforward and effective. No questions. Thank you, Mr. Davis.

Mr. DAVIS. Thank you. Thank you very much.

Mr. EDWARDS. Thank you very much.

My colleagues, I think we have got about 3 minutes and there is a 2-vote program upstairs. The second one is a quorum call.

So perhaps we could vote quickly on that and come back down and continue on.

Mr. WAMP. They are swearing in a member between the votes.

Mr. EDWARDS. Are they?

Mr. WAMP. So if you want to come right back, we can.

Mr. EDWARDS. I don't mind coming back. So we will go vote, come back, and then we will get back and vote the second time. Good suggestion.

We will stand in recess.

[Recess.]

Mr. EDWARDS. Could I call forward Mr. James Brown—Dr. Brown? Dr. Brown is a VA physician scientist at the San Francisco VA Medical Center. He is testifying on behalf of the VA Medical

Care and Health Research, a coalition of over 90 national academic, medical and scientific societies.

Dr. Brown, we are glad to have you here.

Let me just say, while we have so many groups still represented here, we have provided a huge infusion of money into the VA system, both the health care system and VBA, and we ask you all to be partners with us in helping us exercise oversight, because it is just critical that we see that the VA spends this money wisely.

So be our eyes and ears, be our partners. Let's work together with the VA to see that this money is spent wisely, because if it is not, then we won't have the opportunities to have the kinds of increases in VA funding that we saw last year and that I believe that we will see this year, as well.

With that, Dr. Brown, thank you for your service, your work, and for being here today.

THURSDAY, MARCH 13, 2008.

FRIENDS OF VA MEDICAL CARE AND HEALTH RESEARCH

WITNESS

JAMES K. BROWN, VA-PHYSICIAN SCIENTIST, SAN FRANCISCO VA MEDICAL CENTER

STATEMENT OF JAMES K. BROWN

Dr. BROWN. Thank you, Mr. Chairman.

As you mentioned, I am Jim Brown. I am a lung doctor at the San Francisco VA and have been since 1981, and a professor of medicine at UC-San Francisco.

I do appreciate the opportunity to speak about the VA research program.

As you mentioned, this testimony is on behalf of FOVA, which is, as you said, a coalition of organizations that are very committed to the veterans' health programs and, in particular, to the VA research program.

And FOVA expresses its gratefulness to you for the increase provided last year in the VA research program.

This year, FOVA recommends that the subcommittee provide $555 million for the VA research program in fiscal year 2009.

So why support the VA research program?

Because the VA research program helps attract outstanding physicians to serve our nations veterans. For the young medical graduate seeking a career exclusively in patient care, private practice usually pays more than the VA can provide.

For the young physician wishing to do exclusively research, a university hospital or biotechnology company may be the best bets.

But for one who aspires to providing care for patients and to doing research on illnesses, the VA is an extremely attractive option and, for this group of physicians, the opportunity to apply for VA research funds makes a career in the VA health care system particularly desirable.

So as you know, I think, outstanding research within the VA is of many different types. At my own center, Mike Weiner uses, for example, magnetic resonance imaging of the brain to study patients with traumatic brain injury and post-traumatic stress syndrome, the goals being earlier diagnosis and better treatment.

This work has, obviously, important implications for returning veterans from Operations Iraqi Freedom and Enduring Freedom.

The VA research programs across the country have made important contributions, including invention of implantable cardiac pacemaker devices, creation of new vaccines, and development of state-of-the-art prosthetics.

Because the aging constitute an increasingly significant proportion of patients within the VA, investigators in VA have made significant advances in Alzheimer's disease, coronary artery and valvular heart disease, chronic obstructive pulmonary disease, as you heard from Terri Weaver, diabetes and pain management—outstanding research within the VA and clearly has been good for veterans.

A somewhat dark spot on the shining achievements of the VA research program is its laboratory space, which is too old and too small.

As an example, our facility in San Francisco has 220 scientists and an annual research budget of $78 million, under guidelines provided by the Capital Asset Realignment for Enhanced Services, or CARES, Commission report.

A research program of this size should be housed in 435,000 square feet of laboratory space, yet we have 131,000 square feet. We are literally turning bathrooms into offices for young physicians.

This problem, along with the problem of a strong need to refurbish existing laboratory space within the VA has made it increasingly difficult to recruit and retain within the VA the very best physicians.

FOVA expresses its great appreciation for the subcommittee's efforts to provide funding for research laboratories in previous appropriation bills, but feels that the funds have not yet been available in the amounts needed.

For fiscal year 2009, FOVA recommends that $45 million be provided specifically for research laboratory space renovation.

So in summary, FOVA recommends $555 million for the VA research program and $45 million for VA research laboratories for fiscal year 2009.

And, again, we greatly appreciate your support in the increase in the research budget last year very, very much.

[Prepared statement of James K. Brown follows:]

FOVA

Friends of VA Medical Care and Health Research

A coalition of national organizations committed to quality care for America's veterans

Executive Committee

John M. Bradley III
VSO Liaison
703 244 3653
John_M_Bradley@comcast.net

Charles Clayton
Alliance for Academic Internal Medicine
202-861-9351
cclayton@im.org

Gary Ewart
American Thoracic Society
202-296-9770
gewart@thoracic.org

Heather Kelly, Ph.D.
American Psychological Association
202-336-5932
hkelly@apa.org

Matthew Shick
Association of American Medical Colleges
202-828-0525
mshick@aamc.org

Barbara West
National Association of Veterans' Research and Education Foundations
301-565-5005
bwest@navref.org

STATEMENT OF

THE FRIENDS OF VA MEDICAL CARE AND HEALTH RESEARCH (FOVA)

ON

THE FISCAL YEAR 2008 APPROPRIATIONS

FOR

THE DEPARTMENT OF VETERANS AFFAIRS MEDICAL AND PROSTHETIC RESEARCH PROGRAM

BEFORE

THE HOUSE MILITARY CONSTRUCTION, VETERANS AFFAIRS AND RELATED AGENCIES APPROPRIATIONS SUBCOMMITTEE

PRESENTED BY

James K. Brown MD

March 13, 2008

I am James K Brown MD. I am a VA-physician scientist at the San Francisco VA Medical Center and I am today testifying on behalf of the Friends of VA Medical Care and Health Research coalition. On behalf of the Friends of VA Medical Care and Health Research (FOVA), thank you for your continued support of the Department of Veterans Affairs (VA) Medical and Prosthetic Research Program. FOVA is a coalition of over 90 national academic, medical and scientific societies; voluntary health and patient advocacy groups; and veteran service organizations committed to ensuring high-quality health care for our nation's veterans. The FOVA organizations greatly appreciate this opportunity to submit testimony on the President's proposed fiscal year (FY) 2009 budget for the VA research program. For FY 2009, FOVA recommends an appropriation of $555 million for VA Medical and Prosthetic Research and an additional $45 million for research facilities upgrades to be appropriated through the VA Minor Construction account. Additionally, we support the Independent Budget request for 42.8 billion for the VA Medical Care budget for FY09.

VA Research Is Necessary for Superior Veterans Health Care

Recent funding shortfalls have jeopardized the national leadership status of the VA research program. For FY 2009, the Administration has again recommended a budget that cuts funding for the VA research program. When biomedical inflation is considered—the Biomedical Research and Development Price Index for FY 2009 is projected at 3.5 percent—the research program will require an additional $20 million to maintain current purchasing power.

Significant growth in the annual VA research appropriation is necessary to continue to achieve breakthroughs in health care for the current population of veterans and to develop new means for addressing the health care needs of the nation's new veterans. FOVA's $555 million recommendation for VA research funding represents an inflation adjustment plus funds for new research initiatives. New initiatives include:

Critical Emerging Needs: Additional funding also is needed to expand research on strategies for overcoming the devastating injuries being suffered by Operation Enduring Freedom and Operation Iraqi Freedom veterans. Improvements in prosthetics and rehabilitation, as well as better treatments for polytraumas, traumatic brain injury (TBI), whole body burns, and post-traumatic stress disorder (PTSD) are urgently needed.

Genomic Medicine: As the largest integrated health-care system in the world with an industry-leading electronic health record system and a dedicated treatment population for sustained research, VA is in a unique position to revamp modern health care and to provide progressive, cutting-edge care for veterans through genomic medicine. VA combines these attributes with high ethical standards and standardized processing that will lead to innovations in safer, more accurate, and personalized treatment and prevention with genomic medicine.

VA Merit-Review Award Caps: Since 2005, inadequate funding for VA research has forced the Department to cap many VA merit-review awards at a mere $125,000 annually. The cap is a tradeoff that VA leadership has had to make to continue funding the same number of grants it has historically supported. FOVA supports increasing the number of funded programs to meet these challenges, but as a secondary objective also supports raising the cap on merit review programs to recognize inflation, maximize productivity, foster recruitment, and speed the translation of research from the bench to the bedside.

VA strives for improvements in treatments for conditions with a prevalence among veterans greater than in the general population, including: diabetes, substance abuse, mental illnesses, heart diseases, chronic obstructive pulmonary disease and prostate cancer. The VA research program also focuses its efforts on service connected conditions, including spinal cord injury, paralysis, amputation, and sensory disorders.

VA is equally obliged to develop better responses to the grievous conditions suffered by veterans of Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF), such as extensive burns, multiple amputations, compression injuries, and mental stress disorders. Additional increases are also necessary for continued support of new initiatives in neurotraumas, including head and cervical spine injuries; wound and pressure sore care; pre- and post-deployment health issues with a particular focus on post-traumatic stress disorder; and the development of improved prosthetics and strategies for rehabilitation from polytraumatic injuries. These returning OIF and OEF veterans have high expectations for returning to their active lifestyles and combat.

The seamless mental and physical reintegration of these soldiers is a challenge, but the VA Medical and Prosthetic Research Program can and will address these needs. However, without appropriate funding, VA will be ill-equipped to address the needs of the returning veteran population while also researching treatments for diseases that affect veterans throughout the course of their lives and for which they will seek treatment from VA medical facilities.

To address these long-term needs, VA has a distinct opportunity to recreate its health care system and provide progressive and cutting edge care for veterans through genomic medicine. Innovations in genomic medicine will allow the VA to track genetic susceptibility for disease and develop preventative measures; predict response to medication; and modify drugs and treatment to match an individual's unique genetic structure. VA is the obvious choice to undertake substantial research in genomic medicine as the largest integrated health care system in the world with an advanced and industry-leading electronic health record and a dedicated population for sustained research, ethical review, and standard processing.

While advances in genomic medicine show promise in aiding the discovery of new, personalized treatments for diseases prevalent among many veterans seeking treatment at VA hospitals, there is also evidence that genomic medicine will greatly help in the treatment and rehabilitation of returning OIF/OEF veterans. For instance, research can target the human genome for insight into individual capacity for the healing of wounds. Additional studies have considered the differences between genes that aid in healing and genes that cause inflammation and its side-effects. Advancements in this field can drastically influence the treatment of injured soldiers and may play a large role in the long-term treatment of surgical patients and amputees.

The VA genomic medicine project will require sustained increases in funding for the VA research program over the next decade, at least. A VA pilot program for banking genetic information that involves 20,000 individuals and 30,000 specimens (with the capacity to hold 100,000 specimens) provides estimates that approximately $1,000 will be necessary to conduct genetic analyses of each specimen. The potential advances that can be achieved with regard to PTSD and veteran-related diseases rely on an expansion of tissue banking as the crucial information generating step that will inform future ongoing research and the development of new treatments.

VA Research Facilities Must be Updated to Meet Scientific Opportunities

State-of-the-art research requires state-of-the-art technology, equipment, and facilities in addition to highly qualified and committed scientists. Modern research cannot be conducted in facilities that more closely resemble high school science labs than university-class spaces. Modern facilities also help VA recruit and retain the best and brightest clinician scientists. In recent years, funding for the VA Minor Construction Program has failed to

provide the resources needed to maintain, upgrade, and replace aging research facilities. Many VA facilities have run out of adequate research space, and ventilation, electrical supply, and plumbing appear frequently on lists of needed upgrades along with space reconfiguration. Under the current system, research must compete with other facility needs for basic infrastructure and physical plant improvements which are funded through the minor construction appropriation.

FOVA appreciates the Subcommittee' attention to this issue in previous years. The House Committee on Appropriations also gave attention to this problem in the House Report accompanying the FY 2006 appropriations bill (P.L. 109-114), which expressed concern that equipment and facilities to support the research program may be lacking and that some mechanism is necessary to ensure VA's research facilities remain competitive. The report noted that more resources may be required to ensure that research facilities are properly maintained to support VA's research mission. To assess VA's research facility needs, Congress directed VA to conduct a comprehensive review of its research facilities and report to Congress on the deficiencies found, along with suggestions for correction. Unfortunately, in its FY 2008 budget submission, VA stated that this review, already underway for the past year, will take an additional three years to complete. Such a delay is unacceptable.

Meanwhile, in May, 2004, Secretary of Veterans Affairs Anthony J. Principi approved the Capital Asset Realignment for Enhanced Services (CARES) Commission report that called for implementation of the VA Undersecretary of Health's Draft National CARES Plan. The CARES Plan recommended at least $87 million to renovate existing research space. FOVA believes this estimate should be sufficient justification for an increase in the minor construction program to begin a significant modernization program. However, based on pre-2004 assessments of VA research facilities, FOVA believes a complete assessment of research infrastructure needs will likely require a facilities improvement investment of more than $300 million across the 75 VA medical centers that conduct significant amounts of VA funded research. The urgency of VA funding for facilities is more heightened now than ever given the difficulties facing many affiliated non-profit research corporations, which have historically contributed to the modernization of VA research facilities.

FOVA believes Congress should establish and appropriate a funding stream specifically for research facilities, using the VA assessment resulting from the FY 2006 report language. In the meantime, to ensure that funding is adequate to meet both immediate and long-term needs, FOVA recommends an annual appropriation of $45 million in the minor construction budget dedicated to research facilities improvements. This appropriation is a critical interim step to ensure VA can continue to conduct state-of-the-art research.

The Integrity of VA's Intramural, Peer-Review System Must be Preserved

As a perquisite for membership, all FOVA organizations agree not to pursue earmarks or designated amounts for specific areas of research in the annual appropriation for the VA research program. The coalition urges the Subcommittee to take a similar stance in regard to FY 2009 funding for VA research for the following reasons:

- *The VA research program is exclusively intramural.* Only VA employees holding at least a five-eighths salaried appointment are eligible to receive VA research awards originating from the VA research appropriation. Compromising this principle by designating funds to institutions or investigators outside of the VA undermines an extremely effective tool for recruiting and retaining the highly qualified clinician-investigators who provide quality care to

veterans, focus their research on conditions prevalent in the veteran population, and educate future clinicians to care for veterans.

- *VA has well-established and highly refined policies and procedures for peer review and national management of the entire VA research portfolio.* Peer review of proposals ensures that VA's limited resources support the most meritorious research. Additionally, centralized VA administration provides coordination of VA's national research priorities, aids in moving new discoveries into clinical practice, and instills confidence in overall oversight of VA research, including human subject protections, while preventing costly duplication of effort and infrastructure. Earmarks have the potential to circumvent or undercut the scientific integrity of this process, thereby funding less than meritorious research.

- *VA research encompasses a wide range of types of research. Designating amounts for specific areas of research minimizes VA's ability to fund ongoing programs in other areas and forces VA to delay or even cancel plans for new initiatives.* Biomedical research inflation alone, estimated at 3.8 percent for FY 2005, 3.5 percent for FY 2006, and 3.7 percent for FY 2007, has reduced the purchasing power of the R&D appropriation by $44.9 million over just three years. In the absence of commensurate increases, VA is unable to sustain important research on diabetes, hepatitis C, heart diseases, stroke and substance abuse, or address emerging needs for more research on post traumatic stress disorder and long-term treatment and rehabilitation of polytraumatic blast injures. While Congress certainly should provide direction to assist VA in setting its research priorities, earmarked funding exacerbates ongoing resource allocation shortages.

VA Medical and Prosthetic Research Will Thrive with Your Support

With its modest research funding, the VA Medical and Prosthetic Research Program has yielded the important scientific discoveries outlined above, competed successfully for over $1 billion annually in funding from other governmental research programs as well as the private sector, produced multiple Nobel Laureates and recipients of other major research recognitions, and added over 2,900 papers annually to the scientific literature. However, VA's modest funding has also required that scientific awards be capped at $125,000 annually, a level significantly lower than the average award amount for the National Institutes of Health, for example. The $125,000 cap is also lower than the cap on funding from earlier in this decade, a tradeoff VA leadership has had to make to continue funding the same number of grants it has historically supported. Modest funding has also limited the capacity of the VA career development program and forced VA to cut funding to important program areas including aging, degenerative diseases of bones and joints, infectious diseases, and kidney disorders.

Congresses' strong past support for the VA research program has been encouraging. FOVA believes the crises and opportunities facing VA research necessitate a significant boost in federal funding for the program. With such funding, VA can maintain its leadership role in developing resources to address the immediate health care needs of veterans emerging from OIF/OEF as well as the long-term needs of these veterans and those who served the country in the 20th century.

Again, FOVA appreciates the opportunity to present our views to the Military Construction, Veteran's Affairs and Related Agencies Appropriations Subcommittee. While research challenges facing our nation's veterans are significant, if given the resources, we are confident the expertise and commitment of the physician-scientists working in the VA system will meet the challenge.

Mr. EDWARDS. Thank you, Dr. Brown.

Let me ask you this, the lab renovation or construction work, does that money usually come out of VA construction accounts or does that come out of the VISNs' operating budget? Are you familiar?

Dr. BROWN. I am not as familiar as I should be. But as I understand it, it is out of so-called minor recurring space or construction budget. And I think what is happening is because that is where it is coming from, when there are needs for patients and clinical programs, appropriately, that is where the money is going and not for research.

And so what is needed, at least in the view of FOVA, and I certainly agree, is sort of a dedicated allocation for laboratory research space.

Mr. EDWARDS. I appreciate you bringing that to our attention. That is an important point and we will follow up on that.

Another quick question. The VA peer review process for determining who gets VA research dollars, would it stand up to the test of close scrutiny as being a fair system and based on logical priorities and going out to the people who really are truly best qualified to do that research?

Dr. BROWN. Yes, Mr. Chairman. I agree entirely with your comments. And the peer review system is the appropriate way to allocate money for research.

I think it is an excellent system, the peer review system within the VA. So the answer to your question specifically is yes. I think it is very fair and it is an excellent program.

And I think the reason it is important to sustain the peer review system is partly because it is very difficult to predict where the most important research observations are going to be made.

Sometimes it comes from totally unanticipated lines of investigation. So funding the very best, brightest investigators, who are doing relevant research, through a peer review system is clearly the best way, at least in my opinion, to fund research, not trying to allocate for specific areas.

Mr. EDWARDS. Try to withstand the pressure on Capitol Hill——

Dr. BROWN. Appreciate that.

Mr. EDWARDS. Overshadow the peer review process.

Mr. Wamp.

Mr. WAMP. No questions.

Thank you, Dr. Brown.

Dr. BROWN. Thank you.

Mr. EDWARDS. Thank you, Dr. Brown, for being here, and very much for your service, as well.

I would now like to call forward Marcie Granahan. Is that correct?

Ms. GRANAHAN. Yes, it is. Thank you.

Mr. EDWARDS. Thank you for being here.

Ms. Granahan is the chief executive officer for the United States Psychiatric Rehabilitation Association.

Thank you for being here. Clearly, you are doing a lot in the area of mental health care services and we welcome your input and your testimony today.

THURSDAY, MARCH 13, 2008.

U.S. PSYCHIATRIC REHABILITATION ASSOCIATION

WITNESS

MARCIE GRANAHAN, CHIEF EXECUTIVE OFFICER

STATEMENT OF MARCIE GRANAHAN

Ms. GRANAHAN. Thank you so much. I am so pleased to be here today and I welcome the opportunity to speak before you here on a topic of great importance to our members and our constituencies.

I want to give you a little bit of history about our organization to put it in context for you.

About 33 years ago, USPRA and its members developed and designed—to promote the recovery of individuals with psychiatric disabilities, and that includes our disabled veterans.

Today's psychiatric rehabilitation services have become an integral part of the transformation of the mental health service system, as described by the President's New Freedom Commission on Mental Health.

Our organization brings together agencies, practitioners, families, persons living with psychiatric disabilities, leaders in psychiatric rehabilitation education, and research from major universities around the world, as well as state and federal government entities that are dedicated to improving the outcomes in a cost-effective and efficient way.

So this afternoon, I would like to address the services available to our returning veterans.

Since 1775, the men and women of our armed services have been fighting for our freedom and our rights, and that allows us to enjoy our citizenship here in the United States.

And these soldiers go out and fight for us and they risk their lives to bravely defend our nation, and, unfortunately, for some, the potential cost is their mental well-being.

USPRA has enjoyed a longstanding relationship with Department of Veterans Affairs and many veteran mental health centers across the country.

The principals and practices of psychiatric rehabilitation have been incorporated into the treatment that is offered to our returning veterans.

In fact, we have a grown number of credentialed, certified psychiatric rehabilitation professionals that are working within the Veterans' Health Administration and we are very pleased about that.

Unfortunately, there is a lack of funding to provide evidence-based rehabilitative programs to our returning vets and it is our belief that these veterans deserve a comprehensive range of rehabilitative services to assist them in fully returning to society and citizenship.

Whether they receive these services as a part of vocational training through the Veterans' Benefits Administration or directly through the Veterans' Health Administration, the system has been unable to sufficiently provide this comprehensive care.

And without these services, isolation and homelessness are the most likely results.

Psychiatric rehabilitation services are provided alongside medical or psychiatric treatment or, when appropriate, supported employment services in conjunction with vocational training can successfully assist veterans to achieve the goal of successful reintegration into society.

Of course, returning veterans, they all share the same goal, which is to be a constructive and productive member of society, and psychiatric rehabilitation services provide the support and the tools for these veterans to be able to reenter the workforce, engage with their families, and to achieve their dreams of a long and productive life and citizenship.

In the 1970s, the practice of psychiatric rehabilitation wasn't as widely acknowledged as it is today. So the returning veterans weren't given as many options for recovery as they have today.

For some, this led to homelessness, some unemployment. The American dream that they fought so hard for, it slipped away from them and it left them with a very uncertain life, many out on the streets.

Luckily, today, many returning veterans will make the journey to reclaim citizenship easily and with pride, however, for some, struggle. And so those are the ones that we are really concerned about and those with some sort of psychiatric disorder, post-traumatic stress disorder.

Without these programs, such as supported employment, which is a proven model for helping individuals with severe disabilities reenter the labor force, we are afraid the stories of the past are going to become the stories of the future.

Supported employment is widely considered as an evidence-based practice, a position that is supported in both quasi-experimental studies and, also, randomized control studies, as well.

According to Dr. Gary Bond, specific targeted efforts towards competitive employment are the most effective than indirect strategies. The best means to assist those with psychiatric disabilities is not only their achieving employment, but also, in maintaining it.

Assisting consumers of mental health services in managing their illness or improving their social competencies will have a spread effect on their vocational effectiveness.

In 2003, a study, called the Employment Intervention Demonstration program, better known as the EIDP, was funded by SAMHSA, which is the Substance Abuse and Mental Health Services Administration, to examine new ways of enhancing employment opportunities and the quality of life for mental illness consumers.

The EIDP study included eight demonstration sites, as well as a coordinating center, and it found that a 246 percent increase in those who engaged in paid work after receiving supported services for 24 months compared to a similar group of individuals that have

the same disabilities, which was part of the U.S. census taken in 1994 and 1995.

So they compared the two groups.

The participants of the study included individuals with head injuries, learning disabilities, chronic mental health conditions, and those diagnosed with attention deficit disorder, so a number of the same population.

Mr. EDWARDS. Could I ask you to just wrap up?

Ms. GRANAHAN. Absolutely. I just wanted to say that I am here today to ask the committee to increase funding for psychiatric rehabilitation, especially supported employment services, within Veterans Affairs.

We also believe that there is a need for research, as well. There hasn't been a great deal of research on these programs for, and that we ask that you conduct research for the EIDP, a similar study to the EIDP for those specifically in the veterans population.

[Prepared statement of Marcie Granahan follows:]

USPRA US Psychiatric Rehabilitation Association

STATEMENT OF
MARCIE GRANAHAN
CHIEF EXECUTIVE OFFICER
UNITED STATES REHABILITATION ASSOCIATION
BEFORE THE
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
MARCH 13, 2008

Good afternoon, Mr. Chairman, Members of the committee, I am Marcie Granahan, the Chief Executive Officer for the United States Psychiatric Rehabilitation Association, better known as U.S.P.R.A., and I would like to sincerely thank you for allowing me to speak this afternoon on a topic of great importance to the members of USPRA and the constituents they serve.

Thirty-three years ago, USPRA and its membership developed and defined the practice of psychosocial rehabilitation to promote recovery for those with psychiatric disabilities. Today, psychiatric rehabilitation services have become an integral part of a transformed mental health service system as described by the President's New Freedom Commission. USPRA is the recognized leader in the practice of psychiatric rehabilitation and recovery and is the only organization founded on a shared commitment to improve and promote the lives of individuals with psychiatric disabilities through psychiatric rehabilitation.

USPRA US Psychiatric Rehabilitation Association

USPRA brings together agencies, practitioners, families and persons living with psychiatric disabilities, leaders in psychiatric rehabilitation education and research from major universities across the United States and the world, as well as state and federal government entities dedicated to improving outcomes through effective and **cost-effective models.**

This afternoon, I would like to address the services available to our returning veterans. Since 1775, the men and women of our armed services have been fighting for our freedoms and the rights we enjoy as citizens of the United States. American soldiers continue to this day to risk their lives to bravely defend our nation. Unfortunately, for some, this is also at the potential cost of their mental wellbeing.

USPRA has enjoyed a long-standing relationship with the Department of Veterans Affairs and, in many veteran medical centers across the country, the principles and best practices of psychiatric rehabilitation have been incorporated in the treatment offered to our returning service men and women. In fact, there are a growing number of Certified Psychiatric Rehabilitation Practitioners (CPRPs) within the Veteran's Health Administration.

Unfortunately, there is a lack of funding to provide evidence-based rehabilitative programs for our returning veterans. It is our belief that veterans deserve comprehensive rehabilitative services to assist them in returning fully to society and citizenship. Whether receiving support services as part of vocational training through the Veterans Benefits Administration or directly through the Veterans Health Administration, the current system has been unable to sufficiently provide comprehensive care. Without these services, isolation and homelessness are, for some veterans, likely results.

Psychiatric rehabilitation services, when provided along side of medical and psychiatric treatment or, when appropriate, supported employment services in conjunction with vocational training, can assist veterans achieve the goal of successfully reintegrating back into society. Returning veterans with psychiatric illness share the same desires as we all share: to be constructive and productive members of society. Psychiatric rehabilitation services provide the support and tools necessary for these veterans to begin to reenter the labor force, remain engaged with their families and friends, and to achieve their dreams of a long, productive life of citizenship.

In the 1970s, the practice of psychiatric rehabilitation was not as widely acknowledged as it is today. Returning veterans were given few choices for recovery which, for some, led to unemployment and possibly homelessness. The American Dream that they fought so hard to defend had slipped away from them; leaving them to an uncertain life.

Luckily, many returning veterans will reclaim full participation as citizens easily and with pride. Our concern is for those veterans who struggle, especially those with psychiatric disorders. Without programs such as supported employment, a proven model for helping those with severe psychiatric disabilities re-enter the labor force, we are afraid that stories of the past will become the stories of the future. Psychiatric rehabilitation programs are seriously underfunded and are lacking the resources that are required to assist these veterans in maintaining meaningful and productive lives.

Supported employment is a well-defined model of services that seeks to provide competitive employment for those who previously were unable to obtain or maintain employment on their own. It is widely considered to be an evidence based practice, based on rigorous research conducted in the past two decades.[1]

To date, there are at least fifteen published randomized controlled trials showing that supported employment can improve rates of competitive employment for individuals with psychiatric disabilities.[2] One of the largest was funded by the Center for Mental Health Services (CMHS) of the Substance Abuse and Mental Health Services Administration (SAMHSA). In this multisite study, entitled the Employment Intervention Demonstration Program (EIDP) there was a 246% increase for those who "engaged in any paid work" after receiving services for twenty-four months, compared to a similar group of people with severe disabilities in 1994-95 as reported by the US Bureau of Census. Participants

[1] Resnick, PhD, Sandra G & Rosenheck, MD, Robert (2007) Dissemination of supported employment in Department of Veteran Affairs. *Journal of Rehabilitation Research & Development* 44,(6), 867-878.
[2] Ibid

in the study include individuals with head injuries, learning disabilities, chronic medical conditions and those diagnosed with attention deficit disorder.[3]

I am here not only on behalf of USPRA's members and the individuals they serve but also all those who are returning to civilian life and require assistance to reintegrate back into life stateside. Mr. Chairman, I am asking that this committee increase funding for psychiatric rehabilitation, especially supported employment services within the Department of Veteran Affairs. We also strongly believe in the need to evaluate services delivered, and as such, also request funds for research to study the effectiveness of supported employment specifically for returning veterans with severe disabilities. We believe that these services are critical for ensuring that our returning servicemen have all the assistance they require for a full and happy life.

Thank you for your time today.

[3] Cook, PhD, Judith A. (2003). *Employing People with Serious Mental Illness: Evidence-Based Practice.* Presented at the Drug-Free Workforce Conference, Washington, DC.

Mr. EDWARDS. Thank you, and for your focus on employment and the importance of that in the process of rehabilitation for veterans.

Are your members psychiatrists and social workers with a range of backgrounds? Give me a little better understanding of your membership, if you don't mind.

Ms. GRANAHAN. Absolutely. About 20 percent to 30 percent of our membership are from the Veterans' Administration, practicing in the Veterans' Health Administration.

About another 30 percent are those that are agencies in the behavioral health care field that are providing services.

We have maybe about 10 percent that are researchers and educators in psychiatric rehabilitation and about another 5 percent that are those that are state mental health directors that are out in the field.

Mr. EDWARDS. Do you think, in terms of our need in the VA for psychiatrists, do you think loan forgiveness for student debt would be an attractive magnet to bring people into the VA care system?

Ms. GRANAHAN. If you will entertain it, I would like to introduce Sandy Resnick. She is a researcher and probably has more expertise in this area than I.

She works at Yale. She does have an affiliation, but is not here today to represent that.

May I bring her up to answer that question?

Mr. EDWARDS. Quickly.

Ms. RESNICK. Absolutely. I think loan repayment programs are good for all students, quite frankly. It is certainly a draw. I know that there are many clinical psychologists, as well, in particular, who specifically seek out positions for loan payments.

Mr. EDWARDS. Because we are in a unique situation right now where we have more money in medical services than we can spend in hiring new people and DOD and VA are competing for the same psychiatrists, psychologists, counselors, and it is a struggle out here.

Thank you very much for your testimony.

Mr. Wamp, any questions?

Mr. WAMP. Well, I could talk with her for an hour. I just want to say that over 20 years ago, I was starting a psychosocial rehabilitation center in Chattanooga, Tennessee, called the Ames Center. And so this piece of taking those that have gone through finding what medications they need, what treatments they need, and then trying to reintegrate into society in a productive way is the piece that was missing for so long.

And we have seen the Ames Center be incredibly successful. It is supported by our local governments at every level and just about everybody, the United Way on over, support it.

This is the piece and this is important that you are advocating that today. That is the part that I picked up on.

And so, clearly, as we can help fill this need, we will be able to transition these people into a productive life, not just Medicaid and treat them, but actually allow them to live productive lives.

Ms. GRANAHAN. Thank you.

Mr. EDWARDS. Thank you.

Mr. Farr, do you have any questions?

Mr. FARR. No. I didn't hear the testimony, but I am very sympathetic.

Ms. GRANAHAN. It was wonderful.

Mr. EDWARDS. It was outstanding.

Great. Thank you very much, Ms. Granahan.

Mr. FARR. We need a lot of psychiatric rehabilitation right here in our own institution.

Ms. GRANAHAN. Thank you very much.

Mr. EDWARDS. Thank you for being here.

I would like to now call forward Dr. Steven Breckler.

Dr. Breckler is the Executive Director for Science at the American Psychological Association, a scientific and professional organization of more than 148,000 psychologists and affiliates.

Dr. Breckler, thank you for being here.

THURSDAY, MARCH 13, 2008.

AMERICAN PSYCHOLOGICAL ASSOCIATION

WITNESS

STEVEN J. BRECKLER, EXECUTIVE DIRECTOR FOR SCIENCE

STATEMENT OF STEVEN J. BRECKLER

Dr. BRECKLER. Mr. Chairman, thank you for having me, members of the subcommittee.

I am Steven Breckler. I am Executive Director for Science at the American Psychological Association.

APA is a scientific and professional association representing over 148,000 psychologists and affiliates. Many of these psychologists work within the Department of Veterans Affairs both as research scientists and as clinicians, all of them committed to improving the lives of our nation's veterans.

On behalf of APA, thank you for your continued support of the VA medical and prosthetic research program.

Yet, despite strong congressional support, the administration has again proposed to cut the overall VA research account in fiscal year 2009 by $38 million.

This is an 8-percent cut. The President's budget proposes significant cuts in funding for eight of the VA's 21 designated research areas, including mental health, central nervous system injury, acute and traumatic injury, and substance abuse.

This would be in direct opposition to congressional language which calls for additional research in the areas of mental health, especially the causes, prevention, mitigation, treatment of posttraumatic stress disorder, what we call PTSD, the full spectrum of traumatic brain injury, TBI, and substance abuse.

A strong VA psychological research program provides the scientific foundation for high quality care within the VA system.

VA's psychologists play a dual role, providing care for veterans and conducting research in all areas of health, including high priority areas especially relevant to veterans, including mental health, brain injury, substance abuse, aging-related disorders, and physical and psychosocial rehabilitation.

In addition, psychologists often receive specialty training in rehabilitation psychology or in neuropsychology, which helps to improve the assessment, the treatment and research on many conditions affecting veterans of the current conflicts.

This includes PTSD, burns, amputation, blindness, spinal cord injuries, and polytrauma.

The current conflicts have presented new challenges for VA psychologists, as many veterans with PTSD have post-concussive symptoms stemming from blast injuries.

Equally important are the positive impacts of psychological interventions on the care of veterans who suffer from chronic illnesses, such as cancer, cardiovascular disease, HIV, and chronic pain.

APA joins the Friends of VA Medical Care and Health Research, the FOVA coalition, in urging Congress to reserve another round of cuts and to appropriate $555 million in fiscal year 2009 for medical and prosthetic research.

This recommendation is echoed in the Independent Budget and the House Committee on Veterans' Affairs views and estimates.

In addition to stellar scientists, cutting-edge research requires cutting-edge technologies, equipment, and facilities. VA's minor construction program has not provided the resources needed to adequately maintain, upgrade and replace aging research facilities.

APA again joins FOVA in urging Congress to establish and appropriate a funding stream specifically for research facilities, with an annual appropriation of $45 million, beginning in fiscal year 2009.

The care of veterans suffering psychological wounds as a result of military service is at the heart of the VA's mandate, which is to care for him who shall have borne the battle.

We must not risk our ability to serve military personnel and veterans in this time of war.

This is why we urge the committee and your colleagues in the Senate to reverse proposed cuts to the fiscal year 2009 VA research account.

Thank you, as always.

[Prepared statement of Steven J. Breckler follows:]



AMERICAN
PSYCHOLOGICAL
ASSOCIATION

Written Testimony of Steven J. Breckler, Ph.D.
On behalf of the American Psychological Association

Submitted February 29th, 2008 to the
United States House of Representatives Committee on Appropriations
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
The Honorable Chet Edwards, Chair

Fiscal Year 2009 Appropriations for the Department of Veterans Affairs

Mr. Chairman and Members of the Subcommittee, I am Dr. Steven Breckler, Executive Director for Science at the American Psychological Association (APA), a scientific and professional organization of more than 148,000 psychologists and affiliates. Many of these psychologists work within the Department of Veterans Affairs (VA) as research scientists and clinicians committed to improving the lives of our nation's veterans.

On behalf of APA, thank you for your continued support of the VA Medical and Prosthetic Research program. We look to you again in FY09 to reverse proposed Administration cuts to the VA research account in this time of war, when America cannot risk being unable to serve its military personnel and veterans. APA joins the Friends of VA Medical Care and Health Research (FOVA) coalition in urging Congress to appropriate $555 million in FY09 for VA Medical and Prosthetic Research, and an additional $45 million for research facilities upgrades through the VA Minor Construction Account. Both the Senate and House Veterans Affairs Committees also have recommended supporting the VA research program at $555 million in their recently-released Views and Estimates.

Psychological Research in the VA

A strong VA psychological research program provides the scientific foundation for high-quality care within the VA system. Through its Medical and Prosthetic Research Account, the VA funds intramural research that supports its clinical

750 First Street, NE
Washington, DC 20002-4242
(202) 336-5500
(202) 336-6123 TDD
Web: www.apa.org



Please Recycle

mission to care for veterans. VA psychologists play a dual role in providing care for veterans and conducting research in all areas of health, including high-priority areas particularly relevant to veterans, such as: mental health, traumatic brain injury (TBI), substance abuse, aging-related disorders and physical and psychosocial rehabilitation. VA psychologists are leaders in providing effective diagnosis and treatment for all mental health, substance use and behavioral health issues. In addition, VA psychologists often receive specialty training in rehabilitation psychology and/or neuropsychology, which helps to improve assessment, treatment, and research on the many conditions affecting veterans of the current conflicts, including: post-traumatic stress disorder (PTSD), burns, amputation, blindness, spinal cord injuries and polytrauma. Equally important are the profoundly positive impacts of psychological interventions on the care of veterans suffering from chronic illnesses such as cancer, cardiovascular disease, HIV and chronic pain.

VA psychologists continue to be at the forefront of cutting-edge research on, assessment of and treatment for PTSD, a particular concern within the VA and Congress. The care of veterans suffering psychological wounds as a result of military service is at the heart of the VA's mandate "to care for him who shall have borne the battle," and preventing and treating PTSD has become an even more important priority within the VA given the current conflicts overseas. VA psychologists are responsible for the development of the most widely respected and used diagnostic instruments and therapeutic techniques for assessing and treating PTSD. The current conflicts present new challenges for VA psychologists, as many veterans with PTSD have post-concussive symptoms stemming from blast injuries. Additional research is needed to develop novel treatments for PTSD in cases when cognitive problems also may stem from a history of documented TBI.

VA psychologists also have used their expertise in program development and evaluation to successfully improve the VA's coordinated service approach. This includes models and practices of care that encompass inpatient, partial hospitalization and outpatient services including psychosocial rehabilitation programs, homeless programs, and geriatric services in the community. VA psychologists have initiated and evaluated innovative programs, such as tele-mental health services, that will dramatically expand the VA's continuum of care for veterans.

Congress Must Reverse Another Administration-Proposed Cut to VA Research in FY09

Psychological research is just one of many areas of research supported by the VA, whose investments in research have led to an explosion of knowledge that has advanced our understanding of diseases prevalent in the veteran population and unlocked new strategies for prevention, treatment and cures.

Despite strong Congressional support for the VA premier research program, the President has again proposed a budget for FY09 that would cut the Medical and Prosthetic Research Account – by $38 million dollars (or 8%) over the FY08 level. The Administration proposes cuts to funding for research on mental health problems (15%), central nervous system injury (20%), acute and traumatic injury, substance abuse, and military service and environmental exposure (all by 18%). These proposed cuts are in direct opposition to specific Congressional requests for "additional research in the areas of mental health – especially the causes, prevention, mitigation, and treatment of post traumatic stress disorder (PTSD)…the full spectrum of traumatic brain injury; [and] substance abuse."

APA asks that Congress reverse the proposed cut and provide $555 million for the VA Medical and Prosthetic Research account in FY09. While we appreciate the Committee's significant increase in funding for this account last year, a one-time plus-up alone cannot sustain the medical research advances in the context of a 3-5 year grant funding cycle.

Cutting-edge research also requires cutting-edge technologies, equipment and facilities in addition to stellar scientists. VA's Minor Construction Program has failed to provide the resources needed to adequately maintain, upgrade and replace aging research facilities. APA joins FOVA in urging Congress to establish and appropriate a funding stream specifically for research facilities, with an annual appropriation of $45 million beginning in FY09.

Suggested VA Report Language for FY 2009 Appropriations
Below is APA's recommended FY09 appropriations report language regarding support for VA psychological research:

Department of Veterans Affairs
Medical and Prosthetic Research Account: Psychological Research in the VA:
The Committee recognizes the unique and important role played by psychologists in providing care for veterans and in advancing scientific research in areas particularly relevant to veterans, including mental health, physical and psychosocial rehabilitation, substance use and abuse, and aging-related conditions. In particular, additional research is needed to sustain advances in assessing, treating and preventing post-traumatic stress disorder (PTSD) and traumatic brain injury (TBI) as single and co-occurring disorders.

For more information, please contact Dr. Steven Breckler
Executive Director for Science
American Psychological Association
sbreckler@apa.org
202.336.5938



STEVEN J. BRECKLER
American Psychological Association
750 First Street, NE
Washington, DC 20002
(202) 336-5938
October, 2004

EDUCATION

1979 B.A. University of California at San Diego
1981 M.A. Ohio State University (Social Psychology)
1983 Ph.D. Ohio State University (Social Psychology)

EMPLOYMENT HISTORY

1979-1980 Graduate Fellow – Ohio State University Graduate School
1980-1983 Research Associate; Teaching Associate (Ohio State)
1982 (Summer) Visiting Member of Technical Staff, Bell Laboratories
1983-1984 NIMH Post-Doctoral Fellow – Northwestern University
1984-1991 Assistant Professor of Psychology – Johns Hopkins University
1991-1995 Associate Professor of Psychology – Johns Hopkins University
1995-2004 Program Director for Social Psychology – National Science Foundation
Coordinator of Cognitive, Psychological, and Language Sciences Cluster
2000 Acting Division Director – National Science Foundation
Division of Behavioral and Cognitive Sciences
2003-2004 Program Director for Science of Learning Centers – NSF
2004-present Executive Director for Science – American Psychological Association

AWARDS AND HONORS

NSF Presidential Young Investigator Award 1987-1992
Fellow of the American Psychological Association (January, 1995)
NSF Director's Award for Collaborative Integration (June, 1997 and September, 2000)
Society for Personality and Social Psychology Service Award on Behalf of the Disciplines (2003)
American Psychological Association Meritorious Research Service Commendation (2003)
NSF Director's Award for Superior Accomplishment (June, 2003)
NSF Director's Award for Management Excellence (June, 2003)

PUBLICATIONS

Breckler, S. J. (1984). Empirical validation of affect, behavior, and cognition as distinct components of attitude. *Journal of Personality and Social Psychology* , *47* , 1191-1205.

Greenwald, A. G., & Breckler, S. J. (1985). To whom is the self presented? In B. R. Schlenker (Ed.), *The self and social life* . New York: McGraw-Hill.

Breckler, S. J., Allen, R. B., & Konecni, V. J. (1985). Mood-optimizing strategies in aesthetic-choice behavior. *Music Perception* , *2* , 459-470.

Breckler, S. J., & Greenwald, A. G. (1986). Motivational facets of the self. In R. Sorrentino &

E. T. Higgins (Eds.), *Handbook of motivation and cognition* (Vol. 1). New York: Guilford Press.

Pratkanis, A. R., Breckler, S. J., & Greenwald, A. G. (Eds.) (1989). *Attitude structure and function* . Hillsdale, NJ: Erlbaum.

Breckler, S. J., & Wiggins, E. C. (1989). On defining attitude and attitude theory: Once more with feeling. In A. R. Pratkanis, S. J. Breckler, & A. G. Greenwald (Eds.), *Attitude structure and function* . Hillsdale, NJ: Erlbaum.

Breckler, S. J., & Wiggins, E. C. (1989). Affect versus evaluation in the structure of attitudes. *Journal of Experimental Social Psychology* , *25* , 253-271.

Breckler, S. J., & Wiggins, E. C. (1989). Scales for the measurement of attitudes toward blood donation. *Transfusion* , *29* , 401-404.

Breckler, S. J. (1990). Applications of covariance structure modeling in psychology: Cause for concern? *Psychological Bulletin* , *107* , 260-273.

Wiggins, E. C., & Breckler, S. J. (1990). Special verdicts as guides to jury decision making. *Law and Psychology Review* , *14* , 1-41.

Breckler, S. J., & Wiggins, E. C. (1991). Cognitive responses in persuasion: Affective and evaluative determinants. *Journal of Experimental Social Psychology* , *27* , 180-200.

Breckler, S. J., & Berman, J. S. (1991). Affective responses to attitude objects: Measurement and validation. *Journal of Social Behavior and Personality* , *6* , 529-544.

Breckler, S. J., Pratkanis, A. R., & McCann, C. D. (1991). The representation of self in multidimensional cognitive space. *British Journal of Social Psychology* , *30* , 97-112.

Olton, D. S., Markowska, A., Breckler, S. J., Wenk, G. L., Pang, K. C., Koliatsos, V., & Price, D. L. (1991). Individual differences in aging: Behavioral and neural analyses. *Biomedical and Environmental Sciences* , *4* , 166-172.

Wiggins, E. C., & Breckler, S. J. (1992). Management of complex civil litigation. In D. K. Kagehiro & W. S. Laupher (Eds.), *Handbook of Psychology and Law* (pp. 77-94). New York: Springer-Verlag.

Breckler, S. J., & Fried, H. (1993). On knowing what you like and liking what you smell: Attitudes depend on the form in which the object is represented. *Personality and Social Psychology Bulletin* , *19* , 228-240.

Breckler, S. J., & Wiggins, E. C. (1993). Emotional responses and the affective component of attitude. *Journal of Social Behavior and Personality* , *8* , 281-296.

Breckler, S. J. (1993). Emotion and attitude change. In M. Lewis & J. Haviland (Eds.), *Handbook of Emotions* (pp. 461-473). New York, NY: Guilford Publications.

Breckler, S. J. (1993). Age-related behavioral and neurochemical deficits: New data analytic strategies. *Neurobiology of Aging* , *14* , 695-697.

Breckler, S. J. (1994). A comparison of numerical indexes for measuring attitude ambivalence *Educational and Psychological Measurement* , *54* , 350-365.

Markowska, A. L., Koliatsos, V. E., Breckler, S. J., Price, D. L., & Olton, D. S. (1994). Human nerve growth factor improves spatial memory in aged but not in young rats. *Journal of Neuroscience* , *14* , 4815-4824.

Breckler, S. J. (1994). Memory for the experience of donating blood: Just how bad was it? *Basic and Applied Social Psychology* , *15* , 467-488.

Breckler, S. J. (1995). Psychosocial resource variables in cancer research: Statistical and analytical considerations. *Journal of Psychosocial Oncology, 13* , 161-176.

Voytko, M. L., Sukhov, R. R., Walker, L. C., Koliatsos, V. E., Breckler, S. J., & Price, D. L. (1995). Neuronal number and size are preserved in the nucleus basalis of aged rhesus monkeys. *Dementia* , *6* , 131-141.

Breckler, S. J. (1996). Attend, comprehend, and feel: Understanding consumers' responses to advertising [Review of the book *Attention, attitude, and affect in response to advertising*]. *Contemporary Psychology* , *41* , 363-365.

Baxter, M. G., Frick, K. M., Price, D. L., Breckler, S. J., Markowska, A. L., & Gorman, L. K. (1999). Presynaptic markers of cholinergic function in the rat brain: Relationship with age and cognitive status. *Neuroscience* , *89* (3), 771-780.

Gustilo, M. C., Markowska, A. L., Breckler, S. J., Fleischman, C. A., Price, D. L., & Koliatsos, V. E. (1999). Evidence that nerve growth factor influences recent memory through structural changes in septohippocampal cholinergic neurons. *The Journal of Comparative Neurology* , *405* (4), 491-507.

Markowska, A. L., & Breckler, S. J. (1999). Behavioral biomarkers of aging: Illustration of a multivariate approach for detecting age-related behavioral changes. *Journal of Gerontology: Biological Sciences* , *54* , 549-566.

Breckler, S. J. (1999). Persuasion. Entry in D. Levinson, J. Ponzetti, & P. Jorgensen (Eds.), *Encyclopedia of Human Emotions* . New York, NY: Macmillan Reference.

Curbow, B., Spratt, K., Ungaretti, T., McDonnell, K., & Breckler, S. (2000). Development of the child care worker job stress inventory. *Early Childhood Research Quarterly* , *15* , 515-536.

Breckler, S. J. (in press). Hold still while I measure your attitude: Assessment in the throes of ambivalence. In G. Haddock & G. Maio (Eds.), *Theoretical Perspectives on Attitudes for the 21st Century: The Gregynog Symposium* . London: Routledge.

Breckler, S. J., Olson, J. M. & Wiggins, E. C. *Social Psychology Alive!* Belmont, CA: Wadsworth. *Textbook under contract* .

MEMBERSHIPS AND AFFILIATIONS

American Psychological Association (Fellow)
American Psychological Society
Society of Experimental Social Psychology
Society for Personality and Social Psychology
Society for Research on Child Development
American Association for the Advancement of Science

COURSES TAUGHT

Introduction to Social Psychology
Introduction to Developmental Psychology
Attitudes and Social Influence
The Psychology of Persuasion and Propaganda
Laboratory Methods in Social Psychology
Multivariate Statistical Methods
Graduate Seminar in Social Influence
Graduate Seminar in Attitude Structure and Function
Graduate Seminar in Multivariate Data Analysis
Graduate Seminar in Psychology and Law
Area Seminar in Social Psychology
Area Seminar in Quantitative Psychology

APA Grants and Contracts

	PROG	PROJECT TITLE	GRANTOR/ SPONSOR	TYPE	MANAGER	PERIOD OF PERFORMANCE		AWARD AMOUNT		PRIOR YRS EXPENDTRS	2005 ACTUALS Y-T-D	CUMULATIVE EXPENDTRS TO DATE		Funds Remaining	% Expend
	90011	Healthy LGB Students Project	CDC	CR	C. Anderson	3/15/99 - 3/14/2005	fctr	1,037,419		1,010,870	18,969	1,029,839		7,580	99%
	90014	Behavioral and Social Science Volunteers Program	SubK to AED / CDC	CR	J. Anderson	3/8/99 - 1/31/2005		1,890,934		1,897,686	(6,753)	1,890,933		0	100%
	90024	Society/ Research on Child Development Project	SRCD	CR	Bullock	9/1/99 - 12/31/2005		913,861		703,954	183,701	887,655		26,206	97%
	90026	Child, Youth, Families & Communities Manuscript	CMHS	FFP	Gentry	9/15/99 - 7/01		49,815		40,395		40,395		9,420	81%
	90067	Decade of Behavior (DOB) Website	NSF	FFP	Bullock	4/15/00 - 1/01/05		19,246		11,118		11,118		8,128	58%
	90074	Working Group: Issues in Internet Research	The College Board		Bullock	6/21/00 - 6/01		7,000		3,408		3,408		3,592	49%
	90075	Decade of Behavior: Distinguished Lectures	McDonnell Foundation	FFP	Bullock	6/30/00 - 6/30/05		167,500		79,939	6,532	86,471		81,029	52%
C	90077	NIGMS 2	NIGMS	CR	Holliday	9/30/96 - 7/31/07	fctr	2,572,909		1,577,912	338,532	1,916,444		656,465	74%
	90078	DP 2000 NIDA 2000	NIGMS	CR	Holliday	9/30/96 - 6/30/03	fctr	10,000		9,274		9,274		726	93%
	90081	Decade of Behavior Launch - NIMH	NIMH	FFP	Bullock	9/11/00 - 9/26/00		3,000		2,971	29	3,000	CL	0	100%
	90090	APF Gifted Children Project	APF - Rosen	CR	Belar	10/1/00 - 12/31/05		611,973		571,874	41,306	613,280		(1,307)	100%
	90104	Advanced Training Inst: fMRI Training	NIMH	CR	Holt	6/1/01 - 5/31/06	fctr	583,596		335,957	102,806	438,763		144,833	75%
	90105	SPINES Evaluation	MBL	CR	Kohout	6/1/01 - 5/31/06		160,442		104,916	52,166	157,081		3,361	98%
	90114	ACT Metlife	Metlife Foundation	FFP	Silva	1/1/02 - 6/1/05		460,000		235,173	72,994	308,167		151,833	67%
	90119	Lewin Group, Part 3 PRN II	Lewin Group/CSAT	FFP	Reed	3/1/02 - 4/30/05		215,000		169,412	31,688	201,100		13,900	94%
	90123	NIGMS Conference	NIH	CR	Holliday	07/9/02 - 12/02		8,000		1,200	6,800	8,000	CL	0	100%
	90124	ACT Metlife Media Campaign	Metlife Foundation	FFP	Farberman	1/02 - 6/05		505,000		154,412	216,431	370,844		134,156	73%
	90125	Advanced Training Inst: NICHD-SECCYD	NIH	CR	Bullock	3/01/03 - 2/28/06	fctr	214,743		87,301	39,126	126,427		88,316	59%
	90126	The Other 3 R's-Reasoning, Resilience, Responsibilities	McDonnell Foundation	FP	Cogan	8/01/03 - 8/01/06		467,900		219,758	204,173	423,931		43,969	91%
	90129	Responsible Conduct of Research in Psych Science	OS/Ofc Research Integr.	FP	Panicker	9/9/03 - 6/1/04		11,700		7,507	4,193	11,700	CL	0	100%
	90130	IES Postdoctoral Education Research Training	U.S. Dept. of Education	CR	Subotnik	10/1/03 - 9/30/06		2,070,573		409,197	944,055	1,353,252		717,321	65%
	90131	MH Services Information for Providers	SAMHSA\CMHS	FP	Cullen	9/30/03 - 12/30/04		80,000		76,916		76,916		3,084	96%
	90132	ACT Pritzker Against Violence	Pritzker Foundation	FP	Silva	1/1/04 - 12/31/04		40,000		21,612	15,660	37,272		2,728	93%
	90133	Revise Ethics Curriculum	Abt Associates	CR	J. Anderson	11/1/03 - 9/29/04		11,700		11,232	468	11,700		0	100%
	90134	Improve the Health of Young People	CDC (Coop Agr)	CR	C. Anderson	5/14/04 - 5/14/06	fctr	499,279		73,697	236,191	309,888		189,391	62%
	90135	End-of-Life Training	eNursing (SBIR Phase I)	CR	J. Anderson	6/1/04 - 10/31/04		22,520		22,563	(44)	22,520	CL	0	100%
C	90136	HOPE 5- HIV / AIDS Training	SAMHSA\CMHS	CR	J. Anderson	9/20/04 - 9/19/06		300,000		41,110	129,902	171,012		128,988	57%
C	90137	HIV / AIDS Capacity Building	ETR Associates	CR	J. Anderson	6/1/04 - 3/31/06		322,349		81,616	190,082	271,697		50,652	84%
	90138	Internationalizing the Curriculum	Amer Council on Educ	FP	M. McCarthy	7/2/04 - 12/30/05		8,000		3,341	3,033	6,374		1,626	80%
	90139	Professional Issues for Psychology	SAMHSA\CMHS	FP	Cullen	9/1/04 - 12/31/05		85,000		-	81,173	81,173		3,827	95%
	90140	Integrated Model for Behavior	NIMH	FP	J. Anderson	9/1/04 - 10/31/05		13,953		2,194	11,561	13,755		198	99%
	90141	APEX Program	Jack Kent Cooke Fdn	FP	Subotnik	1/1/04 - 7/31/05		123,826		-	95,850	95,850		27,976	77%
	90142	Online Psychology Laboratory	NSF	CR	M. McCarthy	1/1/05 - 12/31/06		375,000		-	128,703	128,703		246,297	34%
C	90143	Behavioral & Social Science Volunteers (BSSV) Prog	SubK to MACRO / CDC	CR	J. Anderson	9/1/04 - 9/29/06		715,702		-	448,545	448,545		267,157	63%
	90144	Catalyst Project Dreyfus Foundation	Camille & Henry Dreyfus Fdn	FP	Subotnik	4/15/05 - 9/30/05		25,000		-	20,299	20,299		4,701	81%
	90145	Chinese CDC-Temple	Temple University	CR	J. Anderson	9/10/04 - 9/30/05		20,000		-	17,919	17,919		2,081	90%
	90146	Chesapeake Bay Foundation	Chesapeake Bay Foundation	FP	Calvert	1/12/05 - 7/11/07		20,000		-		-		20,000	0%
	90800	WH&S #6- conference registration account	APA	CR	Keita/Baker	3)				41,201	(41,201)	-		0	#DIV/0!
	90801	WS&H #6- NIOSH	NIOSH / CDC	FP	Keita/Baker			24,300		-		-		24,300	
	90802	WS&H #6- NIOSH	NIOSH / CDC	CR	Keita/Baker			65,000		-		-		65,000	
	90924	MFP - Mental Health Svcs - Yr 29 - 30	SAMHSA\CMHS	CR	Jones/Nickerson	9/30/94 - 9/29/05	fctr	1,838,600	1)	1,788,520		1,788,520		50,080	97%
	90924	MFP - Mental Health Svcs - Yr 31 - 32 new award #	SAMHSA\CMHS	CR	Jones/Nickerson	9/30/04 - 9/29/06	fctr	2,046,650	1)	237,625	863,317	1,100,942		945,708	54%
	90934	MFP - Neuroscience - Year 16 - 19	NIMH	CR	Jones/Nickerson	7/1/02 - 6/30/06	fctr	4,409,982	1)	2,687,567	1,174,513	3,862,080		547,902	88%
	90992	MFP - Research - Year 23 - 26	NIMH	CR	Jones/Nickerson	8/16/02 - 6/30/06	fctr	3,477,250	1)	2,097,399	840,666	2,938,064		539,186	84%
	90993	MFP - Research - Year 23 - 26	NIMH	CR	Jones/Nickerson	8/4/03 - 6/30/06	fctr	108,000	1)	18,546	43,197	61,743		46,257	57%
	90994	MFP - Research - Year 1	NIMH	CR	Jones/Nickerson	7/27/05 - 6/30/06	fctr	70,810	1)		27,608	27,608		43,202	39%
		SUBTOTAL						26,682,932		14,839,473	6,544,189	21,383,662		5,299,270	80%
	90044	Public Health Conference - Registration	2)		Silva	2/98-12/00				55,457	448	55,905		(55,905)	#DIV/0!
		TOTAL						$26,682,932		14,894,930	6,544,637	21,439,567			
												14,894,930			
												6,544,637			

1) The Award Amounts, Periods of Performance, and Prior Years Expenditures for the MFP grants reflect the full grant cycle (5 years for 90924, 5 years each for 90934, 90992, 2 years for 90994).
2) Award amount consists of registration fees received for 1998 Public Health Conference. All expenses associated with the Conference (excluding those specifically covered by sponsors) are recorded here.
3) There is no period of performance for this program. Program set up to capture conference expenses and revenue.

CL= Close Out Entries

Mr. EDWARDS. Dr. Breckler, thank you. And let me say that I applaud the administration for using the new baseline, taking the emergency funding, that was technically emergency funding for the 2008 year of $3.6 billion above the president's request and use that as a new baseline and then added to medical services.

So they set priorities in medical services, but I think you will see Congress—I hate to predict, but I think you will see Congress trying to maintain the increase in VA medical research passed last year.

We don't do much good to plus up in 1 year and then cut back by $38 million in the next year.

So we thank you.

I have one question. Is the VA competitive when it comes to salaries for psychologists, competitive with the private market?

Dr. BRECKLER. You know, I don't know the answer. I can provide the information.

[The information follows:]

APA Response:

For entry level positions in psychology, the VA remains competitive with the private market. As psychologists within the VA system become more senior and accomplished, however, the VA becomes increasingly less competitive with the private sector both in terms of actual salaries and number of senior grade positions available. This has created a serious problem for recruiting and retaining psychologists, as many will see VA as a "dead-end" for their careers and will be attracted to other career options that offer more potential for advancement.

In late 2003, the Hybrid Title 38 system was statutorily expanded to provide psychologists and a wide range of other non-physician disciplines some of the same personnel and pay considerations as their physician counterparts. The Title 38 Hybrid is a combination of Title 38 and Title 5 provisions for non-physician health care professionals at the VA. Historically, Title 38 was created to alleviate severe shortages of health care personnel, especially for physicians in VA, by reducing the bureaucratic red tape of the civil service recruiting and hiring system and the restrictive compensation practices inherent in Title 5.

Psychologists remain the only health care providers requiring the doctorate who are not included in Title 38. The Title 38 Hybrid was created to provide a middle ground solution for health care professionals who needed some of the same considerations as their physician counterparts. The hybrid model requires Professional Standards Boards to make recommendations on employment, promotion and grade for psychologists, and is still more subjective than a pure Title 38 program, in which professionals are hired, promoted and retained based solely on their qualifications.

The implementation of the new Title 38 Hybrid boarding process on the number of GS–14 and –15 psychologists is currently very mixed. Many psychologist leaders from facilities throughout the country have reported that their facilities and Veterans Integrated Service Networks (VISN) have denied GS–14 and –15 promotions that have been recommended by the national boarding process.

To address this issue, APA recommends that VACO field instructions be modified to eliminate any reference to ceilings or restrictions on the number of GS–15 psychologists within VISNs and facilities. Instead, VISNs and facilities should be directed to the national psychology boarding process to determine the appropriate number of GS–14 and –15 psychologists at their locations. VACO Human Resources, Office of Mental Health Services, and the National Psychology Professional Standards Board must collaborate on providing clear guidelines for the preparation of psychologist boarding packets and for proper construction of documentation.

Dr. BRECKLER. I think that the private marketplace is always the competitor, it is the draw for talent and staffing, and that is true across federal agencies.

So anything that can be done to make it an attractive option for psychologists and medical professionals and so on to work is always appreciated.

Mr. EDWARDS. I am told that for psychiatrists, we are actually competitive in terms of the salary caps, where it is hard for ortho-

pedic surgeons and radiologists and others who are making $400,000 and $500,000 in the private marketplace.

But if you have any data in terms of how competitive we are on the salaries for psychologists.

Dr. BRECKLER. We can provide that.

Mr. EDWARDS. Mr. Wamp.

Mr. WAMP. Mental health issues for veterans is very much in the news today. We never know motives behind the administration, but sometimes they under-fund areas they think the Congress believes in.

Again, I think the chairman is right not to speak ahead of time, but you saw the Congress speak very loudly last week on mental health parity in a bipartisan way.

I am on that team. I think you will see the Congress band together on increasing these accounts. To what level, we don't know. But I think the advocacy and the attention on these issues now is keen.

So thank you for your testimony. I think it will help us.

Mr. EDWARDS. It is appreciated. Thank you.

Sam.

Mr. FARR. Thank you very much for your testimony.

Do you represent the whole American Psychological Association or just those association members that are in VA employment?

Dr. BRECKLER. Somewhere in between. APA represents a large body of psychologists, clinicians, researchers, educators and so on. We represent far more than just those who are employed within the VA.

A large portion of our membership works in the VA and some of those as clinicians and some as researchers.

Mr. FARR. So I thought their number one issue this year was being able to get authorized as private clinicians to handle PTSD cases.

These are not VA employees. These are private clinicians.

Dr. BRECKLER. I don't know much about that particular issue, if it is the issue of private clinicians as opposed to those who are working within the VA.

The practice community——

Mr. FARR. But that is what the association came here and asked for.

Dr. BRECKLER. Yes, and that is an issue on the practice side of psychology, the delivery of mental health services, and it is not something I am prepared to speak to, although I am happy to——

Mr. FARR. You talked about the—and I am very interested in this—the medical and prosthetic research.

Are you aware of what DARPA is doing in that area?

Dr. BRECKLER. I am not aware of the details of the program. I am aware that research is taking place in many branches of DOD and DARPA and other segments of the federal infrastructure, at NIH and so on.

They tend to complement one another. But the issues that surround the delivery of mental health services to veterans in particular and the challenges that face veterans in particular is what the VA is in the best position to address, because that is where returning vets are seen, that is where the delivery is provided, and

that is where the research is taking place on the issues that face them in particular.

Mr. FARR. I guess what I missed here is what is missing. The money?

I didn't know until last year, but I am very impressed that DARPA is doing incredible kind of breakthrough technology advancement, but then the problem with prosthetics is that there is not a lot of market out there, so there is not a lot of ventured capital into those.

You have got to have this research subsidy by the Federal Government.

What is missing? Because you asked that there be more money put into it.

Dr. BRECKLER. What is missing, sir, is in taking the basic advances in research and technology and materials and devices and so on and learning how to translate those advances into practice, into the delivery to people who need it.

And so when you have basic research devoted to things like material development and so on, it is sometimes very difficult to make the leap, to make the step from there to the delivery of devices and rehabilitation on the front line and actually delivering that care.

And so you will find branches of research where investments are being made in really the foundation——

Mr. FARR. Yes, but I am specifically interested in the prosthetic issue. If you could check in with where that missing link is, because DARPA was here and the people they were here with are all veterans.

So there is something going on and I am curious.

If there is something missing, I would like to see if we can fix it. Sometimes, it just needs collaboration. If you have any knowledge of that, please let me know.

Dr. BRECKLER. I appreciate the interest. I will look into it and get back to you on it.

[The information follows:]

APA Response:

Both the VA and DARPA, the Defense Advanced Research Projects Agency, have active research programs seeking to advance the science and technology related to prosthetic devices. It is APA's understanding that the VA and DARPA, along with the National Institutes of Health, maintain collaboration between scientists working in this area to leverage funding and key developments while avoiding duplication.

Mr. EDWARDS. Thank you very much.

Let me ask staff. Do I understand we have a single vote? Rather than push the next witness, why don't we just go vote and come back?

We are in recess for about 2 minutes.

[Recess.]

Mr. EDWARDS. Mr. Abate, good to have you here, sir.

Mr. ABATE. Thank you.

Mr. EDWARDS. Is that the correct pronunciation, Abate?

Mr. ABATE. Yes.

Mr. EDWARDS. Thank you.

Paul Abate is Vice President of Government Services and Business Development of Champion Homes, and we appreciate, Mr. Abate, your being here and I recognize you for 5 minutes.

THURSDAY, MARCH 13, 2008.

CHAMPION HOMES

WITNESS

PAUL ABATE, Vice President of Gov't Services and Business Dev., Champion Homes

STATEMENT OF PAUL ABATE

Mr. ABATE. Thank you, sir.

Mr. Chairman and members of the committee, my name is Paul Abate. I am Vice President of Government Services and Business Development for Champion Homes.

I appreciate the opportunity to testify before you today on behalf of Champion and the modular building industry.

Tom Hardiman, Executive Director of the Modular Building Industry, is in the audience today and joins me in support of this testimony.

To be clear, we are not here before you today in search of funds for any particular project.

Rather, we hope to educate members of the committee as to the benefits and advances in modular construction and offer our industry as a solution for the complicated future facing military housing and other mission-related facility requirements.

As the military attempts to update its fighting style and organizational structure, the impact on housing, operational facilities and infrastructure cannot be overemphasized.

As this committee knows all too well, annual funding uncertainties make the process of construction planning and implementation even more complicated.

For these reasons, modular construction can be an important part of the solution due to its ability to deliver quality products in unprecedented timelines.

Unfortunately, certain military branches have been slow to embrace modern modular technology. We recognize that change takes time and our military leaders are appropriately focused on fighting wars abroad.

However, the challenges associated with the mission facility as it relates to BRAC, global re-basing, and grow-the-force require strategic planning.

After several years of educating leaders in the U.S. Army Corps of Engineers, our industry has recently seen improvement in opportunities with the Army. The Air Force and the Navy have not yet favored the modular approach to date and even with recent improvements within the Army, much more can be done to incorporate modular construction.

We are not seeking extraordinary treatment during the contracting process. Conventional construction may very well be the best option in many instances. We do, however, seek a level playing field between the modular and onsite construction industries in future construction efforts.

In short, we encourage branches of the military to remove certain impediments to modular construction, ensure that the modular solution is viewed as a viable alternative when establishing the fu-

ture standards via the U.S. Army Corps Centers of Standardization and/or any other military agency standards and to include the modular industry as an early entry partner in planning, discussions, meetings and events.

The stereotype of modular construction as a trailer park is dated and completely inaccurate.

Today's modular building solutions are models of efficiency and quality. New technology has allowed modular manufacturers to build almost any style of home from a simple rancher to a highly customized contemporary mansion or to build commercial buildings such as banks, schools, hotels, condominiums, and even foreign embassies.

Modular construction can meet these demanding timeframes and provide quality homes and facilities for soldiers and their families that are indistinguishable from those built onsite.

Time is the single biggest advantage of modular construction over site-built construction. Building construction can begin at the same time or even before site work is completed, reducing construction schedules by as much as 50 percent.

While it is hard to determine theoretical cost savings without specific plans, the old adage, time is money, is certainly true.

In previous discussions, with military leaders, we have been asked about the strength and durability of modular construction. Modular buildings are built to the same codes and from the same materials as permanent site-built construction and they offer the same features as site-built construction.

We also believe that utilizing modular construction methods is more environmentally friendly than site-built. We are quantifying specific environmental benefits of modular construction and we will be happy to share the results with this committee as soon as those reports become available.

In short, modular construction is much different than it was 15 years ago and we continue to evolve. The products are better. Fabrication technology has improved and we are faster than conventional construction.

All we seek is a level playing field during future military construction opportunities and we stand ready to assist our troops, their families and the nation.

In conclusion, we appreciate the committee's time and attention to this issue. We have submitted potential report language for consideration and look forward to working with you as the 2009 appropriations bill is assembled.

We would be happy to answer any questions.

And this is Tom Hardiman behind me from the MBI, if there are any questions from an industry standpoint.

[Prepared statement of Paul Abate follows:]

House Committee on Appropriations
Subcommittee on Military Construction, Veterans Affairs and Related Agencies
March 13, 2008

Testimony of Paul Abate of Champion Homes, in conjunction with the Modular Building Institute

Mr. Chairman and members of the Committee, my name is Paul Abate and I am Vice President, Government Services & Business Development of Champion Homes. I appreciate the opportunity to testify before you today on behalf of Champion Homes and the modular building industry which is represented by the Modular Building Institute.

Champion Homes is a Troy, Michigan-based leader of off site construction and the nation's largest builder of modular homes. Champion operates 26 manufacturing facilities in North America and the United Kingdom working with independent retailers, builders and developers. The Champion family of builders produces manufactured and modular homes, as well as modular buildings for government and commercial applications.

Tom Hardiman, Executive Director of the Modular Building Institute, is in the audience today and joins me in support of this testimony. The MBI is the trade association for the commercial modular industry and represents a cross section of industry participants

To be clear, we are not here before you today in search of funds for any particular project. Rather, we hope to educate members of the committee as to the benefits and advances in modular construction and offer our industry as a solution for the complicated future facing military housing and other mission related facility requirements.

I believe the February 18, 2008 edition of the *Engineering News-Record, the Construction Weekly* says it best with the title "*DOD and Industry's Big Mission Ahead: Advancing Operation Buildup – Readying Facilities for Thousands of U.S. Troops is Daunting.*

As the military attempts to update its fighting style and organizational structure, the impact on housing, operational facilities and infrastructure cannot be overemphasized.

As this Committee knows all to well, annual funding uncertainties make the process of construction planning and implementation even more complicated.

For these reasons, modular construction can be an important part of the solution due to its ability to deliver quality product in unprecedented timelines.

Unfortunately, certain military branches have been slow to embrace modern modular construction technology. We recognize that change takes time, and our military leaders are appropriately focused on fighting the wars abroad. However, the challenges associated with mission facility needs as relates to BRAC, global rebasing, and Grow-The-Force end strength require strategic planning.

After several years of educating leaders in the U.S. Army Corps of Engineers, our industry has recently seen improvement in contracts with the Army. The Air Force and Navy have not yet favored the modular approach to date, and even with recent improvements within the Army, much more can be done to incorporate modular construction into the military.

We are not seeking extraordinary treatment during the contracting process. Conventional construction may very well be the best option in some instances. We do seek a level playing field between the modular and on-site construction industries in future construction efforts. In short, we encourage all branches of the military to:

1) Ease certain requirements to remove certain impediments to modular construction, where feasible
2) Ensure that the modular solution is viewed as a viable alternative when establishing the future standards via the US Army Corps of Engineers Centers of Standardization and/or other Military Agency standards
3) Include the modular industry as an "early entry" partner in planning discussions, meetings, and events.

The stereotype of modular construction as "trailer parks" is dated and completely inaccurate Today's modular building solutions are models of efficiency and quality. The building process begins in the design phase where modular producers use state-of-the-art, computer-assisted design systems that aid them in customizing floor plans and producing drawings and material requirement lists. Once the modular system has been designed, the building process begins.

Construction begins with modern factory assembly line techniques. Each module is constructed in an enclosed climate controlled facility with full time staff. As each module travels through workstations all the building trades are represented. Work is rarely delayed by weather, subcontractor no-shows, or missing materials. Quality engineering and modular construction techniques provide energy-efficient modulars that meet or in some cases exceed code.

High-quality materials, attention to detail, building codes and standards are observed, both in plant QC inspectors, as well as independent inspection agencies acting on behalf of governing regulatory bodies, inspect the building during fabrication.

Modular buildings look like any other building. Today's building technology has allowed modular manufacturers to build almost any style of house, from a simple ranch to a highly customized contemporary million dollar mansion or commercial buildings such as banks, schools, office buildings, hotels, condominiums, and even foreign embassies.

Modular construction can help meet these demanding timeframes, and provide quality homes and facilities for soldiers and their families that are indistinguishable from those built piece by piece on site.

Modular buildings are built with the same materials and to the same codes as those built on site, so the savings would be realized in other aspects of the project. Time is the single biggest advantage that modular construction has over site built construction. Facility construction can

begin at the same time, or even before the site work is completed, reducing construction scheduled by as much as 50%. Costs savings associated with time savings can be significant. Common examples are savings as a result of reduced materials waste, theft, weather damage, and stopped work. While it's hard to determine theoretical cost savings without specific plans, the old adage "time is money" is certainly true.

In previous discussions with military personnel, I have been asked about the strength and durability of modular construction. I assume the concern stems from pictures of trailer parks destroyed by tornados, or flooding during Hurricane Katrina. While modular construction cannot guarantee survival of a catastrophic event, the idea that modular building is more vulnerable simply isn't true.

Permanent modular buildings are currently being utilized in some of the harshest climates and for some of the most challenging occupancies around the country. Buildings ranging from high schools, to fast food restaurants, to foreign embassies utilize permanent modular construction techniques. Again, permanent modular buildings are built to the same codes and from the same materials as permanent site built facilities.

We also believe that utilizing modular construction methods is more environmentally friendly than site build. Our industry is working with the US Green Building Council's Leadership in Energy and Environmental Design (LEED) and will soon be outlining the requirements, submittal documents, and modular building considerations for each New Construction prerequisite and credit. We are quantifying specific environmental benefits of modular construction and will be happy to share with the Committee as the report becomes available.

Champion Homes and other members of the Modular Building Institute have manufacturing plants in all parts of the country. We understand that it will take all types pf construction to meet the enormous challenge being undertaken by the Members of this Body and the Armed Forces and we know we can make a significant contribution to this effort.

In short, modular construction is much different than it was 15 years ago and we continue to evolve. The products are better, fabrication technology has improved and we are faster than conventional construction. We seek a level playing field during future military construction opportunities and we stand ready to assist our troops, their families and the nation.

In conclusion, we appreciate the Committee's time and attention to this issue. We have submitted potential report language for consideration and look forward to working with you as the FY2009 Appropriations Bill is assembled.

We will be happy to answer any questions.

Mr. EDWARDS. Thank you, Mr. Abate, and you, too, Mr. Hardiman, for being here.

Could I just ask, do you have any kind of list of how many different Army installations you are building homes or other facilities for?

Mr. ABATE. I don't have a written list. We can get one. We have completed projects at Fort Bliss. There is some work going on right now at Fort Carson.

Mr. EDWARDS. Housing at Bliss?

Mr. ABATE. Barracks work, both temporary and permanent, was done at Bliss.

Carson, Fort Sam, Fort Knox, all have either temporary or permanent barracks right now.

We at Champion have completed a large privatization effort up at Fort Lewis. So that was for off-base housing through a developer.

Those are the ones that come to mind right now. But, again, we can put a list together and get that to the committee.

[The information follows:]

Sample of Projects that Utilized Modular Construction for US Army Projects

Project Location	Prime Contractor	Permanent or Temporary	Facility Usage
Ft Campbell	Alutiiq	Temporary	Barracks & Admin
Ft Bragg	Alutiiq	Temporary	Barracks & Admin
Ft Irwin	Alutiiq	Temporary	Barracks & Admin
Ft Lewis	Alutiiq	Temporary	Barracks & Admin
Ft Richardson	Alutiiq	Temporary	Barracks & Admin
Ft Lee	Alutiiq	Temporary	Barracks & Admin
Ft Riley	Alutiiq	Temporary	Barracks & Admin
Ft Knox	Alutiiq	Temporary	Barracks & Admin
Schofield Barracks	Alutiiq	Temporary	Barracks & Admin
Ft Hood	Comark	Temporary	Barracks & Admin
US Army Material Command	Sytex	Temporary	Admin
Ft Stewart	Clark Design Build	Temporary	Barracks & Admin
Ft Bliss	Clark Design Build	Temporary	Barracks & Admin
Hunter Army Airfield	Chugach	Temporary	Barracks & Admin
Ft Gordon	Chugach	Temporary	Admin
Ft Jackson	Roscoe Allen Co.	Temporary	Barracks
Ft Benning	Roscoe Allen Co.	Temporary	Barracks
Ft Bragg	Roscoe Allen Co.	Temporary	Barracks
Ft Carson	Murillio Modular	Temporary	Child Development
Ft Bliss	Murillio Modular	Temporary	Child Development
Ft Myer	Murillio Modular	Temporary	Child Development
Ft Bliss	Murillio Modular	Temporary	Youth Activity Center
Ft Hood	The Warrior Group	Temporary	Barracks
*Ft Bliss	Hensel Phelps	Permanent	Barracks
*Ft Carson	Hensel Phelps	Permanent	Barracks
*Ft Sam Houston	Hensel Phelps	Permanent	Barracks
*Ft Bliss	Ramtech Building Systems	Permanent	Company Operations Facilities

*Note: Projects in progress.

Mr. EDWARDS. I have got to ask this question. What was the formaldehyde problem with the homes tied into Katrina?

Mr. ABATE. Tom, do you want to——

Mr. HARDIMAN. I knew that was going to come up.

Mr. EDWARDS. For the record, if you would identify yourself and who you represent.

Mr. FARR. The reason it is an issue is this committee asked the Department of Veterans' Affairs to look into FEMA to see if we could take the excess trailers and use them for housing. We had 250,000 vets who were sleeping in the streets.

And if the government owns a lot of excess trailers that aren't full of formaldehyde, we wanted to use them.

Mr. EDWARDS. We were talking about this literally as we were walking back down from the last vote.

Mr. HARDIMAN. Again, my name is Tom Hardiman, and I am the director of the Modular Building Institute. We are the trade association that represents the non-residential side of the modular industry.

And I know the modular industry is a very small niche as it is, but there is a residential side and a non-residential side, and there are two or three associations running around representing those.

We, as an industry, have been up on the Hill a few times trying to educate members, particularly in Louisiana, the Louisiana delegation, about the formaldehyde issue.

On the non-residential side of the equation, there is no HUD code equivalent building code. It has to be built to whatever the local building codes are. Wherever that building is going, it has to meet those local building codes, no different than any school or any bank or any church that is built there.

On the residential side, there is a HUD code standard for the manufactured housing and they do have—it is my understanding that they do have acceptable levels of formaldehyde that are allowed to be in those buildings.

I think the problem with the FEMA travel-trailers was that a lot of those are travel-trailers and RVs and were never intended to be lived in and do not have—were not built to a building code.

So there is no formaldehyde requirement or limit in those types of products, and, unfortunately, people have been living in those for far too long.

Mr. ABATE. Back as far as 1980, if I could interject, the modular industry does comply with the reduced formaldehyde standard in all products that go into—the various components that go into the buildings.

That is not true, as far as I understand, with the RV industry.

A lot of times, when the word "trailers" flashes up on "CNN" at the bottom of the screen, we kind of all get lumped together. But we do have specific requirements on our side of the industry that we adhere to as opposed to the RV side of the industry.

Mr. EDWARDS. That helps. Thank you for that answer.

Mr. Wamp.

Mr. WAMP. The diligence wasn't done by the Department of Homeland Security then ahead of moving those trailers into the Katrina zone, bottom line.

Mr. ABATE. Well, I guess a lot of that was basically due to the speed of the need.

Mr. WAMP. And that is when mistakes are made. We have done it a bunch of times just while the three of us have been here.

Thank you for your testimony.

Mr. EDWARDS. Mr. Farr.

Mr. FARR. I have a lot of interest in this, because I agree with you on all the things you said about the advantages.

This is a suggestion. When I was a county supervisor in California, the pressure was to prevent trailer parks from coming in, first, because they were classified as a mobile home and didn't have to pay property taxes.

Secondly, they were not built that well and, as you know, over time, would deteriorate. And the park owners had the problem of getting rid of these things and, obviously, also pressuring people out so that a new unit would come in. And so you were sort of displacing elderly people.

So you had a social issue and a tax issue.

And it seems to me what we have really seen in the modular industry take off is in this commercial use for school classrooms, for, obviously, office space, and I know we have used them in the military where they are usually used for office or storage space, not a living space.

You are talking about getting into the RCI projects, the housing construction.

Do you have any modular home developments that are just state-of-the-art? Because I think that is where the sales have to come.

Fighting up through local government is going to be very difficult for the reasons I talked about. It is going to be hard to change them and their codes are changing faster than you can adopt them.

I think that this is an image issue that has got to be overcome.

Mr. ABATE. I think there are two aspects that you are touching on. Stigma is definitely a word that we—when people see trailer, they think of construction trailer. They think of that single-wide that sits in the mobile home park.

The modular industry has evolved quite a bit in technology over the last 10–15 years. A lot of the stuff that we are doing today is IBC coded. So it is not HUD. It is a business code rather than a residential code.

The technology to move to two-story and three-story office buildings, very common now. Part of the work that we have done in the industry for the military has involved battalion and brigade headquarters buildings as part of some of the BCTs down at Fort Bliss, VMS administration storage buildings have been part of that, as well.

So there has been commercial application that has also already been done for the military.

We at Champion have been a residential company for most of our history, with a scattering now of commercial, and we are now moving more toward that more commercial element to basically diversify the buildings.

In single-wide, you are talking about, as far as HUD code and buildings, a drop in quantity. I think 397,000—produced about 4 or 5 years ago—are down to 97,000 produced last year.

Part of that is the housing market in general and the condition of—for that. Financing, obviously, is part of it.

But I think there is also a move more toward the modular home that you are basically describing as the house that you live in.

It is a more sophisticated product. And these are some of the pictures of modular facilities that we have in a handout and we will be happy to hand you a copy.

Technology is getting to the point now where we have an operation in the U.K. that is actually doing 17-story high-rise modular buildings, and we hope to introduce that technology in the U.S. within the next 12 months.

So the industry itself is definitely evolving more toward the modular concept and, I think, away from the trailer park, away from HUD, and more toward IBC and IRC coded buildings.

And you don't have as much play with that local inspector anymore now, because most of the states have adopted the international codes, which gives you a little more uniformity, gives you a much better inspection and QC——

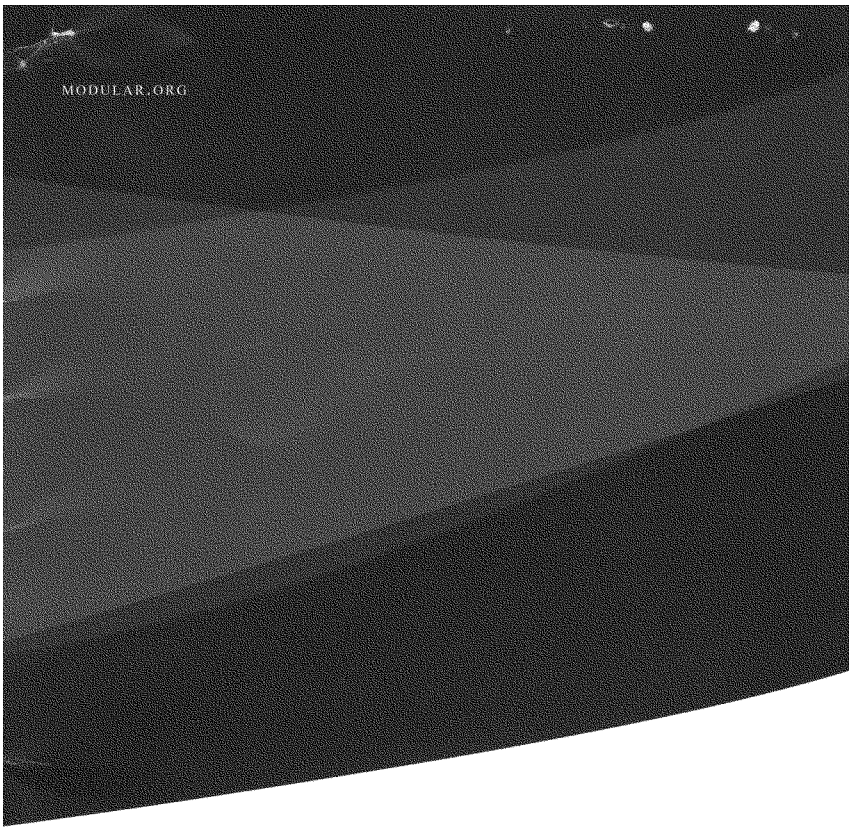
Mr. FARR. Do you have any military residential housing that is in that?

Mr. ABATE. Fort Lewis is actually a 2.5 year project that we have done in conjunction with a developer and the Fort Bragg project was actually two-story barracks units. There were 63 buildings done last year by Champion.

Tom, I don't know if you have any of the other industry numbers that have also——

Mr. HARDIMAN. I do. If you would like, I have a copy of our collection of modular construction, our annual report, and it has representative pictures and it, as well, has a lot of the statistics about the non-residential side of the business.

[The information follows:]



BAIRD

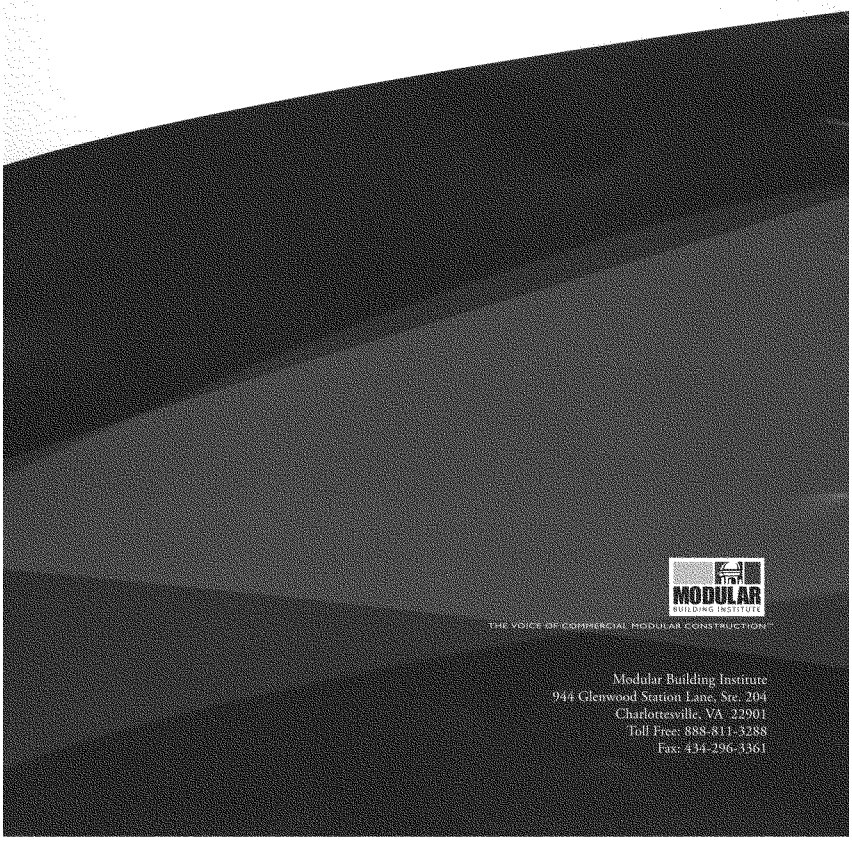
MODULAR BUILDING INSTITUTE
COMMERCIAL MODULAR CONSTRUCTION REPORT 2007

MODULAR
BUILDING INSTITUTE

MODULAR.ORG

2008 MARKS 25 YEARS SERVING THE INDUSTRY

Founded in 1983, MBI will be celebrating its 25 year anniversary in 2008. For a quarter century, MBI has served the non-residential modular construction industry in its mission to grow industry capabilities by encouraging innovation, quality, and professionalism. For more information about MBI and its service to the industry, visit **modular.org**.



MODULAR BUILDING INSTITUTE

THE VOICE OF COMMERCIAL MODULAR CONSTRUCTION™

Modular Building Institute
944 Glenwood Station Lane, Ste. 204
Charlottesville, VA 22901
Toll Free: 888-811-3288
Fax: 434-296-3361



CONTENTS

Overview 1

Introduction 3

About MBI 3

About Modular Construction 3

Meeting A Higher Standard 4

Meeting Needs Across All Industries
Permanent Modular Construction 4

Meeting Needs Across All Industries
Temporary Modular Construction 5

General Industry Descriptions, Definitions
and Classifications 7

Common Design Considerations 9

Data Collection 11

About Baird 11

Review of Descriptive Statistics 11

Industry Data: Dealers 13

Industry Data: Direct & Wholesale Manufacturers 17

Market Indicators 19

Appendix 21



BOARD OF DIRECTORS

President
Mike Mount
President
Indicom Buildings, Inc.

Vice President
Rick Bartolotti
Senior VP Sales & Marketing
Modtech

Past President
Jeff Deutschendorf
COO
M Space Holdings, LLC

Secretary
Ralph Tavares
President & Owner
R & S Tavares Associates

Treasurer
Marty Mullaney
President & CEO
Satellite Shelters, Inc.

Board Members
Gary Bockrath
CFO
Acton Mobile Industries

Scott Cathcart
CEO
Versatel, Inc.

Alan Duer
Project Manager
Blazer Industries, Inc.

John Fisher
Vice President of Sales
Miller Building Systems, Inc.

Board Members (cont)
Bill Henry
President
Comark Building Systems, Inc.

Gary Humphrey
VP of Operations
Pac-Van, Inc.

John Lieffrig
VP of Sales
ModSpace

Joseph Lopardo
VP, Modular Building Team
Williams Scotsman

Archie McKinnon
President
Design Space, Inc.

John Michael
COO
Atex Distributing, Inc.

Brent Morgan
VP & General Manager
ATCO Structures Inc.

Linc Moss
Senior VP & COO
Ramtech Building Systems, Inc.

Mike Ridley
VP Sales & Marketing
Britco Structures

Laurie Robert
VP Sales & Marketing
NRB Inc.

MBI STAFF

Executive Director
Tom Hardiman
x 208, tom@modular.org

Director of Operations
Steven Williams
x 203, steven@modular.org

Director of Membership Services
Aileen Holland
x 206, aileen@modular.org

Communications Manager
Audra Baek
x 202, audra@modular.org

Special Projects Coordinator
Erin Denby
x 205, erin@modular.org

Office Manager
Annie Dygge
x 207, anne@modular.org

Modular Building Institute
944 Glenwood Station Lane, Ste. 204
Charlottesville, VA 22901
Toll Free: 888-811-3288
Fax: 434-296-3361

OVERVIEW

According to many industry participants, 2006 was a banner year for commercial modular construction. Many companies reported double-digit revenue growth for the year, fueled by strong construction activity in the education, health care and government markets. Additionally, the market was (and continues to be) red-hot in certain geographic areas such as the western Provinces of Canada and surrounding areas, while traditional markets like California, Texas, and the Mid-Atlantic United States remained solid. Following overall economic trends, the central region of the United States continued to lag behind other areas.

2006 also saw many residential modular and manufactured housing companies "test the commercial waters" perhaps to help offset the slump in the housing market. With the continued decline in the HUD code manufactured housing market, we expect to see increased competition for commercial projects in the near future.

Many end users are also becoming increasingly aware of the inherent "environmentally-friendly" benefits of building with modular construction. As more agencies and organizations embrace the green building movement, we believe modular construction companies are well-positioned to serve this growing demand.

However, the biggest trend that we recognized for the year was the increased interest and attraction of capital to the industry. Several companies entered into agreements with private equity firms while others acquired and/or merged with former competitors. Despite the credit concerns associated with the housing industry, we expect to see more interest from capital markets for the foreseeable future.

This report addresses many of the frequently asked questions regarding the commercial modular industry as well as details certain financial conditions and trends. While not comprehensive from a global perspective, we believe this report represents the best data available on the commercial modular industry, particularly in North America.



ALL MEMBERS OF MBI SUBSCRIBE TO THE FOLLOWING INDUSTRY CODE OF ETHICS:

The Modular Building Institute has adopted these articles to promote and maintain high standards of professional service and ethical business conduct among its members and the industry.

- A member shall deal fairly with customers, colleagues, fellow members, and the general public.
- A member shall conduct his or her professional life in accordance with the interest of MBI, the commercial factory-built structures industry, and the general public.
- A member shall adhere to honesty and integrity and to generally accepted principles of professional conduct.
- A member shall not engage in any practice, which tends to corrupt the integrity of MBI, the commercial factory-built structures industry, or process of government.
- A member shall not intentionally misrepresent information concerning his or her financial and professional business background.
- A member shall make proper, just and prompt payment for all contractual obligations.
- A member shall abide by all lawful agreements to which he or she is a party, including all agreements with suppliers.
- A member shall compete vigorously, and fairly, with other members.

We pledge:

- To conduct ourselves professionally, with truth, fairness, and responsibility to our customers, MBI, and the commercial factory-built structures industry.
- To improve our individual competence and advance the knowledge and proficiency of the commercial factory-built structures industry through continuing education.
- To subscribe to and offer to the public quality products at a fair price.
- To promote greater awareness of alternative construction methods and practices.
- To participate fully in the MBI Seals Program, if a dealer or manufacturer of modular buildings.
- And to adhere to the articles of the Code of Ethics as adopted by the governing Board of the Modular Building Institute.

Look for the MBI seal as a visible sign that your provider subscribes to the MBI code of ethics:



INTRODUCTION

ABOUT MBI

Founded in 1983, the Modular Building Institute is the only international non-profit trade association serving the commercial modular buildings industry. Our members are manufacturers and dealers of commercial modular structures, as well as associates supplying building components, services, and financing. It is our mission to grow the industry and its capabilities by encouraging innovation, quality, and professionalism through communication, education, and recognition.

ABOUT MODULAR CONSTRUCTION

No matter who you are, you have probably been in or used a modular building. Countless industries regularly use permanent or temporary modular buildings including schools, banks restaurants, hospitals, medical clinics, daycare centers and correctional facilities—just to name a few.

Modular buildings offer fast delivery, ease of relocation, low-cost reconfiguration, and enormous flexibility. It is easy to see why many choose these fast, safe and efficient buildings. Commercial modular buildings are non-residential structures, 60 to 100 percent factory-built and designed to be constructed at one location then used by occupants at a final destination. The word "modular" describes a construction method where individual modules, stand-alone or assembled together, make up larger structures. While many are two, three, and four stories high, modular designs have been created for buildings much higher, complete with stairwells and elevators.

These buildings are essential in cases where speed, temporary space, and the ability to relocate are necessary. Unique to modular construction, module assembly and site work can occur at the same time, permitting earlier occupancy. Modern, multi-story factory-built buildings with concrete and steel floors, brick exteriors, sheet-rock interiors, windows, lighting, computer hook-ups, electrical service, plumbing, heating, air conditioning and restrooms are often constructed in half the time of a site-built building.

Primarily, four stages make up factory-built construction. First, design approval by the end user and any regulating authorities; second, assembly of module components in a controlled environment; third, transportation of modules to a final destination; and fourth, erection of modular units to form a finished building.

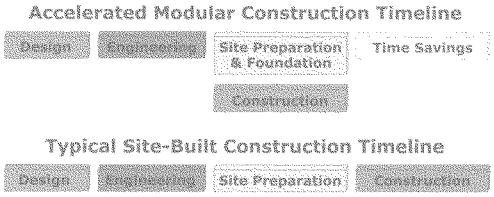
Specifications for modular buildings are usually communicated to a manufacturer by a customer through a dealer. Dealers, responding to the space requirements of retail customers, work with customers to order new buildings from manufacturers and arrange for delivery and installation of the buildings when construction is complete. Dealers usually offer a variety of financing and leasing opportunities and range in size from single, small sales offices with little or no lease fleet to large, well-capitalized companies with very large fleets.

Modular manufacturers produce their buildings in independent, single-location facilities. Responding to dealer requests, they generally operate as wholesale suppliers of modular units. Construction occurs indoors away from harsh weather conditions preventing damage to building materials and allowing builders to work in comfortable conditions.

While modules are being assembled in a factory, site work is occurring at the same time. This permits earlier building occupancy and contributes to a much shorter overall construction period, reducing both financing and supervision costs. Saving even more time and money, nearly all design and engineering disciplines are part of the manufacturing process.

Also unique to modular is the ability to simultaneously construct a building's floors, walls, ceilings, rafters, and roofs. During site-built construction, walls cannot be set until floors are in position, and ceilings and rafters cannot be added until walls are erected. On the other hand, with modern modular methods of construction, walls, floors, ceilings, and rafters are all built at the same time, then brought

together in the same factory to form a building. This process often allows modular construction timelines half that of conventional, stick-built construction.



MEETING A HIGHER STANDARD

Combining traditional building techniques, quality manufacturing, and third-party agencies who offer random inspections, testing, and certification services for quality control, temporary and permanent modular buildings are built in strict accordance with appropriate local, state, and national regulations and codes. Some would even say that due to the extra durability needed for travel, factory-built buildings are more durable than conventional structures. As a result of meeting and often exceeding site-built standards, modular construction has the same life expectancy as traditionally built buildings, and can, with proper maintenance, last indefinitely.

According to a 1993 Federal Emergency Management Agency (FEMA) report following Hurricane Andrew, "The module-to-module combination of the units appears to have provided an inherently rigid system that performed much better than conventional residential framing."

MEETING NEEDS ACROSS ALL INDUSTRIES

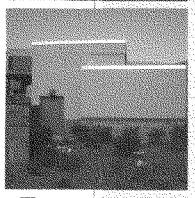
PERMANENT MODULAR CONSTRUCTION

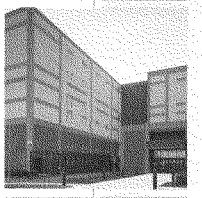
Education. From single classrooms to complete campuses, permanent modular construction offers public, private, and charter schools what other construction methods cannot: accelerated project timelines, more economical pricing, and less disruption. Permanent modular schools are indistinguishable from other schools and can be constructed to any architectural and customer specifications. MBI members design and build schools of all types and sizes using traditional building materials like wood, steel, and concrete. Virtually any size permanent school can be built, installed, and ready for occupancy in as little as 90 days. Perhaps most importantly, using off-site technology, open construction sites are eliminated while school is in session. Students are safer and teachers compete with less disruption.

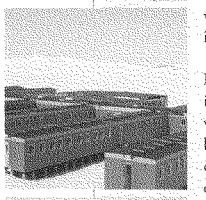
General Office. Permanent modular buildings serve as corporate headquarters, satellite bureaus, institutional and administrative buildings, and offices for small businesses. Modern single- and multi-story buildings can be configured in a number of ways to include independent offices, conference rooms, elegant lobbies, kitchens, restrooms, and large open spaces for cubicles or other partition systems. MBI members have architectural and engineering designs for workspace planning, storm water management, landscaping, parking, and zoned heating and air conditioning. If it is time to capitalize on company growth, modular buildings are a fast, economical approach.

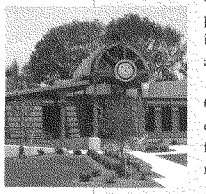
Retail/Hospitality. Modular construction is accelerated construction. Why is this so important to banks, restaurants, convenience stores, daycares, and other retail establishments? Because earlier occupancy means greater revenue faster. In fact, it's not uncommon for many modular buildings to be up and running in as little as 24 hours—an important consideration for retailers of all types. Typical retail applications include hotels and motels, restaurants and diners, banks, golf pro shops, convenience stores, gas stations, car washes, college bookstores, and concession stands, to name a few. MBI manufacturers

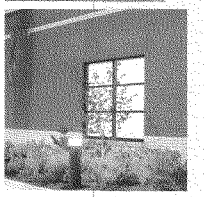












and dealers provide full-service general contracting including site, mechanical, and electrical work. Permanent modular construction can accommodate emerging business demands and can be customized to meet financial needs, space requirements, and deadlines.

Healthcare. Permanent modular construction offers quiet, safe, and clean applications for medical, surgical, clinical, and dental use. The insight MBI members have from designing and building thousands of medical facilities has resulted in satisfied healthcare professionals the world over. Whenever organizations or communities needs a new rehabilitation clinic, emergency room, operating room, hospital extension, laboratory, diagnostic center, or other medical facility, permanent modular buildings can be custom built to the tightest budgets while maintaining strict medical and aesthetic specifications.

Equipment & Storage. Day in and day out, noncombustible permanent modular construction offers durability and strength for equipment and storage. Communications shelters, chemical storage buildings, generator housing, materials storage, and mechanical control rooms are all custom designed and built by MBI members to guard business investments. Theft, inclement weather, and extreme climates are no match for the quality found in these high-tolerance heated and air conditioned buildings that are wood, steel, or precast concrete and that have exteriors of steel, brick, stone aggregate, or stucco.

Security & Control. Permanent modular buildings can be custom built to address a variety of access and control situations. Toll booths, tickets sales offices, guard stands, and weigh stations are common smaller applications. One- and two-story wood and steel buildings have straight walls or walls that are tilted to improve views and reduce glare. Much larger, more complex buildings can include correctional facilities that range from small regional jails to full-blown maximum security prisons. Cells can be equipped with toilets and showers, lighting, bunks, fixed windows, and security doors—all factory installed.

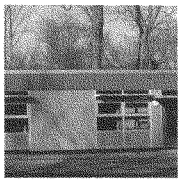
Industrial. When factory floor space is at a premium, one- and two-story modular in-plant offices, mezzanines, and storage platforms offer durability and permanence, while at the same time being flexible enough to relocate when needs change. Industrial buildings are custom engineered to suit each application, made of non-combustible steel construction, and assembled with unique fastening systems that lock panels together quickly and easily. A wide variety of windows, doors, electrical and communications packages, sound and temperature controls, and fire prevention systems can also be installed. Common applications are quality control rooms, break rooms, and computer and equipment shelters.

Government. Government customers consist of federal, state and local public sector organizations and state highway administrations. The industry has enjoyed success in focused niches such as prisons and jails, courthouses, military installations, as well as national and border security buildings.

MEETING NEEDS ACROSS ALL INDUSTRIES

TEMPORARY MODULAR CONSTRUCTION

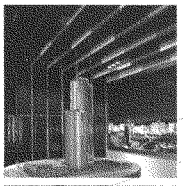
Education. Temporary modular buildings have become a critical factor in managing student demographics and increasing enrollments. Modular classrooms are also ideal for use during new construction or renovation. Convenient, flexible, cost-effective temporary buildings can be delivered and operational in as little as 24 hours. Temporary modular classrooms are measured for quality and code-compliance by state or third-party agencies through routine and random inspections, testing, and

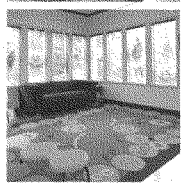












certification services. Single classrooms or multiple buildings can be arranged in clusters to create a campus feel. MBI members supply steps, decks, ramps, and even furniture. Members also offer lease, purchase, and lease-to-purchase financing for a variety of public and private school needs.

General Office. When production demand rises, modular buildings can temporarily enlarge a current facility without permanent alterations to the site. Because the space is not permanent, many companies are able to expand without the budget approval process necessary for traditional capital expenses. Temporary modular offices can be single- and multi-story buildings configured to include independent offices, conference rooms, and large open spaces for cubicles or other partition systems. Large and small businesses as well as local and state governments are typical users of temporary modular office space.

Retail. Accelerated modular construction saves time and money. Standard floorplans are available for immediate delivery while custom buildings are built to customer specifications in weeks, not months. Unique to modular construction is the fact that while buildings are being built in a quality-controlled factory, site work is occurring at the same time. This means a much shorter overall construction period. Why is speed so important? Earlier occupancy means faster revenue generation. Typical retail applications include new home sales centers, banks, golf pro shops, automobile dealerships, college bookstores, and concession stands. When emerging business needs are short term, temporary modular buildings accommodate any financial situation, space requirement, and deadline.

Healthcare. Temporary modular buildings used in healthcare applications are designed and constructed to uncompromising standards of quality. A new clinic, hospital extension, laboratory, diagnostic center, MRI unit, dentist office, or other medical facility can be open for business and serving communities in as little as a few days. When interests are for serving patients as quickly as possible in the most safe and aesthetically pleasing environments available, temporary modular construction offers quick quiet, safe, and clean buildings. Furthermore, there is an unlimited choice of interior décor and furniture and equipment leasing.

Construction-Site & In-Plant. Temporary modular buildings have their roots in construction-site trailers, where speed, temporary space, and relocatability are important. Used as standard field offices, construction-site and in-plant buildings are available for immediate delivery. Standard construction is wood, but steel units are available to meet noncombustible requirements. In-plant buildings are available as single- or two-story units for industrial environments with noise-reducing insulation and are typically moveable by forklift and include electrical and communications wiring, heating, air conditioning, and even plumbing.

Security. Temporary modular buildings can be custom built for a variety of access and control situations. Toll booths, tickets sales offices, guard stands, and weigh stations are common applications. One- and two-story wood and steel buildings have straight walls or walls that are tilted to improve views and reduce glare. MBI members supply a full line of portable storage containers for either short- or long-term. Heavy-duty storage units feature ground-level entry with double-swing doors for easy accessibility and are ideal for construction-site storage, equipment storage, warehousing, recordkeeping, industrial manufacturing, retailing, and other applications.

Equipment & Storage. Economical and convenient equipment and storage buildings offer on-site protection from inclement whether and theft. Day in and day out, modular buildings offer durability and strength. Equipment shelters for construction sites,

chemical storage buildings, temporary generator housing, and other applications are designed and built by MBI members to guard business investments. These buildings can be as simple as steel containers to units that are heated and air conditioned with exteriors of brick, stone aggregate, or stucco.

GENERAL INDUSTRY DESCRIPTIONS, DEFINITIONS AND CLASSIFICATIONS

Our industry is often categorized and analyzed by the investment and research community as "Manufactured housing" for manufacturers and "Equipment rental and leasing" for dealers. Neither category is accurate or adequate. For example, in the past year, the manufactured housing industry has experienced declines in the neighborhood of fifteen percent while non residential construction has risen by about the same figure. Additionally, the equipment rental and leasing category includes car and truck rental establishments as well as building facilities.

Commercial modular buildings are non-residential factory built structures designed to meet federal, state and local building codes and are capable of being relocated. The commercial modular building industry is comprised of four distinct participants:

- Manufacturers/wholesale that sell only to dealers;
- Manufacturers/direct that sell to retail customers as well as to dealers;
- Independent dealers/developers and general contractors; and,
- Suppliers to the dealers and manufacturers.

The majority of manufacturers/wholesale are private, independent single-location facilities. Manufacturers generally operate as wholesale suppliers of modular buildings to industry dealers. The wholesale manufacturers respond to dealer requests for quotations and build both mobile offices and customized modular buildings. Manufacturers that either maintain their own lease fleet or sell new and used mobile offices and modular buildings directly to retail customers are referred to as manufacturers/direct companies.

Independent dealers respond to retail customer requirements for mobile and modular space. The dealers lease or sell new and used modular buildings and mobile offices. Dealers generally work with a customer to complete a space plan, order a new building from a wholesale manufacturer or manufacturer-direct and arrange for delivery and installation of the building. Dealers may subcontract the delivery and installation or perform the work with their own personnel. Dealers range in size from single location sales operations with little or no lease fleet to large, well-capitalized lessors with sales offices nationwide.

Suppliers include component suppliers such as plywood, steel, heating and air conditioning systems, frames, chassis, plumbing and electrical fixtures as well as freight companies, installation crews, financing, insurance and bonding companies.

The mobile and modular building industry has expanded over the years to include a multitude of uses where speed of occupancy, relocatability and the temporary need for space are primary market drivers. The industry responds to an ever-increasing need to provide timely delivery of flexible and complex commercial structures. An end user's annual budgeting or appropriation process fits squarely with the primary market drivers of the industry: flexibility of design and the ability to rapidly deliver temporary space in a cost-effective manner. The modular buildings and mobile offices are not "land attached" and can generally be moved from one site to another site that later becomes more usable or profitable. Shifting demographics play a significant role in the relocatability of these structures, particularly for the educational markets.

The modular building industry can be divided into two major segments: single and doublewide factory built buildings generally leased on a short-term basis (together referred to herein as "mobile offices") and





multi-unit (three or more) modular buildings ("modular buildings") typically leased for longer terms. The mobile office and modular building segments will be referred to collectively as the "modular building industry."

Individual mobile offices vary in size, with the smallest measuring 8' x 16' and the largest 18' x 84'. Typical construction is wood frame mounted on a steel chassis, with fixed or removable axles and hitches. These offices are generally built to the same model building code as those built on-site. With normal maintenance a mobile office will last indefinitely. While generally built to one of three national model building codes, mobile offices may be land-locked in the state(s) in which they bear a state seal indicating compliance with that states' current version of the building codes. Mobile offices intended for rental on construction sites are deemed to be "temporary" and generally do not require a state seal. Mobile offices intended for use at a site other than a construction site generally do have a state seal(s). Building code enforcement procedures are assumed by state agencies which may contract their duties to independent third party inspection agencies. While state codes and procedures differ, there is growing state-to-state code compliance reciprocity. The typical rental period for single mobile offices other than classrooms is between three and eighteen months. Classrooms usually remain on lease with a single lessee for periods well in excess of thirty-six months.

In addition to construction site offices, individual mobile offices are used as classrooms, sales offices, in-plant offices and general commercial offices. Specialty mobile units function as office/storage combinations, restrooms, showers, decontamination units, change units, restaurants, diners, fast food buildings, equipment shelters and branch banks.

Unlike mobile offices, which generally offer standard floor plans and standard features, modular buildings are often designed and built to meet the specific requirements of the initial end user. Modular buildings provide high quality, rapidly built, relocatable or permanent solutions to the space demands of a broad client base. Simultaneous manufacturing and site work often allows modular building occupancy to occur much faster than traditional methods of construction. A shorter construction period can reduce both construction period financing and supervision costs and can put the building to work sooner. Nearly all engineering, design, and architectural disciplines are coordinated with the manufacturing team, thereby ensuring a more seamless construction delivery process.

Combining the design flexibility of traditional building methods with the quality of controlled manufacturing, the industry has refined a construction process which provides speed, economics, and architectural aesthetics. Historically, modular buildings have been used as hospital and diagnostic health care facilities, educational facilities, daycare centers, correctional facilities, banks, commercial office buildings and in a variety of high tech fast-growth industries.

These practical time and money saving alternatives to site-built buildings effectively meet the specialized needs of diverse businesses. Customers served by modular buildings include federal, state and local governments, school boards, corporations, non-profit organizations, Indian tribes, quasi-government entities like the U.S. Postal Service, as well as individuals, partnerships, and sole proprietorships. Other uses include medical facilities, airport facilities, military installations, restaurants, churches, retail businesses, and remote telecommunications switch stations. Some facilities are used as an adjunct to existing buildings while others are stand-alone buildings. Flexibility and reutilization are the hallmarks of modular buildings. Unlike structures built on-site which generally have fixed utilization and occupancy design, modular units fulfill a unique function of reutilization that is not site specific. It is not unusual to have a modular building serve a wide variety of users during its long life span.

Since users of the relocatable buildings are diverse, specific industry slowdowns do not significantly impact sales and leasing companies. The number of industries (as measured by North American Industry Classification System "NAICS") that lease or purchase our product is numerous, but more common categories include:

236220 Commercial and Institutional Building Construction
321991 Manufactured Home (Mobile Home) Manufacturing
321992 Prefabricated Wood Building Manufacturing
332311 Prefabricated Metal Building and Component Manufacturing
444190 Other Building Material Dealers –Prefabricated Building Dealers
531120 Lessors of Nonresidential Buildings

The flexibility of these buildings makes them a secure investment. During severe economic downturns, these conditions allow lessors to enjoy cash flows adequate to service debt. This flexibility is further enhanced by the ability to relocate buildings to more prosperous cities or industries as opportunities arise. Certain market segments of the industry are counter-cyclical. This is particularly true of education, prisons, and governmental agencies that want to transfer funding for facility needs from capital budgets to operating budgets. This concept also applies to industries which may want to expand but are uncertain about the long-term strength of their growth. Budget driven companies often opt for leased facilities. In such cases modular buildings offer benefits and options without long-term capital commitments.

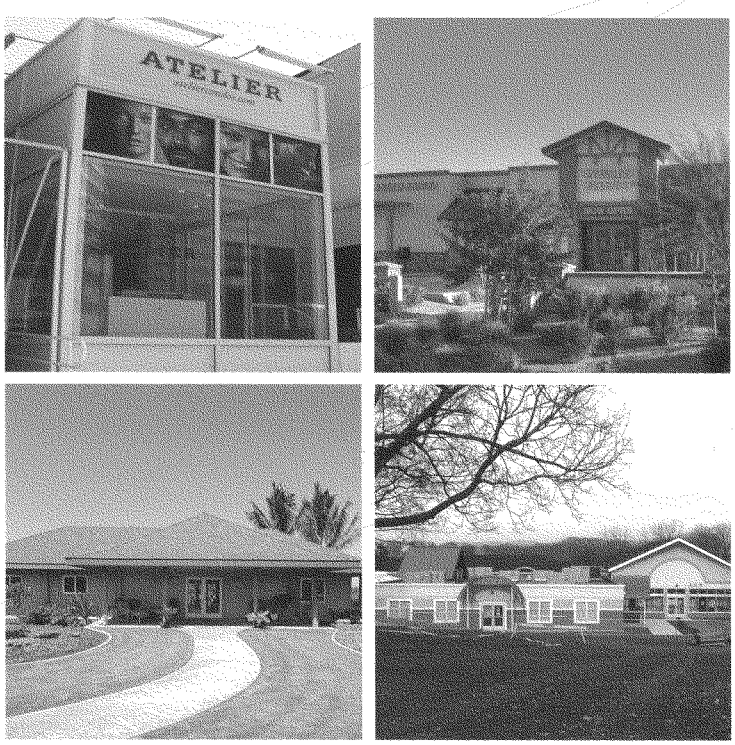
COMMON DESIGN CONSIDERATIONS

Commercial modular buildings are cutting-edge facilities of the highest quality, efficiency, endurance, and design: cost-effective permanent and temporary buildings that respond to ever-changing demands. Virtually indistinguishable from site-built construction and meeting the toughest national, state, and local codes in addition to sometimes stringent aesthetic specifications, costs of a modular building are typically competitive with convention construction. However, modular buildings are built in a climate- and quality-controlled environment, where savings of as much as 50% in overall construction time are not uncommon. Following is a list of things to keep in mind when designing a modular building:

- Three-dimensional modules have widths that are typically 8-, 10-, 12-, 14-, and 16-feet with 12- and 14-feet being the most common. Framing dimensions are typically 2-inches less than nominal size.
- Module lengths are up to 70-feet, usually in 2-feet increments.
- Module heights vary from approximately 11-feet to 13-feet, not including the height of the unit's transport trailer or frame.
- Type-V wood-frame construction is the most common and economical type of construction. Some manufacturers also build with steel and concrete and can meet the requirements for Type-I, -II and, -III construction.
- Multi-story modular buildings can be built up to the maximum stories allowed by code.
- When possible, restrooms should be designed so that marriage lines do not split the space, making installation of floors and water closets easier.
- Multiple roof framing styles are available. Some can be completed in the factory, while others may require the installation of site-installed trusses.
- Modular buildings can be configured using modules of various lengths and widths.
- Each module must be capable of self-support during shipping and setup phases of a modular project even though they are usually engineered as a complete structure.
- Typically, the modular building manufacturer is responsible for the structural design and submittal documents for plan review by governing authorities or third-party agencies. Architects provide the greatest value in modular building projects by developing space plans, the "look" of the elevations both

interior and exterior, and specifications for the materials to be used. The specific structural details will vary between building manufacturers depending on the capabilities of each.

- Every state and some local jurisdictions have adopted rules and ordinances that govern the movement of oversize loads over roadways. When designing a modular building for an area with which you are not familiar, it is a good idea to check with a trucking company that regularly transports modular buildings in that area to best understand what limits exist.
- Since many special and unique requirements affect the cost-effectiveness of a modular building, it is important to consult a commercial modular building professional during the project's design phase so that the building can be reviewed for the most efficient "buildability."



DATA COLLECTION

Data for this report was compiled from previously conducted quarterly reports collected and analyzed by Robert W. Baird Company. In 2006, MBI entered into an alliance with Baird to conduct these surveys to determine various trends within the industry. Approximately sixty dealer and manufacturing companies (both members and non–members of MBI) participated in the quarterly surveys. In addition to the Baird surveys, MBI obtained data from a variety of sources including a prepared survey questionnaire sent to members and non-members in the industry, public SEC filings, and direct communication with company leaders.

This total number of responses represent approximately ten percent of the overall commercial modular industry internationally, but is much more heavily focused on North and South American operations. Based on our analysis of all available data, MBI believes that the commercial modular industry is approximately a $5 billion dollar industry in North and South America and perhaps twice as large internationally. Previous MBI surveys have significantly underestimated the size and impact of the modular market in areas such as the UK, Germany, Spain, and Japan. While we realize that this methodology may not address all issues, it nonetheless represents the most complete and accurate data available for the diverse commercial modular industry.

ABOUT BAIRD

Baird, established in 1919, is an employee-owned, international wealth management, capital markets, private equity and asset management firm with offices in the United States, Europe and Asia. Baird's principal operating subsidiaries are Robert W. Baird & Co. in the United States and Robert W. Baird Group Ltd. in Europe. Baird also has an operating subsidiary in Asia supporting Baird's private equity operations.

Robert W. Baird & Co. is a member of the New York Stock Exchange and other principal exchanges and the Securities Investor Protection Corporation (SIPC). Robert W. Baird Ltd. and Baird Capital Partners Europe are authorized and regulated in the United Kingdom by the Financial Services Authority.

REVIEW OF DESCRIPTIVE STATISTICS

An "average" can be calculated using three different methods. The mean is the numerical average, which is the sum of the responses divided by the number of responses. "Mean" is the most commonly understood meaning of average. The median is the response that lies in the middle of a sequence, i.e., the value above and below which there are an equal number of responses (regardless of the values of those responses). The mode is the most frequently occurring response. The mean and median are provided throughout this report.

In a sample or population that has a normal or "bell-shaped" frequency distribution, the mean, median and mode all have the same value. This generally occurs when there are a large number of similar responses. "Similar" is a relative term. Similarity among observations is reported as a standard deviation which measures the dispersal of the observations. A sample population with a normal distribution has 68% of the observations within one standard deviation of the mean, and 95% of the observations within two standard deviations of the mean. When a small number of atypical observations distort the mean relative to the median and mode, the distribution is skewed. This generally occurs when there are a small number of responses or when the responses contain a significant outlier. By way of example, if survey results provide significantly different measures of average lease fleet size, then the population has a wide distribution (many dealers with 400 units and one dealer with 60,000 units). WHEN THE POPULATION IS SKEWED, AS IS THE CASE WITH SOME OF OUR DATA, A MEDIAN AVERAGE GENERALLY PROVIDES A BETTER ESTIMATE OF THE "AVERAGE" RESPONDENT.

Calculation of the appropriate "average" is essential in the quest to ascertain the size of the commercial modular building industry. As an example, if we were curious as to the total number of mobile offices and modular buildings in active lease fleets, the most accurate measure would be if all industry

participants would truthfully disclose the number of units in their own lease fleet at a given point in time. Since this is not feasible, a reasonable method to estimate the total number of units in domestic lease fleets is to calculate a reliable average and multiply by the number of active industry participants. Accuracy of this estimate is a function of numerous factors including clarity of the survey questions asked, veracity of the responses, confidence in the calculated averages and estimate of the total number of industry participants.



DEALERS

The Modular Building Institute (MBI) partnered with Robert W. Baird & Co. (Baird) for the purpose of preparing joint industry surveys on the commercial modular construction market. Below are joint survey results as reported for five quarters, beginning in the second quarter of 2006.

As evidenced by the quarterly Baird surveys, leasing revenue continues to grow at mid-double-digit figures. **"During the recent quarter, by how much has leasing revenue increased/decreased compared to a year ago, excluding acquisitions?"**

Lease revenue growth (excluding acquisitions) vs one year ago

2Q06	17%
3Q06	21%
4Q06	17%
1Q07	14%
2Q07	16%

Utilization is a measure of the percent of dealer fleet on lease compared to the total fleet. Not surprisingly, the growth in utilization rate drops as the industry approaches the low eighty percent range, a healthy range. **"During the recent quarter, how much has average utilization rate increased or decreased compared to a year ago?"**

Dealer utilization rate growth vs one year ago

2Q06	350 bps
3Q06	200 bps
4Q06	100 bps
1Q07	50 bps
2Q07	-100 bps

"During the recent quarter, how much has average rental rate increased or decreased?"

Average rental rate increase vs one year ago

2Q06	10%
3Q06	8%
4Q06	6%
1Q07	2%
2Q07	6%

Dealers remain optimistic about the health of the industry, continuing to forecast double-digit leasing growth. **"Over the next twelve months, at what rate do you forecast your leasing revenue will grow, excluding acquisitions?"**

Dealer leasing revenue forecast for next 12 months

2Q06	16%
3Q06	17%
4Q06	17%
1Q07	13%
2Q07	10%

Unit sales growth rebounded posting double-digit growth in the second quarter. **"During the recent quarter, by how much has unit sales growth revenue increased/decreased compared to a year ago, excluding acquisitions?"**

Unit sales revenue growth vs one year ago	
2Q06	17%
3Q06	21%
4Q06	16%
1Q07	-4%
2Q07	10%

Dealers are reporting that the cost of new units are increasing, but have leveled off for the second quarter of 2007. **"During the recent quarter, by how much has the cost of new units increased/decreased compared to a year ago?"**

Cost of new units vs one year ago	
2Q06	19%
3Q06	11%
4Q06	10%
1Q07	4%
2Q07	4%

Dealers remain optimistic about unit sales revenue growth, however, not as optimistic as the first quarter of 2007. **"Over the next twelve months, at what rate do you forecast your unit sales revenue will grow, excluding acquisitions?"**

Dealer unit sale revenue forecast for next 12 months	
2Q06	19%
3Q06	14%
4Q06	19%
1Q07	20%
2Q07	7%

Dealers continue to forecast a solid growth rate in capital expenditures for fleet purchases (stock items such as construction offices and classrooms). **"Over the next twelve months, at what rate do you forecast your fleet spending will increase compared to the prior twelve months?"**

At what rate do you forecast fleet spending to increase compared to prior 12 months	
4Q06	14%
1Q07	8%
2Q07	11%

MANAGEMENT & OPERATIONS

The following data was obtained from a survey sent to MBI members as well as non members. Seventeen dealers responded.

Median number of units in fleet	1,300
Mean average age of unit in fleet	6.5 years
Industry utilization rate at 12/31/06	82.30%

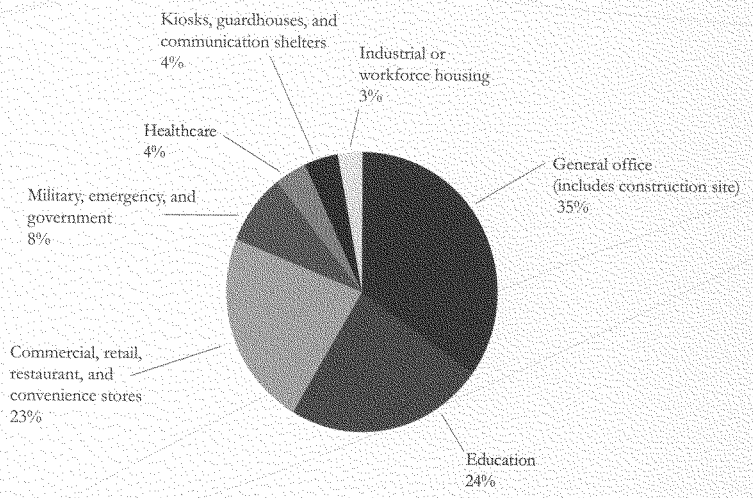
Dealer mean average income statement and profitability ratios

Income:	
Leasing	45%
Sale of New Units	28%
Sale of Used Units	8%
Other – trans, delivery, service	19%
Total Income	100%
COGS	58.8%
Gross Profit Margin	41.2%
Net profit Margin (after taxes)	6.06%
Return on Assets	6.6%
Return on Equity	16.1%

Net profit margin of publicly traded dealers for Year End 2006

McGrath Rentcorp	15.4%
Mobile Mini	15.6%
Williams Scotsman	7.2%
Industry Average	6.06%

Dealers: Major Markets Served



NOTES:

DIRECT AND WHOLESALE MANUFACTURERS

The Modular Building Institute (MBI) partnered with Robert W. Baird & Co. (Baird) for the purpose of preparing joint industry surveys on the commercial modular construction market. Below are joint survey results as reported for five quarters, beginning in the second quarter of 2006. Wholesale manufacturer revenue growth is directly influenced by the dealer segment, while direct manufacturer (and dealer) revenues are impacted by market indicators such as those listed on page 19 of this report.

First quarter 2007 figures are lower than one year ago due to the high volume of construction associated with Hurricane Katrina in first quarter of 2006. Second quarter 2007 figures reflect the growth in the overall industry from last year.

Manufacturing revenue growth (excluding acquisitions) vs 1 year ago

2Q06	10%
3Q06	8%
4Q06	16%
1Q07	-9%
2Q07	11%

Manufacturers remain optimistic about future growth, but recent quarter responses indicate that optimism is more guarded than in previous quarters.

Manufacturer revenue forecast for next 12 months

2Q06	13%
3Q06	3%
4Q06	10%
1Q07	10%
2Q07	7%

Second quarter figures show that the industry is producing more floors now than one year ago.

Floors produced vs one year ago

2Q06	14%
3Q06	7%
4Q06	14%
1Q07	-11%
2Q07	9%

Lead times vary based on geographic regions. In some busier markets, lead times have been as high as 12 months. In general, however, lead times range between 8-12 weeks.

Lead times

3Q06	8 weeks
4Q06	12 weeks
1Q07	9 weeks
2Q07	11 weeks

Cost of materials is up slightly for the second quarter of 2007 but does not appear to have had a negative impact on production.

Raw materials inflation vs one year ago

2Q06	9%
3Q06	4%
4Q06	1%
1Q07	-1%
2Q07	3%

MANAGEMENT & OPERATIONS

The following data was obtained from a survey sent to MBI members as well as non members. Eighteen manufacturers responded.

mean revenue per company	$19,690,693
mean number of employees	177
mean number of factories	1.5
mean number of floors produced	707
mean sq ft produced	262,676

gross profit margin

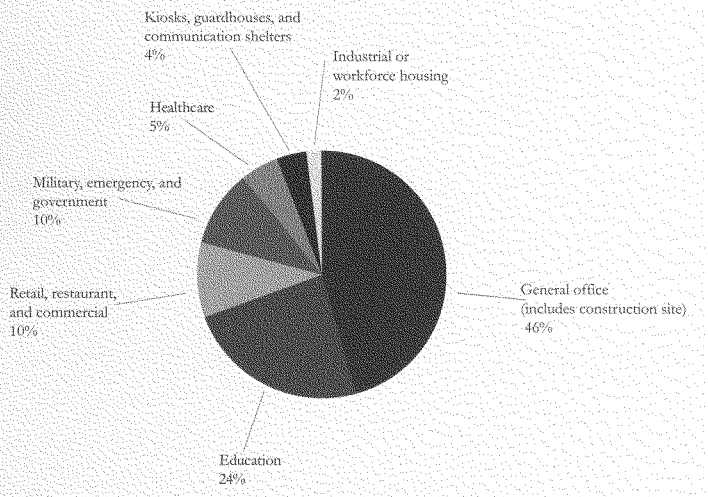
range:	11-64%
mean:	21.66
median:	16.16

net profit margin

range:	0-13%
mean:	7.02%
median:	7.20%

ROA median	15%
ROE median	20%

Manufacturers: Major Markets Served



MARKET INDICATORS

There are several market indicators that serve as predictors for the health and viability of the commercial modular industry.

Non Residential Construction Starts. If this number increases, that generally has a positive impact on the commercial modular industry. Dealer utilization rates historically increase due to increased demand for construction site offices. Companies engaged in permanent modular construction also benefit. According to the U.S. Census Bureau, the value of non-residential construction put in place has grown by 17% over the last year.

Class size reduction initiatives tend to bode well for the modular industry. As class size reduces, the demand for additional class space rises. This has been particularly true in certain parts of the United States such as California and Florida.

Growing School Population. According to the 2005 U.S. Census Bureau and Department of Education, America's total classroom population is estimated to be 58 million, higher than any other time in U.S. history. This number includes children in pre-K programs as well as K-12.

School funding. Since 30% of the commercial modular industry is in the education market, school funding has a critical impact on business. Steady or increased funding levels to repair or replace aging infrastructure have a mostly positive impact on the industry, while decreases in funding create uncertainty and delay construction expansions.

High Growth States. States that experience fast growth rates, such as Arizona and Nevada, are challenged to provide adequate facility infrastructure. Modular construction is often an attractive option for these school districts, municipalities, and business owners.

TOP 20 MBI DEALERS BY 2006 REVENUE

Williams Scotsman, *Baltimore, MD**
GE Modular Space, *Wayne, PA***
Resun Corporation, *Dulles, VA***
Mobile Mini, *Tempe, AZ*
Mobile Modular Management Corp (McGrath Rentcorp), *Livermore, CA*
Pac-Van, *Indianapolis, IN*
Acton Mobile Industries, *Baltimore, MD*
Satellite Shelters, *Minneapolis, MN*
M Space Holdings, *New York, NY*
Vanguard Modular Building Systems, *Malvern, PA*
Pacific Mobile Structures, *Chehalis, WA*
Design Space Modular Buildings, *Fontana, CA*
Innovative Modular Solutions, *Naperville, IL*
Hawaii/Alaska Modular, *Kapolei, HA**
Triumph Leasing, *Littleton, MA*
Wilmot Modular Structures, *White Marsh, MD*
McDonald Modular Solutions, *Southfield, MI*
Mobilease Modular Space, *Thorofare, NJ*
Tyson Corporation, *Indianapolis, IN*
Sommer's Mobile Leasing, *Elyria, OH*

**Williams Scotsman acquired Hawaii/Alsaska Modular Space in early 2007*
***Resun Corporation merged with GE Modular Space in early 2007 to create ModSpace*

TOP 10 INTEGRATED MANUFACTURERS BY 2006 REVENUE

ATCO Structures, *Calgary, AB Canada*
PTI Travco Modular Structures, *Nisku, AB Canada*
Modtech, *Perris, CA*
Comark Building Systems, *DeSoto, TX*
Northgate Industries, *Edmonton, AB Canada*
Modular Technology, *Phoenix, AZ*
Ramtech Building Systems, *Mansfield, TX*
Britco Structures, *Milner, BC Canada*
NRB, *Grimsby, ON Canada*
Morgan Building Systems, *Dallas, TX*

TOP 10 WHOLESALE MANUFACTURERS BY 2006 REVENUE

Walden Structures, *Riverside, CA*
King's Custom Builders, *Ellaville, GA*
Design Space, *Douglas, GA*
Blazer Industries, *Aumsville, OR*
Amtex, *Garland, TX*
Indicom Buildings, *Burleson, TX*
Southeast Modular Manufacturing, *Leesburg, FL*
Mark Line Industries, *Bristol, IN*
Whitley Manufacturing, *South Whitley, IN*
Forest River, *Elkhart, IN*

APPENDIX

Depreciation/Residual Values

The economic value of a leased mobile office or modular building is determined by comparing the total cost of the asset with the income producing capacity over its useful life. Cost includes the initial manufactured cost plus all expenditures for items such as maintenance and taxes incurred during its useful life. Income includes lease revenue during the buildings useful life and sale value upon disposition. Residual value is understood to be the anticipated "value" of the building at the end of the lease. In 2006, the mean annual depreciation was 5.19% per unit compared to 4.6% in 2005.

While there is no specific IRS ruling pertaining to depreciation of modular buildings, the following are intended to be general guidelines:

Always consult a professional tax advisor

Visit the IRS Website for additional resources:
http://www.irs.gov/publications/p946/index.html

The determination as to which depreciation recovery period to apply to the building is based upon whether the property is considered real or personal.

Generally speaking, the buildings (modular units) alone do qualify for a faster depreciation than real property. However, once affixed to a foundation, the decision as to whether the property is real or personal (temporary or permanent) falls within the jurisdiction of the local code official.

To help determine if a property is considered real (permanent, not intended to be moved), consider the following:

The question of real vs. personal can be answered by both investigating the original building design and a term called inherent permanency. Inherent permanency is a definition that addresses the question of "Is this structure designed and intended for permanent use?" This issue is relevant, as nearly any structure can be moved. To the extreme end of that scale, the London Bridge was moved to Arizona - but certainly no one will say that this represents relocatability. The question of inherent permanence asks at what point can you consider a structure easily movable and when is it not easily relocatable or reasonably achievable.

Utilizing the six-way test that was established in the Federal court cases of Whiteco and further used extensively in the Fox Photo case (a modular commercial structure), the courts recommend that it be viewed under the 6 way test as established in the Whiteco case:

1. Is the property capable of being moved and has it in fact been moved? To facilitate off-site construction, modular construction requires the manufacture and transport of sectional units from the factory to another site where they will be connected together. The practice of assembly and disassembly of modular units is an everyday industry occurrence. The modular units are designed to be legally transported form the factory over the public highway before use, therefore, reuse after disassembly is commonplace in practice and intended. Further, under contractual obligation, typically the structure must be removed at the termination of the contract of when needed. This most likely will not be the case for on-site constructed facilities.

2. Is the property designed or constructed to remain permanently in place? Non-residential modular construction typically is designed and manufactured to be readily relocatable. Foundation systems that are used by modular structures are a function of compliance with

locally prescribed model construction codes to support the structure. Depending on the prevailing local construction codes, foundation systems, not the structure, may or may not be sedentary or appear to be permanent.

For buildings leased, the term of the average original operating lease contract is, typically less than five years. At the termination of the lease, the structure must be removed from the site, relocated, and then would be utilized at another site.

Since the structure's modular units are initially intrinsically designed to be transported for highway movement from the factory to the first site, these structural units maintain their transportability for secondary, and subsequent moves. For these secondary moves, the act of disassembly typically does not substantially damage these sectional modular units. Additionally, it is common that once the modular units are removed, many of these units may be inventoried, re-configured, and reused at other sites.

3. Are there circumstances that show that the property may or will be moved? The term of the lease or the use of the structure dictates the removal of the modular sections. At the termination of the lease or use, lessor or user is required to disassemble and transport each of the modular section to another site or return to inventory for re-use at a later time.

Since these structure are initially constructed in a remote factory, this design allows an industry-wide marketing application of short use of the structure in one location and the ready relocation to another site. This practice is prevalent in the educational, office, airport, institutional, restaurant, correctional, and medical facilities' markets to name but a few.

Since these structures have been transported over public highways at least once, the ability exists universally to disassemble and re-transport sectional units with minimal costs for permits and transit. The fees to obtain local disassembly permits are nominal in cost as well.

4. How substantial a job is removal of the property, and how time consuming? The job of removing the modular sections of the structures is facilitated by the very initial design and manufacture of the sectional units. Because of the inherent sectional design, disassembly time is minimal. Typical of costs, including time consumed and materials for disassembly and removal, are less the 20% of the replacement costs of the total structure.

Typical disassembly time is less than the time spent in the initial assembly. Typical removal includes disassembly and transportation to another site or to storage. Once in storage, the sectional units may again be transported and reassembled or reconfigured to suit the needs of the next lessee or owner. It is common industry practice to inventory sectional units, and re-configure on a site, as directed by the lessee of owner. The question of cost, time and intrinsic design provide the contrast between readily relocatable and improbability and costly relocation of a structure.

5. How much damage will the property sustain upon removal? Since these sectional units are inherently designed, manufactured, and transported in sectional format for site coupling, these units suffer minimal damage during disassembly. Typically disassembly and removal damage is less the 10% percent of replacement costs to the property. Once disassembled and transported, each sectional unit is capable of being readily re-used in another application or site.

Site restoration costs are minimal after removal, and is usually addressed in contract language, therefore the intent to remove the structure is an integral part of the design and application. Contract leases typically specify that the structure is personal property in finite land and structure leases.

6. What is the manner of affixation to the property to the land? For the non-residential modular industry, the manner of affixation to the property is typically determined by local prevailing model construction codes. The manner of affixation to the site is not an indication of intent of permanence, rather it is a commonplace, as most states have a preemptive state-wide construction code for the structure, and local agencies determine appropriate foundation, utility, and land use issues.

The affixation between the structure and the foundation system can be varied. With pier and pad systems, it is gravity or bolted systems or tack-welded systems. The attachment to the foundation is determined by structural requirements and not by intention of permanence.

Typical foundation systems used in conjunction with modular units allow for ready return to pre-installation status with little or minor site reconstruction costs. Foundation selection factors include wind, seismic, support, use, and access requirements in determination of appropriate systems. Typically, the termination of real or personal property is not one of the factors in the selection of foundation systems.

INDUSTRY TERMS

Modular: A method of construction that utilizes pre-engineered, factory-fabricated structures in three dimensional sections that are transported to be tied together on a school site.
Typically, modular construction mean that between 80 to 95% are completed at the factory and then delivered to the site for final affixation.

Conventional: A construction method that utilizes assembly of structures on-site, employing multi-layered design and construction processes.

Permanent: Commercial structures serving fixed or lasting facility needs, and not envisioned to be removed or relocated. Can utilize either conventional or modular construction methods.

Relocatable: Commercial structures utilizing modular construction methods that can be transported over public roads. Designed to be constructed for efficient secondary relocations without the removal of either the floor, roof, or other significant structural modification. Frequently called Portables, and generally under 2000 sq. feet in size.

SAMPLE SPECIFICATIONS - WOOD/STEEL FRAME

- Fully welded channel perimeter frame with 14 gauge joists at 24" o.c.
- Double layer floor decking for increased rigidity.
- 2x4 wall framing @ 16" o.c.
- Single ply roof membrane.
- 1/2" CDX plywood roof sheathing.
- Insulation
    - o Floor: 6" R-19 Fiberglass
    - o Wall: 3 1/2" R-11 Fiberglass kraft faced
    - o Roof: 6" R-19 Fiberglass kraft faced
- Floor finishes available include 1/8" vinyl tile, commercial grade carpeting, ceramic tile, quarry tile and roll goods.
- Standard wall finish provided is vinyl covered gypsum, 1/2" or 5/8" type 'x' as required. Optional finishes include: Ceramic tile, glassboard panels, Panel 15 and finished drywall.
- Accoustical suspended ceiling system 2' x 4' fissured miniboard panels.
- Standard 8'-0" ceiling height. Optional heights up to 9'-6" available.
- Exterior treatments available: Texture 1-11, vertical steel siding, synthetic stucco, brick face, vinyl siding, aluminum siding, glassboard panels and Panel 15.
- Wall or roof mounted HVAC units w/above ceiling concealed ductwork.
- Windows with double insulated glazing, bronze, mill or white frames. Size and type (fixed, horizontal slider, vertical slider) specified by customer.
- Commercial glass and/or hollow metal steel exterior doors with vision panels.
- Pre-finished solid core interior doors available with vision panels.
- Commercial quality vitreous china plumbing fixtures.
- Electrical service panels. All devices based on NEC and local codes.
- Fire alarm and fire suppression systems supplied based on building square footage and code requirements.
- Compliance with state and local codes through third party approval agency.

MBI 2007 PACKAGE SPONSORS

MBI sponsors are commercial modular construction leaders who have taken the initiative to align themselves with the institute in a collaborative effort to promote the industry, educate participants within the industry, and ensure a positive and ethical business environment throughout the industry.

Sponsorships allow MBI members to share their knowledge and resources in delivering industry-leading training events, communications tools, industry-trend publications, as well as informational resources for members and non-members alike. We gratefully acknowledge our Diamond Preferred, Platinum, Gold and Silver sponsors:



Williams Scotsman. 2007 Diamond Preferred Sponsor.
A leading provider of mobile and modular building solutions in North America. Learn more at **www.willscot.com**



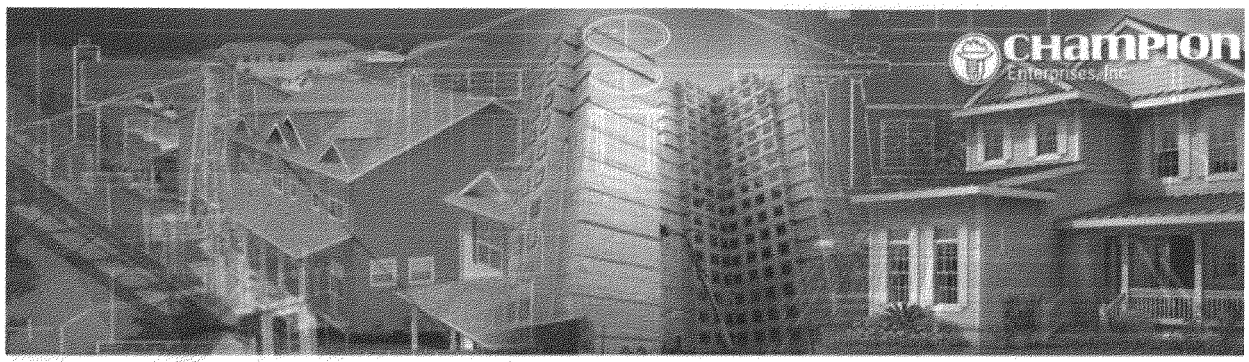
PPR Lyons Pride. 2007 Platinum Sponsor.
Complete turnkey, national service provider of site management, transport, set-up, and GC site work. Learn more at **www.pprlyonspride.net**



M Space Holdings. 2007 Gold Sponsor.
Custom modular buildings: sales-leasing-financing; new or existing buildings. Learn more at **www.mspaceholdings.com**



Firestone Specialty Products. 2007 Silver Sponsor.
Providing sustainable solutions to meet your modular building roofing needs. Learn more at **www.firestonesp.com/modular_roofing.asp**



Champion Commercial Solutions

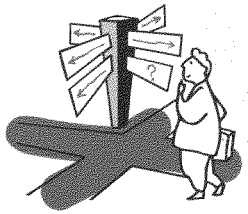
Delivering Innovative Facility Solutions In Support of the DoD Transformation

March 13, 2008

We Thought You May Want To Know…

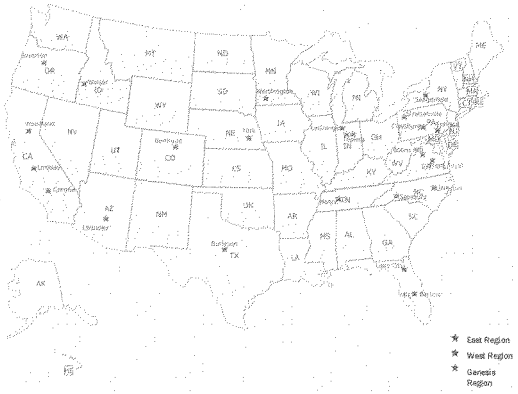
Who Is Champion?

- Who Is Champion Commercial Solutions?
  - What is "Off-Site" Construction?
    - How Can the DoD Benefit From Utilizing Off-Site Construction?
      - How Does Champion Differentiate Itself?
        - How Can Champion Support the DoD Transformation?



Who is Champion?

- Champion was founded 55 years ago as a single manufacturing facility in a small town in rural Michigan. For over 40 years, Champion has been a publicly held company with shares listed on the New York Stock Exchange (Symbol CHB) since 1995.

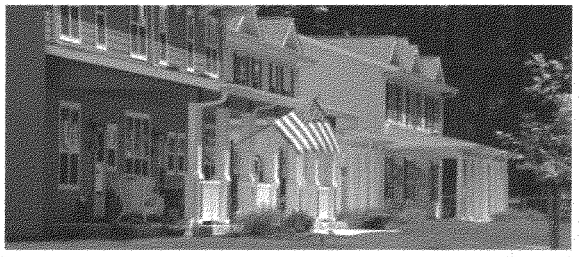


- Our international headquarters remains in Michigan, and currently, with 26 manufacturing facilities located throughout North America and Europe, we employ more than 5,500 dedicated employees worldwide.

We have grown to become a "family of builders" providing factory-built housing and other structures throughout the United States, Western Canada and United Kingdom.

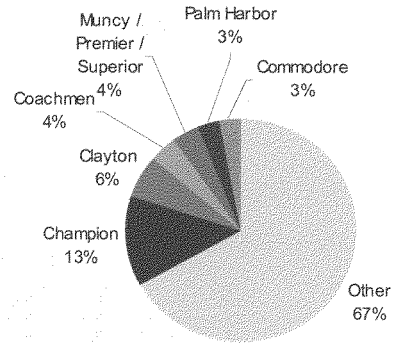
Who is Champion?

- Throughout our history, Champion has been acknowledged as a leader in the manufactured housing industry and more recently, we achieved the distinction of becoming the largest modular homebuilder in North America.



Military Housing – Fort Lewis Duplexes

2006 Domestic Residential Modular Market Share
(by Units)



Source: Hallahan Associates and Company records
[1] Pro forma for acquisitions completed in 2006

Who is Champion?



Hotels

17-Story London
Apartment Building

Military Single Living
Accommodation

Expanding our presence in the international commercial marketplace.

Who is Champion *Commercial Solutions*?

- The Commercial Solutions Team was formed to focus on servicing the needs of the Federal Government and Commercial Market Segments.

- This sharper focus and national perspective will allow for a programmatic approach to regional and national commercial opportunities that previously were difficult to implement at the local manufacturing level.

- Our Team's national perspective will enable us to "connect the dots" and align all of the Champion resources efficiently and effectively for our customers.

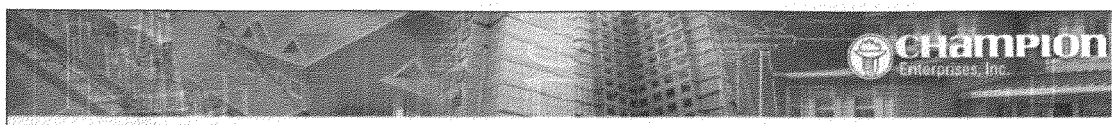
Relocatable Barracks – Fort Bragg, North Carolina





Retail Store – Torington, Connecticut

Expanding our presence in the domestic commercial marketplace.



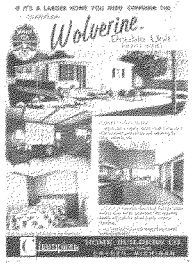
What is Off-Site Construction?

A Brief History…

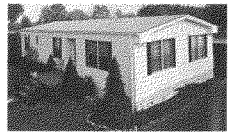
In the early1900's, Factory Built Housing like the Sears & Roebuck homes were purchased by catalog and shipped to the customer. This was the beginning of the factory built concept.



After World War II, the manufactured housing industry saw a dramatic increase in popularity. Veterans came home to find affordable housing in short supply. The industry answered this call by building homes that were large enough to house a veteran and his family. However, these homes could still be moved from one location to another to provide the mobility that the family desired.



The effect of federal regulation was to more clearly define mobile homes as buildings, rather than vehicles.



1900's



1920's

"Trailer Coaches" were built for travelers on vacation who wanted something better and faster than a tent to sleep in when they arrived at a camping area.

1950's



1960's

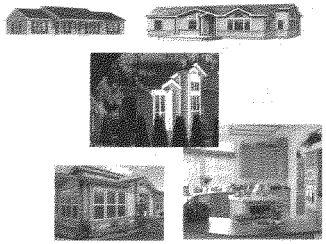
The 1960's and early 1970's saw manufacturers start to create a "modular" home product. This was basically a site built home completed in two units, transported to the building site on flat bed frames and then erected onto a permanent foundation. The style of home was typically limited to a ranch home consisting of a single floor and two major components or modules.

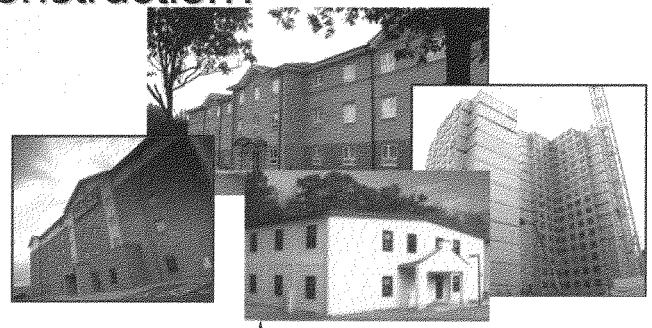
1970's & Early 80's

In 1974, Congress passed the National Mobile Home Construction and Safety Standards Act, also known as the HUD Code. This watershed legislation made mobile homes the only form of private and single-family building subject to federal regulation. Even site-built homes did not enjoy such strict regulation. These regulations, which became effective in June of 1976, preempted any existing state or local construction and safety codes applying to the product.

What is Off-Site Construction?

A Brief History…

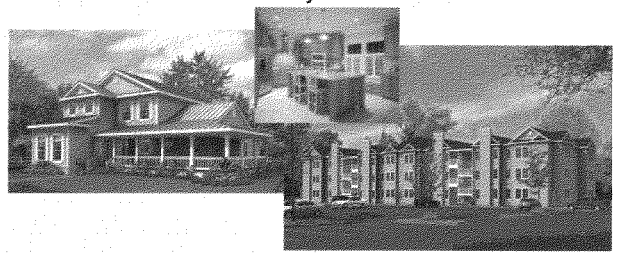




1990's

During the mid-to-late 1990's growth continued as home manufacturers began to build larger and more complex homes. Modular manufacturers ventured into sophisticated two-story, multi-family dwellings and customized luxury homes.

2000's & Beyond



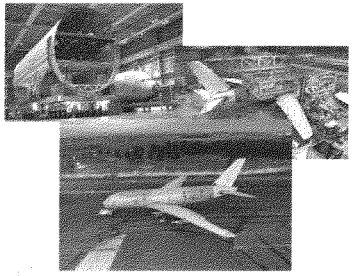
What is *Off-Site Construction*?

A Building Process…

The concept is not new – for many years across many diverse industries, the prefabrication of components has been improving the process of building.

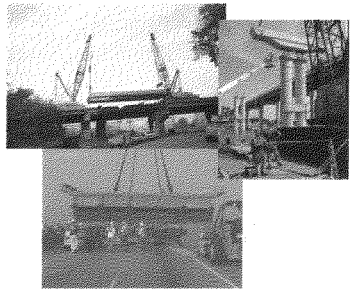
✓ Aircraft

- Wings
- Fuselage
- Cockpit
- Tail Unit



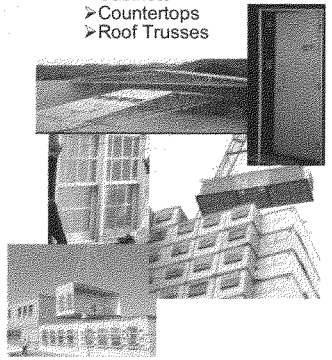
✓ Bridges

- Deck Panels
- Superstructure Segments
- Pre-Cast Columns
- Pre-Cast Bent Caps
- Steel Bent Caps



✓ Buildings

- Pre-Hung Doors
- Pre-Hung Windows
- Cabinets
- Countertops
- Roof Trusses



Off-Site construction isn't about what you build but how you build it.

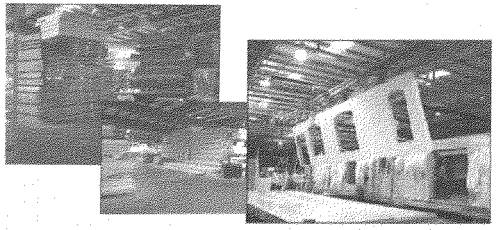
What is *Off-Site Construction*?

A Building Process…

Unsurpassed Quality

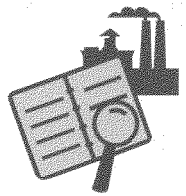
Built Indoors With Specialized Labor

- *Climate Controlled Environment*
- *Materials Stored Inside*
- *Construction Specialists Within Each Department*

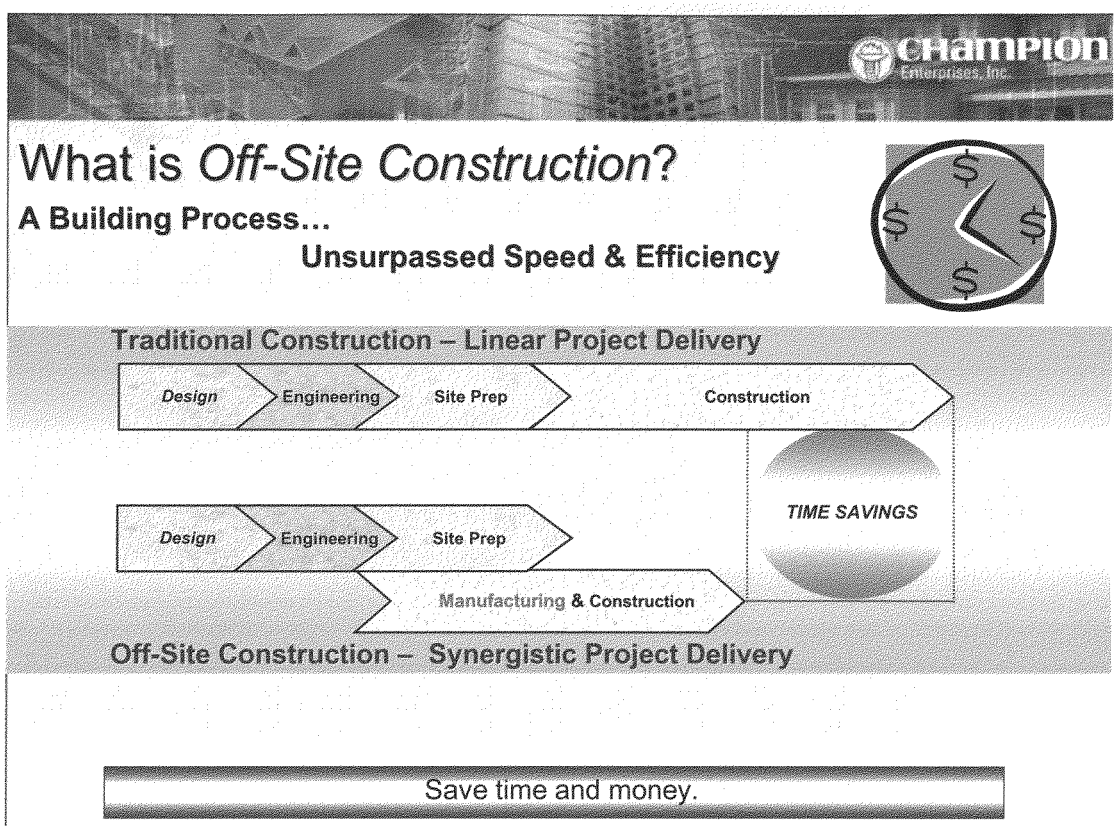


Quality Control

- 3-Tier Factory Inspection Process Ensures Compliance With Approved Design
  1. *Department Leader*
  2. *Quality Assurance Inspectors*
  3. *Independent 3rd Party Inspectors*



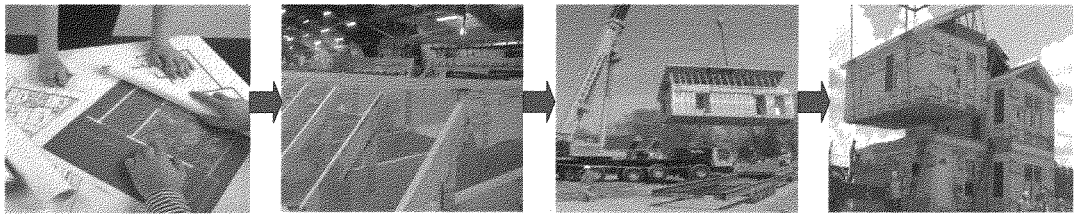
Unique construction techniques and exacting standards.


CHAMPION
Enterprises, Inc.
What is *Off-Site Construction*?
A Building Process…
Unsurpassed Speed & Efficiency
Traditional Construction – Linear Project Delivery
Design
Engineering
Site Prep
Construction
TIME SAVINGS
Design
Engineering
Site Prep
Manufacturing & Construction
Off-Site Construction – Synergistic Project Delivery
Save time and money.

What is *Off-Site Construction*?

A Building Process…

Summary



Off-Site construction is a building process in which large components are pre-built in a manufacturing facility, shipped on carriers to the project site and then assembled on your foundation, resulting in a structure that is ~ 80% complete.

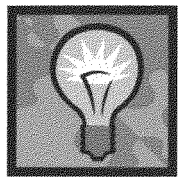




Save time & money while mitigating risk and controlling quality.

How Can the DoD Benefit?

Increased Effectiveness & Efficiencies…

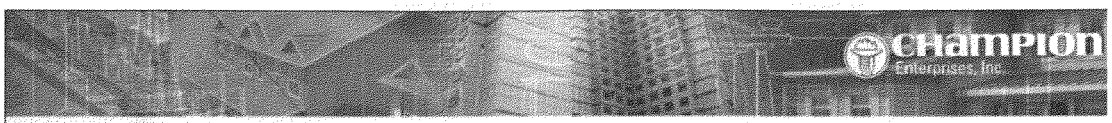


- Reduction in project timelines of ~ 33% or greater
- Reduction in weather related delays
- Reduction in required supervision
- Reduction in material handling
- Reduction in on site labor resources



- Increased project capacity
- Increased likelihood of meeting "E" dates
- Increased community satisfaction
- Accelerated "Quality of Life" benefit

A Win, Win, Win Result!



How Does Champion Differentiate Itself?

A True Partner…

✓ **Capacity**
A National provider - West Coast or East Coast, Georgia or Texas, we have the people and resources to deliver.

✓ **Expertise**
Dedicated local & national teams committed to ensuring projects are delivered on time & on budget.

✓ **Innovation**
Recognized as a leader in modular design creativity that consistently thinks "outside the box."

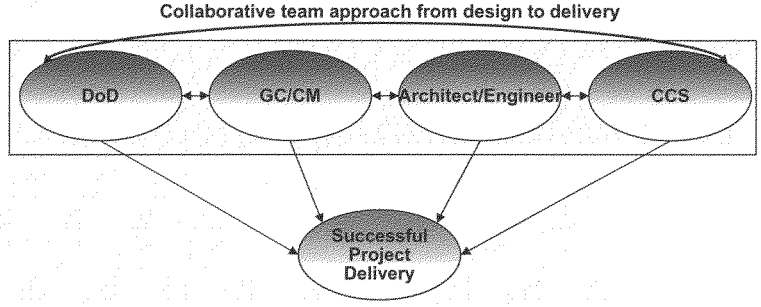
- **The Commercial Solutions team consists of experienced sales & technical personnel that when combined have over 85+ years of experience.**

Dedicated teams at both the local and national level.

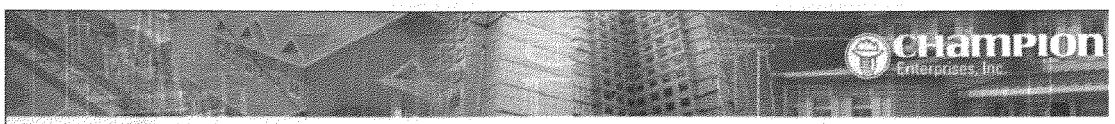
How Does Champion Differentiate Itself?

A True Partner…

✓ **Strategy**
"One-face" collaborative approach, we can seamlessly design, plan & execute anywhere in the country.



Repeatable & reliable programmatic solutions anywhere in the country.



How Can Champion Support Transformation?

A Business Partner…

The Problem Statement:

Grow The Force, BRAC, Global Re-Stationing, and Force Modularization are transforming the DoD. "Quality of Life" is pinnacle to recruiting and retaining the Warfighter & maintaining the support of their Family members. They deserve "The quality of life that is equal to the quality of their service to the nation." The shear quantity of facilities required is enormous and the time line is very short. How can the nation deliver on its promise to provide the quality of life that the Warfighters and their family members deserve?

The Solution:

LTG Robert L. Van Antwerp . . . . . "Sharpen the Axe"!

More Efficient . . . "Assembly line" driven building process in climate controlled conditions
More Effective . . . Reductions in on site labor and supervision forces via off site solution
More Speed . . . >30% faster. A construction alternative worthy of serious consideration
More Innovation . . . Wood and steel methodologies spearhead endless facility possibilities
More "Green" . . . A "waste not" process that ensures LEED Silver is always within reach

"Quality of life" is job #1 . . . . . The Modular solution is viable and it is now.

A collaborative team focused on the Warfighter & their families

Mr. HARDIMAN. There are any number of multi, concrete buildings that are out there. It is not a new technology. In fact, there is a 19-story hotel in San Antonio that was built in the 1960s using modular construction.

Virtually every other industry in our country has already, to some degree, except construction and—a lot of it is the stigma and an image issue, but we are trying to break through that stigma and make some agencies realize, if time is a concern, this is certainly a viable option.

Mr. FARR. And it is getting the military away from that idea of build this way because we always have. And that seems to be a lot of the feedback that we get from some of the military agencies.

Mr. HARDIMAN. The devil we know.

Mr. EDWARDS. We have seen that inertia.

Sam, any additional questions?

Mr. FARR. No. Thank you.

Mr. EDWARDS. If not, thank you both for your testimony. Thank you for being here.

Members, we now have our friend, Steve Robertson, who we know has been director of the national legislative division of the American Legion since 1993.

He served in the Persian Gulf War in 1991 as a military policeman and, prior to this, he served 12 years in the Air Force.

We thank you for that service. But we all know him as a tremendous leader and voice for veterans.

Steve, it is good to have you here. Thank you for your partnership over the years, but, in particular, last year, as we were working together to try to get the kind of historic increase in funding that our veterans deserved.

The American Legion and you, representing the Legion, were a terribly important part of that partnership. Thank you for that effort.

It is good to have you here today. Your full testimony will be put into the record and I would like to recognize you now.

STATEMENT OF STEVE ROBERTSON

Mr. ROBERTSON. Thank you, sir. And, gentlemen, before I even start the testimony, I want to thank both of you for the ceremony today in remembrance of the war.

For me, it was very personal. I lost a cousin last year. He is buried in Waco, Staff Sergeant Chris Higgin. And then my son is over there right now. Matter of fact, my son landed on May 22nd in Iraq for his second tour. That was the day our cousin was killed, and my son is due back in May. So we are hoping for a speedy return.

Mr. EDWARDS. Both he and you are in our prayers.

Mr. ROBERTSON. Thank you. And please pass on to the leadership that we appreciate it very much.

Mr. EDWARDS. We will do that.

THURSDAY, MARCH 13, 2008.

THE AMERICAN LEGION

WITNESS

STEVE ROBERTSON, DIRECTOR, NATIONAL LEGISLATIVE COMMISSION

Mr. ROBERTSON. First of all, I want to thank you for allowing me to testify today. Last year, you guys did a tremendous job. We really appreciate the appropriations package that you put together.

The final appropriation was the numbers we were looking for. We greatly appreciate that.

Clearly, for decades, this was the first time, at least in my memory, that the VA budget met or exceeded what the American Legion and many of the other veterans' organizations had asked for and it is because of your leadership that VA now faces a paradigm change, a significant paradigm change.

For years, they have been asked to do more with less. And now they are being asked to do more with the resources they need, and we greatly appreciate that.

This change in philosophy about the resources is very, very critical. The American Legion has a team that goes out and visits VA facilities around the country and we kept hearing the same things every time we would visit—we are short of people, we are waiting for replacement of equipment or new equipment, we are waiting in renovations.

I think Dr. Brown spoke to that today in his testimony. And it was always the demand for services just seems to overtake us. We have the inability to meet the demand.

Historically, VA leadership was asked to achieve management efficiencies that were never specifically identified. As a result of that, when we went to the field, we saw things like hiring delays. They weren't hiring freezes, but they were delays or there were equipment backlogs that were very noticeable, delay in maintenance, the manipulation of appointments, making appointments and then canceling them, then making them and then canceling them, then making them and canceling them, and other decisions that we believe were driven by limited resources and not sound management practices.

In fact, many of these were peacetime decisions that have had their ramifications in this wartime environment, that the patient population has changed significantly.

The transformation of the VA health care system is very, very impressive. Two decades ago, when I joined the staff of the American Legion, most of the complaints we got were about the quality of care.

Today, the complaints we are getting are "Why can't I get into the system?" It is the veterans that are locked out because of their income level, not because of their service.

The VA claims adjudication process, on the other hand, needs a similar transformation that the health care industry has gone through, but it can't be achieved without the resources.

Recently, various commissions have made recommendations on how to improve the process. Some of these recommendations can be

achieved administratively and then the others are going to require some congressional action.

However, all of these changes are going to require the resources to aggressively attack the backlog problem.

The American Legion believes the solution rests in additional staffing, in training, both the initial and the continuing education, and technology.

Mr. Chairman, the American Legion understands the budget process and greatly appreciates the efforts of you and your colleagues, but I must stress the importance of three necessary elements in the VA budget—sufficiency, timeliness and predictability.

We understand that the federal budget process is more complicated than explained in the civics textbooks, but these three aspects are critical for proper management of the VA system, especially the VA health care system.

I wanted to bring up two specific things. The System Worth Saving Task Force, the team that we have that goes out and visits facilities, this year, are going to focus primarily on long-term care.

Last year, we put a lot of emphasis on VA outpatient or the vets' centers, but this year, we are going to look at the long-term care. Mr. Jones with NAUS brought up the comment about the extended care facilities and the amount of money they were asking for.

One thing that people forget is this is a joint agreement between the states and VA. VA builds the facility, but the state assumes the responsibility for it after that point.

Well, right now, a lot of states are going through budgetary shortfalls and the money that has been said, "Yes, we will commit this to a state veterans' home," if it is delayed year after year after year after year, it is very tough to convince those states to keep that money in the lock for us.

So that is one thing we are really concerned about.

When I was talking about the additional staff hiring for the VBA, one of the things we have really been trying to push is that they look to hire some of our veterans that are coming off of active duty, especially the ones that have serious disabilities that are going through vocational rehabilitation.

They just seem like logical candidates to be working in the claims adjudication process.

Mr. Chairman, the American Legion continues to work with you and your colleagues to make sure that the veterans of this nation, past, present and the ones that we are going to be getting, receive the earned benefits from a grateful nation.

Thank you, Mr. Chairman.

[Prepared statement of Steve Robertson follows:]

STATEMENT OF
STEVE ROBERTSON, DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS' AFFAIRS
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
FISCAL YEAR 2009 APPROPRIATIONS

MARCH 13, 2008

Mr. Chairman and Members of the Subcommittee:

As you and your colleagues begin deliberations on FY 2009 appropriations for Military Construction, Veterans Affairs and Related Agencies, The American Legion is submitting its recommendations on behalf of 2.7 million Legionnaires. Our Legionnaires represent wartime veterans of each conflict from World War I to the Global War on Terrorism.

The American Legion is incredibly grateful for the increased funding for many of the programs that serve veterans and their families, as well as current and future generations of service-members. Despite the Herculean effort the Congress put into adequately funding those programs, much work remains, and so the process begins anew, with the added imperative that comes during periods of warfare.

However, The American Legion is always concerned that Congress adequately fund programs and services critical to not only the veterans' community, but the nation as well. The American Legion's active involvement in local community, state, and national programs provide first-hand experience in many areas directly impacted by the annual Federal budget. Any budgetary shortfalls in the Federal budget are normally passed on to the local and state communities to absorb. Frequently, it is community-based organizations, like The American Legion, that addresses these challenges through volunteer services or direct financial contributions.

Although not a congressional committee or a Federal entity, The American Legion — the largest, Federally chartered veterans' service organization — is providing its recommendations for programs and services that directly impact America's veterans and their families.

VETERANS AFFAIRS AND REHABILITATION

The American Legion breaks down its Veterans Affairs and Rehabilitation testimony into three sections that mirror the major organizational segments of the Department of Veterans Affairs (VA). In these separate sections The American Legion will discuss its legislative budget

priorities regarding the Veterans Health Administration (VHA), the Veterans Benefits Administration (VBA) and the National Cemetery Administration (NCA).

VETERANS HEALTH ADMINISTRATION

The distinction of the VA as the nation's leader in providing safe, high-quality health care in the health care industry (both public and private), has been recognized most recently in a book by Phillip Longman entitled ***Best Care Anywhere: Why VA Health Care is Better Than Yours*** (2007).

Clearly, VHA is a tremendous success story within the health care industry. In recent years, the transformation of this entire integrated health care delivery system has exceeded all expectations. Many would argue that VA now represents the "health care industry standard" in numerous areas to include: patient satisfaction, patient safety and quality of care. The American Legion applauds the commitment and dedicate of the health care professionals and other VHA employees that continue to strive for excellence in so many aspects.

Continued success is a challenging journey that requires vision, compassion and resources. The vision is to provide timely access to quality health care – the right care, at the right time, in the right facility. Throughout the transformation process, this vision has played a key role in VA leadership's decisions in shifting focus towards preventive medicine, creation of community based outpatient clinics, in using electronic medical records, and many other changes to provide this nation's veterans with the very best health care.

VA's compassion is best demonstrated in the employees throughout the health care delivery system -- from health care professionals, to technicians, to administrative support – devoted to treating veterans as heroes. *Putting Veterans First* is much more than a slogan – it is a shared obligation.

Mr. Chairman, thanks to this Congress, specifically this Committee, and your leadership, VA funding for FY 2008 met or exceeded the budget recommendations made by The American Legion and many other veterans' and military service organizations. For the first time in decades, VA now has the resources to achieve many of their highest priorities – from hiring new employees, to ordering new equipment, to restoring services, to nonrecurring maintenance – this unprecedented funding will make major improvements in the timely access to quality health care for America's veterans.

In regards to resources, The American Legion was deeply concerned by the President's budget request for FY 2009 on several fronts. Recently separated service members from Operation Iraqi Freedom and Operation Enduring Freedom (OIF/OEF) are now authorized to receive free health care in the VA health care delivery system for five years after their return. This change was supported by The American Legion based primarily on past experiences in dealing with health care problems of wartime veterans dating back to World War I.

Whether exposure to mustard gas, radiation, Agent Orange, or even unknown environmental hazards – manifestation of some medical conditions may take longer in some veterans than in others. Physical wounds are normally quickly identified, treated, and monitored; however, the

invisible wounds, such as traumatic brain injury (TBI) and post-traumatic stress disorder, may be more difficult to identify and may very well be dependent of assistance from immediate family members.

The American Legion is concerned that the President's budget request may have, once again, miscalculated the number of OIF/OEF veterans seeking treatment throughout the VA health care delivery system. No veteran in need of health care should ever be turned away from a VA medical facility – that is an earned benefit. No veteran should face lengthy delays in receiving needed health care, simply because there are no available appointments.

This nation can ill afford to welcome the newest generation of wartime veterans at the sacrifice of previous generations of veterans, especially service connected disabled veterans. We have already witnessed the slamming of the doors to VA on the balance of Priority Group 8 veterans, not because their honorable military service, but because of their successful transition from military to civilian life. Denying veterans from the greatest generation, decorated combat veterans, or service-connected disabled veterans enrollment in the nation's best health care delivery system is extremely difficult to justify and hardly exemplifies the thanks of a grateful nation.

The American Legion is also concerned with the current economic downturn and the potential miscalculation on the number of new veterans becoming eligible as Priority Group 5 or 7 veterans based on economic hardships. Major corporate layoffs, business failures and increases in unemployment rates normally indicate the loss of health care coverage by many workers and their families. The rising costs of health insurance, especially for self-employed veterans, may force many to drop their current health coverage and turn to VA. For many veterans, young and old, VA may very well become their best health care option.

The American Legion strongly recommends at least **$38.4 billion** for VA Medical Care in FY 2009. Once again, The American Legion believes all reimbursements and co-payments to the Medical Care Collection Fund (MCCF) should be scored as a "supplement" rather than an "offset" to the annual discretionary appropriations. If MCCF were considered a "supplement" rather than an "offset," the co-payments and third-party reimbursements would add an additional $2 billion, based on services provided, in much needed resources. Successful collections by medical facilities result in even higher collection goals and increased uncertainty for future budgets. It doesn't make sense to use MCCF as a hammer rather than a reward for treating veterans. There are several other very good reasons:

- The vast majority of veterans required to make co-payments or third-party reimbursements are not "entitled" to care at no cost to the veteran, but rather are just "eligible" for care,
- Not all private health insurers will reimburse VA's reasonable charges for medical care or treatment rendered to their beneficiaries and there is no Federal mandate directing reimbursement,
- Over half of these veterans list Medicare as their primary health insurer and VA is prohibited for collecting any third-party reimbursements from the Centers for Medicare and Medicaid Services, and

- The Veterans' Equitable Resource Allocation (VERA) is designed to distribute resources to each Veterans Integrated Service Network (VISN) – the VISN directors subjectively determine the MCCF goals for each medical facility.

MEDICAL AND PROSTHETICS RESEARCH

The American Legion also strongly recommends **$476 million** for VA's Medical and Prosthetics Research. Today, men and women are returning from OIF/OEF with wounds (especially traumatic head wounds and multiple amputations) that would have resulted in death in previous conflicts. Many of these newest wartime veterans will be dependent on VA medical care for the rest of their lives. The very quality of life for many service-connected disabled veterans and families may very well rest on the direct results of future medical and prosthetics research.

There is much to be learned about TBI and PTSD and conservative estimates on the number of OIF/OEF veterans returning with mental health issues due to these conditions is staggering. The American Legion believes there is much research needed in these two mental health conditions. These scars may not be visible, but are extremely damaging undiagnosed or untreated.

MEDICAL CONSTRUCTION AND INFRASTRUCTURE SUPPORT

MAJOR CONSTRUCTION

The Capital Asset Realignment for Enhanced Services (CARES) process identified more than 100 major construction projects in 37 states, the District of Columbia, and Puerto Rico. Construction projects are categorized as 'major' if the estimated cost is over $10 million. Now that VA has a plan to deliver health care through 2022, it is up to Congress to provide adequate funds.

The CARES plan calls for, among other things, the construction of new hospitals in Orlando, FL, and Las Vegas, NV, and replacement facilities in Louisville, KY, and Denver, CO, for a cost estimated to be well over $1 billion for these four facilities. VA has not had this type of progressive construction agenda in decades. Major construction money can be significant and proper utilization of funds must be well planned. Recently, Congress approved funding for a new Veterans Affairs Medical Center in Denver. However, if timely completion is truly a national priority, The American Legion is concerned because funding for the facility appears to be inadequate.

In addition to the cost of the proposed new facilities, there are many construction issues that have been virtually "put on hold" for the past several years due to past inadequate funding and the moratorium placed on construction spending by the CARES process. One of the most glaring shortfalls is the neglect of the buildings sorely in need of seismic correction. This is an issue of personnel safety for Federal employees, patients and volunteers. The delivery of health care in seismically unsafe buildings cannot be tolerated and funds must be allocated to not only construct the new facilities, but also to pay for much needed upgrades at existing facilities. Gambling with the lives of veterans, their families and VA employees is absolutely unacceptable.

The American Legion believes that VA has effectively shepherded the CARES process to its current state by developing the blueprint for the future delivery of VA health care – it is now

time for Congress to do the same and adequately fund the implementation of this comprehensive and crucial undertaking. The American Legion recommends **$560 million** for Major Construction in FY 2009.

In addition, The American Legion recommends an additional **$1 billion** specifically to "catch up" on delayed CARES recommendations. As demand for services continues to grow, VA must aggressively meet its construction obligations to meet the physical plant needs at each medical facility.

MINOR CONSTRUCTION

VA's minor construction program has also suffered significant neglect over the past several years. Maintaining the infrastructure of VA's buildings is no small task. Due to the age of many of VA buildings, renovations, relocations and expansions are quite common. When combined with the added cost of the CARES program recommendations, it is easy to perceive that a major increase over the previous funding level is crucial and overdue. Congress has identified the existence of unutilized and underutilized space throughout the VA system; therefore, The American Legion supports aggressive steps to renovate such space to meet the growing needs of the patient population or the veterans' community. The American Legion recommends **$485 million** for Minor Construction in FY 2009.

VETERANS BENEFITS ADMINISTRATION

The President's annual budget request is a detailed outline of the mandatory and discretionary funding needed by the Veterans Benefits Administration (VBA). Given VBA's many challenges and responsibilities, which include the annual expenditures for compensation, pension, and related benefit payments, it is imperative that Congress ensure that VBA's programs have the personnel and other resources necessary to operate efficiently and can provide quality and timely service. The budget debate process and oversight hearings provide opportunities to evaluate how well VBA is, in fact, performing its missions and whether the needs and expectations of its stakeholders are being met.

For several years, VBA has endeavored to implement its long-term strategic plans to hire and train a new cadre of adjudicators, to continue the computer modernization program, and to institute a variety of procedural and programmatic changes intended to improve the claims adjudication process. However, external factors, such as the enactment of legislation providing new benefits and medical care services and precedent setting legal decisions by the federal courts, continue to play a major role in changing VBA's plans, policies, and operations. VBA's efforts to address these varied and complex issues have profound budgetary and operational implications.

One of the most significant challenges plaguing VBA is the sheer size of the backlog of pending disability claims and appeals. These claims are usually multi-issue cases arguing complex medical and legal issues that must be resolved. The American Legion believes the backlog is a symptom of unresolved systemic problems that adversely affect the adjudication and appeals process. These unresolved problems further contribute to the ever-growing backlog. These problems include: frequent decision-making errors at all levels of the decision making process; failure by VA personnel to comply with the *Veterans' Claims Assistance Act of 2000* (*VCAA*);

lack of personal accountability by VA employees and managers; ineffective quality control and quality assurance programs; inadequate personnel training; and, an unreliable work measurement system. VBA is faced with a serious dilemma. While endeavoring to address these thorny issues, it is also aggressively trying to process claims faster. From the results, it does not appear VBA has found a way to successfully balance these competing priorities.

As of January 5, 2008, there were more than 406,000 rating cases pending in the VBA system. Of these, 105,693 (26 percent) have been pending for more than 180 days. There are more than 163,000 appeals pending at VA regional offices, with more than 147,000 requiring some type of further adjudicative action. Additionally, there are currently more than 30,000 appeals pending at the Board of Veterans' Appeals and more than 19,000 remands pending at the Appeals Management Center.

As previously noted, The American Legion remains deeply concerned by the problems arising from the VBA's general lack of compliance with its 'duty to notify' and its 'duty to assist' requirements directed by the VCAA. This legislation is one of the most significant, pro-veteran improvements in the VA claims adjudication system in the past decade. However, VBA continues to give only lip service to this law. While claimants receive what VBA terms a "VCAA letter," this letter, in fact, is generally not very informative about what particular evidence is needed by VBA to grant the benefit sought by the veteran. In addition, these VCAA letters are usually long and confusing, not very specific to the evidence needed from claimants, and written in bureaucratic language instead of 'plain English'. Rather than helping claimants with the development of the claim, these letters frequently generate more questions, more telephone calls, and more correspondence to veterans' service officers or the VA regional office. Clearly, the VCAA letter currently in use by VBA today only serves to delay rather than facilitate the claims process.

The VBA's work measurement system may directly or indirectly affect the VBA's failure to reduce the claims backlog. The VBA's work measurement system is the means by which both individual employee and station performance is tracked and evaluated. This system is also relied upon in determining staffing needs at the station, region, and service levels in support of VBA's annual budget request. A serious problem can arise if the data developed by the work measurement system is neither accurate nor reliable in reporting the actual amount of work accomplished. This produces a distorted view of the way the VBA adjudication process is operating and what the true staffing needs are, both locally and system-wide.

The American Legion believes VBA's current work measurement system is seriously flawed. It does not provide VBA and Congress the needed information on how long it actually takes to properly process a claim and how many staff are required to perform this process in a timely manner. The American Legion advises that this work data is also subject to frequent manipulation and abuse, thus, its accuracy and reliability is open to serious question as are the conclusions and decisions drawn from this work data. In the view of The American Legion, the development and implementation of a new work measurement system should be one of VBA's highest priorities. The American Legion fully understands and appreciates the major challenges facing VBA in the upcoming year, but as a major stakeholder in VBA's benefit programs we are

committed to ensuring that VBA provides the best quality and timely service to our Nation's veterans and their families.

NATIONAL CEMETERY ADMINISTRATION

Approximately 24 million veterans are living today. Nearly 690,000 veteran deaths are estimated to occur in 2009. VA estimates that at least 12 percent of these veterans will request burial in a national cemetery. Considering the growing cost of burial services and the excellent quality of service the National Cemetery Administration (NCA) provides, The American Legion foresees that this percentage will be much greater. Congress must therefore provide sufficient *Major Construction* appropriations to permit NCA to accomplish its stated goal of ensuring that burial in a national or state cemetery is a realistic option for our nation's veterans by locating cemeteries within 75 miles of 90 percent of eligible veterans.

According to VA, it takes approximately 20 to 30 Full Time Equivalents (FTEs), to operate a national cemetery (depending on the size and workload at a particular facility) and it takes approximately 8 to 10 FTEs to operate a newly-opened cemetery (cemeteries are opened to interments long before completion of the full site). Thus, it seems reasonable that at least 50 new FTEs will be needed to operate the six new cemeteries NCA is planning to bring online in FY 2008. It is likely, therefore, that these new cemeteries will need the full 20 to 30 FTEs in FY 2009. The average VA employee salary with benefits is $63,709. The American Legion recommends that funding for additional 120-150 employees be included in the FY 2009 budget. The American Legion recommends **$228 million** be appropriated for the National Cemetery Administration for FY 2009.

NATIONAL SHRINE COMMITMENT

Maintaining cemeteries as National Shrines is one of NCA's top priorities. This commitment involves raising, realigning and cleaning veterans' headstones and markers to renovate their gravesites. The work that has been done by VA so far has been outstanding; however, adequate funding is the key to maintaining this very important commitment. The American Legion supports NCA's goal of completing the National Shrine Commitment within five years. This commitment includes the establishment of standards of appearance for national cemeteries that are equal to the standards of the finest cemeteries in the world. Operations, maintenance and renovation funding must be increased to reflect the true requirements of the NCA to fulfill this commitment.

VA has assessed burial sections and sites, roadways, buildings, and historic structures and has identified 928 potential improvement projects at an estimated cost of $280 million. October 2007 marked the end of the 5-year plan but still much work needs to be done. With the addition of six new cemeteries and the addition of six more cemeteries that are fast-tracked to come online this year, resources will be strained. The American Legion recommends that **$52 million** be appropriated to the National Shrine Commitment in order to fulfill this commitment to the nation's veterans.

STATE CEMETERY CONSTRUCTION GRANTS PROGRAM

This program is not intended to replace National Cemeteries, but to complement them. Grants for state-owned and operated cemeteries can be used to establish, expand and improve on

existing cemeteries. There are 60 operational state cemeteries and two more under construction. Since NCA concentrates its construction resources on large metropolitan areas, it is unlikely that new national cemeteries will be constructed in all of the States. Therefore, individual states are encouraged to pursue applications for the State Cemetery Grants Program. Fiscal commitments from the States are essential to keep the operations of state cemeteries on track. NCA estimates it costs about $300,000 per year to operate a state cemetery.

NCA was appropriated $32 million for this fiscal year to establish six new state cemeteries:

- Abilene, TX;
- Des Moines, IA;
- Glennville, GA;
- Fort Stanton, NM;
- Missoula, MT; and
- Williamstown, KY.

This funding also includes expansion of four others state cemeteries:

- Cheltenham, MD;
- Crownsville, MD;
- Jacksonville, NC; and
- Kona Coast, HI.

Determining an "average cost" to build a new state cemetery or to expand an existing one is very difficult. Many factors influence cost, such as location, size and the availability of public utilities. The American Legion believes States will increasingly use the State Cemetery Grants Program to fulfill the needs of their veteran populations that are still not well served by the "75-mile service area/170,000 veteran population" threshold that currently serves as the VA benchmark for establishing a new national cemetery. New state cemeteries and expansions and improvements of existing state cemeteries are therefore likely to increase. With increasing costs, especially given the high cost of land in urban areas, and with increasing demand, The American Legion recommends the amount of funding for the State Cemetery Grants Program be substantially increased. The American Legion recommends **$45 million** for the State Cemetery Grants Program in FY 2009.

STATE EXTENDED CARE FACILITY PROGRAM GRANTS

The American Legion fully supports this critical program that augments VA's Long-Term Care program. Since the 1980s, nearly all planning for VA inpatient nursing home care has revolved around State Veterans' Homes and contracted care through both public and private nursing homes. Clearly, both options yield tremendous saving for VA compared to its own nursing home care units (NHCUs). State Extended Care Facilities are the best investment in Long-Term Care dollars. The American Legion recommends **$275 million** in FY 2009.

STATE APPROVING AGENCIES

The American Legion is deeply concerned with the timely manner that veterans, especially returning wartime veterans, receive their education benefits. Annually, approximately 300,000 service members (90,000 of them belonging to the National Guard and Reserve) return to the civilian sector and use their earned education benefits from VA.

Any delay in receipt of education benefits or approval of courses taken at institutions of higher learning can adversely affect a veteran's life.

A recent Government Accountability Office (GAO) Report entitled "VA Student Financial Aid; Management Actions Needed to Reduce Overlap in Approving Education and Training Programs and to Assess State Approving Agencies" (GAO-07-384) focuses on the need to "ensure that Federal dollars are spent efficiently and effectively."

GAO recommends that VA should require State Approving Agencies (SAAs) to track and report data on resources spent on approval activities, such as site visits, catalog review, and outreach in a cost-efficient manner. The American Legion agrees. Additionally, GAO recommended that VA establish outcome-oriented performance measures to assess the effectiveness of SAA efforts. The American Legion fully agrees. In response, VA Deputy Secretary Mansfield plans to establish a working group with SAA to create a reporting system for approval activities and develop outcome-oriented measures with a goal of implementation in the FY 2008 budget cycle. Finally, GAO recommended that VA should collaborate with other agencies to identify any duplicate efforts and use the agency's administrative and regulatory authority to streamline the approval process. The American Legion agrees. VA Deputy Secretary Gordon Mansfield responded that VA would initiate contact with appropriate officials at the Departments of Education and Labor to help identify any duplicate efforts.

The American Legion opposed the President's budget request for SAA funding at just $13 million for FY 2008. The American Legion believes this is totally inadequate, especially for a nation at war, and strongly recommends keeping SAA funding at **$19 million in FY 2009** to assure current staffing and activities.

CONCLUSION

The American Legion is extremely concerned about the budgetary process when Congress does not pass appropriations bills before the start of the new fiscal year. The failure to pass a proper budget has a significant impact on the veterans' communities and the health care delivery provided to veterans. As a result of the failure of Congress to pass VA appropriations in a timely manner, all long- and short-range planning is adversely affected. VA medical facility administrators are asked to use a "crystal ball" to make prudent management decisions – not knowing when and how much funding they will have available to finish the fiscal year. Such fiscal irresponsibility spawns gross mismanagement decisions, rationing of care, and unacceptable delays and backlogs across the program areas – medical care, facility maintenance, VBA claims process, administration, construction, and state grants programs. It is our hope that Congress will move to quickly pass this budget so that we can properly take care of our troops and our veterans.

The American Legion appreciates the opportunity to present its recommendations on programs that will affect veterans, service members and their families. We ask that this Subcommittee to take into consideration these recommendations for the Military Construction, Veterans' Affairs, Related Agencies Appropriations Act for FY 2009. We also ask the Subcommittee not to forget

the sacrifices and contributions made by America's veterans and their families as the funding priorities are determined for FY 2009.

Thank you again Mr. Chairman and members of this Subcommittee, The American Legion looks forward to working with you and your professional staff on this critical appropriations bill.

This concludes my statement.

March 13, 2008

Honorable Chet Edwards, Chairman
Subcommittee on Military Construction, Veterans Affairs
And Related Agencies
Committee on Appropriations
H-143, The Capitol
Washington, DC 20515

Dear Chairman Edward:

The American Legion has not received any federal grants or contracts, during this year or in the last two years, from any agency or program relevant to the subject of the March 13th hearing, concerning Fiscal Year 2009 Appropriations.

Sincerely,

Steve A. Robertson, Director
National Legislative Commission

STEVE ROBERTSON, DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION

Steve Robertson was named Director of the National Legislative Division in May 1993.

He began his career with The American Legion in 1988 as Assistant Director of that Division. In 1991 while serving in Operation Desert Storm, he was promoted to Deputy Director. Prior to his Legion employment, he was a Disabled Veterans Program (DVOP) specialist for Job Service North Dakota.

As a military policeman in the DC Army National Guard, he was activated in January 1991 during the Persian Gulf War and served from February to June in Saudi Arabia. In June 1996, he completed 20 years of military service and will retire at the rank of Captain, USAF, in 2010.

He served 12 years in the U.S. Air Force from 1973 to 1985 as a Security Police Officer in Louisiana, Turkey and North Dakota; a Missile Combat Crew Commander for the Minuteman III ICBM in North Dakota; and as a Flight Commander for the Ground Launched Cruise Missile (GLCM) in Sicily.

A third generation Legionnaire, his post home is Post 14 in Shreveport, LA. His grandfather was a World War I Army veteran and his father was a World War II Army veteran. His wife is a retired Air Force veteran and his oldest son is currently an Army Officer serving a second tour in Iraq.

Steve is a graduate of Louisiana Tech University.

Mr. EDWARDS. Steve, thank you very, very much.

We hear the message about sufficiency. We have done pretty well on that. Timeliness and predictability, we have got to be sure we do a better job on those and we are going to push for that.

I had a conversation with some people today about the timeliness of the fiscal year 2009 VA Military Construction budget. So if the other subcommittee budgets get caught up and fight to the White House, I am, one, going to push very hard to see if we can't get the VA Appropriation Bill passed on a bipartisan basis and down to the president and hopefully signed.

We understand that not getting the money in a timely manner makes it more difficult to spend it as efficiently as we otherwise could.

Mr. ROBERTSON. There is one other area that I think maybe it is time to take a look at, and that is the VERA formula. I think there were a couple of comments made about VERA today, the way that the money is distributed out to the facilities, because the formula works to get the money to the VISN director.

Once it gets to the VISN director, then it is subjective as to where the money goes.

With the offsets of third-party collections, a lot of times, facilities that do a good job collecting third-party reimbursements, they are rewarded with a reduction in the amount of discretionary money they are getting and they get an increase in the amount that they have got to collect through third-party reimbursements.

And that is kind of like you do a good job and you get slapped around. What we would really encourage is to think about this offset. The money that is coming in from third-party reimbursements is really money above and beyond what we need to take care of, the patients that VA is focused on, i.e., the ones that are entitled to care, the priorities one through six.

One year, they didn't even calculate the sevens and eights at all in their budgets and we were short of money.

Well, now they are counting the sevens and they are really not counting the eights. Many of the eights are Medicare eligible. So you can't collect from Medicare.

So you are already working at a deficit that you will never be able to achieve that money from.

So I guess our concern is if we give them the discretionary money and then give them the goal of collecting, at least you are not penalizing them for what they do collect and it should be a surplus that they are going to get.

Mr. FARR. What would you do with the surplus?

Mr. ROBERTSON. I would plough it back into the system.

Mr. FARR. But not deduct it from the next budget?

Mr. ROBERTSON. No, sir. Again, the money that—the priority group veterans one through six are the ones that the government says we are going to take care of your health care and we also took on the obligation, and justifiably so, of all the new recently separated veterans from 2 years to 5 years.

The recently separated veterans are now getting access to health care.

So that is an additional obligation.

Mr. FARR. Regardless of income.

Mr. ROBERTSON. Regardless of income. And after their 5 years is up, they are going to be reassigned to whatever priority group they belong to. So some of them will go into eights, which brings up another very controversial issue.

Of the recently separated kids that are—are being able to go into the system. A guy that fought at the Battle of the Bulge, landed at Normandy, liberated the concentration camps can't enroll today because of his income.

So we are telling one guy that "We thank you for your service because you fought in Iraq and Afghanistan," and then we are looking at the greatest generation and saying, "Sorry, buddy, you made a successful transition, you are worth money now, you can't even come to the system," which is a travesty.

Some of these guys, they have paid their debt to the country many, many times not only through their military service, but as a taxpayer. They have paid Medicare all their life and now they want to come to the VA because they know the reputation of VA's quality of care, and we are saying, "Sorry, see you later, go someplace else," and that is wrong.

Mr. EDWARDS. Steve, if your schedule permits, I would like you to stay here, let the VSOs that are part of the Independent Budget make their presentation, and then I would like to ask you to then come back up so we can ask questions.

We have held you guys until last so that we didn't have to keep you just to 5 minutes and one question, because you guys are such an important partner in this whole effort together with our subcommittee.

So would you mind?

Mr. ROBERTSON. We are actually friends.

Mr. EDWARDS. I know you are. I know you are.

Thank you, and we will have you come back up.

We have got Ray Kelley, Kerry Baker, Carl Blake, and Christopher Needham.

Do I understand Dennis did not want to come before this subcommittee, that he decided to get pneumonia? So tell him we have had people go to a lot of trouble not to have to talk to us, but he is the first pneumonia case.

Mr. ROBERTSON. Well, Mr. Chairman, if it is any consolation—was just hit in a car wreck last week and—his kid and his wife are at home sick, too. So he probably couldn't be here either.

Mr. EDWARDS. Thank you all for being here.

We all know you and have had the privilege of working with you, but, for the record, let me read the brief bios.

Ray Kelley is the National Legislative Director for AMVETS, served 6 years in the Marine Corps and continues to serve in the Army Reserve.

Kerry Baker, Disabled American Veterans, was appointed Associate National Legislative Director of the DAV in 2007. He is a service-connected disabled veteran of the Persian Gulf War.

Carl Blake, with Paralyzed Veterans of America, is the National Legislative Director of that organization and has appeared before the subcommittee in that capacity several times.

And then Christopher Needham is Senior Legislative Associate for the Veterans of Foreign Wars.

We thank you all for being here.

I would like you to make your presentations. If you would identify yourself before you speak, so we can transcribe that testimony accurately.

And as you have heard, we will accept all of your testimony into the record.

So if you could keep each of your remarks to 5 minutes, we would appreciate that, and then we will ask Steve to come back up and we will have an ongoing discussion here.

Carl, are you going to start?

THURSDAY, MARCH 13, 2008.

PARALYZED VETERANS OF AMERICA

WITNESS

CARL BLAKE, NATIONAL LEGISLATIVE DIRECTOR

STATEMENT OF CARL BLAKE

Mr. BLAKE. Mr. Chairman, Mr. Farr, Mr. Wamp, thank you for the opportunity to testify today.

I was one of the four co-authors of the Independent Budget. PVA is pleased to be here to present our views on the fiscal year 2009 Department of Veterans' Affairs health care budget.

PVA, along with AMVETS, DAV, Veterans of Foreign Wars, is proud to come before you this year to present the 22nd edition of the Independent Budget.

I would first like to extend a sincere thanks to all the members of the subcommittee for the outstanding achievements that you recognized last year in providing record funding levels for the VA that, without the cooperation of everyone on this subcommittee, would never have been achieved.

Your actions certainly give us hope that the VA will continue to receive an adequate budget in the future and be able to truly meet the needs of the veterans who are returning from the war in Afghanistan and Iraq, and who have served in the past, as well.

For fiscal year 2009, the administration requests $41.2 billion for veterans' health care. This includes approximately $2.5 billion for medical care collections.

Although this represents another step forward in achieving adequate funding for the VA, it still falls short of the recommendations of the Independent Budget.

For fiscal year 2009, the Independent Budget recommends approximately $42.8 billion for total medical care budget authority, an increase of about $3.7 billion over the 2008 appropriated level and approximately $1.6 billion above the administration's requested level for fiscal year 2009.

Perhaps the single biggest difference between our health care recommendation and the VA's is the projected increase in new users for fiscal year 2009. We are particularly concerned that the VA's budget might underestimate the number of OIF/OEF users once again.

The administration projects that only 39,000 new OIF/OEF users will enter the system in fiscal year 2009. The Independent Budget projects about 85,000.

Our policy initiatives include $325 million for improvement of mental health services and TBI care, $250 million for long-term care services, $325 million for funding the force mission, that includes emergency preparedness and homeland security, and about $100 million to support centralized prosthetics funding.

For medical facilities, the Independent Budget recommends approximately $4.6 billion. This amount includes an additional $250 million for nonrecurring maintenance for the VA to begin addressing the massive backlog of infrastructure needs.

Again, I would like to thank the subcommittee for recognizing this need last year and adding a lot of additional funding to the nonrecurring maintenance accounts.

We are also pleased that the administration this year chose to request a more adequate level of funding for nonrecurring maintenance initiatives.

Although not proposed to have a direct impact on veterans' health care, we are deeply disappointed the administration once again recommends the index enrollment fee and the increase in the prescription drug co-payments.

Although the VA does not overtly explain this proposal in its budget submission, past estimates have included about 200,000 veterans that would leave the system and more than a million who would choose not to enroll.

We would hope that Congress would once again reject this, as you have done in the past.

For medical and prosthetic research, the Independent Budget is recommending $555 million. This represents a $75 million increase over the fiscal year 2008 appropriated level and about $113 million over the administration's request for fiscal year 2009.

We are certainly concerned that the administration deeply slashes the funding level that the appropriations committee provided for for medical and prosthetic research last year.

Finally, Mr. Chairman, as you know, the whole community of VSOs has been working on improved funding mechanisms for VA health care. However, we know that there is not necessarily the kind of support we would like for mandatory funding for VA health care, but there are alternatives that we believe could meet our goals of timely, sufficient and predictable funding.

We are working on a proposal right now that would change VA's medical care appropriation to an advanced appropriation, which would provide approval 1 year in advance, thereby guaranteeing its timeliness.

Furthermore, by adding transparency to VA's health care projection enrollee model, we can focus a debate on the most actuarially sound projection of veterans' health care costs to ensure sufficiency.

Under this proposal, Congress would retain its discretion to approve appropriations, retain all of its oversight authority, and, most importantly, there would be no PAYGO implications.

We ask the subcommittee to consider language in its committee report that would call for either mandatory funding or this new ad-

vanced appropriations approach to take the uncertainties out of the health care for our nation's disabled veterans.

We look forward to the opportunity to discuss this proposal further with the committee staff.

Again, I would like to thank you for the opportunity to testify. I would be happy to answer any questions that you might have.

[Prepared statement of Carl Blake follows:]



STATEMENT OF

CARL BLAKE

NATIONAL LEGISLATIVE DIRECTOR

PARALYZED VETERANS OF AMERICA

BEFORE THE

HOUSE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON MILITARY CONSTRUCTION AND VETERANS' AFFAIRS

CONCERNING

THE INDEPENDENT BUDGET

AND THE DEPARTMENT OF VETERANS AFFAIRS BUDGET

FOR FISCAL YEAR 2009

MARCH 13, 2008

Mr. Chairman and members of the Subcommittee, as one of the four co-authors of *The Independent Budget*, Paralyzed Veterans of America (PVA) is pleased to present our views regarding the funding requirements for the Department of Veterans Affairs (VA) health care system for FY 2009.

Chartered by the Congress of the United States
801 Eighteenth Street, NW ★ Washington, DC 20006-3517
phone:(202) 872-1300 ★ tdd (202) 416-7622 ★ fax:(202) 785-4452 ★ www.pva.org

PVA, along with AMVETS, Disabled American Veterans, and the Veterans of Foreign Wars, is proud to come before you this year to present the 22nd edition of *The Independent Budget*, a comprehensive budget and policy document that represents the true funding needs of the Department of Veterans Affairs. *The Independent Budget* uses commonly accepted estimates of inflation, health care costs and health care demand to reach its recommended levels. This year, the document is endorsed by 54 veterans' service organizations, and medical and health care advocacy groups.

Last year proved to be a difficult year for the appropriations process. The year started with an incomplete appropriation for FY 2007. Congress eventually completed the FY 2007 funding bills in February, placing the Department of Veterans Affairs (VA) in a very difficult position. While the funding levels provided for FY 2007 were very good, the fact that the bill was not completed for nearly five months after the start of that fiscal year is wholly unacceptable. Congress then followed that action up by providing more than $1.8 billion in supplemental funding for the VA.

Unfortunately, the FY 2008 appropriations process did not go any smoother. Due to political wrangling over the federal budget, the VA did not receive its appropriation until December. We were very disappointed that the VA was forced to endure this situation for the 13th time in the last 14 years. This was particularly disappointing in light of the fact that the Administration guaranteed that the bill would be signed into law and because the bill was completed before the start of the fiscal year on October 1.

The appropriations bill was eventually enacted, but it included budgetary gimmicks that *The Independent Budget* has long opposed. While the maximum appropriation available to the VA would match or exceed our recommendations, the vast majority of this increase was contingent upon the Administration making an emergency funding request for this additional money. Fortunately, the Administration recognized the importance of this critical funding and requested it from Congress. This emergency request provided the VA with $3.7 billion more than the Administration requested for FY 2008.

We would like to extend a sincere thanks to all of the members of this subcommittee for the outstanding achievements that you had in providing record funding levels for the VA last year. Without the cooperation of everyone on the subcommittee, we do not believe that the VA would have received the funding that it desperately needed. Your actions give us great hope the VA will now be better able to address the needs of all veterans—past, present, and future.

For FY 2009, the Administration requests $41.2 billion for veterans' health care. This included approximately $2.5 billion from medical care collections. Although this represents another step forward in achieving adequate funding for the VA, it still falls short of the recommendations of *The Independent Budget*.

For FY 2009, *The Independent Budget* recommends approximately $42.8 billion for total medical care budget authority, an increase of $3.7 billion over the FY 2008 operating budget level established by P.L. 110-161, the Omnibus Appropriations bill, and approximately $1.6 billion above the Administration's FY 2009 request. It is important to note that our budget recommendations reflect a distinct change from past years as it reinforces the long-held policy that medical care collections should be a supplement to, not a substitute for real dollars. The Administration, year-after-year, chooses to include medical care collections as part of its overall funding authority for Medical Services. However, we believe that the cost of medical care services should be provided for entirely through direct appropriations. In order to develop this recommendation, we used the maximum appropriation amount included in P.L. 110-161 for VA medical care and added the projected medical care collections to that amount to formulate our baseline.

The medical care appropriation in past years has included three separate accounts—Medical Services, Medical Administration, and Medical Facilities—that comprise the total VA health care funding level. However, for FY 2009, the Administration's Budget Request recommends consolidating Medical Services and Medical Administration into a single account. In order to properly reflect this change in our recommendations, the separate accounts for Medical Services and Medical Administration must be added together. For FY 2009, *The Independent Budget*

recommends approximately $38.2 billion for Medical Services. Our Medical Services recommendation includes the following recommendations:

Current Services Estimate	$32,574,528,000
Increase in Patient Workload	$1,045,470,000
Policy Initiatives	$1,000,000,000
Medical Administration	$3,625,762,000
Total FY 2007 Medical Services	$38,245,760,000

In order to develop our current services estimate, we first added the estimated collections for FY 2008 to the Medical Services appropriation for FY 2008. This best reflects the total budget authority that the VA will use to provide health care services. This amount was then increased by relevant rates of inflation. We also use the Obligations by Object in the President's Budget submission in order to set the framework for our recommendation. We believe this method allows us to apply more accurate inflation rates to specific subaccounts within the overall account. Our inflation rates are based on five-year averages of different inflation categories from the Consumer Price Index-All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics every month.

Our increase in patient workload is based on a projected increase of 120,000 new unique patients—Category 1-8 veterans and covered non-veterans. We estimate the cost of these new unique patients to be approximately $792 million. The increase in patient workload also includes a projected increase of 85,000 new Operation Iraqi Freedom and Operation Enduring Freedom (OIF/OEF) veterans at a cost of approximately $253 million. We are particularly concerned that the VA's budget might underestimate the number of OIF/OEF users once again. The Administration projects that only 39,000 new OIF/OEF users will enter the system in FY 2009.

The policy initiatives include $325 million for improvement of mental health services and traumatic brain injury care. This amount represents the growing trend both within the Administration and the Congress to enhance the mental health services within the VA. Furthermore, it reinforces our belief that resources should be provided to the VA to allow them to be the lead for providing these specialized services, not outside health care organizations. We

also recommend $250 million for long-term care services. The policy portion of *The Independent Budget* further explains the shortfall that the VA has in meeting the Average Daily Census mandated by the Millennium Health Care Act. We also recommend that the VA be appropriated $325 million for funding the fourth mission which encompasses homeland security and emergency preparedness initiatives. Finally, we recommend $100 million to support centralized prosthetics funding.

As mentioned previously, our Medical Administration recommendation must be added to our Medical Services recommendation to properly reflect the format of the FY 2009 budget submission. As such, *The Independent Budget* originally determined that VA Medical Administration should be funded at approximately $3.6 billion for FY 2009.

Finally, for Medical Facilities *The Independent Budget* recommends approximately $4.6 billion. This amount includes an additional $250 million for non-recurring maintenance for the VA to begin addressing the massive backlog of infrastructure needs. We are pleased that the Administration chose to request a more adequate level of funding for non-recurring maintenance initiatives for FY 2009.

Although *The Independent Budget* health care recommendation does not include additional funding to provide for the health care needs of Category 8 veterans being denied enrollment into the system, we believe that adequate resources should be provided to overturn this policy decision. During FY 2008, the VA estimated that a total of over 1,500,000 Category 8 veterans would have been denied enrollment into the VA health care system. Despite the fact that we have not seen any solid empirical data to substantiate this continued growth rate in denied Category 8 veterans, the VA continues to project higher and higher numbers of Category 8 veterans denied enrollment into the health care system. Based on the projected increase in this population of veterans over the last five years, *The Independent Budget* estimates that more than 1,870,000 will have been denied enrollment by FY 2009. Assuming a utilization rate of 20 percent, in order to reopen the system to these deserving veterans, *The Independent Budget* estimates that the actual total cost to reopen the system will be approximately $1.4 billion in order to meet this new demand. For the sake of discussion, if the projected collections for this

group of veterans were to be considered in this estimation, we believe that the actual cost in appropriated dollars would be approximately $456 million. We believe that the system should be reopened to these veterans and that adequate funding should be provided in addition to our Medical Care recommendation.

Although not proposed to have a direct impact on veterans' health care, we are deeply disappointed that the Administration chose to once again recommend an increase in prescription drug co-payments from $8 to $15 and an indexed enrollment fee based on veterans' incomes. These proposals will simply add additional financial strain to many veterans, including PVA members and other veterans with catastrophic disabilities. Although the VA does not overtly explain the impact of these proposals, similar proposals in the past have estimated that nearly 200,000 veterans will leave the system and more than 1,000,000 veterans will choose not to enroll. It is astounding that this Administration would continue to recommend policies that would push veterans away from the best health care system in the world. Congress has soundly rejected these proposals in the past and we call on you to do so once again.

For Medical and Prosthetic Research, *The Independent Budget* is recommending $555 million. This represents a $75 million increase over the FY 2008 appropriated level established in the Omnibus Appropriations Act and $113 million over the Administration's request for FY 2009. We are particularly pleased that Congress has recognized the critical need for funding in the Medical and Prosthetic Research account, and we urge Congress to again overrule VA's request, one that will seriously erode VA's crucial biomedical research programs. Research is a vital part of veterans' health care, and an essential mission for our national health care system. VA research has been grossly underfunded in contrast to the growth rate of other federal research initiatives. At a time of war, the government should be investing more, not less, in veterans' biomedical research programs.

The Independent Budget recommendation also includes a significant increase in funding for Information Technology (IT). For FY 2009, we recommend that the VA IT account be funded at approximately $2.165 billion. This amount includes approximately $121 million for an Information Systems Initiative to be carried out by the Veterans Benefits Administration. This

initiative is explained in greater detail in the policy portion of *The Independent Budget*. We note that the Administration's budget request includes approximately $2.4 billion, nearly $300 million more than *The Independent Budget*. A large part of this difference can be attributed to projected increases in staffing outlined in the Administration's request. Unfortunately, this is information that we could have not projected given the little bit of history under the centralized IT structure.

We remain concerned that the Major and Minor Construction accounts are significantly under funded in the FY 2009 Budget Request. The Administration's request slashes funding for Major Construction from the FY 2008 appropriations level of $1.1 billion to $582 million. The Minor Construction account is also significantly reduced from the appropriated level of $631 million to only $329 million. These funding levels do little to help the VA offset the rising tide of necessary infrastructure upgrades. Without the necessary funding to address minor construction needs, these projects will become major construction problems in short order. For FY 2009, *The Independent Budget* recommends approximately $1.275 billion for Major Construction and $621 million for Minor Construction. The Minor Construction recommendation includes $45 million for research facility construction needs.

Finally, Mr. Chairman, as you know, the whole community of national veterans service organizations strongly supports an improved funding mechanism for VA health care. However, if the Congress cannot support mandatory funding, there are alternatives which could meet our goals of timely, sufficient, and predictable funding.

Congress could change VA's medical care appropriation to an advance appropriation which would provide approval one year in advance, thereby guaranteeing its timeliness. Furthermore, by adding transparency to VA's health care enrollee projection model, we can focus the debate on the most actuarially-sound projection of veterans' health care costs to ensure sufficiency. Under this proposal, Congress would retain its discretion to approve appropriations; retain all of its oversight authority; and most importantly, there would be no PAYGO problems.

We ask this subcommittee consider language in its appropriations bill report that calls for either mandatory funding or this new advance appropriations approach to take the uncertainties out of health care for all of our Nation's wounded, sick and disabled veterans.

In the end, it is easy to forget, that the people who are ultimately affected by wrangling over the budget are the men and women who have served and sacrificed so much for this nation. We hope that you will consider these men and women when you consider your appropriations for FY 2009, and we ask that you join us in adopting the recommendations of *The Independent Budget*.

This concludes my testimony. I will be happy to answer any questions you may have.

Information Required by Rule XI 2(g)(4) of the House of Representatives

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2007

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— $301, 729.

Fiscal Year 2006

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— $244,611 (estimated).

Fiscal Year 2005

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— $193,019.

Paralyzed Veterans of America Outdoor Recreation Heritage Fund – Department of Defense – $1,000,000.

William Carl Blake
National Legislative Director
Paralyzed Veterans of America
801 18th Street NW
Washington, D.C. 20006
(202) 416-7708

Carl Blake is the National Legislative Director for Paralyzed Veterans of America (PVA) at PVA's National Office in Washington, D.C. He is responsible for the planning, coordination, and implementation of PVA's relations with the United States Congress and federal departments and agencies. He develops and executes PVA's Washington agenda in areas of budget, appropriations, health care, and veterans' benefits issues. He also represents PVA to federal agencies including the Department of Defense, Department of Labor, Small Business Administration, and the Office of Personnel Management.

Carl was raised in Woodford, Virginia. He attended the United States Military Academy at West Point, New York. He received a Bachelor of Science Degree from the Military Academy in May 1998.

Upon graduation from the Military Academy, he was commissioned as a Second Lieutenant in the Infantry in the United States Army. He was assigned to the 504th Parachute Infantry Regiment (1st Brigade) of the 82nd Airborne Division at Fort Bragg, North Carolina. He graduated from Infantry Officer Basic Course, U.S. Army Ranger School, U.S. Army Airborne School, and Air Assault School. His awards include the Army Commendation Medal, Expert Infantryman's Badge, and German Parachutist Badge. Carl retired from the military in October 2000 due to injuries suffered during a parachute operation.

Carl is a member of the Virginia-Mid-Atlantic chapter of the Paralyzed Veterans of America.

Carl lives in Fredericksburg, Virginia with his wife Venus, son Jonathan and daughter Brooke.

Mr. EDWARDS. Thank you.

THURSDAY, MARCH 13, 2008.

DISABLED AMERICAN VETERANS

WITNESS

KERRY BAKER, NATIONAL LEGISLATIVE DIRECTOR

STATEMENT OF KERRY BAKER

Mr. BAKER. My name is Kerry Baker, for the record, with the DAV.

Thank you, Mr. Chairman and members of the subcommittee.

I will focus my testimony on understaffing and the VBA claims backlog.

Without a doubt, the claims backlog is growing. Rather than making headway and overcoming the delays in the claims processing, VA continues to lose ground on its claims backlog.

According to VA's weekly workload report as of January 26, 2008, just prior to us submitting similar testimony to the House and Senate Committees on Veterans' Affairs, there were over 816,000 pending claims, which include appeals.

By February 22, 2008, there were over 831,000 pending claims in VA, an increase of over 15,000 claims in less than 1 month.

In the 3 years from the end of 2004 to the end of 2007, the total number of pending claims rose by over 188,000, for an average of 63,000 additional pending claims per year.

VA's pending claims rose by over 21,500 just from the end of 2007 to February 22, 2008, in less than 2 months.

At this rate, VA's caseload will pass one million claims in 3 years.

With the wars in Iraq and Afghanistan still raging, together with the mass exodus from military service that usually occurs following cessation of combat operations, new and reopened claims are likely—claims received by VA are more likely to increase than decrease.

VBA's new claims per year also continue to increase from one year to the next.

VA's 2009 budget submission reveals that VA added 277,000 new beneficiaries to its C&P rolls in 2007. The significance of these new beneficiaries is that a large portion of VA's workload increase via new claims each year are reopened claims rather than claims from veterans who have never filed for VA benefits.

Therefore, the increase in brand new beneficiaries into the system will inevitably increase further the number of reopened claims, ultimately causing the total number of claims received by VA each year to continue growing at faster rates.

The complexity of VA's workload also continues to grow. Veterans are claiming a greater number of disabilities and the nature of those disabilities, such as post-traumatic stress disorder, complex traumatic brain injuries, diabetes and related conditions, and environmental diseases, are becoming more complex.

For example, the number of cases with eight or more disabilities increased by 135 percent from under 22,000 in 2000 and over

51,000 in 2006. Such complex cases will only further slow down VBA's claims process.

Based on our estimated receipt of 920,000 claims in fiscal year 2009, Congress should authorize 12,184 FTE for fiscal year 2009. That number equates to 83 cases per year per each direct program FTE.

We realize that 83 claims per FTE is below VA's historical projections per FTE. Nonetheless, an infusion of new personnel into VBA's workforce will certainly result in a reduced output per FTE for a significant length of time.

These newly allotted employees will be unable to process claims at rates equal to experienced employees. Additionally, senior staff within VBA will be forced to frequently halt production of their own workload in order to provide the necessary training to inexperienced employees.

Therefore, the reduction in workload per FTE is unavoidable.

Mr. Chairman, I have only highlighted a few of the many important issues contained in our Independent Budget for fiscal year 2009. I would be pleased to answer any questions you or the committee may have.

[Prepared statement of Kerry Baker follows:]

STATEMENT OF
KERRY BAKER
ASSOCIATE NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE OF MILITARY CONSTRUCTION, VETERANS AFFAIRS,
UNITED STATES HOUSE OF REPRESENTATIVES
MARCH 13, 2008

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to appear before you on behalf of the Disabled American Veterans (DAV), one of four national veterans' organizations that create the annual *Independent Budget* (IB) for veterans programs, to summarize our recommendations for fiscal year (FY) 2009.

As you know Mr. Chairman, the IB is a budget and policy document that sets forth the collective views of DAV, AMVETS, Paralyzed Veterans of America (PVA), and Veterans of Foreign Wars of the United States (VFW). Each organization accepts principal responsibility for production of a major component of our *Independent Budget*—a budget and policy document on which we all agree. Reflecting that division of responsibility, my testimony focuses primarily on the variety of Department of Veterans Affairs' (VA) benefits programs available to veterans.

In preparing this 22nd *Independent Budget*, the four partners draw upon our extensive experience with veterans' programs, our firsthand knowledge of the needs of America's veterans, and the information gained from continuous monitoring of workloads and demands upon, as well as the performance of, the veterans benefits and services system. Consequently, this Subcommittee has acted favorably on many of our recommendations to improve services to veterans and their families. We ask that you give our recommendations serious consideration again this year.

THE VETERANS BENEFITS ADMINISTRATION IS STILL UNDERSTAFFED AND OVERWHELMED

To improve administration of VA's benefits programs, the IB recommends Congress provide the Veterans Benefits Administration (VBA) with enough staffing to support a long-term strategy for improvement in claims processing and for other programs under jurisdiction of the VBA. Included in our recommendations are new resources needed for training programs and information technologies; however, this testimony primary focuses on solving VA's staffing shortages as well as other initiatives

to manage the increase in new claims and reduce the out-of-control claims backlog. In total, if Congress accepts our recommendations, VBA will be better positioned to serve all disabled veterans and their families.

UNDERSTAFFING AND CLAIMS BACKLOG

Mr. Chairman, the claims' backlog is unquestionably growing. Rather than making headway and overcoming the protracted delays in the disposition of its claims, VA continues to lose ground on its claims backlog. According to VA's weekly workload report, as of January 26, 2008, just prior to us submitting similar testimony to the House and Senate Committees on Veterans Affairs, there were 816,211 pending compensation and pension (C&P) claims, which include appeals. By February 22, 2008, there were 831,232 claims pending in VA, an increase of 15,021 claims in less than one month.

Putting these numbers into perspective, at the end of 2004, 2005, 2006, and 2007, the total number of pending claims was 620,926; 680,432; 752,211; and 809,707 respectively. Therefore, in the three years from the end of 2004 to the end of 2007, the total number of pending C&P claims rose by 188,781 for an average of 62,929 additional pending claims per year. The VA's pending claims rose by 21,525 just from the end of 2007 to February 22, 2008—less than two months. At this rate, VA's caseload will pass one million claims in three years. With the wars in Iraq and Afghanistan still raging, together with the mass exodus from military service that usually occurs following cessation of combat operations, new and re-opened claims received by VA are more likely to increase than decrease. A caseload topping one million claims will truly be a demoralizing moment for America—the time to act is now.

Throughout the foregoing years, many promises were made in public; yet VBA staffing has essentially remained nearly flat at between 9,200 to 9,500 full-time employees (FTE)—9,287 in FY 2006; 9,445 in FY 2007; and 9,559 in FY 2008. (The FY 2008 figure does not currently take into account increased staffing levels authorized in the most recent appropriations bill for 2008.) While we do not suggest additional resources as the solitary answer to the claims backlog, the current VBA staffing levels have proven year after year to be significantly below the levels needed to halt the growth in the claims backlog, much less sufficient to begin reducing the backlog. There is no proverbial silver bullet to solving VA's challenges. Various policy changes can and should be implemented that may collectively have a positive impact on reducing VA's claims backlog while also improving services to VA's clientele. Nonetheless, implementing any policy change will utterly fail without a *significant* increase in VBA staffing that is at least on parity with VA's increased receipt of new and reopened claims as well as its ever-growing claims backlog,

Based on an estimated receipt of 920,000 claims in FY 2009, Congress should authorize 12,184 FTE for FY 2009. That number equates to 83 cases per year per each

direct program FTE. The IB veterans' organizations realize that 83 claims per FTE are below VA's historical projections per FTE. Nonetheless, an infusion of new personnel into VBA's workforce will inevitably result in a reduced output per FTE for a significant length of time. These newly allotted employees will be unable to process claims at rates equal to experienced employees. Additionally, senior staff within VBA will be forced to frequently halt production of their own workload in order to provide necessary training to inexperienced employees. We nonetheless strongly encourage the VA to provide adequate training to ensure that claims are decided properly the first time. Therefore, the reduction in workload per FTE is unavoidable.

Additionally, VBA's new claims per year continue to increase from one year to the next despite VA's 2008 budget assertion that such claims were going to decline. For example, VBA received 771,115 new rating claims in FY 2004 and 838,141 new claims in FY 2007, equaling an average increase of 16,756 additional claims per year. During this same period, VA received the following Benefits Delivery at Discharge (BDD) claims: 39,885 in FY 2004; 37,832 in FY 2005; 40,074 in FY 2006; and 37,370 in FY 2007, for a total 155,164 new beneficiaries that had never before been on VA rolls. At this rate, the average number of new BDD claims per year is 38,791 for a total of 232,746 new claims through the BDD process by the end of FY 2009. These figures do not include service members filing claims through either the military's physical disability evaluation systems, or those discharging via end-of-service contracts who then come to VA on their own to file claims after discharge.

The significance of these new beneficiaries is that large portions of VA's workload increase via new claims each year are re-opened claims rather than claims from veterans who have never filed for VA benefits. Therefore, the increase in brand new beneficiaries into the system will inevitably increase further the number of re-opened claims, ultimately causing the total number of claims received by VA each year to continue growing, contrary to VA's FY 2008 budget estimate. VA's 2009 budget submission reveals the VA added 277,000 beneficiaries to its C&P rolls in 2007, which further proves this point.

The complexity of the workload has also continued to grow. Veterans are claiming greater numbers of disabilities and the nature of disabilities such as post-traumatic stress disorder (PTSD), complex combat injuries, diabetes and related conditions, and environmental diseases are becoming increasingly more complex. For example, the number of cases with eight or more disabilities increased 135 percent from 21,814 in 2000 to 51,260 in 2006.[1] Such complex cases will only further slow down VBA's claims process.

---

[1] Fiscal Year 2008 Budget Submission, Volume II, *National Cemetery Administration, Benefits Programs, and Departmental Administration*, Benefits Summary, Department of Veterans Affairs, Pg. 6A-2 (*Retrieved* Feb. 2, 2008, from <http://www.va.gov/budget/summary/index.htm>).

We believe that adequate staffing is essential to any meaningful strategy to get claims processing and backlogs under control. In its budget submission for FY 2007, VBA projected its production based on an output of 109 claims per direct program FTE. We have long argued that VA's production requirements do not allow for thorough development and careful consideration of disability claims, resulting in compromised decisions, higher error and appeal rates, and ultimately more overload on the system. In addition to recommending staffing levels more commensurate with the workload, we have maintained that VA should invest more in training adjudicators and that it should hold them accountable for higher standards of accuracy. Nearly half of VBA adjudicators responding to survey questions from VA's Office of Inspector General admitted that many claims are decided without adequate record development. (The Board of Veterans' Appeals (Board) and the Court of Appeals for Veterans Claims' (Court's) remand rate clearly demonstrate this.) The Inspector General saw an incongruity between their objectives of making legally correct and factually substantiated decisions, with management objectives of maximizing output to meet production standards and reduce backlogs. Nearly half of those surveyed reported that it is generally, or very difficult, to meet production standards without compromising quality. Fifty-seven percent reported difficulty meeting production standards while attempting to ensure they have sufficient evidence for rating each case and thoroughly reviewing the evidence. Most attributed VA's inability to make timely and high quality decisions to insufficient staff. In addition, they indicated that adjudicator training had not been a high priority in VBA.

Therefore, we believe it prudent to recommend staffing levels based on an output of 83 cases per year for each direct program FTE. With an estimated 920,000 incoming claims in FY 2009, that effort would require 11,084 direct program FTEs in Fiscal Year 2009. With support FTE added, this would require C&P to be authorized 12,184 total FTE for FY 2009.

Adjudicating veterans' claims is a labor-intensive system of personal decision-making, with lifelong consequences for disabled veterans. During Congressional hearings, VA is routinely forced to defend VBA budgets that it knows to be inadequate to the task. The priorities and goals of Congress, the Administration, and the VA must be on par with the necessity for a long-term strategy to fulfill VBA's mission and confirm the nation's moral obligation to disabled veterans.

INFORMATION TECHNOLOGY

Mr. Chairman, in addition to boosting its staffing, we believe VBA must continue to upgrade its information technology infrastructure and revise its training tools to stay abreast of modern business practices, to maintain efficiency, and to meet increasing workload demands. With the continually changing environment in claims processing and benefits administration, anything less is a recipe for failure.

In recent years, however, Congress has actually reduced significantly the funding for such VBA initiatives. In fiscal year 2001, Congress provided $82 million for VBA initiatives. In FY 2002, it provided $77 million; in 2003, $71 million; in 2004, $54 million; in 2005, $29 million; and, in 2006, $23 million, despite VBA's undeniable challenges.

With restored investments in its initiatives, VBA could complement staffing increases for higher workloads with a support infrastructure designed to increase operational effectiveness. VBA could resume an adequate pace in its development and deployment of information technology solutions, as well as upgrade and enhance training systems, to improve operations and service delivery.

VOCATIONAL REHABILITATION AND EMPLOYMENT

The cornerstone among several new initiatives is VR&E's Five Track Employment Process, which aims to advance employment opportunities for disabled veterans. The Employment Specialist is integral to attaining and maintaining employment through this process. Along with the expansion of this position to incorporate employment readiness, marketing, and placement responsibilities, the name was changed to Employment Coordinator. In addition, increasing numbers of severely disabled veterans and those from Operations Enduring and Iraqi Freedom (OEF/OIF) benefit from VR&E's Independent Living Program. Independent Living Specialists provide services that empower severely disabled veterans, to the maximum extent possible, to successfully live independently in the community. VR&E needs approximately 200 additional Employment Coordinators and Independent Living Specialist FTEs to provide these services to eligible veterans.

Furthermore, *The Independent Budget* veterans service organizations believe VR&E needs approximately 50 additional full-time employees (FTE) dedicated to management and oversight of its increasing reliance on contract counselors and rehabilitation and employment service providers, as well as on program oversight and support, policy and guidance, and training. This additional FTE would support national initiatives recommended by the VR&E Task Force, which require an investment of personnel resources, and provide the support to decrease the burgeoning caseload and accordingly allow for more intensive services to be provided to severely disabled veterans.

VA's FY 2008 estimate for total FTE in VR&E, as reported in its *FY 2009 Budget Submission* is 1,185. However, total FTE for 2009 has been decreased to 1,179. This decrease in FTE for such a vital program is inexplicable, particularly considering the increased need for VR&E due to the ongoing Wars in Iraq and Afghanistan.

As VR&E workload is expected to increase due to expanded outreach efforts, increasing disability claims workload, and implementing reforms to improve the effectiveness and

efficiency of its programs. The FY 2008 total of 1,150 FTEs for VR&E should be increased by 250, to 1,400 total FTEs.

We hope the Subcommittee will review these recommendations and give them consideration for inclusion in your legislative plans and will support their funding in the Congressional Budget Resolution for FY 2009, as well as subsequent appropriations.

Mr. Chairman, thank you for inviting DAV and other member organizations of the *Independent Budget* to testify before you today.

DISABLED AMERICAN VETERANS

P.O. Box 14301 • Cincinnati, Ohio 45250-0301 • Phone (859) 441-7300 • Fax (859) 442-2090

FACT SHEET

BIOGRAPHICAL INFORMATION

KERRY L. BAKER
Associate National Legislative Director
Disabled American Veterans

Kerry Baker, a service-connected disabled veteran of the Persian Gulf War, was appointed Associate National Legislative Director of the 1.3 million-member Disabled American Veterans (DAV) in September 2007. He is employed at DAV National Service and Legislative Headquarters in Washington, D.C.

As a member of the DAV's legislative team, Mr. Baker works to support and advance federal legislative goals and policies of the DAV to assist disabled veterans and their families, and to safeguard current benefits and services for veterans from legislative erosion.

Mr. Baker joined the DAV's professional staff as a National Service Officer (NSO) Trainee in 1998 and was assigned to the DAV National Service Office in Louisville, Kentucky. In August 2001, he was promoted to Assistant Supervisor of the Louisville office. In August 2002, Mr. Baker was promoted to Supervisor of the New Orleans, Louisiana, National Service Office, and was later assigned as Supervisor of the Milwaukee, Wisconsin, office. In August 2005, he was promoted to DAV's Judicial Appeals Office as an Appellate Counsel admitted to practice before the Court of Appeals for Veterans Claims before being appointed to his current position as Associate National Legislative Director.

Kerry L. Baker is a native of Princeton, Kentucky, and served approximately 11 years in the United States Marine Corps, from June 1987 to March 1998. During his time in the Marines, Mr. Baker's primary military occupation was as a CH-46 Helicopter Crew Chief, wherein his permanent duty stations included the West and East coasts, as well as Okinawa, Japan. During his tour of duty, Mr. Baker served in Desert Storm, Desert Shield and Somalia. His awards include three Combat Air Medals, three Navy Achievement Medals, Combat Aircrew Insignia, and is authorized to wear two Combat "V" devices for valor in combat. Mr. Baker was medically retired from the Marine Corps March 1, 1998.

Mr. Baker currently attends the University of Maryland, and is a life member of DAV Chapter 155 in Kentucky. He, his spouse Kimberly, and children Savanna and Steffan, reside in Dunkirk, Maryland.

10/07

DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Disabled American Veterans (DAV) does not currently receive any money from any federal grant or contract.

During fiscal year (FY) 1995, DAV received $55,252.56 from Court of Veterans Appeals appropriated funds provided to the Legal Service Corporation for services provided by DAV to the Veterans Consortium Pro Bono Program. In FY 1996, DAV received $8,448.12 for services provided to the Consortium. Since June 1996, DAV has provided its services to the Consortium at no cost to the Consortium.

Mr. EDWARDS. Thank you.

We will defer the questions until you are all finished with the testimony.

Chris, do you want to go next?

THURSDAY, MARCH 13, 2008.

VETERANS OF FOREIGN WARS

WITNESS

CHRISTOPHER NEEDHAM, SENIOR LEGISLATIVE ASSISTANT

STATEMENT OF CHRIS NEEDHAM

Mr. NEEDHAM. Mr. Chairman, members of the subcommittee, my name is Chris Needham. I am with the Veterans of Foreign Wars.

And on behalf of the 2.3 million men and women of the VFW, I would like to thank you for the opportunity to testify today.

The administration's fiscal year 2009 budget request for major and minor construction will not meet the needs of America's veterans.

The VA budget is about half of what last year's funded level was. The president's request for major construction is $581.6 million for fiscal year 2009. This is a dramatic cut from last year's level of $1.1 billion. The total level of funding that the IB is recommending is about $1.257 billion, and we feel that would allow VA to fill in some of the large construction backlog that is building up.

While the eight major construction projects called for in the budget request may seem like a lot, the funding levels requested for them are just a tiny blip in the overall cost. If the president's budget is enacted as is, there will be a backlog of over $2 billion when VA begins the planning process for next year's budget.

Fully funding construction is necessary to ensure that VA properly reinvests in its aging physical infrastructure, where the average age of a VA facility is well over 50 years.

On minor construction, we are also concerned with the proposed slashing of the budget there, as well. For fiscal year 2009, the recommendation is just $329 million, which is over $300 billion below last year's funding level. The Independent Budget requested $621 million.

In its 5-year capital plan, VA has a list of 145 minor construction projects targeted for fiscal year 2009. Based on the average project cost for minor construction projects from past years, VHA would require a budget of over $800 million—requested.

Minor construction is important because part of that goes to filling some of the maintenance needs. Every year, VA performs a facilities condition assessment which looks at the maintenance projects that are needed to keep the buildings up and running and provide health care in clean, safe and efficient places.

VA has identified a backlog of between $4 billion and $5 billion in its FCA maintenance needs and a portion of the minor construction goes to fund those. But the main way in which the FCA backlog is funded is through nonrecurring maintenance.

As Carl mentioned earlier, we are pleased to see that the administration has requested $802 million for nonrecurring maintenance, but that is just the first step.

It is certainly in line with what we have asked for, but the $800 million is basically a minimum of what is needed to fund current levels. If VA really needs to dip into that backlog, they are going to need an increase in that account, as well.

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

[Prepared statement of Veterans of Foreign Wars follows:]

VETERANS OF FOREIGN WARS OF THE UNITED STATES

STATEMENT OF

DENNIS M. CULLINAN, DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

VA's BUDGET REQUEST FOR FISCAL YEAR 2009

WASHINGTON, D.C. MARCH 13, 2008

MR. CHAIRMAN AND MEMBERS OF THIS SUBCOMMITTEE:

On behalf of the 2.4 million men and women of the Veterans of Foreign Wars of the U.S. (VFW) and our Auxiliaries, I would like to thank you for the opportunity to testify today. The VFW works alongside the other members of the Independent Budget (IB) – AMVETS, Disabled American Veterans and Paralyzed Veterans of America – to produce a set of policy and budget recommendations that reflect what we believe would meet the needs of America's veterans. The VFW is responsible for the construction portion of the IB, so I will limit my remarks to that portion of the budget.

The administration's Fiscal Year 2009 budget request for Major and Minor construction is woefully inadequate, especially in light of the Administration's own supporting documents. Despite hundreds of pages of budgetary documents that show a need for millions of dollars in construction projects, the administration saw fit to halve the major and minor construction accounts from the FY 2008 levels, failing to meet the future needs of our veterans. We look to you in Congress to correct this, and to advance VA's construction priorities so that future generations of veterans – those currently serving in the deserts of Iraq and the mountains of Afghanistan – can have a first-rate VA health care system that lives up to their needs.

MAJOR CONSTRUCTION

The President's request for major construction is a paltry $581.6 million for FY 2009. This is a dramatic cut from last year's funding level of $1.1 billion. While we appreciate that this level

covers eight medical facility projects, including three new previously unfunded projects, the total level of funding does not come close to meeting the **IB's recommendation of $1.275 billion** in construction projects. $476.6 million of the administration's request covers Veterans Health Administration projects, significantly lower than the $1.1 billion that the IB has called for.

In determining our recommendations, we follow VA's prioritization process as VA discusses in its annual 5-Year Capital Plan, which is included in Volume III of the Department's budget submission.

VA determines its budget year priorities in two phases. First, partially funded projects from previous years are ordered by fiscal year and priority order. Second, newly evaluated projects from the current budget year are listed in priority order. These are combined, with the first category receiving priority over the second.

For the current year's process, VA had seven partially unfunded projects at the top of the list and chose to provide funding for five of those projects. They also began to provide funding for the top three new projects as ranked in the current fiscal year: Bay Pines, FL; Tampa, FL; and Palo Alto, CA. We certainly appreciate the progress on new construction projects as last year's funding request did not call for any new projects. We also appreciate the focus on construction and improvements to VA's polytrauma centers. We believe, however, that more can and must be done.

While the eight major construction projects might sound like a lot, the funding levels recommended for them are a tiny blip in the overall costs of those projects. If we look at just the partially unfunded projects – the backlog, if you will – even the $320 million aimed at them barely scratches the surface. Only the Lee County, Florida outpatient clinic is funded to completion. The other four projects still require a total future funding level of $1.26 billion. The funding for the three new projects totals $76.8 million out of a total construction estimate of $771 million. This is important because it means that there will be a total construction backlog of over $2 billion when the administration prepares its request for the following fiscal year. It is increasingly unlikely that the top priority construction projects – likely to include this year's number four priority project in Seattle, Washington or improvements in Dallas, Texas or Louisville, Kentucky– will be funded in future years while VA's meager construction budget is earmarked only to prior projects, as was the case with last year's funding request.

I would refer you to the table on Page 7-12 of VA's 5-Year Capital plan for the full list of projects VA considered funding in the current year. The increase in funding that we are calling for could be applied to those prior year projects we referred to previously, or to the FY 2009 scored projects. Both categories desperately need funding beyond the Administration's request. Even an increase of about $31 million would allow VA to begin the first stages of construction on priority projects 4-6, which typically requires 10% of the total cost estimate.

These projects are necessary to ensure that VA properly reinvests in its aging physical infrastructure. VA's facilities average over fifty years old, and VA has historically recapitalized

at a rate far below hospital industry standards. From 1996-2001, for example, VA recapitalized at a rate of just 0.64% per year. This corresponds with an assumed building life of 155 years, far beyond any reasonable expectations. VA has made progress since then, but more clearly must be done, especially if we are to live up to the promise of CARES and modernize the system so that veterans now and into the future will have first-rate health care in clean, safe, modern and comfortable facilities.

We remain concerned about the unfulfilled promise of CARES. Upon completion of the CARES decision document, former VA Secretary Anthony Principi testified before the Health Subcommittee of the House Committee on Veterans Affairs in July 2004. His testimony noted that CARES "reflects a need for additional investments of approximately $1 billion per year for the next five years to modernize VA's medical infrastructure and enhance veterans' access to care."

According to VA's November 2007 testimony before that same Committee, Congress has appropriated just $2.83 billion for CARES projects, far below the need to which the Secretary had testified. Further, this includes a sizeable amount for rebuilding facilities after the Gulf Coast Hurricanes – amounts we have argued that Congress should have provided as separate emergency funding, outside of VA's regular planning process. With the FY 2008 appropriation, the total is up to $3.9 billion – better, but still lagging.

With just $581 million requested for major construction in FY 2009, which is far below VA's demonstrated needs, it is clear that VA is falling short. After that five-year de facto moratorium on construction while CARES was ongoing and without additional funding coming forth, VA and veterans have an even greater need than they did at the start of the CARES process. Accordingly, we urge action to live up to the Secretary's words by making a steady investment in VA's capital infrastructure to bring the system up to date with the 21st century needs of veterans.

MINOR CONSTRUCTION

We also are greatly concerned with the administration's proposed slashing of the Minor Construction budget. As with the major construction account, this cut is contrary to the information the Department provides in the total budget document. For FY 2009, the recommendation is just $329 million, $301 million *below* the FY 2008 level and far below the **$621 million called for in the *Independent Budget*.**

$273 million of the request is targeted for VHA facilities and $18 million – about five percent of the total – is allocated for staff offices to accommodate the consolidation of VA's information technology programs.

VA has a long list of minor construction projects targeted for FY 2009. There is a list of 145 minor construction projects listed on page 7-95 of the 5-Year Capital Plan. Although there is no cost specifically associated with them, we can estimate the cost using the average cost of the scored projects from FY 2008, which can be found on page 7-90. For the FY 2008 projects listed, the average price per project is $5.6 million. If you multiply that cost per project by the

145 proposed FY 2009 projects, VHA would require a budget of $812 million, nearly $500 million more than they have actually requested. We understand that VA has some carryover funding for minor construction to offset some of that balance, but even if all $267 million of that were applied to this list of projects, VHA would still require $545 million in funding instead of the $273 the administration has requested.

The Minor Construction request seems even more deficient when you factor in its role with respect to the maintenance of VA's facilities. Every medical center is surveyed at least once every three years and given a thorough assessment of all component systems. These reviews comprise the Facility Condition Assessment (FCA), and the scores are used, in part, to produce the condition index of the facility, one of the benchmark statistics in VA's Real Property Scorecard. The majority of funding for projects and systems found to be deficient through the FCA is nonrecurring maintenance (NRM), but VA says that 30% of all minor construction is targeted to correct documented FCA deficiencies. In FY 2007, VA notes that its FCA backlog was well over $5 billion in projects. Congress has done a good job to improve some of these deficiencies – notably the $550 supplemental that was targeted towards FCA problems – but more must be done if VA is going to properly maintain its facilities.

NONRECURRING MAINTENANCE

Those FCA reviews show the importance of NRM, and the $5 billion backlog shows how woefully deficient past NRM requests and appropriations have been. It is sad that it took the unconscionable situation at Walter Reed – a non-VA facility – to demonstrate the importance of the account. We certainly applaud VA's efforts post-Walter Reed to assess the maintenance of its infrastructure and Congress' immediate response, but it should not have come to that. The problems with the lack of NRM funding have been repeatedly pointed out in the *Independent Budget*, and we continue to ask Congress and the administration to do more.

For FY 2009, we are pleased to see that the President has requested $802 million for NRM funding. This is in line with what the IB has called for in the past. For justification of our number, we continue to cite the Price Waterhouse review of VA's facility management programs that cited industry standards to claim that VA should be spending between two and four percent of its plant replacement value on NRM. VA accepted this recommendation and adopted it as part of its Asset Management Plan. That VA document noted that VA's plant replacement value was approximately $40 billion, and accordingly, the NRM budget should be between $800 million and $1.6 billion.

With the near-$5 billion backlog in FCA-observed maintenance needs, the proposed $802 million is surely on the low end. That amount would allow VA to perform maintenance at current levels, but not to dip into the backlog. Accordingly, we would like Congress to increase funding for this account, as has been done in the past. We need to eliminate the backlog to ensure that veterans have health care in clean, safe, and efficient locations, and that VA properly cares for its infrastructure to ensure that it lasts for years into the future.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions that you or the members of the Committee may have.

Dennis M. Cullinan, Director
National Legislative Service
Veterans of Foreign Wars of the United States

Dennis Cullinan was appointed to the position of Director, VFW National Legislative Service in August 1997. Before this promotion he served in a number of Washington Office positions to include several years as the Deputy Director of the Legislative Service and Director of the VFW Action Corps.

Mr. Cullinan served in the United States Navy during the Vietnam War. He was an electronics technician aboard the USS Intrepid, and completed three tours in Vietnamese waters. Following his military service he attended Catholic University in the Netherlands for two years, and then returned to his hometown of Buffalo, New York to complete his undergraduate degree at the State University of New York, where he also completed his master's degree in English.

Mr. Cullinan spent several years teaching freshmen composition and creative writing. He joined the VFW Washington Office staff in 1983 as a Service Officer Trainee with the National Veterans Service.

Active participants in a local rowing club, his wife and he reside in Lake Ridge, Virginia. Dennis is a Life Member of VFW Post 7916.

~~~~~~~~~~~~~~~~~~~~

The Veterans of Foreign Wars in not in receipt
of any Federal grants or contracts.
~~~~~~~~~~~~~~~~~~~~

Mr. EDWARDS. Chris, thank you.
Ray.

THURSDAY, MARCH 13, 2008.

AMVETS

WITNESS

RAYMOND C. KELLEY, NATIONAL LEGISLATIVE DIRECTOR

STATEMENT OF RAYMOND C. KELLEY

Mr. KELLEY. Ray Kelley from AMVETS. Mr. Chairman, thank you for holding this hearing today.

As a co-author of the Independent Budget, AMVETS is pleased to give our best estimates of resources necessary to carry out the responsibilities of the National Cemetery Administration.

The administration has requested approximately $181 million in discretionary funding for operations and maintenance of NCA. Of that number, $105 million is dedicated for major construction, $25 million for minor construction, as well as $32 million for state cemetery grants program.

In contrast, the Independent Budget recommends Congress provide $251.9 million for the operational requirements of the NCA, a figure that includes $50 million toward the national shrine initiative.

In total, our funding recommendations represent a $71 million increase over the administration's request.

The national cemetery system continues to be seriously challenged. Adequate resources in developed acreage must keep pace with the increasing workload.

Currently, there are 13 national cemeteries in some phase of development or expansion. The administration's budget provides funding for only three of these, while the NCA expects to perform nearly 115,000 interments in 2009, an 8.7 percent increase from this current year.

Congress must also address the needs of gravesite renovation and upkeep. Though there has been noteworthy progress made over the years, the NCA is still struggling to remove decades of blemishes and scars from military burial grounds across the country.

To date, $99 million has been invested in restoring the appearance of our national cemeteries, completing nearly 300 of the 928 deficiencies identified in 2002.

Therefore, the Independent Budget recommends a $50 million commitment in fiscal year 2009, and we continue to recommend that Congress establish a 5-year $250 million plan for the national shrine, so NCA can fully restore the appearance of the national cemeteries to reflect the utmost dignity and respect for those who are interred.

The state cemetery grant program is an important component of NCA. It has greatly assisted states in increasing burial services to veterans, especially those living in areas where national cemeteries are underserved.

NCA admits only 80 percent of those requesting interment meet the 170,000 veteran within a 75-mile radius threshold that they have set for themselves. This reemphasizes the importance of state grant program.

Since 1978, the VA has more than doubled the acreage available to accommodate more than a 100 percent increase in the burials through these grants that the states have established.

And states have identified that they want to establish 14 new cemeteries over the next 4 years.

Therefore, to provide for these cemeteries and to reach NCA's threshold goal, the Independent Budget requests $42 million for State Grant Cemetery Program in fiscal year 2009.

Also, the Independent Budget strongly recommends Congress review the current burial benefits that have seriously eroded in value over the years.

While these benefits were never intended to cover the full cost of burial, they now pay for just 6 percent of what they covered when the program was established in 1973.

The Independent Budget requests that plot allowance be increased from $300 to $750, to increase the allowance for service-connected deaths from $2,000 to $4,100, and increase the non-service-connected burial benefits from $300 to $1,270.

These increases would proportionately bring the benefits back to their original value.

The NCA honors more than 2.8 million veterans with a final resting place that commemorates their service to this nation. Our national cemeteries are more than a final resting place. They are a memorial to those who died in our defense and hallowed ground for those who survived.

Mr. Chairman, this concludes my testimony, and I am willing to take any questions at this time.

[Prepared statement of Raymond C. Kelley follows:]



SERVING
WITH
PRIDE

STATEMENT OF

RAYMOND C. KELLEY
AMVETS NATIONAL LEGISLATIVE DIRECTOR

BEFORE THE

HOUSE MILITARY CONSTRUCTION AND VETERANS AFFAIRS APPROPRIATIONS SUBCOMMITTEE

CONCERNING

THE *INDEPENDENT BUDGET* AND

THE DEPARTMENT OF VETERANS AFFAIRS BUDGET REQUEST FOR FISCAL YEAR 2009

THURSDAY, MARCH 13, 2008
H-143 THE CAPITAL
1:30 PM

A M V E T S

NATIONAL
HEADQUARTERS
4647 Forbes Boulevard
Lanham, Maryland
20706-4380
TELEPHONE: 301-459-9600
FAX: 301-459-7924
E-MAIL: amvets@amvets.org

Chairman Edwards, Ranking Member Wamp, and members of the Committee:

AMVETS is honored to join our fellow veterans service organizations and partners at this important hearing on the Department of Veterans Affairs budget request for fiscal year 2009. My name is Raymond C. Kelley, National Legislative Director of AMVETS, and I am pleased to provide you with our best estimates on the resources necessary to carry out a responsible budget for VA.

AMVETS testifies before you as a co-author of *The Independent Budget*. This is the 22nd year AMVETS, the Disabled American Veterans, the Paralyzed Veterans of America, and the Veterans of Foreign Wars have pooled our resources to produce a unique document, one that has stood the test of time.

In developing the *Independent Budget*, we believe in certain guiding principles. Veterans should not have to wait for benefits to which they are entitled. Veterans must be ensured access to high-quality medical care. Specialized care must remain the focus of VA. Veterans must be guaranteed timely access to the full continuum of health care services, including long-term care. And, veterans must be assured accessible burial in a state or national cemetery in every state.

The VA healthcare system is the best in the country and responsible for great advances in medical science. VHA is uniquely qualified to care for veterans' needs because of its highly specialized experience in treating service-connected ailments. The delivery care system provides a wide array of specialized services to veterans like those with spinal cord injuries, blindness, traumatic brain injury, and post traumatic stress disorder.

Looking at the numbers alone, the VA budget would appear to be one that would garner only praise and be a model for years to come. However, the budget was signed into law five months after the start of the new fiscal year, marking the 13th time in 14 years the VA had to work from continuing resolutions to maintain the system. Also, the budget was contingent on $3.7 billion in

emergency funding that was signed into law less than one month ago. This is an unacceptable way of funding a department that is as fluid in nature as the VA.

Mr. Chairman, as you know, we strongly support mandatory funding for VA health care. However, if the Congress cannot support mandatory funding, there are alternatives which could meet our goals of timely, sufficient, and predictable funding.

Congress could change VA's medical care appropriation to an advance appropriation which would provide approval one year in advance, thereby guaranteeing its timeliness. Furthermore, by adding transparency to VA's health care enrollee projection model, we can focus the debate on the most actuarially-sound projection of veterans health care costs to ensure sufficiency.

Under this proposal, Congress would retain its discretion to approve appropriations; retain all of its oversight authority; and most importantly, there would be no PAYGO problems.

We ask this Committee in your views and estimates to recommend to the Budget Committee either mandatory funding or this new advance appropriations approach to take the politics out of health care for all of our Nation's wounded, sick and disabled veterans.

As a partner of the *Independent Budget*, AMVETS devotes a majority of its time with the concerns of the National Cemetery Administration (NCA) and I would like to speak directly to the issues and concerns surrounding NCA.

The National Cemetery Administration

The Independent Budget acknowledges the dedicated and committed NCA staff who continue to provide the highest quality of service to veterans and their families despite funding shortfalls, aging equipment, and increasing workload. The devoted staff provides aid and comfort to grieving veterans' families in a very difficult time, and we thank them for their consolation.

The NCA currently maintains more than 2.8 million gravesites at 131 national cemeteries in 39 states and Puerto Rico. VA estimates that about 24 million veterans are alive today. They include veterans from World War I through the Global War on Terrorism, as well as peacetime veterans. With the anticipated opening of the new national cemeteries, annual interments are projected to increase from more than 105,000 in 2008 to 115,000 in 2009.

The NCA is responsible for five primary missions: (1) to inter, upon request, the remains of eligible veterans and family members and to permanently maintain gravesites; (2) to mark graves of eligible persons in national, state, or private cemeteries upon appropriate application; (3) to administer the state grant program in the establishment, expansion, or improvement of state veterans cemeteries; (4) to award a presidential certificate and furnish a United States flag to deceased veterans; and (5) to maintain national cemeteries as national shrines sacred to the honor and memory of those interred or memorialized.

NCA Budget Request

The administration requests $181 million for the NCA for fiscal year 2009. The members of *The Independent Budget* recommend that Congress provide $252 million and 51 additional FTE for continuing operations and workload increases of NCA. We recommend your support for a budget consistent with NCA's growing demands and in concert with the respect due every man and woman who wears the uniform of the United States Armed Forces.

The national cemetery system continues to be seriously challenged. Though there has been progress made over the years, the NCA is still struggling to remove decades of blemishes and scars from military burial grounds across the country. Visitors to many national cemeteries are likely to encounter sunken graves, misaligned and dirty grave markers, deteriorating roads, spotty turf and other patches of decay that have been accumulating for decades. If the NCA is to continue its commitment to ensure national cemeteries remain dignified and respectful settings that honor deceased veterans and give evidence of the nation's gratitude for their military service, there must be a comprehensive effort to greatly improve the condition, function, and

appearance of all our national cemeteries.

In accordance with "An Independent Study on Improvements to Veterans Cemeteries," which was submitted to Congress in 2002, *The Independent Budget* again recommends Congress to fully fund the National Shrine Initiative by providing $50 million in FY 2009 budget and a commitment of $250 million over a period of five years to restore and improve the condition and character of NCA cemeteries.

It should be noted that the NCA has done an outstanding job thus far in improving the appearance of our national cemeteries, but critical under funding does not allow NCA to remove the backlog of improvements that need to be met. To date, NCA has invested $99 million to the initiative, making nearly 300 improvements. Additionally, $28.2 million will be invested in restoration in 2008. This money is the full amount of supplemental funding that was given to NCA in FY2008, a fact that should be a wake-up call of the importance of the National Shrine Initiative. Even with the funding that has been spent on these improvements, new areas requiring restoration are identified. By enacting a five-year program with dedicated funds and an ambitious schedule, the national cemetery system can provide veterans and their families with the utmost dignity, respect, and compassion.

The State Cemetery Grants Program

The State Cemetery Grants Program (SCGP) complements the NCA mission to establish gravesites for veterans in those areas where the NCA cannot fully respond to the burial needs of veterans. Several incentives are in place to assist states in this effort. For example, the NCA can provide up to 100 percent of the development cost for an approved cemetery project, including design, construction, and administration. In addition, new equipment, such as mowers and backhoes, can be provided for new cemeteries. Since 1978, the Department of Veterans Affairs has more than doubled acreage available and accommodated more than a 100 percent increase in burials through this program.

To help provide reasonable access to burial options for veterans and their eligible family members, *The Independent Budget* recommends $42 million for the SCGP for fiscal year 2009. The availability of this funding will help states establish, expand, and improve state-owned veterans' cemeteries.

States have intentions of beginning construction of 24 new state cemeteries in 2008. Many states have difficulties meeting the requirements needed to build a national cemetery in their respective state. The large land areas and spread out population in these areas make it difficult to meet the "170,000 veterans within 75 miles" national veterans cemetery requirement. Recognizing these challenges, VA has implemented several incentives to assist states in establishing a veterans cemetery. For example, the NCA can provide up to 100 percent of the development cost for an approved cemetery project, including design, construction, and administration.

Burial Benefits:

There has been serious erosion in the value of the burial allowance benefits over the years. While these benefits were never intended to cover the full costs of burial, they now pay for only a small fraction of what they covered in 1973, when the federal government first started paying burial benefits for our veterans.

In 2001 the plot allowance was increased for the first time in more than 28 years, from $150 to $300, which covers approximately 6 percent of funeral costs. *The Independent Budget* recommends increasing the plot allowance from $300 to $745, an amount proportionally equal to the benefit paid in 1973.

In the 108th Congress, the burial allowance for service-connected deaths was increased from $500 to $2,000. Prior to this adjustment, the allowance had been untouched since 1988. *The Independent Budget* recommends increasing the service-connected burial benefit from $2,000 to $4,100, bringing it back up to its original proportionate level of burial costs.

The non-service-connected burial allowance was last adjusted in 1978, and also covers just six 6 percent of funeral costs. *The Independent Budget* recommends increasing the non-service-connected burial benefit from $300 to $1,270.

The NCA honors veterans with a final resting place that commemorates their service to this nation. More than 2.8 million soldiers who died in every war and conflict are honored by burial in a VA national cemetery. Each Memorial Day and Veterans Day we honor the last full measure of devotion they gave for this country. Our national cemeteries are more than the final resting place of honor for our veterans; they are hallowed ground to those who died in our defense, and a memorial to those who survived.

Mr. Chairman, this concludes my testimony. I thank you again for the privilege to present our views, and I would be pleased to answer any questions you might have.

Raymond C. Kelley
AMVETS National Legislative Director

Ray Kelley is the National Legislative Director for AMVETS (American Veterans) at AMVETS National Headquarters in Lanham, Md. He is responsible for the planning, coordination, and implementation of AMVETS' relations with the United States Congress and federal departments and agencies, and other organizations. He develops and executes AMVETS' Washington agenda in areas of budget, appropriations, heath care, veterans' benefits issues, national security, and foreign policy. Ray also represents AMVETS to federal agencies including the Department of Defense, Department of Labor, Small Business Administration, and the Office of Personnel Management. Ray's work also includes building relationships with other non-profit organizations and developing plans to promote veteran transition to civilian life after their honorable service.

Ray served six years in the United States Marine Corps. He left the service and earned a Bachelor of Science in Political Science from Indiana University. Upon completion of his degree, Ray entered service in the Army Reserve and in April of 2006, Ray was deployed to Iraq as a Psychological Operations Team Leader. Ray served for 12 months in the base of the Sunni/ Shi'ia tri-angle. Ray continues to serve in the Army Reserve.

AMVETS National Headquarters
4647 Forbes Boulevard
Lanham, MD 20706
Telephone: 301-683-4016
Fax: 301-459-7924
Email: rkelley@amvets.org



SERVING
WITH
PRIDE

March 13, 2008

The Honorable Chet Edwards, Chairman
House Military Construction, Veterans Administration Appropriations
Subcommittee
H-143 The Capital
Washington, D.C. 20510

Dear Chairman Edwards:

Neither AMVETS nor I have received any federal grants or contracts, during this year or in the last two years, from any agency or program relevant to the March 13, 2008 Appropriations Subcommittee hearing on the VA's budget request for fiscal year 2009.

Sincerely,

Raymond C. Kelley

Raymond C. Kelley
National Legislative Director



AMVETS

NATIONAL
HEADQUARTERS
4647 Forbes Boulevard
Lanham, Maryland
20706-4380
TELEPHONE: 301-459-9600
FAX: 301-459-7924
E-MAIL: amvets@amvets.org

Mr. EDWARDS. Thank you, Ray.

Thank you all for your excellent testimony.

Steve, why don't you come back up?

As we ask questions, for the transcriber, if you would just mention your name once again so they can associate your name in the record with your comments.

Let me just quickly say one of the things we have got to do in the immediate short run is try to get $17 million into the American Battle Monuments Commission budget for fiscal year 2008.

With the drop in the value of the dollar, they have no reserve funds. They literally have to take $17 million, I believe that is the correct number, out of their budget in maintaining the cemeteries that they have responsibility for.

So I hope we can do something quickly on that.

Let me start out by asking one question and then I want to recognize Mr. Wamp and then Mr. Farr.

On the claims backlog, Kerry, you focused on that. What is your projection? The number, I am told, is that our appropriation for fiscal year 2008 and the supplemental for the Iraq war that was passed last year allows for the hiring of 3,100 additional claims processors.

I don't know where the VA is in that process, although Admiral Cooper had told me that they were moving ahead aggressively.

Once those 3,100 are hired, do we then begin to bring down the backlog or is the increased number of claims going up so dramatically that we are on a treadmill here?

Mr. BAKER. Without that increase in staffing, I think that we will see exponential increases in claims, for a multitude of reasons.

Without the increase in additional staffing, we are going to see exponential increases in claims. The staffing is not going to help us probably immediately, because in the claims business in the VA, you literally have—once you set foot in the shoes of a rating specialist, you don't come in the door in VA as a ratings specialist.

There is a couple of year's process of training to get up to the point where you can really start handling cases in a sufficient manner.

So that number of staff is initially going to draw away from the resources, but that is not going to be a permanent situation and I think you are going to start seeing this claims backlog going down a little bit more and faster as these guys get up to speed.

I think the things that we don't know is how many new claims we are going to keep getting into the system. Most of the reopened claims you have each year are people that are already in the system.

So each year we are adding 250,000, 300,000 brand new people into the system. How that is going to affect the overall level of new claims filed each year on people currently in the system, I don't think we can tell. But I think——

Mr. FARR. There are several steps to the claims process. There is one step that is just filing the claim for the first time.

Mr. BAKER. Exactly.

Mr. FARR. And I have just been told that that actually processes very fast.

Mr. BAKER. That doesn't take——

Mr. FARR. A couple days or something or a week.

Mr. BAKER. Not even that. It depends on if you have a representative or if you have everything that you need for that——

Mr. FARR. But then it is getting the rating, right?

Mr. BAKER. The vast majority of the time spent in claims is not—I will say the shortest is filing the claim and then once that claim is actually ready to rate, all the evidence is developed, rating it. Those are the two fastest things in the process.

Everything in between is where you get the backlog.

Mr. FARR. So the rating comes pretty fast. You have got to have a lot of information and sometimes that is a problem.

Mr. BAKER. Exactly. For a gentleman coming out of the service now, all the evidence is going to be there. That goes straight to the VA.

Any examination that they might need that they didn't get while in the service, which most of them are being done while they are in the service, you are going to have those claims filed fairly quickly.

But if you have a Vietnam vet that can get the service records, any private treatment records, any verification of military records for stress or—incidents and things like that.

That is where the time is eaten up in the initial rating decision is getting better——

So we have had a lot of hearings on IT development, artificial intelligence, things like that, to develop some type of rules-based decision-making process.

Those resources would be put to good use by speeding up the development process and I think VA would agree with that, as well, because you can only do so much on——

Mr. FARR. The committee has been told, with all these 3,100 new claims processors, that it is going to be really quick. But you are saying that the delay is really between these levels.

It is getting the file from the opening claim to the rating process.

Mr. BAKER. The new staff is absolutely going to help. None of this would work without additional staff at this point. At what point in time would that new staff be able to make a difference?

It is hard to tell.

Mr. FARR. You file a claim essentially in your district, right? The rating is done somewhere else?

Mr. BAKER. It is usually done within that state and regional offices within that state.

Mr. FARR. So it has to go from the local to the regional. And then what?

Mr. BAKER. Well, in most circumstances. I mean, most of the time, if you can fill out the application at home yourself, you can just mail it to the regional office. But a lot of times, you are going to go see a claims representative in the field at the regional office.

People that go right to the regional office, they just go from one room to the next and they have got the claim.

But it is all the evidence developing that is where time is eaten up.

Now, there are some things that VA can't do anything about. If it is private treatment records they need, if a claim is for post-traumatic stress disorder and the veteran doesn't have a Purple Heart

or a combat badge, they have to wait for people like the Center for Research of Unit Records to verify through official military records.

So how do you go about speeding those processes up? That is a good question.

Mr. ROBERTSON. Mr. Chairman, if I may add. Steve Robertson from American Legion. If I may add.

Several years ago, we were allowed to hire a tremendous number of new claims adjudicators under the Exceptional Student Program. It was kids right out of college that were academically pretty bright kids.

But there was a tremendous attrition rate. Once they got into the payroll, then got into the job, they realized, "This isn't what I want to do" and there was an attrition rate that was pretty high, and that, coupled with the normal attrition rate of people getting older and retiring, et cetera.

This is not an occupation that you put a notice out on the street saying, "Hey, we are looking to hire you guys." I mean, it is a very concentrated science and the claims development is a very, very critical part of that.

If you don't put your package together properly, it is going to run into a series of "We need this documentation." So it goes back to the veteran and then it goes forward and "we need this documentation" and that is one of the things that I think VA has gotten better at over the years.

Used to, they would identify one thing and send it to you and say, "We need this," and then they would go down the list and find the second thing. Now they are at least saying, "We need these following documents to be able to develop the case."

But just because we are going to be able to hire them, that attrition is what is the real key thing that we are concerned about, and that is why I mentioned we think that if they would focus on trying to hire veterans that are coming out of the military that see this as a career path that they are interested in doing, veterans helping veterans, that their learning curve will probably be a lot higher, because they don't have to look in a book to figure out what an M–1–51A was, because they already are familiar with the terminology and they will know exactly, I think, how to communicate better with the veterans when they are looking for specific items.

Mr. EDWARDS. Is the VA not doing that?

Mr. ROBERTSON. I can't answer that question, because we keep asking it and I don't get an answer. I think that that is something that—we have got so many guys that are going through voc rehab that are really not certain what career path they want to take, that this may be something that VA might want to think about, saying, "Son, have we got a deal for you."

And if you are going to spend money on training somebody for a vocation, why not train them to fill a vocation that you need people in?

Mr. BAKER. I think they are looking at something like that. I can't give you the details on it.

But put the people to use, I think, to get to the point of your question, there has to be a lot of things that happen.

One, you have to get them, and, two, you have to improve the training process. Right now, they are so short on resources, they

cannot implement any additional policy initiatives, because it just takes people away from critical areas and they can't afford any new changes.

These extra people will allow them to do that, I think, but then those changes have to be implemented and training has to be improved. It absolutely has to be improved or we are going to keep making mistakes—appeals right back to day one.

Accountability has to be improved. Right now, an average size regional office—their quality assurance program, we will leave it at that.

They look at 10 to 12 cases per month for an average size regional office. That doesn't even come to 1 percent. You can't—problems are in the rating process when your people are 1 percent of analysis.

So there are a lot of things that need to be done.

Mr. FARR. I think the question is we originally got all this feedback that everything was hunky-dory, all this new staff, it was going to work well.

You come in and say the claims backlog is a big problem. And it seems we are not talking apples to apples here, because there was a breakdown in different aspects of the process, maybe a breakdown in training, maybe a breakdown on qualifications.

But once you get into the system——

Mr. BAKER. It is not as cut-and-dry as hiring new people, but nothing can be done to improve the system without hiring new people. But if you do a combination, in my opinion, I think all of our opinion, of various improvements at all levels, once you have got the people in place to do it—veterans' appeals level, at the regional office level.

When you have the personnel to put those initiatives in place, you are going to see improvements just in the new people that you have allocated funds for. But there are also the changes that you make that you really start putting those people to use in the most beneficial way.

I had offered a lot of different numbers in the claims backlog, 400,000, here earlier today. I am not sure where all those numbers come from. We get ours straight from the VA's own Website that they put out weekly.

Those include appeals and claims, but a pending claim is a pending claim——

Mr. BLAKE. Mr. Farr, Carl Blake. One other suggestion I would make, too, is kind of an oversight function. I would suggest that maybe late in summer, as you get close to the end of this current fiscal year, you bring the VA in and you ask them, "How many of the people did you actually hire that we gave you the funding to hire? Did you hire the 1,800 or the 3,100" or whatever the number is that is out there.

And if they tell you, "No, we only hired 1,000," well, that changes the game a little bit, too.

It is easy to sit here and say, "We gave you the money to hire them" and the VA to say "We are going to hire them," well, let's see if you follow through on it and then their feet have to be held to the fire to do it or else I am not so certain they will do it.

Mr. EDWARDS. That is a good suggestion. You guys have got to be partners with us in this oversight process. We don't have enough staff to exercise the kind of oversight we would ideally like to have.

But we have got great partners and I know you guys are out there in the hospitals and the field and help us with that.

Mr. ROBERTSON. And I just want to add one other thing. Our organization is really focusing on the case development that our service officers assist the veteran to make sure that we put together a package, in the final package, so that it is not being kicked back looking for more information.

And we are doing—we have re-certifications every year of our people to make sure that they are up on the latest changes and make sure that they are doing it right, and then we also have our own inspection team that inspects our own people to make sure we are doing it right.

All these little changes, as they are saying, once all the dominos start falling into place, then I think you will see a dramatic change. But it is not a light-switch fix, I mean, just because we have got the money and we have got the people, that it is all going to get well overnight, because it is a very interesting process.

Mr. BLAKE. And as an example with the training, all of the organizations have their own service officer staff. We have very complex training programs that each of the organizations puts their own service officers through.

Just from DVA's perspective, we bring in a new hire as a service officer, they spend 18 months doing work where they are working hand-in-hand with an experienced service officer, where they never, at any point in time, have their hands only on a claim file for the veteran.

So they are always being held step-by-step and there are constant reviews of their performance as they do this. And even after that point, they are only kind of halfway released and then there is a continued follow up so that, at another 18 months, they are reevaluated and tested, and then this testing and training regime continues on throughout their career at every step as they go through the service officer levels in our own organization.

Mr. ROBERTSON. And I think that is one of the mistakes that VBA has made, because once guys get certified and blessed, their recurring training is almost nonexistent. And that was one of the biggest complaints that we heard.

If a guy keeps making the same mistake over and over and over for 10 years, it is going to add to the backlog.

Mr. EDWARDS. Good point.

Mr. Wamp.

Mr. WAMP. At our first veterans hearing of the year, the first concern was record funding, new baseline, all good news, tons of money, but we are going to really mess ourselves up if we don't demand accountability coming with the money, if we don't measure our progress.

If we have any Walter Reed related type inefficiencies or scandals in this new money, it will kick back on us and veterans will be the victims.

He is exactly right. You all are like deputies for us. But I can tell you what the members of your organizations in southeast Tennessee and north Georgia, the 18,000 that use CBOC in Chattanooga tell me is that they still want to be empowered with more options on how to use that veterans' health care money.

They would like to have a voucher in their hand where they can use the VA facility if they choose. But, see, our hospital is 2 hours from where they live, in some cases, 3.5 hours from where they live.

They are not satisfied. They would like to have the option of going to the local hospital and using that Medicare reimbursed voucher that Medicare rates to use a local hospital, so their family can come see them, so that they don't have to be transported in a dangerous van, where veterans died 2 years ago going across the mountains to the hospital.

They also don't want to have to wait. So I think we have got to be careful. Our job here is twofold, in my view, to make sure the resources are there, but it is not just a money thing, and I will give you an example.

Your Independent Budget advocates an increase. Well, ranking members of the Veterans' Affairs Committee here put forth a proposal to trump that, raise the independent request across the board, and it is incorporated in the Republican budget up on the floor right this minute, making room for $2.1 billion more than you all asked for.

So before we just have a high stakes poker game and everybody raises everybody, our second responsibility, besides making sure the resources are there and actually determining how much can be expended in an official way over the next 12 months, is what reforms are in place to make sure that we are holding the people accountable for spending the money.

The inspector general comes in here from the VA and says, "Very problematic financial management practices at the VA." Whoa, big red flag. How can the organization with state-of-the-art medical records, best in the world, also have weak and poor financial management? It is there.

So those are the challenges we face and we do need the input and we need the input not just got to have more, got to have more, got to have more, because, again, there is a contest here on how much is more, how much is enough.

But I will guarantee you you are right on a whole lot of fronts, because I sit and listen and I see.

In our federal national cemetery in Chattanooga, we have an opportunity to pick up land, because it runs out of space in a few years. And why in the world the cemetery division of the VA doesn't go ahead and take the land on these facilities when it is available, I don't know.

I hope this committee will move on that in some places, because otherwise you are going to end up—they don't exactly respond quickly when it is time.

So if you don't plan ahead to 10 years from now, based on veterans' interments, there is not going to be places to bury these people, and that is unfortunate.

So we want to do this work in a bipartisan way. I think it is up to this subcommittee. The chairman is incredibly fair and bipartisan. It is up to us to cut through some of the noise out there and get to the facts with a surgical knife, and that is where we need you all to tell us exactly what is not happening and needs to happen on behalf of your members.

Mr. ROBERTSON. Mr. Wamp, if I may point out something about vouchers.

There are doctors that won't accept Medicare patients because Medicare's reimbursement rates are too low. There are Tricare veterans, veterans who are eligible under Tricare that doctors refuse to take Tricare patients because the reimbursements rates are too low.

Mr. WAMP. Let me tell you that we set up a demonstration for 2 years for the money in place for veterans to go to our full-service, $500 million a year public hospital and the VA wouldn't refer people to them, because the mindset is, at the VA, if you don't get the health care at the VA, it is not acceptable.

So the flipside of what you are saying is there are veterans without the options that they want from providers that will accept Medicare.

I am not saying go in that direction. I am saying if the veteran chooses and the provider will do it, don't deny that option. That is what I am saying.

Mr. ROBERTSON. And you are exactly right. VA has the authority now to contract out services.

Mr. WAMP. They won't do it even when you put the money in a pot and say here it is. It is not the money that would come away from your benefits. This is for this purpose. They wouldn't do it. They wouldn't do it for 2 years. They won't do it in other parts of the country.

They need to do it. I mean, Sam and I have talked about it. In no way should this take away from the current system. This should be in addition to the current system, where it is appropriate, where it is acceptable, where there is an agreement.

Mr. ROBERTSON. We have advocated that on rural health care initiatives.

Mr. WAMP. Right. We are not going to build a new hospital in my service area. I wish we would. I wouldn't have this problem.

But we are in the top five in the country in degraded service the VA studies. In Las Vegas, they were in the top five with us. They got a hospital. We are not going to get a hospital, not a fast-growing area like Las Vegas.

So there are areas, like pockets of pain, where more options are better than less.

Mr. ROBERTSON. Yes, sir.

Mr. BLAKE. Mr. Wamp, just a couple of comments.

I don't disagree with the fact that if you give that as an option for something like a voucher, that they wouldn't take it.

Our concern is we believe there are far greater unintended consequences, taken on the whole. Kind of to Steve's point, we have fully advocated for the fact that VA has the authority under circumstances like a lot of your veterans face about access to care,

they have the authority to make sure those veterans get the care and they just don't use it properly.

That is the purpose of fee-basis care. I think the idea of vouchering has a far more dangerous consequence, potentially, because, I hate to say, but veterans might—I think the convenience of being able to go wherever, while, on its face, sounds like a good thing, the VA does rely on a critical mass of patients.

And if you give veterans the option to go somewhere, I think they will just go because they think, "Well, it works out better for me in this case," and I don't think you want to put the VA in a situation where now they don't have the facilities, doesn't have the critical mass of patients it requires to continue to operate, and that creates a little bit of a slippery slope for maybe a facility.

But I think the VA has the authority to address exactly what your concern is.

Your point about the financial management of the VA, I couldn't agree more. And one of our concerns, I think all the organizations have had since the record funding level was put in place for 2008 is can the VA efficiently and properly handle that kind of money and spend it wisely.

The one kind of passing comment I would make in defense of the VA is let's not forget that that was provided in January–February. So a third of the fiscal year has gone by and, yet, they still have to get that money spent by October 1, in theory, with some authority for carryover.

But the vast majority of that money has to be spent in a substantially shortened amount of time and while I think they could do it if they had the mechanisms in place and did it right, I am not sure that I am entirely confident that they can, and it is going to definitely be incumbent on all of us to hold the VA's feet to the fire to make sure they spend it wisely.

Mr. WAMP. Unfortunately, we are headed for another year like that in the coming year, if we are honest with ourselves, because of the situation we find ourselves in.

I was talking with Mr. Murtha about that today. We are probably headed for another half a year C.R. kind of a scenario, which is going to cause a pinch for even the hiring that we are talking about holding them accountable for.

If you don't have the money until 6 months before the end of the fiscal year and you have got measurements for new hires, it is hard to do all that in a shorter period of time.

Mr. BLAKE. The other thing to think about, too, is while the appropriations bill was enacted in January, by the time that gets to the level where that money is spent, the year is almost entirely gone.

By the time the medical facilities, and even filter down to the individual CBOCs, get that money, we are already looking at October 1. It is summertime usually by the time that money is doled out to the people that spend the money. That is just crazy.

Mr. ROBERTSON. And it is a hell of a ripple effect. It impacts construction, it impacts medical research, because the timetable on when research projects come along, if there is not money there to grant the next continuation, you lose it.

Employees, you are talking about how hard it is to bring in a psychiatrist or an orthopedic surgeon. If there is no security that, "Hey, my job is going to be there next year or I am not going to be released because there is not funding or they are going to have to, for whatever reason, curtail my staff," that is not what people want to do.

They want to be able to go someplace and practice their medicine and know that they are going to have full staffing and be able to do the things that they need to do.

Mr. WAMP. One final note, and I am done, too.

This idea that the VA is not hiring a certain percentage of veterans for these positions is terrible. We ought to all mandate that that is the number one mantra of the VA, so that we all know always that that is their top priority.

I mean, my gosh, that is like the biggest no-brainer that I have heard in the 2 months that I have been coming to these hearings. If they are not doing that as number one priority and we have got people trying to reintegrate into our society in a productive way from war, what in the world do they exist for?

So that needs to be right up at the very front of their mission statement that they stand for that and can report to us on that progress.

Mr. BLAKE. And as a perfect example, there is a federal goal established for contracting that says that any federal agency should contract with 3 percent of veteran-owned and service-disabled veterans on small businesses, and the VA does not meet that 3 percent goal.

Mr. EDWARDS. The VA doesn't.

Mr. BLAKE. The VA does not.

Mr. EDWARDS. The VA ought to have job counselors going out there to the military installation where troops are retiring and say, "Hey, come to work for VBA or VHA," and get people for whom it would be a labor of love.

Mr. BAKER. I was going to suggest some of the hiring in DVA—for VHA is not that they won't do it——

Mr. EDWARDS. Sam?

Mr. FARR. I wanted to ask you, Carl, are you working on my little issue of getting specialty golf carts on all the courses?

Mr. BLAKE. I don't know that I would be handling that, but I could take that back to some of our government relations folks and ask about it.

Mr. FARR. Well, we won the battle with DOD. They now realize that they have to do it under the ADA. They are going to go out and buy two golf carts.

Then I predict they are going to come back and say, "But they are never used, because nobody who is disabled plays golf."

Mr. BLAKE. I would have to take that back. I am sure between our force folks and——

Mr. FARR. You ought to be very involved in that.

Mr. BLAKE. Between our sports and recreation folks and our advocacy people who deal with the ADA, I will be glad to talk to them about that.

Mr. FARR. Would you look into that?

Mr. BLAKE. Yes, sir.

Mr. FARR. And the second, I guess, is with Ray. Maybe you could help me.

California has decided, as a state policy, that they won't build any more state veterans' cemeteries.

We have property at Fort Ord that is still in DOD's ownership, and what we have had to do is go to a third party process. We are doing a feasibility study, about a $250,000 feasibility study that the local governments are paying for on how to bring in a developer to develop a veteran's cemetary on the property.

We have enough land there to develop a full-scale veterans' cemetery and enough land to do something else, perhaps another civilian cemetery, private cemetery.

Because of the cost, the state refuses to participate in it. They don't want the ongoing administrative costs.

The state will actually make the application, but they won't have any skin in the game.

I would be very interested in how you might be able to work with us, because the VA is going to accept the state's application and they are going to reimburse what is reimbursable.

But you have still got this big gap. How do you bring the private sector in?

If you know how to do that, I would appreciate hearing from you.

Mr. KELLEY. I will take that back and I will work with—I have got a fairly good relationship with the people at the cemetery administration.

Mr. FARR. They are not opposing this. They can understand why California doesn't want to do it, but we have tried for 5 years to change the politics and we can't.

The last thing I want to ask all of you, is for help spreading the word about the Veterans History Project. Congress authorized the Library of Congress to set up a depository for all of the histories of veterans that can be gathered.

I did one about a week ago—you have to be trained on how to ask questions. But they have a kit that shows what kind of questions to ask because the veterans have to talk.

And what we are finding is we need to get the outreach where the veterans are. The American Legion ought to take it on as sort of their mantra.

Mr. ROBERTSON. Sir, just to let you know——

Mr. FARR. Every chapter could be the recorder who sits down with a vet and asks questions. You can tape it on any kind of recording device, either a video camera or if the vet doesn't want video, you can just do it with voice.

The benefit is, that a lot of the old vets who have never wanted to tell their story are talking now.

High school teachers want this as a project for students, for writing projects and for learning how to put together papers.

The teachers are asking the students if they will go out and interview their grandparents. And these vets will say, "You know what? I am at an age now where I want to tell that story." And it is really tear-jerking, it is incredible.

Then these will all be sent to the Library of Congress.

Senator Lugar has done the best job of this in the United States. He has collected 7,000 of them. But what we find is that when I

go talk to veterans' organizations, they have heard about it, but they don't know what to do about it.

And I think that you, as Washington connections, ought to encourage all of your members to engage in this project and find out how to get it done all over the country, because Congress wants to get every one of those stories down.

Mr. WAMP. Will you yield on that?

Mr. FARR. Yes.

Mr. WAMP. I was involved 7 years on leg branch with Representative Hoyer in setting that up and in Chattanooga, where I live, I was actually able to recruit one of the network television stations, the same hospital that we did the demo in, $500 million hospital, and the largest bank in our state, to sponsor the Veterans' History Project every week for 3 years on network television.

And the stories that were told and the videos that were drawn and the outreach that the TV stations did to our World War II era veterans was the most emotional thing you have seen.

I have been to multiple funerals of my constituents where videos were played at the veteran's funeral of their telling the story that they wouldn't have told had it not been for the Veterans' History Project.

You are talking about the crowning moment for the family is that not only did they finally draw it out, but they were actually able to honor them with that at their funeral.

Mr. FARR. But we are having still a little difficulty with the outreach.

Mr. WAMP. No doubt, no doubt.

Mr. FARR. A lot of paper without anything on it.

Mr. ROBERTSON. At our national conventions, where we draw about 15,000 each year, we have had the national history or the Veterans' History Project to come in and they actually put up a booth and they distribute the material and information.

We have no authorization over our individual posts. I mean, they are basically on their own. We are the national organization. We can't give directions.

But we have been encouraging. We have had articles in our magazine, which has a circulation of over 3 million.

So as far as getting the word out, I think we are doing a good job of that.

Now, the execution at the local level, we can try to put some more emphasis on that.

But I agree with you, it is an outstanding program and I have seen several of the productions that have been done and it is really something that needs to be captured.

Mr. BAKER. I was going to say I ran our New Orleans office for a couple of years and it was among the various offices I have worked at.

By nine in the morning, that is when we opened the doors, we probably had about 25 veterans waiting in the hall to see us and we would run through 35 to 40 sometimes a day of—that went on 5 days a week.

You hear some amazing things and this is at the local level. So the information is there.

Mr. FARR. There is no funding for the professional collection, like you would normally have some like an oral history project that was funded and somebody professionally trained.

The training is voluntary and it would be interesting, in each of these chapters, if somebody would step up and say, "You know, I don't mind doing that. I will go around and do this. I will collect them from everybody."

And all they need is a little digital tape recorder. Others have done it as a TV station did, which probably even is a better way, with a video camera.

Mr. WAMP. Sam, will you yield again?

Mr. FARR. But it is getting that volunteer, somebody saying, "I will collect the information and I will put it together," and then putting it into a kit and sending it to the Library of Congress.

They don't have to worry about any of the cataloging problem.

Mr. WAMP. Sam, one final note, if you will yield, please. The Library of Congress honored that station because they did over 400 interviews for this show and one photographer shot almost all of them and he wept at the Library of Congress and said that it was the greatest blessing of his life to be able to actually videotape all those interviews.

Mr. FARR. Well, I am going to go talk to my TV station.

Could I get a little information from your office on that?

Mr. EDWARDS. "PBS" in Waco did a program for 30 minutes prior to the Ken Burns story and the veterans they interviewed, it was very, very powerful.

Let me ask. I know we have a vote coming up very soon, actually a series of votes. So we will wrap up pretty quickly here.

We are going to be working with you formally and informally multiple times this year and the years ahead.

Let me just ask one last question, because it goes back to the oversight issue that Zach and Sam and I have mentioned. I just think we have all got to feel a burden. It is our responsibility to see that the new money the VA has gotten and will get this year is spent wisely.

That is one of the reasons we plused up significantly the Office of Inspector General at the VA this past year, and I think the administration's budget request brings that back down. We are not going to do that.

But let me ask your general opinion of the Office of Inspector General, given the limited resources they have.

Do you review their reports? Have you found them to be well researched and credible? Do they have the independence that an office of inspector general needs to have or do they have a heavy hammer somehow over their head, they can't be too rough on reviewing a VA hospital?

What are your general impressions of OIG?

Mr. BAKER. I will take a shot at it. They are not here.

Mr. EDWARDS. Kerry, go ahead.

Mr. BAKER. I think you absolutely did the right thing by increasing it. I can't, I don't think, justify decreasing that staff in the budget. I think I mentioned in one of the previous hearings the incidences in Marion, Illinois VA Medical Center as a good example.

How much that happens elsewhere, we won't know if staff is reduced.

As far as them being overly generous in their reports or not firm enough, I don't think they are too firm, that is for sure. But how much are they influenced because they have to report their bosses to their bosses? I guess you could look at it that way.

Do they hold back a little bit? It is hard to say. I think it would be nice to have an independent counsel or inspector general. I think you would have more independence.

Now, I don't know what kind of difference you would come up with. I mean, I have my own personal opinion. I have been involved in some litigation, when I was in the court before I came to legislative staff, that deals with some medical issues that I probably can't get into.

But it would fall under their shoes and it is probably for an informal conversation, but I think you have to increase their staff—decrease it, I think probably more of the things that happened such as Marion that we don't know about, just on a smaller scale.

Although I am not knocking the VA health care, but you are always going to have things that——

Mr. EDWARDS. There are always going to be imperfections and we need to identify them and weed them out.

Mr. BAKER. They need to have the staff to look at those little, small incidents, whether it is one or two incidents at a medical center. I don't think they can probably do that to the degree they need to.

Mr. EDWARDS. We have never had them testify before, at least not in my time on this subcommittee, and we had them testify recently and these are the four assistant OIGs, they are inspector generals, because we wanted people with their boots on the ground, and I was impressed with them.

But I was shocked when the inspector general, assistant inspector general for health said that they don't have any resources to go out to a single clinic.

Mr. ROBERTSON. I think they have been, historically, at least in my opinion, they have been more as validation of things that have been identified rather than being the one that identified the problems and said—blowing the whistle, saying, "Here is what needs to be looked at."

Like if you had something that occurred in any facility, yes, they may go and investigate it and say, "Yes, GAO was right or the veteran that filed the lawsuit was right."

And in my mind's eye, an inspector general is supposed to be the guy that discovers, with boots on the ground experience, investigating and identifying and ringing the bell.

And I think most of the reports that I have ever witnessed, it was more validating what problem we all knew was there was actually there.

Mr. EDWARDS. Do they send each of your organizations a copy of their reports?

Mr. ROBERTSON. The ones I have seen I have had passed to me by——

Mr. BLAKE. Most of the time, you have to ask for them politely and hope you get them.

Mr. EDWARDS. I think I would like to ask our staff to ask them to send out to the VSOs their report for the next year and then let you guys review those and give us some feedback on what you think, because I just think oversight, oversight, oversight.

We will work on sufficiency and timeliness and defendable budgets, but oversight, oversight, oversight I think has got to be something we take seriously, and Zach and Sam and I are going to work very, very hard on that with our staff, but we need you all's help.

Mr. BLAKE. And we also have to lean on the authorizers, too, because they have an oversight function, as well.

Mr. EDWARDS. You bet.

Mr. BLAKE. That is not suggesting—because they did a lot of hearings on a lot of issues last year, but they have to continue to look and hopefully we can help steer them to look at certain things that need to be investigated or looked into.

Mr. ROBERTSON. I would encourage your colleagues to have veterans' town hall meetings. I know that your schedules are pretty tight, but I think that maybe it might benefit you to say let's have veteran town hall meetings, where we are going to talk about the status of health care in the VA system.

That way, you are getting it up close and personal from the folks.

Mr. FARR. We can do that electronically now with our telephones. We can call our constituents at home and they don't have to get up and go anywhere. We can put every one of them on one conference call.

Mr. WAMP. Mr. Chairman, I just want to add that I think the IG has all the reports up online in terms of access now to them.

I really appreciate all of you for what you do, who you represent, and the way you come before us here, because this is good collaboration. This has been one of the best opportunities we have had to come together.

Also, though, you had a comment about the authorization committee. The best part about serving where we serve is that our bills have to become law and a whole lot of times, those guys, they will go here and there and yawn and back and forth between the two bodies, but a lot of it never becomes law.

All of our bills become law. And so this is where the action is and wherever we can make changes, respecting their jurisdiction and their authorization, our bills can move things quicker than sometimes theirs can.

Mr. EDWARDS. And please don't wait to hear a formal request from us. As you are having your meetings with VA officials and veterans out there in the real world, give us your constant feedback so that we can keep on being a partner with and be a hawk overlooking VA to see how they are doing.

I hope your members understand the important role you played this past year in putting together that historic VA budget. I feel if a truck ran over all of us tomorrow, we have raised the bar. We are going to raise it again this year.

So after we are gone, that bar will never go down. It is going to have to go up. Whether we can sustain the kind of increases we have had the last 2 years every 2 years, I don't know. But whatever happens, the bar is set higher and that is going to benefit vet-

erans for a long time, and it wouldn't have happened without your organizations' tremendous leadership.

The Independent Budget and the American Legion budget were really a fundamental building block we used to put that budget together, and thank you for that and your continued work.

And if there are no additional questions—Sam, any additional comments?

Mr. FARR. No. Thank you.

Mr. EDWARDS. If not, thank you for being here.

THURSDAY, APRIL 3, 2008.

VETERANS AFFAIRS INFORMATION TECHNOLOGY

WITNESSES

ROBERT T. HOWARD, ASSISTANT SECRETARY FOR INFORMATION AND TECHNOLOGY

PAUL A. TIBBITS, DEPUTY CHIEF INFORMATION OFFICER FOR INFORMATION AND TECHNOLOGY

STEPHEN W. WARREN, PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR INFORMATION AND TECHNOLOGY

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I would like to call the subcommittee to order. Secretary Howard, welcome to the subcommittee.

This afternoon the subcommittee will hear testimony in support of the budget request for information technology programs at the Department of Veterans Affairs. The budget request for fiscal year 2009 is more than $2.4 billion, about $475 million more than the fiscal year 2008 appropriation.

Our witness this afternoon is Mr. Robert T. Howard, Assistant Secretary for Information and Technology and Chief Information Officer. Secretary Howard, again welcome to the committee.

Mr. HOWARD. Thank you, sir.

Mr. EDWARDS. Starting in fiscal year 2006, the Congress directed the department to reform its information technology budget to provide the chief information officer with centralized management and responsibility for the development and operations of all the IT functions. We know and respect the fact this has been a complicated and somewhat disruptive process for the department to undertake, but prior to this centralization there was absolutely no way to know what the department was proposing to spend on its IT programs, and there was no meaningful oversight control within the department.

With the increased control that centralized management can provide, we hope that the expensive mistakes of the past will not be repeated and that the department can move forward in developing and implementing information technology systems to provide necessary services for the veterans and value to the taxpayer alike.

At this time, before I introduce Secretary Howard, I would like to recognize our ranking member, Mr. Wamp, for any comments he would care to make.

Mr. WAMP. Thank you, Mr. Chairman. I am the new guy here, but we have had a host of hearings, and I have actually been out and seen a major VA facility in the state of Tennessee. I now understand the challenges that we face. Thank you for your service and I look forward to your testimony. I don't really have any further comments, Mr. Chairman.

Mr. EDWARDS. For the record, Secretary Howard was confirmed as Assistant Secretary for Information and Technology on September 30, 2006. I imagine it has been a busy time since then, Mr. Secretary. We want to thank you genuinely and deeply for your 33 years of active duty service in the United States Army. You culminated that service in your last assignment as the Deputy Assistant Secretary of the U.S. Army for Budget.

Always saving the very best for last, his civil engineering education includes a graduate degree from Texas A&M University. [Laughter.]

As an Aggie, Mr. Secretary, I am proud to welcome you before our subcommittee.

Without objection, your full testimony will be submitted for the record, but we would like to begin by recognizing you for 5 minutes for any comments you care to make, and then we will go into questions and answers.

Mr. HOWARD. Yes, sir. I might add, I did a lot better down there than I did at Northeastern in Boston.

Mr. EDWARDS. Well, you are prepared, and I know they made you work hard at Texas A&M.

Mr. HOWARD. Maybe they couldn't understand me. I don't know.

Mr. EDWARDS. It is great to have you here.

STATEMENT OF THE HONORABLE ROBERT T. HOWARD

Mr. HOWARD. Sir, Chairman Edwards and Ranking Member Wamp, good afternoon. Thank you for your invitation to discuss the president's fiscal year 2009 information technology budget proposal for the Department of Veterans Affairs. With me today, my Principal Deputy, Stephen Warren, and my Deputy for Enterprise Development, Dr. Paul Tibbits.

As we look forward to the upcoming year, we remain focused on VA's primary mission, the health and well being of our nation's veterans. To assure that we succeed in our mission, it is imperative that we employ all of our resources, including IT, in the most effective way possible.

Let me begin this afternoon by discussing the IT reorganization and some of our experience to date. From fiscal year 2006 to fiscal year 2007, and continuing on into fiscal year 2008, the Office of Information and Technology began the transition to a new centralized organization by detailing IT personnel outside of OI&T and combining them with the original OI&T staff. This transition has led to the president's budget request of 6,780 FTE for fiscal year 2009.

Through this consolidation, we are discovering activities that need improvement and enhancement, especially in the area of data security, privacy and infrastructure improvements. We have increased our emphasis on certification and accreditation, and are developing better procedures for asset management. Progress is being made, but there is still much to be done in establishing the organization and providing the IT support that VA and veterans deserve.

One of the most critical changes in OI&T was the establishment of the new IT appropriation in fiscal year 2006. In that regard, we continue to focus our efforts in structuring and funding the IT appropriation along programmatic lines, relating IT to the principal missions of VA. Since this is a line-item appropriation, prior plan-

ning is critically important and establishing the funding correctly up front is essential.

VA is requesting $2.442 billion to support IT development and operational expenses, including payroll, for fiscal year 2009, an 18.9 percent increase over the fiscal year 2008 level. This request reflects the consolidation of VA IT into one appropriation, with certain exceptions such as non-payroll IT for credit reform programs and insurance benefit programs.

In fiscal year 2009, the majority of increases represent program priorities to enhance the support to veterans, both directly and indirectly, especially in the area of medical care. Placing all IT staffing, equipment and budgetary resources under the VA chief information officer has provided an objective capability with visibility over all IT activity across the department.

This capability will also provide for a more standardized approach to our critical developmental efforts. An example is the urgent need to accelerate the design and implementation of our electronic health record, which will meet the national health IT standards and improve interoperability with DOD.

The non-pay portion of the fiscal year 2009 budget has been realigned from previous submissions to focus on two major classifications: veteran-facing IT systems and internal-facing IT systems. This has been done to better link the appropriation to the missions of VA. Veteran-facing IT systems enable support of VA programs for veterans such as medical care, compensation and pension benefits, vocational rehabilitation, employment services, and burial services. Veteran-facing programs account for $1.295 billion of our request.

Internal-facing IT systems are those that provide the capability to work more effectively in managing IT resources, such as corporate management, financial management, asset management, human capital management, IT infrastructure, and information protection. The internal-facing programs account for $418 million.

Finally, the pay portion of our fiscal year 2009 budget request accounts for $729 million.

The total of $2.442 billion for fiscal year 2009 reflects a sizable increase, as I mentioned before, over fiscal year 2008. Over the past several years, VA IT has had a fairly level budget, yet the organizations we support have increased in size, both in facilities and people. To sustain our efforts, VA must apply the necessary IT talent and tools required. The increase will allow us to accelerate some programs and begin a concerted effort to enhance our IT infrastructure.

In closing, VA IT is committed to providing effective and efficient support to veterans, and in turn the VA community at large. Over the past year, we have made progress and have experienced challenges, so much remains to be accomplished.

I appreciate having this opportunity to discuss this with you and will gladly respond to your questions, sir.

[Prepared statement of the Honorable Robert T. Howard follows:]

STATEMENT OF THE HONORABLE ROBERT T. HOWARD
ASSISTANT SECRETARY FOR INFORMATION AND TECHNOLOGY
DEPARTMENT OF VETERANS AFFAIRS

FOR PRESENTATION BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS
AND RELATED AGENCIES

April 3, 2008

Chairman Edwards and Ranking Member Wamp, good afternoon. Thank you for your invitation to discuss the President's Fiscal Year (FY) 2009 Information Technology (IT) budget proposal for the Department of Veterans Affairs (VA). As we look forward to the upcoming year, we remain focused on VA's primary mission—the health and well-being of our Nation's veterans. To ensure that we succeed in our mission, it is imperative that we employ all of our resources, including IT, in the most effective way possible.

Let me begin this afternoon by recapping the major aspects of the IT reorganization and highlights of our experience to date. From FY 2006 to FY 2007, the Office of Information and Technology (OI&T) began the transition to a new centralized organization by detailing 5,010 IT personnel outside of OI&T and combining them with the original OI&T staff of 519 personnel. In FY 2008, OI&T has the budget authority to consolidate all 1,151 IT development FTE, along with the 5,535 operations and maintenance FTE, for a total staffing level of 6,686.

We have been operating under this new organization for about a year and continue to learn a lot about what it takes to provide effective and efficient IT support to an organization the size and complexity of VA. As we move forward, we will continue to build upon our successes; however, we remain aware that our work is far from complete. As a result of the clarity we have been able to bring to the management of IT through the consolidation, we are discovering activities that need to be improved and enhanced from an overall management stand point. This is especially true in the area of data security and privacy and infrastructure improvements. We have increased our emphasis on certification and accreditation and are developing better procedures for asset management. Progress is being made but there is still much to be done in establishing the organization and providing the IT support that VA and veterans deserve.

Working with our new centralized organization has certainly been a challenge for all of us, but the other critical change we are dealing with is the new

IT appropriation which was established in 2006. In that regard we continue to focus our efforts in structuring and funding the IT appropriation along programmatic lines—relating IT to the principal missions of VA. Since this is a line item appropriation, prior planning is critically important and establishing the funding correctly up front is essential.

As you are aware, VA is requesting $2.442 billion to support IT development, operations, and maintenance expenses including payroll for FY 2009, an 18.9 percent increase over the FY 2008 level. This request reflects the consolidation of VA IT into one appropriation, with certain exceptions such as non-payroll IT for credit reform programs and insurance benefits programs. In FY 2009, the majority of increases represent program priorities to enhance the support to veterans both directly and indirectly, especially in the area of medical care.

The move toward a centralized IT Management System has been challenging, but it also served to reinvigorate IT capability within VA. Placing all IT staffing, equipment, and budgetary resources under the VA Chief Information Officer (CIO) has provided an objective capability with visibility over all IT activities across the Department. This capability will also provide for a more standardized approach to our critical developmental efforts. Of critical urgency is accelerating the design and implementation of electronic health records which meet the national health IT standards and are interoperable with the Department of Defense (DoD). Electronic Health Records (EHR) will help to streamline the benefits claims processing through improved IT support so claims may be adjudicated timely and efficiently, and ensure portable IT equipment for benefit counselors traveling to DoD sites is encrypted and service members' privacy is protected.

The non-pay portion of the FY 2009 budget has been realigned from previous submissions to delineate veteran strategic issues into two major classifications – ***veteran facing IT systems*** **and** ***internal facing IT systems***. This has been done to better link the appropriation to the mission of VA. ***Veteran facing IT systems*** enable support of VA programs for veterans, such as, providing medical care, delivering compensation benefits, providing pension benefits, enhancing education opportunities, delivering vocational rehabilitation and employment services, promoting homeownership, providing insurance service, and delivering burial service. Veteran facing programs account for $1.295 billion of our request (The payroll portion of that budget is $729.2 million). ***Internal facing IT systems*** are those that provide the capability to work more effectively in managing IT resources - such as corporate management, financial resources management, asset management, human capital management, IT infrastructure, and information protection. Internal facing program budget totals $418 million.

These amounts reflect a sizable increase over FY 2008 which will be very helpful in the improvement of IT support to VA. Over the past several years VA IT has had a fairly level budget yet, at the same time, the organizations we have to support have been increasing in size; especially in terms of facilities and people. And, as you well know, whenever you do that, you have to apply the necessary IT talent and tools to those activities. The increase will allow us to provide the needed funding to accelerate such programs and keep most of them on track. Highlights are provided below.

VETERAN FACING MEDICAL PROGRAMS

Veterans Health Information Systems and Technology Architecture (VistA) Application Development

VistA Application Development consists of the enhancement and development activities that support the movement of the existing MUMPS-based applications from the "as-is" into the "to-be" VistA architecture, new data structures, and desired capabilities. (MUMPS is an acronym for Massachusetts General Hospital Utility Multi-Programming System.) Vista Application Development, in conjunction with VistA Foundations Modernization, will take the necessary steps toward building VA's next generation health care information system.

VistA Foundations Modernization

Another extremely important developmental program in the medical area is the modernization of VA's world class Electronic Health Record. For the past two and a half years, VA has been working hard to support the President's vision to have electronic health record capability for most Americans by 2014, and to implement the associated Executive Order. For example, VA and DoD have partnered on state-of-the-art software applications, including Bidirectional Health Information Exchange (BHIE) and Clinical Health Data Repository (CHDR). These applications allow VA and DoD to exchange health data for veterans including injured service members as they move from DoD treatment facilities to VA health care facilities for continued treatment. This allows VA to care for all veterans, including seriously injured service members more efficiently, effectively and safely.

VistA Foundations Modernization is the capital investment that provides the architecture and foundational elements of VistA HealtheVet that support the delivery of the re-hosted/reengineered applications. In the FY 2009 Deployment Toolkit, Business Rules Engine and Workflow Engine will be delivered along with new testing services capabilities. Standardization activities in support of VA/DoD sharing will continue as well as ongoing work to establish a common architecture to eliminate redundancies in coding, support common terminology sources between applications, and promote software and data use.

Scheduling Replacement

The goals of the Scheduling Replacement project are to improve access to care for veterans, decrease wait times for appointments, and increase provider availability. The first version will be placed in production at the VA medical center in Muskogee, Oklahoma during June 2008. Several activities will occur during FY 2009 to prepare Scheduling for national deployment. Activities include improvements to the application identified by the initial installations, acquisition of the hardware and software needed to operate the application at the deployment sites, and the launch of a national training campaign. In FY 2011, VA anticipates the completion of the national rollout to all VA sites.

VistA Laboratory Information Systems (IS) Reengineering

The Laboratory System ISReengineering project will provide VA with a modernized Laboratory Information Management System that supports the business processes of the Pathology and Laboratory Medicine Services. In FY 2009 the system will undergo independent verification and validation and field tests. The FY 2009, increase in funding is to acquire 20 percent of the equipment needed for the deployment. National deployment will begin in FY 2010, and will be phased over five years.

Health Data Repository

The Health Data Repository (HDR) is a repository of clinical information, normally residing on one or more independent computer systems, for use by clinicians and other personnel in support of patient centric care. Deliverables for FY 2008 include the addition of laboratory data related to chemistry and hematology to HDR and Clinical Data Repository CDR. Upon completion, this additional lab data will be exchanged with DoD on shared patients as well as all VA medical facilities. Deliverables also include the deployment of the new HDR National v2 that replaces two applications (HDR National v1 and Clinical Data Service) and provides a more robust system. National rollout for the final HDR solution is projected to begin in FY 2009.

MyHealtheVet

One of our real success stories is the application called "My HeatheVet" (MHV). In FY 2007, MHV which is funded in FY 2009 at $18.4 million, stabilized its platform, increased its total number of prescriptions refilled online to over 2.8 million, and supported the increase in the number of MHV accounts to over 400,000. Nearly 20,000 veterans have already made the trip to VA medical centers for in-person authentication, a prerequisite for a veteran accessing their VistA information online.

In fiscal years 2008 and 2009, veterans will be able to request and store copies of key portions of their VA electronic health record in their MHV personal eVAult, along with their self-entered health information and health assessments. Veterans will be able to record medical events, medications, over the counter medications and herbals, and tests. They will also be able to track vitals and health readings (e.g., blood pressure, blood sugar, weight, and pain level) and graph results, alongside any readings or lab test results from VA care. Veterans can also keep health journals (e.g., activity and food journals), record health histories (family, self and military health histories), view upcoming appointments, get health reminders, and benefit from increasing mental health information and tools. MHV will stand up an architecture that is ready to support the continued increase of veterans seeking the 24/7 access to VA information and services from anywhere Veterans will also benefit from better communications and information sharing with their health care providers.

Pharmacy Reengineering

The pharmacy suite of applications is undergoing modernization to improve service and safety to veterans and to better support the current and future VA business needs. The project scope is to replace current pharmacy software modules with new technology through reengineering, new development, and purchase of commercial products. Plans are to deploy enhanced order checks in FY 2009, which will improve patient safety standards by reducing adverse drug events by 50 percent, with enhanced item management functionality to follow.

Enrollment Enhancements

Enrollment System Redesign (ESR), scheduled for deployment in June 2008, will replace Enrollment's Health Eligibility Center (HEC) Legacy system. The first in a series of enhancements will produce a workflow component to create, assign, view, track and complete work items. It also provides for changes to VistA in order to support the technology and business changes that will occur with the implementation of ESR. The capabilities that are the focus in FY 2009 are the introduction of self-service functions to reduce application processing time; access of DoD military service data and existing benefits claim information to place the eligibility burden of proof on VA rather than the veteran; and productivity improvements in the area of veteran financial assessments and income verification.

VistA Legacy

As we continue our modernization efforts, we must maintain our current legacy system–called VistA. This system will need to remain operational for the foreseeable future as new applications are developed and implemented. This

approach will mitigate transition and migration risks associated with the move to the new architecture. Our budget provides $99 million in 2009 in this account.

VETERAN FACING BENEFITS PROGRAMS - IT SUPPORT FOR COMPENSATION AND PENSION (C&P)

Information and technology investments over the past several years and those planned for the future will enable new technologies to be used to facilitate processing of veterans claims and for providing the vast number of benefits to veterans and their families. The majority of development in new technology includes the enhancement of the compensation components of VETSNET, development of the Virtual VA imaging solution for compensation and pension, and operation of the program integrity and data management program. The Benefits Delivery Network (BDN) will continue to be sustained until all programs, utilizing its shared components, are replaced. The retirement for the BDN platform is projected in early 2012. Highlights of Veteran Facing Benefits programs are provided below.

VETSNET

VETSNET is the replacement system for compensation and pension functions of the legacy BDN. It is a custom built suite of applications designed to support end-to-end compensation and pension claims processing operations nationwide. A key benefit of VETSNET is the migration of compensation and pension benefit payments to a modernized, stable platform. Over 42 million compensation and pension payments are made annually from BDN, which was designed and built in the late 1960s. Legacy record conversions, necessary for the payment of existing and compensation and pension beneficiaries, have begun and will be completed by July 2009 – a major milestone for VA. Thus far in FY 2008, over 96 percent of new compensation claims have been completed in VETSNET, versus 5 percent in FY 2006. As of the end of January 2008, over 863,000 are receiving their monthly compensation payments via VETSNET. This includes over 613,000 records converted from the BDN in fiscal years 2006 and 2007. Over $1 billion dollars in C&P benefit payments have been made through VETSNET during FY 2008.

Virtual VA

Virtual VA is a Web-based document and electronic claims folder repository, and is the cornerstone of our Paperless Delivery of Veterans Benefits initiative. Planned FY 2008 activities include maintenance of the existing application functionality and planning for migration to a centralized infrastructure. Expansion of existing pilot efforts in support of compensation and pension claims processing will also be targeted for FY 2008, along with a development of a comprehensive strategy for full development of the Paperless initiative. Significant execution of the comprehensive plan will carry into FY 2009, and will include integration with the C&P claims processing system, VETSNET.

IT Support for Education, Vocational Rehabilitation and Employment (VR&E), Housing, and Insurance

Education opportunities, rehabilitation and employment services, life insurance, and the housing program are provided to eligible veterans and their dependents. These programs rely on supporting IT systems to ensure benefits and services are provided timely and consistently and support staff engaged in ensuring delivery of checks, electronic transfers and other related materials are routine. BDN supports compensation and pension as well as education and vocational rehabilitation and employment.

The Education Program IT Support development costs represent 2.2 percent of the total development costs for veteran facing IT systems. During FY 2009, new technology efforts will begin the development of a rules-based infrastructure which will facilitate the adjudication of Chapters 30, 32, 35, 1606, and 1607 benefits. At full completion, it is planned that VA will automatically process the majority of claims, received electronically, by applying benefit-specific business rules and issuing payment for all claims.

Vocational Rehabilitation Program IT Support development costs represent less than 1 percent of the total development costs for veteran facing IT systems. C-WINRS is VR&E's system of workflow management, control, and reporting. At full implementation, C-WINRS will replace BDN in Chapter 31 claims processing. Beneficiary payments of subsistence allowance will be completed via interface with the VETSNET Finance and Accounting System (FAS). Targeted activities for FY 2009 include completion of functional requirements and technical design.

Information Architecture and Legacy Document Project for Housing Program (funded through credit reform reimbursement from the Housing program) will establish online information architecture for Loan Guaranty. This project will convert critical microfiche and hand-copy documents into an electronic format with indexing capabilities. These documents would then be made available to authorized VA staff via current Loan Guaranty systems. The project will also enable Loan Guarantee to use workflow management by providing online collaboration and review capability within a paperless environment.

INTERNAL FACING IT PROGRAMS

Internal facing IT systems link to specific management categories - corporate management, financial resources management, asset management, human capital management, IT infrastructure, cyber security, privacy, and E-Gov. VA is requesting $418 million in FY 2009. Two significant investments are in the categories of human capital management and financial resources management to replace existing systems with new technologies. The Human Resources

Information System is an OMB/OPM managed project, and the Financial and Logistics Integrated Technology Enterprise system (FLITE) addresses VA's long standing Federal Financial Management Integrity Act material weakness -- lack of a VA-wide integrated financial management system.

Internal facing IT development and operational systems are those that will improve effectiveness and efficiency in managing its resources. As VA continues to meet challenges to enhance the delivery of timely, high quality services to veterans and their beneficiaries, internal system development requirements continue to grow. Operations and maintenance consists of those functions that ensure the IT infrastructure and business-critical applications have the availability, performance, adaptability, and scalability required to support business needs. Highlights are provided below.

Human Capital Management Programs

VA is requesting $92.6 million for IT human capital management programs in FY 2009, an increase of $32.8 million or 54.9 percent increase. As employees are one of VA's most important assets, investments in human resources systems will help VA meet the challenges of managing over 240,000 employees. These systems are focused on ensuring VA health care provider credentials are current and benefit claims specialists receive the latest training in an ever improving benefits delivery system. These systems also will help VA manage its mature workforce with a greater array of succession planning tools. Finally, VA will update its payroll system to a more modern, secure data information system.

Financial Resources Management Programs

VA is requesting $65.3 million in FY 2009 for IT financial systems, an increase of $14.8 million or 29 percent. These resources will enable the overall Department to better manage the $93 billion in Federal resources to deliver services to the Nation's veterans. A critical part of this program is the FLITE initiative.

Financial and Logistics Integrated Technology Enterprise

FLITE is a multi-year initiative to replace the existing financial and logistics systems with integrated, enterprise-level systems. The two primary components are the Integrated Financial Accounting System (IFAS) and Strategic Asset Management (SAM) project. FLITE implementation has three primary objectives: (1) to effectively integrate and standardize financial/logistical data and processes across all VA offices; (2) to provide management with access to timely and accurate financial, logistics, budget, asset and related information on VA-wide operations as well as on specific programs and projects; and (3) to establish an advanced technology environment which provides VA with the greatest capability and an extended life cycle.

In FY 2007, VA completed the prerequisite planning, which included developing the FLITE governance framework and baseline cost estimates, documenting requirements, establishing an acquisition strategy, determining the COTS solution for SAM and IFAS, and conducting a stakeholder analysis and communications needs assessment as well as other project management strategies. In FY 2008, VA will award individual implementation/integration contracts for SAM and IFAS. The pilot test for SAM will be deployed at the Milwaukee VA Medical Center in FY 2008, and the pilot preparation for IFAS will start in FY 2008. FY 2009 will include deployment of additional beta sites for SAM and pilot testing for IFAS. The budget increase from FY 2008 to FY 2009 accounts for development and testing activities.

Cyber Security

VA is thoroughly examining every aspect of our information protection program to ensure that sensitive information, primarily Personally Identifiable Information (PII), including Protected Health Information (PHI), is neither mismanaged nor used, accessed, or disclosed for any unauthorized purpose. We have requested $93 million in FY 2009 to meet this goal. This request can be broken into two major categories (as discussed below) - support for our Enterprise Cyber Security Program and support for the Personal Identification Verification (PIV) program. Highlights are provided below.

Enterprise Cyber Security Programs

The Data Security - Assessment and Strengthening of Controls (DS-ASC) program, an overarching program providing focus to all activity related to data security, includes several hundred specific actions all oriented toward improving the position of VA in the area of information protection. To date, approximately 40 percent of the original DS-ASC items have been completed with the approval of VA Handbook 6500 IT Security Program and its appendices. This handbook is the primary cyber security procedural document for the Department. Recently, DS-ASC focused on the VA Office of Inspector General and GAO recommendations reported to the Congress. By reorganizing the DS-ASC around these recommendations, VA is confident that it will reach the Gold Standard for Data Security and satisfy each recommendation within the next 3 years.

Through the Enterprise Cyber Security Program (ECSP) VA formulates and oversees the implementation of the Department-wide security program. ECSP provides a continuous cycle of risk assessment, modification of policies and procedures to reflect changes in the risk environment, identification of mitigating security controls, and the testing of those controls. ECSP is comprised of both management and technical components.

The management components establish VA IT security policies and procedures; oversee Department-wide risk management, certification and accreditation, and Federal Information Security Management Act (FISMA)

reporting and compliance programs; update the Department IT security program plan; provide for credit monitoring and fraud detection services; sponsor the Department's security awareness training, initiate role-based training for information security officers (ISOs), and present VA's annual information security conference; and provide procurement, budgeting, personnel, and capital planning support for the investment. Field Security Operations and Information Security Officer Support Service (Field Ops) provide oversight for the facility-based ISOs. It also includes an incident response and risk management capability to monitor, respond, and report on data breach and other information security incidents. The incident response team has developed enterprise identity strategic and implementation plans for fiscal years 2008 through 2010.

Technical components include the Critical Infrastructure Protection Program, which directs the operation of the Network and Security Operations Center and is responsible for providing the centralized incident response and recovery capability as well as other enterprise network and security services, such as, firewall management; intrusion detection and prevention monitoring; Domain Naming System management; content filtering; patch management; antivirus program; and enhanced 24x365 monitoring of core VA infrastructure. The continued deployment of the enterprise host-based intrusion prevention, anti-spyware, and anti-spam solutions are ongoing as well as initiatives to implement e-Discovery technology and anomaly detection services within VA's enterprise architecture to further enhance our security posture and network services availability.

The information protection program is responsible for reporting on the deployment of technical controls that bring VA in compliance with Federal regulations and VA policy. The technical controls protect information in transit and in storage. Such technical controls include encryption of laptops, secure network transmissions, mobile device security, remote access security, secure emails and documents, tape encryption, and scanning of emails being transmitted through VA's Internet gateways for social security numbers.

Personal Identification Verification (PIV) Program

This initiative replaces VA's Authentication and Authorization Infrastructure Project with a system that directly addresses Homeland Security Presidential Directive 12 and FIPS 201 with the implementation of processes and procedures required to issue PIV cards. PIV includes five logical components that support PIV card issuance and the business process and procedures necessary to perform data capture, data management, identity proofing, identity management, access management, logical access control, physical access control, authorization, and authentication surrounding the PIV credential. PIV is a VA enterprise system that will be interoperable across the Federal Government. Coordination with other agencies facilitates knowledge sharing between VA and other Federal departments and agencies. In FY 2009 VA will deploy the PIV

registrar and issuer workstations to 113 of 225 field locations and issue 50 percent of the cards to employees.

IT INFRASTRUCTURE (VETERAN FACING AND INTERNAL FACING)

Before closing, I would like to provide an overview of the funds requested for IT Infrastructure supporting both veteran facing IT systems and internal facing IT systems. VA's extensive and complex IT infrastructure is the foundation for the operation of information systems in VA. IT systems are critical for the delivery of veterans' services, from the delivery of health care using the EHR to timely delivery of veterans' benefits claims and burial programs, through implementation and ongoing management of a wide array of technical and administrative support systems. VA is requesting $800 million and an increase of $140.2 million over FY 2008 operations. This significant investment is needed to begin rebuilding the VA IT Infrastructure to one that will provide effective and timely delivery of health care, benefits, and burial services to the Nation's veterans and their dependents. To keep up with growing data, network capacity, information sharing (e.g., DoD and business partners), security and privacy, and technical requirements created by innovative IT solutions, the VA IT infrastructure must be refreshed and modernized.

In FY 2007, the many different infrastructure accounts were combined to form the IT infrastructure activity now centrally managed by the CIO. This centralization allows VA to better manage computer systems, VA data networks, and voice services to better deliver veteran benefits with adequate security and continually improving cost-effectiveness. Without proper operation and maintenance of the IT infrastructure (including planning and budgeting) and implementation of new technologies, the delivery of essential services and business operations of this or any other modern governmental function would literally halt in days and the health, lives, and well being of veterans would be jeopardized.

Increased staffing and activation of new VA facilities comes with associated IT requirements and assets. Every new person hired requires IT tools, such as a desktop or laptop computer, mobile device, or printer. For example, VA projects that by the close of FY 2009, it will have implemented numerous facility activations, including 51 new community based outpatient clinics. By their nature, community-based outpatient clinics are not generally close to a medical center, and are quite often in rural areas, creating IT asset management challenges. Additionally, there are currently 209 readjustment counseling vet centers with more projected to be opened during FY 2008. Vet centers are typically small in staff size and are not located on VA property. In serving veterans, both of these facility types require reliable IT equipment that embodies information assurance and data standardization.

In support of the veteran facing IT systems, IT infrastructure ensures the underlying platforms and services function properly in support of the wide variety of veteran facing applications supporting mechanism to ensure funding for. By definition, the infrastructure, which is comprised of application licenses, network and computing support, and voice, data and video infrastructure, is key to effective program delivery. It provides for the hardware and communication lines and systems that allow over 240,000 VA employees to deliver health care, benefits delivery, and memorial services to a grateful Nation's veterans. IT infrastructure support for veteran facing IT systems for FY 2009 is $659.04 million. The breakout of this support across the major service areas at VA is as follows:

- Medical Program IT Support: $573.07 million
- Regional Data Processing Center: $30.00 million
- Compensation Program IT Support: $35.23 million
- Pension Program IT Support: $6.40 million
- Education Program IT Support: $3.97 million
- Vocational Rehabilitation Program IT Support: $5.60 million
- Burial Program IT Support: $4.75 million

VA IT infrastructure serves the entire range of business functions including primary missions, handling of Congressional and other correspondence, financial operations, interaction with veterans service organizations and other agencies including DoD health care systems, data exchange with business partners, Continuity of Operations (COOP) and continuity of business, radio frequency spectrum management; and implementation infrastructure for new and enhanced business applications.

IT infrastructure programs and activities for FY 2009 include work as a major participant in the GSA Federal Telecommunications Service (FTS) program; transition of current long distance voice and data circuits from the FTS2001 contract to the new Network contract; implementing compliance with the Internet Protocol version 6 (IPv6) mandate by OMB; continuing to strengthen VA Gold Standard for Data Security; operation of a multi-carrier backbone wide area network; exploration of new and more efficient network technologies including Internet 2, voice over IP (VOIP), and unified communications; and continued standardization of the infrastructure architecture from desktop to wide area network. Infrastructure programs require an increase to meet service projections for enhancing patient care services, provide additional care for returning war veterans, teleradiology and remote medical services, fund the phased replacement of PCs across VA, and establish greater network bandwidth for facilitating communications. IT infrastructure funding is essential to protect IT resources and strengthen data security for keeping sensitive veteran and employee data safe, secure, and confidential.

Telecommunications services are an integral and fundamental component of VA. While often taken for granted, these technology dependencies and

interdependencies are essential to business functions and service providers. Without these services, which may be viewed essentially as utilities, VA modern health care and benefit functions would not be possible and would be reduced to paper, other physical media (e.g., x-ray films), and physical mail or courier delivery. These services operate 24 hours a day, 7 days a week.

IT OVERSIGHT AND COMPLIANCE

I am pleased to report, regarding our robust capability for Oversight and Compliance, a program that has emerged as one of our major success stories in my organization. Since its creation earlier last year, the Office of IT Oversight and Compliance (ITOC) has achieved a great deal, and it is already showing dramatic results and measurable benefits across VA. As of today, ITOC has conducted over 200 assessments---a rate of 24 to 30 assessments per month, versus 2 per month compared to the past. ITOC is working together with VHA, VBA and NCA to correct and help eliminate the existing deficiencies found by the VA Inspector General (IG) and the General Accountability Office (GAO) over the last few years. My staff and I have found that the field facilities welcome ITOC's independent and objective assessments as the leadership across VA continues to drive home to each employee the importance of securing sensitive information. ITOC is helping to effect real change to improve VA's FISMA scorecard, as well as how we are working together with other VA administrations to mentor, train, coach and optimize our valuable resources to better serve our Nation's veterans. Unequivocally, ITOC's biggest contribution has been the general raising of awareness that the functional areas they assess (cyber security, records management, privacy and information physical security) are very important, not just to OI&T, but to VA and the fulfillment of its mission. The realignment of IT resources in VA was very important to ensure our information and technology services were properly aligned with our business requirements. Subsequently, ITOC has helped ensure that those information and technology services are being provided in a consistent and compliant manner across VA. VA's senior leadership, and the senior leadership at every VA facility, is now well aware that not only is compliance with VA and Federal requirements mandatory, but that there is now a group of competent professionals that will show up at their facility to actually validate that they're compliant. As we look ahead, I ask for your support of the efforts required for the continued successes of this highly critical organization.

In closing, I want to assure you that VA IT is committed to providing effective and efficient support to veterans and in turn to the VA community at large. We have made progress over this past year and have experienced problems as well - so much more remains to be done. I appreciate having this opportunity to discuss this with you and will gladly respond to your questions.

SECURITY BREACH DEVELOPMENTS

Mr. EDWARDS. Thank you, Mr. Secretary.

Let me begin by asking you about the latest security. We are all aware of the breaches that occurred over the last several years and all of the national attention regarding that. Can you tell me what steps we have taken to see that doesn't happen again? How confident are you, given what we have done, that it will not happen again?

Mr. HOWARD. Yes, sir. We have done a lot, quite frankly, but I will say right up front there is an awful lot remaining to be done. This is an enormously difficult problem, particularly in an organization like VA that deals with a lot of information. We are basically an information organization, whether it is health or private information.

Starting right at the beginning, we fabricated or we put together a very extensive action plan to address a lot of things. It has over 400 tasks in it—all sorts of things from encryption to background investigations to training programs and what have you. We have put a lot of effort in, and so we have tried to approach this from a people process and tools standpoint.

The people issue is the most critical, and that is making sure that we embed the organization with cultural awareness, awareness of our problem, because if every employee did what they were supposed to do, we wouldn't have the difficulty. That really is the central focus. We have a long way to go on that. We really do, in spite of the communications efforts we have had and the training programs.

Our processes have been improved. An example of that would be incident reporting processes. We are infinitely better than we were back in May of 2006. We have very good processes put in place. Of course, unfortunately we see a lot of incidents because people report them. They don't hold them back, and we encourage that. We say, don't even think twice. If you have one, we want to see it. And we send that immediately to the U.S.-CERT. We don't even think hardly about it, because we want to make sure it gets registered. And then we go in and analyze it.

Mr. EDWARDS. Who would report that? I take a laptop home that I should not have taken home. Who would know about that? And who would report it?

Mr. HOWARD. Sir, many times it is actually the individual who had the incident. You know, they put the laptop in their car and it was stolen or whatever, and we have many incidents that are actually reported by employees who realize they have made a mistake. Although we have had some disciplinary action, it hasn't been extensive. We have to be very careful about that, because as soon as you go overboard, you just shut that right down.

We also have information security offices throughout the organization, whose job it is to monitor activity. If they find paper folders in the trash somewhere, they will report that as an incident. So it can come from any source. It can also come from my oversight and compliance capability I have put in place. They go around and do assessments, and every once in a while they discover things that should be reported as incidents. So the processes are important.

The other area that is extremely important, sir, is to provide the tools necessary—encryption for the laptops. We have mandated full hard-drive encryption on VA laptops. We have mandated the use of encrypted thumb drives. The young docs running around with their medical information, it is like your kids. It is hard to keep them disciplined so that they keep thinking about that. So we use encrypted thumb drives. If you lose it, no problem. Nobody is going to be able to get in there.

Monitoring software—we now have the capability. We are starting to implement that, where if you hook into the VA network, we can view the computer. If it doesn't pass scrutiny in terms of the correct software, if it has things on it that we don't particularly like, shut it off. You can't get in. We have just started implementing that.

So there are a number of software tools that we have put out, if that answers your question, sir.

Mr. EDWARDS. Okay.

Mr. HOWARD. There are many, many things.

Mr. EDWARDS. When was the largest incident? Was it in May of 2006?

Mr. HOWARD. I remember it well, sir.

Mr. EDWARDS. Okay. That employee had access to a massive amount of data.

Mr. HOWARD. Yes, sir.

Mr. EDWARDS. Would that same employee today, or a similar employee, another person in that same position today, be able to put that much information on their laptop?

Mr. HOWARD. Sir, the rules are in place where they should not do that. Now, you know, if you are really bent to do that and you work hard enough, you can figure out a way to do it. But the access controls are much better than they were before. We also have completed Handbook 6500, which is our physical security program, with very clear instructions on what you can do and what you can't do.

But you did hit on a very critical area, and that is any activity that by nature of the activity deals with large amounts of information. Research is a good example of that. The individual that had that laptop stolen and the hard-drive stolen back in May of 2006 was an analyst in the policy and planning organization. They deal with actuarial analysis and things like that, so they have to deal with large amounts of information. But no way should he have removed that from the VA premises, or taken it out of a protected environment. He never should have done that.

Mr. EDWARDS. Is there anything in the system in place today that if somebody purposely did that when they were not supposed to that a red flag would show up on somebody's computer somewhere?

Mr. HOWARD. Sir, we don't have a system that is fool-proof and across the board, but what we do do is we monitor network activity. In other words, we can tell, at least at the network level. We haven't quite gotten all the way down to the hospital level yet. But we can monitor that. We can see masses of information being downloaded. But we haven't completed rolling all that out.

One of the reasons it has taken us time, you have to be real careful because these things could disrupt day-to-day operations. We are very concerned about that. For example, the software I mentioned to you, we can shut off a laptop that is hooked in from your kitchen or whatever. It could be some doctor analyzing some imaging or whatever. So we have to be sure that that is done correctly.

We have completed that rollout in region IV, which is the Northeast, and now we are moving into regions II and III. We have already got it set up in region II, but we haven't turned on all the locking parts of it yet as we gradually move into that because it could be disruptive and we want to be sure that that does not happen.

Mr. EDWARDS. One more follow up. Do you have an outside entity to review what you have put in place to then determine from the security standpoint how well you are doing?

Mr. HOWARD. Sir, we have our own oversight and compliance capability, which is very robust. They go around and they assess all this stuff. It has proven to be one of the better things that we have done. This was established right after May of 2006 in fact. The other thing is we have the IG who goes out. We also have a certification and accreditation program in fact that is well underway right now that involves an outside contractor to review. We do the work and they review to see what we are doing, but we don't have an outside contractor whose sole job is to do what the IG does, if you know what I mean.

Mr. EDWARDS. Right. Okay. Well, thank you for the progress you have made, and thank you for your honesty in saying there is no fool-proof system. I respect that.

Mr. Wamp.

FINANCIAL MANAGEMENT

Mr. WAMP. Thank you, Mr. Chairman.

Obviously, this is part of our responsibility that we probably know the least amount about, when you are talking about IT systems and technical-type stuff. This is a very sophisticated system, obviously, with 24 million veterans and you have to keep up with everything and comply with all the laws. But you have a $2.444 billion budget request, a $475 million increase, which is like a 25 percent increase all in 1 year.

You made the case for why, but the inspector general was here and said "VA cannot effectively manage its contracting activities because it has no corporate database that provides national visibility over procurement activities or identifies contract awards, individual purchase orders, credit card purchases, or the amount of money spent on goods and services."

We told him that it was fascinating that the VA's medical records were the best in the world, yet their financial management was not acceptable. That is a real irony at the same organization. So just from your perspective in the IT portfolio, what is being done about this problem?

Mr. HOWARD. Sir, you homed in on a major problem the VA has. Maybe it is typical of organizations that are as large as ours—you know, inadequate focus on the day-to-day running of the oper-

ation—the financial systems, the logistics systems. I actually saw some of that in the Pentagon during my days over there.

You are right. The IG is right. The contracting program that is being put in place will help us. It is now being implemented or being designed, really. It has not been implemented fully, but the intent is to begin to capture some of that information. So contracting is a problem. The financial programs, the FLITE program—the financial and logistics integrated technology enterprise program—is also underway. That is going to take a while.

We have the logistics part of it beginning to be implemented, but the financial side we have not even selected the contractor yet. We are going to do that in the beginning of the next fiscal year. We are already under the RFP development standpoint. Again, the experience we had with Core FLS. We should not need to repeat that—that happened several years ago.

If we had we done Core FLS correctly, we would have had a good financial logistics system already, right now, but we didn't. I don't know if you remember that one or not, but that was the program that was killed back in 2005, I believe, or 2004 and 2005, as you may know, somewhere in that background where Secretary Principi killed the program because he was very upset with the way it was being managed. The FLITE program is not the replacement for it, but the step to try to get it right this time.

So in answer to your question, sir, it is a correct observation. We do not have adequate IT applications in place to help us do that kind of work. I will add a third one. The third one is human resource management. In fact, that is in the budget—the HRIS program, Human Resources Information System. That is going to be a line of business when we purchase the service from OPM. That is the approach we are taking on the HR system.

STAFFING REQUIREMENTS

Mr. WAMP. Speaking of the HR side, I think you have a reprogramming request for $294 million to hire 1,590 people by August under the 2008 mandate. How do you do that? What steps are you taking to hire 1,590 people between here and August?

Mr. HOWARD. Sir, if you are talking about the IT transfer request, the amount I believe will handle a little over about 170 FTEs. Is that the $20 million?

Mr. WAMP. It is $294 million from Veterans Health Administration to VA IT. It is my understanding that there is a reprogramming request to meet the 2008 staffing requirement, which means there are 1,590 people who have to be hired by August of 2008. That is a tremendous amount.

Mr. HOWARD. Sir, that amount is actually for about 197 FTEs. There is $20 million in there.

Mr. WAMP. Okay. My information is inaccurate. Let me ask you this——

Mr. HOWARD. Of that $294 million, $20 million is associated with FTEs. To just comment a bit on that, IT staffing levels throughout the VA are a great concern to us right now. We are seeing a lot of that right now. That is an additional effort to begin to ramp up to what we believe to be the correct amount of FTEs. So that is what that is, sir.

Mr. WAMP. Okay. When I was at the Alvin York facility last week in Tennessee, I was very encouraged to see several recent veterans that have gone to work there. How successful in your ramp-up of the staffing requirements are you at actually hiring veterans to take these positions?

Mr. HOWARD. Sir, we do that. I couldn't give you a precise answer right now. I could get back to you on that.

Mr. WAMP. Do you make a conscious effort to try and do that?

Mr. HOWARD. Yes, sir.

Mr. WAMP. That is one of the kind of no-brainers that we come across as we have these hearings, that that needs to be done, and everything possible needs to be done to see that we are hiring veterans, and even preparing them training-wise for these jobs as much as possible so that they can take these jobs.

Mr. HOWARD. Yes, sir. There are programs underway and we can give you some numbers on it.

Mr. TIBBITS. I can add one additional thought on that on the contracting side as well. We are very good at exercising the full prerogatives that are offered before we testified to Congress to use services to enable veteran-owned small businesses. We are also very committed to pursue that. It is a substantial benefit to us——

Mr. HOWARD. And the IT community has a very good record on what Paul just mentioned, sir. We are doing very well there.

COMMUNITY BASED OUTPATIENT CLINICS

Mr. WAMP. One other quick question in this round, I think the 2008 budget requires 53 new CBOCs. Your IT funding request amounts to about $500,000 per new CBOC. OI&T now contends that the VHA did not inform them of the funding requirement and the IT money is still in VHA's medical discretionary budget and should therefore be transferred to OI&T. Has this issue been settled?

Mr. HOWARD. Sir, we intend to fund those CBOCs, even if we have to take it from somewhere else. Obviously, those have to be stood up. We did get a $10 million increment in the emergency supplemental in 2008, specifically earmarked for CBOCs, and that is going to help.

The other good story part of that is that we are now communicating. In the past, there was no planning for IT for new facilities. It was just not there. And now we see that not only for CBOCs and major hospitals, but for Vet centers. You build almost anything and you put one person in it, you have an IT problem, or at least a computer or something. Now, that is recognized and there is much better communication. In fact, in the 2009 budget, that was a major discussion point. We definitely are doing much better in that regard, but we intend to fund those facilities.

Mr. WAMP. Thank you.

Mr. EDWARDS. With Mr. Wamp's permission, could I follow up on that?

You got $10.2 million in the fiscal year 2008 appropriation for the CBOCs and their IT needs. How much more do you need?

Mr. HOWARD. I believe the number is 63 CBOCs in fiscal year 2009.

Mr. EDWARDS. How about the new CBOCs for fiscal year 2008?

Mr. HOWARD. Sir, that is covered.

Mr. EDWARDS. For 2008, it is now covered, 2008 is covered. So the 14 new CBOCs that were just announced by the secretary last week, the IT costs for those are covered?

Mr. HOWARD. Sir, as far as I know we are okay up to now, as long as there aren't more thrown on the table, and we don't expect that.

Mr. EDWARDS. All right. And for 2009, was the money you needed requested via the IT budget? Or is there where you are having a discussion with VHA?

Mr. HOWARD. This is IT. This is IT money.

Mr. EDWARDS. Okay.

Mr. HOWARD. Yes, sir.

Mr. EDWARDS. It is in the request?

Mr. HOWARD. Right.

Mr. EDWARDS. Okay. Great.

We have been joined by Mr. Berry and Mr. Bishop, which we appreciate given the House is out of session until next week. Thank you both for being here.

Mr. Berry, do you have any questions you would like to ask, or comments you care to make?

DATA EXCHANGE

Mr. BERRY. I probably should know the answer to this, but it won't be the first question that I ever asked that I didn't know the answer to. In our office as we try to help veterans get the benefits that they are entitled to, over and over we run into the problem of being able to get their military records made available to the VA, so that they can conclude whatever process has to take place. Has that always been that way? Is it something that we are not doing right or the veterans are not doing right when they leave active duty?

We have even been told by the VA that they can't get that information because it belongs to the (INAUDIBLE) for instance. Should we expect that to stay that way? It seems to me that with the ability to handle information that we have today, it should be a simple thing. Maybe there is a good reason for it not being that way, but for the VA to be able to access the military records of these people.

Mr. HOWARD. Sir, it was that way in the past. I can tell you that there have been very, very significant improvements in that area. We are not completely there yet. You know, there is still a lot more that needs to be done. For example, through our electronic health record system, you can access information. In fact, DOD can as well. There are programs in place to continue to enhance the sharing of information between VA and DOD. In fact, I will let Paul talk to this in just a moment because he is intimately involved in all of this.

In answer to your question, sir, there may be individual cases where veterans are having difficulty, but I can tell you for a fact it has improved substantially over the last couple of years, and there is a major push underway particularly with standardization of information—you know, in exchange between VA and DOD—and

also to come closer in terms of the applications used to actually access the information.

Paul, you may want to speak to that.

Mr. TIBBITS. Yes, sir. Thank you.

We do have miles to go before we sleep, but we have made substantial progress with the current exchange, both with regard to health information and the other information necessary to establish a veteran's eligibility for all other kinds of——

On the health side, let me just stay with the electronic. From the electronic perspective, we are today exchanging information between both departments, which would cover about I will say 95 percent of the (INAUDIBLE) primary care doctor to deliver health care. On the benefits side, there is again a high percentage. I don't know the benefits side quite as well, but could potentially guess there, but I will tell you that you are probably familiar with the DEER system at the Department of Defense. VA has now stood up an analog to that called BADIR.

We have many data interchanges between both departments, 31 of them in fact from DOD to VA, and 11 back from VA to DOD, which are point-to-point and which are all being compressed into a single data-feed with some quality assurances on top of those to improve (INAUDIBLE) information. All of those data-feeds, the 31 and the 11 back and forth, are to support the compensation and pension determination in terms of GI bill benefits for both rehab, home loan guarantees, et cetera, et cetera.

Those data-feeds, both on the health and benefits side, are not a complete representation of what we at the VA need, however, to comprehensively serve all of the eligibilities that a veteran has. So to supplement that, we have now just as of the end of March created a draft plan which is going through vetting right now. We call it the VA–DOD information interoperability plan. That information interoperability plan will be suitable for let's say public consumption probably by the end of the summer, in August.

It is to supplement the data exchanges. It is to define the pathway and create requirements to supplement the data exchanges that I am currently describing to you to add the data we are missing. On the DD–214, for example, what exactly is the plan to get all the military awards. We don't get military awards today on (INAUDIBLE). That, in turn, is some benefit to the eligibility (INAUDIBLE). To get the DD–214 in its entirety (INAUDIBLE) format will be part of that new plan.

If a neurologist needs the electro-encephalogram to treat traumatic brain injury and post-traumatic stress disorder, yes or no, that will be part of the follow-on plan that I just described. So there is a big bucket of stuff we have done now, and then we are putting this plan in place to acquire what remains (INAUDIBLE).

Mr. BERRY. I applaud what you are doing. It makes a whole lot of sense to me. I personally have gotten involved with some of these cases and experienced it. I think one thing that could help, and this may not be your area of responsibility, but we have run from time to time into personnel at the VA that just simply, for whatever reason there is, find it more to their liking to just say we can't find it, than to try to help these veterans that supposedly we are all here to try to help. I think if you could do anything you

could do to try to improve the attitude of those folks, it would also be helpful. I know you all haven't got a wire hooked up to all of them.

Mr. TIBBITS. That is a great comment. Yes. That is a very good comment. Part of that actually does fall in our arena and part of it does not. Some of the things we are doing to ameliorate that—first of all for example, to further empower the veteran, him- or herself, so they know actually what they can get. We are improving our electronic face to the veteran. We are developing a portal strategy.

We are standing up the My e-Benefits portal, which turn out to be a tailored way that a veteran can say if I am missing my left leg, if I have to be a resident of the state of West Virginia, if I have to be (INAUDIBLE), whatever it is, if all those conditions (INAUDIBLE), I am eligible for all these possible claims from the Department of Labor, from the government of West Virginia, where in fact (INAUDIBLE). So that will give them some—

Next, we have outreach activities underway where our secretary (INAUDIBLE) beyond what I just said, from looking at our databases, there are indicators in there and is there enough data to where we could identify a subset of veterans who should have applied for some veterans benefit and who have not. So we are launching an outreach activity to try to make them aware of the fact that they are eligible for more things than they are currently asking for.

Okay. The last one that does fall in our area that I want to mention is, for example with these information exchanges, they are coming on so fast that there are a substantial number of let's say physicians or nurse practitioners who at some of our medical facilities don't know that that data is in there three clicks behind that front screening, even though it is there. So with (INAUDIBLE) in our arena is also some sort of (INAUDIBLE) internal outreach program, internal to the VA to make sure all of our (INAUDIBLE) know that that stuff is there.

So the Principal Deputy Assistant Secretary of Defense for Health Affairs and myself have now, in addition to trying to take some programmatic means of outreach, are going on a road show around the country to have meetings with the senior leadership of the VA and the senior leadership of a military treatment facility together—we just did Central Texas—to say here is all the stuff, and then the people and go ahead and say, gee, when is that going to be available. And we say, well, it is now—just click through your screen here, three clicks in and there it is.

So there is an awareness piece that does fall upon us, that we need to put more energy into to make sure the staff out there are aware of what actually technically is already up and running.

Mr. HOWARD. Sir, adding to that, it is a unique situation. The IT organization is centralized. The VA, as you know, is decentralized. So what we are discovering is we can actually serve as a catalyst in some of these areas because communication is a difficult thing anyway. In a decentralized organization, it is extremely difficult.

We know that this communication issue that Paul is describing is one of our challenges. We believe in the IT world we may have a better shot at trying to improve that because we have folks all

the way down to the facility level. But even with what I said, it is a major challenge to get the word out so that folks understand what Paul is describing.

Mr. BERRY. Thank you.

Mr. EDWARDS. Mr. Bishop.

TRANSMISSION OF ELECTRONIC HEALTH RECORDS

Mr. BISHOP. Thank you very much.

I was very interested in a lot of what Mr. Berry was exploring. I appreciate the efforts. I think last year we were told we were well on the way; we were making progress. My caseworkers are still frustrated because they say it takes too long to process the claims.

And then on a more personal basis, I have a brother-in-law who is a veteran. He had a heart attack—in fact, he had two or three. He has to go into the civilian hospital. As soon as he gets out, he has to get medication. He takes his medical records from the hospital directly to the VA community clinic. He leaves them there. The information doesn't get inputted into whatever database the VA has.

The person who has to authorize his medication that has been prescribed from his hospitalization is over at Tuskegee and is on vacation for 2 or 3 days, so there is no pharmacist there to fill it, so it can't be sent by pony express mail from Tuskegee-Montgomery back over to Columbus, Georgia. He is supposed to be taking the medication immediately.

These kinds of things seem to be problematic. It seems as if there ought to be—and I don't know, maybe it is an input problem in getting whatever the hospital records were from into the VA system once he hand-delivers them, and having somebody that can respond quickly.

Mr. TIBBITS. Yes, sir. Okay. That is another excellent question, and it is definitely an area of weakness. The example you are describing, if you will permit me to dwell on it a little bit because it is a big issue that you have touched on, and that is the ability of us as a federal agency in health care to communicate information with the private sector doctors, who do not belong to the Federal Government.

Mr. BISHOP. Right.

Mr. TIBBITS. That has been an issue. My background, by the way, I have been here in VA since 2006. Before that, I had 26 years-plus in DOD. That communication of clinical information with the care that we purchase from the private sector has been a probably 2½ decade problem at the Department of Defense, and it is an equally obstinate problem in the Department of Veterans Affairs. It happens to be a little bit smaller problem here because we purchase a little bit less care outside than DOD does, but nonetheless for those who are getting the care, there is a problem.

Okay. In order to deal with that transmission of electronic health records, there are several things we can do. First of all, VA is very interested and fully participative in the HHS initiative, which is called the AHIC, the American Health Information Community, and the standard-setting that Secretary Leavitt is trying to accomplish with respect to information exchange among many health care entities.

It sets sort of a standard-based approach to all of this, with some sort of a medium- to long-term flavor to that. Nonetheless, we are fully engaged in it at the top level and have (INAUDIBLE) people from VHA in the standard-setting committee to try to move that forward. We are very interested in that.

Number two, through that HHS initiative and what I described, we are moving forward to link ourselves as fast as HHS looks like they are getting ready, to link ourselves to the national health information network, and through the national health information network, to these RIOs that are distributed around the country.

Well, the RIOs are a very interesting entity, because they represent—if I can use the term—a coalition of the willing, of physicians who raised their hand and said I am willing to go electronic. So we have a self-declared subset of physicians who are willing to go electronic and they are hooking themselves up to these RIOs, so you don't need to do a sales job on them. Right? They are already there. So as that grows and matures, we will have at least that much connectivity out there to those who declare themselves willing.

I am the co-chair for one of the lines of action in VA—the cooperation, we can talk about later. But anyway, I mentioned my partner in crime, the principal deputy assistant secretary for health care. He and I work very closely together. One of the things we are working through that collaborative network is also trying to understand better what the information exchange needs are for the Guard and Reserve. And so the Guard and Reserve represents a special subset which you just mentioned. The (INAUDIBLE) care issue becomes especially important for them.

Mr. BISHOP. And the (INAUDIBLE) issue, too.

Mr. TIBBITS. Exactly right. They demobilize and go out to see their doctor in Kansas, and how do we know when that person comes back what the doctor in Kansas did and how does the doctor in Kansas know what we did. So we are trying to work out with the Guard and Reserve exactly an understanding of what their requirements are.

Mr. BISHOP. They don't have medical records either—electronic medical records.

Mr. TIBBITS. Well, it depends. When they are mobilized, when they are on active duty, you couldn't differentiate someone who came from the Guard and Reserve from someone who wasn't——

Mr. BISHOP. Except their records are not updated.

Mr. TIBBITS. When they are on active duty, they are all treated the same. The issue becomes when they separate.

Mr. HOWARD. But their private records——

Mr. BISHOP. What I am saying, before they get deployed, their records at their unit, at the National Guard armory or at the Reserve unit station. And then they are deployed, they physically carry a folder that may or may not be current with them.

Mr. TIBBITS. Right.

Mr. BISHOP. Or they may not carry a folder at all. The only thing that they will have is, once they are deployed, they are into the DOD system prospectively.

Mr. TIBBITS. That is right.

Mr. BISHOP. But not retroactively.

Mr. TIBBITS. That is exactly correct.

Mr. BISHOP. That is a problem also.

Mr. TIBBITS. It is definitely a problem, and that is part of the understanding on the front and back end that we are trying to develop better understanding with DOD of what that is. You can say, why are we interested in that. Well, we are interested in that because those Guard and Reserve members become veterans, so we want a complete record on both the front end and the back end as much as DOD does.

But to go do a (INAUDIBLE) on that, you really would have to ask questions directly of DOD as to what the funding profile is they can lay down to put their electronic medical system and other connectivity out to the Guard and Reserve. I don't have those details to tell you. But I can tell you this for sure, it is one of the high priority focus areas for the senior oversight committee that DOD (INAUDIBLE).

Mr. BISHOP. Just the interoperability between VA and DOD is the basic that you have to get established. What is the timeline on that? How long is it going to take to get that done so you have the DD–214, so you have a common database that the military people will have from discharges and medical conditions and all of that, so that it is already there so that when somebody walks in the Veterans office, all they have to do is click, as you say, and they can pull out all the necessary information from DOD in terms of their discharge, where they were located, if they had any kind of exposures.

Mr. TIBBITS. Yes, sir. To reach that level of completeness is what I mentioned earlier. We have this activity underway to create this information interoperability plan. The first draft of that now became available at the end of March. We are going through vetting and a critique of it right now. It will be finished in August. In August, we should have the timeline and the specific data on this to answer your question. So by the end of the summer, we should have it all about laid out, whatever it is that DOD is willing to commit to by way of automating all those inputs that they currently don't.

Mr. BISHOP. Okay. If I could just have one other question?

Mr. EDWARDS. If you make it quick.

Mr. BISHOP. I will be brief. Spina bifida. I have had some veterans come to see me recently about the fact that they are having a great deal of difficulty because I think Congress passed a law that made the kids eligible for assistance, but not from the time of birth, only from the date that the law was passed. These families are suffering with these kids who were born with spina bifida, who because their parents were exposed to Agent Orange in Vietnam and subsequent exposures.

Now, these kids are getting some help, but it is not retroactive to the dates of their birth, which is a problem. Is VA taking that into account now?

Mr. TIBBITS. I don't know that that is an IT issue per se, so I think I would have to (INAUDIBLE) off on that question.

Mr. BISHOP. You don't have any information on that?

Mr. TIBBITS. I don't have any information on it.

Mr. BISHOP. Okay.

Mr. TIBBITS. No, sir.
Mr. EDWARDS. You have to ask someone medical.
Mr. HOWARD. Yes, sir. We can ask——
Mr. EDWARDS. Or the benefits administration——
Mr. BISHOP. Okay. Thank you.
Mr. EDWARDS. We will start on round two.

Secretary Howard, let me ask you, we all understand and respect the need to have centralized IT for the VA and you have outlined some of the benefits of that. I have heard anecdotally, and I have heard it now from enough sources that I think it is more than just an isolated case, where when you have long lead time, you know, there are enough communications going to VHA employees and your employees to get systems in place.

But you know, at a time when we have hired I think in the last year 1,335 new doctors, 4,986 new nurses. We have added well over $1 billion for new construction in hospitals. The times when one doctor just needs one work station computer, and one researcher needs one computer—and I know first-hand there are some cases where a researcher, a probably $100,000-plus VA employee, couldn't do this person's work simply because they didn't have a $1,500 computer.

Has this problem come to your attention? I am not here to lay blame on whether it is VHA or IT. It is just a fact and I can understand how this could come up as you are looking at a big system and long-term issues. Any thoughts about how we can streamline this process?

We have these just minuscule purchases, but it makes a huge difference in terms of some key people being able to—doctors, nurses and researchers—being able to do the work the taxpayers are paying them to do. Any thoughts on that?

Mr. HOWARD. Sir, first of all, if an individual like that shows up in the VA and needs a computer, they can get a computer. They don't have to come to E–10 to get approval for that. Now, with that said——

Mr. EDWARDS. Do they know that? I have talked to people.

Mr. HOWARD. That is the point. There is confusion. Where there is smoke, there is fire. You are exactly right. These things have come to my attention. In order to be sure that we are able to overcome those issues, we have in fact established a line. In fact, it is actually in the budget called IT allocation—you know, facility allocation. Our intent is to provide a pot of money that is available to the facility CIO down there at that hospital, and the hospital director, to use where they want.

Unfortunately, we were not able to put much against that in fiscal year 2008. We are still struggling to try to find a way to do that. There is an amount in the transfer request that came over to begin to infuse some money down at the facility level. I think it is $35 million. If I am not mistaken, it is in there somewhere. And that will be allocated together with us and VHA, depending on the size of the facility and what have you. But the intent of that money is to do exactly what you just described. If they need a mouse or a keyboard or screen or whatever, they can go get it. It is not a problem.

Now, we are introducing—what I don't like them to do is go buy six servers. That is a different story there.

Mr. EDWARDS. I understand.

Mr. HOWARD. But just normal day-to-day expenses is what we are trying to overcome. This will help us a lot. We actually put a line in the 2009 budget that is zero right now. We hope to be able to figure out how to back-need depending on what the final appropriation is. We definitely believe we need to do that. We definitely believe the CIO at the facility, and the hospital director, if you will, needs to have that authority, within reason, of course. We don't want them establishing their own network or whatever, but they are not going to do that because we can control that to some degree.

So you are right. It is a problem. We have heard it and we intend to fix it.

Mr. EDWARDS. And when you said not much in the 2008 budget to put on that line, how much?

Mr. HOWARD. Sir, right now it is zero, but I have given instructions to my infrastructure guys. If you give us the $35 million, that is great. It will help a lot. But if you don't, I will try to find some money somewhere to solve it, because it is a problem. You are absolutely right.

Mr. EDWARDS. We will work with you on this. I just think, you know, Mr. Wamp and I and members of the committee have talked about with this historic increase in funding for the VA, it is just critical that we use every dollar efficiently and wisely, or we are going to end up on some 20/20 program and we will never be able to have the kind of raising of the bar that we have been able to historically do over these past 1½ years. We have a good mark in the budget resolution for the 2009 year.

And you said they can get it right now. I am a researcher. I have just been hired today. No, I was hired 3 weeks ago, so I have been working at a VA hospital as a researcher for 3 weeks. Something has happened and I just haven't been able to get a work station. What do I do? Do I go to the VA medical director up there at the hospital?

Mr. HOWARD. There is a CIO at the facility, sir. There is an IT staff at each medical facility. They are right there.

Mr. EDWARDS. At each medical facility, they are supposed to be able to get that done.

Mr. HOWARD. Yes, sir.

Mr. EDWARDS. Okay.

Mr. HOWARD. And if he still can't get it done, most of them know my e-mail address.

Mr. EDWARDS. All right. I am going to follow up on one of the cases I am aware of. But most importantly, I am thrilled you recognize there were some issues. You have made a request to get some resources to change it and to address those problems, and I salute you.

Mr. HOWARD. Yes, sir. The one thing I will add, though, is the communications is important. Like, for example, if 3,000 doctors are going to be hired, you know, we kind of need to know. It was especially a problem from 2005 to 2008, which has been pretty much flatlined—you know, the IT budget. The 2009 is very, very

helpful in terms of the increase, as well as the transfer. Dr. Kussman agreed to transfer that money because they recognized VHA was growing and the IT appropriation was not able to support it. So there is a communication issue that we are also solving. Talk to us. Tell us. These guys are coming in and they need computers.

Mr. EDWARDS. And one of the things that we asked the secretary this year, and he has apparently in the last 48 hours responded to that, is don't wait until August to send us reprogramming requests. If the VA knows right now there are some needs where you can spend money by moving it around more efficiently to help more veterans, we want to hear it now. I think we got that officially, or it is about to come officially.

Mr. HOWARD. Sir, it is here officially. Yes, sir.

Mr. EDWARDS. So it is here officially. Good.

Mr. Wamp.

ACCOUNTABILITY

Mr. WAMP. Mr. Chairman, I want to associate myself with your comments, especially because I am almost stunned today that the budget for IT at the VA rivals the entire budget for the legislative branch of the United States government. I just came from that subcommittee, and just the IT piece of this budget is very comparable to the entire budget of all the staff, all the functions of the entire legislative branch of our government.

This increase, at 25 percent, is a large number. These are important investments, but I have heard today this is a weakness in the system. I have heard you are exactly right that these systems are problematic. The IG is right. And this is an example where the money is not enough. The reforms, the new systems, the accountability—changes are as or more important than the resources. The resources are important. I don't want to take anything away from them, but we need to really think long and hard about that so that we are good stewards.

RESCHEDULING PROJECTS

Now, two questions—rescheduling projects. I am learning as I go, but it was established to improve the access, decrease wait times and increase provider availability. I think the first rollout is in Muskogee, Oklahoma and in 2011 it is going to be a national program. Are we on schedule, total costs, how will this impact wait times? Mr. Bishop talked about that. In the news today, we see a lot about wait times and responsiveness, and this is kind of a demo. Give us an update on it.

Mr. HOWARD. Sir, the alpha test this summer will happen. We don't anticipate a problem there. The beta test can follow in Texas and we should hit that okay. We are dealing with a couple of problems right now. One of them is the infrastructure. As we roll out, this particular application will go everywhere. Unlike some that will be sort of at a central location, this one will be implemented throughout the VHA.

There are some infrastructure issues that we are addressing, so that should not slow things down. There was a delay previously, but right now we seem to be on track.

I am going to let Paul elaborate on the timeline, but I will say one thing to pick up on what you said. For example, associated with that transfer, as we were going through debating what to even ask for, one of the criteria we laid down is we have to be able to do it.

You know, this is not just money. You can't just throw a pile of money on it. You have to be able to manage it properly. So we are very sensitive to that, particularly in the project management of large, complex programs. Scheduling is one of them. It is an issue that we are dealing with, because you need skilled people that know what they are doing so that we don't waste the money you provide us.

But on the timeline, Paul, do you want to elaborate on that—the scheduling package?

Mr. TIBBITS. Yes. The timeline, we would anticipate a planned finish in 2011, as you said. That is correct. The total life-cycle costs we have for that right now, as best we can estimate for both software and hardware and infrastructure, et cetera—about $180 million, total life-cycle costs to deploy and run it.

With respect to wait times, I don't have exact percentages here for you. I would have to follow up with you.

But the reason they are doing this is two reasons, really, is not only to improve the wait times for veterans, but also to improve the measurement of those wait times so when someone asks how many are on the waiting list, how long have they been on the waiting list, we have a consistent measurement of that across VHA, so that actually those numbers can be more effectively managed.

Mr. HOWARD. Do you want to pick up on that?

Mr. WARREN. Sir, if I could go back to your original point about given the IG's concerns about how you manage these dollars and the size of the budget (INAUDIBLE). One of the things that we have done over the last year, and I think the investigative survey validated it, one of the fundamental changes that has happened between pre-centralization and centralization, we actually have a plan of what we are going to do.

One of the things that I spend a lot of time on is why did it cost so much money. Just to give you some numbers, our must-pay bills, if we do no other development, no infrastructure investments, just to pay what we have in fiscal year 2008 is $942 million (INAUDIBLE). We have 154 medical centers, 1,000 (INAUDIBLE), regional offices, so if you add all those things on, it takes a lot to keep that going.

Are we satisfied that that is the right number? No. As we get our arms around it, where are some of the efficiencies, where can we consolidate things into a national contract versus everybody doing it, which then gets into the concern about to do that you need a contracting force to allow you to do that. So we are working with them on that.

When we have laid out this budget plan, it is to try and find the balance among the three areas. What do you have to pay? The mortgage, the phone bill—you have to pay that. You have no choice. What does our customer—the health organization, the benefits organization, the staff organizations—need to do their job? So there is about $270 million in 2008 just to pay that.

The area that hadn't been funded in the past is you need to keep your infrastructure fresh. You can't drive the same car for 20 years if you don't do maintenance on it and you don't change the oil, and you don't replace the brakes.

Mr. HOWARD. And this is not just computers. These are the servers, the whole network that supports what we are trying to do.

Mr. WARREN. And if you had asked the question 2 years ago, give me a lay-down; where are you spending the money. We couldn't do it. Today, sir, we can lay down month by month, contract by contract, and we have monthly meetings with the leadership. Okay, this contract is due in this month. Are you done? Where is it? Is it in contracting? Do you have a statement of work?

So yes, it is a large increase, but it is an increase that we are going to manage to execution. It is not just a bunch of money we are throwing away. (INAUDIBLE) concern. We can't wait for a cost-computerized system. You have to use manual processes and we are spending time, a lot of time in the senior leadership to make sure we have control of this budget and we are managing it.

IT SYSTEMS

Mr. WAMP. Okay. Tell me the difference between veteran-facing IT systems and internal-facing IT systems, and then tell the lady sitting behind me of the $1.295 billion request for veteran-facing IT systems and the $418 million request for internal-facing IT systems, how much of it is maintenance and how much of it is new procurement.

Mr. HOWARD. Sir, first of all, in the budget book, there are some excellent tables. I know you don't have time to look at this, but I use them all the time. They are right in the back of our budget book. It is very helpful in terms of seeing where the money goes. For example, the veteran-facing are things you can think of right way—you know, medical care, vocational rehabilitation—things that the veterans touch directly. Although our role continues to be an indirect role, what we are working on in that particular application definitely is a front-facing application to help the veteran.

The internal-facing ones, as I mentioned earlier, are those that we need to manage the enterprise. For example, the program and financial logistics modernization—that is an example of an internal program. The veteran may not see it, but yet it is very important to just running the operation. Your contract management issue that you mentioned earlier is an internal kind of program, as is cyber-security and telecommunications—the phones and all that sort of thing. Those are internal-facing systems.

Now, we have in fact for the first time in fiscal year 2008, we have broken out that portion of the infrastructure, for example, that really should be more in a veteran-facing kind of activity. For example, on this table I was showing you, here is the medical breakdown. You see VistA, imaging, and all the things that help the medical arena. But right down there at the bottom is medical program IT support. Read that. That is the infrastructure piece that we can directly relate to these medical programs that we are supporting.

The other infrastructure that is sort of across the enterprise is on a separate sheet. It is on the internal-facing programs. We have

just started this kind of a relationship in fiscal year 2008 that we have continued into fiscal year 2009. And we will continue to improve it, because one of the attempts here is to tie the money to what you are supporting. What is it really buying you here? And hopefully we will continue to help in that regard.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. HOWARD. But these are helpful sheets. Tim has them memorized. [Laughter.]

Mr. EDWARDS. Mr. Berry.

Mr. Bishop.

Mr. BISHOP. I have no questions.

DATA EXCHANGE

Mr. EDWARDS. I just have one other line of questions. Dr. Tibbits, in coming into this hearing, one of the most important things I wanted to ask about was the interoperability of our electronic record systems between DOD and VA. I just want to be sure I am clear where we are when we leave today.

Do I understand you to say that in August of this year, a plan will be laid out that will be accessible to Congress and others that will have a specific recommendation of what kind of system it would be? A timeline on when Private Smith will be able to have someone push a button and have his or her records sent to the VA? Give me a little more detail about what will be available in August.

Mr. TIBBITS. Yes, sir. What we are expecting is a requirement that says what is the data exchange that is necessary over and above what we currently do, and a timeline on which our clinicians and VA clinicians both need that data. So I would expect that in this plan.

What I would not expect in this plan yet is specific detail on which particular set of computer systems or which software or what will accomplish that yet. So I don't think we are going to go that far. But so far, we don't have a good needs statement of what the next phase is. This should fill that hole. So we are then going to stand up—we are now standing up a program office under the—you are probably familiar with the Joint Executive Council of the Health Executive Committee—the (INAUDIBLE) executive committee. We are standing up a joint program office under that structure, whose job it will be to continue to oversee the implementation activities that that plan requires.

So I would think that plan should give you the answer of when it is (INAUDIBLE) you share across both departments, not necessarily how.

Mr. EDWARDS. Just intuitively, when you are talking two of the largest, not the largest, federal agencies we have, the Department of Defense and the VA. VA will have its prejudices about what kind of system we want for records for VA purposes, and DOD will have their idiosyncrasies and the Army will differ from the Navy, which will differ from the Air Force, which will differ from the Marines.

I could very well see some group of individuals sitting at this very same table 10 years from now and saying, well, when are we going to get an interoperable electronic medical system between DOD and the VA. Tell me, you know, we need some standard by which we judge both VA and DOD on how they are doing. It may

take push from a president or a Secretary of Defense and the secretary of the VA together, or from Congress.

What should be a time? What should be a reasonable date for when Sergeant Smith or Private Smith can have their records transferred when they leave Fort Hood, Texas and they move to Marion Berry's hometown in Arkansas, before they move to Tennessee, and they can have those records moved from the Department of Defense to the VA, and have it accessible from many of those places.

Mr. TIBBITS. Right. So let me work through your question here because there is a lot in it, so I am going to try to tease it apart. There is today electronic information. Some of it is computable, some of it is viewable, and other (INAUDIBLE) I can skip to later if you want to come back to it. (INAUDIBLE) information exchange between both departments today are already happening, that would meet 95 percent of the needs of a primary care doctor to deliver primary care today—already, as of about December of the last calendar year, December 2007. That information is going back and forth now.

Mr. EDWARDS. What DOD medical records are electronic?

Mr. TIBBITS. All of the laboratory work, all of the pharmacy work, all of the radiology work, a good portion of doctor notes based on the system they call (INAUDIBLE). Well, it is a combination of (INAUDIBLE) plus what they call CHES and (INAUDIBLE) together. So a very large percentage on the outpatient side.

On the in-patient side, I think it is at 14 facilities, I believe is the right number. They have a system on the in-patient side running a commercial system called DISENTIS, I believe is the name, which in electronic form captures a good portion of the in-patient data, discharge summary being the most important. These (INAUDIBLE) patient looked when they left the hospital.

Where that exists, in those 14 places, that also is included in the electronic transmissions to us. DOD itself has to go through its own (INAUDIBLE) and budget process, which I am sure you are all familiar with. So with respect to spurring that in-patient capability in electronic form across the rest of the DOD, they go through their own prioritization activities.

However, to ameliorate the costs and schedule (INAUDIBLE) of that in-patient thing on both sides—really on their side to do it for the first time; on our side to re-do it, which is what we are doing with HealtheVet. You all are probably familiar with the joint study that VA and DOD have already launched to look at joint development of the in-patient module of the electronic health record and hospital information system. Phase one of that has already been reported out. Phase one was the requirements and feasibility phase, which looked at the commonality of requirements between both departments.

Other than that, we have long-term care. The Department of Defense has pediatric care and from a (INAUDIBLE) perspective, the Department of Defense has to operate in-theater, in combat. By and large with those caveats, 95 percent, some very high percentage of commonality of in-patient requirements exists between VA and DOD. So from a feasibility perspective, joint development makes sense, so that was phase one.

Phase two has now started. Phase two is I think best described as the technical analysis of alternatives. So phase two is to look at potential solutions to development—potential solution number one, potential solution number two, potential solution number three, et cetera; pros, cons, costs, schedules, risks, et cetera, et cetera—and see what might be the best way to go about jointly doing that in-patient piece.

What I want to emphasize is with respect to a common system, just as all of you in this room in your private lives probably use email on your own private systems at home. I will bet none of you in this room know which email system each other of you uses at home, nor what telecommunication provider each of you have at home. It doesn't matter to you because you all speak English and because your respective systems all follow a standard set of protocols for messaging. You can exchange information among yourselves without having any idea of what system is running on the other side.

I am saying this because we want to be careful about not letting the great get in the way of the good. Information interoperability to serve the needs of active duty service members and veterans today is what is of paramount importance. The sending and receiving software for that purpose is irrelevant. The sending and receiving software is irrelevant.

We want to look at joint development of the in-patient records and reduce costs and schedule risks, so perhaps the Department of Defense can get it faster, and perhaps we can get it a little bit faster, but in the meantime we don't want to look back or get in front of the information exchange requirements that we are defining in this information interoperability plan, because that is what is meeting the needs of veterans and service members today, and will continue to do so next year and the year after and the year after, while we are going forward with (INAUDIBLE) alternatives to figure out what is the best way to jointly develop stuff.

If all of you in this room had to come to agreement with everybody on a new address book as to what e-mail system you were going to use before you sent the first message, you wouldn't be sending messages today. So the key to meeting the needs of those members is that information interoperability plan first and foremost, and then the joint development thing secondary.

Mr. EDWARDS. Are you saying that every Army soldier that leaves the Army today, and say they move from Fort Drum, New York to Seattle, Washington, and are about to go see a private doctor in Seattle, Washington. Are you saying the Department of Defense health care records are electronic and they could have those transferred electronically to their family physician in Seattle, Washington?

Mr. TIBBITS. No. About 80 percent of what you said is true.

Mr. EDWARDS. Okay.

Mr. TIBBITS. If they move from Florida to Washington——

Mr. EDWARDS. That is pretty good for a politician. [Laughter.]

Mr. TIBBITS. If they move from Florida to Washington state, and they go from treatment at the VA Florida to treatment at a VA in Washington state, absolutely their records are available out there. So yes to that. For every piece of electronic information, there is

a caveat. This is a trick statement I am about to make. Every piece of electronic information that the DOD has is transferred to us at the time of separation. Every electron on that program. That doesn't mean it is everything.

It gets back to the information interoperability plan to make sure what may not be there electronically today is represented in that plan, so he gets it. And we have both deputy secretaries—Secretary England and Secretary Mansfield—on the top of that senior oversight committee who are signed up to do that plan by August.

The private doctor in Washington state—we have My HealtheVet—that is a Web site. My HealtheVet is a viewport that the veteran can use to both upload data about him-or herself. I checked my blood pressure last night and it was such-and-such. Okay? It also represents a viewport into certain selected elements right now, and growing, but anyway certain selected items of their electronic medical record at the VA.

Very soon, and I will need to say for the sake of discussion, this calendar year, but I don't remember the exact month—but anyway, this year—delegation authority will be built into My HealtheVet as a function. So today the veteran could to his doctor in Kansas in the office say, let me sit at your browser for a minute, type in the URL, boom, up comes My HealtheVet, and as long as the veteran is doing it, the doctor can come over and look at the screen and hit the print button and print it out in the doctor's office. So yes, that can be done today.

With that delegation authority, if that veteran wishes his wife to do that or his brother to do that, with delegation authority, the veteran could actually say, brother, you can do that for me in case I am incapacitated, unconscious, whatever happens to me, and you can call up that information on my behalf and show it to the doctor in the emergency room who wishes to treat me. So it is delegation authority. So that will be there soon—the delegation authority.

And then, of course, what My HealtheVet itself can view is going to continue to grow in time as well, so (INAUDIBLE) expand over time. And I will say, as a close, as an analogous system—and I can't tell you exactly functionally how analogous it is—but it is analogous in general terms on the DOD side, which is TRICARE online. There is a very close working relationship, also I might add, between our team, My HealtheVet, and the DOD team, TRICARE online, to collaborate as much as possible and doing the same sort of things we need the capabilities connecting to each other, et cetera, et cetera.

And lastly, just for a little bit of advertising here, this accreditation body called EURAC just had an awards competition for consumer empowerment in various categories. My HealtheVet was nominated, and it turned out at the ceremony, My HealtheVet wound up getting the top honors in the IT category for consumer empowerment.

Mr. EDWARDS. Congratulations. That is great news. Thank you.

Mr. Wamp.

Mr. WAMP. No further questions.

Mr. EDWARDS. If not, I am sure there will be a lot of continuing questions and discussions in the months ahead. You have a lot of responsibility in building a relatively new organization. I know it

is a challenge. Thank you, Secretary Howard, for taking on the challenge. Thank you very much, Dr. Tibbits. Thank you for your work, and we look forward to working with you.

One last thought. This $35 million, if we get that to you in reprogramming, what are the probabilities that that will cover 100 percent of your needs in fiscal year 2008 so that researchers, doctors and nurses don't lack work stations.

Mr. HOWARD. Those kinds of needs, sir, it is going to handle those kinds of needs.

Mr. EDWARDS. All right. That will take care of that.

Mr. HOWARD. Again, the allocation will be worked with VHA as we decide which hospital gets how much.

Mr. EDWARDS. Okay.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Edwards.]

1. PROPOSED LEGISLATIVE LANGUAGE

Mr. Howard, in the FY 2010 legislation submitted to the Congress, you propose to delete the requirement that the Department of Veterans Affairs submit a detailed expenditure plan to the Committees on Appropriations. This expenditure plan must meet the capital planning and investment control review requirements established by OMB and comply with the Department's enterprise architecture.

Why is the Department proposing this change in legislation and what assurance would the Committee have that you are meeting basic acquisition benchmarks if we were to agree to this proposal?

Response. VA is proposing to eliminate this appropriation language because the process we have in place for IT planning is mature and our normal business operations comply with requirements of the language for capital planning review, enterprise architecture review, life cycle review and follow appropriate acquisition rules.

2. OFFICE OF INFORMATION AND TECHNOLOGY

The Appropriation Committee's Surveys and Investigations staff has recently completed a review of the Department's information and technology programs and reports that the Office of Information and Technology has a staffing requirement of 6,680 full-time equivalent employees. However, to satisfy this requirement in FY 2009 you would need to hire 1,990 additional people.

Does your budget include the necessary funding to hire almost 2,000 people in one year? And do you feel you can realistically find qualified applicants to satisfy this requirement? Is this shortfall in personnel the result of other Department organizations failing to identify and transfer existing information and technology personnel to your organization?

Response. As of March 29, 2008, the Office of Information and Technology (OI&T) has 6,439 staff on-board. We only need to hire an additional 247 staff in FY 2008 to reach our 6,686 staffing level entering into FY 2009. In addition, the FY 2009 budget provides sufficient payroll funding to support 6,686 FTE as well as an additional 94 FTE for a total of 6,780 FTE.

The ability to recruit and employ qualified applicants is, in large part, dependent on the duty station the employee is assigned to. At present, hiring has been constrained—OI&T organizations have been instructed to phase hiring to remain within current FY 2008 available funds, The need for an additional $20 million in payroll funds in FY 2008 is due to a number of factors. For example, the initial cost at the time of the transfers for the reorganization assumed a lower average salary for the IT staff than actually existed and required and leasing costs (which must be paid from the "pay" portion of the appropriation) were higher than anticipated. These additional payroll funds are included in the appropriation transfer request submitted to Congress on April 2, 2008.

The impact on IT related tasks previously performed by individuals on a part time basis (part time program Administration support/part time IT support), has been difficult to determine. However, we are reassessing this impact currently to refine additional IT resource needs due to this split function that may not have been captured in the first transfer. In addition, we are also examining the operational impact on OIT of staffing retained in other VA organizations for business requirements determination work. OI&T is developing a staffing model relative to field operations

and development, which will provide a more accurate estimate of the number of IT FTE required to support VA's IT needs.

3. VistA Contracting

The Appropriation Committee's Surveys and Investigations staff has recently completed a review of the Department's information and technology programs and reports that HealtheVet program offices are not able to obtain the skilled contractor support they require using the Department's VistA Contracting Services (VCS) and, as a consequence, staffing problems are negatively impacting program schedules. The staff reports that the VCS process takes too long and that multiple contract modifications are required when labor hours change because of the multiple labor categories and contractors involved. As a result, VCS currently has a significant backlog of modifications it is trying to process.

Would you agree that the VCS process takes too long and is having a negative impact on program schedules, and what steps are you taking to address the problem?

Response. The VistA Contracting Services (VCS) is not so much a process but a Blanket Purchase Agreement (BPA) with eight contractors for VistA Contractor support (VCS). Generally, orders competed against a BPA are the most efficient and timesaving way to acquiring goods and services. However, the delays we are experiencing are with acquisitions taking too long and having a negative impact on program schedules. It is important to note the VCS contract is focused primarily on the ongoing support to the VistA system and only Block I of the HealtheVet program. (See Attachment A.) To resolve the significant acquisition issues we are facing in OI&T, the Office of Enterprise Development (OED) and acquisitions staff are working very closely together. While an end-to-end acquisition strategy for the multi-phased HealtheVet program is not yet established, a jointly-chaired OED/Acquisitions HealtheVet Acquisition Strategy Integrated Project Team is now in place to work consistently on the plan. A critical aspect of this collaboration is the establishment of HealtheVet-dedicated "cells" within the Offices of the General Counsel (OGC) and Acquisition, a step that will be accomplished within the next few months. Additionally, OED management meets regularly with the Corporate Franchise Data Center in Austin, Texas to provide the contracting professionals working on the HealtheVet acquisition vehicles (contracting mechanisms) with an orientation to the transition from VistA to HealtheVet. These efforts will build a staff of acquisition and OGC professionals intimately familiar with the challenges of such a complex transition of applications.

4. VistA Foundations Modernization Program

The VistA Foundations Modernization program is the capital investment program that provides the architecture and foundational elements to the new HealtheVet effort. The budget for this program is $95 million, an increase of about 45 percent compared to the FY 2008 estimate. In a review of this program, the Appropriation Committee's Surveys and Investigations staff found there is not yet a thorough integration plan for this program. In addition, they found the program is not able to hire qualified IT staff, and there is a lack of flexibility in existing contracting vehicles, both of which indicate it is unlikely this program will remain on schedule.

What is the status of completing a thorough integration plan for this program? And would you comment on the efforts of the program to hire qualified staff?

Response. HealtheVet, like VistA, is an extremely complex system requiring highly-developed integration. The dependencies inherent in a system like HealtheVet have become clearer as a result of the recent IT consolidation at VA and, in conjunction with this clarity, a recognition that a dedicated technical system integrator is required to provide the extensive oversight to make this program successful. This function is currently being served by multiple individuals and organizations. As a result, the Office of Enterprise Development is establishing a consolidated and collaborative system integration team led by an authoritative technical and architectural integration manager. This team will be comprised not only of health care-focused system engineers, but also system engineers from benefits and memorial affairs to provide a global perspective of HealtheVet within the VA architecture. The early form of this team will meet in May/June 2008 to establish a high-level service-oriented architecture-centered plan for HealtheVet.

In the interim, the health care-focused team of systems engineers and architects is working toward several milestones that will assist in expanding the existing integration plan:

• System engineers continue to be embedded into Veterans Health IT portfolios and programs in order to provide real-time, matrixed support to application develop-

ment and architecture. These individuals have cross-cutting contacts in both their assigned programs and the rest of the systems engineering team to ensure better understanding of integration challenges.

• The team responsible for the integrated master schedule and plan presents weekly to the Veterans Health IT Change Control Board to apprise senior management of schedule changes.

• A new work plan, process definition plan, and process flow documentation for a release management technical working group was created. The release management team provides integration between development, program management, and senior management in order to ensure software is correctly and appropriately released to the field.

With respect to hiring the necessary qualified staff to ensure the management of the HealtheVet systems, OED is presently completing organizational streamlining to eliminate redundancies that existed when there were at least four different development organizations at VA, prior to the recent consolidation. As part of this streamlining, we are evaluating the required staffing skills and abilities mix required for HealtheVet as well as the other critical development projects presently underway at VA. We have had difficulties in hiring program/project leadership and as a result have reached out to the Space and Naval Systems Warfare Center (SPAWAR), with expertise in systems engineering and systems integration, to support our efforts in this area. In addition, we are developing the appropriate mix of Federal and contractor staff necessary to successfully develop and deploy HealtheVet.

[CLERK'S NOTE.—End of questions for the record submitted by Chairman Edwards.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Farr.]

5. LOST DATA

In 2006, it was well publicized that VA laptops with personal information of thousands of veterans were stolen from a VA employee. Fortunately, we avoided an even bigger problem when the laptops were recovered with the sensitive information in tact.

What safeguards has VA put in place to prevent a similar incident in the future?

As VA moves more and more towards a complete electronic records system, what steps are being taken to prevent a similar theft of information through a breach of electronic security?

How will the VA participate in the new Presidential Cyber Center?

Response. *Safeguards:* In September 2007, VA published the Department's information security policy—VA Handbook 6500. This document contains the primary cyber security procedural and operational requirements of the Department. It also includes the National Rules of Behavior—a document that all employes must sign before they are given access to our computer systems and sensitive information. In addition, VA

• Is centrally managing implementation, enforcement and remediation of IT security controls throughout the Department via the Data Security—Assessment and Strengthening of Controls Program (DS–ASC) and the Secrity Management and Reporting Tool (SMART) database.

• Has established the OI&T Office of IT Oversight & Compliance (ITOC) which consolidates existing IT security inspection and compliance program activities into one office to assist in centralized enforcement of VA IT security controls.

• Has conducted risk assessments of its information systems and has incorporated the Formal Event Review Evaluation Tool (FERET) into VA's incident reporting capability to provide a VA-wide risk analysis tool for the identification of data breach-related events as incidents.

• Has provided security awareness training to 95 percent of its employees and specialized training to 100% of its employees with significant security responsibilities in FY 2007.

Steps to prevent a similar theft of information through a breach of electronic security. The VA National Security Operations Center (NSOC) audits and monitors:

• Incident Management (initial report, information collection, follow up, closure)

• Firewalls (monitor for known threats and anomalies)

• Network Intrusion Prevention System (monitor for known threats and implementing blocks of new threats (policy tuning))

• Host-base Intrusion Prevention System (monitor for known threats and policy tuning) and
• Anti-Virus (monitor definition updates and viral infections)

Encryption is being implemented throughout VA in an expeditious yet cautious manner as to not halt business operations. VA has deployed several technologies to encrypt data in storage and in transit. VA has encrypted over 18,000 laptops and continues to encrypt new laptops as they are acquired. VA is in the process of deploying technology, Attachmate Reflections, which will encrypt data that is sent via File Transfer Protocol (FTP) and Telnet. Data from applications such as the Computerized Patient Record System (CPRS), Veterans Health Information System and Technology Architecture (VistA) and Integrated Funds Distribution, Control Point Activity, Accounting and Procurement (IFCAP) will be encrypted using Attachmate Reflections.

Also, the new VA remote access solution, the remote enterprise security compliance update environment (RESCUE), will encrypt data using Secure Socket Layer (SSL). VA has also turned on password and "content protection" on blackberry devices which encrypts blackberrys when they're locked. VA has procured and deployed Trust Digital to encrypt SmartPhones. The VA Public Key Infrastructure (PKI) solution has been operational for several years and is used to encrypt email and for Web-authentication. Recently, VA deployed a Microsoft Rights Management Service (RMS) technology that compliments VA PKI, and can be used to encrypt emails, documents and files of VA information. VA is in the midst of pilot testing an extension of the RMS capability to mobile devices and business partners.

VA is currently developing an enterprise level Identity and Access Management (IDAM) strategy. A cross-Departmental Tiger Team was created to perform data collection and analysis and provide recommendations to VA management on a One VA approach for IDAM. The Tiger Team has concluded its efforts and is drafting an executive report which will provide findings, recommendations and next steps.

Presidential Cyber Center. The Presidential Cyber Center is a new initiative. VA will offer any support required for this important initiative.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Farr.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Wamp.]

6. REPROGRAMMING LETTER

The Committee received a reprogramming request from the VA for $294 million from Veterans Health Administration (VHA) to go toward VA IT. VA Office of Information and Technology (OI&T) needs to hire 1,590 people by this August in order to meet the FY 2008 staffing requirement. Are these reprogramming funds going toward this staffing requirement? Where is VA looking to find and hire 1,600 people in the next 5 months? Is VA actively trying to hire vets to fill this staffing requirement?

With the reprogramming, has VHA also moved its IT staff over to OI&T?

Response. Of the $294 million transfer request from VHA to OI&T, $20 million is to enable us to hire an additional 247 staff up to the planned level of 6,686, so that we are positioned to start FY 2009 to achieve the budgeted staffing level.

VA is planning on hiring 247 IT staff by the end of FY 2008. OI&T is an active supporter of the Department's goal to hire veterans. The April transfer request does not propose to realign staff from VHA to OI&T.

7. SURVEYS AND INVESTIGATIONS REPORT

Based on the most recent Appropriation Committee's Surveys and Investigations (S&I) report of VA IT, the Veterans Health Administration (which previously controlled 90 percent of VA's IT funding) has been uncooperative with the VA OI&T and has continued to retain IT personnel as well as continued to purchase IT equipment without consulting with OI&T. In addition, Secretary James Peake has thus far not publicly expressed support for a strong, centralized IT management program which has caused concern that VHA will be able to persuade Secretary Peake that they should again control discretion about how best to allocate IT funding. Based on past performance by VHA, VHA's ability to use IT funding in the most prudent way is questionable. According to the S&I report this internal struggle for control over IT funds between OI&T and VHA may jeopardize the initial success of VA's centralized IT system. Are there concerns at the VA that the centralized IT system will become destabilized by internal struggle between VHA and OI&T?

Response. Secretary Peake is a strong supporter of information and technology and its ability to enhance the Department's capability to provide quality services to our veterans. As a result of the recent consolidation OI&T has put in place a disciplined process to plan and manage the execution of the IT appropriation at VA. In conjunction with this we have also established a multi-year planning process to ensure we are planning for the future. The Chief Information Officer is actively working with VHA leadership to resolve any concerns at the staff level with the consolidation of IT functions.

8. RESCHEDULING PROJECT

The goals of the Scheduling Rescheduling project are to improve access to care for veterans, decrease wait times for appointments, and increase provider availability. The first version of the project will be placed in production at the VA medical center in Muskogee, Oklahoma, during June 2008, followed by "several activities" in FY 2009 in preparation for completion of a national rollout in FY 2011.

According to the testimony the first version of the Scheduling Replacement project will be placed in production at the Muskogee, Oklahoma, VA medical center in June 2008. Are you on schedule to put that in place in June?

Tell the Committee what has to be done to get that in place? What activities will take place for the remainder of fiscal year 2008 on the Scheduling Replacement project? Has the Scheduling Replacement Project been tested and validated?

Please tell the Committee how this initial deployment was tested and validated? What other locations are included in the initial installation of the project? What application is being used for the project? What type of improvements do you anticipate having to make in fiscal year 2009? What type of hardware and software will have to be purchased, and at what cost? What is the total cost to implement the Scheduling Replacement Project? What are the projected annual costs to maintain this system?

How will you know access to care has been improved? How will you know that wait times for appointments have decreased?

How will you know that provider availability has increased?

Response. *Are you on schedule to put that in place in June? Tell the Committee what has to be done to get that in place?*

The application is now scheduled to be in production in August 2008. Delays in vendor repairs to the application as well as the reintegration and retesting of new versions of external components required for deployment resulted in this delay. VA will continue with the product certification process and instituted weekly defect deliveries that will be tested by the business users for approval of operational readiness in order to mitigate any future time issues.

What activities will take place for the remainder of fiscal year 2008 on the Scheduling Replacement project?

The remainder of FY 2008 will be devoted to certification of the application for production, preparation for training activities at Muskogee and ensuring the support structure is in place for both technical and business issues that may arise during deployment. The testing and validation of the application is in process with certification expected in July 2008.

Has the Scheduling Replacement Project been tested and validated?

In order to prepare for initial deployment, the application undergoes several phases of testing, including functional testing, performance testing, integration testing, and disaster recovery testing prior to deployment. In addition, several levels of approval are required to field the application, including Independent Validation and Verification certification, user acceptance testing and approval, milestone review (operational readiness) by VA senior management, and formal agreement with the Muskogee VA Medical Center Director. Only one site (Muskogee VA Medical Center) will be included in the initial installation. The second site for the next phase is anticipated to be the Central Texas Healthcare System, which is a much larger and more complex medical center.

The application being deployed is the Replacement Scheduling Application (RSA). In addition, commercial products such as Oracle, Linux, Weblogic and Crystal Reports are utilized as part of the overall system architecture.

In FY 2009, the application will include additional enhancements such as group management of patients, improved ad hoc reporting capabilities, and local management of several files and tables. Also included will be upgraded versions of supporting components as part of the overall HealtheVet infrastructure. Expected business improvements include improved access to care, inter-facility scheduling, and new metrics designed to more accurately capture patient waiting times at any level of VHA.

What are the projected annual costs to maintain this system?

Two application servers and supporting operating systems for each site must be purchased. This provides a primary server and a failover system in the event of failure to ensure continuity of operations. Other purchases for deployment are software licenses (Crystal Clear and Oranxo), Linux, Weblogic server licenses, and data storage at the Corporate Data Center in Austin, Texas. Estimated cost for the procurement of software and hardware is $12 million over FY 2009 and FY 2010 phased in through the deployment schedule. The total cost to complete is estimated at $180 million for FY 2001 through FY 2011. Annual maintenance costs are approximately $13 million per year. Those costs include planned license renewals, planned equipment refreshes, operational support at the Corporate Data Center, and ongoing maintenance and support of the application.

How will you know access to care has been improved?

The deployment plan includes metrics that baseline the current access to care and wait times in order to verify improvement of care. This will be measured at each site prior to the installation of the application. Metrics will be gathered weekly to determine the improvement from the baseline in the areas of access to care (availability of appointment slots), provider availability, same day care, special appointment availability (such as compensation and pension and service connected), and overall improvement in the management of outpatient care.

How will you know that wait times for appointments have decreased?

Wait time statistics are historically available and will be used as the initial baseline for performance improvement. With the implementation of the business process reengineering and supporting application, the new metrics will be compared to the baseline to determine the percentage of improvement. The new wait lists also include long term and short term pending lists that send reminders for appointment scheduling, thus ensuring that future availability for care is not compromised or used as wait lists in lieu of a better solution.

How will you know that provider availability has increased?

Provider availability is historically available in VistA and will be used as the initial baseline for performance improvement. With the implementation of single calendars for every provider, the restriction of care is lifted that is currently imposed by the outdated clinic structure in place today. The single calendar will allow for the clinician to provide any type of health care, and also track provider availability in 5 minute increments.

9. Encryption/Privacy of Mobile Service Delivery

The testimony says portable IT equipment for benefit counselors is encrypted to protect veterans' privacy. Are you facing challenges doing this? If so, what are some of the challenges you are facing to ensure the encryption of data? If you are not facing challenges in this regard, tell the Committee what you are doing to ensure the privacy of our veterans as it relates to delivering mobile services?

Response. *Are you facing challenges doing this?*

VA, OI&T Field Operations has taken a number of steps to ensure the privacy of our veterans when using portable IT media. Portable IT equipment for benefit counselors may include laptops and USB storage devices (thumb drives). All laptops that are issued to any VBA employee have been encrypted using the Guardian Edge software. This software package encrypts the entire hard drive so that no data is left unencrypted.

The transmission of data over the Internet between field computers and the VA network is also encrypted. All laptops are registered to a specific user who is required to connect the laptop to the VA network at least every 90 days to ensure security updates occur. All laptops connect to the VA network via secure Virtual Private Network (VPN). Through this secure VPN connection, users can perform all necessary tasks within the VA network so that data is saved on the internal VA centralized system and not on the portable laptop.

If a VBA employee requires a thumb drive to perform duties, only encrypted VA-approved thumb drives are authorized. These thumb drives contain a small amount of space that contains the encryption software. This space cannot be encrypted. This is a minor challenge for our organization that is being addressed by educating users of these devices.

If so, what are some of the challenges you are facing to ensure the encryption of data?

These security processes require significant effort on the part of IT staffs to enable encryption and train the users. This challenge applies to both laptop and thumb drive encryption. Additionally, the use of encrypted devices reduces response time. Most users have noted time delays when using encrypted laptops and thumb

drives, especially when working with large amounts of data. Although this has presented some challenges, everyone agrees that this is the best solution available.

10. Veteran Facing Information Technology (IT) Systems

Veteran facing IT systems support VA programs such as medical care, delivering compensation benefits, providing pension benefits, enhancing educational opportunities, delivering vocational rehabilitation and employment services, promoting homeownership, providing insurance service, and delivering burial services. Veteran facing programs account for $1.295 million of the IT request. The payroll portion of IT is an additional $729.2 million.

Response. *Of the $1.295 billion for veteran facing IT systems, how much of that is maintenance of current systems and how much of that is for new procurement?*

Out of the $1.295 billion for veteran facing, $401 million represents the development projects (new procurement) and $893 million represents the maintenance and operations accounts.

Of the payroll portion of your veteran facing IT systems, how much of that is for maintaining the personnel you have on board, how much of that is the fiscal year 2009 pay raise, and how much is for hiring new personnel? What is the attrition rate of your VA IT staff?

In FY 2009, the salary and other pay related costs for the 94 additional FTE is slightly over $10.8 million on top of maintaining the FY 2008 base of $699.1 million. Overhead costs such as travel, training, supplies, leases, and other support requirements are calculated to be approximately $19.3 million in FY 2009 for a total pay request of $729.2 million. The FY 2009 pay raise is calculated to be $21.1 million. The attrition rate for OI&T is currently planned at approximately 5 percent of the total workforce annually.

11. Internal Facing IT Systems

Internal facing IT systems are those systems that provide capability to more effectively manage IT resources such as corporate management, financial resources management, asset management, human capital management, IT infrastructure, and information protection.

Of the $418 million for internal facing IT systems, how much of that is maintenance of current systems and how much of that is for new procurement?

Response. Out of the $418 million for internal facing, $128.2 million represents the development projects (new procurement) and $289.8 million represents the maintenance and operations accounts.

12. Electronic Health Record DE

The testimony says VA is working hard to support the President's vision to have electronic health record capability for most Americans by 2014 and to implement the associated Executive Order. Please provide a copy of that Executive Order for the record. Tell the Committee specifically what VA is doing to support electronic health record capability implementation by 2014. How much is VA spending in fiscal year 2008 for this activity? How much is in the fiscal year 2009 budget for this activity?

Response. Executive Order: Incentives for the Use of Health Information Technology and Establishing the Position of the National Health Information Technology Coordinator *http://www.whitehouse.gov/news/releases/2004/04/20040427-4.html* (See Attachment B.)

Tell the Committee specifically what the VA is doing to support electronic health record capability implementation by 2014.

VA plans to achieve the core elements of HealtheVet by 2012 with full operating capability of the major components targeted for 2014. Primary components and capability planned for this next generation include:

- Scheduling Replacement:
  - New/improved capability includes resource scheduling (provider, room, equipment) and coordination of those resources to improve patient scheduling
  - Inter-facility scheduling between VA medical centers (VAMC)
  - Ability to make/cancel/reschedule/check in/out appointments, etc.
  - Ability to track utilization and determine resource requirements
  - Improved reporting of patient wait times by specialty and services
- CPRS Reengineering:
  - Personalized (individual patient) decision support incorporating medical knowledge, genomic information, and patient specific information

- Enhancements to meeting accreditation requirement such as the Joint Commission on the Accreditation of Healthcare Organizations and the legal health record requirements
- Provides access to clinical information and decision support information from other VAMC and Department of Defense (DoD) sites through VistAWeb and remote data interoperability

- LAB Reengineering:
  - Improved support of Pathology & Laboratory Medicine Services, meets accreditation standards
  - Auto-Verification of results, automated Specimen ID and tracking
  - Improved support for Emerging Lab Technologies
  - Reduced/eliminated patient and sample identification errors, enhanced data/info interoperability leading to improved decision support
- Pharmacy Reengineering:
  - Reduced risk of medication errors and adverse events through enhanced medical management decision support tools; Inpatient and outpatient integrated pharmacy order processing system that supports Bar Code Management Application (BCMA)
  - Increases number of prescriptions to be filled within the same time frame, provides better formulary management, supports interoperability and ePharmacy claims processing
- Health Data Repository (HDR):
  - Enables providers to obtain integrated data views and acquire the patient, specific clinical information needed to support treatment decisions—reduces patient safety issues by providing a consolidated national view (across all VA facilities and DoD) of the patient's clinical data
  - Reduces costs by reducing redundant procedures, increasing data quality, promoting standards, and enhancing research, performance reviews and decision support. *Note: HDR is also the lynchpin of VA/DoD sharing/interoperability*

Other major efforts ongoing include:

- Storing the health records for all veterans served by Veterans Health Administration (VHA) care facilities and making them available in electronic form, including both text and image records. The records are available both at local facilities and at any remote VHA facility.
- Facilitating the electronic transfer of laboratory and pharmacy orders not only among VHA facilities, but DoD and commercial vendors as well. VHA can also exchange some health records for active duty and veteran personnel between DoD and VA sharing facilities.
- Establishing remote order of medical procedures (inter-facility consults) and telemedicine for specialty care through electronic technologies.
- Providing secure information for veterans to manage their own health records via MyHealtheVet. This Web site not only provides veterans with their VA-based clinical records but also allow veterans to report/record their own data, such as blood pressures and information from private physicians. It also provides the capability for veterans to refill prescriptions if they so choose.
- Modifying VistA in conjunction with Department of Health and Human Services (HHS) to provide a physician office system for rural health care providers. VHA also shares VistA with the Indian Health Services to further its effort in electronic health record.

Future activities in this area include:

- Continuous improvement of interoperability with DoD and other government or civilian health care entities via programs and projects that ensure timely information transfer and the expansion of the types of data sent.
- Continuous effort in health care record standardization. Data standards will allow VHA, other governmental health care entities and the rest of the health care industry to achieve interoperability in the near future.
- System and network security improvement to ensure privacy and security of electronic health records. For example, the identity service to manage system access and continuous monitoring for appropriate record access.

How much is the VA spending in fiscal year 2008 for this activity? How much is in the fiscal year 2009 budget for this activity?

VA considers the pursuit of an electronic health record integral to nearly all of its activities. For this reason, VA's budget data does not excerpt electronic health record capability as a separate line item. As presented here and in question 13, you will find more detailed information regarding budget requests and a number of the programs listed provide support to the ultimate goal of an electronic health record.

The budget information below includes non-pay data (dollars in millions):

Initiative	FY 2008	FY 2009
VistA Application Development	$64.290	$116.721
VistA Foundations Modernization	65.728	94.966
Scheduling Replacement	20.600	29.909
Laboratory Systems Reengineering	7.000	29.057
Health Data Repository	25.000	24.830
My HealtheVet	12.740	18.427
Pharmacy Reengineering	9.360	17.234
Enrollment Enhancements	13.418	15.637

13. IT INITIATIVES

VA has at least eight IT initiatives in veteran facing medical programs. Those initiatives include: VistA Application Development; VistA Foundations Modernization; Scheduling Replacement; VistA Laboratory Information Systems Reengineering; Health Data Repository; MyHealtheVet; Pharmacy Reengineering; and Enrollment Enhancements; as well as maintaining VistA Legacy system. Do you believe that you have the necessary leadership in key positions to effectively carry out these initiatives? Do you believe that you have the support at the highest levels in the Department to carry out these initiatives? How much are you spending on each of these initiatives in fiscal year 2008, and how much is in the fiscal year 2009 request for each of these items? How do you rank these initiatives in order of importance?

Response. *Do you believe that you have the necessary leadership in key positions to effectively carry out these initiatives?*

Leadership positions for some of these programs have not been filled on a permanent basis. We are actively working to fill these key leadership positions.

Do you believe that you have the support at the highest levels in the Department to carry out these initiatives?

Yes.

How much are you spending on each of these initiatives in fiscal year 2008, and how much is in the fiscal year 2009 request for each of these items? How do you rank these initiatives in order of importance?

It is extremely difficult to rank these items in order of importance as each is a critical aspect of the migration from VistA to HealtheVet. Aspects of each are dependent on the others, and often a delay in one of the programs results in delay of future HealtheVet applications. The budget information below includes non-pay data (dollars in millions):

Initiative	FY 2008	FY 2009
VistA Application Development	$64.290	$116.721
VistA Foundations Modernization	65.728	94.966
Scheduling Replacement	20.600	29.909
Laboratory Systems Reengineering	7.000	29.057
Health Data Repository	25.000	24.830
My HealtheVet	12.740	18.427
Pharmacy Reengineering	9.360	17.234
Enrollment Enhancements	13.418	15.637

14. VISTA LEGACY SYSTEM

According to the budget, VA is planning to spend $99 million for VistA Legacy system in fiscal year 2009. How many years do you project that you will have to be maintaining the VistA Legacy, and at what annual cost?

Response. Costs associated with the VistA Legacy system will continue until VistA HealtheVet is fully deployed. Completion for VistA HealtheVet is anticipated in 2018. The annual cost associated with VistA Legacy maintenance will depend on the speed of development and the replacement with VistA HealtheVet components. We must maintain the existing VistA Legacy systems until the replacement is complete. It is not possible to predict costs involving all functions supporting the electronic medical record that are particular to VistA Legacy in this dynamic environment of transition toward VistA HealtheVet. We currently have recurring contract costs to specifically support the VistA Legacy Equipment of $51.4 million annually and this requirement will continue until the full transition to the VistA HealtheVet platform.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Wamp.]

[CLERK'S NOTE.—Questions for the record submitted by Congressman Bishop.]

15. DISTRICT CASE WORK OVERLOAD

My District staff continues to tell me that it routinely takes up to two years or more for disability or related claims to be resolved by VA. I raised this issue with the former Secretary and others for the past two years, and every year we continue to be assured that this situation is being addressed and rectified. However, based on my experience, at least in Southwest Georgia, this is not the case, and frankly, I don't have very much confidence in this Administration's capacity to get its arms around this issue.

I continue to see year after year where the Inspector General's Office reviews this issue, and makes recommendations on how to improve the system, but I frankly still don't see any measurable improvement in my area of the country. With all the investments we're making to improve the Department's technological resources, I would have expected this situation to be improved. Would you please to comment?

Response. VA is committed to providing veterans and their families with more timely claims decisions. The Veterans Benefits Administration (VBA) has developed a comprehensive plan to address the continuing growth in the volume of incoming claims nationwide. The cornerstone of our plan is the development of a well-trained workforce that is sized commensurate with current and projected claims workload.

Last year VBA began an aggressive hiring program that will add an unprecedented 3,100 additional employees by September 2008. Under this national hiring program, the Atlanta VA Regional Office actively recruited additional claims processors, increasing the number of Service Center employees from 232 in January 2007 to 285 as of March 2008.

The training process for new claims processors can take up to two years; therefore, our newest employees do not have an immediate impact on decision output. We have modified our centralized and local training curricula to enable new employees to become more productive earlier in their training program by focusing initial training on simpler types of claims, such as dependency changes and burial benefits claims. This frees our more experienced staff to focus on more complex disability claims processing. We anticipate significantly increased productivity over the next two to three years as our newest employees complete their training and gain experience in all aspects of disability claims processing.

We also use a workload brokering strategy to help balance the claims inventory across the nation. Claims are sent from VA regional offices that are challenged by high inventories to other offices with capacity to process additional work. Because of the heavy workload at the Atlanta VA Regional Office, over 11,000 disability rating claims were brokered from Atlanta to other VA regional offices last year, and brokering of Atlanta's work continues this year.

We have focused our efforts on completing VETSNET, the replacement system for the Benefits Delivery Network. There are many reasons why the completion of the VETSNET system is important. VETSNET will ensure continuity of benefit payments to veterans and beneficiaries, and there are other advantages as well. With full implementation of VETSNET, VA will be able to readily make software modifications to support improved work processes, legislative mandates, and security enhancements. It will also be possible to incorporate and enhance decision-support and "expert system" applications.

We have made significant progress in the implementation of VETSNET over the past two years. Approximately 98 percent of all original compensation claims are being processed end-to-end in VETSNET, and we are now paying monthly compensation benefits to more than 850,000 veterans—or approximately one out of every three compensation recipients—using this modernized platform. With our next conversion of records from the legacy Benefits Delivery Network, scheduled for April, VETSNET will be the primary payment system for compensation and pension benefits.

We are currently developing a comprehensive strategy to integrate various information technology initiatives to improve claims processing. At the core of our strategy is the implementation of a business model for compensation and pension claim processing that is less reliant on paper documents. Initial pilot efforts have demonstrated the feasibility of using imaging technology and computable data to support claims processing in the compensation and pension programs.

In addition to use of imaging and computable data, we are incorporating enhanced electronic workflow capabilities, enterprise content and correspondence management services, and integration with our modernized payment system, VETSNET. Further, we are exploring the utility of business rules engine software for both workflow management and to potentially support improved decision-making by claims processing personnel.

16. VA/DoD Coordination on Disability Claims

Are you aware that veterans are required to prove to the military medical that they are combat injured and disabled, as well as proving the same condition to the Veteran Affairs, but they must also prove to the CRSC program that the have combat related injuries.

What is being done to improve coordination with DoD, including the possibility of a one-stop clearing house for the veterans as well as all claims processed at one Federal location? And, what is the status of DoD/NA technology integration efforts with respect to health records and disability claims?

Response. *What is being done to improve coordination with DoD, including the possibility of a one-stop clearing house for the veterans as well as all claims processed at one Federal location?*

The military service Departments make disability determinations based on the service member's service treatment records in conjunction with other accumulated evidence. VA uses these same records in making disability determinations, adding in any post-service medical evidence that has been accumulated. Administration of the CRSC program relies heavily on disability data that VA has made a high priority to provide to DoD.

One initiative to streamline and integrate the disability evaluation process is the Joint Disability Evaluation System (DES), which began in November 2007. This is a pilot project to modernize and improve the way disabilities are evaluated and compensation is awarded to injured servicemembers. The pilot focuses on a single comprehensive medical examination and a single disability evaluation provided by VA. The goals of the pilot program are to simplify the DES process, conduct one examination, make one disability evaluation, and reduce the overall time it takes a service member to progress from referral to a Medical Evaluation Board (MEB) to receipt of VA benefits. In most instances where a service member is found unfit for continued active service, the rating evaluation provided by VA will serve as the foundation for VA disability compensation. The DES pilot is scheduled to conclude in November 2008, and the final report/recommendations are to be delivered in February 2009.

The DES pilot is supported by a number of IT initiatives targeted to provide access to the health record. Currently, claims examiners are able to view through the CAPRI application, all medical records in VA's VistA system including the records made available through VA/DoD's bi-directional interfaces.

Additionally, the Defense Personnel Record Information System (DPRIS) Web application provides direct on-line access to veterans' official military personnel records that are maintained by DoD. The application provides electronic images of DD–214s, medical evaluations/findings, and other administrative records which are retrievable and can assist in the processing of PTSD claims, asbestos claims, and Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) claims. Responses from the Army, Navy, and Air Force are received within 20 to 30 minutes, and responses from the Marine Corps are received within 24 hours. VBA is in the process of devising a national plan to deploy the application to all VA regional offices.

VA and DoD are also involved in collaborative efforts to resolve issues and improve military paper health treatment record (HTR) processes and facilitate their seamless transfer from DoD to VA for benefits processing in support of service members, veterans, and deployed National Guard and Reserve personnel. This is part of the Military Records Working Group initiative of the VA/DoD Benefits Executive Council.

And, what is the status of DoD/NA technology integration efforts with respect to health records and disability claims?

VA and DoD are in currently engaged in conducting a pilot in the national capital region for the purpose of determining efficiencies that can be applied to the coordination of disability claims through joint operations. The pilot will be a service member-centric initiative designed to eliminate the duplicative and often confusing elements of the two current disability processes of the Departments. Key features of the pilot program include one medical examination and a single-sourced disability rating. One goal of the pilot is to enable service members to more effectively transi-

tion to veteran status and provide them with their VA benefits and compensation. The pilot is scheduled to conclude in November 2008 and the final report/recommendations are to be delivered in February 2009. In addition to the new requirements that are expected as the result of the pilot report/recommendations, the disability claims evaluation system is supported by a number of IT initiatives targeted to provide access to the health record.

17. CONSOLIDATED IT OPERATIONS

VA is requesting $2.442 billion to support IT development, operations, and maintenance expenses including payroll for FY 2009, an 18.9 percent increase over the FY 2008 level. This request reflects the consolidation of VA IT into one appropriation, with certain exceptions such as non-payroll IT for credit reform programs and insurance benefits programs. What would you say are the key challenges you've faced thus far in the consolidated environment and how can the Subcommittee assist in relieving and/or supporting the Department in achieving its goals in this area.

Response. The IT consolidation has given VA the opportunity to look at all aspects of the "State of VA IT" and to support efforts to provide improved, standardized IT services, leading to consistency and dependability across the Department. In some cases, this will involve shoring up areas which have suffered from neglect in the past. One of the critical areas is staffing. We have discovered, as a result of the reorganization, there are certain skill sets, such as information security officers and certain areas, such as tracking IT assets, which were not properly staffed in the past. We are attempting to rectify these omissions to fully support those functions. Additionally, OI&T is developing a staffing model, which will provide a more accurate estimate of the number of IT FTE required to support VA.

18. FY 2009 IT BUDGET REQUEST

In FY 2009, the majority of increases represent program priorities to enhance the support to veterans both directly and indirectly—especially in the area of medical care. The move toward a centralized IT Management System has been challenging, but it has also served to reinvigorate IT capability within VA.

According to previous testimony, you've indicated that placing all IT staffing, equipment, and budgetary resources under the VA Chief Information Officer (CIO) has provided an objective capability with visibility over all IT activities across the Department.

However, have we "materially" improved the delivery of services to the Department's clients, our veterans? I am not sure these changes have filtered down to my constituents!

Response. As a result of the single IT leadership authority, we are in a better position to discover and fix problems. Additionally, we are better postured in the area of information protection to secure the sensitive information of veterans and employees. Also, we have improved resource management (money and people) and have much better visibility in those areas, as desired by Congress.

19. LOST RECORDS

It is my understanding that when a veteran's service or medical records are lost or misplaced, through NO FAULT of the veteran, they are denied approval of benefits until such time the records are found (if they are ever found). This even applies when VA states *they* have lost the records. This is not fair to the men and women that have served. Shouldn't the process allow for unique mitigating factors in such instances?

Where is the Department in addressing this issue, and what role will the resources we've invested in technology improvements play in addressing this issue?

Response. VA's policy of assisting veterans with obtaining evidence to support their claims reflects the principles of the Veterans Claims Assistance Act of 2000, Public Law 106–475. The duty to assist a veteran with prosecution of his or her claim is clarified in 38 Code of Federal Regulations (CFR) 3.159 and the claims processing manual, M21–1MR, Part I, Chapter 1, Duty to Assist.

Although loss of records is rare, VA has specific procedures in place to trace missing records. If VA cannot locate a claims folder, it searches the local office, the Records Management Center, and any other office that might have reason to have the claims folder. If all these attempts fail, VA then rebuilds the folder and attempts to obtain, with the veteran's help, any available secondary evidence to support the claim.

If a claims folder is misplaced, or if VA is unable to obtain important evidence such as a veteran's service medical record, VA requests alternative documents to support the claim for benefits. For example, VA can request a search of military unit sick logs, morning reports, or Surgeon General Office reports for records of military hospitalization. Additionally, VA will ask the veteran for any alternative records that may contain some evidence to support the claim for benefits. Such evidence may include statements from other service members, letters written during service, photographs taken during service, state or local accident reports, private medical reports, prescription records, or insurance examination records.

When resolving any claim, and especially a claim in which records are missing, VA is governed by 38 CFR 3.102, in which a broad interpretation of available facts will be applied and any reasonable doubt resolved in favor of the veteran. This is particularly true in the absence of official records and when a claimed disability allegedly arose under combat or similarly strenuous conditions. Claims examiners are required to apply the benefit of the doubt in any case when records are missing. After a decision on a claim, the veteran must be notified of the application of the benefit-of-the-doubt rule and told how VA weighed the positive and negative aspects of the available evidence.

VA's modern technology infrastructure is playing an important role in providing access to claim documentation. For example, over the past year, every disability rating decision and notification letter has been saved in an electronic file. Virtually every veteran getting disability benefits today has some documentation in an eFile, as a variety of correspondence is automatically captured into that file. Additionally, VETSNET contains a library of claim development letters sent to a veteran and a complete record of past claim authorization decisions. VA has complete eFiles on over 3,000 veterans, a number which grows everyday with the continued expansion of our Paperless Delivery of Veterans Benefits initiative.

20. VA Communications System

I'm also concerned that the Department's communication capabilities and response times are not what they should be. What is the average wait time for vets calling into the VA centers? Callers often cannot get in touch with VA reps—frequently, the voice attendant says due to high volume you should call back later.

Vets can only reach VA counselors at the state offices during normal business hours. This is not always going to work for many vets who have jobs during the day. If the vet is lucky enough to talk to VA rep on the phone it is someone in another region because the calls are routed to Kansas. How can technology assist in improving and addressing this issue?

Response. The Department has several voice based systems where veterans can access VA. Primarily, there is the Nationwide Automated Response System (NARS), which is focused on general veteran's benefits, and the Health Revenue Center (HRC), which is focused on health care benefits. NARS is a voice based automated response system designed to provide veterans general benefits information. HRC is a call center organization designed to provide veterans comprehensive information on their health care benefits and eligibility. From each system, a veteran can be redirected to the appropriate organization. Calls are only routed to the Kansas-based HRC if a NARS user requests information on health benefits.

Data: The table below describes the average call volume and wait time for both of these systems:

System	Call volume (calls/month)	Average wait time (Minutes:seconds)	Hours of operation
HRC	297,092	2:16	0600*–1900 (CT) *Part of operation opens at 0700.
NARS	2,263,167	1:10	0700–1600* (Local Time to Veteran). *Expanding to 1900 in FY 2008).

Role of technology

From a technology standpoint, there are three potential tracks that can be run in parallel and, to varying extents, are in use in VA already—online access to certain resources, state of the art call center technology and the strategic application of other communications technologies.

For many years, VA has had automation systems in place—primarily telephonic with voice menus—that allow our veterans the ability to perform certain functions, such as prescription refills and appointment cancellations, directly, at all hours and without the aid of live VA staff. With the veteran population being increasingly more comfortable with and adept at the use of e-commerce and self service via the Internet, more of those types of self service options could be provided online. Live customer service can also be provided interactively online. This would potentially improve flexibility in terms of the hours during which the veteran can access services. The shifting of some things to online self service can also, in some ways, improve how rapidly the response is to the veteran in some aspects of their care and benefits.

For instances where the veteran wants or needs to speak directly to a live contact, call centers can be a very effective option. There are still staffing strategies and processes that must accompany the call centers in an effective way. Call center technologies and architectures decrease response times, lengthen the hours a veteran can access a representative, and improve system/employee flexibility.

Routing of calls can be facilitated by various communication technologies. A modern architecture could include enterprise wide deployment of voice over Internet Protocol (VoIP) and would be based on a Service Oriented Architecture (SOA). This technology combined with a SOA will result in call volume to be more evenly and intelligently distributed over multiple call centers. For instance, if a veteran needs to speak to a specific individual or a subject matter expert, call routing technologies—including those linked to wireless networks—can be employed as can be "unified communications" technologies to efficiently route messages for call back if appropriate.

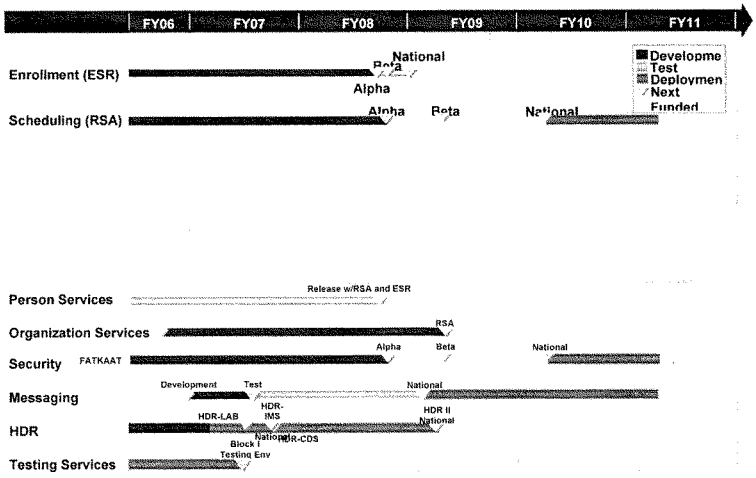
It must be stressed that technology can only facilitate the business processes and must still be accompanied by an effective quality management program and appropriate resources provided by the business owner to meet identified target metrics.

The Veterans Benefits Administration (VBA) answered over 17 million calls in FY 2007. VBA calls are handled by our call centers, which are designed by business line. We have call centers for general benefits information and claims assistance; direct deposit of benefit payments; pension; various specialty missions; education; insurance; and the home loan guaranty program. Our general benefits call center handles the largest call volume, receiving approximately 11 million calls in FY 2007. VBA's average waiting time to speak with a representative was 70 seconds in FY 2007. In March 2008, our average waiting time was 18 seconds.

Service hours on our general information and claims assistance telephone lines are being expanded to a 12-hour period from 7 a.m. to 7 p.m. over the next few months. We are also expanding our call agent capabilities, while improving quality and efficiency of service, by acquiring current information technology for our call centers.

Attachment A

Block I: Integrated Schedule



Milestone dates based on FY 08 Appropriation and FY 09 Passback

FATKAAT: Fat Client Kernel Authentication & Authorization Tool

Attachment B

For Immediate Release
Office of the Press Secretary
April 27, 2004

Executive Order: Incentives for the Use of Health Information Technology and Establishing the Position of the National Health Information Technology Coordinator

By the authority vested in me as President by the Constitution and the laws of the United States of America, and to provide leadership for the development and nationwide implementation of an interoperable health information technology infrastructure to improve the quality and efficiency of health care, it is hereby ordered as follows:

Section 1. Establishment. (a) The Secretary of Health and Human Services (Secretary) shall establish within the Office of the Secretary the position of National Health Information Technology Coordinator.

(b) The National Health Information Technology Coordinator (National Coordinator), appointed by the Secretary in consultation with the President or his designee, will report directly to the Secretary.

(c) The Secretary shall provide the National Coordinator with appropriate staff, administrative support, and other resources to meet its responsibilities under this order.

(d) The Secretary shall ensure that the National Coordinator begins operations within 90 days of the date of this order.

Sec. 2. Policy. In fulfilling its responsibilities, the work of the National Coordinator shall be consistent with a vision of developing a nationwide interoperable health information technology infrastructure that:

(a) Ensures that appropriate information to guide medical decisions is available at the time and place of care;

(b) Improves health care quality, reduces medical errors, and advances the delivery of appropriate, evidence-based medical care;

(c) Reduces health care costs resulting from inefficiency, medical errors, inappropriate care, and incomplete information;

(d) Promotes a more effective marketplace, greater competition, and increased choice through the wider availability of accurate information on health care costs, quality, and outcomes;

(e) Improves the coordination of care and information among hospitals, laboratories, physician offices, and other ambulatory care providers through an effective infrastructure for the secure and authorized exchange of health care information; and

(f) Ensures that patients' individually identifiable health information is secure and protected.

Sec. 3. Responsibilities of the National Health Information Technology Coordinator. (a) The National Coordinator shall, to the extent permitted by law, develop, maintain, and direct the implementation of a strategic plan to guide the nationwide implementation of interoperable health information technology in both the public and private health care sectors that will reduce medical errors, improve quality, and produce greater value for health care expenditures. The National Coordinator shall report to the Secretary regarding progress on the development and implementation of the strategic plan within 90 days after the National Coordinator begins operations and periodically thereafter. The plan shall:

(i) Advance the development, adoption, and implementation of health

care information technology standards nationally through collaboration among public and private interests, and consistent with current efforts to set health information technology standards for use by the Federal Government;

(ii) Ensure that key technical, scientific, economic, and other issues affecting the public and private adoption of health information technology are addressed;

(iii) Evaluate evidence on the benefits and costs of interoperable health information technology and assess to whom these benefits and costs accrue;

(iv) Address privacy and security issues related to interoperable health information technology and recommend methods to ensure appropriate authorization, authentication, and encryption of data for transmission over the Internet;

(v) Not assume or rely upon additional Federal resources or spending to accomplish adoption of interoperable health information technology; and

(vi) Include measurable outcome goals.

(b) The National Coordinator shall:

(i) Serve as the Secretary's principal advisor on the development, application, and use of health information technology, and direct the Department of Health and Human Service's health information technology programs;

(ii) Ensure that health information technology policy and programs of the Department of Health and Human Services (HHS) are coordinated with those of relevant executive branch agencies (including Federal commissions) with a goal of avoiding duplication of efforts and of

helping to ensure that each agency undertakes activities primarily

within the areas of its greatest expertise and technical capability;

(iii) To the extent permitted by law, coordinate outreach and

consultation by the relevant executive branch agencies (including

Federal commissions) with public and private parties of interest

including consumers, providers, payers, and administrators; and

(iv) At the request of the Office of Management and Budget, provide

comments and advice regarding specific Federal health information

technology programs.

Sec. 4. Reports. To facilitate the development of interoperable health information technologies, the Secretary of Health and Human Services shall report to the President within 90 days of this order on options to provide incentives in HHS programs that will promote the adoption of interoperable health information technology. In addition, the following reports shall be submitted to the President through the Secretary:

(a) The Director of the Office of Personnel Management shall report within 90 days of this order on options to provide incentives in the Federal Employee Health Benefit Program that will promote the adoption of interoperable health information technology; and

(b) Within 90 days, the Secretary of Veterans Affairs and the Secretary of Defense shall jointly report on the approaches the Departments could take to work more actively with the private sector to make their health information systems available as an affordable option for providers in rural and medically underserved communities.

Sec. 5. Administration and Judicial Review. (a) The actions directed by this order shall be carried out subject to the availability of appropriations and to the extent permitted by law.

(b) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity against the United States, its agencies, its entities or instrumentalities, its officers or employees, or any other person.

GEORGE W. BUSH

THE WHITE HOUSE

April 27, 2004

# # #

Return to this article at:
http://www.whitehouse.gov/news/releases/2004/04/20040427-4.html

WEDNESDAY, APRIL 2, 2008.

DEPARTMENT OF DEFENSE

WITNESSES

TINA W. JONAS, UNDER SECRETARY OF DEFENSE (COMPTROLLER) AND CHIEF FINANCIAL OFFICER

WAYNE ARNY, DEPUTY UNDER SECRETARY OF DEFENSE FOR INSTALLATIONS AND ENVIRONMENT

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I will call the subcommittee to order.

Good afternoon to everyone. Secretary Arny, Secretary Jonas, welcome back. It is good to have you both here before the subcommittee again. Our hearing today is an overview of the fiscal year 2009 Department of Defense budget request. This year's total request for military construction, family housing, BRAC, chemical demilitarization, and the NATO security investment program is $24.4 billion, an increase of 15 percent over last year's request.

Every year, we seem to be setting a new record for military construction. If current trends hold, we are in the middle of the longest sustained period of high military construction spending in U.S. history. In terms of constant dollars, the only period since World War II that rivals the present is the early 1950s, when the U.S. fought the Korean War and rearmed to contain the Soviet Union.

The major initiatives, as we know, driving this spending are BRAC, growing the Army and Marine Corps by more than 100,000 troops, and the biggest shift in the global posture of the armed forces in decades. There are numerous smaller factors driving more MILCON and family housing requirements in the foreseeable future.

The requirements will be great, but as we are all aware there are growing pressures on the defense budget across the board. Military construction will be an increasingly tempting target for those who are looking for savings at the Pentagon in the coming years. We therefore need to ensure that the priorities are set and the initiatives do not outrun our ability to pay.

Before I proceed, I would like to turn to our ranking member, Mr. Wamp, and give him whatever time he would like to make an opening statement.

Mr. WAMP. Mr. Chairman, if I tried to improve on your opening statement, I would surely say it. [Laughter.]

Sometimes, you recognize me right out of the box, but I do agree with everything you just said, and I appreciate their service and their appearance before our subcommittee today. Any inquiries I have will come during the questions, but thank you both. I look forward to a good couple of hours.

Thank you, Mr. Chairman.

Mr. EDWARDS. The witnesses today are no newcomers to this subcommittee, but for the record let me just say that the under secretary of Defense, the Comptroller, Tina Jonas, has been the Chief Financial Officer of Defense since July of 2004, but I bet it seems longer than that to you. [Laughter.]

Ms. JONAS. Thank you, Mr. Chairman.

Mr. EDWARDS. She formerly served as Assistant Director and Chief Financial Officer of the FBI and as Deputy Under Secretary of Defense for Financial Management. She is a former staff member of the House Appropriations Defense Subcommittee from 1995 to 2000. She is a graduate of Arizona State and Georgetown University. Again, welcome back.

Ms. JONAS. Thank you, Mr. Chairman.

Mr. EDWARDS. The Deputy Under Secretary of Defense for Installations and Environment is Mr. Wayne Arny, who was appointed to the current post in February of this year. Congratulations on that appointment and thank you for taking on that responsibility, as well as your past leadership.

He previously served as Deputy Assistant Secretary of the Navy for Installations and Facilities. He is a 1964 graduate of the Naval Academy and on active duty as a naval aviator until 1981. What kind of plane did you fly?

Mr. ARNY. F–4s.

Mr. EDWARDS. F–4s—a little faster than the TBYs my dad flew in World War II.

He achieved the rank of commander and was a staff member of the Senate Armed Services Committee from 1981 to 1984. We will forgive him for having served on the other side of the Capitol.

Mr. ARNY. It gave me balance.

Mr. EDWARDS. That is right.

He was Program Associate Director for Financial Security and International Affairs at OMB from 1986 to 1989. And of great note, Secretary Arny has two sons, both serving as naval flight officers. We congratulate you and thank you for the kind of family that has made such a deep commitment to defend our country, Secretary Arny.

It is great to have you both here. I would like to say that without objection, your full statements will be submitted for the record. We would like to recognize each of you to make an opening presentation of about 5 minutes, and then we will go into questions and answers.

STATEMENT OF TINA JONAS

Ms. JONAS. Thank you, Mr. Chairman. I have a brief statement, and I will submit it for the record. Mr. Arny has a lengthier statement for the record, so I will keep it brief.

Mr. Chairman and members of the committee, thank you for the opportunity to discuss the military construction component of President Bush's fiscal year 2009 budget request for the Department of Defense. On behalf of the men and women of the department, both service members and civilians, I want to thank this committee for its continued support of America's armed forces. We look forward to working with you to ensure that our military men

and women have everything they need to carry out their vital mission.

Mr. Chairman, the president's base budget for defense in total is $515.4 billion in discretionary authority for fiscal year 2009. That is an increase of $35.9 billion or 7.5 percent over the enacted level for fiscal year 2008. Taking inflation into account, the real growth in this request is 5.4 percent, so we are very well pleased with that in the department.

The base budget sustains the president's commitment to ensure a high state of readiness and ground force strength; enhance the combat capabilities of the U.S. armed forces; continue the development and implementation of capabilities to maintain U.S. superiority against future threats; and continue the department's strong support for service members and their families.

The military construction portion of that request, which supports those strategic objectives, is $21.2 billion, an increase of $3.4 billion or approximately 19 percent over the prior year. It funds the department's most pressing priorities and facilities requirements, including new construction, replacement of troop housing, and facilities to support the increase of 92,000 soldiers and Marines over a 5-year period.

Also included in that amount is $9.1 billion to implement the Base Realignment and Closure, or BRAC, 2005 Commission recommendations. This is the peak year for investment in BRAC, and these funds are critical if we are to successfully complete those projects by the deadline of 2011. We are also looking forward to reaping the savings from the anticipated BRAC, but we can't realize these savings unless we are able to be successful in defense appropriations.

In addition to the $21.2 billion needed for facilities, the department is also requesting $3.2 billion for family housing. This funding is vital for quality of life programs and will enable the department to privatize an additional 12,324 units and to eliminate inadequate housing units overseas. The requested amount is approximately $300 million or just over 10 percent higher than the prior year. A big portion of that is the grow-the-force initiative that we are pursuing.

So on behalf of the department and the men and women of the armed services, I want to thank the committee for letting us appear here today, and I look forward to your questions.

[Prepared statement of Tina Jonas follows:]

"FY 2009 Military Construction Budget Request"

Statement

of

Tina W. Jonas
Under Secretary of Defense (Comptroller)

before the

U.S. House of Representatives

Committee on Appropriations

Subcommittee on Military Construction,
Veterans Affairs and Related Agencies

April 2, 2008

For Official Use Only
Until Released by House Appropriations Committee

Mr. Chairman, members of the Committee, thank you for the opportunity to discuss the Military Construction component of President Bush's Fiscal Year 2009 budget request for the Department of Defense.

On behalf of the men and women of the Department – both Service members and civilians – I also want to thank the Committee for its continued support of America's Armed Forces. We look forward to working with you to ensure that our military men and women have everything they need to carry out their vital mission.

Since Mr. Army's statement comprehensively describes the Military Construction component of the President's Fiscal Year 2009 budget request and related issues, I will limit myself to a few comments from the perspective of the Office of the Comptroller.

Mr. Chairman, the President's base budget requests $515.4 billion in discretionary authority for FY 2009. That is an increase of $35.9 billion or 7.5 percent over the enacted level for FY 2008 budget. Taking inflation into account, the real growth in this request is 5.4 percent.

The base budget sustains the President's commitment to:

- Ensure a high state of readiness and ground force strength;
- Enhance the combat capabilities of the U.S. Armed Forces;
- Continue the development and implementation of capabilities to maintain U.S. superiority against future threats; and
- Continue the Department's strong support for Service members and their families.

The Military Construction portion of that request, which supports those strategic objectives, is $21.2 billion. It funds the Department's most pressing facilities requirements, including new construction, replacement of troop housing, and facilities to support the increase of 92,000 soldiers and Marines over a five-year period.

Also included in that amount is $9.1 billion to implement the Base Realignment and Closure (BRAC) 2005 Commission recommendations. This is the peak year for investment in BRAC, and these funds are critical if we are to successfully complete those projects by FY 2011. The savings anticipated by BRAC cannot be realized without this investment. In considering this request, please keep in mind that the FY 2008 enacted Consolidated Appropriations Act left the Department of Defense short $939 million in BRAC funding.

In addition to the $21.2 billion needed for facilities, we are asking for $3.2 billion for family housing. The funding for this vital "quality of life" program will enable the Department to privatize an additional 12,324 units and to eliminate inadequate housing units overseas. The requested amount is $0.3 billion higher than the FY 2008 enacted amount, mainly due to additional housing needs for the Grow the Force initiative.

Mr. Chairman, we are a nation at war. The brave men and women who are fighting to defend our freedom and security are all volunteers. They are doing a magnificent job, and they need and deserve our support.

We would ask Congress to act on the Department's FY 2008 Global War on Terror budget request, which is still pending. This request includes $1.7 billion for military construction projects for deployed forces. These projects will provide essential force protection, infrastructure, and operational improvements that directly support our war fighters.

Thank you, Mr. Chairman – and all of the Members of the committee – for the support you have shown them in the past. On their behalf, I ask for your continued support in the future.

In particular, we ask the Committee to support the Military Construction portions of the President's budget in full.

Mr. Chairman, thank you for the opportunity to participate in this hearing. I welcome your questions.

-END-

Mr. EDWARDS. Thank you, Secretary Jonas.
Secretary Arny.

STATEMENT OF WAYNE ARNY

Mr. ARNY. Thank you.

Mr. Chairman, I would like to note that I am very proud of my two sons, and the mother of those two sons is here today.

Mr. EDWARDS. Thank you. I will say this and have said it repeatedly, I consider military spouses to be—and moms and dads—to be the unsung heroes and heroines of our nation's defense. We are honored to have you here today.

Mr. ARNY. And her friend Allison Lewis, whose husband served with me. His son is a Marine pilot serving.

Mr. EDWARDS. Thank you. It is great to have you both here. Thank you.

Mr. ARNY. Chairman Edwards and Congressman Wamp, thank you, and distinguished members of the committee. It is a pleasure to join my long-time friend and now colleague in my new position, Tina Jonas, to testify before you on the MILCON budget.

As you said, I have submitted formal testimony for the record, but I would like to make just a couple of short remarks, and then answer a couple of questions that you all have raised in the meetings we had.

To recap our request, we believe, as I know you do, that military installations are the foundation of our entire military program. Without the installations, with their basing, admin, maintenance and repair facilities, our combat forces could not operate; without the housing, entertainment, personnel support facilities on and around those bases, our military members and their families would not have the quality of life we believe they deserve.

For the MILCON bases, we are continuing to recalibrate our bases overseas and in the U.S. through global basing and BRAC. In the budget, we requested $9.2 billion for BRAC 2005 implementation and $393.4 million for prior BRAC cleanup efforts. This represents $1.1 billion more than our 2008 request. I need to note that this $9.2 billion assumes that the $939 million cut to last year's appropriations is restored. I am asking you all to help us with that. We have talked about that before. We believe that if it is not restored, it will be extremely difficult to meet the September 15, 2011 statutory BRAC deadline.

For recap, sustainment and modernization, we have higher requests in this year's budget than last. I know that no one likes our recap metric, including me, but it is better than nothing, which is what we had before. We are working with the services to introduce a far better one for the fiscal year 2010 program.

Our housing and MILCON programs are higher this year than last, as you mentioned, and the Navy in particular is leading the way on bachelor housing privatization. All of these programs and others are discussed in much greater depth.

Let me try to answer two of the questions that, Mr. Chairman, you and Congressman Wamp asked during my courtesy calls. One is the $50,000 level and the other is on joint basing.

With regard to housing, the Chairman asked me why we used the metric of $50,000 as a measure of adequacy or inadequacy of

our housing. I have to admit that I have been using it for the past 6 years, and have thought about it much myself, but I couldn't give him a good explanation. So I went back and tried to learn more about it and where it comes from, what it tells us, and what needs to be changed.

First, part of the confusion I think both he and I labored under is that the level of inadequacy is not intended to measure the state of repair of housing. It is a measure of whether the house is adequate enough to fulfill what we believe is a service member's need for a home.

As examples, a member may be living in a house that is adequate, but is in disrepair. Indeed, it may have over $50,000 in repair needs—we hope not, but it might—but that house is still adequate. We just need to repair it. But a member can be living in a house that is in wonderful repair, with good carpet, roof, appliances et cetera, but it is inadequate because it is not big enough or doesn't have enough bathrooms or has no garage, et cetera, or other things that we believe are standards for our service members today.

So you could have a two-bedroom, one-bath house that is in beautiful condition, but it is not adequate because we have determined that under today's standards, gearing mostly toward enlisted members with families, that a two-bedroom, one-bath is not adequate to fulfill today's needs, but it may be in great shape.

Consequently, the level of adequacy is used to determine if a home should be upgraded or replaced. As I found out, each of the three services do measure it differently, but OSD chose not to meddle with the culture and try and make them do the same. They do all use an engineering basis.

In the end, we did adopt what is now a congressional reporting threshold of $50,000 as a yardstick. Let me explain it. The services use an engineering base standard to measure the condition of housing. The Army has what it calls the ISR, Installation Status Report. You go through the house and measure all sorts of conditions, including the neighborhood and supporting facilities. Then they rate it red, green or yellow. If is it red, it is inadequate.

The Air Force has a five-point housing community profile. They go through the houses, assess, add points up, and if the score is 3.75 or lower, under their standard it becomes inadequate. The Navy goes through its homes and does the same sort of process. I think the $50,000 is, for instance, like I said, you have a two-bedroom and one-bath house, and you say, okay, three bedrooms and two baths is standard. It needs a garage, and it doesn't have a garage.

So if it would cost more than $50,000 to add another bedroom, add another bathroom, then it is not adequate by that standard. It may be perfectly habitable, but it is not adequate. And then if you come up and you say it is less than $50,000—say you have room in there. It is a four-bedroom, one-bath, and for less than $50,000 I could add a bathroom, and get rid of a bedroom, then you would do it under repair O&M and that would then become adequate. So it is a measure of am I going to renovate it or replace it.

Now, as to whether we need to change the metric, I think probably we don't. The services all understand it. Plus that fact, as we

have talked about, in case of domestic housing in the continental U.S., we will be down to almost zero, and the market under privatized housing will drive whether the homes are adequate or not. If the houses are inadequate and there is other housing out in the community, the members will have a choice and they will make that choice for us.

For the housing that we still do own in the U.S. and overseas, as you can see in this year's budget, still using those measures, we have put in money to renovate or replace inadequate housing. So I think the measure, while I think it is sometimes difficult to explain, has worked and we have reached our goal.

In the course of my conversation with Congressman Wamp, he asked where we were with regard to joint basing, and Congressman Edwards asked this as well. I am very happy to report that we have made tremendous progress. In January, Deputy Secretary England signed the Joint Basing Implementation Guidance, and since then we have been meeting on a weekly basis at my level, and weekly or greater at the working group level.

The key to joint basing is that all four services are agreeing for the first time to a given level of service output for 49 different support functions across a base. The 49 functions are further broken down into over 200 measurable performance standards. We have never done this before. Individual services over the past 10 years have come to realize that they need to measure these things, especially if we are going to better utilize the funding that the Congress and the taxpayers give us. Now, we are trying to do it across the whole department.

We have agreement on every one of the standards at the working level and at my level, and we are staffing it up to the most senior levels of the services at DOD now. At every joint base, the real property and funding for the installation facility will transfer to the lead service, who is called the supporting component and who will have the joint base command.

At Pearl Harbor-Hickham, the joint base commander will be a naval officer, and all the property at Hickham will transfer to the Navy. That service will then be responsible for the maintenance, repair and replacement over time of all those facilities to the standard we have all agreed to.

If the follow-on service or the supporting component brings a new mission onto that base—for instance, if the Air Force at Hickham decides they are bringing a new squadron and there is not a facility on base to house that squadron, then it is their responsibility to put the MILCON in their budget to build the hangar or admin or whatever is needed. Then, when it is complete, it then is turned over to the Navy and the Navy will maintain and repair it for the rest of its life.

Now, the one issue that is probably the one final issue that we overcame this week was airfield operations. To the Army, Navy and Marine Corps, airfield operations have always been installation functions. The naval aviator, you know, as long as there was a runway there and somebody took care of the fuel—I was never an air wing commander, but the air wing commander, that was done by the base.

The Air Force is different. We acknowledge the difference. In the Air Force, the wing commander runs the airfield operations. So what we decided, in the joint base where the Air Force is in the lead, like at McGuire-Dix-Lakehurst, the Navy and the Army will turn over airfield ops to the Air Force. Where the issue rose was where the Air Force was the supportive component, to them airfield operations is a mission requirement, and their wing commander has to do that.

So for the three bases where the Air Force is the follow-on, the supportive component, and that is Guam, Pearl Harbor-Hickham, and Lewis-McChord, what we have agreed to is that they will retain airfield ops. They will transfer real property and budget TOA to the lead service, the supporting components, for all of the physical facility, all the real property. That will all transfer. But the operations of airfield ops will be under the Air Force wing commander, and he will integrate with the joint base commander. We have worked it out. If there is an emergency on the field, the joint base commander is in charge, and they work together. So we have worked out that linkage.

We have made tremendous progress, and we are rolling this out. It is going to roll out next week to the Vice Chiefs, the senior members of the service. We have a VTC to all the base commanders in the next week or two. At the end of June, we are going out to Congressman Dicks's neighborhood. We are going to have a joint base conference at Lewis-McChord.

Mr. DICKS. Good. I think that is really important. There has been a lot of consternation about this.

Mr. ARNY. We decided to take down the iron curtain between us.

Mr. DICKS. That is good. I think it is terrific.

Mr. ARNY. And they have the facilities.

So with that, I hope it helps answer your two questions, and thank you for your patience. We are ready for questions.

[Prepared statement of Wayne Arny follows:]

STATEMENT OF

MR. WAYNE ARNY
DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS AND RELATED AGENCIES
OF THE
HOUSE APPROPRIATIONS COMMITTEE

APRIL 2, 2008

Chairman Edwards, Congressman Wamp, distinguished members of the Subcommittee: I appreciate the opportunity to appear before you today to address the President's Budget request for fiscal year (FY) 2009 and to provide an overview of the approach of the Department of Defense to the management of the Nation's military installation assets.

Overview

Installations are the foundation of America's security – these assets must be available when and where needed, with the capabilities to support current and future mission requirements. As the enterprise managers of the defense installations portfolio, we recognize the importance of ensuring their capabilities are delivered - effectively and efficiently.

America's military installations, including their associated environment, must sustain the home station and forward presence of U.S. forces and support training and deployments to meet the Nation's defense needs. They must provide a productive, safe, and efficient workplace, and offer the best quality of life possible for our military members and their families, as well as the civilian and contractor workforce.

The President and the Secretary of Defense challenged the military to transform itself to meet current and future threats to America's security. In addition to leading-edge weapon systems, doctrinal innovation, and the employment of technology, this transformation also requires a similar change in our approach to the fundamental infrastructure business practices and to the infrastructure "backbone" of the Department of Defense.

The Office of the Deputy Under Secretary of Defense (Installations and Environment) is a focal point in this transformation by fostering the best management practices in our traditional areas and by extending these practices as our force and base structures evolve.

Global Defense Posture

Supporting the warfighter involves much more than episodic spurts of support during combat and other operational missions. Supporting the warfighter requires a long-term, day-to-day commitment to deliver quality training, modern and well-maintained weapons and equipment, a safe, secure and productive workplace, a healthy environment, and good living conditions for our members and their families. Our installations are the core of U.S. combat power – and our installation assets are an inseparable element of the nation's military readiness and wartime effectiveness.

The FY 2009 request continues the Department's efforts to strengthen foward U.S. military presence, including facilities, personnel, infrastructure, and equipment. The Department continues to realign U.S. global defense posture to better contend with post 9-11 security challenges by transforming overseas legacy forces, Cold War basing structures, and host-nation relationships into a flexible, forward network of access and capabilities with allies and partners. These efforts include:

- Continued force posture realignments within and from Central Europe which enable advanced training and lighter, more flexible ground force capabilities to support NATO's own transformation goals;
- Shifting our European posture South and East by transforming the 173rd Airborne Brigade in Italy and establishing a headquarters and infrastructure support for rotational presence in Romania and Bulgaria;
- Setting conditions for future realignments in the Pacific as part of U.S.-Japan force posture changes that will have far-reaching, beneficial impacts for the U.S.- Japan alliance;

- Continued consolidation and reduction of forces on the Korean peninsula to strengthen our overall military effectiveness for the combined defense of the Republic of Korea; and
- Developing basic infrastructure and capabilities for current and future operations in the U.S. Central Command area of responsibility and other war on terrorism operating regions.

Additionally, the FY 2009 request supports new Departmental initiatives, including the establishment of U.S. Africa Command, as DoD's global defense posture plans evolve and mature.

The Department continues to maintain and strengthen host-nation partnerships supporting support for these posture changes. The FY 2009 global defense posture projects ensure continued strengthening of forward capabilities for the Global War on Terror and other expeditionary non-traditional missions, commitment to alliance goals, and collective defense capabilities, and enhanced deterrent capabilities for addressing future security challenges.

Implementing Base Realignment and Closure (BRAC) 2005

As previously discussed to before this Committee, BRAC 2005 is the largest round of base closures and realignments undertaken by the Department. After an exhaustive examination of over 1,200 alternatives, the Secretary of Defense forwarded 222 recommendations to the BRAC Commission for its review. The Commission accepted about 65 percent without change and its resulting recommendations were approved by the President and forwarded to the Congress. The Congress expressed its support of these recommendations by not enacting a joint resolution of disapproval by November 9, 2005; therefore, the Department became legally obligated to close and realign all installations so recommended by the Commission in its report. These decisions affect over 800 locations across the Nation and include 24 major closures, 24 major realignments, and 765 lesser actions. The BRAC Act requires that the Department begin

implementation of each recommendation within two years of the date the President transmitted the Commission's report to the Congress and complete implementation of all recommendations within six years of that date which is September 15, 2011.

Beyond the comparative size, it is important to note that BRAC 2005 is the most complex round ever. This complexity is not merely a function of its magnitude, but is, to the largest extent, a function of the original goal established for this round: that BRAC 2005 would focus on the reconfiguration of operational capacity to maximize war fighting capability and efficiency. Focusing on operational capacity requires that we appropriately assess the increased military capabilities we are achieving through these recommendations.

The BRAC program is substantial; it represents a $33.2 billion requirement over 2006-2011 and $4B in annual savings after full implementation (after FY 2011). The Department originally estimated BRAC 2005 investment using the Cost of Base Realignment Actions (COBRA) model at $22.5 billion (adjusted for inflation) with Annual Recurring Savings of $4.4 billion. When compared to our current requirement there is a $10.7 billion or 48 percent increase in these costs.

There are a number of reasons for this increase, and even though the reasons have been discussed in previous hearings they deserve repeating. The "COBRA" model used in arriving at the original estimates is a tool for comparative analysis that ensures all installations were treated equally as required by the BRAC law. As an analytical tool it is dependent on the quality of the input, which is based on the known conditions at the time the recommendations were developed without the benefit of detailed site surveys and thorough planning charrettes. As such, resulting estimates were never intended to be budget quality.

As a consequence, the primary cost increase drivers were market driven military construction (MILCON) factors and Army specific investments. MILCON makes up approximately 70 percent of this BRAC program (compared to about 33 percent in previous BRAC rounds). Therefore, this round was particularly influenced by price growth in the construction industry. Given the significance of MILCON on this round's implementation, it is not surprising that 85 percent of the cost growth is associated with construction.

Equally significant was the Army leadership's decision to invest an additional $4 billion to recapitalize its total force, accommodate larger Army units and a growing force, and address the inflation addressed above. The Army leadership consciously chose to ensure that its troops had improved war fighting facilities such as training ranges, robust reserve component infrastructure, and quality of life facilities.

DoD also chose to make similar investments in other areas. For example, acting on the recommendations of the Independent Review Group that examined conditions at Walter Reed, the Department committed to accelerate the closure of Walter Reed. In addition, DoD leadership directed that the quality and scope of the new National Military Medical Center and the Fort Belvoir Community Hospital incorporate lessons learned from the current conflict. Investments in improvements, such as more single patient rooms and wounded warrior support infrastructure, increased costs. Similar cost growth has occurred for largely the same reasons in the San Antonio Military Medical Center.

Other DoD Components chose to recapitalize (build new) rather than renovate and expand existing facilities to accommodate mission change and incorporate lessons learned. For example, both the Missile Defense Agency and the National Geospatial Intelligence Agency determined that increased costs to build special compartmental intelligence facilities were worth

the added investment to meet mission needs. The Army originally intended to use existing space at Fort Knox, KY for the co-location/consolidation of its military personnel and recruiting command with the Accessions and Cadet Command creating a Human Resources Center (HRC) of Excellence. The Army determined the increased cost to build a "new" HRC complex was more cost effective than renovating 1950's era facilities spread throughout the installation.

Finally, there were also increases in non-MILCON cost categories; such as environmental cleanup costs. Theses costs were not included in the original COBRA estimates by design. If clean up costs had been incorporated in COBRA, the process would have had an artificial bias to close only "clean" bases.

The Congress provided $7.2 billion to the Department in FY 2008 to continue implementation of the BRAC recommendations, $939 million less than what the FY 2008 President's Budget requested. This cut compounds the problems already created from delayed appropriations in the last two fiscal years. Delays and cuts adversely affect construction timelines because approximately 70 percent of the BRAC 2005 effort directly supports military construction. Delays in funding and the $939 million reduction present severe execution challenges and seriously jeopardize our ability to meet the statutory September 15, 2011 deadline. This will mean sacrificing savings that could have been achieved and delaying movement of operational missions.

If the $939 million reduction is not restored, or even if it is restored late in the process, we will have to work, very, very hard to meet the statutory deadline. The magnitude of the reduction requires careful evaluation to support allocating the reduced funding within the Department so that only those projects with the highest priority, as determined by their

operational and/or business case effects, go forward on the schedule previously provided to Congress.

The $9.2 billion for BRAC 2005 implementation and $393.4 million for continuing environmental cleanup and caretaker costs at previous BRAC sites requested in the FY 2009 President's Budget is approximately $1.1 billion more than the FY 2008 President's Budget request. The $9.2 billion request represents full funding for BRAC 2005 implementation assuming the FY 2008 reduction is restored.

As my predecessor previously testified, the Department recognized the challenges for this BRAC round and responded by initiating a process to develop Business Plans that establish the requisite actions, the timing of those actions, and the costs and savings associated with implementing each recommendation. The documentation of savings in Business Plans directly responds to the observations made by the U. S. Government Accountability Office in previous reports regarding the Department's BRAC implementation process. Additionally, the OSD Office of the General Counsel has been a key player in reviewing the Business Plans to ensure that they are legally sufficient and to verify that the Department is meeting its legal obligations.

During the past year of BRAC implementation, the Department has several significant efforts that are underway. Specifically the award of a $429 million (first increment) military construction project for the National Geo-Spatial Agency headquarters at Fort Belvoir, Virginia, and award of 17 military construction projects at Fort Bliss, Texas to support Army Global Rebasing, Transformation and BRAC. At Fort Sill, Oklahoma the military construction project supporting the establishment of the Net Fires Center that will improve training capabilities while eliminating excess capacity at institutional training installations is progressing. At Fort Bragg, North Carolina, two BRAC projects totaling $80M were awarded and at Fort Riley, Kansas,

there are 6 BRAC MILCON projects that support Global Rebasing currently on going. We continue to make great progress at Fort Lee, Virginia, with the award of the projects that will support the creation of a Combat Service Support Center of Excellence and at Fort Benning, Georgia, with the consolidation of the Armor and Infantry schools. The Navy's largest BRAC 2005 operational action is to close Naval Air Station Brunswick, Maine and consolidate the East Coast maritime patrol operations in Jacksonville, Florida. The Navy awarded contracts for the final two increments to complete the contracting actions required to build a new hangar ($123 million) for the P-3 squadrons that will move to Jacksonville. When completed in FY 2011, the Navy will have streamlined East Coast maritime patrol operations and expects to save over $100 million per year.

Assisting Communities

The Department, through the Office of Economic Adjustment (OEA) and the Defense Economic Adjustment Program (DEAP), continues to work with states and the more than 175 communities across the country impacted by the effects of BRAC 05, Global Defense Posture Realignment (GDPR), Army Modularity, and "Grow the Force" actions.

To date, the Department has recognized Local Redevelopment Authorities (LRAs) for 110 BRAC sites, encompassing more than 47,000 acres of surplus property. These LRAs are expected to provide leadership and develop a redevelopment plan at each location. In some instances LRAs may also direct implementation of the redevelopment plan. The Department is assisting these LRAs as they conduct homeless outreach and seek to balance the needs of the communities in the vicinity of the installation for economic redevelopment and other development with the needs of the homeless as established by statute. Efforts to date have yielded completed redevelopment plans at 62 locations. Once completed, a redevelopment plan

is to be included as part of an application to the U.S. Department of Housing and Urban Development (HUD) for that Department's review for compliance with the statute.

Following HUD's review, the Military Departments work closely with affected LRAs to tailor disposal actions that consider local circumstances. The Department has an array of legal authorities by which to transfer property on closed or realigned installations. These include public benefit transfers, economic development conveyances at cost and no cost, negotiated sales to state or local government, conservation conveyances, and public sales, and the Military Department's National Environmental Policy Act analyses give substantial deference to the LRA's redevelopment plan.

The Department has disposed of approximately 481,290 acres, or 95 percent of the real estate made available in prior BRAC rounds (1988, 1991, 1993, & 1995). Federal assistance to these locations has exceeded $1.9 Billion to date, and local redevelopment efforts in turn have resulted in the creation of over 137,500 jobs, more than offsetting the 129,600 civilian jobs that were lost as a result of the BRAC actions.

In addition to those communities that are affected by the closure and downsizing of military installations, OEA is working with locations experiencing a growth of missions and/or personnel. These locations are in close dialogue with their local installations to understand the timing and scope of this growth and many are developing growth management plans for additional community services and facilities to ease the absorption of the new DoD associated population. OEA hosted a December 2007 "Growth Summit" in St. Louis, bringing more than 260 Summit participants from affected communities and their neighboring military installations, where mission growth is expected, together with cognizant Federal agencies. The Summit introduced communities and these Federal agencies to each other and provided an opportunity

for participants to share their challenges, plans, and experiences regarding a variety of specific community growth issues including education, housing, transportation, workforce adjustment, infrastructure, healthcare, and compatible use/sustainability.

The challenge for many of these locations is to respond to a myriad of hard infrastructure (road, schools, houses, water and sewer) and soft infrastructure (public services, health care, child care, spousal employment) issues that directly bear on the quality of life for our warfighters, their dependents, and the homeowners, businesses, and workers in the surrounding communities. A primary concern is how to blend and apply local, state, and private resources to address local needs. Through this process, potential gaps in these civilian sources are emerging and OEA is working with each affected state and locale to understand these gaps and raise them with other Federal Agencies for consideration and action.

The ability to support states and communities affected by these DoD actions goes beyond the Department's capacities, resources, and authorities. Accordingly, the Department relies upon the Economic Adjustment Committee (EAC) to implement the Defense Economic Adjustment Program (DEAP) pursuant to Executive Order 12788 (as amended). The EAC is comprised of 22 Federal agencies to coordinate interagency and intergovernmental adjustment assistance and serve as a clearinghouse for the exchange of information between Federal Government, state, and community officials involved in the resolution of economic adjustment concerns resulting from DoD actions. To help facilitate this exchange of information, OEA has begun a major initiative this fiscal year to develop an information portal to support the mission of the EAC. By providing all stakeholders with a shared understanding of planned drawdowns, increases, and other vital information, the EAC will be able to best facilitate cooperation among federal, state, local and regional partners, in order to minimize confusion, delay, and sub-optimal progress.

In response to BRAC 2005, approximately $300 million in Federal grants, loans, and technical assistance has been was provided to date to assist state and local governments, businesses, and workers to date. Efforts under the auspices of the EAC are presently concentrated on worker assistance, education and transportation support for "growth" communities, public benefit property conveyance issues, and economic development assistance. For example, senior Defense and Education officials have already visited some growth locations to better understand the issues associated with changes in school age dependent student enrollment and to develop an understanding of responses necessary to assist local education efforts to adjust to these changes.

Managing Infrastructure

Along with continued improvement in business practices, the Department is focused on improving the quality of military installations as evidenced by the emphasis on more accurate Quality Ratings, which are currently being collected by the Military Departments. Managing DoD real property assets is an integral part of comprehensive asset management. The Department currently manages over 545,000 facilities on approximately 30 million acres of land.

The Department's Real Property Asset Management plan, recently published in the form of the 2007 Defense Installations Strategic Plan, directly supports the President's Management Agenda by identifying specific goals and objectives to improve the fidelity of inventory reporting and tracking the metrics designed to monitor improvement progress. This plan also focuses on improved asset management planning, inventory submission and performance measure data, and the disposal of unneeded assets. The Department's progress in meeting these goals is monitored and reported quarterly through the President's Management Agenda scorecard. As part of the Federal Real Property Council's government-wide initiatives to

improve real property inventory reporting, the Department continues to provide inventory and performance data to the Federal Real Property Profile annually.

One of the primary tools contributing to the improvement of data integrity has been the implementation of DoD's Real Property Inventory Requirements document. This document refines the quality of data collected by improving the specificity of the data elements requested for submission and by standardizing the data elements collected among the Military Departments. Our annual data collection process is currently undergoing a significant upgrade with the development of a net-centric data warehouse that will soon directly interface with the Military Department's native real property inventories and eliminate the old painstaking manual data collection processes that had a high potential for unintended errors.

Facilities sustainment is a key element of our approach to maintaining our real property. Sustainment represents the funds for necessary maintenance and for the major repairs or replacement of facility components that are expected to be made periodically throughout the life cycle. Sustainment prevents deterioration, maintains safety, and preserves performance over the life of a facility. It has been and continues to be the top priority in the Department's facilities strategy. To forecast sustainment funding requirements, DoD developed the Facilities Sustainment Model several years ago using standard benchmarks for sustainment unit costs by facility type (such as cost per square foot of barracks) drawn from the private and public sector sources. The cost factors used to establish those benchmarks are updated on a regular basis. Our Department-wide, long-term goal continues to be full sustainment of our facilities to optimize our investment and ensure readiness. As a reflection of the importance of facilities sustainment to the overall health of our inventory, the Fiscal Year 2009 budget request reflects an increase in

the Department-wide sustainment funding rate from 88 percent in the Fiscal Year 2008 budget request to 90 percent, which equates to a $796 million increase.

Sustainment and Recapitalization Request
(President's Budget in $ Millions)

	Fiscal Year 2008 Request	Fiscal Year 2009 Request
Sustainment (O&M-like) *	6,686	7,482
Restoration and Modernization (O&M-like plus)*	1193	1,780
Restoration and Modernization (Military Construction)	5, 908	8,102
TOTAL SRM	13,787	17,364

**Includes Operations and Maintenance (O&M) as well as related military personnel, host nation, and working capital funds and other appropriations such as Research, Development, Test and Evaluation (RDT&E)*

Another key element of our stewardship is recapitalization. Recapitalization includes restoration and modernization, using the resources necessary for improving facilities. It is the second element of the Department's facilities strategy. Recapitalization is funded primarily with either Operations and Maintenance or Military Construction appropriations. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities solely to implement new or higher standards, to accommodate new functions, or to replace building components that typically last more than 50 years. Our DoD goal has been to achieve a recapitalization rate of 67 years, and the Fiscal Year 2009 budget request exceeds that goal by funding recapitalization at a rate of 56 years. This is an improvement over the rate of 76 years achieved in the Fiscal Year 2008 budget, and is due, in part, to the impact of BRAC and Global Basing. The Fiscal Year 2009 budget request increased by $2.781 billion from the Fiscal Year 2008 budget request for recapitalization.

We are in the process of refining the way that we measure our investment in recapitalization, and will no longer be measuring a rate in years. The new method, which will be implemented in Fiscal Year 2010, will focus on the modernization of the inventory of existing facilities, and will be tailored to the actual inventory of facilities within each Military Department.

The Department remains committed to maintaining a rate of investment in facilities recapitalization that will improve, modernize, and restore existing facilities while at the same time replacing facilities in support of efforts to reshape and realign infrastructure. However, as the Department consolidates and reshapes its infrastructure, it will also experience localized growth in the size of the facilities footprint. This is necessary to provide the quality and quantity of facilities and assets necessary to support military personnel and their families. These efforts include facilities to support Army Transformation, Army and Marine Corps Grow-The-Force initiatives, and bed-down of new weapons systems, such as F-22 and the Joint Strike Fighter.

Elimination of excess and obsolete facilities in the inventory, an effort separate and distinct from the BRAC process, continues to be another key element of the Department's asset management plan. The Military Departments continue to maintain and execute robust disposal and demolition programs in order to reduce overall operating costs associated with facilities sustainment and installation support, improve the overall safety and aesthetics of our installations, and ensure that only essential infrastructure is retained in the inventory. In July 2007, the Military Services and selected Defense Agencies updated their disposal targets, and our goal now is to eliminate over 60 million square feet of facilities and additional excess infrastructure by the year 2013. But there is much more work to be done.

We are continuing our efforts to forecast our disposals more accurately, to capture that information in the real property inventory, and to assess the impact of disposals on the entire inventory of facilities more accurately. We are doing this by assessing the net result of a comparison of the value of infrastructure removed from the inventory with the value of infrastructure added to the inventory. This will contribute to a more accurate view of the level of recapitalization of our global inventory of facilities.

The Fiscal Year 2009 budget request includes $7.72 billion for Facilities Operations, formerly referred to as "Real Property Services." This program provides the municipal services on our installations, such as utilities, fire protection, custodial services, grounds maintenance, and other related functions. To forecast Facilities Operations requirements, DoD developed the Facilities Operations Model using commercial and public sector benchmarks to determine the funding requirements for the essential services at our installations.

We continue to make progress in defining common standards and levels of support for a variety of services provided on our installations. We are in the process of realigning the manner in which we track individual services so that we can more effectively determine the budget requirements for those services that are essential to the health, welfare, and quality of life of the service members, families and civilian employees who live and work on our installations. The processes that are being developed are included in our implementation of the BRAC 2005 Joint Basing recommendation. We have made considerable progress in that area and are on track to meet the statutory deadline for the establishment of joint bases. The initial implementation guidance for the joint bases was recently issued, and the specific details for implementing this BRAC recommendation and achieving its benefits are well underway.

The Military Construction appropriation is a significant source of facilities investment funding. The Fiscal Year 2009 Defense Military Construction and Family Housing Appropriation request totals $24.4 billion, which is an increase of $3.235 billion from the Fiscal Year 2008 budget request. This funding will enable the Department to respond to warfighter requirements rapidly, enhance mission readiness, and provide for its people. In addition to new construction needed to bed-down forces returning from overseas bases, this funding is used to restore and modernize enduring facilities, while eliminating those that are excess or obsolete. A large part of the increase in the Military Construction requirements ($1.86 billion) supports the President's Grow-the-Force initiative, projects needed to support the realignment of forces, projects to improve and update facilities used by the Guard and Reserves forces, and facility projects needed to take care of our people and their families, such as family and bachelor housing, Wounded Warrior housing, and child development centers.

Comparison of Military Construction and Family Housing Requests
(President's Budget $ in Millions – Budget Authority)

	FY 2008 Request	**FY 2009 Request**
Military Construction	9,480	11,283
NATO Security Investment Program	201	241
Base Realignment and Closure IV	220	393
Base Realignment and Closure 2005	8,174	9,065
Family Housing Construction/Improvements	1,080	1,457
Family Housing Operations & Maintenance	1,851	1,741
Chemical Demilitarization	86	134
Family Housing Improvement Fund	0.5	1
Energy Conservation Investment Program	70	80
Homeowners Assistance	-	5
TOTAL	21,165	24,400

In January 2006, the Department joined 16 other Federal agencies in signing a Memorandum of Understanding (MOU) for Federal Leadership in High Performance and Sustainable Buildings. The guiding principles of sustainable design defined in the MOU are to employ integrated design principles, optimize energy performance, protect and conserve water, enhance indoor environmental quality, and reduce environmental impact of materials. The Department is committed to incorporate sustainable design principles through a comprehensive approach to infrastructure management. We are pursuing Leadership in Energy and Environmental Design (LEED) Silver as a goal for nearly 70 percent of the Fiscal Year 2009 Military Construction Program. In addition, the Department is working to assess and address existing facilities' sustainable practices.

Improving Quality of Life

Access to quality, affordable housing is a key quality-of-life factor affecting service member recruitment, retention, morale, and readiness. Through privatization and increases in housing allowances, DoD has made great strides in increasing service members housing choices. Privatization allows for rapid demolition, replacement, or renovation of inadequate units and for the sale without replacement of inadequate units no longer needed. Privatization enables DoD to make use of a variety of private sector approaches to build and renovate military housing faster and at a lower cost to American taxpayers.

To date, the military Services have leveraged DoD housing dollars by 12 to 1, with $2 billion in federal investments generating $24 billion in housing development at privatized installations. The Fiscal Year (FY) 2009 budget request includes $3.2 billion, an increase of $300 million above the FY 2008 enacted level, which will construct new family housing to accommodate Grow the Force, improve existing housing, eliminate inadequate housing overseas,

operate and maintain government-owned housing, and fund the privatization of 12,324 additional homes.

The housing privatization program was created to address the oftentimes poor condition of DoD-owned housing and the shortage of affordable private housing of adequate quality for military service members and their families. Privatization allows the military services to partner with the private sector to generate housing built to market standards for less money and frequently better quality than through the military construction process. Additionally, and almost of greater importance, the projects include 50 years of maintenance and replacement where necessary. Although nearly all projects have been awarded, we are still in the early stages of the program since the housing will be privately owned for fifty years. With privatization deal structures and an income stream in place, full revitalization will be completed within a ten-year development period.

As of the end of 2007 through the privatization program, and some military construction projects, we have privatized over 80 percent of the domestic inventory.. Additionally, DoD has eliminated 92 percent of inadequate family housing units in the Continental United States and territories (CONUS) including all inadequate units for the Army, Navy, and Marine Corps. While there are some remaining inadequate Air Force units, these are being addressed in Fiscal Year 2008. Inadequate units are considered to be eliminated when they are conveyed to the private owner, who then revitalizes the housing.

Tenant satisfaction is high, particularly for revitalized and newly constructed housing. Given DoD's objective of improving quality of life for its service members, the degree of satisfaction service personnel experience in privatized housing units is a critical indicator of overall program success. Since DoD provides military families with Basic Allowance for

Housing (BAH) at privatized bases, a military family's decision to live in privatized housing is a significant measure of satisfaction. The occupancy rate of nearly 90 percent program-wide demonstrates the overall success of the program in providing suitable housing.

A number of installations face changes and challenges as military family housing requirements expand and contract due to Base Realignment and Closure (BRAC) restructuring, global re-posturing, joint basing, or Grow the Force requirements. While some installations may find they have a surplus of housing as a result of these changes, others may experience a deficit. However, even as needs for military family housing may change, ensuring that our service members and their families have access to safe, desirable, and affordable housing will remain constant. The Services continue to evaluate installation housing requirements and the opportunities to meet additional housing needs through privatization continue to expand.

Under the Military Housing Privatization Initiative (MHPI), private sector developers and lenders develop, maintain, and operate the privatized housing and resolve issues when they arise. Market forces drive contractor performance and the primary enforcement mechanism is the ability of the military members to choose where to live. If a housing project is not meeting performance expectations, lenders have the option, with the approval of the Department, to replace the owner with a more viable entity. One developer, American Eagle, currently owns five projects and is experiencing financial difficulties. American Eagle was the general partner or owner of six MHPI projects, including one Navy project, one Army project, and four Air Force projects. The company sold its Navy project in late 2007 and is in the process of selling its remaining five projects. The Army project, at Fort Leonard Wood, Missouri, is stable and in the process of being sold to another developer. American Eagle continues to fund maintenance of the existing inventory of homes for the four Air Force projects. The Air Force is maintaining

constant dialogue with the projects' owner and bondholders while American Eagle pursues the transfer to another developer. The Department recently conducted an assessment of the overall financial condition of DoD housing privatization owners. This assessment shows that with the 87 awarded MHPI projects involving over 173,000 units, the likelihood of developers experiencing financial stress is low across the board.

The FY 2009 budget request includes funding to eliminate inadequate family housing outside the United States. The budget request reflects a military construction cost of $125 million for the Army to construct 216 family housing units in Korea as an alternative to the build-to-lease effort.

The Department is also committed to improving housing for our unaccompanied Service members. DoD continues to encourage the modernization of Unaccompanied Personnel Housing (UPH) to improve privacy and provide greater amenities. In December 2007, the Navy executed its second Unaccompanied Housing privatization pilot project. The Hampton Roads, Virginia, unaccompanied housing project will construct 1,187 new apartment units and privatizes 726 existing unaccompanied housing units at Naval Station Norfolk. Navy pilot projects, enabled by use of partial allowance, have successfully improved the quality of life of unaccompanied personnel. The Department is now considering future uses of this methodology.

In FY 2007, the Army added bachelor officer quarters and senior enlisted bachelor quarters to its existing privatization projects at Fort Bragg, North Carolina; Fort Stewart, Georgia; Fort Drum, New York; Fort Bliss, Texas/White Sands Missile Range, New Mexico, and Fort Irwin, California. In FY 2008, the Army will complete and begin implementing a Lodging Development Management Plan covering the 13 installations that are part of the Privatization of Army Lodging program Group A.

Energy Management

The Department continues to aggressively implement energy conservation measures and avoid associated costs while improving utility system reliability and safety. To that end, the Department developed comprehensive policy guidance incorporating the provisions and goals of Executive Order 13423, *Strengthening Federal Environmental, Energy, and Transportation Management* which the President signed on January 24, 2007. This policy guidance will continue to optimize utility management by conserving energy and water usage, and improving energy flexibility by taking advantage of restructured energy commodity markets when opportunities present themselves. Requirements of the recently passed Energy Independence and Security Act of 2007 will be incorporated as Federal guidance is developed. The Department is in the process of developing implementation guidance.

The Department's efforts to conserve energy are paying off. DoD is the largest single energy consumer in the Nation and consumed $3.4 billion in facility energy in FY 2007, a modest but significant savings of $80 million from Fiscal Year 2006. DoD facility energy consumption intensity is down more than 10 percent from the 2003 baseline, and non-tactical vehicle petroleum consumption has dropped 5.4 percent since Fiscal Year 2005. Our program includes investments in cost-effective renewable energy sources or energy efficient construction designs and aggregating bargaining power among regions and the Services to achieve more effective buying power.

DoD has significantly increased its focus on purchasing renewable energy and developing resources on military installations. Renewable energy projects are consistently more expensive than similar conventional energy sources, resulting in limited opportunities that are life cycle cost effective, so innovative strategies have been employed, such as the power

purchase agreement resulting in 14 megawatts of solar electrical production at Nellis Air Force Base, Nevada. The Department has increased the use of Energy Conservation Investment Program (ECIP) funds for renewable energy projects from $5 million in Fiscal Year 2003 to $28.2 million planned in Fiscal Year 2008, and plans call for ECIP to increase $10 million per year, up to $120 million in FY 2013, and renewable energy projects will continue to be a high priority. The Department exceeded the Energy Policy Act (EPAct) 2005 renewable energy goal of 2.5 percent in Fiscal Year 2007, reaching 5.5 percent of facilities electrical consumption under the Department of Energy accounting guidelines. In 2005, DoD set a goal to reach 25 percent renewable energy procured or produced by Fiscal Year 2025 and Congress placed this goal in the National Defense Authorization Act 2007. I am pleased to say that the Department reached 11.9 percent renewable energy procured and produced for Fiscal Year 2007, placing it well on track to achieve the goal. While EPAct 2005 did not articulate a specific water reduction goal, Executive Order 13423 includes a goal of a 2 percent water reduction per year. The Department began tracking water consumption in Fiscal Year 2002. By Fiscal Year 2007, DoD has reduced water consumption intensity by an impressive 25 percent and total water consumption by 27 percent or 43.8 million gallons per year. While we will continue to strive to exceed the requirements, our prior achievement has served to set the baseline low, so continuing the trend will be a challenge.

Environmental Management

The Department continues to demonstrate leadership in protecting and conserving the natural resources on the approximately 30 million acres entrusted to it. Through our environmental management programs we are integrating environmental sustainability into all aspects of the day-to-day operations of the Department, helping us to achieve our goals for pollution prevention, cleanup, and conservation. Over the last ten years, the Department has

invested almost $42 billion to ensure the success of our environmental programs, and the fiscal year 2009 budget request of $4.3 billion will sustain our environmental progress in support of the warfighter.

Executive Order 13423, "*Strengthening Federal Environmental, Energy, and Transportation Management*", directed federal agencies to "lead by example in advancing our nation's energy security and environmental performance." Since signature of the Executive Order last January, the Department has established an Executive Steering Committee of senior officials from across the Department to develop the long-term strategic goals necessary to implement this order. These goals and supporting policies will integrate and strengthen our existing environmental, energy, and transportation programs to improve our management of toxic and hazardous chemicals, further enhance management of our natural resources, encourage sustainable development, and improve the management of energy use.

Our ability to link the natural and built infrastructure with national security and readiness enables the Department to integrate environmental sustainability into all aspects of military operations – from design to disposal. Our Natural Infrastructure Management (NIM) initiative provides a framework for identifying and managing the Department's natural assets - air, land and water – together with operational or mission requirements, so that the Department can predict current and future natural infrastructure needs and investment needed to sustain those assets. The Department piloted a NIM prototype at representative installations in 2005 and 2006, and is now developing policy and guidance to ensure that natural infrastructure assets are recognized and leveraged effectively to support current and future mission capability.

The Department uses Integrated Natural Resource Management Plans (INRMPs), critical habitat designations have been avoided at 35 installations. That, coupled with our conservation

efforts to protect species at risk and common species before they become rare, provides the Department more flexibility in its mission activities.

The Department conducts environmental cleanup or restoration in cooperation with federal and state agencies due to past use of hazardous substances, pollutants, contaminants, and military munitions on areas of active and former installations. The Department prioritizes resources for Installation Restoration Program (IRP) sites to address past releases of hazardous substances, pollutants, and contaminants, and Military Munitions Response Program (MMRP) sites to address hazards associated with unexploded ordnance and discarded military munitions on a "worst first" basis. By the end of fiscal year 2007, the Department had completed cleanup at 69 percent or 21,600 of the 31,500 IRP and MMRP sites. For IRP, the Department achieved a remedy in place (RIP) or response complete (RC) at 89 percent of active installation sites, 68 percent of sites at Formerly Used Defense Sites (FUDS), and 85 percent of sites on installations closed or realigned in the first four rounds of BRAC and BRAC 2005. For MMRP, the Department has fulfilled its cleanup obligations at over 53 percent of BRAC installation sites, and 24 percent of the sites at FUDS, with the remaining MMRP, as well as IRP, sites either undergoing cleanup actions or investigations.

Employing a strategy that goes beyond mere compliance with environmental laws and regulations, the Department is transforming our business practices by integrating environment into our acquisition process, maintaining a high level of environmental quality in defense activities, and preventing pollution at its source. From Fiscal Year 2000 through 2007 there was a 23 percent reduction in the number of new Federal and state enforcement actions received despite an eight percent increase in the number of regulatory inspections. For January through June 2007, the latest information available, installations achieved a 95 percent compliance rate

with wastewater treatment permits, and 98 percent of the 3.6 million customers served by DoD drinking water systems received drinking water that met or exceeded Safe Drinking Water Act standards, which compares favorably with the Environmental Protection Agency's goal of 95 percent. Using an integrated approach that enhances waste reduction and optimizes solid waste reduction, in 2007 the Department diverted almost 3.5 million tons or 60 percent of our solid waste from landfills avoiding approximately $180 million in landfill costs, and reducing hazardous waste disposal by 20 percent compared to 1999. The Department is also effectively managing air quality, reducing hazardous air pollutant emissions at our installations by 728 tons in 2006. To further reduce waste and resource consumption, in 2004 the Department established a Green Procurement Program (GPP), which encourages Components to buy recycled, recovered, and bio-based products whenever feasible. Through the GPP, the Department has become the leader in green procurement, and we continue to make further improvements to GPP, most recently issuing policy direction in December 2007 requiring DoD contracting officers to use a contract provision giving preference to biobased products. Through GPP and all other environmental programs we will ensure a more secure and sustainable future for the environment and our Armed Forces.

Emerging Contaminants

Our experiences with the mission and environmental consequences associated with perchlorate, ozone depleting substances, and other chemicals with evolving regulatory standards indicate a need to establish a proactive program to make earlier, better-informed, enterprise-wide risk management decisions regarding these emerging contaminants (EC). This new program is already helping us better protect human health and the environment, and enhance military readiness. Simply put, the EC program identifies risks early in the process, before regulatory

actions take place or materials become unavailable, thus protecting our people, assets, and mission.

Within the EC program we have established a three-tiered process to (1) identify and inform DoD decision-makers early, (2) assess the impacts of evolving science and the potential risks to human health and DoD's mission implied by that science, and (3) develop appropriate risk management options for DoD program managers. Twenty EC impact assessments have been completed in the past 18 months for chemicals that include explosives, fuel constituents, corrosion preventatives, fire-fighting foams, and industrial degreasers. Examples of risk management options resulting from these assessments include conducting research to fill basic science gaps, improving material handling and personal protection practices, developing new or improved remediation technologies, and developing less toxic substitute materials or processes. One of the major thrusts of the program is to work closely with the DoD industrial base to conduct life-cycle analyses regarding less toxic alternative chemicals for use in weapons platforms, systems and equipment.

Because of the many national policy issues related to ECs, we are working with a variety of external stakeholders, including a number of Federal and state regulatory agencies, industry, academia, and professional organizations. As an example, we formed an EC working group with the Environmental Protection Agency and the Environmental Council of States. That working group has four consensus work products aimed at resolving issues and clarifying policies and practices involving ECs - all in various stages of completion.

Our experience with Perchlorate is particularly instructive. Perchlorate has been used by DoD since the 1940s as an oxidizer in explosives, pyrotechnics, rocket fuel, and missiles. Its high ignition temperature, controllable burn rate, and stable chemical characteristics reduce

handling and storage risks and the likelihood of unexpected detonations which makes it among the safest and least expensive explosive we use. DoD was quickly blamed for perchlorate found in drinking water supplies in over 34 states.

DoD has acted responsibly as the science and understanding of perchlorate has evolved -- including sampling, cleanup activities, and $114 million in research focused on perchlorate treatment technologies, substitutions, and analytical techniques. To ascertain our responsibility for perchlorate releases and public exposure, DoD issued clear policy in 2006 requiring sampling and compliance with applicable Federal and state standards. The latest round of DoD-wide sampling data shows that we are taking appropriate response actions and that DoD installations, overall, do not appear to be a significant source of perchlorate contamination in the nation's drinking water. In California, where perchlorate has been a particular concern, our joint review with the State has found that of the 924 current and formerly used Defense sites, 99 percent do not appear to pose a current threat to drinking water. The remaining 1 percent has some confirmation sampling underway or the assessments are still being reviewed by Californian regulatory agencies.

DoD also demonstrated that the sources of widespread, low levels of perchlorate exposure are complex. For example, we now know that annual imports of perchlorate in fireworks alone exceed the amount of perchlorate annually purchased by DoD. Road flares may also be a significant source of groundwater contamination. Other DoD investments are paying dividends -- we have found suitable substitutes for a number of military pyrotechnics and research for other applications is on-going. DoD can now differentiate natural from manmade sources of perchlorate and is working on refining this technique to distinguish the different manmade sources to ensure that DoD only pays for clean up for which it is responsible.

Sustaining the Warfighter

Our Nation's warfighters require the best training and the best equipment available. This means sustaining our vital range and installation infrastructure where we test equipment and conduct training. Incompatible land use in the vicinity of DoD installations and ranges continues to challenge sustainability. The unintended consequences of this encroachment upon our ranges and installations are varied and include such challenges as more noise complaints from new neighbors, complaints about smoke and dust, diminished usable airspace due to new structures or increased civil aviation, a loss of habitat for endangered species, and a compromised ability to test and train with the frequency needed in time of war.

History and experience gained over decades demonstrate that realistic and proper training of U.S. troops will result in victory. Assured access to operational ranges is the only way to continue that training. In 2001 the Department undertook the Readiness and Range Preservation Initiative to achieve a balance between national defense and environmental policies. As a result, DoD is successfully balancing environmental statutory and regulatory requirements with our national defense mission requirements.

In 2002, the Congress provided statutory authority to use Operations and Maintenance (O&M) funds to create buffers around our ranges and installations. Using this authority the Department established the Readiness and Environmental Protection Initiative, or REPI, and has worked with willing partners to cost-share land conservation solutions that benefit military readiness and preserve natural habitat. In FY 2005, REPI leveraged $12.5 million of O&M funding to secure $58 million worth of buffer land and easements, encompassing 14,688 acres at seven installations. In FY 2006, REPI leveraged $37 million of O&M funding to secure $71 million worth of buffer land and easements, encompassing 18,833 acres. The FY 2006 acreage

will increase pending the completion of some unfinished projects. The 2007 and 2008 projects will continue to leverage REPI funds against partner contributions. REPI and partner funding has allowed DoD to protect the Navy's one-of-a-kind La Posta Mountain Warfare Training Facility in California; to keep training areas open at Marine Corps Base Camp Lejeune, North Carolina; and buffer live-fire training ranges at Fort Carson, Colorado; just to name a few projects. Overall in FY 2007, REPI initiated 26 projects in 17 states, and for FY 2008 an additional 46 projects have been identified for funding. For FY 2008 the Congress appropriated $46 million for REPI. The President's Budget request for FY 2009 for REPI is $40 million.

After several years of implementing REPI projects, the Department of Defense asked the RAND Corporation to assess the program's effectiveness. In 2007, RAND issued its report, titled *The Thin Green Line: An Assessment of DoD's Readiness and Environmental Protection Initiative to Buffer Installation Encroachment*. The report found that REPI projects were beneficial to the military, to the environment, and they improved the quality of life in communities where the projects were located. REPI projects are providing land buffers around military installations and ranges, and have been proven effective in relieving military training and testing activities from encroachment pressures.

The RAND report shows that REPI projects have had a wide range of environmental benefits; including helping to preserve habitat, biodiversity and threatened and endangered species; protecting wildlife corridors; and helping with water quality and supply concerns. REPI's benefits not only help buffer military activities and enhance Department of Defense environmental programs; they also improve the military installation's reputation with surrounding communities. For example, according to the RAND report, REPI has also affected the quality of life around Fort Carson by protecting large open spaces. Similarly, REPI projects

such as the ones near Naval Air Station Fallon in Nevada can also help preserve the local agricultural way of life.

Many of the issues that concern the Department of Defense are also of mutual concern to other Federal agencies and State governments. These issues cross administrative boundaries and occur at the regional scale. The Department of Defense is working in partnership at the regional level with State governments and Federal agencies to facilitate dialogue and to address issues of mutual concern. These partnerships are proving essential to sustaining our ranges and installations. For example, the Department of Defense continues to work with state governments and other Federal agencies in the Southeast Regional Partnership for Planning and Sustainability – or SERPPAS. The states of Alabama, Florida, Georgia, North Carolina, and South Carolina are engaged with the Department of Defense and other Federal agencies in this important regional scale initiative. Through the SERPPAS process, the partners are promoting better planning related to growth, the preservation of open space, and the protection of the region's military installations.

In 2007, DoD continued to work closely with other Federal agencies to sustain military readiness. On energy issues, the Department of Defense continues to work with other Federal agencies to ensure that wind farm projects and energy transmission corridors are compatible with military readiness activities. The Department also continues to work with the Department of Homeland Security to ensure that our military readiness activities and infrastructure in border regions are not impacted by new security measures. Outreach to non-Federal and non-governmental organizations continues to be a significant part of the Department's sustainability program, and today we are working with state, county, and local governments, Tribal, and environmental groups on issues of mutual concern to seek win-win solutions. Overseas, DoD

continues to develop mission sustainment procedures to work with our host nations Global Defense Posture partners. To sustain today's warfighters, and our nation's future warfighters, the Department of Defense will continue its engagement and partnering efforts.

Safety and Health Risk Management

A significant responsibility of Installations and Environment is oversight of occupational safety and health. Secretary Gates has challenged us to reduce preventable accidents and this has driven real improvements. Over the last year, the Department experienced an overall improvement in its safety and health performance.

For civilian employees, we are meeting the President's goals in the Safety, Health and Return-to-Employment (SHARE) initiative by decreasing our lost time injury rate by 5 percent. We plan to continue to improve by increasing the number of installations participating in OSHA's Voluntary Protection Program. This program engages every person –commanders, middle managers, employees, and military members – in changing attitudes toward accident prevention.

For motor vehicle safety, motor vehicle crashes – both in military operations and on U.S. highways – continue to be the number one cause of military fatalities outside of direct combat. We continue to work with tactical vehicle developers to provide safer vehicles for combat operations, and work with the Services and Combatant Commands to improve operating doctrine for using the vehicles in a manner that minimizes crashes. The greatest risk to our soldiers returning from Iraq is being the victim of a crash on U.S. highways. The Military Services recognize this challenge, and have aggressive programs to reorient soldiers back to safe driving habits in the U.S. While our highway crash experiences are very similar to the general public,

we still work to prevent each of these losses. Every fatality still means that one of our Nation's sons or daughters has been needlessly lost.

For aviation safety, we have made long-term progress in reducing aviation accidents, reducing the overall rate of Class A accidents by 20 percent since FY 2002. The Military Services continue to improve aircraft technology to provide our pilots with more capable and safer aircraft, and to improve training and information needed for improved pilot performance. Strategic improvements in aviation safety will be supported through our partnership on the Next Generation Air Transport System (NextGen) Joint Planning and Development Office.

Future improvements in DoD Safety and Health performance will be guided by our principles of applying management systems for continuous improvement, and engaging all of the risk decision makers in improve awareness and attitudes toward reducing risk.

Integrating Business Enterprises

We have made significant and tangible progress implementing the core capabilities of the Real Property Accountability (RPA) business enterprise priority. This effort spans all Components, applying best business practices and modern asset management techniques to provide the warfighter access to secure, reliable information on real property assets and environment, safety, and occupational health sustainability. RPA is one of the six overall DoD business enterprise priorities articulated in the DoD Enterprise Transition Plan, which is the Department's roadmap for the improvement of critical business operations. As DUSD(I&E), I am the lead in the Department for ensuring that RPA stays on schedule.

RPA is aligning end-to-end business processes and enhancing management visibility into operations by establishing and integrating common processes and data standards, redefining

defense business in terms of functions managed and customers served rather than who performs the task.

RPA correlates directly to the Under Secretary of Defense (Acquisition, Technology, and Logistics) goal of "Capable, Efficient, and Cost Effective Installations" and will help us to improve installation planning and operations by embracing best business practices and modern asset management techniques. The RPA initiatives have already improved awareness of the importance of accurate inventories, optimized resources, and enhanced access to real property information.

The groundwork for RPA is nearly complete. Over the past few years, the Department has developed enterprise-wide capabilities for real property accountability and visibility, environmental liabilities accountability and valuation, and hazardous materials operational controls. These capabilities are founded on requirements for a common business process model, standard data elements and data definitions, business rules, and recommendations for policy changes. The Components are fine-tuning and implementing plans to fully integrate these requirements into their operating environments.

Another key accomplishment in this area was the establishment of the Real Property Unique Identifier Registry which reached full operational capability for assigning real property unique asset identifiers in December 2007. An initial step forward into a federated location construct, the registry will provide authoritative physical location information for DoD real property to communities outside of the real property and installations management core business mission. Other successes over the past year include:

- Assignment of unique identifiers to all DoD's real property assets to provide more granular physical location data for DoD's legal interests in all user communities. Current accurate

location information provides enhanced access to essential data for strategic decisions, increasing accountability, and reducing costs.

- Incorporation of fundamental geospatial standards in the Business Enterprise Architecture, the Department's business information infrastructure. Utilization of these standards provide a common set of mapping information and tools which enhance geospatial visualization capabilities while avoiding redundant acquisition of geospatial resources across the Department.
- Real property inventory tools and procedures have been developed, and we have made progress towards implementing and maintaining consistent, accurate, and complete information on the real property portfolio across the Department.
- Initial operating capability for the Hazardous Material Master Data Capability, a year ahead of schedule, which placed the chemical and regulatory data essential for safe and effective handling of hazardous materials in a production environment. In partnership with the Defense Logistics Agency, we will improve the availability of accurate, authoritative hazard data while eliminating redundant data purchases, entry, and maintenance burden across the Department.

Over the past few years, the Department has developed enterprise wide capabilities for real property accountability and visibility, environmental liabilities accountability and valuation, and hazardous materials operational controls. Accurate and timely data is fundamental to effective management of assets, and ultimately to military success.

Conclusion

In closing, Mr. Chairman, I sincerely thank you for this opportunity to highlight the Department's successes and outline its plans for the future. To meet the ever changing

warfighting landscape our military must be flexible and responsive and our installations must adapt, reconfigured, and be managed to maximize that flexibility and responsiveness. I appreciate your continued support and I look forward to working with you as we transform these plans into actions.

Mr. EDWARDS. Great.

Thank you both for your testimony. Let me express apologies to everyone for my coughing. I don't know if it is the cherry blossoms or what, but something is going on.

We have so many members here and this is important testimony today. What I would like to do, other than the ranking member, who I would like to give as much time as he wants—and I am going to recognize Mr. Wamp to start out with questions—what I am going to do is just rap the gavel once when we hit 5 minutes, and then if you are in the middle of an answer, if you would try to wrap it up within 30 seconds or so, please do that. I will rap twice when we need to cut it off. That way, we hopefully will do two or three rounds of questions.

Mr. Wamp.

Mr. WAMP. Thank you, Mr. Chairman.

Let me kind of make an announcement. We have a very well-attended hearing today. People must have found out that our witnesses were just really stellar today. We even have two cardinals sitting at the table. But Mrs. Granger is out, and I wanted to, as the ranking Republican member, say that she had successful surgery over the break. She will be out for a couple of weeks, but I wanted to let the full subcommittee know that we are all thinking of her, and in her absence here today, lift her name up. We will all be sensitive to that until she returns.

I also welcome Mrs. Arny—Sydney—that is my favorite city in the world, an excellent name. Secretary Arny, you did give in my office the best explanation of joint basing that I have heard, and I appreciate you reiterating some of that today, because there was some consternation. However, you pulled it all together. There shouldn't be so much consternation, particularly at Hickham-Pearl Harbor Base, which I have been to twice, and I understand the Air Force is concerned. But under this arrangement, they really shouldn't have that concern because the flight ops and all will continue.

Chairman Dicks, it is always an honor to be in your presence, sir.

Mr. DICKS. Thank you.

Mr. WAMP. This is my first MILCON subcommittee hearing that you have been able to come to because of your other responsibilities. I just wanted to make that point. I have been sucking up to him for a long time. [Laughter.]

Mr. DICKS. You were right. Ms. Jonas and Mr. Arny, they are stellar witnesses and long-time friends.

Mr. WAMP. And with the chairman here, now we do have the most well-attended subcommittee meeting of the year. The chairman has been so good to me, that I will go as far as to say, with tongue in cheek, that I hope in the near future that a story to come out of this subcommittee is that Chet and Zach helped to get BRAC back on track. [Laughter.]

BASE REALIGNMENT AND CLOSURE

And with that said, Secretary Arny, when you talked about BRAC, I think you could even further and say it would be extremely difficult to meet the September 15, 2011 date. The truth

is, you just plainly are not going to meet it without this money. That is probably the way we should report that. And then, what are the problems if in this fiscal year, we don't get some money to BRAC that wasn't there, it is like a domino effect, is it not?

Mr. ARNY. It is. I will never say we won't make it, because we have tried to look back, and as a service member myself, if you tell me what the time of the target it, I am going to be there. So if you tell them to finish, they will finish, and they will get there. It may not be pretty getting there. That is the problem. Being part of the culture myself, it is hard to measure that because they will never say never, and they will be out there at midnight working on the building to make sure it is ready to open.

Mr. WAMP. So much good came out of the 2008 bill, and the baseline already. The veterans are so much better off. There is so much to be grateful for, but if we can get this money back where it belongs, then the mission will be complete. I am grateful that the chairman thinks the same way that we do on this issue.

AFRICOM

Either of all can answer this question. I heard at another briefing yesterday on the Hill, General Zinni—who I don't agree with everything he says, but he has some interesting input—said that Iraq would have been much better for us had AFRICOM been set up prior to Iraq, which is a fascinating kind of analysis from a guy who has not been very supportive of Iraq.

We had General Ward here yesterday, and the chairman and I yesterday with General Casey, we were just telling him how swept away—well, I was, anyway—with this whole new AFRICOM mission, even though I know we have to be careful as we go into any kind of perceived presence permanently in Africa. It is just a forward station there. But what is your perspective on AFRICOM and the development and the flow of funds, from a business standpoint, what it really means to our unified command?

Ms. JONAS. Mr. Wamp, if I can just start, and I will let my colleague talk to the concerns relative to the potential construction, I think as the secretary has laid out on many occasions—and I did not hear General Zinni's comments yesterday—but this is an important area of the world. We have concluded over the last several years that we need to have as a department a more active and positive engagement with the continent.

I am not the policy expert here, but I do know that it is very important to the secretary. I know it is high on the chairman of the Joint Chief's mind. Kip Ward, who is the new commander there, is an extremely competent Army general. I think he will do a terrific job.

In our shop and in Wayne's shop, what we are doing is trying to make sure that they have the resources that they need to be successful. I think with the Congress's help and understanding, we will support this and get this underway and I think it will make a big difference for our positive engagement in that area of the world.

Mr. WAMP. Secretary Arny, do you have anything to add?

Mr. ARNY. Yes, sir, I do, actually. I will say that I can't say that General Zinni is wrong. I was working for Senator Tower back in

the early 1980s on the SASC, when we helped create CENTCOM. So I understand a little bit about what we are trying to do. It would have been better, and that is going back and saying you can change history, because back then PACOM thought that they could handle all of CENTOM as well. Congress disagreed and you ended up with CENTCOM.

My older son was the aid to the lieutenant commander, General Wald, when he was deputy EUCOM for 1½ years or 2 years. They were—just listening to my son talk about it, the importance of the region opened my eyes as to what needed to be done. I think from an installation point, we are moving very slowly—I won't say slowly. We are doing it cautiously and with due regard for the sensitivity of the people in the region, to establish a presence to be able to assist. We are not there to build huge bases and all the rest of it. We are working with our colleagues at the State Department and other agencies to establish a presence and go one step at a time to make sure that we are doing it right.

I think ordinarily people say, well, why not base it out of EUCOM? Given that my son was stationed at EUCOM and the deputy EUCOM was probably the most active in the African region. Jim Jones is a good friend, and he would talk about it as well, too. He and Chuck Wald were very close on this issue and understood the importance of it before many other people did.

Mr. WAMP. Mr. Chairman, I will reserve until the next round. Thank you.

CONSTRUCTION INFLATION

Mr. EDWARDS. Let me ask you about construction inflation. It is a serious challenge. It is not the fault of the DOD or any federal agency, but it is a reality. I think it is important we use real numbers, particularly in putting together the out-year numbers.

The Department of Veterans Affairs used an inflation rate for construction of between 12 percent and 17 percent for their fiscal year 2009 budget. If I am correct, the Department of Defense used a 2 percent inflation factor. I am not sure if anyone in the construction industry would take that 2 percent inflation factor seriously. The record would show that from 2003 to 2008, while OMB was dictating a 15 percent cumulative inflation factor for defense construction, the Associated General Contractors' more accurate inflation rate is double that.

If we are not using realistic inflation factors, we are undercutting future military construction projects or under-estimating the budgets required to accurately fund them. Can either one of you address whether you think 2 percent is an accurate projection of construction inflation for this coming fiscal year? If not, do you have any kind of real flexibility to adjust it more realistically and use more realistic numbers?

Mr. ARNY. As you and I have discussed in the past, when I worked on the Navy staff, we faced this 3 or 4 or 5 years ago. What I realized is that from the period from 5 years ago to 15 years ago—that 10-year period—the issue probably never came up because the market was always getting better. Prices were going down. So if we estimated the project would be $10, it would come

in at $9 or $9.50. So we always had a little extra money to play with.

Right about the time we started to do BRAC, around 2005, which meant we started to bring in more—we got hit with a couple of hurricanes in the southeast. We in the Navy understood that inflation was going up. When we look at MILCON, it is very important to us. When I did CPAC with the SASC, I sat next to the MILCON guy. I was pushing $3 billion ships down the hallway one after another, and no senator ever came to see me. But the MILCON guy sat next to him, and I would watch powerful chairmen walk in begging for a $3 million project. And I didn't quite understand it.

Mr. DICKS. Chet understands that. [Laughter.]

Mr. ARNY. So to put it in perspective, while it is very important to us, MILCON is still a very small portion of what the defense budget is. Again, having spent 3½ years at OMB—and I had all of defense, and MILCON never bubbled up to my level as a PAD—so while it is important to us, it was not as important to them.

It wasn't until we started to get hit with overruns and having to come up to you on it seemed like a monthly basis with cost overruns, some of which were self-imposed, some of which we had to go back with NAVFAC and sit down and tell the engineers to go start being engineers again, because they were just using models. They weren't going out and sinking enough holes in the ground to find that there were rocks and stuff there that they didn't know about. That is one portion of it.

But you are right. Construction inflation in the country is varied. At first, I thought it was the Facilities Pricing Guide which mandated certain inflation rates. What I have discovered is that that isn't the problem. We are allowed to use parametric measures. We are allowed to go down and design these buildings parametrically, go out and see what other buildings in the area are going for.

So absent the BRAC problem, when a building gets to you, or gets close to you in the budget, it should be fairly close. We can do a better job of making it closer, but where we really get hammered is in the time that we lock that design down until it finally gets passed. That is where the construction inflation hurts us. What we discovered in our testing is it isn't nationwide. It is areawide. It is regional.

We had the famous LAPZIG, the storage facility in the northwest. We discovered, much to our amazement, inflation in the Seattle area was 15 percent a year. Most people blame it on the Vancouver Olympics. So we have gone to OMB to ask them to work with us—and I have started to work with the OMB comptroller—and let us all agree on some standard. A state standard I think is probably where we will come up, because the states do much more military construction than we do, and they do keep track of it. It will never be perfect.

Mr. EDWARDS. But it could be better.

Mr. ARNY. Much better. And I would hope at some point, every 6 months or every year, we could come to you while you have the budget and update it. When it comes to the Navy and OSD Headquarters, we update it then. When it goes to OMB, we update it there. When it goes to the Congress, we update it.

Also, the other problem is, on the down, like in that period from 5 years to 15 years ago, while it made it easier on the engineers, and we didn't see any problems, we were leaving money on the table. We were not building things we could have built because we were over-pricing projects when they got to you.

So we want to do it on both ends so that if the $10 project, when the construction engineer opens the bids, it is a $10 bid.

Mr. EDWARDS. Do you think OMB will come up with an agreement by the end of this calendar year?

Mr. ARNY. I will try. They want to. It is a matter of timing. Do we have the time to do it? Because they understand now. There are no MILCON people over there. So again, I have worked with them. Some of the folks I have worked with are still there. They now understand. We are not coming over to rob the Treasury. We are coming over to make sure that each project that goes through is right.

Because the other problem on funding on a project, what I found, is the engineers rather than coming to me and saying, okay, Mr. Arny, that $10 project, I need $12 for it. I say, what happened to the $10 project? I built it. Well, the guy just complained it is an $8 building. Well, I had to shrink it. So they will reduce scope. They will take things away. If we have a requirement for a building of this size, and it costs $10, and it is going to cost $12, we better come up with the $12.

Mr. EDWARDS. Okay. If you could report back to us at say mid-July and end of the year where we are? It would be nice to be basing these projects on realistic numbers and inflation.

Ms. JONAS. Mr. Chairman, I would like to add, I will lend my full support to trying to get OMB to give us a more favorable factor here. As we have discussed before, this isn't the only area where we have difficulty, particularly if we are beginning to execute a budget. Fuel is the most difficult one for us now. In fact, we are far from where we budgeted. Thus, it is not unusual that we would have differences when we actually execute a budget. I commit to making sure that I am fully behind that.

Mr. EDWARDS. Thank you.

We are now going to recognize members in the order in which they were here when we started, based on seniority if they were here when we gaveled the meeting open.

Mr. Bishop.

BASE REALIGNMENT AND CLOSURE

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

I welcome our witnesses today.

Last year, we provided $500 million in BRAC money for Fort Benning. Can you talk about the projects for which those funds were spent, and whether or not all of the funding is committed to the various projects under that BRAC appropriation from last year?

Mr. ARNY. Sir, I am brand new. If it were a naval air station——

[Laughter.]

Mr. ARNY [continuing]. I might be able to answer your question.

We will have to get back to you. I know the Army is better than the Navy on executing their budget, so I suspect that everything they put in is obligated, but I will get back to you on that.

[The information follows:]

Out of funds available in the BRAC 2005 account, the Army has committed $589.35 million to projects at Fort Benning. The Department did not receive its FY 2008 appropriation funding until January 2008. Awards totaling $346.4M were accomplished by the end of February 2008.

FY	PN	Description	Committed ($ thousands)
2007	54931	Child Development Center	6,800
2007	64370	Trainee Barracks Complex 1	136,500
2007	64459	Training Brigade Complex	55,800
2007	65056	IET Brigade Hqs Bldg	32,600
2007	65068	Trainee Barracks Complex 2	136,500
2008	64368	Troop Dental Clinic - Solomon, Sand Hill	3,550
2008	65251	Vehicle Maintenance Facility	37,000
2008	65253	General Instruction Complex 1	24,000
2008	65287	Training Aid Support Center Conversion	3,800
2008	65382	Stationary Gunnery Range	5,800
2008	65439	Infrastructure Support, Incr 1	74,000
2008	65862	Training Support Brigade Complex, Ph 2	73,000

The Army took its portion ($560M) of the $939M FY 2008 Congressional cut to the BRAC 2005 Account against its MilCon program because it is the predominate cost in FY 2008. As a result of this cut, six projects for Fort Benning, with a program amount of approximately $37.4M, were not funded in FY 2008. Funds for these projects will be committed if the Congress restores the remaining $560M requested in the Army's FY 2008 BRAC 2005 budget.

FY	PN	Description	Program Amount ($ thousands)
2008	62956	Troop Health Clinic - Winder, Sand Hill	5,100
2008	64080	Troop Health Clinic - Harmony Church	16,000
2008	65032	Fire and Movement Range	2,400
2008	65044	Modified Record Fire Range	4,900
2008	65046	Modified Record Fire Range 2	4,500
2008	65048	Modified Record Fire Range 1	4,500

Mr. BISHOP. All right.

Mr. ARNY. And you do need a coastline. [Laughter.]

Mr. BISHOP. Can you also get back to us with the BRAC offsets? What, in fact is the BRAC plan providing for the cost savings with regard to BRAC? In other words, have you been able to determine if there are cost savings as a result of the process so far in the BRAC? Do you have a priority list for the BRAC?

Mr. ARNY. On savings, we can give you specifics on the savings, but those savings are rolled back into our general budget to offset other things. So we aren't putting them against specific projects.

Mr. BISHOP. I guess overall looking forward, just for the committee's sake, we would like to have a sense of how BRAC is going to be cost-effective in the long run as we spend the taxpayers' dollars.

Mr. ARNY. We can get you the specifics on that.

[The information follows:]

The Department acknowledges that BRAC 2005 implementation will generate significant savings. As reflected in the FY 2009 President's Budget justification material submitted in February 2008, the Department estimates that implementation of the BRAC 2005 recommendations would generate approximately $15 billion in total savings through the fiscal year 2006–2011 implementation period. Additionally, the BRAC 2005 recommendations could generate approximately $4 billion in annual recurring savings beyond the implementation period.

Because of the challenges associated with implementing many complex recommendations, the Department initiated a process to develop business plans that establish the requisite actions, timing of those actions, and the costs and savings associated with implementing each recommendation. Each plan contains its own priority of actions to ensure all actions are accomplished by the statutory completion date of September 15, 2011. The Department reviews each plan twice annually to ensure that it is in compliance with the BRAC law. Each of those reviews provides an opportunity to direct corrective action. Additionally, the OSD Office of the General Counsel is a key player in reviewing these plans to ensure that they are legally sufficient and to verify that the Department is meeting its legal obligations.

Mr. BISHOP. The other thing, we had a raids from ICE, the U.S. Immigration and Customs Enforcement, at Fort Benning of illegal workers. I was just wondering whether or not other installations have experienced those kinds of raids from ICE also?

Mr. ARNY. I have not had that pop up on my radar screen, but I could ask about it.

Mr. EDWARDS. You are not encouraging them, are you?

Mr. BISHOP. No. I was just wondering. We were a little bit surprised and concerned. We didn't want any delays, and of course I am sure others wouldn't want more delays either. But we did have some unexpected visitors.

Mr. KENNEDY. If I could, Mr. Chairman?

Mr. EDWARDS. Yes, Mr. Kennedy?

Mr. KENNEDY. It is really important that we get better credentialing on these bases for those who are doing contracting, because the subcontractors of the contractors on these bases are often hiring those who are undocumented workers to do the work on these bases. We have found that out in my state, and we identified undocumented workers who were working on our base. I am not surprised to hear that.

Mr. BISHOP. Right. I was just wondering if you could perhaps look and see whether or not that is a frequent occurrence across your construction projects.

Thank you, Mr. Chairman.

Mr. EDWARDS. Okay.

Mr. Farr.

Mr. FARR. Mr. Chairman, I have to say that I think that there is record attendance today because you have a smart woman with a lot of money, and a man in charge of all DOD real estate, with all the appropriators. [Laughter.]

It is a perfect storm of financial interests.

DIRECTIVE 3005

I have two questions. I want to get into the BRAC issues, but first I want to say a passion that I have, and Mr. Wamp mentioned it, is a directive was issued by the department, Directive 3005, which essentially structures what DOD's programs and mission requirements have established to be prepared for language and area studies and all of that. The question is, who has the primary responsibility for implementation of that directive?

Ms. JONAS. Mr. Farr, I believe that is under Dr. David Chu, who is the Under Secretary for Personnel and Readiness.

Mr. FARR. So it sits at OSD?

Ms. JONAS. Yes, I believe so.

Mr. FARR. On the joint staff or combatant command?

Ms. JONAS. It may be. I will have to check for the record, sir. My staff is telling me this.

Mr. FARR. So it is in OSD?

Ms. JONAS. Yes.

Mr. FARR. Okay. A recent Washington Post article highlighted the challenges of getting interagency cooperation for stabilization and reconstruction. The House just passed, a week or so ago, H.R. 1084, which is legislation I authored to create a reserve corp for first responders in the State Department, USAID. I am told that General Petraeus actually called on that bill to try to get it moving in the Senate. I am very appreciative of that.

I think that the Department of Defense really understands what is at stake here. I am very supportive of it. But I am also distressed because I am hearing that there are new directives being drafted that essentially replaces the stability operations with irregular warfare. Is that true?

Ms. JONAS. I will have to take a look at that. I don't know that for sure. I know that the general concept, as the secretary has stated, is soft power is very important and stabilization is absolutely critical. We have to engage, and continue to engage, with our interagency partners in engaging around the world. But I am not familiar with the specific there. My understanding would be this is an issue for the Under Secretary for Policy.

Mr. FARR. What I am concerned about here is a conflict of directives, from stability ops to irregular warfare, and then replacing stability ops? How does this affect the management and does it contradict the testimony of the secretary? It is just very peculiar and I would like you to get back to me.

Ms. JONAS. Yes, I would be very happy to do that, Mr. Farr.

[The information follows:]

The development of a new directive for Irregular warfare (IW) is not intended to replace existing guidance for Stability Operations. Rather, IW policies are intended to augment existing policies in order to enhance capabilities. Irregular warfare will likely be the dominant form of conflict for the foreseeable future. Both special oper-

ations and general purpose forces must increase their capabilities for key IW mission sets. To that end, the IW directive will reinforce the QDR's conclusion that IW is as important as traditional warfare, or warfare between the armed forces of adversary states. It will direct the DoD Components to develop capabilities for counterterrorism, unconventional warfare, counterinsurgency, foreign internal defense, and stability operations—which share common requirements, like cross-cultural communications and language skills, enhanced intelligence through the use of social science expertise, use of indirect approaches, etc.—with the same priority given to the development of capabilities for major combat operations.

We're incorporating the core capabilities and principles from DoDD 3000.05 into the new directive. However, we're expanding its aperture by adding policies to coordinate capability development across a wider range of operational environments—permissive, contested, and denied—to help the Department maintain readiness for a broader range of contingencies. This approach will facilitate more efficient use of DoD resources for training and educating personnel, and in identifying and fielding required capabilities.

We believe that revising DoD policy for capability development will have no adverse impact on interagency unity of effort. Rather, our efforts to streamline internal DoD processes and capability development will enhance our ability to support whole-of-government efforts with improved capabilities and enhanced joint force capacity. The policies set under various authorities, such as NSPD–44, will continue to provide the framework by which interagency operations will be conducted.

Mr. FARR. The Naval Postgraduate School that I represent in Monterey was recently designated by OSD as the Global Center for Security Cooperation. DOD has recognized a requirement to assist the House Democracy Assistance Commission. It is a bipartisan House organization dedicated to developing member-to-member partnerships in emerging democratic legislatures, essentially legislators and parliamentarians.

GLOBAL CENTER FOR SECURITY COOPERATION

By tasking the Security Cooperation to support the HDAC, and we are trying to work with DOD on this, and the Naval Postgraduate School, I would like to know including how DOD can provide funding to support HDAC thru the DOD Global Center for Security Cooperation, or as the Civil-military Affairs Center at the Naval Postgraduate School.

Ms. JONAS. I would be happy to talk about it. I believe Ryan Henry would be involved with that in policy, so I have not had a conversation with him on this topic, but I would be delighted to do that. I know it is an important topic.

Mr. FARR. Yes, we see some directives here and responsibilities, but no sign of where the money is coming from.

Ms. JONAS. I would be happy to do that. Obviously, if it is important to the department, and it is an important priority for you, we will make sure that we look into that and get back to you.

[The information follows:]

Thank you for your continuing support of the Department of Defense's (DoD) international education programs. As you know, Mr. Ryan Henry and his staff worked with the House Democracy Assistance Commission (HDAC) last year to identify opportunities for the DoD international partner education institutions to support HDAC activities.

As a result, the Asia-Pacific Center for Security Studies (APCSS) is partnering with HDAC to strengthen democratic governance of the security sector in Indonesia and Mongolia. A dozen parliamentarians from those countries will convene at the APCSS in Hawaii on April 23; will discuss governance issues presented by the APCSS staff; and will travel to Washington, D.C., through May 1, to meet with members of Congress and their staffs to gain first-hand insights into the U.S. system. A similar event is planned for mid-June by the Near East-South Asia Center for Strategic Studies (NESA), hosting parliamentarians from Afghanistan. FY 2009

funding support will be determined after a review of those two current efforts. That assessment will be coordinated with the HDAC.

At the April 2nd hearing of the Military Construction, Veterans Affairs, and Related Agencies subcommittee, you expressed an interest in how DoD could provide funding for HDAC support to the DoD Global Center for Security Cooperation such as that provided in the military-civil affairs programs at the Naval Postgraduate School (NPS). Based on your concern, the Global Center for Security Cooperation is helping OSD identify opportunities where NPS can integrate its cabilities into DoD support to HDAC.

The Administration greatly appreciates your backing of these key efforts, and I look forward to working with you in the future.

Mr. FARR. Mr. Arny, congratulations on your appointment. You are stepping into big shoes. You know, your predecessor worked for us, so he was an inside family member that went over to DOD, so you are following in big footsteps.

Mr. ARNY. I was going to say, when I went to work for the Senate, I had come right out of the Navy and I went over there, and I had to be led down to the floor the first time. So then after a couple of months, I went over and took one peek at the House floor and I thought as crazy as the Senate was, it was saner, and I went back and I didn't come back until this Congress.

Mr. EDWARDS. Right. We understand.

Mr. Dicks, and then after Mr. Dicks will be Mr. Carter.

JOINT BASING

Mr. DICKS. We are glad to have both of you here today. Secretary Arny, going back to this joint basing, is there going to be kind of a model? Or are you going to do each one of these a little differently? How is it going to work in terms of, the airfield operations for example? How did you work that out?

Mr. ARNY. The actual runway and all that real property—land, concrete, the hangars—everything that is real property goes to the supporting component. So in the case of Lewis-McChord, just to pick a base——

Mr. DICKS. Just to pick one. [Laughter.]

Mr. ARNY [continuing]. It just came to mind. That would all go under Army. The airfield operations—the operation of the people and the equipment there, that would be under the mission commander.

Mr. DICKS. How did you work that out? It makes sense to me. I think that's good.

Mr. ARNY. The key splitter on that is, is it installation or is it mission? For instance, in the Army and Marine Corps installations in particular, right off the bat, ranges don't transfer to the installation because the ranges are run in the Army and the Marine Corps by the mission commander, not by the installation. Remember, this isn't a service thing. Is the installation commander doing it or is the mission commander doing it?

Mr. DICKS. I have you.

Mr. ARNY. Okay? And so that was the key difference. And with the Air Force, while I might disagree with that philosophy—I come from a different culture where like I said, as long as the concrete was there and I could find somebody to fuel me, I didn't care whether they worked for me or worked for somebody else, because what I performed in my squadron, we would go aboard a ship. And

guess what? They would fuel me there and they would take care of me and they would feed me, so I didn't worry about it.

So when the Air Force deploys, they deploy as the whole group. They don't just deploy as a squadron. So they have a training mission within their fuelers that is integral to the operation of that wing, that isn't in the Navy or the Marine Corps. That is not integral to the Marine Corps air wing or a Navy air wing. Same with the Army.

So once we understood it, it took a lot of sitting down and talking. We spend our time on our own problems telling each other. So I think it has worked out very well.

Mr. DICKS. So do you see this problem now going away? I mean, there is still a question, as you and I discussed privately, that the Air Force has been resisting this when they were not the lead entity.

Mr. ARNY. I am shocked and appalled. [Laughter.]

Mr. DICKS. Yes.

Mr. ARNY. But again, when the Secretary made his decision in January to transfer two (INAUDIBLE) properties to the supporting component, they jumped onboard then. The engineers understood it, and the operators are starting to understand it. But then we had this one glitch—and they have been active in all of our working groups in working at it. Air Force wasn't the only one. We had security people in. We had the chaplains who wanted to opt out for various sundry reasons I won't go into here.

But we have gotten them all on board. That is why in our rollout in the units we are going to have VTC with the base commanders in the next couple of weeks. At the end of June, we are going to have all the base commanders and the supported component commanders at one location in which they will start to put their memoranda.

Now, each phase will now start to put together a memorandum of agreement between the supporting and the supported components. We are going to bang them out. There are going to be other bridges to cross, but these are the big ones, and once we get the framework in place, we will publish the JBIG. We are going to publish supplemental guidance to all the commands. And then a MOA, memorandum of agreement template, will go out, and then any variances.

So we still have a lot of work to do, but I think the initial hurdles, we have crossed them.

Mr. DICKS. So what is your objective date to get this accomplished?

Mr. ARNY. Off the top of my head, we want the signed MOAs this fall, with an IOC 6 months later of spring of 2009 for the phase one bases. Right now, we have five bases in phase one and seven in phase two, and we are discussing that. Lewis-McChord is more complex. That is in phase two.

Let me back step. Everybody starts working on their MOA next month, when we get it out. Everybody starts working on it together. Five of the bases have to be done by spring of next year, and the other seven in the spring of the following year. So the FOC is 6 months, so October 1 of 2009 is FOC for the first five, and October 1, 2010 is the FOC for the last. That is the plan.

Mr. DICKS. Okay.
Mr. EDWARDS. Mr. Carter.

BASE REALIGNMENT AND CLOSURE

Mr. CARTER. Thank you, Mr. Chairman.

Thank you both for being here today. I am trying to find some missing soldiers that we are looking for in my district. So I have been looking at some confusion that I don't understand. Back in BRAC, it seemed to be the indication that we were going to reduce the force in Germany by two first AV brigades, and send them to Fort Bliss, Texas. That is what were told under the BRAC.

The Army has now delayed this movement to 2012 at least, but we have already spent significant money to bring this BRAC transfer into Fort Bliss. Now, we are going to be spending Global Force money to prepare for the arrival of two new VCTs announced for Bliss.

If the goal of BRAC is to reduce the force in Europe, has the decision been made to change that? And now we are talking about two new VCTs? Or does this delay and the construction that has already been there, how does that affect the MILCON budget?

It seems like we are spending this money twice for two different outfits, or two different sets of brigades. I am wondering about some numbers at my base, so I am always looking for missing soldiers. So I want to find out what is going on.

Mr. ARNY. So this is Naval Air Station Bliss, correct?

[Laughter.]

I could answer it more readily.

What I can tell is technically the BRAC move of 2005 were only internal to the continental U.S. Now, what the Army did is they fell on that with moves from overseas. I will have to get you the details of the specifics on Fort Bliss, because I know Fort Bliss is one of the major receivers of BRAC and MILCON funding. So I will have to get you the specifics on those, but we are not paying for anything twice. We are very careful to make sure that we have the space we need and no more.

[The information follows:]

The Army has an aggressive, carefully synchronized stationing plan for Fort Bliss that links Base Realignment and Closure (BRAC) 2005, Global Defense Posture Realignment, and Grow the Force initiative. The Army's plan supports these major stationing initiatives and is designed to meet the September 15, 2011 statutory BRACE implementation deadline without duplicating space requirements.

As a result of Grow the Army stationing decisions, the Fort Bliss end state will include six brigade combat teams. We are not spending money twice on their supporting facilities. Three brigade facility sets are being funded through BRAC, and three will be funded with Military Construction, Army (MCA). Of the facility sets funded with MCA, two are for Grow the Army infantry brigades, with the final set supporting the heavy brigade returning from Germany in FY 2012.

Again, BRAC and the global re-basing was complicated, to use probably the wrong word, it was made more complex by the fact that at the same time we were going to reduce these bases overseas, we decided to increase the Marine Corps and the Army. We would grow the Army and grow the Marine Corps.

Mr. CARTER. I am for all those things. The reason I am asking the question is because if you just say we decided not to reduce the forces in Germany, then that makes sense to me. Otherwise, in

Three Corps, as we looked at shuffling around of what was going to go in Three Corps, my concern is Fort Hood. Fort Hood was supposed to receive, according to me, the chairman and others, it was reported to us 49,000 soldiers. All of a sudden, we were back down to 42,000 soldiers, with the story that we never told you that. I am very concerned about that.

So when I look out here and see what looks like a change of position for the Army, I don't know what that change of position means. That is why I asked the question.

Mr. ARNY. We will get you that answer.

PRIVATIZATION

Mr. CARTER. If I have time for another question, I have one more question I would like to know. Barracks privatization—I have a great interest in barracks privatization. Over 3 years ago, I asked a question about barracks privatization as it related to the two Navy projects that were experimental at that time—how successful they were, where they were going, and what were the changes that the Army was going to be able to participate in barracks privatization.

The report that I am looking at here now says that they are now going to participate in barracks privatization. At that time, I was assured that probably the first place they would try it would be Fort Hood. Now, we are not in the mix. Do you know any reason why we are not in the mix?

Mr. ARNY. No, sir, but I will check. I do know, and I could bore you to tears on BQ privatization because it has been a big success. There are problems for us to overcome, but I have heard that the Army is starting to look at it. I will get back to you on your specific question about Fort Hood.

[The information follows:]

The Army is using the privatization authorities to provide unaccompanied personnel housing (UPH) for senior enlisted personnel (pay grade E6 and above) and officers at the locations shown below.These members currently receive a housing allowance.

Fort Irwin, CA.
Fort Drum, NY.
Fort Bragg, NC.
Fort Steward, GA.
Fort Bliss, TX.

These new housing projects, which will include a mixture of 1 and 2 bedroom apartments, are being implemented as additions to existing family housing privatization partnerships. The Army apartments are being built to market standards and the rents will reflect the market value of the apartment. No Government equity contributions will be required. Other installations, including Fort Hood, were considered for similar unaccompanied senior enlisted/officer housing but did not show sufficient occupancy demand to make the projects as attractive as the ones underway. The Army leadership is deferring consideration of UPH privatization for Soldiers who are required to live in barracks (pay grades E1 to E5 and without dependents) until they can fully assess the Navy's experience with their pilot UPH privatization projects.

Mr. CARTER. Okay. That is all, Mr. Chairman.

Mr. EDWARDS. Mr. Crenshaw.

Mr. CRENSHAW. Thank you.

I want to ask you a couple of questions about privatization, particularly the bachelor privatization. I know about 5 years ago, we

authorized Norfolk and San Diego and Mayport. As I understand it, San Diego is off-base, right?

Mr. ARNY. No. San Diego is on-base.

Mr. CRENSHAW. And Norfolk?

Mr. ARNY. Norfolk is on-base as well.

Mr. CRENSHAW. Okay, so they are both on-base.

Mr. ARNY. They are both on-base.

Mr. CRENSHAW. And they are up and running, as I understand it.

Mr. ARNY. Well, it is a little more complicated. In San Diego, that was our lead project. Norfolk was supposed to be, but San Diego came in first. We took a large 15-story existing one-plus-one (e) and privatized that. And the privatization contractor is building four 18-story towers right next to it, because land is more dear in San Diego, so they went vertical.

While we haven't moved anybody into the towers yet—the new construction—resident satisfaction went from 70 percent to 90 percent after the private sector manager took over the existing BQ. Okay? So we were authorized three piles. So we picked the second one at Hampton Roads. Hampton Roads is all E–3 and below. San Diego is E–3 and below and E–4 and E–5 and above. So that project, we have broken ground, but we don't have anything up and running yet. We have just started the takeover of some of the old BQs, because we are not only building new buildings for E–3s and below, but the contractor is taking over some of the old one.

I had asked the Navy staff to look around. Initially, we were going to do Bremerton, but we discovered that there you have one carrier and four or five escorts. When that carrier leaves, the BQ is empty. So it didn't work out. We had to use a different model.

We ended up at Mayport and Jacksonville as the model. Those folks are doing that now, and that should be rolling out in the next year or so.

Mr. CRENSHAW. Because one of the questions I have, when they are on-base, as I understand it, if you have a developer, you have to give him an easement to the main gate.

Mr. ARNY. In both Mayport and Jackson, I have been down there and walked the ground. I forget which one it is, but you don't have to. You need a balance. To satisfy OMB and GAO, you need a balance between people that are close enough to the edge. The premise is that if the Navy went away from Mayport-JAX, that there would be a use for these buildings. Or if the Navy shrank down and had no more enlisted men at the base—why that would happen—but if it did, the financier look at this and says, can I get civilians into those barracks, because they are going to be apartments. I am going to rent them out. It is private. It is his. It is not ours anymore. I have it. Rent it.

So is it close enough to the fence? When I say San Diego, it is on-base. It is right on-base, and there is fence-line where you could bring that fence around and now that building is outside the fence-line. So I believe that when I looked at both Mayport and Jackson, there are ways to move the fence-line.

Now, you may move it—I think it is at Mayport—you may move the fence-line up towards close to where the base is, which would mean the family housing is actually outside the fence-line, but in

most of our places, a lot of our family housing is outside the fenceline.

Mr. CRENSHAW. I think in Mayport it is pretty much the land is right in the middle. It is kind of in the middle of the base. It would be problematic, it seems to me, to give an easement all the way——

Mr. ARNY. You don't have to give an easement, but what you may have to do is move that old fence, because as I recall from the back gate or the south gate up to where the bachelor housing is is family housing.

Mr. CRENSHAW. So that is not a problem that is insurmountable?

Mr. ARNY. No, sir.

Mr. CRENSHAW. What about when you finance these things, if there is no basic housing allowance to some of these guys that have home port ashore, how do they finance those? What kind of income stream do you pledge to the developer?

Mr. ARNY. They all get—all E–4s and above—could get BAH. So in San Diego, we had a huge mix because even though these guys were getting BAH, they wouldn't go out into town because it was too expensive. So in order to get the E–3—remember, the Navy had a problem where before the homeport ashore, we had enough barracks for everybody. They may be crummy, but we had one. When we dumped 30,000 more E–3 and below on there, we had a problem. So we had to move them in and get the E–4s out.

In Mayport, we don't have that problem. In Mayport, what we will do is we will pay partial BAH to the shipboard sailors. It depends. Where there are two to a room, it is about 35 percent. If it is one to a room, it is about 70 percent. Now, they still have a choice. We have to give everybody a choice. The homeport sailor has a choice. He can either stay on the ship or move to the barracks. So it is not much of a choice for him. But then he will get his BAH, and that is the income stream.

Mr. CRENSHAW. And that hasn't been a problem in terms of the financing of those?

Mr. ARNY. No, sir. Our M–1 folks, the personnel people complained, but frankly in the long term, it is less expensive because we are getting better barracks and they are better maintained.

Mr. CRENSHAW. Do you ever hear issues about cohesion or discipline when people are letting go?

Mr. ARNY. No, sir.

Mr. CRENSHAW. I got you. And can you tell what the occupancy is for San Diego yet? They aren't all really up and running.

Mr. ARNY. Not really all, but it is grand, and I saw a videoclip of an E–5, a female second-class bay officer, she was just raving about it. It was the same barracks she was living in before, but with better management, she was just raving about it.

NAVAL STATION NEWPORT

Mr. EDWARDS. Mr. Kennedy.

Mr. KENNEDY. Thank you.

Welcome. As you know, in Newport, Rhode Island with BRAC, we obviously absorbed an enormous change in the new BRAC process. With our GMH property, there has been a concern among our Newport council members that they came in and acquired the military housing, and then flipped it, with a huge profit, without put-

ting any money into the properties. I want to know whether there is any truth to that speculation or not, if you could find out for us.

Mr. ARNY. Sure. We had some initial growing pains with GMH at Newport, but I think you will find they put a lot of money into that project. I know there has been new construction. What we found at all these locations, even if they don't build new housing, they are far more efficient at putting the right amount of money into a house—new carpets, appliances, things like that—to make a house that you wouldn't like to be in much more comfortable. But I will be looking into this, because I think there is more to that than meets the eye.

[The information follows:]

There is no truth to the speculation that the private partner flipped the Newport property for a huge profit without putting any money into the properties.

As with all of its military family housing privatization projects, the Navy conveyed housing units (and leased the underlying land) to GMH Military Housing for purposes of renovating or replacing existing housing and constructing additional housing to meet Navy housing needs in the Northeast Region. GMH contributed over $10 million in equity and secured private debt for the Northeast project, which includes Newport.

In Newport, the GMH will renovate or replace 375 homes during the initial development period, and will sustain and recapitalize close to 900 homes as needed over the next 50 years. This will ensure the provision of quality housing for Navy families assigned to Newport for years to come.

Renovations and replacement construction at Newport have progressed ahead of schedule, with 80 percent of the planned renovations and 100 percents of the planned replacement construction at Newport completed to date.

Mr. KENNEDY. And then also about the new company taking it over from GMH.

Mr. ARNY. Balfour?

Mr. KENNEDY. Yes. Get us some more information about them and what expertise they have in the area.

[The information follows:]

Balfour Beatty is an international engineering, construction, investment and services group established in 1909 in England. The firm was ranked one of the top 50 international design (engineering—construction) companies in 2007 by Engineering News-Record and has significant public private partnership experience. Balfour Beatty has constructed military housing in the United Kingdom for the British Navy and the Royal Air Force. Balfour Beatty is a partner firm in the upgrade and replacement of U.S. Air Force family housing at RAF Lakenheath, the largest U.S. Air Force operated base in England.

Also, obviously we have about 350 acres accessed under BRAC for Naval Station Newport. Obviously, we would like to work with the Navy on how to access this. Our chamber of commerce has been working to try to develop a plan whereby we develop some of it for marine trade, and some of it for construction, housing and so forth. We want to develop a comprehensive development plan.

So we want to know how much flexibility the Navy will allow us in the acquisition of the property and whether it could be done in parcels or whether it has to be done in one lump sum of 350 acres.

Mr. ARNY. I know that particular property has three different communities that come into it. I was doing a little bit of that before I came over, but the Navy will work with the three communities and you to figure out what is best.

Mr. KENNEDY. Okay, that would be great.

CHILD DEVELOPMENT CENTERS

You know, last year we had as a committee, we funded 60 new childcare centers. Obviously, this was a real investment in quality of life. One thing that we should also be doing, which is the youth centers, because of the demands for after-care, after-school programs and so forth, for Navy families. Could you comment a little bit about with these extended deployments, whether you think our kids need these after-care and after-school centers, and whether they are helpful in the quality of life issues that you are seeing?

Mr. ARNY. They are definitely helpful on the quality of life. I haven't had a chance to concentrate on those, but I did see a paper just the other day that said in one particular look, that we are not short of the youth centers. But I will check on that, because we are adding lots of childcare centers. I will get back to you on that.

[The information follows:]

Yes, the care of children in before and after school programs is an important quality of life issues for military families. Today, the Department of Defense provides dynamic youth programs at more than 350 locations worldwide. The before and after school programs are a work force issue with direct impact on mission readiness and mobilization preparedness, especially in today's higher operations tempo. In this year's State of the Union Address, the President, in an unprecedented call for support for military families, asked that Congress support military families' need for more child care.

Mr. KENNEDY. Okay. Well, we have found that that is very important. We can expend the after-school centers, and it would be good to double-check to make sure we have enough of those.

The backlog in Rhode Island is obviously enormous on BRAC because for many years no one really anticipated that we were going to necessarily keep all of the facilities there. It was king of a waiting game to see how much of Rhode Island was going to remain. So we have quite a backlog that was put off. So I just would call your attention to that.

Mr. ARNY. I know that CNIC is working a base master plan on the home base. Admiral Conway is very high on that. We not only have some building to do, we also have some demolition that should have been done a long time ago. Newport is about the only place—well, we have a lot of places. A hurricane in Pensacola exposed the fact that we had lots of buildings down. We had three power plants down there that haven't been used in decades, and thanks to a hurricane, we got them demolished.

Mr. KENNEDY. I look forward to having you up and touring the base, because I am sure you will find a lot.

Mr. ARNY. My second son is stationed there right now.

Mr. KENNEDY. Oh, terrific. Well, there is a good excuse, sir. [Laughter.]

Mr. EDWARDS. Thank you, Mr. Kennedy.

Mr. Boyd.

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

Secretary Jonas and Secretary Arny, thanks for your service.

CAMP LEJEUNE WAR CONTAMINATION

I want to start, Secretary Arny, by complimenting your shop and some of the folks in the Air Force installation shop that work under you, particularly Secretary Bill Anderson and the gentleman that

preceded him, Fred Hume, who I came to greatly admire and respect in his service——

Have you heard of the Lynn Haven fuel depot project at the Kendall Air Force Base?

Mr. ARNY. No, I haven't heard of it, but I will.

Mr. BOYD. They have been working on it. You don't really need to do anything, except be made aware that the team that you have working on it, led by Hillary Yarborough of the Air Force shop, is doing a great job. We want to keep that on schedule to bring it in for a landing by this fall. Again, this is the Lynn Haven fuel depot, a World War II fuel depot which is excess. We are working to dispose of it, and I want to thank you for that.

My question relates to a different subject. Secretary Arny, are you aware of the Camp Lejeune war contamination issues?

Mr. ARNY. From many years back, yes, sir, I am.

Mr. BOYD. Yes. For the last 10 months, my office has been involved working with some constituents, and now that caseload is up to about eight or nine families, folks who have been involved in that. That is a pretty serious, complex issue, as you know.

Mr. ARNY. Yes, sir.

Mr. BOYD. There are two reports that I have been advised that the Navy has in their possession that will not be released. One is the 1999 litigation report pertaining to that Camp Lejeune war contamination and its potential liability. I personally have asked for it and the Energy and Commerce Committee has asked for that report to be released to Congress. To this point, it has not been released.

I really have two questions. Why would it not be released to the Energy and Commerce Committee? And what is in that report that the Navy or the Pentagon does not want to share concerning the Camp Lejeune war contamination issue?

The second report is a 1985 confirmation study of Camp Lejeune, performed by the Navy of the assessment and control of installation pollutants program on that war contamination issue. The Navy has also refused to supply a recent study as well for Congress. What I would like to do is ask you, sir, if you would, to check into that and supply those reports to us and the congressional delegation.

Mr. ARNY. I will check into it, and if I can, I will. I know the Navy has been very open in terms of trying to identify—and it is difficult after many years—to identify who was there and who was affected, because it only affected certain portions of the base. It didn't affect the entire base. There were only certain wells. I know that they have been reaching out. It wasn't an issue I worked directly on, but I sat with Mr. Shigard over the last 6 years, and I know it came up periodically. I will check on that for you.

[The information follows:]

The 1999 Litigation Report was prepared by Government attorneys in anticipation of litigation relating to the possible effects of water contamination at Camp Lejeune. Both at the time of the original request for the Litigation Report in June of 2007 from the House Energy and Commerce Committee and presently, the United States is actively litigating tort cases relating to this matter. After careful review of the Litigation Report, the Department of the Navy determined the majority of the enclosures were factual in nature, and were already publicly available or otherwise releasable; those enclosures were provided without restriction to the House Energy

and Commerce Committee by letter, dated June 25,2007. The remainder of the Litigation Report, consisting of the Findings of Fact, Opinions, and Recommendations, as well as four of the enclosures is attorney-work product, relates to on-going litigation, and was withheld from release. However, the Department of the Navy offered to make the Findings of Fact portion of the Report available to members of the Committee or its professional staff for review.

It is our understanding that the 1985 Confirmation Study report that was referred to is titled, "EVALUATION OF DATA FROM FIRST ROUND OF VERIFICATION SAMPLE COLLECTION AND ANALYSIS, CONFIRMATION NON STUDY TO DETERMINE EXISTENCE AND POSSIBLE MIGRATION OF SPECIFIC CHEMICALS IN-SITU". In late 1992, this document was made available to the public and placed in the Onslow County Public Library located at 58 Doris Avenue East, Jacksonville, NC, 28540, as part of the administrative record. In April 2000, the administrative record was placed on the internet where it remains available today at: *https://www.bakerenv.com/camplejeune_irp/default_frameset.htm.*

In addition to this report, there are two other reports related to the Confirmation Study, which are also available in the administrative record:

(1) EVALUATION OF DATA FROM SECOND ROUND OF VERIFICATION STEP SAMPLE COLLECTION AND ANALYSIS, CONFIRMATION STUDY TO DETERMINE EXISTENCE AND POSSIBLE MIGRATION OF SPECIFIC CHEMICALS IN SITU, ESE, 7/1/87.

(2) FINAL SITE SUMMARY REPORT, ESE, 9/1/90. This report appears to be a compilation of verification and collected confirmation study information. Apparently, no formal interim or draft final Confirmation Study was written; only verification sampling and analysis was performed.

Mr. BOYD. I had previously submitted, Mr. Chairman, a written request to General Conway for this, and some questions. This was back in January, and those have not yet been answered. So it would be great, Mr. Secretary, if we could bring this into a conclusion.

Mr. ARNY. I will do what I can.

Mr. BOYD. Thank you.

Mr. EDWARDS. If we can do anything to help you on that, let us know. Any other questions? Okay.

Mr. Wamp.

REBALANCING THE ARMY

Mr. WAMP. Thank you. Round two.

Secretary Jonas, shortly after General Casey became chief, he said that the Army was out of balance. What is Secretary Gates and yourself doing, and what can this subcommittee specifically do to rebalance the United States Army?

Ms. JONAS. First of all, the budget that we put in front of the Congress does a significant amount regarding balancing the mix of the force, of active versus guard and reserve. As an example, in the guard accounts, we have over $45 billion that we have added from the period of 2007 to 2013 in programs. That is an area where we are working to get them the equipment they need to do the missions we believe they are able to do.

Obviously, what this committee is doing is enormously important, in what you stated at the outset, to do your best to provide the resources that are needed to keep the BRAC moving successfully. This is important because of the basing issues we have all been discussing here this afternoon.

The chairman and I were discussing the other day what the committee has done on childcare centers. We are very grateful for what you are doing. It is very important to support the force and the composition of those who are now serving trying to maintain family

life in a way that is consistent with their assigned mission. It has gotten to be very complex.

The supplemental requests also are very important. Those are another way the Congress and this committee can support General Casey's efforts.

GUAM

Mr. WAMP. Secretary Arny, you gave some unique insights into Guam. That is one of the big-ticket items on the horizon for this subcommittee. I was fascinated by what you shared with me. Can you share just a little bit of specificity even of Saipan and the other area around Guam that I didn't know very much about, and I learned a lot just listening to you—in brief, just the importance of Guam and the transition of Guam and how unique that whole situation is.

Mr. ARNY. Yes, sir. I would be glad to. As I mentioned to you, I had the good fortune of representing the Government of Guam for a period of 10 years as a consultant, and worked on privatization of the bus company. BRAC was actually was one of the few communities to seek the closure of an air base, because Guam had no international airport, and it was on the corner of the naval air station.

Guam is a unique place. It is, in my opinion, one of the most strategic assets that the country has. It is U.S.-flag, within 3 hours by air of almost every part of the Pacific Rim. We always hear about the tyranny of distance in the Pacific, but you don't experience it until you sail across it like I did one time in a carrier, and every 2 or 3 months I would fly out there.

As I was telling you, I took a couple of guys out to do some work for me out there. We would go on a 3-hour flight from here to Houston, walk out of the gate, get to the next plane, do 7½ hours to Hawaii, get out of the gate and get on to the next plane to Guam. One fellow looked exhausted. I have learned to sleep on airplanes. He said, "God, this is awful." How much more do we have? Do we have a couple of hours left? I said, no, you have another 7½ hours. Guam is 7½ hours on the other side of Hawaii by 747.

It has a unique history. We came in in 1898. We took it from the Spanish. As a matter of fact, when you come into the harbor there, there is a breakwater. It is called the Glass breakwater. I never understood why you would name a breakwater that is supposed to be strong, after something that is breakable. Well, it turns out it was Captain Glass. He was sent by Dewey up to capture Guam, which was a Spanish possession and had been in Spanish hands for 350 years. He comes rolling into the harbor, and the way the story is told, he lets loose with a broadside. The commander of the fort comes out and says thank you very much for your salute, but we don't have any ammunition, so we can't return it for you. [Laughter.]

So that was the sum total of the conquering of Guam. And from that moment forward, it was governed by Navy captains. I was a Navy captain, okay? I was no more set to be the governor of a group of people than anybody else, especially in the Navy. But from 1898 until World War II, we had a Navy captain governing the island.

And so when people complain about infrastructure in Guam, when you trace that back, when you scratch the surface, you discover that it is Navy public works. So if you get upset, it all goes back to Navy public works. I have to remind my colleagues in the Naval Facilities Engineering Command, most of whom are too young to remember all this, that a lot of the problems that we have discussing things with Guam is because we never let them be a nation. We never let them be an independent political body.

It was the only American community captured by the Japanese. The wife of the second governor I dealt with, Governor Carl Gutierrez, his wife Jerri, her mother—when the Japanese came in at the end of the war, they became much more brutal. They brought in troops from the Manchurian campaign. The first troops to capture Guam were naval troops and they were much more benign. Then they had labor camps, and she watched her mother rifle-butted to death in front of her eyes. One of the legislator's wives was a young girl who was brought in with a bunch of other students to witness the beheading of Father Duenas, who was a Roman Catholic priest Chamorro, who was on the island.

So they have a unique perspective. The other thing, too, is that we never really, when we took Guam from the Spaniards, we had a chance to buy the rest of it from the Germans, the rest of the Marianas chain. We didn't do it, so the Japanese had the Marianas chain. The island Chamorros are related to each other, but after the war there were a lot of hard feelings between the Saipanese and the Guamanians, because the Saipanese were used as guards, and in some cases were brutal to their Chamorro neighbors. The current chief of staff, George Bomba, to the governor is a good friend. His parents were both legislators. They tried to introduce a provision in the Congress, in the legislature, to bring Saipan and Guam back together. He was defeated because the feelings are still there.

It is a very interesting place. We have a large presence there, and an even larger one during Vietnam. We had 150 B–52s and their tankers all stationed at the hangars there. So Guam can handle a load. It is strategic. They have infrastructure problems that we can work together and figure out how to do.

It is unique because it is an island, so if you think of electric power—around here, when we generate electric power, you have to cover a certain load, and then you have a rolling reserve on top of that, and you have to have a peak in the summer and winter, and you do your maintenance in the spring and fall. Okay? Because you have to staff off-line. But if it all fails, you can plug into West Virginia or Pennsylvania. You have places to go. On islands, you don't have that, but even Hawaii has peaks and valleys. Guam is 80 percent year-round and it is small. It is 150,000 people.

We asked them to do—and 150,000 is maybe Fairfax or something—but we asked that community to act not only as a city, but also as a county and a state, and they even have to have immigration issues. So we pile a lot on them, so sometimes the abilities aren't as deep as you would like because the bench is shallow. It is only 150,000 people.

But strategically for the Navy and for the country as a whole, it is absolutely the right place to be. We may not get there in the

time we are all talking about, but I think it is essential for us strategically to build that facility after working with the Chamorros.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. Okay. Mr. Farr and then Mr. Crenshaw.

ECONOMIC DEVELOPMENT CONVEYANCE

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

I want to get into base closure and local reuse authorities. As you know, I have experienced the large base closure in the United States, and probably every single thing you could possibly face in a BRAC. You and I have had differences from the Navy's standpoint and the Army's standpoint about the laws. I am very appreciative of the comments that you have made about wanting to work with the local reuse authorities.

You mentioned tools in the tool box by which DOD and OEA have to help with the base reuse process, including the public benefit transfers, the economic development conveyances at cost and at no-cost, negotiated sales to state and local government, and conservation conveyances and public sales.

My question is, what happens if the LRA in their redevelopment plan relies on one of these tools as a way to do their economic development, no-cost EDC—what is an EDC? An economic development conveyance, a free conveyance—but you—the service—wants to sell the property. How do you resolve that issue?

Mr. ARNY. The problems that we have seen in EDC, especially the no-cost EDCs, is that the Department still operates under set rules that you all have laid out for us and we put out about four economic development conveyances. They are for economic development. The problem we saw in the early years, and I came in obviously in 2002 and saw a lot of stuff going on, and nobody got anywhere. A lot of consultants made a lot of money, and yet none of the land was transferred in a lot of cases.

What was happening is that people in order to fit their programs through that knothole of no-cost EDCs, they were pulling it through the knothole. So let's say, what do we need for the base? What is it we want to develop? Okay? In many cases, in early 2000, it was housing that they needed, not manufacturing operations.

In Alameda, they were going to put in a huge number of stores and malls and commercial enterprise, until they were sued by Oakland because—I hadn't thought about this—but guess where all the traffic has to go through to get there? It had to go through Oakland. Another one was South Weymouth, Massachusetts.

Mr. FARR. So each one of these—you are not ruling out no-cost EDC's?

Mr. ARNY. Absolutely not. My only warning to everybody is, and now South Weymouth is an EDC. It started out as a no-cost EDC, and by the time it got to me in 2003 or 2004, it was clearly a hoax. The Mills Corporation had backed out because the locals had voted against the road improvements they needed. The LRA was going on with this facade, and some of the folks were ready to transfer.

Mr. FARR. Well, I am only interested in an EDC if there is a public benefit, because I think real estate is very expensive, particularly on the coast and for the Navy where a lot of their properties are. We have members of this committee whose communities could

really benefit from no-cost EDC's, but there must be a public benefit out of this.

Mr. ARNY. Absolutely. And the problem with the no-cost EDC, to make it no-cost, they were doing all sorts of strange manipulations to get it there. Whereas, with Alameda, we still have an EDC, but it is a cost-EDC. We have said, okay, and we struck a deal with them.

Mr. FARR. I am interested in Onizuka—that one that is——

Mr. ARNY. I have heard about it. I don't know——

Mr. FARR. It is not in my district, but because I know a little bit about base closure. They are really unique. There is one block right on a freeway.

Mr. ARNY. It was on an Air Force base?

Mr. FARR. Yes, it had a lot of air force instrumentation.

Mr. ARNY. Right. Okay.

Mr. FARR. It is right in the middle of Silicon Valley. The city had all kinds of issues. Anyway, I appreciate your clarification. This committee has initiated, with the Department of Defense, the RCI, which is housing privatization, with a private developer building housing on military land. It is government land. There is no cost for the land. That is why they can build this incredibly beautiful housing at affordable rates. The RCI on the Monterey Peninsula where those houses the RCI built would all sell on the market for over $1 million. They are renting them for $1,100 a month—brand new houses, beautiful houses—to the men and women in uniform. It is incredible. It is fantastic.

The whole economics work because of the land. You can provide these people with affordable housing, and these things that Patrick was talking about—youth centers, treatment centers, many kinds of community facilities are affordable—as long as you don't have to pay the expensive land costs.

I just want to make sure that there is some accountability here. We put the value in it, therefore we have to get value out. But remember, it is all the same taxpayer, whether it is a local person in that city who is paying federal, state and local taxes, and he wants that land to be used.

Mr. ARNY. Especially if we are staying there. If we are not staying—if we are excessing—then it is different.

Mr. EDWARDS. Okay. Members, we have three votes. The first one is a 15-minute vote, then there is a 10-minute debate on the motion to recommit, and a 15-minute vote. So Mr. Crenshaw, if you would like to be recognized, I would go up and vote, and come on back down and maybe we could kind of rotate and continue on with some questions.

Mr. Crenshaw.

Mr. CRENSHAW. I just have a couple of questions. One is just about BRAC. I don't know if you know the schedule. In one of the bases in my district, there is a new hangar being built for all the P–3s that are coming. Ground was broken. I assume that is on schedule. I don't know. Is it on schedule? Is it going to ready in time for all the P–3s?

Mr. ARNY. I will double-check, but I would know if it wasn't going to be on schedule. The last time I heard, I think it was on-time.

[The information follows:]

There are currently three BRAC construction contracts underway at NAS Jacksonville. Their status is as follows:

P–3 Hangar and Parking Apron (BRACON P–302V): This project will provide over 277,000 square feet (SF) of hangar space with 23 acres of aircraft parking apron and taxiways for aircraft relocating from Naval Air Station (NAS) Brunswick, Maine. Project awarded September 29, 2006 with contract value of approximately $125 million. Work is on schedule for June 2009 completion. Structural steel is nearing completion and interior work is in progress. Concrete work on the aircraft parking apron scheduled to begin in early May 2008.

Fleet Support Facility (BRACON P–333V): This facility will provide equipment maintenance support to aircraft moving down from NAS Brunswick, Maine. Project was awarded on June 29, 2007 with a contract value of approximately $4 million. Work is on schedule for. October 2008 completion despite being delayed by five months due to an award protest. GAO denied the protest and the contractor started work in October 2007. Construction and erection of the exterior have been completed as well as the new vehicle parking lot.

Engineering Ops Center (BRACON P–305V): This building will provide 61,323 SF for Naval Facilities Engineering Command functions relocating from Charleston, South Carolina. Project was awarded on January 30, 2007 with a contract value of approximately $14 million. Work is slightly behind the required August 2008 completion date, but the contractor expects to complete on schedule. This project is administrative and any delays will not impact the P–3 aircraft relocating from NAS Brunswick.

Mr. CRENSHAW. Yes. I heard maybe that there is like 23 acres of new aprons they are going to build, and maybe there are some issues. I would appreciate having an update because there was also an office building that they were going to build. I know some things have been slowed down. I know the hangars are on-track. I would be curious just—there are two or three projects that, assuming they are on the original schedule.

Mr. ARNY. Okay.

PLAN FOR CUBA

Mr. CRENSHAW. The other question, the bigger question, is just in terms of making our committee aware of any needs that we might need to be aware of. You know, they just went through kind of a transition of power in Cuba. It was peaceful, with Fidel and his brother Raul. I think everybody hopes there will be a day when this stranglehold will be released and there is a free and open democratic society. If that happens, I know that you all at the Department of Defense have a plan in place. There are probably going to be a lot of people leaving Cuba and coming to the United States.

So just maybe give us an overview of where some of the emergency housing might be and how much that is going to cost, and how quickly. I know that is something you have to plan for. We hope it is sooner than later, but we don't know for sure how quickly that could happen. Is there anything we need to be doing in that regard?

Ms. JONAS. Mr. Crenshaw, I have been down to the area. I was down at Fort Ashley at the site, where there is a concern on mass immigration. The Deputy Secretary has been (INAUDIBLE) SOUTHCOM worked very hard. We have basically invested about $18 million in that area—about 10,000. Edmund Steparides actually sent me a note the other day and wants to discuss it further.

But I think he is doing the best that he can to plan. I know the concern has been part of our planning process, and I think we are in fairly good shape.

Mr. CRENSHAW. Great. Thank you.
Thank you, Mr. Chairman.
Mr. EDWARDS. Okay. Thank you, Mr. Crenshaw.
Mr. Kennedy.
Mr. KENNEDY. Thank you.

CLEANUP OF BASE REALIGNMENT AND CLOSURE SITES

Going back to Mr. Farr's question, a lot of that excess land we have is really polluted. It is World War II, an old tank farm, so a lot of it needs to be cleaned up. It is a really bad environment of contamination. So I don't know if the Navy would ever get around to doing much in terms of cleanup.

Mr. ARNY. That is a good point. Let me comment on that, because I know that those tank farms have been excessed for 10 or 15 years. We took advantage of the BRAC law in the case of Newport to be able to use the BRAC process, because Newport was not a BRAC closure. It was BRAC realignment.

So the way the law was structured, we could go in there, because things are coming into Newport now, so it gave us the opportunity to say, okay, are there pieces of Newport—and we knew there were—that are excess and able to be disposed of using the BRAC process? Because it is not just a straight go to GSA. You set up a local reuse authority. You may be dealing with three local reuse authorities—Portsmouth, Middletown, and Newport.

In terms of the tank farms, I never did get an answer on the cost to complete on the cleanup, but you are right. That wasn't particularly high on anybody's list of places that need to be cleaned up. But Congressman Farr is right, the Navy is always obligated to clean that up.

Now, what we could do, if that property—again, the local community always has control of the zoning. If you zone it for a waste land, we will get rid of it as a waste land. It you zone it as high-rise apartments, that is what it will be disposed of as. If you want to do an economic development conveyance, cost or no-cost, that is within your rights. We will advise you. You will have plenty of consultants knocking at your door to tell you to do other things. Check their hourly rates. Don't tell them I told you.

Mr. KENNEDY. They are all free.

Mr. ARNY. They are all free. Right. [Laughter.]

But if that land is valuable, and I don't know what the value is, but if that land is valuable, we work closely with EPA. It would be to our advantage to sell it. If the community decides for a public sale and lets that land be developed by a developer, then that land can be sold within the environmental cleanup, with the responsibility to do it transferring to the developer, but the oversight responsibility always remains with us. But rather than us doing it, the builder could do it.

In many cases, we believe, and in places where it hasn't worked out and we don't do it. But if you are coming in, and say you have to dig out three feet of soil and replace it with three feet of soil, why pay company A to come in and dig that soil out, haul it off to Utah, and then put three feet of clean soil in, when the developer is going to come in and take three feet of soil out and put in a foundation. It doesn't make sense. So why not save the money?

Plus, a developer generally is more highly motivated to get the buy-off from state and federal EPA than the feds are. We have been around for 250 years and we are (INAUDIBLE). So it is motivation. On the other hand, take El Toro for instance, that property was put up for sale, but the Navy retained the cleanup responsibilities.

What we did is we sold the land, much of it in (INAUDIBLE) acres. Probably 80 percent of it was deedable—fausible as we call it. The rest of it we leased to the seller. It was a life-lock lease (INAUDIBLE) of conveyance, but they knew all the rules. We had established the rules so they could build on that leased land, and the moment it is clean, we go and have a little ceremony and hand them the deed.

So there are lots of ways to do it. We never give up the responsibility for that cleanup, but now frankly under the BRAC program, you have more oversight, more people looking at it, and there is more motivation to get it cleaned up. Because frankly, those tank farms, as you said, as you know, have been sitting there for decades.

Mr. KENNEDY. You also have the sewer system there that we can really use to tap into for our development there, which we would do.

Mr. ARNY. (OFF MIKE)

Mr. KENNEDY. Yes.

Mr. ARNY. As long as you will take the road. [Laughter.]

Mr. KENNEDY. And if you could look into that, this would be something when you come up at some point and visit your son, and we can talk about it and show you around. But the pier, I don't know to what extent you have talked to the Coast Guard about sharing.

Mr. ARNY. The Coast Guard is my favorite service. My father was in the Coast Guard. That notwithstanding, at some point the Navy needs to do something with that whole pier and beach area. There is talk of leasing it out to somebody who can use it, because it is of no use to the Navy. The two piers and my old carrier sitting out there. Those are going to go someplace, sometime. And you have the periscope facilities sitting on top of the pier. That is absolutely the worst place for that to be.

So we are working hard to get MILCON projects in one way or the other, either to take the proceeds from the sale of the land and move it, or actually just move it up on land, at which point we can tear those piers down. The Coast Guard needs to belly up to the bar and find out what they can do, just to find some money to pay for their own way. They are getting the land for next to nothing now, and thanks to Senator Reed and your help in the House, we got them $9.9 million to fix the seawall there. They need to be partners and not dependents.

Mr. KENNEDY. Can I do one more? The Azores—are you going to do anything on the Azores to help the runway and rebuild the—refurbish the Air Force base over in the Azores?

Mr. ARNY. I have no idea. I will get back to you on that.

Mr. KENNEDY. Thank you.

[The information follows:]

There are no Military Construction projects for Azores in the FY 2009 President's Budget. The Air Force will continue to review facility requirements of all Air Force bases worldwide, including the Azores, and determine priorities to ensure resources are programmed and budgeted to accomplish their mission.

Mr. EDWARDS. Mr. Kennedy, I would also think you have about 3 minutes left to vote.

Mr. KENNEDY. Thanks.

Mr. EDWARDS. Let me talk about housing and barracks. I think there is a great story to be told about housing. I am not sure the public knows it. The military families living in improved housing, particularly the public-private partnership housing certainly know it.

One of my goals is to see that we have metrics each year, so we can judge each year how we are doing on barracks; how are we doing on housing. That is why I have in our previous meetings talked about wanting to get a definition, a standard definition of what is adequate housing.

OVERSEAS HOUSING

Let's begin with just the overseas housing. Secretary Jonas, I will start with you. In your written testimony—and let me get the exact quote—you talked about, "we are asking for $3.2 billion for family housing. Funding for this vital quality of life program will enable the department to privatize an additional 12,324 units and to eliminate inadequate housing units overseas."

When you say "to eliminate inadequate housing units overseas," are you talking about in the fiscal year 2009 year?

Ms. JONAS. I think it may take us all a little bit longer period to do that. So I don't know, I think the date is a little bit off there.

Mr. ARNY. The date—let me give you the specifics. We will have the money in place in this budget. We have nothing in 2010. So we will have it all, domestic and foreign adequate, by those standards that the services measure, by the end of 2009. It may not all be done by then, but the contracts will be in place.

Mr. EDWARDS. Okay. That is a little bit surprising to me because we had General Bell here just recently. He said that we are letting our service members down in Korea. We know we are in a process of transition there, but does that statement apply to Korea?

Ms. JONAS. I have had many conversations with General Bell. The Secretary and I have had discussions with Chairman Levin regarding the housing in Korea. The Secretary is concerned about the situation, and Chairman Levin has expressed his concerns about the price tag of the Build to Lease Proposal in Korea. We have requested the money in the MILCON budget to try to address the complicated issue.

Mr. EDWARDS. But when you say just a moment ago that by fiscal year 2009 you will have the money in hand to see that we have no inadequate housing for families overseas——

Mr. ARNY. Of those that we own.

Mr. EDWARDS [continuing]. Of those we own.

Mr. ARNY. Okay. Now, as I understand Korea, and I am learning as I go, because it is not Naval Station Korea, so as I understand Korea, you have two problems. One is the good news—we are moving out from underneath the DMZ further south, so there is going

to be a need in the future for more family housing down near the bases in the south that we are developing. And the way the Army was going to do that was build-to-lease. There are a lot of reasons why the bill was too high on that.

So we have MILCON in this year's budget, aside from this inadequate housing, to build—I forget——

Ms. JONAS. It is 216 units, and we have requested $125 million.

Mr. EDWARDS. That is 2,000 units that are needed in Korea, as I understand.

Mr. ARNY. And that may be a period of time. We want to do that build-to-lease. What Assistant Secretary Easton is looking at is a semi-private-public partnership with the Korean construction firms on the land that currently exists for that on one of the bases that we are moving to. You know, as it gets detailed, we will get more back to you.

The other issue I think that General Bell and others have is they want to bring more dependents. They want to have more accompanied tours that we currently have now, so they may be counting those numbers in. That has not been approved. Part of the problem that the Army has, and may others—the Marines especially—with unaccompanied tours is they are short. They are only 12 months. So when you bring accompanied, then there are 2-year to 3-year tours, but now you have the added expense of dependents and housing and things that you don't need when you have unaccompanied tours. So it is a balancing act for us.

Mr. EDWARDS. So we need to quantify our statements when we say we are going to have the money in place this year to see that we have every family living overseas in adequate housing. I just want to get consistency from year to year to year. If we are consistent with a qualifier, if we are consistent with the definitions, so we can measure where we are going. That allows us to tell the great story of improvements, but still be realistic about the needs that are still out there.

Mr. ARNY. I did think about what you and I were talking before, but I think part of it is we had this inventory that was inadequate, and we modified it, and we are getting rid of that, but there is a future inventory perhaps out there as we consolidate forces into more southern areas in Korea.

Mr. EDWARDS. Right. Okay. Let me ask you about fairness. And by the way, on Korea, let me go back just for a moment. In the past, we have had a lot of troops up near the DMZ in places that might not have been safe for children and spouses. But now that we are consolidating outside of the DMZ area, I hope we will look at a policy of trying to say that every family that wants to stay together, particularly if they have come from Iraq or a first or second or third tour of duty in Iraq, and then they are assigned to Korea.

We asked General Bell, if you had enough housing and adequate schools, decent quality of life, what percent of the married soldiers would probably want to have their families come with them. He said about 70 percent. So by policy, basically, we are saying—Congress and the administration together are guilty of this—we are saying by policy, a lack of commitment to fund the housing needed there. We are forcing families to live apart that have already lived

apart, but many of them because of their service in Iraq and Afghanistan.

In the past, that has been understandable because we were dispersed in small little camps in local places in the Republic of Korea, but I just hope we will take a second look now that we are consolidating, do we want to make it a policy of the United States to say because we are not going to commit the resources needed to build the housing, you are going to have to be apart for another year, even when you have already been apart when your loved one was serving in Iraq or Afghanistan?

So if you could look at that and see where we are going.

Mr. ARNY. As you well understand, when you change that policy, you are doing two things. You are bringing those troops in and you are building those bases up, and then you change them and you are doing two things at the same time. You have to look at the cost and the time it takes to do it.

Mr. EDWARDS. Okay.

Mr. ARNY. I think your goal is the same as everybody else's.

Mr. EDWARDS. You bet. Our goal is the same. We all want every soldier, sailor, airman and marine and their families living in quality housing that they have a right to be proud of.

INADEQUATE HOUSING

On barracks, is there a number today—can we say to the taxpayers how many servicemen and -women are living in barracks that don't meet DOD standards?

Mr. ARNY. I can give you the—we will get that for you. I know in the Navy, we had I think in the Navy budget there is one barracks left for permanent party that is not adequate. In barracks, the measure for inadequate was getting rid of gang heads, and the Marine Corps, the same thing. We have one barracks, and I think it was on San Clemente Island, and we finally in this budget have it there. So I think within the Navy it is done, but within the Marine Corps—

That is not to say there are not barracks with gang heads still out there, but they are being used as swing barracks, as transient barracks, things like that. For permanent party enlisted barracks, I think the Navy is there now, as long as you include San Clemente Island. The Marine Corps, they may have slipped a year or two because of growing the force, they had to keep some of the barracks around there.

I will check with you. You know, given that the Air Force has never had the problem, I don't think, they probably don't have one. And the Army, I will have to check on that for you.

[The information follows:]

According to the 10th Quadrennial Review of Military Compensation Report, Volume I, Cash Compensation, February 2008, page 91, there are approximately 65,000 junior enlisted service members without dependents who are being housed in quarters that are considered below the DoD 1+1 new construction barracks standard (private bedroom, both shared with no more than one other, and a service area/kitchenette shared with no more than one other). The breakdown is 20,000 for the Army, 35,000 for the Navy and Marine Corps, and 10,000 for the Air Force.

Mr. EDWARDS. What I would like to do is work with you and your staff and our subcommittee staff to sometime in the next month or

so give us a list of how many servicemen and -women are living in inadequate housing; how many single soldiers, sailors, airmen and marines are living in inadequate housing; and then give us the definition you are using for how you define it.

And then a year from now I want to ask the exact same question, and I would like to see the same definitions and the numbers on the same assumptions, same definitions, so we can measure the success and we can talk about it, and when we have successes we ought to talk about them. The administration and the Congress ought to be proud of some of these successes.

But at the same time, we have seen the definitions change from $15,000 to upgrade a house, to $50,000—that things have changed so much, I don't think there is a clear standard from year to year to year to see where we have come and where we are going.

Mr. ARNY. I don't think we have given you the year-by-year on family housing, but I believe it is $50,000. I asked, and we have been using $50,000 since I think 2003. Again, the services have their own standard, but we could give you that year-to-year, and also into the future. I think the barracks is a (INAUDIBLE), getting rid of it.

Mr. EDWARDS. Sure. And on the housing, I would like to try to get that data based on not only the $50,000 definition, but if it is in a state of disrepair, then that is inadequate housing.

Mr. ARNY. Agreed.

Mr. EDWARDS. So those families living in inadequate housing that is in a state of disrepair differs from those who are living in housing that if we spent $50,000, whether you spend it or not, it would meet the standards. And then let's try to get a standard by which we can judge this year to year to see exactly where we are going.

I think we were told a couple of years ago that in 2007 we would have all the money in place to have everybody living in adequate housing. Definitions change, and we have had BRAC and we have had growing the force—all of that. I would like to measure that. Is it your definition that we are going to have everybody in CONUS living in adequate housing? Does that apply to the families associated with growing the force?

Mr. ARNY. Yes.

Mr. EDWARDS. How about global repositioning?

Mr. ARNY. It is all of the troops.

Mr. EDWARDS. All of them.

Mr. ARNY. All of them. For instance, I know the Marine Corps, where we are—now remember, 75 percent of the Navy—and I suspect it is the same for others—are living on the outside, are living off the base. We are not providing housing for them.

Mr. EDWARDS. Right.

Mr. ARNY. But again, with the Marine Corps, it is like 99 percent of their housing will be privatized. The way they are handling the growth at Camp Lejeune—and Camp Lejeune is the primary growth—the way they are handling it there is with our privatization contracts have options that we can add to them. So in certain cases, we are putting some funds in and we are getting increased housing out of the privatization contractors in anticipation of that grow-the-force.

Mr. EDWARDS. Okay. I want to ask you about health in a moment, but I would like to recognize Mr. Wamp for any additional questions he has.

Let me just make a comment. It won't be as poetic as Mr. Wamp was on BRAC, but I do appreciate his focus on the importance of fully funding BRAC. I want to say on the record to both of you, that this subcommittee is going to do its very best to see that we replace the money that was used to support some worthwhile initiatives, everything from significant increases in veterans' health care and benefits administration, to additional daycare centers, which is something we felt in this subcommittee was desperately needed. I salute the administration in the 2009 budget year for requesting a significant increase in daycare.

But we do understand the importance of the BRAC. I appreciate your comments on that. Those comments were heard and I think we have a good chance of coming up with a solid number on replacing them.

Mr. Wamp.

Mr. WAMP. I have no further questions, Mr. Chairman.

Mr. EDWARDS. Okay.

HEALTH CARE

Let me then just ask you about health care. It is anecdotal, but as I go out now to face this, I am starting to hear more and more about problems with health care. Daycare centers had been the number one concern we had heard for several years. Going back a number of years, it was family housing. We have made great progress there.

We are hearing a lot about health care. As I understand it, the Army alone has identified about $5 billion in medical MILCON that is needed.

Ms. JONAS. Five billion dollars?

Mr. EDWARDS. Five billion dollars. Do you know what is the source of that? I mean, is that an official Army document or is that conversations with officials?

Also, I think it is a fact to say that the average age of all the medical facilities across the Department of Defense is about 33 years of age. Many hospitals, as you know, are 50 years old or older. It is my intuition that basically we have just punted on this one. It is understandable. We are at a time of war. We are funding BRAC. We have a lot of demands on the Department of Defense funds. But frankly, I am very concerned about where we are in terms of not keeping up with the modernization needs of our medical facilities.

I am also concerned that at bases such as Fort Riley, we are going to have a huge increase as a result of the BRAC and/or growing the force and/or global repositioning. You are going to have a huge increase in the number of soldiers there. They are almost doubling the number of soldiers there. In that case, you are not in an urban area where you have a lot of private or nonprofit hospitals you can depend on.

Does the Pentagon have on paper a 5-year or 10-year plan for modernizing and recapitalizing the DoD health care facilities?

Ms. JONAS. Wayne will talk to some of the facilities piece, but let me say on that point, this is the first time I have ever heard the number—$5 billion—for the Army. I meet regularly, with General Cody. We talk frequently about the things on his mind, and there is no better advocate for the soldiers in this nation than General Cody.

I will directly ask him about that, and talk to General Casey as well. I don't know if it was (INAUDIBLE) over a several-year period, but as you know, we have put a lot of money into the wounded warrior complex. We appreciate your expeditious work on the second portion of the 2008 supplemental because it includes funds to enhance the world-class facility at Bethesda and to consolidate Walter Reed. It has been very clear that these facilities are of the highest priority to the Secretary.

I will personally look into this issue.

[The information follows:]

The following medical construction projects are programmed in the Future Years Defense Program supporting the FY 2009 President's Budget Request:

The FY 2009 projects are:

	($000)
Dental Clinic Addition/Alteration, Ft. Richardson, AK	6,300
Satellite Pharmacy, Buckley Air Force Base, CO	3,000
Consolidated Troop Medical Clinic, Ft. Benning, GA	3,900
Hospital Addition/Alteration, Ft. Riley, KS	52,000
Medical/Dental Clinic, Ft. Campbell, KY	24,000
U.S. Army Medical Research Institute of Chemical Defense Increment 1, Aberdeen Proving Ground, MD	23,750
U.S. Army Medical Research Institute of Infectious Diseases, Stage1, Increment 3, Ft. Detrick, MD	209,000
Primary Care Clinic Addition/Alteration, Ft. Leonard Wood, MO	22,000
Medical/Dental Clinic Replacement, Tinker Air Force Base, OK	65,000
Medical Instructional Facility, Ft. Sam Houston, TX	13,000
Central Utility Plant, Naval Hospital, GU	30,000
Joint Medical Examiner Facility, Dover AFB, DE	52,000
Medical Facility, Ft. Benning, GA	80,000
Medical Research Lab, Aberdeen Proving Ground, MD	27,000
Medical Training Facility, Elmendorf AFB, AK	5,400
Dental Clinic, Moody AFB, GA	1,000
Medical Instructional Facility, Ft. Sam Houston, TX	96,400
Medical Center Addition, Bethesda, MD	201,350
Hospital Replacement, Ft. Belvoir, VA	197,750
Medical Center, Ft. Sam Houston, TX	294,074
Community Hospital, Keesler AFB, MS	67,700
Ambulatory Care Center, Lackland AFB, TX	51,000
Total FY 2009	**1,525,624**

The FY 2010 projects are:	($000)
U.S. Army Medical Research Institute of Chemical Defense Increment 2, Aberdeen Proving Ground, MD	113,000
U.S. Army Medical Research Institute of Infectious Diseases, Stage1, Increment 4, Ft. Detrick, MD	108,000
Dental Clinic Addition, Ft Leonard Wood, MO	5,100
Clinic Replacement, Ramstein AFB, GY	57,045
Hospital Main Building 1, GU	67,800
Total FY 2010	**350,945**

The FY 2011 projects are:	
U.S. Army Medical Research Institute of Chemical Defense Increment 3, Aberdeen Proving Ground, MD	151,000
U.S. Army Medical Research Institute of Infectious Diseases, Stage1, Increment 5, Ft. Detrick, MD	139,000
Hospital Main Building 2, GU	110,229
Total FY 2011	**400,229**

The FY 2012 projects are:	
Dental Replacement/Clinic Addition, Peterson AFB, CO	9,400
Blood Donor Center, Ft. Benning, GA	10,000
Hospital Replacement, Phase 1, Ft. Benning, GA	69,400
Naval Hospital Great Lakes Demolition, Great Lakes IL	16,000
Health and Prevention Center Replacement, Aberdeen Proving Ground, MD	27,000
U.S. Army Medical Research Institute of Chemical Defense Increment 4, Aberdeen Proving Ground, MD	116,000
U.S. Army Medical Research Institute of Infectious Diseases, Stage1, Increment 6, Ft. Detrick, MD	48,000
U.S. Army Medical Research Institute of Infectious Diseases, Stage2, Increment 1, Ft. Detrick, MD	2,000
Medical/Dental Clinic Replacement, Patuxent River, MD	23,400
Pharmacy Replacement, Wright-Patterson AFB, OH	3,300
Dental Consolidation, Lackland AFB, TX	24,000
Health/Dental Clinic Replacement, Vilseck, GY	25,075
Naval Hospital Demolition and Paving, GU	24,930
Total FY 2012	**398,505**

The FY 2013 projects are:

	($000)
Naval Hospital Inpatient and Diagnostic Center, Camp Pendleton, CA	71,000
Veterinary Clinic Replacement, Ft Carson, CO	3,100
Hospital Replacement Phase 2, Ft. Benning, GA	68,000
Behavior Health Clinic, Ft. Stewart, GA	4,000
Clinical Investigation Dept. Replacement, Tripler Army Medical Center, HI	35,000
Bio-Environmental Engineering Facility, Scott AFB, IL	24,000
Medical Treatment Facility Addition, Ft. Riley, KS	20,000
Deployment Health Analysis Center, Aberdeen Proving Ground, MD	41,000
U.S. Army Medical Research Institute of Infectious Diseases, Stage2, Increment 2, Ft. Detrick, MD	50,000
Health/Dental Clinic Replacement, White Sands, New Mexico	8,000
Preventive Medicine Service Clinic, Ft. Lewis, WA	8,000
Hospital Patient Care Tower Addition Phase 1, Landstuhl, GY	25,075
Medical/Dental Facility Addition, Camp Zama, JA	6,728
Consolidated Health/Dental Clinic, Camp Carroll, KO	12,337
Total FY 2013	**376,240**

Mr. EDWARDS. Let me ask you this, then. While the $5 billion number might not be a number that you are familiar with, it is not a surprise to you that there are a lot of needs out there in terms of modernizing hospitals. In a day and age where just within, as you know better than I, within the last 15 years, the health care system has changed dramatically. In some cases, a 50-year-old well-kept building can be very accommodating and very efficient in this day and age, since we shifted to outpatient care. And a 50-year-old hospital or a 70-year-old hospital at Fort Benning, Georgia can create tremendous inefficiencies and hurt quality of care to our troops. Generally, the issue itself isn't a surprise.

Ms. JONAS. Oh, absolutely no. In fact, the need to continue to provide quality care to our men and women in uniform is always on our mind. We have had lots of conversations about it. We have done a lot. We have about $41.6 billion in this defense budget that your fellow committee will be acting on we hope, and they have always been terrific.

Mr. EDWARDS. On defense health, not on hospital construction.

Ms. JONAS. That is for the entire amount. I am speaking to the amount required for defense health and for the people associated.

I agree we should continue to look at it. Every weekend I am on Fort Belvoir, as it is within my military (INAUDIBLE). For years I have gone past that hospital and said, boy, I am glad I am not a young mother having a baby out there, because it is clear the military population needs a better working facility. We have broken ground on the new hospital which is an important step in modernization.

Mr. EDWARDS. Do you know the numbers in terms of what the administration has asked for in terms of DoD, outside of, say, Bethesda and Fort Belvoir, which are tied into BRAC.

Mr. ARNY. For Bethesda and Fort Belvoir, we are doing lots in BRAC, and down in San Antonio.

Mr. EDWARDS. But how about beyond those? Do we know for construction?

Mr. ARNY. For non-BRAC, $452 million; Fort Richardson——

Mr. EDWARDS. That is worldwide for DoD healthcare? What do you show at Fort Riley? How much is your request?

Mr. ARNY. At Fort Riley, $52 million, for hospital addition and alterations.

Remember, too, when you talk to the—and I am learning this myself—when you talk to the services, medical was taken away from the services. Okay? Medical is under defense health. So the services rely on them to bring that budget together. Now, they will make their inputs, but it is really defense health system that has to provide it.

Now, it is under stress now more than it was before. But again, I think BRAC is important because we are putting a lot of facilities at the BRAC places. I mean, obviously Bethesda—there is a lot of money going into Bethesda, and I think being done right now down at San Antonio. It is a huge consolidation down there, not only the medical itself, but the training for it as well.

Mr. EDWARDS. I guess my concern is more that the active duty military bases—Fort Benning, Fort Riley, Fort Hood and others—

is there a 5-year or 10-year capitalization plan for defense health care?

Ms. JONAS. I am certain Ward Casscells, who is the Assistant Secretary for Defense Health, could help us get you a plan. Health care is very much on the minds of the deputy secretary and secretary and myself and other leaders in the department. I will look into the existence or development if necessary, of such a plan.

Mr. ARNY. Let me hit you with just a couple of numbers, and this is the BRAC side: medical center at Fort Sam Houston, $294 million; Fort Belvoir, $198 million; Bethesda, $200 million just this year; Fort Sam Houston, $96 million; Fort Benning Medical Center, $80 million; Dover Air Force Base, $52 million.

Mr. EDWARDS. How much at Fort Benning?

Mr. ARNY. About $80 million.

Fort Campbell Military Care Center in Lackland, $51 million; Keesler, $67.7 million.

Mr. EDWARDS. Okay. I have seen some numbers that suggest what the private health care system assumes in terms of how much they have to reinvest in their capital structures. I don't know if it is 5 percent or what the number is, but I have seen some comparisons that showed DoD is far below what the private sector feels it needs to reinvest to keep its facilities modernized.

I am not here to criticize. We have all been part of this process. I just think it is one of those issues that we focused on other areas understandably during a time of war. I have not see a capital plan for DoD health care modernization.

Mr. ARNY. We will get you one. If there isn't one, we will get it for you.

Ms. JONAS. Yes.

Mr. EDWARDS. Okay. Okay. And one of the things I would like to know is in that planning, have we assumed the growing the force and the additional troops that will need health care as a result of that.

I think those are the main issues. We have talked about a lot of issues. We appreciate your time today and your service to our country over the years. There may be some additional questions that Mr. Wamp and I might want to submit for the record.

Mr. ARNY. But no questions from staff, right?

Mr. EDWARDS. I don't know. [Laughter.]

Mr. Wamp, do you have any other additional questions? If not, thank you both for being with us today. We appreciate it.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Edwards.]

Question. The 2004 Installations Strategic Plan set a goal of funding 95 percent of sustainment in fiscal years 2005 through 2007, and 100 percent by FY 2008. In each year the Department has fallen short of the goal by an average of about 9 percent according to the Government Accountability Office. As Mr. Arny notes in his testimony, the FY 2009 budget request funds sustainment at 90 percent. The 2007 Installations Strategic Plan includes only a vague goal to "fund to the current facilities sustainment requirement generated by the Facilities Sustainment Model." Has the Department set a funding target for sustainment for future budget years?

Answer. The Department's minimum funding target for sustainment for future budget years is to fund sustainment at 90 percent.

Question. The Contingency Construction Authority (CCA) provided under the FY08 National Defense Authorization Act is not allowed for us at installations "where the United States is reasonably expected to have a long-term presence".

Since the Department now views Bagram Air Base in Afghanistan as an "enduring" base with a long-term purpose, does the Department believe that CCA is applicable at Bagram?

Answer. No. Based on the authority provided in the FY 2008 National Defense Authorization Act, we will not be able to use CCA at Bagram because we expect to have a long-term presence there. However, we have requested the authority be modified in FY 2009 to permit waivers of the "long-term presence" clause for bases in Afghanistan.

Question. The fiscal year 2008 supplemental request includes $138 million for the Army Medical Action Program, specifically for the construction of Warrior in Transition complexes and Soldier Family Assistance Centers. Army has identified the need to establish similar facilities at 35 different locations at a cost of $1.4 billion. I understand that no funds for this program have been incorporated in the regular budget, and that the Department plans to continue seeking funds for this program through supplemental requests, even though this is considered by Army as a permanent change to the treatment and care of wounded personnel. Will you seek to include Army Medical Action Program costs in future regular budget requests?

Answer. The Army Medical Action Plan is under review within the Department and no final decisions have been made.

Question. I understand that the Department recently changed its policy regarding funding sources for Nonappropriated Fund Instrumentality (NAFI) facilities. Please explain how the current policy differs from the previous policy, and the impact that this will have on the military construction budget.

Answer. The Department's policy regarding funding sources for NAFI facilities is that appropriations shall fund construction required to establish, activate or expand a military installation, including Base Realignment and Closure and global re-stationing requirements; relocation of facilities for convenience of the Government; replacement of facilities denied by country-to-country agreements; and restoration of facilities and improvements destroyed by acts of God, fire or terrorism. Expansion must be the result of a mission change or influx of new units or systems and result in a 25 percent increase in authorized personnel strength within a two-year time span. Appropriations are the authorized source for construction and modernization for all NAFI Program Groups to correct life-safety deficiencies.

The Department did not change the policy, but instead directed the Services to examine the application of the policy based on the unique nature of BRAC and global re-stationing factors. The distinct challenges of BRAC and global re-stationing scope and timing present a challenge to the Services as they review and prioritize MWR facilities, exchange stores, and commissary stores competing against mission-based facilities. By systematically applying the existing policy, the Department ensures Service members should not bear the financial burden for Service or DoD directed changes.

Question. The Future Years Defense Plan indicates a total cost of $837 million for the Missile Defense Agency's proposed "third site" basing in Europe. I understand that this does not include the costs associated with the personnel who would be required to actually operate and maintain the interceptor and radar sites (barracks, dining facilities, etc.). Has the Department estimated this cost? Why is this not included in the FYDP?

Answer. The $837 million does not cover the cost to construct personnel support facilities, such as barracks, dining facilities, etc. for the proposed third site. The Department needs to refine the long-term plan for the third site. The Department will do this, and further develop the associated support facilities costs estimates, during the development of the FY 2010 President's Budget request.

Question. You state that BRAC 2005 has a total projected cost of $33.2 billion over the 2006–11 implementation period. The budget submission shows that $32.0 billion will be paid for through the BRAC 2005 account. What costs are being paid outside the account, and where are these costs accounted for in the Department's FY09 budget request? Does your total include the $416 million in the FY08 supplemental request for Bethesda and Fort Belvoir?

Answer. The total projected Base Realignment and Closure (BRAC) implementation cost is $33.2B. As reflected in the BRAC 2005 budget submission materials, $32.1B in one-time implementation costs is to be financed from within the BRAC Account (that assumes full restoration of the FY 2008 Congressional $938.7M decrement).

In addition, approximately $407M is financed from outside the BRAC Account, of which, $400M is being financed by the National Geospatial-Intelligence Agency and $7M by the Missile Defense Agency.

Additionally, included in the total estimated BRAC implementation costs is $416M in the FY 2008 supplemental request and $263M in additional funds the De-

partment intends to seek for separate expansion projects at the Walter Reed National Military Medical Center at Bethesda.

Question. With regards to environmental cleanup costs under BRAC, you state that such costs "were not included in the original COBRA estimates by design," and that if these costs had been included, "the process would have had an artificial bias to close only 'clean' bases." By the same token, doesn't the exclusion of these costs make the closings of "dirty" bases appear more cost-effective than they really are? Did the Department make any effort at all to gauge environmental remediation costs at bases under consideration for closure or realignment prior to issuing its BRAC 2005 recommendations?

Answer. Using certified cost-to-complete data for known contamination sites, the Department did consider the impact of environmental restoration costs for each candidate closure and realignment scenario evaluated. The certified data considered by decision makers were the FY 2003 cost-to-complete estimates for all installation restoration sites managed and reported under the Defense Environmental Restoration Program (DERP).

The Department calculates these costs on a "clean-to-current-use" clean-up standard. The cost of environmental restoration did not dictate any installation closure decision, but the Department noted these costs in documentation supporting the recommendations provided to the Commission.

The location and number of restoration sites also may have been considered as a land use constraint for installations receiving missions as a result of a realignment decision. Because the Department of Defense has a legal obligation to perform environmental restoration regardless of whether a base is closed, realigned, or remains open, environmental restoration costs at closing bases were not included in the cost-of-closure calculations.

From an overall DoD budget perspective, environmental remediation costs do not affect the overall cost-effectiveness of implementing recommendations because the costs are a zero sum transfer within the Department. Environmental restoration costs are budgeted in the Defense Environmental Restoration Account. Once on the closure list, the base's restoration costs are budgeted in the BRAC account. Therefore, the costs to remediate the base do not change—only where they are accounted.

Question. The BRAC Commission recommendation on Joint Basing required "relocating the installation management functions" for each Joint Base to be established. How does the Department interpret this phrase for the purpose of complying with the BRAC mandate?

Answer. The Department has the legal obligation to transfer installation management functions from 26 locations onto 12 joint bases. The Deputy Secretary of Defense issued Joint Basing Implementation Guidance on January 22, 2008, which defines the installation management functions and timing for implementing the Joint Basing recommendation.

Question. You stated that under the new Joint Base construct, the "supporting" service will be responsible for budgeting and executing "current mission" military construction, while the "supported" service will be responsible for "new mission" milcon. Is there an agreed upon definition of "current mission" and "new mission"? What will happen if the "supporting" and "supported" services in a Joint Base disagree on whether a project is current or new mission? What is to prevent a service from declaring projects "new mission" simply in order to retain control?

Answer. The Department is now in the process of finishing its guidance on facilities investment that addresses funding responsibilities between supporting and supported components. The question of "who pays" for various types of investment is fundamental to Joint Basing, as you have recognized, and a major focus of the supplemental guidance. We expect this to be completed imminently and will be pleased to address any committee questions related to it.

Question. The "supporting" and "supported" services at a Joint Base may also have disagreements about the funding priorities for Facilities Sustainment, Restoration, and Modernization (FSRM) and Base Operating Services (BOS). How will such disputes be resolved?

Answer. A Joint Management Oversight Structure (JMOS), comprised of representatives from each Component, will be established for each Joint Base. The structure will be used to ensure fairness; provide oversight of dispute resolution and equitable allocation of funding requirements to the responsible entities; and resolve other issues as required. The JMOS process includes an appeal structure to adjudicate conflicts that can not be resolved by the Joint Base Partnership Council. The JMOS appeal structure includes the installation management echelon immediately above the Joint Base installations; Component headquarters elements; Service Vice Chiefs of Staff; and the Deputy Secretary of Defense.

Question. You expressed dissatisfaction with the current recapitalization measure. Explain what is wrong with the current measure, and what you are seeking in developing a new measure.

Answer. We used the current facilities recapitalization metric since 2002 to assess the adequacy of the investment in modernizing and restoring our inventory of facilities. The metric is based upon the premise that the investment should be sufficient to replace the facilities inventory at a rate equal to its expected service life, estimated at 67 years using a "weighted average" calculation of plant replacement value (PRV) about ten years ago. The metric divides the PRY of the inventory by the annual investment in recapitalization, yielding a recapitalization rate expressed in years.

While the recapitalization metric has served the department well, it has several limitations that the department now seeks to reduce or eliminate for the FY 2010 budget submission. These limitations include the following:

1. The investment target, expressed as a funding rate necessary to replace the facilities inventory every 67 years, was calculated using plant replacement value and inventory from the late 1990s that is no longer current.
2. The investment target is an overall DoD average and does not represent the facilities inventory for each DoD component that can vary significantly from one Component to the next.
3. The investment target is based upon preliminary DoD rough estimates of expected service life values for various facility types that have since been refined by various published industry sources.
4. The recapitalization metric does not differentiate between costs to renovate facilities versus costs to replace facilities, both of which are "recapitalization." This difference can equate to approximately 40% of a facility's calculated plant replacement value.

The department is transforming the recapitalization metric to address each of these limitations in support of the FY 2010 budget submission. There are three aspects to this transformation:

1. The format of the new metric will change from a rate expressed in "number of years" to a rate expressed as a percent of the investment target that is funded. This will parallel the facilities sustainment metric (and others) and provide a common funding expression between Components, even those with significant differences in facilities inventory and resultant differences in "average" inventory service lives.
2. The investment target will change from the "67-year average" target to specific target values for each Component based upon current Component-specific inventory and published parameters for facility service lives and depreciation. The DoD Facilities Modernization Model performs this function.
3. Finally, the method of identifying and accounting for recapitalization investments is being refined to differentiate between types of recapitalization methods (specifically, between renovation and replacement).

Since its inception, the facilities recapitalization metric has served as an important tool to evaluate the adequacy of the Department's aggregate investment to counter facility obsolescence. The improvements planned for the FY 2010 budget and Future Year Defense Plan are expected to significantly improve its accuracy and usefulness for this purpose.

[CLERK'S NOTE.—End of questions for the record submitted by Chairman Edwards.]

WEDNESDAY, APRIL 9, 2008.

ARMY BUDGET

WITNESSES

GENERAL GEORGE W. CASEY, JR., CHIEF OF STAFF, U.S. ARMY
KEITH EASTIN, ASSISTANT SECRETARY FOR INSTALLATIONS AND ENVIRONMENT, U.S. ARMY

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I would like to call the subcommittee to order.

General Casey, Secretary Eastin, welcome. It is good to have you back to the subcommittee. Thank you both for your distinguished service to the Army and to our nation. We are very grateful for that service.

We are here today to discuss the fiscal year 2009 military construction and family housing request for the Department of the Army. The 2009 MILCON request for the Army is $4.6 billion, which would be an increase of nearly $700 million over the fiscal year 2008 level. To put that in perspective, the fiscal year 2004 budget for Army MILCON was less than $1.5 billion.

The primary factor driving these huge Army MILCON budgets is the initiative to grow the permanent end-strength of the active Army to 65,000 by 2010. The 2009 MILCON request includes about $3.5 billion for Grow-the-Army. In family housing construction, the request is for $679 million, an increase of $259 million over 2008. This increase is entirely due to the $334 million included for Grow-the-Army, more than offsetting reductions resulting from the family housing privatization program.

The Guard and Reserve MILCON budget request also represents a healthy increase, again due to Grow-the-Army, which will add about 9,200 Guardsmen and Reserves to the total force.

Last, but not least, the Army has the greatest stake in BRAC. The Army's share of BRAC represents more than 50 percent of the total estimated costs. About three-fourths of the Army's estimated $17.3 billion share is for construction. Let me say on that, chief, Mr. Wamp and this subcommittee have been outspoken in our belief that we need to adequately fund BRAC. I am very optimistic that when we have the supplemental appropriation markup soon that we will have very strong backing on that, and we look forward to hearing your comments on the importance of that funding.

The Army MILCON program is obviously reflective of the tremendous changes underway in the Army currently. Let me just say that, General Casey, while we will focus a lot on MILCON issues today, obviously this subcommittee has responsibility for a lot of installation construction that deals with quality of life. It is a special niche of this subcommittee.

I can think of no time where we owed more to our soldiers and their families than now, given the op tempo, the demands on them, the emotional strains of the constant deployments to Iraq and/or Afghanistan. This committee stands ready and committed to work on a bipartisan basis to support that quality of life in the Army. Thank you, from your position as chief, for making quality of life the particular focus that you and Secretary Geren have been working on.

At this point, I would like to recognize Mr. Wamp if he has any comments that he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Thank you, Mr. Chairman.

First, let me comment that I am grateful for your commitment to BRAC. I think this is the first public commentary that you have made on the supplemental and the fact that the majority is making every effort to include the necessary BRAC funding in the supplemental.

Secretary Eastin, welcome.

General Casey, it is an honor to be in your presence. Having been born in the United States Army at Fort Benning, to sit before the Chief, or to have the Chief sit with us, of the greatest Army in the history of the world is indeed a privilege. Thank you for your service and every man and woman that you represent, especially as we are growing the Army and making the necessary changes to meet today's and tomorrow's challenges around the world. We are grateful for the United States Army and especially grateful for you, General Casey. Your name is renowned around the world now, and we are grateful that you are here in this little small room with us in our nation's Capitol today. Thank you, sir.

General CASEY. Thank you.

Mr. EDWARDS. General, I am going to forego the long and distinguished and deserved resume because we know that you wouldn't be in your present position without a long and distinguished record of service to our country. But I do want to thank you for your 38 years. Is that correct, 38 years?

General CASEY. Yes, 38 years in June.

Mr. EDWARDS. Your service to the country.

General CASEY. What was I thinking? [Laughter.]

Mr. EDWARDS. I imagine you never guessed you would be sitting someday as Chief of Staff, but we are honored that you are, as Mr. Wamp said, and we are thrilled to have you. It was also a privilege to get to know you when you were down at Fort Bragg.

Secretary Eastin, thank you also for your service to our country. We are glad you are here as well.

At this point, without objection, chief, your entire testimony will be submitted for the record, and we will recognize you for any opening comments you would care to make.

STATEMENT OF GENERAL GEORGE W. CASEY, JR.

General CASEY. Thank you very much. It is a pleasure to be here with you, and to talk about the military construction budget, which

is so much a part of everything we are doing right now as we try to put ourselves back in balance.

Congressman Wamp, as someone, who has a sister and a son born in that same hospital, I have some attachment to Fort Benning myself.

What I would like to do is provide a little context, if I could, for our discussions on the budget—a couple of things. First of all, we have been at war for over 6 years, and that has stretched and stressed the all-volunteer force. We wouldn't be where we are today, we wouldn't have been as resilient as we have been without the support of Congress. So right up front, we thank you for that.

Second point, as we look to the future, we see a future of what I call persistent conflict. I define that as a period of protracted confrontation among state, non-state, individual actors who are increasingly willing to use violence to accomplish their political and ideological objectives. That is what we are up against. So as we have this discussion, I think we need to keep in mind that we are in for another decade or so of similar activity, maybe not on the scope or the scale of Iraq and Afghanistan, but periods of protracted confrontation.

I think this proclivity for persistent conflicts is going to be exacerbated by some global trends that people generally agree on, but it could cause things to go in the wrong direction. Globalization has a positive effect for sure, prosperity around the global. The negative effect is it is unevenly distributed. If you look at the have and have-not conditions it can create, terrorists can take advantage of that for recruitment.

Technology is another double-edged sword. The same technology that is being used to bring knowledge to anyone with a laptop and a hookup is being used to export terror around the world.

Population growth, the demographics are going in the wrong direction. The populations of some of these developing countries are expected to double by 2020. Estimates are that by 2030, 60 percent of the population of the world is going to live in cities. That bears a lot on the bases that can fight.

The two things that worry me the most are weapons of mass destruction and terrorists. There are about 1,200 known terrorist groups that are out there now, and they are seeking weapons of mass destruction. There is no doubt that if they get them, they will use them against the developed countries.

Hello congressman, how are you?

And then second, safe havens. Ungoverned spaces in parts of countries that either can't or won't police their own territory can be used as bases for terrorists to plan and conduct their missions.

We believe that for that environment, we need a campaign-quality expeditionary force that is capable of supporting combat commanders across the spectrum. Pete Schoomaker laid that plan down based on the intellectual foundations that Eric Shinseki put in place and we are executing that now. With your continued support, we will execute that.

I would just like to say a couple of words about the state of the Army today. I think some of you have heard me say that it is out of balance. I will tell you, I wrestled hard to find the right words to describe it because it is by no means a hollow or broken force.

In fact, it is the most resilient, competent, professional force that I have seen in my 38 years. But we all know we are not where we need to be. The current demand for our forces is not sustainable. We can't do the things that we know we need to do elsewhere as fast as we would like to. We can't sustain the all-volunteer force at the pace that we are going on right now.

We have a plan to put ourselves back in balance, and it is centered around four imperatives. Interestingly, military construction plays a key role in each of those imperatives. The imperatives are sustain, repair, reset and transform.

The first is sustain. We must sustain our soldiers, families and civilians. They are the heart and soul of the Army. They are the reason why we are the best force in the world. The environment where the soldiers train, where the civilians work and the families live is key to attracting and retaining the quality men and women that make up this great force.

At the core of our strategy to sustain our soldiers, families and civilians, congressman, are two programs: first, the soldier family action plan and the second is the Army medical action plan. The first is designed to support what we call the Army family covenant. It is a restatement of our commitment to soldiers and families. It centers on five key variables, and all these variables were gleaned from family members during my initial months on the job as Sheila and I went around and talked to them.

First, they said standardize and fund the programs that you have. We don't need new programs. Just standardize and fund the installations. Second, they want improved access to quality medical care. Third, they want better housing. Fourth, they want better facilities and activities for their children. And lastly, they want better employment opportunities and education opportunities for their family members and themselves.

As you can see, some of the facilities that this budget funds are key to our implementation of that strategy.

The second one is the Army medical action plan. That is a program basically to develop integrated comprehensive care for soldiers. We have made great strides on that. It is primarily paid for out of supplementals because of the immediacy of the need, and I thank you for your support on that.

Second imperative is prepare. Now, we have to continue to prepare our soldiers for success in the current conflict. They are going in harm's way every day. We can't flinch on that commitment. We are trying to give them an asymmetric advantage over any enemy that they are in contact with.

To set the conditions for their continued success, we are establishing realistic training facilities at installation. We have to ensure that they are trained and deployable for any mission that the nation requires. There are about $850 million in the military construction budget this year for new range and training facilities on our installations.

Third is reset. Reset is about returning soldiers and equipment to states where they are ready for additional missions. Congress has been very supportive of this, and as a result we have made significant strides in steadying the force. This MILCON budget really impacts on the quality of installations. It is the ability of the instal-

lations to take these units coming back, reorganize them, fix the equipment, give them facilities and quality opportunities for the soldiers and families to get to know each other, get them to unwind, that is a key element of the MILCON budget here.

Lastly, transform—and I bring this Field Manual 3.0—our new doctrinal manual. We published it a month or so ago. It talks about how the Army intends to fight in the 21st century. It raises stability operations to the level of offense and defense, and that is a big step forward for us. There is a lot of good stuff in here, but that is the foundation for our transformation.

As you mentioned, most directly related to this hearing, there is an awful lot going on with our basing. For us, transformation is a holistic effort. It affects everything that we do, and basing is a key element of this. The scope of the MILCON and BRAC effort over the next several years is hugely significant. We will re-station one-third of the Army by the end of 2011. That will impact 380,000 soldiers and family members and affect 304 installations.

So as Tony LaRusso says when he is watching baseball, it may not look like much is going on, but there is a lot happening out there. [Laughter.]

So that is our plan: sustain, prepare, reset and transform. The $11.4 billion total between MILCON and BRAC plays a critical role in allowing us to put the Army back in balance to sustain the current fight and to confront the future.

I would like just to say a couple more things here about, one, continuing resolutions have had a gradual, but negative impact over time in the last couple of years. We figure that we have lost about 4 to 6 months of processing time under MILCON because of the continuing resolutions. I believe there is a provision in this budget that has come up here that will give us additional flexibility. We have such a tightly wound schedule with bringing folks back from overseas, moving installations with the BRAC, that any delay has a cumulative effect.

And then the second thing is the $560 million of the BRAC that was not funded. If we don't get that, we won't be able to meet the timelines that have been laid out in the BRAC.

Mr. DICKS. Is that in the supplemental?

General CASEY. No. It was in the 2008 Presidents Budget.

Mr. EDWARDS. We are working on it. I think there is a very good chance we are going to strongly fund the BRAC. We used $939 million out of BRAC to fund initiatives in military construction for the Army and the other services, and then we used some of that to fund health care initiatives for veterans, but with the general intention of taking a look at the supplemental to replace those.

General CASEY. So with that, I just wanted to give you a little context of where we are going and how important getting the timely funding that is in this year's 2009 budget is to accomplishing our objectives. So thank you all very much.

[Prepared statement of General George W. Casey, Jr. follows:]

1038

RECORD VERSION

STATEMENT BY

GENERAL GEORGE W. CASEY, JR.
CHIEF OF STAFF, US ARMY

BEFORE THE

HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS
AND RELATED AGENCIES

SECOND SESSION, 110TH CONGRESS

ON QUALITY OF LIFE IN THE UNITED STATES ARMY

APRIL 9, 2008

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON APPROPRIATIONS

STATEMENT BY
GENERAL GEORGE W. CASEY, JR.
CHIEF OF STAFF, UNITED STATES ARMY

Mr. Chairman and distinguished Members of the Committee, on behalf of the more than one million Active, Guard, and Reserve Soldiers, their Families, and the Civilians of the United States Army, serving around the globe, I welcome the opportunity to discuss the direction we intend to take the Army in the next several years.

Our Nation has been at war for over six years. Our Army has been a leader on the front lines of this war and back here at home -- protecting our people and securing our borders. Over time, these operations have expanded in scope and duration. As a result, they have stretched and stressed our All-Volunteer Force. Over these last six years, the Congress has responded to the Army's requests for resources. That kind of commitment to the Army and our Soldiers is deeply appreciated.

We live in a world where global terrorism and extremist ideologies are real threats. As we look to the future, national security experts are virtually unanimous in predicting that the next several decades will be ones of persistent conflict -- protracted confrontation among state, non-state, and individual actors that use violence to achieve their political and ideological ends. Adversaries will employ propaganda, threat, intimidation, and overt violence to coerce people and gain control of their land or resources. Some will avoid our proven advantages by adopting asymmetric techniques, utilizing indirect approaches, and immersing themselves in the population. Many of these conflicts will be protracted -- ebbing and flowing in intensity, challenging our Nation's will to persevere. Several emerging global trends are likely to fuel this violence and enable extremist groups to undermine governments, societies, and values. Globalization, despite its positive effects on global prosperity, may create "have" and "have not" conditions that spawn conflict. Population growth and its "youth bulge" will increase opportunities for instability, radicalism, and extremism. Resource demand for energy, water, and food for growing populations will increase competition and conflict. Climate change and natural disasters will cause humanitarian crises, population migrations, and epidemic diseases. Proliferation of weapons of mass destruction will increase the potential for catastrophic attacks that will be

globally destabilizing and detrimental to economic development. Finally, failed or failing states unable or unwilling to maintain control over their territory may provide safe havens for global or regional terrorist groups to prepare and export terror.

While analysts generally agree on these trends, we cannot predict the exact time, location, or scope of individual conflicts. We do know, however, that the Army will remain central to our National strategy to ensure our security in spite of these threatening trends. We need to ensure our forces are agile enough to respond rapidly to unexpected circumstances; led by versatile, culturally astute, and adaptive leaders; and supported by institutions capable of sustaining operations for as long as necessary to ensure victory. The Army has a vision to build that force, and is already executing this vision. We will continue along these lines and transform our current force into a campaign-quality expeditionary force that is capable of supporting the needs of combatant commanders operating effectively with joint, interagency, and multi-national partners across the spectrum of conflict from peacetime engagement to conventional war. Simultaneously, the Army will pursue the necessary actions to restore balance to our current forces.

The cumulative effects of 6-plus years at war have put us out of balance. The current demands on our forces exceed the sustainable supply. We are consumed with meeting our current requirements and, as a result, are unable to provide forces as rapidly as we would like for other contingencies. We're unable to do the things we know we need to do to sustain this magnificent All-Volunteer Force. Our Reserve Components are performing magnificently, but in an operational role for which they were neither organized, nor resourced. The limited periods of time between deployments necessitate that we focus on counter-insurgency training at the expense of training for full-spectrum operations. Our Soldiers, Families, support systems and equipment are stressed by the demands of these repeated deployments. So, in essence, we're consuming our readiness as fast as we can build it. While we are out of balance, we are neither broken, nor hollow. I can assure you, from the perspective of a 38-year career, that the Army is the most competent, professional and combat-seasoned force I have ever seen. But, as I think we all acknowledge, we are not where we need to be.

We have a plan to restore balance, preserve this All-Volunteer Force, and restore the necessary breadth and depth to Army capabilities. We've come up with four imperatives that we believe we need to execute to put ourselves back in balance: sustain, prepare, reset and transform. Our military construction (MILCON) budget is a critical component in support of these imperatives.

First and foremost, we must sustain our Soldiers, Families and Civilians. They are the heart and soul of this Army, and they must be supported in a way that recognizes the quality of their service. The environment in which our Soldiers train, our Civilians work, and our Families live plays a key role in recruiting and retaining the high quality people the Army needs. Furthermore, the well-being of our Soldiers, Civilians, and Families is inextricably linked to the Army's readiness. At the core of the Army's strategy to sustain our All-Volunteer Force lie two programs the Army leadership has developed: the Army Soldier and Family Action Plan (SFAP) and Army Medical Action Plan (AMAP). Both initiatives will integrate programs spanning a range of Army budget accounts.

The SFAP and associated Army Family Covenant conveys our commitment to support all members of the Army Family in five general areas: standardizing and funding existing Family programs and services; increasing accessibility and quality of health care; improving Soldier and Family Housing; ensuring excellence in our schools, youth services, and child care facilities; and expanding education and employment opportunities for Family members. For FY 2009, we are requesting $3.3 billion of our MILCON budget for projects to improve Soldier barracks and improve quality of life in significant ways. Within that request, $1.4 billion supports Army Family Housing Construction and Operations to revitalize, privatize and build new housing. Currently, we have 46,000 Families, 33,000 Soldiers, and 98,000 trainees living in inadequate housing, so your support on this request is essential. Our privatization effort will provide quality housing that Soldiers and Families can call home. We privatized more than 4,000 homes in the last year, bringing the total privately managed homes to over 80,000 and improving the quality of life for our Soldiers and Families. As of January 2008, we have constructed 13,083 new homes and renovated 10,937 existing homes. By the end of FY 2009, 44 of 45 planned locations with 87,000 of 89,000 planned homes will be privatized. The Army continues to modernize and construct barracks to provide Soldiers quality living environments, and over $1 billion of this budget supports that

effort. Our FY 2009 request will provide 6,362 new barracks for Soldiers and 6,864 new barracks for trainees. Finally, this budget also includes $70.6 million for child development centers and youth centers.

The AMAP is the Army's initiative to establish an integrated and comprehensive continuum of care and services for Warriors and their Families at home or in battle. Over the last year and with Congress' support, we have rapidly improved care for our Wounded Warriors. We requested much of this funding in the GWOT supplemental because of our need to respond immediately. In addition, the recovery from complex injuries that our AMAP program is designed to address is a direct result of GWOT operations.

Second, we cannot back away from our commitment to continue to prepare our Soldiers for our current conflicts and give them the tools they need to be successful. They must have an asymmetric advantage over any enemy they face. To set the conditions for their continued success, we are establishing world class training installations and facilities to ensure the Army is deployable, trained, and ready to respond to meet our National Security mission. We will construct a military operations urban terrain site, tracked vehicle drivers course, automated anti-armor range, stationary tank range, modified record firing ranges, and digital multipurpose training ranges. These facilities will provide our Soldiers realistic, state-of-the-art, live-fire training. We are requesting a total of $242 million for these high-priority projects. These new range and training projects will increase the Army's mobilization and power projection capabilities, synchronize facility and installation infrastructure with unit requirements, and provide infrastrucure necessary to meet the high rotational demand for forces.

Third, we must continue to reset our units and rebuild the readiness consumed in operations to prepare them for future deployments and future contingencies. Sustained combat has taken a toll on our Soldiers, leaders, Families, and equipment. Since 2003, equipment has been used at a rate over five times that programmed -- in harsh and demanding desert and mountainous conditions. In addition to fixing, replacing, and upgrading our equipment and retraining for future mission, we must also revitalize our Soldiers and Families by providing them time and opportunity to recover in order to reverse the cumulative effects of sustained high operational tempo. Resetting our forces is critical to restoring readiness -- this year we will reset over 130,000 pieces of equipment and almost

200,000 Soldiers. Reset must continue as long as we have forces deployed and for several years thereafter to ensure readiness for the future. Commitment to providing the resources to reset our forces is essential to restoring balance and to providing strategic depth and flexibility for the Nation. I'm convinced that resources for reset are the difference between a hollow force and a versatile force for the future. In FY 2007, Congress provided us the resources to properly reset the force. These efforts, and the continued support of Congress, combined with the Army's stabilization of the force, will strengthen the bonds between units, Soldiers, Families, and the communities in which they live. The quality of our installations is critical to support the Army's mission, its Soldiers, and their Families. Installations serve as the platforms to train, mobilize, and rapidly deploy military power. When forces return from deployments, installations enable us to efficiently reset and regenerate combat power for future missions. In the past year, the Army has made tremendous progress in enhancing training and improving its ability to generate and reset the force.

Fourth, even as we work to put ourselves back in balance, we can't take our eyes off the security challenges of the future. We must continue to transform our Army to meet the demands of the 21st Century. Transformation is a holistic effort to adapt how we fight, train, modernize, develop leaders, station, and support our Soldiers, Families and Civilians. Transformation is a journey – not a destination, and it is also a multi-faceted process. Because as we transform our operational forces, we must transform the institutional Army and installation infrastructure that supports it. Our MILCON supports this through a tightly-woven, operationally-synchronized plan integrating Base Realignment and Closure (BRAC), Global Defense Posture Realignment, GWOT requirements, and the growth of the Army. Our plan provides infrastructure necessary to grow the force and enables our installations to support that force; supports our restructuring of capabilities across components to become more agile, responsive, and expeditionary; changes our global posture to become a predominately United States-based, expeditionary Army which is better postured to execute the GWOT and perform homeland defense missions; provides $1.7 billion for four brigade complexes and other facilities to support modular transformation; relocates 41,000 Soldiers and their Families from Europe and Korea to the US by 2011 under Global Defense Posture Realignment; and consolidates institutional facilities to improve effectiveness.

The President's Grow the Army initiative, announced last year, will increase the Army's end strength by 74,200 Soldiers, bringing the inventory to 48 active duty brigade combat teams (BCT). Given current operational requirements, the decision was made to accelerate this growth. One BCT, previously budgeted to be cut from the force was retained at Fort Carson, and five new BCTs will be stationed at Fort Bliss, Fort Stewart, and Fort Carson. Additional stationing decisions for combat service and combat service support units have also been provided to Congress. At the same time these announcements were made, the Army notified Congress of the decision to temporarily keep two BCTs in Europe for up to two years longer than originally planned. In FY 2012 and FY 2013, these BCTs will be restationed at Fort Bliss and White Sands Missile Range. Part of this year's request, over $4 billion, supports this growth initiative. Projects include essential facilities required to support the increase in end strength such as brigade complexes and associated combat support, combat service support, training, and quality of life facilities worldwide. Funding is requested for planning and design and military construction projects in the active Army, Army National Guard, Army Reserve, and Army Family Housing. Army growth will provide and sustain sufficient forces for the full range and duration of current operations and future contingencies. This growth will allow us to revitalize and balance our force, reduce deployment periods, increase dwell time, increase capability and capacity, and strengthen the systems that support our forces.

Another critical aspect of our transformation involves our Reserve Components. We must continue to adapt our Reserve Components from a paradigm of a strategic reserve only mobilized in National emergencies, to an operational reserve, employed on a cyclical basis to add depth to the active force. This has been happening for the last six years and will be required in a future of persistent conflict. Operationalizing the Reserve Components requires National and State consensus and support as well as continued commitment from Reserve Component employers, Soldiers and Families. It necessitates changes in the way we train, equip, resource, and mobilize the Reserve Components.

Our FY 2009 MILCON request of $11.4 billion supports Army readiness and transformation while meeting BRAC law and Army growth requirements. Within this request, we've requested $4.6 billion to support active Army growth, operational requirements, modular transformation, and barracks modernization; $4.5 billion to execute

BRAC and Army Stationing; $539 million to construct National Guard facilities supporting growth, transformation, missions and training, including 12 projects to support preparing forces as they train, mobilize and deploy; $282 million to construct Army Reserve facilities supporting their transformation to an operational force, and $1.4 billion for Family Housing construction and operations. A significant portion of the Army's BRAC request supports the transformation and re-stationing of the operational force. BRAC MILCON projects support major realignments of forces returning to the United States from Europe, as well as several stateside relocations. The FY 2009 budget request also funds projects supporting Reserve Component transformation in 22 states and Puerto Rico.

Though, as an Army, we are stretched, we are not standing still in bringing ourselves back in balance. We appreciate the support received from Congress, and have been good stewards with our budget. The initiatives toward modular and expeditionary organizations introduced by my predecessors, GEN Schoomaker and GEN Shinseki, are making significant progress. We're 70 percent through modular conversions, and this is the largest organizational transformation of the Army since World War II. We're 60 percent through rebalancing – taking Soldiers who had Cold War skills that are no longer necessary and converting them into the skills we need for the 21st Century. We've reset over 120,000 pieces of equipment. Our Army Medical Action Plan and Soldier and Family Action Plan have increased our support for our Wounded Warriors and Families. Finally, our depots have been recognized by industry with 12 Shingo Awards for effectiveness and efficiency.

The FY 2009 main & supplemental budgets, along with the balance of the FY 2008 GWOT supplemental, will allow us to fight the war, prepare for the future, and get back in balance. Our success depends on an extremely complex and intracate schedule of MILCON and BRAC. Recognizing that we are executing our largest organizational change since WWII, this involves realigning our entire global infrastructure of bases, depots, arsenals and other facilities so that they are properly distributed, efficient and capable of ensuring we can respond to 21st Century security requirements at home and abroad. Our MILCON and BRAC budgets are critical to this effort. We need your support to receive full and timely funding. Continuing resolutions negatively impact our ability to execute MILCON and restore balance. Over the last three years, average delays in MILCON of 4 to 6 months caused compressed construction timelines, increased construction costs and a reduced

pool of available contract workers. This year, in fact, 44 MILCON projects worth $1.3 billion for FY 2008 were affected by delays in MILCON authority until January, four months into the fiscal year.

Additionally, we need your help in supporting the remaining requirements for BRAC 2005. If the $560 million decrement is not restored this year, the Army will not meet all of its requirements in accordance with BRAC Law. BRAC is an integral component of our stationing plan and our complex MILCON program is interdependent with BRAC. Delays or cuts to either of these interrelated programs puts our ability to grow and restore balance at risk. We are at a crucial juncture in the BRAC program. FY 2010 is our last BRAC construction year in order to meet the BRAC deadline of September 2011 as required by law. To successfully execute BRAC, we carefully synchronized 1,300 actions. And without full and timely funding, 31 of 90 FY 2008 BRAC directed projects will not be completed, including 10 Armed Forces Reserve Centers, 9 training and readiness projects, and 12 quality of life projects.

With your support from FY 2006 to FY 2013, we will complete 743 MILCON projects totalling $66 billion. These projects provide 33 brigade-size complexes; 112 Armed Forces and Army Reserve Centers; 2,272 acres of motor pools; 130 training ranges; 66,000 permanent party barracks; 43,300 training barracks; 4,600 Family housing units (not including RCI); and 133 child development centers.

Regarding BRAC, our budget supports 13 full closures; 8 leased facility closures; 53 realignments; and 125 new Armed Forces Reserve Centers. This critical period restations one-third of the Army by end of FY 2011, impacts 380,000 Soldiers and Family members, and affects 304 installations or locations.

In closing, MILCON and BRAC will enable the Army to continue to fight this long war, prepare for future contingencies, and bring ourselves back in balance. It is important to remember that today's actions impact tomorrow's force. And today's actions must include our four imperatives – sustain, prepare, reset, and transform. Each of these imperatives requires resources on time and in the amounts needed to meet the mission, and each of these imperatives can be accomplished with full and timely funding of our FY 2009 MILCON and BRAC requests.

The Secretary and I are greatly encouraged by the recent actions of the Congress, the President, and the Secretary of Defense which reflect clear recognition of our challenges following over six years of war. With the remainder of the FY 2008 supplemental, this FY 2009 budget, and the FY 2009 supplemental, we will be able to continue on the road to progress. We look forward to working with you to maintain our Army -- still the best in the world at what we do.

Mr. EDWARDS. Chief, thank you. Again, I just reiterate on BRAC, I think this subcommittee has been out front for a long time, and I appreciate Mr. Wamp's work on this. It has been a bipartisan effort to push that funding.

I want to get in a round two and round three on some specific MILCON questions. But I want to basically understand the context in which we are working. While we do a lot of construction funding because the training facilities from division headquarters to gate headquarters and other factors like that, we do focus, as I mentioned earlier, on quality of life, as you know.

STRESS

Tell me, you say the Army is not broken or hollow, just out of balance. Clearly, you talked about the stress, and we are all aware generally of the stress that has been put on our soldiers and their spouses and children as a result of this incredible op tempo they are facing in Iraq and Afghanistan. As the chief, what factors do you look at to determine just how stressed the Army soldier and his or her family is? Is it divorce rates? Is it child abuse? Is it suicide rates? Is it a combination? Would you give me the criteria that you use and then tell me what are those. And if you need to follow up with more data later in writing, that is okay.

General CASEY. Sure.

Mr. EDWARDS. Tell me what they are telling you.

General CASEY. First, I will tell you there is no one thing. We track probably 35 to 50 different indicators from all across the force.

Mr. EDWARDS. On stress?

General CASEY. On stress on the soldiers and families. We measure it monthly. But I will tell you, that has to be combined with direct contact with soldiers and families. My wife and I do an awful lot of getting out and talking to them, and listening to the leaders that are out there with the soldiers and families every day. A lot of times I hear, well, you know, the anecdotal things I get from soldiers and families aren't matched by the data. For example, our retention rates are through the roof. It is going exactly the opposite direction than you would have thought it is.

What are the key indicators of a force that is stressed? Interestingly, divorce rates are fairly stable. We had a spike in 2004, but they have been relatively stable ever since. The only element of the force that is kind of above the norm right now are female officers and female soldiers. Their divorce rates are slightly higher than the norm.

Desertions are up. AWOLs are up. Again, it is an upward trend. It is not at the point where we are overly concerned about it, but it is an indicator. Enrollment in alcohol counseling is up. Now, that is an indicator of stress, but it is also a positive thing in that the soldiers are getting the help that they need. Drugs are relatively stable to down, especially in-theater. There is not a drug problem that we see in-theater.

As I said, there is a whole range of issues. Recruiting is another thing that we look at, and we think we are going to be able to recruit about 80,000 for the next several years in the active force, and it is a very difficult recruiting environment. In 2007, 297,000

men and women enlisted or reenlisted in the Army, Guard and Reserve. Now, that is a heck of a lot of patriots. They are doing that in a time that they know that they are going to go to combat. That says an awful lot about the young men and women of the Army.

So it is something that we watch very carefully and very closely, and we supplement it with discussions and anecdotes with people.

Mr. EDWARDS. I have heard anecdotally from majors and captains that in their subjective judgment, we are losing some of the best and brightest of our young officers, particularly at the major and captain level. I know that requires subjective judgment, but based on combat—and I would assume combat experience would be critical to the kind of officer you want to retain—are there any numbers there that suggest that we are either doing well or we are hurting?

General CASEY. The numbers suggest that we are pretty steady. It is interesting. I had the Center for Military History take a look at the captains losses, which compared 1966 to 1970 during Vietnam, with 2001 to 2007. What you see is, it starts off about the same. It is around 12 percent is the norm. In 1967 when we started involuntary second tours in Vietnam, it goes like that—the Vietnam line goes like that or stays fairly steady. So we have not seen a great protubation in the losses of our young leaders.

Now, that said, we have just sent a team under a brigadier general to talk to all these brigades coming back from 15-month deployments. Three things, and none of them surprising: 15-month deployments are too long, especially when it is the second or third deployment. The effects of these deployments are cumulative.

Second, 12 months home after a 15-month deployment is too short. And the third thing they say is you have to show us some daylight. You have to show us that we are going to get a little more time at home, or we are not going to be doing this ad infinitum. And so we are working very hard on that.

Mr. EDWARDS. Thank you, chief.

Mr. Wamp.

RESTORING BALANCE

Mr. WAMP. Secretary Eastin, when General Casey said rebalance the Army, the first question is, is the Defense Department completely committed to General Casey's plan to rebalance the Army?

And then for you, General Casey, how will we know when it is in balance? Is there anything new in this year's budget request that is needed to get the Army back in balance, either in the future or this year?

Mr. EASTIN. From an installations perspective, OSD has been very supportive of us in what we need, as has the committee, and we thank you for that. Without you, we just couldn't do this. I look at it with another facet, that we are an all-volunteer force and we are in the market competing for these soldiers every day, whether it be enlisting them in the first place or retaining them, because industry offers opportunities for them that are similar to ours. If they can go out and get a house and a job, and live better with their families, have a better quality of life than we have, it is not going to be long before that is felt in our ability to retain people or to get them in the first place.

So it all goes to our installations. This is where their home is. It is where they live, where they raise their families, where the church and school is, where they deploy from and train. This is really their life, so what we put together here helps us compete in the marketplace, not only supporting our soldiers, but getting them to stay in.

General CASEY. I would say I have had great support from Defense, particularly the Secretary of Defense. There is clear recognition. We see the state of the force about the same, and so I have had great support from them.

What does it look like when we are back in balance? First of all, we are back on a sustainable deployment-to-dwell ratio. Right now, we actually are spending more time in-theater than we are spending at home—15 months in-theater, 12 months at home. That is not sustainable. We want to get over the next couple of years to a point where we are about double the time at home from the time in the field.

Now, that is not sustainable over the long haul. We would like to get to a one-out, three-back, and that we can sustain indefinitely. As I said, we are building an expeditionary force. To sustain an expeditionary profile, you need to get to about a one-to-three ratio. So at least a one-to-two—that is part of the balance.

Second, we want to complete our modular reorganization. I think you know that over the past several years we have been converting the entire Army into modular organizations that are tailorable and that can deploy rapidly. I have seen the power of these organizations on the streets of Iraq. I am telling you, they are the right way to go for the 21st century.

We are about 70 percent of the way through that already, and that has huge basing considerations, as you mentioned some of that, Mr. Chairman, in your opening statement. The old brigade headquarters used to have about 70 people in it. The new ones have double that, so you need a bigger headquarters just to put the guys in.

We are on track to complete that by 2011. That is when we are looking to get ourselves back in balance. We have also been rebalancing capabilities inside the Army, taking Cold War skills like artillery and air defense, and converting them into skills more relevant in the 21st century. There are about 120,000 folks that are changing roles. We will get that done by 2011.

And lastly, completing our BRAC moves by September 15, 2011. When we get all that done and the dust settles, we will kind of look and see where everybody wound up, but that will be done. So that is an Army that is back in balance and ready for whatever comes next.

Mr. WAMP. Is anything not in this budget you need?

General CASEY. Between this budget request, the balance of the 2008 and the 2009 it is coming.

TRAINING FACILITIES

Mr. WAMP. One other question on this round, Mr. Chairman, and that is on this issue of the persistent conflict and asymmetrical warfare which you speak to very eloquently in your testimony. Most of this is Mr. Murtha's committee, Mr. Dicks's committee, but

from a facilities standpoint, what are the future needs for training your troops for these threats and persistent conflicts and asymmetrical warfare?

General CASEY. This doctrine talks about how to conduct full-spectrum warfare in a 21st century environment. We have had several sessions in the last 2 months about how we reconfigure our training facilities to train for full-spectrum operations. We have a pretty good program for irregular warfare now, and we need to adapt that so that we can do major conventional operations full-spectrum. That will involve some significant costs, I believe, but we are still in the process of developing it.

The other thing we have to do is get smarter at how we use our home station training facilities, because you don't want to take these guys who have just come back from 15 months and then shoot them out to Fort Irwin for a month or two. You want to do as much as you can at home station. So we are part of the way through that. That will come right out of this.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. Mr. Farr.

QUALITY OF LIFE ISSUES

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

I want to thank you, General Casey and Secretary Eastin, for your public service. It is really a delight to have you come before the Congress and be part of this incredible team that makes up American democracy.

I couldn't help but think in your remarks that this committee has a lot to do with recruitment and retention.

General CASEY. It sure does.

Mr. FARR. We are dealing with the quality of life. I would argue that what you have done in the RCI project on housing cannot be matched in the private sector. I don't know of any private sector job that can offer housing to their employees like the Army can. That housing on the Monterey peninsula is worth $1 million a house, and it is the only housing on the Monterey peninsula that has neighborhood centers, child care centers. There is no other private development that has incredible modern neighborhoods and city center growth.

I think that the Department of Defense is way ahead of the private sector on that. I would argue that your access for young people to health facilities, to medical care, often is way above the private sector's. The salary may not be the same, but the benefits are better. I think that we ought to try to promote those more for families, that you ought not leave or think about leaving and thinking that the grass is greener. I know my daughter is trying to buy a house, and there is no way that she could; but, if she were in the military, she could get some really nice quarters.

CONSTRUCTION INFLATION ON MILITARY CONSTRUCTION

I wanted to ask, because there are some budget implications, in Grow-the-Army, is there an impact on the MILCON projects in the FYDP? It seems like it hasn't been addressed within the FYDP.

General CASEY. Again, between the BRAC, global re-basing and the money we have received for the growth, we believe we are

going to be fairly well settled by 2011. The money is in fact there. I am sure there are odds and ends that aren't there, but we are in pretty good shape.

Mr. FARR. Here is what is happening on the ground. The explosion in student population at the Defense Language Institute and at the Naval Postgraduate School, and the fact is that there are more families, so you have increased military dependent health care needs. We are working with all the communities and the VA to address that issue.

But the first thing we are finding is that the increased construction costs are now requiring that the project be built down—just shrink them—to stay within budget. Is that the way we are going to handle this higher cost of construction and higher cost of steel and cement and so on, and just shrink buildings that are now not meeting the purpose for which they are intended, and not meeting their design criteria? We are growing the people, but shrinking the buildings because of construction costs?

Mr. EASTIN. In order to continue, we would like to stay within our budget for construction costs. Inflation, as you know, is a factor. We see it moderating a bit right now.

Mr. FARR. We adjust for fuel prices. Shouldn't we adjust for those costs, too—for construction costs? We are always coming in here and giving supplemental money for all the fuel costs for the Air Force and for the Defense Department. Perhaps we ought to think about that, rather than just building down.

Mr. EASTIN. Congressman, I don't think this is a problem throughout the Army. It may be specific to DLI. But throughout the Army, we have found pockets of problems like that, but nothing overall that we can't engineer around without doing any drastic reductions.

Mr. FARR. I would be interested in hearing how we might address that out in California.

[CLERK'S NOTE.—The Army did not provide Congressman Farr with a response.]

COMMUNITY-BASED OUTPATIENT CLINIC AT FORMER FORT ORD

Secretary Eastin, you talked about sustaining the Army and the commitment to soldiers and their families. I am working with the DLI and the Naval Postgraduate School, and the whole military community out there, and the VA, to build a community-based outpatient clinic, a CBOC. The Army Presidio and the VA at Palo Alto have signed a memorandum of understanding this last July to construct the facility. It is my understanding the Army Medical Command Madigan intends to provide medical staff for the new clinic. I just wanted to confirm on the record that that is correct.

General CASEY. I don't know. We would have to get back with you on that.

[The information follows:]

STAFFING NEW MEDICAL CLINIC IN MONTEREY

The Veterans Affairs (VA) Palo Alto Health Care System and the Department of the Army, Western Regional Medical Command (WRMC) at Fort Lewis, Washington, have discussed collaborative initiatives to enhance the delivery of healthcare services for VA and DoD beneficiaries who reside in Monterey, California. To that end, both organizations expressed interest in exploring innovative approaches to de-

livering healthcare for the 77,300 eligible beneficiaries who live in the Monterey/ Santa Cruz area. The WRMC Command fully supports a rapid study and analysis of the Presidio of Monterey market which may lead to the planning and design of a Joint Use Clinic. WRMC would support the joint staffing of a proposed DoD-VA Outpatient Clinic in the Presidio of Monterey area.

Can I just pick up on something you said at the beginning and relate it back to what the chairman said? We get questions all the time about why are people leaving. Maybe about 12 percent of the captains might leave. The real question for all of us is why are they staying. One, they are staying because of some of the health benefits. They are staying because of some of the facilities. But primarily they are staying because they believe in the values and ideals that the country stands for, and they believe we are at war and they are making a difference, and they are defending this country. So the facilities and the amenities, it is an important part of it.

Mr. DICKS. Would you yield just on that for a brief second? How do you know that? Do you go out and really talk to them?

General CASEY. Talk to them. Right.

Mr. DICKS. And find out why they are staying in? I think that would be very interesting.

General CASEY. I do. I talk to them all the time. Now, we are doing a survey here to kind of get a little more granularity to it.

Mr. DICKS. I think that would be a good idea.

Sorry, Sam.

Mr. FARR. No, that is a good point.

Mr. EDWARDS. Mr. Bishop.

FORT BENNING, GEORGIA

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

General Casey, can you kind of talk about the Grow-the-Army initiative, which requires a corresponding increase in barracks, operations facilities, training ranges, family housing, child care, dining halls and the other facilities like hospitals. I was interested in your comments about health care. I, too, am very concerned that our warriors and their families have the best possible medical care available.

I was wondering whether or not you have or if you will add to your supplemental request for the medical health of the military, which I have a particular interest in at Fort Benning, which is being plussed-up by BRAC, and also you have returning soldiers coming there, as well as with the Grow-the-Army, because it is a training base, as well as the other training that is already there and that will be expanding.

Of course, the hospital there is the oldest hospital in the inventory, and the construction of a new hospital was moved from there to Aberdeen Proving Ground several years ago. So they are in bad straits. Can we expect a request from the Army to accelerate that at Fort Benning, as well as the other military medical facilities that are in great need of upgrading?

General CASEY. We are still working the 2009 construction budget, so I wouldn't want to comment on that right now. However, you raise a good point. There is $157 million or so allocated in BRAC for the addition to the hospital, an addition to a 50-year-old hos-

pital, and there is something to be said for getting about twice that much money and building a new hospital.

Mr. BISHOP. Exactly.

General CASEY. So that is something that we are thinking about. Before you came, we were talking about—Mr. Wamp and myself—he was born at Fort Benning Hospital. I have a sister and a son born at Fort Benning Hospital.

Mr. BISHOP. My wife was born at Fort Benning, too.

General CASEY. So there is some affinity. [Laughter.]

The other thing you mentioned, and it kind of gets to the point that I said about there is a lot going on out there, because it is not just barracks. It is not just child development centers. It is not just headquarters. We are re-basing one-third of the Army and it is all those things that you mentioned coming together in a holistic way. We have been working this very closely. The places I have been, I am very impressed with the way that communities are tying into the installations and working things like road networks and schools and things like that. But you are exactly right, it is a holistic effort here to do what we are going to do.

Mr. BISHOP. You brought a good segue in that to schools.

General CASEY. I am just trying to work with you. [Laughter.]

Mr. BISHOP. That was a good segue because we have a number of facilities across the country that will have a great need for schools during BRAC implementation, and of course the Fort Benning area is one, but there are others across the spectrum. We have to deliver because the BRAC account is not really large enough to accommodate that, and the impact aid which comes out of Education is not big enough to accommodate it. We have a tall order and we are expecting those families to start arriving in the very near future.

The communities want to be ready, and we don't want our men and women to be concerned about the quality of education that their families will be able to get. So is there anything you can tell us that will encourage us about the commitment and the impetus to try to put that additional money in and make it available? Maybe it is the economic adjustment fund?

Mr. DICKS. We have impact aid that we put in the Defense bill, Sanford. We put $35 million in last year. This year, we are requesting $50 million for impact aid. This is not Department of Education. This is in the Defense bill. So that is the place where you want to add that if we can do it.

Mr. BISHOP. Right. The $50 million is probably, if you look at all the——

Mr. DICKS. A drop in the bucket.

Mr. BISHOP [continuing]. Yes, just a drop in the bucket.

Mr. EDWARDS. That is not all construction, I don't think, is it?

Mr. BISHOP. It is not all construction, no. That is everything.

Mr. EDWARDS. I was involved when we put that in and I don't think that is construction.

Mr. BISHOP. It is not.

Mr. EDWARDS. I could be wrong.

Mr. FARR. We don't have any DoD construction dollars. We have been asking for them for years.

Mr. BISHOP. That is what I know. That is why I am prodding the chief of staff here if he would help us to try to raise the urgency of more funds to deal with these impacted communities. They are going to have a real big need, much larger than the impact aid account and much larger than the heretofore BRAC account. And we probably are going to have to try to work some kind of cooperation with all of the committees of jurisdiction to see if we can't try to address this pressing need.

General CASEY. What we have been doing——

I am sorry.

Mr. FARR. I asked the gentleman to yield.

What they need is a special bond or revenue bond that they can go out and borrow, because they have to do a lot of construction. They have to gear up in a hurry, and these are the public school systems. It is not in their state planning budget because this decision to redeploy was a federal decision. So it is an emergency issue that the school district needs, and there is no way. The impact aid goes just for the ongoing operations and replacement of property taxes.

Mr. EASTIN. There are a couple of programs available out there in terms of basically government tax-free bonds that the private sector can put together to build the schools and lease them to school districts over a 20- or 30-year period. That would not help the ultimate payment of it, but it sure spreads it out.

What we have looked at, and Congressman, we were in this meeting with various Benning area schools officials a couple of months ago, and they had needs for about $160 million. It is not all Defense, not all Army children. The real surprise for me is the disparate way that impact aid is calculated. If we go up to Carson, for example, it is $2,400 per student. If you go over to Phoenix City, it is $77 per student. Now, there is something missing here.

What we need to do in having some responsibility for our families and the children, is to get with your local people who must apply for this, and perhaps get together and figure out how to write these applications so that they are all treated fairly. Somewhere in Colorado Springs, they figured this out. We need to get down there and help you get that impact aid from the Department of Education.

Mr. EDWARDS. Members, in order of members who showed up after we began the hearing, it will be Mr. Dicks, Mr. Crenshaw, Mr. Berry and then Mr. Carter.

Mr. Dicks.

FULL SPECTRUM OPERATIONS

Mr. DICKS. I was reading about this debate within the Army about full spectrum operations. You have this colonel up at West Point who is saying the only thing the Army can do now is counterinsurgency. We are not training people to fight a conventional war. Have you entered this debate, general? Are you on one side or the other?

General CASEY. I talked about this, and this talks about full spectrum operations, about the need to be able to do anything.

Mr. DICKS. Right. But we are not training people right now to do that, are we?

General CASEY. In the short term, no, we are not. But what I have said here, as units are home for at least 18 months, they will begin doing training in major conventional operations.

Mr. DICKS. When do you think that will be? As you look at the buildup of the forces, when do you think we will start to train people in the full spectrum of warfare?

General CASEY. Just so you know, out at Fort Lewis, I Corps has just come back from Korea after they went out and practiced an exercise counterattack. So there are elements in the Army, particularly Korea and the Pacific, that are still doing full spectrum operations training.

Mr. DICKS. Good.

General CASEY. I think you are going to see as we get down the 15 brigades that have been promised in Iraq, what you will see is that the time at home will gradually increase. At the end of this year and first part of next year, you are going to see more and more units having time to re-tweak their conventional skills, and over time it will get to the point that by 2011 we will have almost as many brigades trained full spectrum as you do training to do irregular warfare. So it will be a gradual improvement.

Now, am I concerned about that? Well, yes. But I will tell you, I grew up in an Army that never had to fight, so we didn't know how to fight. These young men and women out there now, they know combat. So the skills to man a howitzer, they will come back pretty quickly. That is crew drill. They know how to target. We didn't. We had to use long exercises to figure out how you target. There are a lot of skills that are readily transferable. But that said, we will get this combat-seasoned force back in shape for full spectrum operations relatively quickly.

Mr. DICKS. You mentioned the re-set. I was really impressed out at Fort Lewis. I was just out there, and saw them doing the repair work and fixing the Strykers. They have set up their own operation right there to do that, and I didn't realize that. I thought they were going to some depot somewhere, but they are doing it right at Fort Lewis. I think that is a very valid concept if they can do it.

One idea that came up when we were out there is that maybe you need to have a center, maybe do this regionally, where you could have a facility to do the re-setting of the Stryker vehicles. So that was one idea that came up.

Another thing I just wanted to mention to you that we did out there in terms of quality of life, and this was one of the dreaded earmarks I did a couple of years ago. We created a computer training program for the youth at Fort Lewis, not just the young soldiers, but actually for the children. I went out there with General Soriano and also with General Dubik, who wrote me a wonderful letter saying this was one of the best things he had ever seen. This program trains young kids on how to use computers. I think we should do it everywhere if we can afford to.

I visited Fort Lewis, and the parents said to me this is the best thing we have ever seen; our kids have improved in school dramatically because they now have computer training. This was a very small program to get started. It was like $1 million, and you have sustained it at Fort Lewis, at least, but I don't think it is being done anywhere else that I know of in the country.

General CASEY. I don't think there is an Army program, but I think it is probably being done at other bases based on individual initiatives like yours, but it is a great program.

Mr. DICKS. When you get out there, I will show it to you.

General CASEY. I will. I walked in on my 8-year-old grandson and he was making corrections on his paper on the computer.

Mr. DICKS. We didn't have that. We used to have to take it back to the class.

General CASEY. I know. [Laughter.]

Mr. DICKS. Thank you.

Mr. EDWARDS. Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Mr. Chairman.

GUARD AND RESERVE

Thank you, general. It is great to see you again. You mentioned in those four—sustain, prepare, transform and then the reset part—I wanted to ask you about that because obviously that is very important particularly as it relates to the National Guard because I think the National Guard is being utilized a lot more than anybody ever really imagined. They have to have equipment. And then you take a place like Florida where if it hadn't been for the National Guard during, I guess it was 2004 we had some pretty severe hurricanes, and the Army National Guard was on the scene doing a great job.

So you worry about the equipment. In things that I have read, there was a time when maybe the equipment was 40 percent of what they really needed. I know we funded some of the equipment and it is back up, but even today I am told that in Florida it is probably 60 percent of what they probably need, and I know the different reasons.

But I guess my first question is, how do you decide when you sit down and say here is the money, or this is how much money we need, how do you decide where the Reserve component fits into your overall prioritization?

General CASEY. Well, to go back to your point that we are using the Guard and the Reserve in a much different way than we had planned to use them in the past. In the past, we thought of them as a strategic reserve that they would be called up and have 3 to 6 months to get ready to go, and they would all go. And so they didn't need much equipment. We would be able to fill them up in that interim period.

That is not what is happening right now, as you know. They are a much more operational force. We, in an active Army of 547,000 which is where we will be in 2010 when we have finished our growth, an Army that size will need to continue to rely on the Guard and Reserve for the future.

So to do that, they have to be equipped and trained almost to the same level as the active force. Now, we have been looking very closely at the equipment of the Guard and Reserve. As you say, Florida is about 60 percent. What we see is the Guard as a whole is about just under 80 percent of the equipment, but there is stuff deployed with their units. There is stuff deployed on other missions. So the governors have about 60 percent of the equipment.

So we established a category of equipment called dual-use equipment. I think there are 10 to 13 items that we tracked—trucks and things that can be used for a wartime mission but could also be used in the event of a natural disaster. We have put $17 billion over the next 2 years into buying equipment that the Guard needs. So that equipment will come in here to the Guard and Reserve over the next 2 years.

And you know that once you get the money, it takes you 2 years to get equipment in the hands of the unit. So that happened several years ago and we should see the deliverance here over the next several years. I think we are moving in the right direction on this, and we are committed to giving the Guard soldiers the equipment they need to succeed.

The other thing that I think you know, when they go to combat, they are going with the best stuff. We made a decision back when I was the vice chief to make sure that they had the same stuff and the new equipment first. I went out to Washington to see the 81st Brigade, and we were in the big warehouse the night they were getting it, and they were all kind of looking around going, if the active is giving us the good stuff, this must be really bad. [Laughter.]

So we are fully committed.

Mr. DICKS. You really said it. It is not just that you are saying here is a little something, for the Reserve. It is part of the Army's priorities. And it sounds like you are even talking to the states and the governors.

General CASEY. Very much so.

Mr. DICKS. Because different states have different needs, and you are taking all that into consideration. That is encouraging to hear that, that they are not kind of just getting what is left over.

General CASEY. No, we just can't get there fast enough.

Mr. CRENSHAW. Let me ask on that same, I read somewhere that we are going to give 8,000 up-armored HUMVEEs to the Iraqis. I sit on Foreign Ops of this committee as well, and we are always talking about whether we can loan them stuff, give them stuff, whatever. What goes into a decision like that? Are they too expensive to bring them back? Are they worn out? What goes into that?

General CASEY. I was on the periphery of this as it came through the department, but all those things play into it. We have equipment that is over there—to get it refurbished and bring it home, all has a cost to it. But probably the overriding consideration is the better equipment they have, the sooner they will be able to take over and do the jobs themselves. So as we worked our way through this, that seemed like the best thing to do. I think it was a good call.

Mr. CRENSHAW. And one last question, in terms of all the resets, right now we are bringing some of the troops home and we have pre-positioning that is going on, but I read somewhere we are kind of cutting back, and I don't know if we would call that a reset or a re-stock, but we have always kind of relied on the pre-positioning equipment to be somewhere and then people can come back to the U.S. and——

But if we are going to slow down the re-stocking of those pre-positioning units or equipment, does that delay in any way our effort

to some of the forward-deployed people, bringing them home? Are we still on track?

General CASEY. No, it doesn't impact on our ability to bring those folks home.

Mr. DICKS. But is that going on a little bit? Is that being slowed down? Is that an issue of money?

General CASEY. It is not being slowed down. It is all an issue of money. You only have so much to use, and in effect you spread it out. We have plans to replenish the pre-positioned stocks around the world, and I believe the timelines that we are on are appropriate.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you.

Mr. Carter.

IMPACT AID

Mr. CARTER. Thank you, Mr. Chairman.

General, I thank you for being here. I had a bunch of questions, but the question on impact aid is one I would like to go back to. The issue of construction dollars on impact aid since I have been in the Congress, and I have been trying to get construction dollars for impact aid, and I have been told no, no, and hell no.

So I want to know how you feel about that. In light of the fact that the Army is so (INAUDIBLE) today. I will use an example, and you know how upset I am about the fact that I thought we were supposed to have 49,000 troops at Fort Hood and we are only going to have 42,000, but we will actually build schools for 49,000.

General CASEY. Congressman, we are planning to have 49,000 by 2013.

Mr. CARTER. No, 49,000 civilians and troops. I don't want to get into that debate. I am not getting there. The point is that if you are a school district and you are trying to stay ahead of the game, which I will say that Killeen and Copisco School Districts have done, they are ahead of the game, had the schools in place when the troops got there. You have to go to your people and you have to get a bond issue passed, and you have to build that school, and you have to build it in record time most of the time.

Now, they need some help on that. That puts such a burden upon their taxpayers it grows and grows and grows. They know the benefits for the community so they don't complain, but if the Army then cuts back and you have schools that don't have a use, the saddest thing for a school district is to be a declining school district. Talk to Spring Branch in Houston, to where the children population have moved out of your district and now you have your major capital investments with nobody in them. You have to dispose of them and they are worthless.

The Army should not be in a position of putting these communities around there in that particular for a seesaw. I am not saying you should (INAUDIBLE) the whole plan, but there ought to be a creative package, and I will look into this suggestion that you have. I know that we have done housing creative packages both in the military and in low-income housing because I worked at this for half my life. We could come up with a package that would secure this, and I would like for us at least to start thinking about it.

That is all I want to say about that, but he is right. Impact aid is necessary for construction and we don't have it, and we need it.

[The information follows:]

IMPACT AID

Impact Aid funds are an important source of revenue for school districts that educate federally connected children. Managed by the Department of Education, Impact Aid is used by local education agencies to compensate for the loss of local property tax revenue due to the presence of tax-exempt Federal property or to offset increased expenditures due to enrollment of federally connected children.

The Army in coordination with the Department of Defense Office of Economic Adjustment and Department of Education conducted a series of installation visits to provide Impact Aid stakeholders with on-the-ground knowledge of issues surrounding mission growth, improve communications among all partners, and identify gaps/lags in capacities. In December 2007, there was a growth summit held in St. Louis, Missouri, where participants shared local growth experiences, including techniques or services that would help affected communities respond better to anticipated growth.

The Army does not build schools for its school-aged dependents; however, it shares lessons learned from communities helping themselves to find creative funding opportunities for school construction. The Army is providing projections of school-aged dependents to surrounding communities for planning required facilities. The Army will continue to work with local schools and partner organizations to find creative solutions for the often-unique school transition and education issues that mobile military dependent children face.

MORTGAGES

Now, has anybody looked into what is going on with the mortgages? Has the Army been considering this mortgage crisis that we seem to have in this country right now? Because I am concerned about our soldiers. It is bad enough. There may be some of our soldiers that purchased some of these houses that we got for them with these ARMs.

I don't know what kind of financing they used, but it is bad enough to be a guy with an ARM mortgage living in the United States right now, but to be over in the middle of a war and having mama face the possibility of foreclosure has got to be a real crisis on the family. Is the Army doing anything on the issue of the mortgages as it relates to the housing that we have so effectively created for our soldiers and we are so proud of, because we don't want these guys foreclosed on.

General CASEY. I started hearing stories about this a couple of months ago. I have asked our personnel director to see what abilities we have, or what we might do to help them out. I have not heard back yet.

Mr. CARTER. It would be great if we would start trying to put our heads together and coming up with a program specifically driven for the Army, because they have certain flexibility they could deal with, but then sometimes the (INAUDIBLE) and one of them is being deployed.

General CASEY. The other thing I have to do is try to get arms around the scope of the problem. We have anecdotal reports, but I can't really say——

Mr. CARTER. And I know there are some who say the relief act is out there and that is some relief temporarily, but it ultimately catches up with you. So I am raising that flag and I am glad that you are on top of it because that is important.

[The information follows:]

The Army is not proposing any legislation for mortgage relief; however, Senator Kerry introduced S. 2764, as an amendment to the Servicemembers Civil Relief Act, to enhance protections for servicemembers relating to mortgages and mortgage foreclosures, and for other purposes.

Mr. EDWARDS. Thank you, Mr. Carter.

HEALTH CARE

We will start round two.

Chief and Secretary Eastin, I would like to talk about health care, and just to follow up on Mr. Carter's comments, I will just say for the record that I was surprised, as was Mr. Carter, as was the local community, as were a lot of people, to find out that the end-strength for Fort Hood, which we all thought we had been told was going to be 49,000, is actually only going to be 42,000. What happened is they took 6,000 or 7,000 civilian employees that I think are already there and threw that into the mix. That was never made clear to the public, to the congressman that represents Fort Hood, Mr. Carter, the congressman who represented it for 14 years in the House——

Mr. CARTER. Would the gentleman yield for just a moment?

Mr. EDWARDS. Yes.

Mr. CARTER. I just got handed a note that said that we are now projecting maybe 45,000 or 46,000.

Mr. EDWARDS. So the numbers could be changed.

Mr. CARTER. Yes.

Mr. EDWARDS. It is not inconsequential to military construction, because if you do have a major installation that in BRAC was listed as the number one installation for potential expansion, it is not fully utilized, and that means we are spending more elsewhere. But we will follow up on the details on that.

Mr. EASTIN. Incidentally, we looked into this, where this came from, and our number is still 49,600.

Mr. EDWARDS. For soldiers?

Mr. EASTIN. Yes, soldiers. So we need to get our heads together and figure out where the heck this came from.

Mr. EDWARDS. We talked to General Cody.

Mr. CARTER. I talked to General Cody on the phone less than a week ago, 2 weeks ago.

Mr. EASTIN. We will look into this thing.

Mr. EDWARDS. If we are not careful, Congressman Dicks will take any extras out at Fort Lewis, so we have to get that resolved.

Mr. DICKS. If they need a home, we will take care of them. [Laughter.]

Mr. EDWARDS. Let me ask you, and I will stick to the 5-minute rule here in the second around, on defense health care in terms of long-term planning, it seems to me that neither the previous administration or this one has put together a long-term plan for recapitalizing the hospitals, particularly given growing the force, BRAC, and global repositioning.

You have installations such as Fort Benning that has an ancient hospital. You have Fort Riley and others where you are going to have nearly double the number of soldiers there, and yet it is in a relatively rural area so the local health care providers don't have the capacity to absorb that increased demand.

Is there a long-term capital investment plan for recapitalizing and modernizing the Army health care system? I think we may be talking about literally billions of dollars, not an earmark we can take care of, but literally $2 billion, $3 billion, $4 billion or $5 billion or more. Is there a plan on paper anywhere for the future of recapitalization and modernization of the Army hospital system?

Mr. EASTIN. The construction budget that Defense Health Affairs runs, which is not the Army, though they have some interest in it, is give or take about $350 million a year.

Mr. EDWARDS. We will never catch up at that rate.

Mr. EASTIN. Well, tell me how long it takes to get to the $4 billion or $5 billion doing it $350 million at a time. It needs I think a re-looking right now, but I don't know what it is. There is a heck of a lot of recapitalization to be done out there.

Mr. EDWARDS. It reminds me a lot of the situation a decade or so ago when this Subcommittee on Military Construction looked at the military housing situation and saw we would never dig out of the hole. We were getting deeper and deeper, and that is where this subcommittee was very involved in the RCI program.

Mr. EASTIN. The good thing about is that while the facilities are old, they are all in good shape and first-rate health care is delivered.

Mr. EDWARDS. Right. Each year, we hear from the top noncommissioned officers and for 2 or 3 years running, child care was the number one quality-of-life concern unmet need. This year, it seems like health care maybe beat out child care. So anecdotally and also listening to these great leaders, the health care issue is becoming more difficult, and we would like to work with you and the DOD health folks.

General CASEY. One-third of our hospitals are over 50 years old. One-third are between 25 years old and 50 years old, and the rest are relatively new. So you are right, and we know what we need. I think I am like Secretary Eastin, to say that there is a recapitalization plan is probably too strong.

Mr. EDWARDS. What are you going to do at Fort Riley? And I will stop with that. With such a relatively rural area and nearly doubling the number of soldiers there, how are you going to take care of the health care needs at Riley?

General CASEY. I don't know of specific plans.

Mr. EASTIN. I don't either, other than I know that Defense Health Affairs is working with our surgeon general on these very issues. I don't know the numbers specifically, but I could follow up with you on that.

[The information follows:]

HEALTH CARE NEEDS AT FORT RILEY

We recognize that the Fort Riley military community will grow beyond its current medical support capability. The Army is working closely with all stakeholders to develop both infrastructure and staffing solutions that will ensure Soldiers and family members at Fort Riley receive timely, high-quality care that meets or exceeds the Military Health System standard. Facility planning projects have been developed and are being submitted as part of the medical military construction program development. These projects include new construction as well as Sustainment, Restoration and Modernization projects that will keep the current structure operating safely and as efficiently as possible until a new facility is completed.

The biggest challenge we face is finding and retaining health care providers who either work at Irwin Army Community Hospital or join the managed care support network as a network provider in that area of Kansas. Additionally, as a result of both the continued frequency of deployments of military providers and the enhanced emphasis on staffing Wounded Warrior care organizations, military health care providers are becoming less available to assign to our military treatment facilities.

A range of options will be used to complement and enhance Fort Riley's need for additional health care providers. We are working very closely with the TRICARE Management Activity and the local medical community to address Fort Riley's medical staffing issues. As of April 9, 2008, we have contracts in place to locally hire nine additional providers and 27 providers across the Great Plains Regional Medical Command to address the health needs of Soldiers and their Families. We are reviewing manning and staffing policies to determine if more military providers can be assigned permanently to Fort Riley. We are consulting with the Managed Care Support Contractors to improve the availability of care in the network. We are meeting with local community leaders to explore potential partnerships with civilian provider groups and hospitals to make more care available locally. We will temporarily assign providers to Fort Riley until a permanent solution is found.

Mr. BISHOP. Would the chairman yield?

Mr. EDWARDS. Gladly. I know the gentleman has been very involved in defense health issues.

Mr. BISHOP. Yes. You acknowledge there is a need, but what we want you to do is to ask us and tell us. You just kind of keep pushing it off into the future and you are very indefinite about it. If you have a need and you need several billion dollars, say, hey, we need this, and then it becomes incumbent on us to try to help you get your need satisfied. But if you just sort of mumble and push it off, and say, well, it is something that we are going to look at and we will talk about later, well, we are talking about next year and the end of this year.

We are talking about these (INAUDIBLE) under BRAC. And we are talking about the return in the next couple of years of a lot of these soldiers that are deployed. Of course, their families have the needs in the communities where these bases are located. We don't get to do this but once a year, and we need you to help us.

Mr. EASTIN. I don't want to be mumbling and pushing it off, but it is under defense health care, who are the people who ask for this sort of thing. We can tell you we need these things, and it is fairly obvious that we do.

Mr. BISHOP. So you can tell them that you need it, too. So we need to talk to defense health care, is what you are saying.

Mr. EASTIN. But I am good at mumbling and putting it off. [Laughter.]

Mr. EDWARDS. Chief, any comments?

General CASEY. The issue is how fast we recapitalize the facilities because the facilities are well maintained. They are accredited by the joint commission. They are good facilities, but they are old facilities. So that is the fight that we have inside the building about when do we need a new facility and when do we need to refurbish an old one.

Mr. BISHOP. Well, sir, they have a good plan at Fort Benning, for example, but when they have to shut down the operation of a hospital for 2 days for them to repair leaky pipes and all of the water has to be shut off, and they have to have an emergency plan to deal with the 2 days that they are repairing those pipes because they are 50 years old, we have a problem. While they perform well in terms of providing the care under those circumstances, we need

something done soon to try to address that because it just doesn't make sense when we have all these people that are going to be coming there, to have to shut down the hospital for 24 hours or 36 hours to repair the water pipes.

[The information follows:]

MARTIN ARMY COMMUNITY HOSPITAL REPLACEMENT, FORT BENNING, GA

Recapitalization of Martin Army Community Hospital is a priority for the Army Medical Department and has been included in the Department of Defense Medical Military Construction (MILCON) Future Years Defense Plan for the past five years. One of the oldest hospitals in the Army medical inventory, it is representative of facilities constructed in the 1950s that now require modernization and replacement. The projected population increase at Fort Benning, as a result of the 2005 Base Realignment and Closure (BRAC)-directed relocation of the Armor School, puts a tremendous burden on that facility's capability and its infrastructure.

The Army's FY09 BRAC program includes the construction of expanded capabilities for the hospital, and plans are being developed to meet that need.

Although complete replacement at a new site is the ideal solution, funding in the DoD Medical MILCON program is limited and competes with other important priorities. This present two-phased approach is first to add to the existing medical complex structure with the President's requested FY09 BRAC funds, followed later with replacement and demolition of the original Martin Army Community Hospital using Defense Medical MILCON funding. This phased plan results in total facility replacement by 2015 or later. The construction cost for complete replacement at a new site is estimated at $505 million. If additional DoD Medical MILCON resources were made available in FY09 (including $32 million of Planning and Design funds), the currently programmed $157 million of BRAC funding could be redirected against the cost of total replacement, and a full replacement project could be under contract by June 2009. The soonest a new hospital could be operational, assuming all funds were provided in FY 2009, is 2012.

Relocating Martin Army Community Hospital to a new site is the best solution. Not only will it provide a premier facility for a critical population of Army trainees, cadre, and Family members, it will also create the opportunity to provide services to deserving veterans. Space on the campus or within the facility could be offered to the Department of Veterans Affairs to establish a Community Based Outpatient Clinic for their beneficiaries, leveraging the many capabilities that a new Martin Army Community Hospital will offer.

Mr. EDWARDS. We need a long-term plan, and we would like to work with you and the defense health folks to see if we can put one in place and then work hard to get it and find the funding, because clearly there is a need there, and we need to do that. Thank you.

Mr. Wamp.

RECRUITMENT GOALS

Mr. WAMP. General Casey, I put little stock in media accounts, especially on matters of war and peace, but USA Today wrote a piece on Monday about these conduct waivers in order to meet recruitment goals, and whether or not we are lowering standards. I want you just to speak to that issue. Are there any tools or incentives that Congress can use to help you meet recruitment goals and maintain your standards?

General CASEY. The funding that is included in the supplementals in the base program is sufficient for us to meet our recruiting needs, and we are meeting them. In this fiscal year, we are over our objectives for the year and we fully expect to meet all objectives for the Army and the Guard and the Reserves. So that is going on well.

The question of quality always comes up. We are meeting all of our quality standards, with the exception of high school diploma graduates. The standard that we want to be at is 90 percent, and we are probably in the low 80s right now and we will continue to work on that.

You mentioned the waivers. The waivers are something that we look very, very carefully at. For a soldier to get a waiver, he is looked at and his file is looked at by about 10 different people. So it is scrutinized. What we have found is that once a soldier goes through that process—and we have studies that back this up—he is more likely than a soldier without a waiver to get a valorous award, to get promoted, and they stay longer.

Now, they do have a slightly higher discipline rate, but they are good soldiers, so it is a good process and we are satisfied with the quality of young men and women that are coming into the Army.

Mr. WAMP. Good. That wasn't in the story that I read.

FISCAL ACCOUNTABILITY

Now, I will throw you a curve ball, which is just an interest I have. We have been concerned at this subcommittee—the chairman and myself and others—about the increase in funding out of this subcommittee, particularly as it goes to the VA and the accountability that follows. Actually, there are some news stories out about the lack of accountability, and frankly, misuse of credit cards and accounting, and the inspector general writes up the VA. So the VA is going to have to answer to that, and we need to do all we can to hold them more accountable.

The Pentagon, especially at a time of war, receives a whole lot of money without much accountability because we trust the men and women in uniform, and rightly so, but General Casey—37 years, a brilliant career—what can you tell this subcommittee that you think needs to be done prospectively to try to get more bang for our buck, to be more efficient, to be more accountable at the Pentagon to reduce waste?

Most of the books I read, I want to read, but I read that book 3 years ago about inside the Green Zone, and it was an ugly expose of the way we procured and spent money early in Iraq. I know we have learned a lot of lessons, but actually anybody here would be reticent to fund big increases for the military going into that theater if they had read that book and thought half of it was true. What can you say to that after 37 years of seeing this up close and personal?

General CASEY. Well, first of all, we all work very hard to be good stewards of the resources that we get from Congress and the American people. What I have seen and experienced is that as a country, as a nation, this war on terror has caused us to have to adapt the regulations and the policies and the procedures that really drove us through the decades of the Cold War. The stuff is just different.

As I in my former position, looking at trying to apply peacetime contracts regulations in a war zone, it was difficult, if not time-consuming. So we have adapted and grown over time, and we had some contact with correcting challenges that we discovered in the Army and Kuwait. We have stood up a contracting command and

put a two-star general in charge, and we organized that. But it is a long-term fix because we have to train sergeants and warrant officers and leaders to manage these huge contracts.

The other piece of it is I have watched large institutions when they are faced with incremental change tend to try to do the same thing, increasing the mission with the same number of people and resources. That doesn't always work. It usually backs up until it breaks. So we are trying to be proactive and identify where we are seeing increasing missions and getting the resources out there before there is a problem.

But with what we are doing, and as I said, we are stressed, it is a constant fight. But we all go in with the commitment that we need to be good stewards.

Mr. WAMP. General, I thought about you a minute ago when the secretary was talking about the hospitals that had been around for a long time, but were still in really good shape. So I thought of you when he said that. [Laughter.]

General CASEY. Thank you, Mr. Chairman. [Laughter.]

Mr. EDWARDS. Mr. Farr.

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

STABILITY, SECURITY, TRANSITION AND RECONSTRUCTION

General Casey, last week we had General Ward in here talking about the whole structure of setting up AFRICOM. I reminded him of General Abizaid who was here sitting in the chair many years back, indicating that from his command post and from his background and cross-cultural training and learning Arabic, that America really couldn't establish peace until America could cross the cultural divide.

I was impressed by the fact that OSD issued a directive back in 2005 called the Military Support for Stability, Security, Transition and Reconstruction. In that directive, they make stabilization and reconstruction operations a core competency equal to that of combat operations. In the QDR, it talks about the military's increased emphasis on collaborative and collective capability to plan and conduct stabilization, security and transition and reconstruction operations.

The Army's posture statement says the Army is promoting stability and supporting reconstruction. How are you implementing this directive?

General CASEY. I think this is a prime example of how we have taken that directive to heart. I mentioned this earlier in my testimony, but the core sentence in this whole document lays out the operational concept. It says Army forces combine offense, defense and stability operations simultaneously as part of an interdependent joint force to seize and retain and exploit initiatives and achieve decisive results.

Mr. FARR. How do you implement it? How do you change your training programs? What are you utilizing to do that?

General CASEY. I mentioned that earlier. This is a start point. I have just had two recent conferences about how we adapt our training centers to do that. This is already being taught in our schools at the captain level, at the major level, and at the lieutenant colonel level, because it is an education process.

Now, it is interesting. Someone mentioned the debate that is going on. I hear a lot about there is a debate going on within the Army about the old generals who want to go on fighting the Cold War and the young bucks that are coming out of Iraq and Afghanistan. I have to tell you, I don't see it. Nobody talks to me about that. You know, people understand, and most of the generals that have been there, we get it. It is in here in writing and we are moving out to implement it.

This doctrine here will cause us to change our organizations, our materiel, our training, our leader development—everything we do.

Mr. FARR. What was interesting about the AFRICOM briefing is that General Ward talked about that the new approach to security issues, including non-DOD officials in the senior chain of command—I think this is really on target. I lived overseas and learned to live as a minority in another land, learning their language and culture. It was an eye-opener because it really allows you to have a different lens from what you think the solution to the problem is.

NATIONAL GUARD EQUIPMENT

I represent Fort Hunter Liggett, which is a big Army Reserve training base. The Guard uses it a lot, too. One of the questions I keep getting from them is about the equipment readiness for the Guard and Reserve. You talked about rehabbing the equipment, but the concern there is that we are leaving an awful lot of our equipment in-theater, in Iraq and Afghanistan. I watched base closures and you left a lot of material behind in base closures that didn't make any cost-effective sense to move it to another place, and that was to the benefit of the local community. I am sure that some of this equipment needs to be left for Iraq and Afghanistan forces.

But what do you do to replenish that equipment in the shortfall? And how can that shortfall effect respond to the Guard's need, particularly whether they have enough equipment to respond to domestic emergencies.

General CASEY. A couple of things on that, Congressman. You may have some specific unit in mind, but by and large the perception that the Guard, particularly, left a lot of their equipment in Iraq and that is why they are short——

Mr. FARR. No, the Army is, not the Guard.

General CASEY. That the Army is short?

Mr. FARR. Yes. Well, don't they get a lot of used equipment from the Army, right?

General CASEY. We have really changed that. As the mission of the Guard has gone from being a strategic reserve called on when the boom goes up for the big one, and they got a lot of hand-me-downs. But now we are using them as an operational force. They are deploying right now about once every 3½ years. That is more than they can stand, too.

But we shifted our equipment strategy back in probably 2003, to ensure——

Mr. FARR. Why are they so short, then, at the local level? Why is the equipment not there?

General CASEY. Because it takes 2 years from the time we get the money from Congress until equipment is in the unit, and there is $17 billion worth of equipment in 2008 and 2009 that is going into these Guard and Reserve units. Right now, the Guard has 80 percent of their equipment, but between stuff that is deployed with their units and deployed on other missions, only about 60 percent of that equipment is available to the governors if there is a problem.

I wish I could get it there faster, but the money is there, the equipment is bought——

Mr. FARR. So you think this is a gap that is going to be—?

General CASEY. I do. I think it is going get substantially addressed here in the next 2 years.

Mr. EDWARDS. Thank you, Mr. Farr. A lot of us get those questions.

Mr. Bishop.

Mr. BISHOP. Pass.

Mr. EDWARDS. Okay.

Mr. Carter.

REDUCED TOUR LENGTHS

Mr. CARTER. We expect, I think tomorrow, an announcement on this going back to a 12-month deployment. I was wondering if you had any information about that plan and how it would affect the units that are already in-theater? Do you have any idea what that is going to do?

General CASEY. I am not exactly sure what the plans are to announce the change. However, we would say that once there is a return (INAUDIBLE) in July, that then we (INAUDIBLE). We will see how the policy is announced, but after that (INAUDIBLE) we should be able to go to 12 months, but I don't want to pre-judge anything.

Mr. CARTER. It just has been on the radio and television up here in Washington that tomorrow President Bush is going to announce that they are going back to 12-month deployments. Now, maybe that is not true. Maybe that is speculation, but that is what they said. I was just trying to figure out, we have people in transit going over right now. We have people already in the fight over there right now, and of course they want to know. Or is everybody still on 15 months? Are the new guys deployed and going in at 12 months, and the other guys staying at 15 months? I just thought you might know.

General CASEY. I would suggest to you that if that is announced, it would probably be anyone deploying after a certain date.

BASE REALIGNMENT AND CLOSURE PRIVATIZATION

Mr. CARTER. Okay. Conversations with ACSIM, Mr. Eastin, his approach led us to believe that Fort Hood would be a location for a BRAC privatization project—in fact, right here in this room. However, we see now that Fort Hood was ultimately not selected for this program. What is the basis for that decision and how much of it came from the BRAC-related recommendations? Or can you expound upon why they were ultimately not selected?

Mr. EASTIN. We put this privatization into three groups, and I believe Fort Hood is in the second group.

Mr. CARTER. I just saw the names last time we had a hearing.

Mr. EASTIN. It doesn't have anything to do with BRAC. This is just a program we are putting together. So you will be up there soon.

ARMY FOOTPRINT IN EUROPE

Mr. CARTER. One more question, if I have time, Mr. Chairman.

What are the long-term plans for the Army footprint in Europe? With the expected draw-down from Germany being reversed, are there any MILCON needs that we need to address quickly in light of the decision to extend our presence in Europe?

General CASEY. I think you know that those two brigades have been delayed, but it is a delay, it is not a halt, and we expect them to return sometime in 2012 or 2013.

Mr. CARTER. The reason I asked is, when I went over with Chairman Walsh a couple of years ago, we went and looked at needs in Europe, and there were needs, but because we were going to have draw-down in Europe, they weren't addressed. I just wondered if there is anything this committee needs to know about in Europe since those brigades are going to be there, now it looks like a couple more years.

General CASEY. I don't have any specific issues from the USAREUR commander there about what he needs, but I can tell you as a division commander there myself, I had a hard time getting money to fix my facilities because they were always going to close. I don't have anything specific——

Mr. CARTER. Thank you, Mr. Chairman.

Mr. EDWARDS. You bet. Thank you, Judge Carter.

Mr. Berry.

CHILD DEVELOPMENT CENTERS

Mr. EDWARDS. Chief, let me ask, this committee took the initiative last year to add a significant amount of money for day care centers because repeatedly, as I addressed earlier, that has been a top priority mentioned by the noncommissioned officer leaders and others as well.

Again, I know you and Secretary Geren have carved out quality—as one of the areas that you want to really make a lasting push over this last year. I see what the administration has asked for a significant increase in the number of day care centers in this budget, and I assume that came from your offices. If we build more day care centers, does the Army have the means and the manpower and the funding to open up those and to operate them? Do you have enough personnel? If we build more day care centers, can you run them?

General CASEY. It is location. We have to take a look at it. By and large, I think the answer probably would be yes, but depending on where you are and having qualified folks to run the facilities can be a challenge.

But I would just thank you for what you have done. We have had a noticeable, noticeable by families, improvement in the number of

child care facilities that are out there. I have to say we are in pretty good shape.

Mr. EDWARDS. Especially in times of such high deployment rates, there are a lot of single moms or dads back home here in the United States and they need that extra care.

General CASEY. And part of this family covenant and the money and additional resources we put against it, we have been able to waive the registration fees. It doesn't sound like much, but it makes a big difference for a young parent.

Mr. EDWARDS. Is day care funded? Do the troops get subsidized?

General CASEY. We don't subsidize the troops. We subsidize the facility. The charges are based on the amount of money the family has. We cap the lowest level at about just under $200 at the lowest level. That is the most they can pay a month.

Mr. EDWARDS. What would a sergeant pay? Do you have any idea?

General CASEY. I think they are the next level, and it probably gets around $300 a month. I better check that.

[The information follows:]

CHILD CARE FEES FOR AN E–5

The Army is committed to making child care affordable for Soldiers and their Families. Each year the Department of Defense provides guidance on child care based on total family income, not rank. Fifty percent of married E–5s, with a working spouse, pay an average of $354 for one child per month. A single E–5 with one child typically pays $295 per month, while a married E–5 with two children and a working spouse may pay as much as $830 per month, depending on the Soldier's time in grade and their combined income. Local command options to further address affordability include multiple child discounts up to 20 percent, and case-by-case fee reductions for financial hardships.

Mr. EDWARDS. Okay. Let me also ask, do you know, or could you tell us your best estimate of when all the global force BCTs will have been stood up?

General CASEY. In fiscal year 2011.

Mr. EDWARDS. In fiscal year 2011.

General CASEY. That is when we are planning to be done. And that is a big component of getting us back in balance, because that will give us a total of 48 brigades for a total increase of 74,000 soldiers and that is a pretty potent force.

KOREA

Mr. EDWARDS. Okay. And one last comment to you, chief and Secretary Eastin, let us know if we can work with you vis-a-vis Korea. We had General Bell in recently and we had a long discussion about the problems of housing in Korea. It is not a new story. We were aware of that before General Bell came. But it has just bothered me for several years about the policy. We made the decision about not investing more resources in the Republic of Korea, and only 10 percent of our married soldiers are accompanied there.

I do understand in the years when we were at small and remote outposts, and within the range of artillery in the DMZ area, it might not have made sense bringing families. But as we are consolidating farther away from the DMZ, especially given some of these soldiers who may have just come back from a second deployment in Iraq, and they get sent to Korea, it just seems to me that

more than 10 percent of them ought to have the right to have their families accompany them.

We asked General Bell, what would be your best estimate? If we had all the facilities—education and housing there—what percent would want to bring their families to Korea? He estimated 70 percent. So if that is approximately correct, by policy, by lack of investment in housing and quality of life in the Republic of Korea, we are basically forcing 60 percent of the married soldiers going to Korea to live apart from their families. That just doesn't seem right to me.

I know this isn't easily solved, but it has been something that has been around for a long time, and any thoughts you have about what we can do now, today, or in the months ahead, we would sure like to work with you on it.

Mr. EASTIN. We have $125 million in MILCON to build basically 216 units. That is give or take, 9 percent or 10 percent of what we need there. We are working on a program now.

Mr. EDWARDS. When you say 9 percent or 10 percent of what we need, does that assume what percent would be accompanied?

Mr. EASTIN. General Bell had asked us for 2,400 units to solve his immediate needs.

Mr. EDWARDS. What percent of accompanied families would that have assumed? Any idea?

Mr. EASTIN. I think that is somewhere in the 60 percent range as planned, because at one time he talked about 2,800 and then 4,000—the numbers move. Some of our families live off-post right now by choice. They are not accompanied tours, but they are living in Korea.

But our goal at Humphreys is right now to build about 2,400 additional units. What we are trying to do is encourage the private sector to do that for us, and we would then support them with overseas housing allowance. We have I think a fairly decent response. We had a forum over there 6 weeks or so ago. It was attended by 550 people, all of whom, I might add, stayed after my speech, so it couldn't have been that bad. [Laughter.]

But there is a tremendous amount of interest and a tremendous amount of interest of the financial community, which is how this transaction is going to be made. You can't build $1 billion worth of construction if you don't have the $1 billion. With that kind of money out there, we have gotten an exceptionally large amount of interest in this. We intend to go out with a request for proposals probably in mid-May. We will know at that time where we stand, but it would be my goal to get this thing awarded, sometime either late in this fiscal year or early next fiscal year. But it will be a different way of doing things over there.

Mr. EDWARDS. Thank you for your efforts, and let's continue working together on this.

Mr. Wamp.

Mr. WAMP. Mr. Chairman, I have no more questions.

Mr. EDWARDS. Okay.

Mr. Farr.

Mr. FARR. I have one suggestion and observation and then one question.

SECURITY, STABILITY, TRANSITION AND RECONSTRUCTION

I really appreciate your response to that last line of questions about this stabilization and reconstruction training. The Naval Postgraduate School has created the first course in the United States. The Navy is following the Army's lead in creating foreign area officers, and is doing that training at the Naval Postgraduate School now, because of the DLI, the Defense Language Institute which the Army operates.

What is evolving in the military community there is this whole new curriculum and training. I just urge you sometime to take a look at all this. It is really coming together. It all starts somewhere. The curriculum, it has been testing it for several years now. NPS also has a Center for Stabilization and Reconstruction studies, and a lot of peace operations gaming takes place.

The Navy has sent several officers to get master's degrees in that area. One of the complaints has been—and you might want to look into this—is that there is no MOS. When they come out with these new skills, where do you take them to? The jobs for those skills haven't yet been defined. I think there needs to be some work on that. In order to get people really desirous to get the training, they are going to want to know, hey, what is the way to get there and where am I going.

There is a lot of desire. In fact, I found talking to soldiers coming back from Iraq, this is one thing they really got engaged in. They have been studying the cultures and living among them, and they are really fascinated in learning more about how to do civil affairs, and to try to prevent conflicts. And I have a bill that just passed the House and is pending in the Senate. General Petraeus even urged support for it. It is called the Reconstruction and Stabilization Civilan Management Act of 2008, for setting up what you do in Special Ops to set up in the State Department and the USAID a reservist/civilian corps of people who are specialists in languages and area studies and civil society skills who can go in and do the ounce of prevention in failed states, rather than have to rely on calling up the Defense Department when, maybe, diplomacy would have worked.

So I just encourage you to look into that.

CACTF

My question is more specific, and I don't know if you have the answer, but maybe you can get it for me. My staff noted that in the MILCON budget, there is a new training facility that is listed in both the National Guard's budget and also in the Army Reserve. The Army Reserve has Fort Hunter Liggett, and next door—well 30 miles away—is Camp Roberts. The question is, is this going to be built at Camp Roberts or is it going to be built at Fort Hunter Liggett?

General CASEY. You got me on that one.

Mr. FARR. Well, it is in both budgets.

[The information follows:]

ARMY RESERVE TRAINING FACILITY

The Army Reserve project is no longer valid. The Army Reserve Combined Arms Collective Training Facility (CACTF) project at Fort Hunter Liggett, California, was

programmed for fiscal year 2012. However, the Army removed that project due to a duplicate CACTF project at Camp Roberts, California, programmed by the Army National Guard for fiscal year 2011. Camp Roberts is considered a better training location for this project than Fort Hunter Liggett.

Mr. EDWARDS. I was proud to know it was going to be in California. [Laughter.]

General CASEY. We will get you the answer on that.

Mr. FARR. Thank you very much. I really appreciate your testimony today.

Mr. EDWARDS. Thank you.

Mr. Bishop.

Mr. BISHOP. No, sir.

Mr. EDWARDS. If not, General Casey, Secretary Eastin, thank you for being here today, for your testimony, and for your life-long service to the Army and our country.

Question. No. 17 You indicated in your testimony that more training will be done at home stations in the future. How will this impact the use of Army training centers such as those at Fort Irwin and Fort Polk?

Answer. The Combat Training Centers (CTCs) are the core of the Army's collective training strategy and have dedicated resources beyond those available at home station training sites. The Army's objective is to provide units the ability to train rigorously at home station and prepare for their high fidelity training events at the CTC.

The CTCs have the capability to meet the high level of use for essential training requirements of deploying units. However, as the Army grows to 76 Brigade Combat Teams (BCTs), the CTC structure, in its current state, will not be able to support all training events envisioned in Objective Army Force Generation (ARFORGEN) training strategies. Accordingly, the Army plans to add CTC capacity in the FYI 10–15 programmed objective memorandum and will work to resource additional requirements.

Army leadership has approved several initiatives designed to ensure the CTCs can support ARFORGEN and the transformed, modular Army. These initiatives include establishing overseas- and stateside-based Exportable Training Capability (ETC). The ETC moves to a designated training site, in accordance with the ARFORGEN Training Synchronization Schedule, and provides training support in accordance with the CTC methodology to increase readiness.

With 76 BCTs, the Army's annual CTC requirement will be 40–41 rotations. The current CTC capability of 33–36 annual rotations depends on establishing ETC capability in the Continental United States (CONUS) and at the Joint Multinational Readiness Center, Germany, by FY10; the Army is currently assessing whether to establish a second CONUS ETC in FY12

[CLERK'S NOTE.—End of questions for the record submitted by Chairman Edwards.]

[CLERK'S NOTE.—Questions for the record submitted by Chairman Edwards.]

ARMY MEDICAL ACTION PLAN (AMAP) AND THE SOLDIER FAMILY ASSISTANCE PLAN (SFAP)

Question No. 1. The Army has estimated a total MILCON requirement of approximately $1.4 billion to implement the Army Medical Action Plan/Soldier Family Assistance Plan. The fiscal year 2008 supplemental request includes $138 million for AMAP/SFAP, but I understand that none of the remaining funds have been programmed into the FYDP. Will Army program these funds into future regular budget requests, or do you intend to rely on supplemental appropriations beyond FY08?

Answer. The Army has initiated both the Army Medical Action Plan (AMAP) and the Soldier Family Assistance Plan (SFAP) specifically in response to the current conflict and operational tempo. The programs are designed to alleviate stress for our Soldiers, Wounded Warriors, and their Families. As many of these requirements are related to the Global War on Terror, the Army has requested supplemental funding in the past to support these programs. The Army submitted the remainder of the AMAP construction requirements to the Office of the Secretary of Defense for FY09 supplemental funding. While it is the Army's intent to put as much as possible in

the base funding, decisions regarding base vs. supplemental funding requests for AMAP and SFAP are pending for FY10 and beyond.

THE ARMY DID NOT RESPOND TO QUESTION NO. 2

THE ARMY DID NOT RESPOND TO QUESTION NO. 3.

THE ARMY DID NOT RESPOND TO QUESTION NO. 4.

GROW-THE-ARMY STATIONING PLAN/INTEGRATED GLOBAL POSTURE AND BASING STRATEGY

Question No. 5. Why does the Army need to transfer the positions from the converted IBCT at Fort Stewart to stand up the second HBCT in Germany? Why can't Army stand up the second HBCT using existing positions in Germany?

Answer. Some of the Soldiers currently assigned to the converting Heavy Brigade Combat Team (HBCT) at Fort Stewart will be assigned to the Germany-based HBCT, based on military occupational specialty. While there are obvious differences in personnel requirements between a HBCT and an Infantry Brigade Combat Team (IBCT), there are also many common requirements i.e., infantrymen, wheeled vehicle mechanics, supply, and administrative personnel. Those personnel common to both organizations (who are ineligible to execute a permanent change of station (PCS)) will remain with the BCT as it converts. Those HBCT Soldiers not required in the IBCT (i.e., armored crewman) who are also ineligible to PCS will migrate to one of the two HBCTs remaining at Fort Stewart. Those Soldiers eligible for PCS will be assigned to Fort Stewart based on the needs of the Army. The Germany-based HBCT will retain its existing personnel and will continue to receive replacement personnel under the individual replacement system.

THE ARMY DID NOT RESPOND TO QUESTION NO. 6

Question No. 7. What is the estimated date for a record of decision on the environmental impact statements that are required for the final restationing of the two temporary HBCTs in Germany at Fort Bliss/White Sands?

Answer. The Record of Decision for the Environmental Impact Statement to support final restationing of a Heavy Brigade Combat Team (HBCT) to Fort Bliss is tentatively scheduled for November 2009, and the Record of Decision for the Environmental Impact Statement for restationing of a HBCT to White Sands is tentatively scheduled for May 2009.

Question No. 8. One of the six BCTs to be formed under the GTA Stationing Plan derives from cancelling the inactivation of the 43rd BCT at Fort Carson. Prior to GTA, when did the Army expect to inactivate this BCT? What is the impact of this decision on the MILCON program at Fort Carson? Were 43rd BCT facilities initially designated to receive another unit after inactivation?

Answer. In December 2006, the Office of the Secretary of Defense directed the Army to reduce one active component Brigade Combat Team (BCT) and grow to a total of 42 active component BCTs in the program vice 43 as planned. Originally, the 43rd BCT was scheduled to activate in FY07. Due to the increasing demand and persistent shortfalls for BCTs in FY07, the Army delayed the decision to identify the brigade and location affected by the reduction; hence no facilities were earmarked for transfer to another organization. In January 2007, the President approved the growth of six additional BCTs in the active component as part of the Grow the Army plan. The 4th Brigade, 4th Infantry Division was designated as the 43rd BCT and earmarked as the first of the six additional BCTs under that plan. This decision had no adverse impact on Fort Carson facilities.

Question No. 9. When does Army expect to make a decision regarding the last 3,500 of the 12,500 soldiers to be relocated from Korea?

Answer. President Bush and South Korean President Lee Myung-bak agreed to a pause in the drawdown of U.S. troops from Korea during their April 2008, meeting at Camp David. Approximately 28,000 U.S. troops will remain in Korea for the foreseeable future.

BARRACKS PRIVATIZATION

Question No. 10. How many "groups" of installations are under consideration for barracks privatization, which installations are in each group, and what is the stage or status of planning and execution for each group?

Answer. Barracks are constructed, modernized, operated, and maintained under traditional appropriated-fund programs. However, the Army does have five unaccompanied personnel housing privatization projects, which were designed after the Residential Communities Initiative (RCI) Family housing privatization program. These projects provide apartments for single senior Soldiers at locations where adequate or affordable off-post accommodations are not available and consist of unaccompanied senior enlisted quarters and unaccompanied officer quarters at five sites for staff sergeants and above. The five sites are Fort Irwin, California; Fort Drum, New York; Fort Stewart, Georgia; Fort Bragg, North Carolina; and Fort Bliss, Texas. Each of the five projects was made a part of the respective installation's RCI Family housing project, and did not require any additional government contribution.

The Fort Irwin privatization project agreement closed (i.e., went to financial settlement) in March 2004, and 125 accommodations were transferred to the RCI project. These accommodations will be replaced by 200 one-bedroom apartments. The Fort Drum project agreement closed in July 2007, and will build 192 one- and two-bedroom apartments. The Fort Bragg project agreement closed in December 2007, and will build 312 one- and two-bedroom apartments. The Fort Stewart project agreement closed in January 2008, and will build 334 one- and two-bedroom apartments. The Fort Bliss project agreement will close in 2008, and include 358 one- and two-bedroom apartments.

MODULARITY

Question No. 11. What is the estimated outstanding MILCON cost for the Army's transformation to modular units of action, excluding those costs already included in the BRAC/IGPBS and GT A programs? How many additional brigade complexes need to be constructed at what locations, and in what year of the FYDP are these complexes programmed?

Answer. Currently, the Army has requested and programmed $8 billion for Military Construction in Fiscal Years 2009–2013, to support Army transformation. This includes funding for Military Construction, Army; Military Construction, Army Reserve; Military Construction, National Guard; and Army Family Housing.

There are eight additional brigade complexes that are programmed in the Future Years Defense Plan (FYDP). Years and locations of construction are:

Fiscal year 2010—Fort Stewart, Georgia;

Fiscal year 2011—Fort Richardson, Alaska; Fort Campbell, Kentucky; and Fort Drum, New York;

Fiscal year 2012—Schofield Barracks, Hawaii and Fort Bliss, Texas;

Fiscal year 2013—Fort Wainwright, Alaska and Fort Lewis, Washington.

IMPACT OF GROW THE ARMY ON FAMILY HOUSING

Question No. 12. How many additional dependents are expected due to Grow the Army? Please provide a breakout by each GTA location.

Answer. The accompanying table represents the dependent increases expected at Grow the Army (GTA) locations.

State	Installation	GTA strength change *	GTA End State dependent increases
Alaska	Fort Richardson	613	932
Alaska	Fort Wainwright	229	348
Colorado	Fort Carson	4,877	7,413
Georgia	Fort Benning	45	68
Georgia	Fort Gordon	192	292
Georgia	Fort Stewart/Hunter AAF	3,899	5,926
Hawaii	Schofield Barracks/Wheeler AAF	1,058	1,608
Kansas	Fort Leavenworth	274	416
Kansas	Fort Riley	1,315	1,999
Kentucky	Fort Campbell	748	1,137
Kentucky	Fort Knox	546	830
Louisiana	Fort Polk	1,283	1,950
New Mexico	White Sands Missile Range	191	290
New York	Fort Drum	900	1,368

State	Installation	GTA strength change *	GTA End State dependent increases
North Carolina	Fort Bragg	1,405	2,136
Texas	Fort Bliss	9,227	14,025
Texas	Fort Hood	3,273	4,975
Texas	Fort Sam Houston	60	91
Virginia	Fort Lee	179	272
Washington	Fort Lewis	1,878	2,855

*Dependent increases are based on the GTA population increases published in the GTA Stationing Plan, 19 December 2007. Dependent population was calculated using the DoD ratio of 1.52 (includes spouses and children).

Question No. 13. How many additional family housing units will be needed for GTA, including both government-owned quarters and units built through RCI? Please provide a breakout by each GTA location.

Answer. The Army works continuously with its Residential Communities Initiative (RCI) partners and the local community to ensure that adequate housing is available for Soldiers and Families. All of the Army's deficit housing requirements in the United States are at installations that have privatized Family housing.

The Army relies on the "community first" principle with approximately two-thirds of Army Families living off-post. Installations with gaining populations work with local communities to ensure development plans factor in Army growth. On-post housing is relied upon to meet mission requirements, shortfalls in available community housing stocks, or to maintain a viable military community.

In support of Grow the Army, Congress approved $266 million in fiscal year (FY) 2008 Army Family Housing Construction (AFHC) to pay for government equity contributions for additional housing at Fort Bliss, Texas (214 units); Fort Bragg, North Carolina (446 units); Fort Carson, Colorado (570 units); and Fort Lewis, Washington (520 units).

The Army has requested $333.8 million in FY09 AFHC to pay government equity contributions for additional housing at Fort Bliss, Texas (763 units); Fort Carson, Colorado (530 units); and Fort Stewart, Georgia (932 units).

The Army plans to program additional funds in FY10 if updated housing market analyses identify community housing shortfalls at other gaining installations.

Temporary Facilities and Interim Capacity

Question No. 14. Army has indicated its intent to use additional temporary facilities for GTA. Current data shows that Army has an inventory of over 10.2 million square feet of temporary facilities. Of this inventory, 73 percent is currently programmed for replacement with permanent construction. Of the remaining 27 percent, how much does Army need to replace with permanent construction, and when will Army fund and complete such construction?

Answer. The Army uses relocatable buildings as a last resort. When no other solutions are available, relocatable buildings provide urgently needed temporary facilities to meet peak surge missions or pending completion of regularly programmed Military Construction (MILCON) projects.

The Army is programming MILCON projects to construct permanent facilities to replace the approximately 10 million square feet of existing relocatable building inventory. Seventy-three percent of existing relocatables currently have permanent facility projects prioritized in the 2009–2013 Future Years Defense Program (FYDP). We will program projects for the remaining relocatables that require permanent facilities during the FY 2010–2015 MILCON program development.

Question No. 15. Army has also indicated that a "facility gap", representing the difference in combined interim square footage capacity and the permanent facilities requirement, through at least FY14. When does Army expect to have the entire permanent facility requirement funded and in place?

Answer. Currently, the Army is assessing the permanent construction program requirements for fiscal year 2014 and beyond and will strive to replace its combined interim square footage capacity with permanent facilities as soon as possible. A portion of the interim capacity will not receive permanent replacement projects because they serve temporary mission requirements.

Range and Training Land Strategy

Question No. 16. Has Army updated its 2004 estimate of the shortfall in range and training land to account for GTA? If so, what is the current estimated shortfall?

Answer. Yes, the Army considered training land shortfalls at all Grow-the-Army (GTA) candidate locations. Training land was actually one of the four optimized capabilities that the Army used to determine the GTA Infantry Brigade Combat Team (IBCT) stationing locations. The Army Range and Training Land Strategy is currently being updated to reflect all GTA growth. The Army anticipates that an updated Range and Training Land Strategy will be released in September 2008.

[CLERK'S NOTE.—Questions for the record submitted by Congressman Wamp.]

GROW-THE-ARMY (GTA)

Question No. 1. The Grow the Army allows for an increase of 74,200 in Army end-strength across Active, Guard, and Reserve components. The Army will grow Infantry Brigade Combat Teams (IBCT), Support Brigades, Combat Support, and Combat Service Support Units.

I understand that the permanent end-strength increase of 65,000 for the Army may be met by 2010. What kind of impact is this having on current training facilities, support, and housing? What is the Army doing to address those issues?

Answer. The Army held a growth summit in December 2007 to discuss experiences, techniques and services to help affected installations and communities better respond to anticipated growth. Army quality of life requirements have been programmed into the Military Construction (MILCON) program in the President's Budget for Fiscal Year 2009–2013. MILCON projects are underway, to include: installation and community based child development centers to achieve 80% of anticipated childcare demand; Army-wide construction and renovation of support facilities; and privatization efforts for 89,295 homes by FY10.

Question No. 2. With the additional troops, how many new Infantry Brigade Combat Teams, and related brigade complexes and support facilities have been added to the force? How many new IBCTs will you have when you meet your end-strength numbers? When do you project to have all MILCON and Housing Construction completed to support these new Brigade Combat Teams?

Answer. The Army will have two new Infantry Brigade Combat Teams (BCTs) to meets its end strength numbers at the end of FY10. The four additional Infantry BCTs will be operational by the end of FY11. The Army FY09 Military Construction Budget request was built to synchronize delivery of permanent construction for four BCTs on a timeline that meets the effective date for activation of all six Grow the Army BCTs. As part of its plan, the Army is using temporary facilities at Fort Bliss, Texas through FY14 to accommodate troops returning from Europe.

SUSTAINMENT

Question No. 3. You say that first and foremost, Soldiers, Families, and Civilians have to be sustained, as they are the heart and soul of the Army. I couldn't agree with you more. At the core of this, are two programs that have been developed: one is the Army Soldier and Family Action Plan, and the second is the Army Medical Plan.

Please talk to the Committee about each of these initiatives. How were they developed? What kind of feedback are you getting on these?

Answer. The Soldier and Family Action Plan (SFAP) is the cornerstone of one of seven Army initiatives designed to examine, analyze, and develop processes to better support the All-Volunteer Force.

The SFAP identifies and monitors progress in five focus areas: (1) standardizing and funding existing Family programs and services; (2) increasing accessibility and quality of health care; (3) improving Soldier and Family housing; (4) ensuring excellence in schools, youth services, and child care; and (5) expanding education and employment opportunities for Family members.

The Army Medical Action Plan (AMAP) is the Army's initiative to establish an integrated and comprehensive continuum of care and services for Warriors and their Families. The purpose is to provide world-class care to Warriors and their Families that match the quality of the service they provide to the Nation. There are nearly 2,700 individuals assigned or attached as cadre to the 35 Warrior Transition Units (WTUs) that have been established at installations Army-wide and are caring for 10,000 Warriors in Transition (WTs). The cadre are trained specifically for this mission, and every WT is supported by a triad of care consisting of a Primary Care Manager who is a physician, a Nurse Case Manager, and a Squad Leader. Dedicated Ombudsmen are also available who provide Soldiers and Families an extra resource and problem-solver. Since September 2007, they have handled over 3,200 cases.

The Army also established a 24-hour hotline (the Wounded Soldier and Family Hotline) to provide an additional mechanism for WTs and Families to obtain assistance. Since its inception in March 2007, the hotline has received and responded to more than 11,000 calls. Soldier Family Assistance Centers (SFACs) have been established at installations with WTUs to serve as a single entry point for many services, including:

1. Military personnel processing assistance
2. Child care and school transition services
3. Education services
4. Transition and employment assistance
5. Legal assistance
6. Financial counseling
7. Stress management and Exceptional Family Member support
8. Substance abuse information and referral for Family Members
9. Installation access and vehicle registration
10. Management of donations made on behalf of Service Members
11. Coordination of federal, state, and local services
12. Pastoral care
13. Coordination for translator services
14. Renewal and issuance of identification cards
15. Lodging assistance

Since its inception in April 2007, the AMAP has shown a steady improvement in Soldier and Family satisfaction. A command climate survey conducted January 10, 2008, indicated an overall satisfaction level among WTs of 83 percent. We anticipate this satisfaction level will continue to increase with continuing efforts to transform Soldier and Family care and support.

Question No. 4. You say that these initiatives will integrate programs spanning a range of Army budget accounts. Which accounts are you referring to, and how are the programs being integrated?

Answer. The Army Soldier and Family Action Plan receives funding from Operation and Maintenance, Army (OMA); Operation and Maintenance, Army National Guard (OMNG); and Operation and Maintenance, Army Reserve (OMAR) to support Child and Youth Services, Family Programs, Community Support, Housing, Education, and Health Care.

Warrior Transition Units (WTUs) are the centerpiece of the Army Medical Action Plan (AMAP). Sustainment, restoration, and modernization of existing structures to support these units are funded through OMA. Additional base operations support incident to the advent of WTUs is also covered by OMA. Our Military Construction accounts provide for new construction of WTU facilities, while military pay accounts and accruals from the Defense Health Program fund the cadre positions in these units.

The Soldier and Family Action Plan (SFAP) and the Army Medical Action Plan (AMAP) initiatives are integrated by means of bi-weekly Integrated Process Team meetings with program representatives. This effort coordinates implementation of the various programs and services, and assesses progress towards meeting Soldier and Family member needs. The overarching goal is to provide comprehensive care through an integrated and seamless approach.

PREPARE

Question No. 5. The testimony says that Soldiers must have tools they need to be successful, and they "must have an asymmetric advantage over any enemy they face". Some of the training facilities that are highlighted in the testimony for construction funds are: military operations urban terrain site, tracked vehicle driver's course, automated anti-armor range, stationary tank range, modified record firing ranges, and digital multipurpose training ranges at a total cost of $242 million.

Your testimony points out two things that I want to explore. You say that national security experts agree that there will be persistent conflict over the next several decades, and that some of our adversaries will avoid our proven advantages by adopting asymmetric techniques and indirect approaches.

How do you train for asymmetric warfare? How do these training facilities differ from the traditional training facility?

Answer. To enable the most effective training for our Soldiers, the Army continually assesses range capabilities, range designs, and training tasks. The Army designs its training facilities and enablers to reflect changing threat conditions. The Army uses these tools in innovative ways to address the tactics, techniques and procedures of asymmetric warfare.

The U.S. Army Training and Doctrine Command integrates lessons learned from Army global operations along with doctrinal innovations from proponent schools to keep our ranges world-class, cutting edge training facilities. While there is no home-station range that is specifically designed as an asymmetric facility, all Army ranges are designed and built for the future and full spectrum of operations that the Army will conduct. In particular, Army Military Operations in Urban Terrain (MOUT) sites are constantly adapted to provide training that is directly relevant in addressing asymmetric threats. Virtual trainers, such as the Virtual Convoy Tactical Trainer and the Combined Arms Tactical Trainer have been both fielded and/or adapted to reflect the conditions of asymmetric warfare. The Engagement Skills Trainer was adapted to train rules of engagement, which is particularly critical to today's operations. Constructive simulations have also been adapted to reflect the fluid conditions of asymmetric combat by moving away from opposing conventional forces and introducing populations and unconventional threats. Additionally, unique simulations, such as the Medical simulation training centers, have been fielded with realistic training mannequins and instructors to address the effects of injuries from Improvised Explosive Devices and other battlefield injuries.

BRAC 2005

Question No. 6. Chairman Edwards and I have voiced our concern about the FY '08 funding situation for the latest BRAC round, and how we are going to do whatever we can to get as much of the funding to the Department as we can as we move the supplemental spending bill.

Having said that, how did the Army go about prioritizing BRAC funding for FY '08, to date?

Answer. The army prioritized its FY08 BRAC funding by the projects' relative critical impact on the Army's compliance with BRAC law. The project list was divided into five bands: operational, institutional, Reserve Component (RC), training, and quality of life. The top three bands were all considered time-critical to BRAC compliance, but the available funding only allowed us to include 80 percent of the RC projects. None of the training or qualify of life projects were funded from the available FY 08 BRAC funding.

Question No. 7. Give the Committee some sense of projects that were not funded. If those funds are not restored, how does it impact planning and execution against the 2011 deadline?

Answer. BRAC is an integral component of our stationing plan, and our complex Military Construction program is interdependent with BRAC. Delays or cuts to either of these interrelated programs put our ability to grow and restore balance at risk. We are at a crucial juncture in the BRAC program. Fiscal year 2010 is our last BRAC construction year in order to meet the BRAC deadline of September 2011, as required by law. To successfully execute BRAC, we carefully synchronized 1,300 actions. And without full and timely funding, 31 of 90 fiscal year 2008 BRAC directed projects will not be completed, including 10 Armed Forces Reserve Centers, 9 training and readiness projects, and 12 quality of life projects.

Question No. 8. Finally, is there a date that even if these funds do get restored that meeting the deadline becomes an insurmountable challenge for the Army?

Answer. If the $560 million cut to the Army's FY08 BRAC funding is not restored this year, the Army will not meet all of its requirements in accordance with BRAC Law.

[CLERK'S NOTE.—End of questions for the record submitted by Congressman Wamp.]

THURSDAY, APRIL 10, 2008.

EUROPEAN COMMAND

WITNESS

GENERAL BANTZ J. CRADDOCK, COMMANDER, U.S. EUROPEAN COMMAND

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I would like to call the subcommittee to order.

General Craddock, welcome. Welcome to our subcommittee. Thank you for your many years of distinguished service to the Army and to the country. It is a privilege to have you here today.

There is a possibility there could be a series of votes, so in case there is a series of votes Mr. Wamp and I thought we would go ahead and start the committee.

The subject of today's hearing is the fiscal year 2009 military construction and family housing request for the European Command. EUCOM's total fiscal year 2009 request is $783 million, an increase of $265 million over the fiscal year 2008 enacted level of $519 million.

This request supports the transformation of EUCOM in furtherance of the Integrated Global Posture and Basing Strategy adopted in 2004. The strategy, as initially presented, called for the reduction of U.S. troop presence from 114,000 to less than 66,000 by 2012, including the relocation of two Army brigades from Germany back to the United States.

Last year Secretary of Defense Bob Gates decided to at least temporarily keep two heavy brigade combat teams in Germany, apparently in response to concerns expressed by General Craddock and possibly others. The reasoning behind this decision and its impact on the global restationing plan will be among the numerous topics that we would like to discuss today.

But before I turn it over to you, General Craddock, I would like to recognize the ranking member, Mr. Wamp, for any opening comments he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Thank you, Mr. Chairman.

I want to welcome General Craddock and say what a privilege it is to sit across the table from you today. Your job is one of the most critical we have in the world.

I think Chairman Edwards has had this experience, but if you stand, as I have, above Omaha Beach in Normandy, you feel the commitment and sacrifices that our country has made to freedom in Europe. It has caused me to monitor a lot of what is said today

in the world out of the European countries about the United States of America, so that we can hope that they remember constantly the sacrifices that we have made on their behalf.

And then our long-term presence there following the Marshall Plan and your very command there has genuinely made permanent contributions to that region, and, therefore, the changes that we are to consider resourcing are so very critical to their long-term interest and, indeed, freedom in the world.

The great challenge that I am very interested in is the transition that is under way, clearly, and then, of course, this new AFRICOM command and how that will work, albeit difficult to take that portion of that command and establish a new command without a permanent presence in Africa and all of the conflicts that are associated with that.

We had a tremendous briefing with General Ward regarding his responsibilities.

So, welcome here today. I look forward to your testimony and, also, look forward to a very productive working relationship with you in the future.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you very much.

By way of introduction, and this will be brief, but since it is his first appearance before the committee, again, it is a privilege to introduce General John Craddock, who is not only Commander of the European Command but is the Supreme Allied Commander for Europe.

He has been the EUCOM Commander since December of 2006. Previously served as the SOUTHCOM Commander from 2004 to 2006. Nearly 37 years of distinguished service in the U.S. Army. Again, we thank you and salute you for that.

I won't go through all of his previous assignments, but he commanded the 1st Infantry Division, commander of U.S. forces during initial operations in Kosovo, Joint Staff—doesn't get any better than this—assistant chief of staff of 3 Corps.

General CRADDOCK. Indeed.

Mr. EDWARDS. And also battalion commander with 24th Infantry Division, and is a graduate of West Virginia University.

General Craddock, without objection, your full statement will be submitted for the record. We would like to recognize you now for any opening statements you would care to make before we get into questions.

STATEMENT OF GENERAL BANTZ J. CRADDOCK

General CRADDOCK. Great. Chairman Edwards, Ranking Member Wamp, thank you very much for the opportunity to appear before the committee today as the Commander of the United States European Command.

I have had the honor since December of 2006 to command the European Command, the great men and women who serve there. I am here to report that they remain absolutely committed to their mission. The nation is extremely well-served by these remarkably talented, dedicated and enthusiastic Soldiers, Sailors, Airmen, Marines, and Coast Guardsmen, and definitely the families and the civilians that support them.

If you would permit me, I would like to provide an overview of our activities, highlighting the vital role of the EUCOM service members in this vast theater.

I know you know this, but every day EUCOM forces are deployed in support of Operation Iraqi Freedom and also in Afghanistan in support of the International Security and Assistance Force under NATO, the ISAF. Service members that are assigned to EUCOM are included in our global force pool and, as such, stand available for any missions so required.

Our support for the global war on terror, our overarching priority, demonstrates the value of a robust European infrastructure. Continuing to invest in our strategically located bases ensures we maintain critical mobility routes for U.S. forces and the ability to expand as required in the future. Our forward-based and rotational forces are powerful and visible instruments of our national influence and international commitment.

Central to EUCOM's efforts is the completion of our Strategic Theater Transformation plan. Our transformation plan is synchronized with the Department of Defense, the Joint Staff, individual services, and NATO to ensure that global efforts of other combatant commands, NATO, and the results of the Base Realignment and Closure Commission process are all mutually supportive.

The fiscal year 2009 president's budget, as you said, Mr. Chairman, requests a total of $783 million in MILCON funds for EUCOM. This investment will enable us to continue to eliminate substandard housing, includes projects that divest nonenduring bases, consolidates our forces into more efficient organizations, and provides defenses against ballistic missile threats from southwest Asia.

Quality of life within the European theater continues to be a prime focus and continues to improve by all comparisons, both absolute and relative. However, our service members and their families are having to continue with the reality of deployments in support of the war on terrorism.

And while we have made herculean efforts to ensure the best quality of life possible for our service members and families, we are ever mindful that we cannot rest on our laurels. We must aggressively look for the downsides and quickly reverse them and the effects that they may create.

Family housing investments for construction, renovation and replacement projects will ensure EUCOM meets the Defense planning guidance requirement to eliminate all inadequate housing by fiscal year 2009. EUCOM has also approved its housing inventory through the Build-to-Lease programs and will continue to explore Build-to-Lease housing opportunities throughout Europe to our advantage.

One of the biggest areas that needs attention is the condition of our dependent schools that educate 36,500 students in 90 schools across Europe. Many of our schools are at least 50 years old. Forty-five percent of the Department of Defense schools and 43 percent of the Department of Defense students are in the EUCOM theater.

The health of the Department of Defense Education Activity, DODEA, budget is essential to the well-being of our students, who need both quality infrastructure and quality teachers to realize

their full potential. We look forward to working with the DODEA and Congress to address our European educational infrastructure needs.

In additional to MILCON, the NATO Security Investment Program continues to play an important role in broadening NATO's military capabilities, both in Europe and Afghanistan. This year's budget request of $240 million represents the U.S. share of the program and will support current operations in Afghanistan and Kosovo. Your ongoing support for this program is greatly appreciated, as we continue to build these critical partnerships and increase the alliance's capacity for future engagement.

In summary, the dedicated men and women of the United States European Command remain steadfast in their commitments to our nation and our mission.

Mr. Chairman, thank you for this hearing. I look forward to the committee's questions.

[Prepared statement of General Bantz J. Craddock follows:]

FOR OFFICIAL USE ONLY
UNTIL RELEASED BY THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS AND RELATED AGENCIES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

STATEMENT OF

GENERAL BANTZ J. CRADDOCK, USA

COMMANDER,

UNITED STATES EUROPEAN COMMAND

BEFORE THE SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS

AND RELATED AGENCIES OF THE HOUSE COMMMITTEE ON APPROPRIATIONS

APRIL 10, 2008

FOR OFFICIAL USE ONLY
UNTIL RELEASED BY THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS AND RELATED AGENCIES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

House Appropriations Subcommittee on Military Construction, Veterans' Affairs and Other Agencies - Written Statement
Outline

INTRODUCTION

STRATEGIC ENVIRONMENT

- Transnational Terrorism in EUCOM's AOR
- Weapons of Mass Destruction

U.S. EUROPEAN COMMAND

- Strategic Approach
- Theater Objectives and Priorities
- The Global War on Terror
  - *Strategic En Route Infrastructure*
- Supporting Other Combatant Commands
- Strategic Theater Transformation
- Theater Investment Needs
  - *STT and Operational Programs*
  - *Quality of Life (QoL)*
  - Component Command Requirements
    - U.S. Army, Europe
    - U.S. Air Forces, Europe
    - U.S. Naval Forces, Europe
    - Marine Forces, Europe
    - Special Operations Command, Europe
- Quality of Life (QOL) Programs
  - Service Member and Family Housing
  - Department of Defense Education Activity
- Force Protection
- Exercise Related Construction
- Ballistic Missile Defense (BMD)
- Alternative Infrastructure Funding Programs
  - Residual Value (RV) / Payment-in-Kind (PIK)
  - Build-to-Lease

EUCOM/NATO INTERELATIONSHIP

- Operational Imperatives within the Alliance
- NATO Security Investment Program (NSIP)

CONCLUSION

INTRODUCTION

United States European Command (EUCOM) Area of Responsibility (AOR) currently comprises 93 diverse nations in Europe, Eurasia, and most of Africa. The forward defense of the United States largely depends on our ability to work with partners and allies to ensure common security. EUCOM's Strategy of Active Security supports the national defense strategy through a series of broad cooperative and engagement initiatives.

EUCOM's mission is to defend the homeland forward and support U.S. strategic and economic interests by maintaining ready forces for full spectrum operations, securing strategic access and global freedom of action, enhancing trans-Atlantic security through NATO, and promoting regional stability. While support to the Global War on Terror (GWOT) is our overarching priority, EUCOM is dedicated to retaining Europe and Eurasia as global partners and furthering the U.S. security relationship with Africa through a new unified command (U.S. Africa Command or AFRICOM). Embedded in these strategic priorities are our efforts to transform ourselves into a more expeditionary command, while cultivating and sustaining relations with numerous regional security organizations, such as the North Atlantic Treaty Organization (NATO), the Organization for Security and Cooperation in Europe (OSCE), and the African Union (AU)

In addition to my role as Commander EUCOM, I have responsibilities as the Supreme Allied Commander, Europe (SACEUR), commanding all operational NATO forces. While these two roles have distinct mandates, there are many linkages between them. One fundamental linkage is transformation: both EUCOM's and NATO's transformation efforts are aggressive, ambitious, and geared toward realizing agile, flexible, and expeditionary forces capable of operating at strategic distances.

The realization of the strategic priorities of the United States, as well as the transformation of both EUCOM and NATO, depend in part on the ability to live on, train in, and operate from bases, operating sites, and security locations around the EUCOM AOR. The transformation of forces and repositioning of infrastructure locations will be fundamental to ensuring our ability to meet the challenges of an ever changing security landscape. To fully capture how EUCOM will address its priorities, I will provide an overview of the infrastructure requirements of my theater and how these requirements help achieve our theater strategy.

STRATEGIC ENVIRONMENT

Today, the EUCOM Area of Responsibility (AOR) includes Europe, Russia, the Caucasus, most of Africa, Greenland, Antarctica and the waters within these borders (Enclosure 1). Composed of 93 sovereign nations, the AOR is home to approximately 1.4 billion people, 23 percent of the world's population. Their 1,000 plus ethnic groups speak more than 400 languages, profess over 100 religious affiliations, experience the full range of human conditions, and live under a variety of systems of government. The trends and issues which define the current environment in our theater include terrorism in multiple forms, frozen conflicts, unresolved territorial disputes, complex geopolitical relationships between Russia and the nations of the former Soviet Union, the use of energy as a tool of foreign policy, Weapons of Mass Destruction (WMD), criminality, and illegal immigration.

The United States presence in Europe continues to make strategic sense. Europe is home to some of our oldest and closest allies. For six decades its mature democracies have experienced an unprecedented period of security and stability. A major source of this stability has been the NATO Alliance and other multinational institutions that have successfully addressed numerous security challenges over the past almost 60 years. NATO remains Europe's premier security organization and the international security instrument of choice. However, not all trends are positive. The defense budgets of many of these NATO nations have fallen to a level that jeopardizes their ability to meet long-term strategic military commitments critical to the Alliance's 21st Century ambitions.

Many persistent challenges remain throughout the EUCOM AOR. While political and military situations are improving in southeastern Europe, there are unresolved issues which could destabilize the region. The Balkans remain somewhat volatile as new democratic governments attempt to deal with suppressed ethnic tensions, corruption, illegal immigration, and assimilation of citizens from different cultural backgrounds. Kosovo, due to its controversial nature, continues to be a source of instability in the greater Balkans region. After 8 years as a UN-administered Serbian province, Kosovo declared independence on 17 Feb 2008. The U.S. Government recognized Kosovo as a sovereign state along with France, Germany and the UK. Currently, 36 nations have recognized Kosovo and the US is encouraging all 27 members of the EU to unite in recognizing Kosovo. EUCOM expects political and

diplomatic efforts to continue throughout 2008 as Kosovo prepares to adopt and implement the tenets of the Ahtisaari recommendations. A secular democracy with a Muslim population, Turkey is a globally relevant example of the successful integration of these two elements. It is also geographically, economically, politically, and militarily critical. Turkey's geostrategic location, European orientation, and enduring relationship with the United States make it a bridge of stability between the Euro-Atlantic community and the nations of Central Asia and the Persian Gulf. Its international lines of communication are an important factor in energy security. Its proximity to Iran, Iraq, Syria and Russia ensure Turkey will continue to play a vital role in international efforts to combat terrorism.

On the continent of Africa, we face a complex environment with enormous challenge and potential. To meet that challenge, EUCOM is supporting AFRICOM, currently a sub-unified command subordinate to EUCOM expected to reach Full Operational Capability (FOC) by 30 September 2008.

Transnational Terrorism in EUCOM's AOR

Like all combatant commands, EUCOM is dealing with terrorism in all its forms. Many terror networks are integrally tied to criminal and smuggling networks. Illegal activities such as drug smuggling, document forgery and credit card fraud help fund extremist operations while Europe's open borders facilitate travel across the region.

In northern Africa, Al-Qa'ida affiliated groups exploit ungoverned spaces to gain sanctuary needed to recruit, indoctrinate, train, equip, transit, and mount operations. The Trans-Sahara region, in particular, offers sanctuary to Islamic extremist terrorists, smugglers of drugs and contraband, and insurgent groups. There is increasing evidence of North Africans being recruited as foreign fighters in Iraq; in addition, we are seeing increasing collaboration between Al-Qa'ida and North African terrorist groups. These negative developments are occurring despite host nation security efforts. In this region, violent extremists continue to coordinate activities and interact with associated networks in Europe. These groups take advantage of vast ungoverned spaces to attack host governments and advance extremist, anti-Western agendas.

Western Europe, southeast Europe, and Eurasia continue to be used as extremist sanctuaries and logistics centers. Due to extremists' exploitation of well established civil liberties and capacity to travel freely across many

borders, Europe's ability to identify, arrest, and prosecute transnational terrorists is an important element of the GWOT.

Another key characteristic of terrorism in the EUCOM AOR relates to the low-risk/high-consequence aspect of the potential use of WMD. With the majority of the world's nuclear weapons in the EUCOM AOR, the loss of control of any weapon or associated material could lead to catastrophic results, making the security of these items a significant aspect of the EUCOM WMD effort.

Weapons of Mass Destruction

The acquisition and potential employment of Weapons of Mass Destruction by state and non-state actors pose a security threat to the United States and our partners and Allies. The majority of the world's nuclear weapons are located within the EUCOM AOR. Furthermore, in Europe and Eurasia, stockpiles may become vulnerable to access and removal by international and internal threats as state and non-state actors continue to improve their capabilities, or via corruption, criminal activity, and inadequate border monitoring. Coordination between our nonproliferation and counterproliferation efforts is increasingly important.

Preventing the proliferation of WMD delivery systems, in particular ballistic missiles, is a key component of our efforts to prevent WMD proliferation. On the periphery of the EUCOM's AOR, Iran's continued ballistic missile development program poses a potential future risk to U.S., NATO, and partner interests. Iran already possesses ballistic missiles that can reach parts of Europe and is developing a new Intermediate Range Ballistic Missile (IRBM) which could reach most of Europe. In the coming decade, Iran may also have an Inter-Continental Ballistic Missile (ICBM) capable of reaching all of Europe and parts of the U.S.

U.S. EUROPEAN COMMAND

The EUCOM Strategy of Active Security is based upon two overarching Strategic Objectives: "Defend the Homeland" and "Create and Maintain an Environment that Advances U.S. Strategic and Economic Interests." Our objectives include promoting lasting security and stability, maintaining the ability to employ the full range of capabilities across the military spectrum, and fostering the growth of good governance, strong institutions, and civil society.

Strategic Approach

EUCOM's strategy looks out five years, focusing on proactive security cooperation activities while maintaining a high state of military readiness. Our strategic approach promotes stable environments, protects U.S. interests, and reduces the likelihood of crises that trigger contingency responses by: mitigating risk while the nation is at war; maintaining and strengthening alliances, partnerships, influence, and access where we have long-standing relationships; and, creating and expanding influence into new areas of the theater.

Theater Objectives and Priorities

Our strategy identifies a number of Theater Objectives that provide focus and purpose for EUCOM's activities and align us with the larger Strategic Objectives. These objectives include: ensuring EUCOM forces are trained and ready for global deployment; actively working with Europe as a security partner in order to solve common problems; transforming EUCOM and NATO militaries to ensure effective expeditionary capabilities for the conduct of out-of-area operations; building partner nation capacity necessary for the provision of their own security and the sustainment of regional stability; protecting Allies and partners within a stable Middle East; preserving basing and access to ensure strategic freedom of action; averting local crises and preventing those that do arise from becoming regional conflicts.

In the near term we are focusing our activities and resources on the following strategic priorities:

- Support for Operations IRAQI, ENDURING FREEDOM, and NATO International Stabilization Force (ISAF)
- Maintain relevance of, and U.S. leadership within, NATO
- Increase integration of EUCOM activities with the rest of the U.S. Government; especially combating terrorism and WMD proliferation
- Engage Russia or mitigate the impact of confrontational Russian policies

- Support improved energy security for Europe, Eurasia, and the Black Sea region, to include NATO and EUCOM

- Ensure the successful transition of AFRICOM from a sub-unified command to a fully-operational Combatant Command

- Support NATO transformation for out-of-area operations

- Focus EUCOM transformation to ensure EUCOM has the capabilities to conduct both security cooperation activities and wartime missions

The Global War on Terror

EUCOM's number one theater-wide goal remains the defeat of transnational extremist organizations that threaten the United States, its Allies, and interests. We seek to do this by denying them freedom of action and access to resources, building partner capacity to combat terrorism, and working with partners to promote regional stability and diminish the conditions that foster violent extremism.

We will continue our work to deter, interdict, or defeat violent extremism wherever it appears. These efforts involve close cooperation with U.S. Central Command (CENTCOM), U.S. Special Operations Command (SOCOM), U.S. Government agencies and departments, and perhaps most importantly, a growing list of foreign government partners with the same desire to protect their societies from the threat of terrorism.

EUCOM-stationed forces continue to be heavily engaged in ongoing combat operations in Iraq and Afghanistan as well as in building partner nation and coalition capacity supporting these operations. Over 70 percent of our Coalition partners in Iraq and Afghanistan come from the EUCOM AOR.

Outside of direct support to combat operations, EUCOM-based forces are in the forefront of promoting the transformation of militaries in our area of operation. The engagement with, and support to, our Allies and partners underlines the importance of persistent presence of U.S. forces for building effective expeditionary capacity for multilateral theater and global operations.

Strategic En Route Infrastructure

EUCOM's experience in the GWOT demonstrates the value of a robust European infrastructure. Our network has evolved given the fact that the

GWOT dictates fighting the enemy in places unforeseen before 9-11. The U.S. Transportation Command (TRANSCOM) relies on six key European bases - Main Operating Bases (MOBs) Ramstein and Spangdahlem, Germany; Mildenhall, U.K.; and Rota, Spain; and Forward Operating Sites (FOSs) in Moron, Spain; and Fairford, U.K. - to project U.S. forces to crisis areas in the Middle East, Africa, eastern Europe, and the Caucasus. Continued investment in these six strategically located facilities will ensure we maintain critical air mobility routes for U.S. forces and an "air-bridge" to expand operational reach.

In the near term, EUCOM is actively addressing emerging requirements to the South and East, including en-route expansion possibilities and locations, new air and sea port uses, and continued support to AFRICOM. EUCOM's infrastructure is evaluated through the TRANSCOM Global En-Route Infrastructure Steering Committee and the Installation Planning Review Board in order to shape EUCOM's strategy and funding requirements. From FY06 to FY08, EUCOM has received $70.6M in MILCON for five EUCOM en-route infrastructure projects. Additionally, the NATO Security Investment Program provides cost recoupment opportunities for EUCOM while increasing the capabilities of the Alliance.

Future EUCOM en-route infrastructure requirements will continue to be shaped by emerging global access demands from changes in the long-term EUCOM force posture, seam regions such as the Caucuses and Central Asia, trans-regional mobility support to CENTCOM, transition planning for AFRICOM, and NATO/ISAF operations.

Supporting Other Combatant Commands

EUCOM's Strategic Theater footprint continues to provide key support to CENTCOM for OIF/OEF. In addition to the critical logistics throughput of forces and material provided by the six mobility hubs mentioned above, EUCOM also provides basing for Intelligence, Surveillance, and Reconnaissance (ISR) assets flying sorties in support of CENTCOM operations. Future EUCOM ISR basing plans will leverage new platforms by providing increased support to EUCOM, AFRICOM and CENTCOM ISR requirements to satisfy global ISR initiatives.

EUCOM has provided CENTCOM critical support with prepositioned equipment. Army Pre-positioned Equipment Sets (APS) afloat as well as Marine Corps' Maritime Pre-positioning Squadron ONE (MPSRON 1) have deployed from EUCOM to Diego Garcia to better support U.S. Pacific Command (PACOM)

humanitarian assistance and CENTCOM combat and humanitarian assistance operations.

EUCOM MOBs continue to support CENTCOM with essential medical support. Landstuhl Medical Facility in Germany remains the primary facility for OIF/OEF/ISAF (US) casualty treatment accepting all cases for treatment and convalescence before these service members are sent back to the continental U.S. (CONUS).

Brigades stationed in Europe routinely support the Global Force Management Process (GFMP) with forces deploying for multiple rotations to OIF, OEF and ISAF from bases in Germany and Italy.

The establishment of AFRICOM represents a new DoD strategy for the continent. This new approach relies on using security cooperation and leveraging multinational partnerships to build African security capacity.

In carrying out its missions, AFRICOM will consolidate the efforts of three commands into a single command focused solely on Africa (with the exception of Egypt, which will remain in CENTCOM's AOR, but will be a country of mutual interest with AFRICOM). Countries within the AFRICOM AOR align with those in the African Union (AU) and this synchronization of states, under one Command, will facilitate cooperation and coordination between the U.S. and the AU, partner countries, and allies. EUCOM has provided, and will continue to make available, personnel, African subject-matter expertise, and resources, all of which will help ensure AFRICOM's future success in becoming a self-sufficient Unified Combatant Command.

Strategic Theater Transformation

Our forward-based and rotational forces are powerful and visible instruments of national influence and international commitment. Central to EUCOM's efforts is the completion of our Strategic Theater Transformation (STT) plan. This involves a basing strategy that seeks to sustain and leverage commitments to our long-standing Allies and U.S. operations in other theaters, such as OEF and OIF.

EUCOM's STT plan, in execution since 2002, ensures operational forces and prepositioned logistics are correctly postured to meet current and potential challenges. We have consolidated forces from broadly dispersed locations to MOBs and FOSs in the UK, Germany, Italy, Spain, Portugal, Turkey, Greece, Belgium, The Netherlands, Bulgaria, and Romania. MOBs, with permanently assigned operating forces, robust infrastructure, enhanced command and control capabilities, and enduring family support facilities,

support our down-range, smaller installations. FOSs are scalable installations, primarily intended to support rotational forces with limited permanent U.S. military presence.

EUCOM's STT plan includes retaining eight fighter aircraft squadrons in the UK, Germany, and Italy. For ground forces, it includes two permanently stationed brigade combat teams – a Stryker Brigade Combat Team in Germany and an Airborne Brigade Combat Team (ABCT) in Italy. EUCOM's STT is closely synchronized with OSD, the Joint Staff, individual Services, and NATO to ensure that global efforts of other Combatant Commands, NATO, and the results of the Base Closure and Realignment (BRAC) Commission process in the U.S. are mutually supportive. STT aims at improving our effectiveness and operational flexibility, but it has at the same time significantly reduced costs.

Since the STT process began EUCOM has closed 43 sites and installations and returned approximately 11,000 servicemembers and 16,000 family members to the United States. Subject to developments in the geopolitical environment, current plans anticipate the closure of several hundred other bases and installations, the return of over 32,000 more military personnel and over 43,000 more family members to the United States, and the downsizing of 14,500 DOD civilians and host nation employee positions by 2013.

This new posture dramatically balances our infrastructure with our strategic flexibility and our operational reach. This will, in turn, yield a considerable increase in the level of cooperation with nations closer to areas of potential instability.

Theater Investment Needs

EUCOM's strategy relies on U.S. presence to provide security and stability within governments and countries located in the AOR and to build partner nation capability. EUCOM must ensure forces are in the correct location and with the correct facilities to source theater and global needs and postured to contend with uncertainty in a continually changing strategic environment. The EUCOM Master Plan documents a strategic distribution of MOBs, FOSs, and Cooperative Security Locations (CSLs), which provide power projection, force sustainment, force protection, and in-country leadership opportunities that support the STT Plan throughout the AOR.

Our basing strategy seeks to sustain and leverage our commitments to our long-standing NATO allies. We maintain a presence in Western Europe, making necessary improvements to enduring bases and training facilities critical for the accomplishment of our missions, while at the same time shifting our focus

to improve the ability of new allies and partners to rapidly deploy and operate with our forces. The goals of this strategy are to deepen and strengthen relations with our newer allies; develop our focus to the south and east of our theater; maintain our national commitment to NATO; and improve interoperability with like-minded friends, allies, and major non-governmental organizations.

EUCOM's ability to transform and achieve U.S. national security objectives depends on the investment provided for military construction. We are investing MILCON resources in enduring installations.

The FY09 President's Budget requests a total of $783.3M in MILCON funds for EUCOM (Enclosure 2). This investment will enable us to continue to eliminate substandard housing, includes projects that will pay dividends as we divest non-enduring bases and consolidate our forces into more efficient communities and provide defenses against ballistic missile threats from Southwest Asia.

STT and Operational Programs

The FY09 MILCON request includes $492.3M for six significant STT and operational programs:

- $119.0M for the 7th Army Theater Command and Control Facility at Wiesbaden, Germany, beginning the consolidation of 7th Army command and control capability and eliminating split-based operations (signal assets in Mannheim, intelligence capability in Darmstadt and Army headquarters in Heidelberg);
- $19.0M for operational facilities supporting the Shadow Unmanned Aerial System (UAS) operations in the Grafenwoehr/Vilseck MOB;
- $30.0M of the $173M required ($46M was funded in FY08) for completion of Army infrastructure at MOB Vicenza, Italy, and to consolidate the 173rd Airborne Brigade Combat Team (ABCT), the only split-based brigade in the Army;
- $48.0M for a Defense Logistics Agency funded Logistics Distribution Center, at Germersheim, Germany, to meet EUCOM's theater cross-docking requirements and streamline the distribution operations to support current and future contingencies;
- $27.8M for Fuel Storage Tanks and distribution at Souda Bay, Greece, providing additional fuel storage capacity and replacement of an existing but deteriorating JP-5 fuel line from the Marathi Depot to Naval Support Activity (NSA) Souda Bay;

- $7.4M for construction of a fully Anti-Terrorism/Force Protection (AT/FP) compliant Large Vehicle Inspection Station at RAF Lakenheath, UK.
- $132.6M for an expanded Ground-Based Mid-course Defense (GMD) system and a GMD Battle Management Fire Control and Communication (GBMFC2) In-Flight Interceptor Communications System (IFICS) Data Terminal.
- $108.6M to support the European Mid-Course X-Band Radar (EMR) site, with a single operations, maintenance and storage facility, BMDS Communications Support Complex (BCSC), security and entry control facility, power plant, fuel unload & storage, and all supporting infrastructure.

Quality of Life (QoL): EUCOM QOL construction investments affirm our commitment to our servicemembers and families. For FY09 our request for Family Housing renovation and replacement projects will ensure our forces are provided quality housing for their families. The significant investment in this requirement since 2003, over $1.1B to date, has demonstrated your commitment to providing adequate housing. Additionally, we continue to use Build-to-Lease (BTL) housing as a significant part of our recapitalization plan when it provides an economically viable alternative. We are requesting the following QoL projects in the FY09 MILCON submission:

- $291.0M for Family Housing construction, renovation and replacement:
  -- $133.0M for construction of 326 housing units at Wiesbaden, Germany in support of 7th Army consolidation;
  -- $71.8M to construct 182 replacement housing units at Lakenheath(phase 5);
  -- $86.2M for renovation of 372 housing units to meet the family housing requirements at Wiesbaden, Germany; Lakenheath, U.K.; Alconbury and Menwith Hill, U.K.; and Lajes, Portugal.

Component Command Requirements

U.S. Army, Europe

The most critical aspect of EUCOM's transformation continues to be the realignment of forces and bases for U.S. Army, Europe (USAREUR). Significant work has been accomplished in executing our plans to date. The 2nd Stryker Cavalry Regiment (SCR) has been successfully stationed in Vilseck, Germany;

both the 173rd ABCT and the 12th Combat Aviation Brigade have been reorganized and converted to their new standard, modular designs; and we will have returned nearly 20,000 Soldiers from Europe by the fall of 2008. These actions were all accomplished while deploying between 20 and 30 thousand Soldiers from Europe each year from 2003 to 2006 in support of OIF, OEF, and ISAF.

Our FY09 military construction request builds on last year's request by continuing our transformation progress. This request begins the critical move and consolidation of the 7th Army Command and Control capability to Wiesbaden, Germany. It also adds to our capability at the Grafenwoehr training area by including facilities to enable operations of an Unmanned Aerial System (UAS). In addition, FY09 funding will continue the Congressionally directed incremental funding of the infrastructure investment at Dal Molin in Vicenza, Italy to consolidate the 173rd ABCT.

Future efforts will focus on continuing the consolidation of 7th Army command and control with critical signal and intelligence assets. After completion of those consolidations, we will finish barracks upgrades, consolidate unit operational facilities, and continue to improve quality of life facilities at our enduring MOBs.

7th Army Command and Control: In 2009, USAREUR and V Corps will combine to form 7th Army which will be stationed in Heidelberg until construction of 7th Army Theater C2 facilities are completed at Wiesbaden. The completion of the 7th Army C2 facility programmed for $119M in FY09 will enable the relocation of 7th Army to Wiesbaden and provide a strategic/operational capability for command and control of land forces. USAREUR future MILCON remains focused on Wiesbaden with plans for a Consolidated Intelligence Center (CIC) and a Network Warfare Center.

Grafenwoehr UAS: The $19M Unmanned Aerial System operational facilities support consolidation and regular training of Shadow UAS teams on our largest MOB, allowing combined arms training with the units these systems support.

173rd Airborne Brigade Combat Team (ABCT): Stationing forces in Italy demonstrates U.S. commitment to European security and positions them on the southern flank of NATO, postured south of the Alps for security cooperation or intervention in regions south and east with emerging threats. The 173rd ABCT expanded into a full modular ABCT in 2006. This conversion doubled the

size of the brigade, providing a greater capability for rapid deployment and forced entry operations and enhancing the brigade's ability to sustain itself during coalition and joint operations.

Germersheim Army Depot (GAD): The DLA Distribution Center project for $48M in FY09 is the lynchpin to make GAD a state of the art warehousing and distribution site with consolidated theater distribution operations for EUCOM and, as needed, CENTCOM areas of responsibility. The 250,000 square foot facility will expand warehousing and distribution capacity at GAD, enabling EUCOM to develop synergies among diverse DOD distribution systems in theater.

U.S. Air Forces in Europe

U.S. Air Forces in Europe (USAFE) continues its evolving transformation with a force structure capable of conducting both day-to-day and contingency operations. USAFE has oriented its forces to increase responsiveness and enhance force projection as it meets the challenge of an evolving strategic environment.

Large Vehicle Inspection Facility (LVIS). USAFE requires continued investment in facilities to support AT/FP requirements. This inspection facility will meet a critical requirement, one of the five most unsafe USAFE Entry Control Points, and alleviate a significant traffic choke point.

U.S. Naval Forces Europe

The infrastructure at U.S. Naval Forces Europe (NAVEUR) bases sustains the combat readiness of permanent, rotational and surge naval forces, as well as that of other service component forces transiting, temporarily assigned, or permanently stationed at NAVEUR bases. NAVEUR transformation, in support of the Integrated Global Presence and Basing Strategy (IGPBS), has reshaped the Navy's footprint in Europe to support operations south and east into Africa and Eastern Europe. To this end, the bases at Keflavik, Iceland; La Maddalena, Italy and London, England have closed and NAVEUR has been under a MILCON pause. Enduring bases at Rota, Spain; Sigonella, Italy; and Souda Bay, Greece are strategically located across the Mediterranean to provide flexible and highly capable inter- and intra-theater logistic support. The base at Naples, Italy provides a consolidated command and control location for Headquarters, NAVEUR and SIXTH Fleet collocated with the NATO operational

Headquarters of Allied Joint Forces Command Naples and Striking and Support Forces NATO.

From an infrastructure perspective, NAVEUR transformation and associated base closures are substantially complete. Therefore, NAVEUR intends to end the MILCON pause that has been in effect during Transformation. Subsequent NAVEUR MILCON request will focus on targeted investment in facilities that directly support the operations and readiness of the EUCOM, CNE, Sixth Fleet and the Navy Warfare Enterprises that support them. This enables NAVEUR to maximize the impact of facilities support for specific recapitalization priorities such as critical infrastructure and systems or emergent Long War operational requirements such as the Navy's Expeditionary Combat mission.

U.S. Marine Corps Forces, Europe

Headquarters, U.S. Marine Corps Forces, Europe (HQ MARFOREUR) is a two star command consisting of a small headquarters staff, numbering approximately 110 total personnel, with no assigned forces. The Marine service component is a tenant command on a US Army installation and has no bases, facilities or installations for which it is responsible. However, as a tenant, MARFOREUR funds, through Service channels, the rehabilitation and upgrade of building infrastructures which support evolving component or mandated security requirements. Through existing Inter Service Support Agreements, USAREUR and the Army's Installation Management Command program tenant MILCON requirements which exceed the existing infrastructure capacity to include required modernization, replacement, expansion or restoration of real property.

The US Marine Corps is fully committed in supporting EUCOM's strategic theater transformation by implementation of the Marine Corps Long War Concept, establishing expeditionary rotational forces available to support EUCOM's long term strategic goals, as well as, through the support of both a new Geographic Combatant Commander and Component Commander. These initiatives will create the need for increased infrastructure requirements which exceed current capacities in order to support the headquarters and support facilities.

Special Operations Command Europe

Special Operations Command Europe (SOCEUR) plans, coordinates and conducts special operations to achieve US and NATO objectives as tasked by

Commander (COM), EUCOM. COMSOCEUR applies special operations capabilities to strengthen NATO and other alliances, expand the number of security partners and improve their counterterrorist capabilities, and transform EUCOM Special Operations Forces (SOF) to defeat terrorist networks and create an environment universally hostile for terrorist extremists. There are currently no programmed MILCON requirements in direct support of SOCEUR activities, however, with Special Operations Command Africa pending stand-up also in Stuttgart, an analysis is underway to determine if some common Title 10 and SOF-unique support functions and functional areas should be consolidated.

Quality of Life (QOL) Programs

Taking care of EUCOM's most precious resource, our people, is fundamental to the character of the American Armed Forces and a key combat multiplier that positively affects our warfighting effectiveness. The GWOT has called for significant sacrifices on the part of our servicemembers and places a tremendous burden on their families. As we transform our defense posture in Europe, our military communities must continue to be able to provide predictability and capacity to meet the needs of our Soldiers, Sailors, Airmen, Marines, civilians, and their families.

EUCOM's top QOL infrastructure issues are: service member and family housing and improving the quality of Department of Defense Education Activity (DoDEA) schools.

Service Member and Family Housing

The nine Family Housing renovation and replacement projects programmed will ensure that our forces have quality housing. EUCOM's FY09 MILCON request includes funding for Family Housing renovation and replacement in Germany, the United Kingdom and Portugal. USAREUR is requesting MILCON funds to construct 326 new family housing units and revitalize 99 at MOB Wiesbaden, Germany. These housing projects not only help eliminate inadequate housing they also support consolidation of the 7th Army Headquarters. USAFE is requesting new construction and renovation of 453 units to meet the family housing requirements at Alconbury, Menwith Hill and Lakenheath, United Kingdom; and Lajes, Portugal. EUCOM Family Housing is on target to meet Defense Planning Guidance Standards by the 2009 programming deadline.

Department of Defense Education Activity

EUCOM works with DoDEA and DoDDS-E to provide our children with quality educational opportunities. Ensuring DoDDS-E delivers a first class education is essential to EUCOM families, whose overseas location lacks the off-base schooling options found in the U.S. DoDDS-E has 90 schools serving EUCOM's 36,500 students. These schools represent almost half of DoDEA's inventory of 199 schools, and operating and maintaining them requires constant attention and resources.

Delivery of a quality education depends on good facilities. This means DoDDS-E must modernize the aging schools in Europe. Some DoDDS-E schools are in facilities constructed prior to World War II.

With 45 percent of DoDEA's schools and 43 percent of DoDEA's students in the EUCOM theater, the health of the DoDEA budget is essential to the well being of our educational infrastructure in Europe. While EUCOM has benefited from DoDEA MILCON funding across the Five Year Defense Program (FYDP), it still has over $191M in critical MILCON school requirements for Army and Air Force installations in Europe. The projected annual DoDEA MILCON funding is inadequate to meet EUCOM school requirements. Adding to this difficult infrastructure challenge is DoDEA's inability to provide adequate SRM funds to maintain existing aging facilities. The inevitable outcome of this situation is being played out in Europe, where our children are cramped in long-standing temporary buildings, unable to clean up after physical education, rushing through multiple-stage lunch periods, etc. Keeping in mind there are virtually zero off-base schooling options, we strongly support an increase to DoDEA's MILCON funding to help meet EUCOM's requirements.

EUCOM appreciates continued Congressional support to make school construction a top quality of life priority for overseas families. Giving students and their families an education comparable to what they would find stateside will mean improved recruiting and retention.

Force Protection

EUCOM continues its efforts to ensure we are harder to target, better protected, and more capable of responding to any terrorist attack against our personnel and assets. Commanders at all levels, security officers, and the intelligence community collectively realize that the real and enduring threat

requires us to constantly evaluate, adapt and improve our efforts against a myriad of potential adversaries and evolving threats.

We have made notable progress in a number of areas. Transformational basing strategies have incorporated antiterrorism principles to avoid many types of vulnerabilities endemic to the bases we have been using since the end of World War II. Our ability to make timely, accurate, and relevant threat and vulnerability based information available to deploying forces has been greatly enhanced by information tools now resident on our classified web systems. Programs developed by EUCOM are now used throughout DoD.

In the FY09 MILCON request, both the construction of the 7th Army Theater C2 facility, in support of the 7th Army C2 consolidation at Wiesbaden, and the LVIS at Lakenheath continue the programming of facilities that support force protection requirements. While the LVIS will eliminate one of the five most unsafe gates in USAFE, the programmed consolidation at Wiesbaden reduces the USAREUR footprint by three installations and provides one installation that meets force protection requirements. This consolidation not only addresses a security concern but also reduces base operating requirements.

EUCOM's methodical and prioritized acquisition of resources, combined with the development of technology to mitigate current and anticipated future threats, continues. All current projects incorporate DoD AT/FP guidance and specifications in design and construction.

Exercise Related Construction

Our Exercise Related Construction (ERC) program is a valuable tool and an important element of our Theater Security Cooperation program. We urge you to fully fund the President's $9,228,000 request for this program.

The ERC program is a powerful catalyst that effectively leverages austere minor military construction funding. ERC projects target specific countries or regions to enhance their capabilities in ways that support our overall theater strategy. ERC focuses on building relationships that promote our strategic interests, providing peacetime and contingency access and infrastructure through our exercise program, and integrating allies and partners effectively into combined engineering operations that reduce demands on our overtaxed U.S. forces.

EUCOM aggressively engages with the Joint Staff and Service Components in planning and programming ERC each year, with EUCOM receiving approximately one-third of the limited funds available under this DoD-wide program over the

past 4 years. In FY08, our efforts resulted in approval of eleven projects throughout the AOR totaling $2.6M. We are currently developing our requirements for the FY09 ERC program; we anticipate a continued strong need for ERC projects throughout the AOR with specific focus in Israel, Africa, and eastern Europe.

Our goal for engagement through ERC is to ensure robust regional access points and continued strong support for U.S. policies and actions in under- and ungoverned regions within the AOR. Continued ERC investment ensures U.S. forces have the operational and logistics bases needed to execute the EUCOM mission throughout the AOR. In short, the ERC program yields a tremendous return on a small investment.

Ballistic Missile Defense (BMD)

As highlighted in the strategic environment, an increasingly important aspect of EUCOM's Strategy of Active Security is defense against threats posed by emerging ballistic missile capabilities in southwest Asia. EUCOM is working with the Joint Staff, U.S. Strategic Command, and the Missile Defense Agency to help field capabilities that will counter this threat with a mix of interceptors, sensors, and command and control. The right combination of these systems is vital to protect U.S. interests and to send a strong signal to our partners and allies, as well as potential adversaries.

EUCOM is engaged in the planning effort for the deployment of long-range Ground-Based Interceptors and supporting radars in Europe to enhance the defense of the U.S. homeland, U.S. forces stationed in Europe, partners, and allies from intercontinental and intermediate range ballistic missiles. The acquisition and planned deployment of systems to the Czech Republic and Poland will be funded through the Missile Defense Agency. The military construction funding for operational facilities is detailed in the Missile Defense Agency pages of the President's Budget Request and synopsized in enclosure 2. Future military construction requirements for support facilities and associated base operations at the proposed sites are being developed. Once clarified, this information will be submitted through appropriate channels.

Alternative Infrastructure Funding Programs

In addition to traditional appropriated DoD and Service construction funding, EUCOM continues to aggressively leverage every available funding source to improve our operational capability and the conditions in which our

service members live and work. These alternative funding programs include the NATO Security Investment Program (NSIP), the Residual Value (RV) program, the Payment-in-Kind (PIK) program and Quid Pro Quo. Since 1990, these programs have generated in excess of $2.1B for construction projects throughout EUCOM's AOR. Likewise, significant efforts by the Service Components to consolidate, privatize, and outsource - particularly in acquiring build-to-lease (BTL) housing - have reduced the requirements backlog. While these programs have supplemented our MILCON program, they cannot in and of themselves substitute for the appropriated program Congress provides. NSIP will be specifically addressed later in my EUCOM/NATO comments.

Residual Value (RV) / Payment-in-Kind (PIK)/ Quid Pro Quo

RV is the negotiated cash payment a host nation will compensate the U.S. for infrastructure investments or major improvements on installations returned to the host nation. RV is triggered when the U.S. takes the affirmative action of closing and returning installations to the host nation. RV is subject to negotiation between the U.S. and the host nation, and is dependent upon reuse by the host nation. On average, RV settlements take five years to complete. Since 1989, the U.S. has recouped approximately $187M in RV from host nations throughout the EUCOM AOR.
EUCOM developed its PIK strategy to maximize RV settlements with Germany while minimizing the financial impact to Germany. In lieu of cash payments for RV generated for a returned installation, Germany constructs facilities for U.S. forces at U.S. installations in Germany, reducing overall U.S. investment requirements. Since 1991, Germany has executed approximately $387.5M in PIK construction for U.S. Forces.

The settlement with Germany for turning over Rhein-Main Air Base in 2005, resulted in Quid Pro Quo projects totaling $425 million for replacement of mission capabilities that would no longer available at Rhein-Main. This funding established replacement facilities at Ramstein and Spangdahlem Air Bases, Germany. The Rhein-Main AB settlement is an exception to the norm on the residual value that the United States can expect from host nations. The German government sought the U.S. facilities at Rhein-Main due to its clear and immediate commercial value based on ever increasing demands on Frankfurt International Airport, vice finding suitable reuse for facilities that were not specifically sought out.

Build-to-Lease

Of special note is the Build-to-Lease (BTL) Program, which provides quality family housing without the need for capital investment or land acquisition by the U.S. or the host nation. Under BTL, housing areas are owned and maintained by a contractor and leased to the U.S. Leasing provides an important advantage: If the housing units are no longer needed, the U.S. can end the contract with no ownership obligations after the initial term of the lease.

U.S. Air Forces, Europe has successfully used the BTL program in the past to acquire 530 housing units at MOB Aviano, Italy, and is in the process of acquiring BTL housing at MOB Lakenheath, U.K., and MOB Spangdahlem, Germany to help meet their family housing requirements. The Residenza dei Marina complex near MOB Sigonella, Italy provides 526 units of BTL family housing in support of NAVEUR housing requirements. USAREUR has already acquired and started to occupy more than half of the approximately 1,600 units of BTL family housing in support of families moving to the MOB Grafenwoehr area.

While the use of BTL as an alternative funding mechanism for family housing is being vigorously pursued by each of the Service components, various local conditions limit its use as the sole means for acquiring quality family housing for our service members and their families. MILCON investment is still required to completely satisfy our housing requirements.

EUCOM/NATO INTERELATIONSHIP

We recognize that many of the challenges in the current security environment exceed the capacity of any one nation to resolve and that today's threats require a comprehensive approach by the international community, involving a wide spectrum of civil and military instruments. EUCOM's efforts are coordinated and complementary with a broad range of national, international, and regional actors. Most notably, EUCOM is the focal point of the U.S. military commitment to the NATO Alliance. Across the NATO Military Command Structure, U.S. military leaders are privileged to hold key positions of influence, helping to develop the Alliance agenda and execute its operations.

Operational Imperatives within the Alliance

NATO's contributions to both current and future security challenges consist of a wide range of initiatives and practical activities. While

political consultations among nations help sustain a unity of purpose, men and women of the Alliance, plus 17 other troop contributing nations, are essentially redefining the role of the Alliance by their actions in operations across Afghanistan, the Balkans, the Mediterranean, Iraq, the Baltics, and Africa. The 60,000 NATO military forces currently deployed under my command as SACEUR are a visible and effective demonstration of its resolve to collectively meet both in and out of region security challenges.

NATO Security Investment Program (NSIP)

EUCOM strongly supports full funding for the President's FY 2009 request of $240,687,000 for NSIP. NSIP projects meet Alliance military requirements for a wide range of operational facilities and capabilities and it contributes to provide U.S. forces operational benefits, whether stationed in Europe or transiting to other regions. The NSIP is a common-funded program dependent on consensus decision-making among the member nations and using agreed upon financial contributions by NATO nations. The program provides for the acquisition of common-use systems and equipment; the construction, upgrade and restoration of military facilities; and other related programs and projects required to carry out the full range of NATO mission requirements including crisis response operations undertaken by NATO. The program does not fund personnel support facilities such as barracks, family housing, or gymnasiums; which are considered the responsibility of individual member nations.

NSIP project requirements are contained in "Capability Packages" that are developed by the military planning staffs at Allied Command Transformation and Allied Command Operations based on prioritized and accepted requirements to support Alliance war-fighting capabilities. These Capability Packages are then reviewed in detail by NATO's military and civilian decision-makers based on guidance from member nations' governments. EUCOM and its Service Components actively participate and collaborate with NATO to ensure that U.S. interests are synchronized with NATO intentions and that NSIP common-funding is invested to support both U.S. and NATO requirements.

Two examples highlight the success of EUCOM's engagement with NATO in gaining common-funding at U.S. installations as well as strengthening bonds between the U.S. and our NATO Allies. Since 1996, NATO has invested over $200M in NSIP funding at MOB Ramstein, Germany, the main strategic airlift hub for the U.S. in Europe as well as NATO's northern European strategic air

hub. Additionally, in 2005 NATO approved NSIP funding for the upgrade of port facilities at MOB Rota, Spain, with a current value of approximately $152M. In both circumstances, the implementation of the projects required close coordination and support from the host nations of Germany and Spain respectively. NSIP will continue to be an integral part of EUCOM's total infrastructure program. The U.S. has proposed MOB Rota, Spain as NATO's southern European strategic air hub. If this proposal is accepted, NATO will fund up to $71M in airfield infrastructure upgrades. A further $19M will go towards six projects at MOB Ramstein, Germany to enhance its strategic airlift capability. The U.S. has also proposed MOB Sigonella, Italy and FOS Moron, Spain as air-to-air refueling installations to support NATO. If these proposals are accepted under the emerging air refueling capability package, a combined value of approximately $120M in infrastructure enhancements may be realized.

Beyond investment in infrastructure at U.S. installations in Europe, the NSIP serves additional roles that allow the U.S. to play a major leadership role in transatlantic affairs. EUCOM's active engagement of the NATO planning staffs and our Allies assures the U.S. of a continuing key role in shaping the collective defense posture of the Alliance. Additionally, the use of NSIP to support NATO's "out-of-area" operations in Afghanistan and Iraq ensure that Alliance forces have the critical capabilities they require to successfully conduct operations. NSIP funding to support enlargement-related projects is a visible sign of our commitment to expanding the alliance and the successful integration of new countries into the family of western democracies.

The benefits of the NSIP are clear, both for EUCOM and the U.S. We will continue to pursue this funding for every eligible project and continue to work with NATO and our Allies to ensure NATO's collective defense capability and actualize NATO's transformation efforts.

CONCLUSION

The United States European Command is fully and actively engaged in addressing the challenges of this diverse area of responsibility. Even as EUCOM supports combat operations in other theaters, it is transforming its posture to shape the evolving security landscape. The FY09 military construction program continues facility investment in theater to provide the right capabilities at the right places.

While the U.S. military can help set the conditions to create a stable

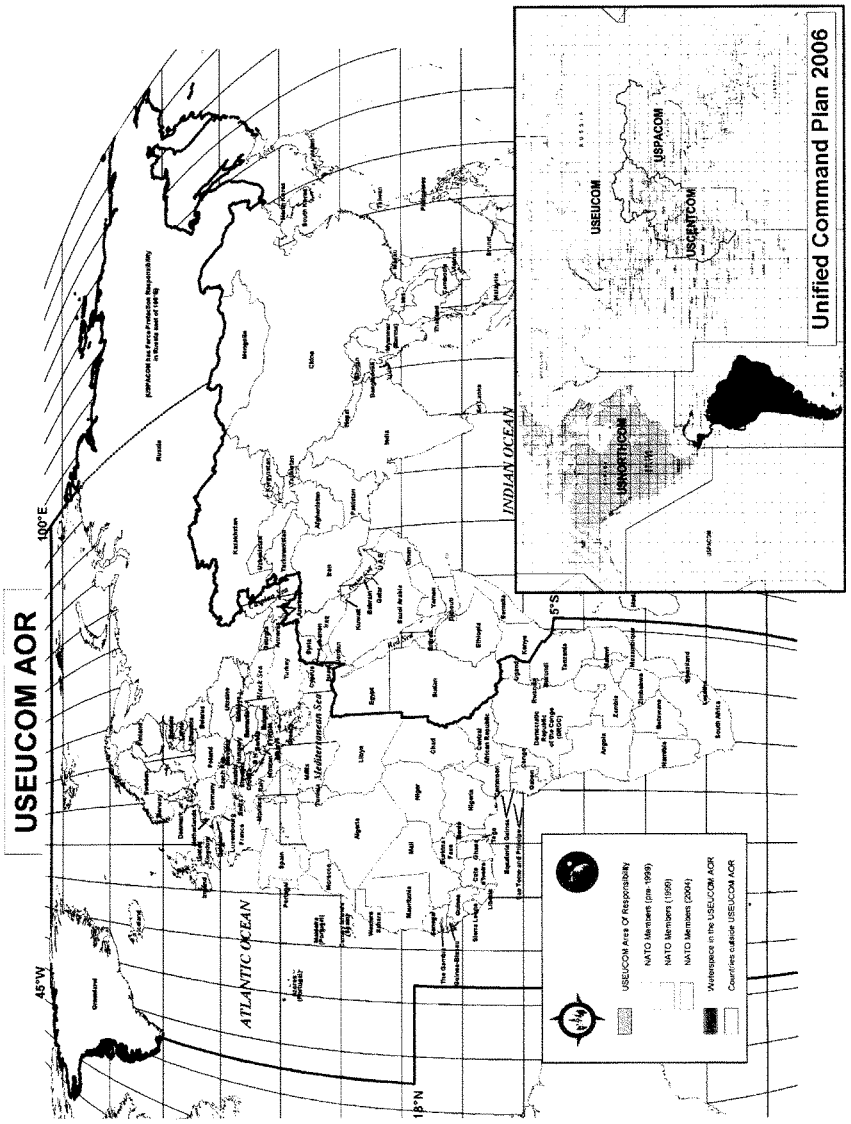
environment, it is but one part of the effort required to achieve lasting, effective solutions. New and deepened partnerships within the U.S. government and among combatant commands are required to more dynamically counter the transnational trends and issues which define our theater: threats of terrorism, frozen conflicts, unresolved territorial disputes, complex geopolitical relationships, humanitarian needs, disease, and threats posed by Weapons of Mass Destruction. Moreover, global partnerships are required to better counter the threats to our collective security. EUCOM remains committed to working with European, African and Eurasian partners in collaborative efforts that meet common security challenges. Finally, the leadership and the capabilities the U.S. contributes to the NATO Alliance will remain fundamental to preserving trans-Atlantic security, now and into the future.

Today's security environment requires operational capabilities that are more agile, expeditionary, and responsive. The implementation of EUCOM's Strategic Theater Transformation Plan, which positions and enables forces throughout a much wider portion of Europe and Africa, increases EUCOM's strategic effectiveness within the area of responsibility while simultaneously enhancing our ability to support other Combatant Commands. Continued investment in critical infrastructure and quality of life programs enables EUCOM to conduct operations within this vast AOR while providing vital support to the GWOT.

Global posture shifts and the transformation of the U.S. military have refocused strategic positioning in the EUCOM Theater. Our efforts will culminate in a force capable of operating across the broad spectrum of conflict and postured to respond to crises both in the AOR and globally. The success of our engagement hinges on ensuring the presence of relevant capabilities in our theater.

Continued Congressional support is essential to ensure EUCOM is capable of effective engagement and sustained support to NATO and partner nations to meet the broad range of tasks assigned to EUCOM in the National Military Strategy. The assistance of the members of this Subcommittee is essential in ensuring EUCOM's effectiveness in ongoing programs, operations, and initiatives. The dedicated men and women of the United States European Command are committed to achieving national goals and objectives. On behalf of them, I thank you for your continued support.

Enclosure 1: United States European Command Area of Responsibility



Enclosure 2: Theater Investment Needs

LINE ITEM MILITARY CONSTRUCTION/FAMILY HOUSING PROJECTS				
Comp/ Agency	**Country**	**Location**	**Description**	**Approp. Request ($000)**
USAREUR	Germany	Wiesbaden	7th Army Theater C2 Facility	119,000
USAREUR	Germany	Grafenwoehr	Unmanned Aerial System Operations Facility	19,000
USAREUR	Italy	Vicenza	173rd Brigade Complex-Maint and OPS (Increment 2)	15,000
USAREUR	Italy	Vicenza	173rd Brigade Complex- Barracks & Support (Increment 2)	15,000
USAREUR	Germany	Wiesbaden	Replacement Construction, Wiesbaden Army Airfield (WAAF)	43,000
USAREUR	Germany	Wiesbaden	Replacement Construction, AUKAMM	32,000
USAREUR	Germany	Wiesbaden	Replacement Construction, WAAF	38,000
USAREUR	Germany	Wiesbaden	Replacement Construction, AUKAMM	20,000
USAFE	UK	Lakenheath	Large Vehicle Inspection Station	7,400
USAFE	UK	Lakenheath	Replace Family Housing (Ph. 5)	71,828
DLA[1]	Germany	Germersheim	Logistics Distribution Center	48,000
DLA[1]	Greece	Souda Bay	Fuel Storage Tanks and Pipeline Replacement	27,761
MDA[2]	Europe	Not Specified	BMDS[3] - European Interceptor Site[4]	132,600
MDA[2]	Europe	Not Specified	BMDS[3] - European Midcourse Radar Site[5]	108,560
Total				**$697,149**
NON LINE ITEM MILITARY CONSTRUCTION/FAMILY HOUSING PROJECTS				
USAREUR	Germany	Wiesbaden	Whole Neighborhood Improvements, Hainerberg	20,000
USAFE	Portugal	Lajes	Improve Family Housing	41,275
USAFE	UK	Feltwell	Improve Family Housing & Infrastructure	11,700
USAFE	UK	Menwith Hill	Improve Family Housing	50
USAFE	UK	Alconbury	Improve Family Housing	13,153
NON LINE ITEM TOTAL				**$86,178**
TOTAL MILITARY CONSTRUCTION/FAMILY HOUSING PROJECT FUNDING REQUEST				**$783,327**

[1] Defense Logistics Agency
[2] Missile Defense Agency
[3] Ballistic missile defense system
[4] Per budget submission, (1) total request is $661,380,000, and (2) balance ($528,780,000) will be requested with the FY 2010 budget submission.
[5] Per budget submission, (1) total request is $176,100,000, and (2) balance ($67,540,000) will be requested with the FY 2010 budget submission

FORCE POSTURE IN GERMANY

Mr. EDWARDS. Thank you, General. And, again, it is good to have you here.

Let me just begin on the issue of the decision to delay, at least until 2012 or 2013, the movement of two heavy brigade combat teams back to the United States. I know Secretary Gates basically put on temporary hold a decision made in the 2004 Global Defense Posture.

In 2004, in that posture statement, it said, "Peace in Europe has no longer threatened the large-scale conventional force position to move into the continent. There is no longer a strategic need for heavy maneuver forces as a central element of U.S. defense posture."

General Craddock, would you think that premise has changed, or are there other circumstances that have changed, or both, that have caused us to put on hold the movement of those soldiers back to CONUS? And, if so, if conditions have changed, is there a possibility that those two brigade combat teams might end up permanently in Germany and not be brought home?

General CRADDOCK. Thank you, Chairman. I think there are two factors at work here.

The first is the growth of the Army and where the Army plans to put that growth. There were plans made for the four brigades in Europe now, and there were plans made to leave two as the objective end-state, with the two heavy brigades going back to the States.

I think the reason for delay was due to the fact that the growth was not planned for, the enlargement of the Army. The BRAC adjustments set an unbalanced condition. And the Army looked at it and decided, as I was informed by the Army secretary, that rather than bring those brigades back on time, on schedule—and the Army would have to build considerable temporary facilities for a period of time, and then build permanent facilities—it would be better for the families, first, and more cost-effective to leave them for an additional 3 years in Europe.

So, that is a Title X decision the Army made.

Now, the second issue, at this point, was when I took over in December of 2006, and as I went around and met the chiefs of defense, my counterparts, many of whom I have known from previous assignments, I kept hearing over and over again, "Why aren't you guys out here in exercises where there are exchanges of companies and platoons? Where are you? We don't see you anymore." And the answer is, our forces were in the global force pool, rotating to Iraq and Afghanistan.

So I looked at the—I remembered some exercises we have done, and had the staff get me that. And over the last 5 years, it has been precipitously down. Fair enough. We are at war, and we understand that.

But I then looked at the guidance I had got from the chairman, which says that to offset our strategic risk, we are going to build more organizational capability, we are going to work with our Allies and pump up their abilities. And I looked at our forces avail-

able, and I said, "Mr. Chairman, I don't think I can do that with what I have right now."

So I went back to my staff and said, "Do a study. Tell me what you think we need to do, what we are told to do." We looked at our task assignment and our missions. They came back a few months later, said, "You need about five brigades." And I said, "I will take the risk and do it with four." And I sent a request to the secretary, saying, "I think, for the future, this is about right."

I am still working with the department, because the Title X decision to leave the two brigades 2 extra years offset the near-term shortfall. It appears that the final decision has been kicked down the road for a while until a later date. So I don't have an official response, other than, "You have got two more brigades, to give you the four you want, for 3 more years."

Now, we, EUCOM, we will go back, we will continue to update, assess, and see if our recommendations previously holds or changes. If conditions change, the war on terror ends, we prevail; if the NATO transformation takes a faster track, if you will, there may well be significantly different needs, either lower or higher. And this is dynamic.

But I think the fundamental issue is when the decisions were made to go to this objective force—and I was there in the Department at the Office of Secretary of Defense—the assumptions were about a different world. And we were not at war, with 15 to 20 brigades for a long period of time. And we weren't depending on partner nations to carry a lot of that load. And now, they, quite frankly, NATO allies, NATO partners and other nations look to the United States always for how to do it and how to help them.

Mr. EDWARDS. Very good. Thank you.

Mr. Wamp.

Mr. WAMP. Thank you, Mr. Chairman.

I would follow up a little bit, to say then—because the 2012/2013 date caused me to wonder what is any different? Is this just a postponement of the realities of this type of transformation?

And I think what you are saying is that it gives us time to see what the world looks like after more progress is made in Iraq and Afghanistan before we make these changes permanent that were derived prior to the time the conflict and engagement and the surge and the investments that we are having were made.

General CRADDOCK. I think that is fair. I would agree with that.

FLUCTUATION OF THE DOLLAR

Mr. WAMP. The Battle Monuments Commission told us that a big problem in Europe is the value of the dollar. And you have shared a little of this with the chairman and I, but I would like for the record for you to explain exactly what kind of a burden that puts on your budget.

General CRADDOCK. Well, everything costs a little more based upon—we budget against a number, and generally speaking—and, again, these services normally do this, so I will give you a general perspective.

There is a hedge factor there, an expectation, a prediction that the dollar's value will rise or fall. So if the dollar is falling and the expectations will continue, then the programmer estimates are nor-

mally done against a value that is lesser than the date on which we put it all together.

Then that leads you to how fast is the dollar falling? What it means is that, when it comes time for the project to start, then there either has to be new estimates—and where projects did not occur or projects came in under budget, that money is moved across to take the offset of where the cost growth occurs due to the devaluation.

So that factors into everything we do. That factors in construction. It factors in O&M. Because the cost of anything you buy on the economy, as opposed to shipping in, in Europe is going to go up. And it has been significant here in the last year for sure.

And also, as I mentioned earlier, it transcends to the cost of living for our service members and their families. So these prices all go up.

Now, I checked with one of my experts about, if we don't get this budget estimate right, and the cost of construction in Europe is higher than we planned, what do we do about it? And the answer is, there is a set-aside fund that whatever comes in under-budget or gets rolled over into this set-aside can be used then to offset these cost growths.

And it is regional in nature, but we can also go back to the larger pool, I think, inside of the component budgets, whether it is Army or Navy or whatever. So there is a little bit of a capability there.

Now, the problem becomes when, across the board, if all of these costs do not come in under, then that premise is going to cause a situation where we won't be able to start or we come back for reprogramming.

Mr. WAMP. So from a MILCON perspective, you would advocate some way for this committee to fund an overflow fund, if you want to call it that, so that if nothing came in under-budget to save the resources to pay for the wild fluctuation of the dollar in today's world because of the unstable economy globally. There has to be some kind of a fund from the Congress, in terms of resources, to compensate for a year where you might be without any relief on this problem.

The second piece—and then I will yield back for other members—is this quality-of-life issue. Frankly, this new majority got off to a great start here last year with enhancing child-care facilities and housing and quality-of-life issues.

And a quality-of-life issue that would work its way back to the conversation in the general public from anyone stationed in Europe today would be, because of the devaluing of the dollar, the quality of life for our troops in the field and their families is not near as high as it used to be or as it should be in order for us to retain and recruit that next-generation fighter, which we have to have.

Correct?

General CRADDOCK. Yes, Congressman. With the first part, I would agree, there needs to be some flexibility to fund precipitous drops in the dollar value in the MILCON account.

Secondly, the impact on service members and families, indeed. Now, there is a cost-of-living allowance that is provided from the department. It is very difficult to understand how it works. The mechanism is proprietary in nature. I have had, repeatedly, rep-

resentatives from the department to try to explain it to us. You have to be a PhD. in economics. And over and over again, we have tried to understand it. Even those of us that think we understand it discover, every time a new situation comes up, we didn't get the full answer.

And I will guarantee you that the service members, the young enlisted, don't think they are getting adequate compensation for the drop in the dollar.

And the impacts will be: One, we are in the global force pool. So soldiers, sailors, airmen, particularly soldiers, 15–month deployments, are gone with their families left in Europe. And they are away, and the dollar is dropping. And if it gets to be more and more difficult for a mom when she is back there, or a dad if it is a female soldier, they are likely to opt out and go back to the United States. And then we have got a more difficult situation.

The other thing is relative to where they were before. In days past, they would throw the kids in the car, and they would go to visit a castle, they would go to the Rhine River, they would go to the amusement park in Mannheim, whatever the case may be. They don't do that today, is what I am being told, because they just can't afford the cost for mom, dad and two kids' lunch, $200. Can't do it.

Mr. WAMP. I will yield until round two, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp. Good questions.

Mr. Dicks.

Mr. DICKS. General, I want to thank-you for the wonderful evening at your residence in Europe and your great briefings and all the efforts you made on our recent CODEL.

MISSILE DEFENSE

Regarding missile defense, can you explain a little more about the status of the third site and what the Czech Republic and Poland are going to do in terms of their contribution to this?

General CRADDOCK. Well, I know that there are ongoing negotiations. I think they are just about ready to sign with the Czech Republic, in terms of what is going to happen.

Quite frankly, Congressman, I read in the paper today that the Czechs expect 250 U.S. personnel to be there on the site, which is the first I have heard of that.

So I don't know the cost-share with regard to the Czech participation, other than the European Command commitment once the agreement is made, the bilateral agreement, then we will see that, and we will have to put together the implementing instructions between the Czech Republic and the European Command, representing the U.S. government, in terms of the specifics based upon the general agreement that will be reached.

So the Czech Republic is for the radar facility. Again, the modalities of that, to be determined. Because the Missile Defense Agency and OSD policy right now—even though I have a rep there, my rep is a note-taker with very little input, other than monitor and come back so we can start to see the extent of what we will have to do. I do not know what the Czech Republic's level of participation or investment will be.

With Poland, it is the same thing. And I think it is less farther along with Poland, at this point.

Mr. DICKS. But there will be an ongoing commitment, isn't that correct?

We have it here that the increase over last year's budget—$241.2 million requested by Missile Defense Agency—is to establish the third site for the ballistic missile defense for the radar site in the Czech Republic, interceptors in Poland.

The FYOP includes a total of $837 million in MILCON for these two sites, although the cost does not actually include any facilities that would be required for personnel to actually operate the site.

General CRADDOCK. Right.

Mr. DICKS. So there are some issues here.

General CRADDOCK. Well, until the agreements are reached, where the government will decide who is going to do what, we won't know how many facilities we have to build for the future.

Mr. DICKS. And we don't know what the commitments are, that we have committed ourselves to.

And these other two heavy divisions, they were going back to Fort Bliss and Fort Riley, and that is deferred for how long?

General CRADDOCK. Three years, 2012/2013.

Mr. DICKS. And is there a decision to then do it, then bring them back?

General CRADDOCK. The decision is made, they will go back. They are just delayed. But they will return to the United States between 2012 and 2013.

Mr. DICKS. And that is basically because of the growth in the Army; we didn't know where we were going to put everybody. And also, I would assume, there are some substantive reasons why keeping them for the next 3 years there is a good idea.

General CRADDOCK. There were two issues. One was the BRAC, growth of the Army, Title X. That is an Army issue, where are you going to put everybody. They decided, rather than build temporary facilities and then permanents, leave them in Europe and build just permanents, save $750 million as well. That is the Title X.

Now, my mission is, do I have what I need to do my job? And my judgment is no, that I need four brigades. I have four now, until 2012 and 2013. But we are going to have to continue to assess and see, when we get up to 2012 and 2013, do we still need four, or has the world changed enough that we can do it with the two that we are programmed for.

Mr. DICKS. Oh, these aren't divisions; they are brigades.

General CRADDOCK. Brigades, right.

Mr. DICKS. Okay, so that is a lot less.

General CRADDOCK. Exactly.

Mr. DICKS. Could they rotate other brigades?

General CRADDOCK. They could do it on a rotational.

Mr. DICKS. To bring them into Europe.

General CRADDOCK. I am not specifying which ones. I just think right now we need——

Mr. DICKS. We have done that before.

General CRADDOCK. Yes, sure.

Mr. DICKS. Yes.

Okay. Thank you, Mr. Chairman.

Mr. EDWARDS. Mr. Berry.

Okay.

Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Mr. Chairman.

Thank you, General.

Let me ask you a follow up on Mr. Dicks's questions about missile defense. I think there is $240 million for the defense sites in Poland and the Czech Republic. And last year, there was some discussion, I think, in the Armed Services Committee about some of those funds, that since everything hadn't been signed, that maybe you didn't need all those funds. And I think about $60 million was taken out.

And I guess maybe 3 months ago, I was in Poland and the Czech Republic, and they didn't seem that concerned. I mean, they kind of had the insurances in it for money. You know, if they adopted everything, the money would be there.

But I just wonder, from our side, you know, what kind of delay might incur if we don't have all the money when we need it? I mean, all this specialized missile—things change. I mean, is that something that maybe we ought to think about, in terms of—you know, we are not providing all the funds, but we are providing the funds to begin. I mean, it takes a while to get the funds, it takes a while to implement the things.

Can you comment on that, you know, in terms of what that might create from our side, in terms of delaying any kind of structures and missiles that we might need? It seems like it might be better to make sure we have all the money there, appropriated, so that we can spend it as soon as we need it.

General CRADDOCK. Thank you.

This is really complex. There are a lot of moving parts on this one, and there are a lot of agencies involved.

From the European Command perspective, our requirement will be to initiate the implementing agreements, to contract, to probably pull in the shovels, turn the dirt, and start the work. When we do that, generally it has to be pegged against the development and the acceleration of the threat, the missiles in Iran. How are they coming along, whether they are nuclear or conventionally armed, and do they develop or do they buy from North Korea, or whatever that may be.

So I think MDA and the intel community has a timeline, and we are now programming against that timeline. If that accelerates and we don't, obviously the risk goes up. So that is part of it.

The second part, then, is, is the technical gear, the mission gear—radar, all the pieces and parts—available, so that when the brick-and-mortar is done, it can be bolted on, plugged in, wired up and turned on?

And then, secondly, in Poland, are the interceptors through testing—because they are a two-stage, not three-stage, a little different configuration—and all that ready to go and synchronized then when, again, the brick-and-mortar is done and everything is ready to drop in? So that is the complexity here.

So, you know, I am in a little bit of a difficult position. We are going to be the guys on the receiving end after the negotiations. The longer it takes for negotiations to draw out what our nation

and those nations agree to, and then they sign that, and then we have to work to do the implementing, and then put the physical plant in there, the physical layout, so that you can bolt in the mission load. We are like the man in the middle here.

So that is the uncertainty that I have. And I think—two things. The longer it takes for us, if there is no delay in what the intel community says the threat development is, risk would go up; or the faster that we could do this, then one could argue that you are way ahead of the threat, so, therefore, you are countering something that is not there. Striking the balance between the two is the hard part here, and that is the art, not the science.

So, you know, we are going to have to take our tasking, which is the bilateral agreement signed; you guys, EUCOM, go do the implementing agreements, start to dig up the dirt and put in the buildings; and then, I think, at that point, we will see probably finer and finer resolution, in terms of the threat and when the radars and the darts, the big darts, are in the ground.

Mr. CRENSHAW. So we ought to be careful, in terms of making sure that you have got what you need to get in and implement the act.

General CRADDOCK. Yes, sir.

EGYPT

Mr. CRENSHAW. Another broader question, too. I know Israel is under your command, and I know that you could spend a long time talking about that whole situation. But one of the things that came up last year in the appropriations process was—I know Egypt is not in your command, but there were some Egypt and how much it is doing to prevent some of the smuggling that goes into Gaza. So there were some restrictions put on the appropriations for Egypt.

I just wonder, do you see enough, in terms of what is coming through the tunnels and what Egypt is doing or not doing? You see the results, I guess, of that in Israel. Can you tell whether things are getting better, changing less? Where else do weapons come from? Things like that?

General CRADDOCK. Congressman, I don't see enough to make that judgment on any basis that I would be comfortable in doing that. I see anecdotal information and obviously the results based upon the attacks in the settlements. But, no, I couldn't tell you if there has been a change in terms of cause/effect with what was done with the restrictions.

Mr. CRENSHAW. Okay.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Carter.

Mr. CARTER. Mr. Chairman, I understand you have already asked about the two BCTs from Europe, and that was the question I really wanted to ask you.

Mr. EDWARDS. Then follow up, if you want.

Mr. CARTER. Well, I am still worried about exactly what is going to happen on the delay on the two BCTs that were supposed to come out. And as we look at global force, I understand what the general conversation has been. I apologize for being late.

But it is a real concern for us, because we are trying to figure out some things at Fort Hood as to why we are not going to have 49,000 soldiers, as promised, at Fort Hood. And it is part of a mix. So I am still curious about that question.

General CRADDOCK. Congressman, largely an Army issue. All I know is that in conversations with the Army chief and the Army commander in Europe, those two brigades are designated for a return. And that is a Title X issue.

Now, where they go, how that factors into the movement of brigades or battalion flags around the continental United States based upon if Army grow the forces, I just don't have any visibility on that.

The two issues here, from my perspective, were: One, there was a Title X issue of where the Army was going to put everybody. BRAC reduces things. Grow the Army with six more brigade combat teams. So how do you do that? The Army said, we will leave them here a little longer, so we save some money and don't jerk the families around. That solved my problem.

I think, come 2012 and 2013, that they are going to go, and either by then there is a decision that we still need four or two is going to be enough, and there will be other ways to scratch the itch, such as rotation of brigades and things like that. That is to be determined, at this point.

Mr. CARTER. Another question you were answering but I couldn't hear the answer, on this missile defense system that you were talking about over there. There doesn't seem to be any money in this particular appropriations bill for barracks and dining facilities and that type of things that would service them.

And you were talking in a direction that I couldn't hear the answers. Because we are waiting on the countries we are negotiating with, to see what they will and won't provide; is that the answer?

General CRADDOCK. As I understand it, that is correct. The 2009 was looking for brick and mortar to build the facility for the radar and the interceptors. Then in the 2010, 2011, 2012 budgets, we would come in; then we would know the agreements on how many U.S. forces, how many U.S. contractors, how many Czechs or Poles would be there, so we could size the facilities to accommodate how many of our forces would we need to be there.

Mr. CARTER. That is what I thought you said. I couldn't quite hear you.

Thank you, Mr. Chairman.

FORCE POSTURE IN GERMANY

Mr. EDWARDS. Thank you, Mr. Carter.

Let me follow up. I want to be sure I am clear. It seems to me you are making a common-sense position that, as of today, the decision has been made that in 2013 we will have those two brigade combat teams brought from Europe back to CONUS.

But what you are also saying is that the next administration might be left with a decision to say circumstances changed. Perhaps a decision might be made in a future administration to leave more troops there than the two brigades scheduled to stay after that.

And I don't want to read too much into your testimony, but you talked about an ever-changing security landscape. You talk about the Balkans remaining somewhat volatile, Kosovo due to its controversial nature. You talk about the ability of the United States, understandably, to shape factors. You spoke in your oral testimony a few moments ago about some of our European allies saying that we don't see American forces out training with us, and we need a partnership there.

Basically, am I clear in understanding what you are saying is that, technically, as of this moment, the decision has been made, but circumstances change and a future Secretary of Defense or commander in chief might decide to leave more forces than were suggested in the 2004 global repositioning?

General CRADDOCK. Yes and no, Chairman. It may not be a matter of leaving those forces. It could be that the decisions are made to take those heavy forces back to locations that support heavy forces.

And I have not specified whether I want heavy or light. I just need four brigade combat teams.

Mr. EDWARDS. Right.

General CRADDOCK. We have got one Stryker already, so that is fine.

And it could be, in the future, if the situation as we see it, the assessment we make strategically still says we need four brigades—and we continue to re-evaluate and re-assess—that I would continue to ask the Secretary, and he may continue to say no. But I think I am compelled over time to prevent the case that, "Here is what you and the Chairman have told me to do. Here is the ability we have to do it. I can't do everything you said. I need this much more." He may say no. Fair enough, and we accept risk. He may say, "We are going to bring those guys home, and we will look at it in 2015." Fair enough. But it is a matter of risk.

So I am not looking at specific "keep those guys." I am just looking at two separate issues: What do I need to do the job? Now, he may say, "We are going to send you two brigades on a rotational basis all the time. Every 6 months, you will get it." Okay. We will look at that and say, "Fair enough," or "Here is what we look like."

Mr. EDWARDS. The reason I wanted to follow up on that is that it has direct implications for this subcommittee, Military Construction, obviously. If the future decision were to be made, regardless of which brigade combat teams might stay, if the decision were to be more than two brigades, then that needs to be made in such a timely fashion that we will help fill barracks back CONUS that are going to remain empty.

General CRADDOCK. I fully appreciate that, and you are absolutely right.

My staff has been directed, at this point: Stand down. We will look at this beginning of 2009. We will go through it, do another assessment, see if the same assessment holds. It may well be that, with a reduction in Iraq, and we have more of our forces at home, then we have different perspective.

Mr. EDWARDS. Okay.

INADEQUATE HOUSING

One other question on this round for me, and this is a question I am going to ask every commander that comes before our committee, including General Casey and others who have been here prior to your testimony today. And I want to get a metric so we can compare year to year to year. If you can't answer this orally now, if you could following up in writing.

But the question would specifically be, how many service men and women and their families under your command are living in housing that does not meet basic DoD standards?

Do you have a ballpark guess what that number might be? And if not, then you could follow up.

General CRADDOCK. I think we can get that, but I think it is somewhere around 28, 29 percent.

[The information follows:]

Currently, we have 7,000 Families and 9,500 Single Service Members residing in inadequate housing and barracks. Of this total, approximately 7,200 Families and Service Members are aligned with units that will be relocated as part of our Strategic Theater Transformation. We have focused our investment in housing and barracks at enduring installations, and this investment continues to reap benefits as those units are constructed reducing the inadequate inventory.

Your continued support in ensuring funding for the request to eliminate inadequate housing and barracks is essential to continue to reduce these numbers. In FY09 the request for $291M in Family Housing construction and renovation projects will eliminate inadequate housing at enduring installations within theater. As we assess the needs in theater for the stand-up of the Africa Command and pursue the Strategic Theater Transformation objectives, we will continue to focus on ensuring the investment in housing and barracks is completed at the right locations.

Okay, 91 percent meets standards; 9 percent is less than the DOD standards.

Now, that is barracks and family housing or just barracks? Both, okay.

Mr. EDWARDS. That is barracks and family housing. If you wouldn't mind following up in writing to us and letting us know——

General CRADDOCK. For the record.

Mr. EDWARDS [continuing]. Where those troops are. We just want to monitor that each year. And we made a lot of progress in quality of housing——

General CRADDOCK. Oh, absolutely.

Mr. EDWARDS [continuing]. In the last decade. It has been a great achievement; Pentagon, Congress working together. But I want to be able to compare numbers year to year to year. Thank you.

Mr. Wamp.

Mr. WAMP. Thank you, Mr. Chairman.

AFRICOM

As I briefly mentioned, General Craddock, in my opening statement, I am very interested, as is Mr. Farr, who is not here today, in the establishment of AFRICOM.

And General Ward's testimony here really sparked a whole lot of creative thinking about, how we reach out to the world in a cooperative way without taking up a permanent presence or scaring the countries that we are trying to help.

And so, just from your view, how do you see that going, and how does the transition work and your relationship with General Ward as we head into AFRICOM?

And then kind of a follow up on that, because I was interested in how he explained Djibouti, the part that we can talk about, and it being I think like a forward-operating base.

Explain, too, the progress on the forward-operating sites in Bulgaria and Romania in Eastern Europe and how that is going.

General CRADDOCK. In AFRICOM, I think we are making progress, but it is probably a little slower than we had anticipated, from a couple perspectives.

One is receptivity in country. The strategic messages that were sent, and we didn't get them received, in my judgment, by the right people and in the right fashion. We crafted them up to satisfy ourselves, but we didn't craft them up to satisfy the people who were listening. And so we have had to re-engage.

And that is what, right now, the AFRICOM leaders—Kip Ward; Mary Yates, one of the deputies; and Bob Moeller, the other deputy—are doing, in terms of engaging directly at the right level, ministerial level, not sub-ministerial, which unfortunately is I think what occurred.

So now I think we are seeing a little reversal of this early trend of skepticism and thinking that we were going to come in and overload them with a lot of military people. That is not the case.

I am sure with General Ward being here, you know, we have discussed this. This is not about flooding Africa with military forces, to train military forces. This is about using the organizational energy, organizational brilliance maybe, of DoD to be able to pull together lots of functionality that exists and resides in our government. There are many talented people in Agriculture, Commerce, Health and Human Services, to deal with the problems of Africa.

It is to assist the chiefs of mission to enable them to provide capacity and wherewithal. You know, we can do lift across vast distances in a very austere, immature country with no infrastructure. We can provide lots of things with others doing the task but we enable it through our capabilities to organize and deliver and move things around.

So that is the intent here. This is what I think is well-understood inside of our government. We are seeing more and more of the departments and agencies signing up with their people to participate. And that is a good thing. I know Kip probably told you, half of this organization is going to be civilian.

Now, having said that, now we have to, I think, start the process of deeds, not words, on the continent, where we have to go in and, working with chiefs of mission in regions and countries, using the Horn of Africa construct where we are out doing projects all the time: building a school, building a community center, turning it over, inoculating children, vaccinating them, deworming them for the first time in their life. Those are the types of things that make a difference. So that is where I think the first effort goes.

Over time, I am convinced that there will be a greater and greater receptivity, and we will figure out then where we should put a headquarters there or a presence; where we should augment regions. Because I am not sure we have to be in every country, but

if we could do it regionally—because a lot of these countries have the same regional problems. West Africa is different from North Africa, and things like that.

And then we have got to ultimately work with those who don't want us there and are influential in that judgment—in the south, South Africa; north, I think Egypt; and there are a few others—to convince them that, look, we are not a threat, we want to work with you. This is not about who is in charge; it is about how best to deliver help to those who need it.

So I think there is some good opportunity there. And it is going to take a little while, and it is going to—we are going to have to push hard for, again, the people to get there. My Command, we have identified 421 people we are transferring. There will be more than that, but that is the number right now. We will see this summer, I think, a big input of people, because summer moves will take—once the kids get out of school.

And then I think the 1st of October it is to stand up on its own. It probably won't do all of the functions on its own. We will retain some of those. Potentially CENTCOM in the Horn will retain a few. But we will transfer that as soon as possible. And the AFRICOM folks are working out now the transfer of what may be delayed a bit.

But we are coming along. And the key here is a measured approach to the right people to explain we are not a threat and we are there to augment where they need help, to give them a hand, and hopefully train and teach so that they can do it on their own sooner rather than later.

If I could go to Romania and Bulgaria and the progress there, I believe that the MILCON for 2008 finishes out those two programs for building infrastructure for Joint Task Force East. We have already done a pilot rotation there out of U.S. Army-Europe, with some help from the Navy and the Air Force forces.

We do not have identified from the Department rotating brigades yet, because the force commitment to the global force pool will not support a rotation of brigades from the States right now. They are all either going to Afghanistan or to Iraq.

So we are rotating forces available out of EUCOM to, one, prove the principle; two, to work with the Bulgarians and the Romanians; and three, to entice others to come in and train with us also.

So it is more of a pilot now than an actuality, but I think that we are proving the principle. And the first rotation this past summer, in 2007, was very powerful.

Mr. WAMP. Just one follow up, Mr. Chairman.

I was interested—Mr. Crenshaw just mentioned that Egypt is in a unique position. And I remember, last year, our full committee conversations when Mr. Wicker was Chairman Edwards's ranking member. There was a lot of commentary about Egypt and how important Egypt is to us.

Yet I would be interested in your perspective with the October 1 stand-up of AFRICOM and Egypt still being under CENTCOM yet it being in the African continent. Does that help or hurt Egypt?

It seems like there would be some advantages to it becoming almost its own entity. While it is under CENTCOM, it is separate and very, very strategic and important. But, then again, I would

be concerned that there may be some overlap there, in terms of territories.

What do you say?

General CRADDOCK. I think your last statement is spot-on; there is some overlap there, with regard to Egypt. Egypt is a schizophrenic country, quite frankly. And that is not bad.

Now, Egypt is one of NATO's Mediterranean Dialogue countries. They come to our meetings, defense ministerials, and every time they do they are the most active of the North African Mediterranean Dialogue countries wanting to participate.

I was asked, "Come down to Egypt. Tell us what you need in Afghanistan. We might be able to give you some trainers."

Now, set that aside. They also want to be a part of the African continent, so they are interested in, "How do we fit in Africa? We don't want to be excluded from that." And then there is the Arab-Israeli issues with CENTCOM that pull them that way, into Gaza and elsewhere.

So they, indeed, have some partitions there that they are going to have to, I think, work to solve it, and we are going to probably have to engage and help them do that.

But there is, without question, overlap that is causing us to try to figure out what is the most powerful approach to reduce friction points? How can we reduce the friction points?

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. Mr. Crenshaw.

Mr. CRENSHAW. Thank you.

On AFRICOM, to stand that up, what kind of impact does that have on your mission or in the dynamics? And then, for instance, of the—does it change the force structure at all? Are there any military construction needs that that brings up?

General CRADDOCK. The impact of the stand-up of AFRICOM is the transfer of missions, activities, programs, exercises and personnel. And that is in process. We have got a big AFRICOM transition team doing a wonderful job of identifying all that. I reviewed it. I was impressed with the level of detail. We are working through that document. And it is a very rigid, disciplined approach. So that is a work in progress, and that is ongoing.

The delaying factor in that is the arrival of personnel to fill the AFRICOM billets. We can't transfer a mission or an activity without someone being there. And they are behind schedule. So that is why we are a little bit behind schedule in the transfer. But we understand the cause/effect. They will come in this summer; we will get them ready to go by fall.

As far as then the next step, there are not going to be additional troop formations, organizations, flags on the continent. We looked at it and said, maybe the best approach is regional—regional integration teams, where it may be 25 or 30 guys go into a mission, embassy, in a country, in a region, and then instead of having this Office of Defense Cooperation, where we have around the world—the Department of Defense has five or 10 guys in every country, and they do security assistance and Foreign Military Financing and International Military Education Training—we have these 25, 30 guys do it for the entire region.

So that is the next step, is to organize and put in some regional integration teams.

Mr. CRENSHAW. Does it affect, kind of, what you are doing? Or is it just—your dynamics in your mission, it will just—you will be doing it. That will be a kind of separate thing, but there wouldn't be an impact on what you are doing.

General CRADDOCK. The biggest impact for us will be heretofore our special operations commands, SOCEUR, has been doing the work in Operation Enduring Freedom-Trans Sahara, Northern Africa, against the Al Qaida affiliates, AQIM. That will transfer to SOCAFRICOM, Special Operations Command-AFRICOM, when they stand up.

That will be a significant transfer, because that is a big effort for training, building partner-nation capacity, and having our special forces there countering the Al Qaida located there. That is the big change.

EDUCATION

Mr. CRENSHAW. Just one last question, Mr. Chairman.

You mentioned in your opening statement about education. And we had talked about this. And I know this committee is awfully interested in quality-of-life issues. And I know Mr. Wamp and I have talked about the dollar devaluation and the impact that has had on our soldiers.

Can you talk a little more, because I found it kind of astounding, I can't remember the numbers, but I think almost half the educational needs are there in his command, and yet they get about a third of the money they really need. Can you, kind of, talk about what impact that has, in terms of the families and the kids?

Because I think, in terms of quality of life, sometimes we miss that in overseas. We think about housing and health care and all that stuff, and child care. But when you are overseas and you are not getting the right kind of education, you are really setting people back.

General CRADDOCK. Thank you. Indeed, I can. And it is important, and it is one of my special emphasis areas.

We have about 45 percent of the schools and school children that are administered under the Department of Defense Educational Activity. Now, that includes the Pacific, Europe and continental United States, because there are now some vestigial schools here that are run by Department of Defense.

We get 15 percent of the O&M budget and the military—not military—construction budget. So we are under-resourced there by about a factor of a third, and we should be getting much more than that.

The DODEA is under-resourced in terms of what they need to operate their system. So it is a double hit, if you will. They don't have what they need, and then we get, I think, I know, a smaller share than we should based on what they are doing.

Now, the question that ought to be asked—and I have asked it, and I don't know the answer because it wasn't provided—is, who is getting the bigger share? The answer is, here in the United States. The United States has a choice. If you don't want to send

your child to a school on the base, you can send your child to a local school. We don't have a choice.

So the question is, how does the allocation get made? And it is based upon a committee system that is very arcane and maybe a bit achronistic.

So that is the point. Here is the effect: If you come down and you have children, then the question is—young children, okay, probably enough flexibility, doesn't make too much difference. The next question is, if you have middle-school- or high-school-aged children, which our mid- to senior-level officers will have, okay, where are we going? What is the school like? How close is it? How long is the bus ride? And do they offer A.P. courses or extracurriculars?

And I think what we are seeing, starting to see here, is the danger of—and I don't have the numbers, but I am pretty sure, anecdotally, it is happening—instead of coming as a family unit, mom and the kids stay home because they know, where they are, what they have, and they don't want to take a chance that the children are handicapped where they are going.

And, look, in all fairness, DODEA has done a very good job, DODDS-Europe, Department of Defense Schools—Europe, over these last several years of faculty enrichment. They have pretty good teachers. My kids went there over the years and it was up and down. Today I am pretty confident, I feel much better. Because we have shrunk the number of schools, they have kept hold of the best teachers and administrators.

You can't have that world-class and substandard facilities, because that also will keep the kids away, and mom and the kids stay in the States. If you do that, you break up the family unit, you have got a 2-year tour instead of a 3-year tour, you have got much more turnover, and you have got the continual possibility of something happening back home so dad or mom better go back and take care of this thing. It is more friction.

And we need to make sure we don't penalize the kids, we give them good opportunities, and that when they come back and they are competing for college entrance they compete fairly.

Mr. CRENSHAW. Thank you.

Thank you, Mr. Chairman.

NATO

Mr. EDWARDS. Thanks for raising that issue.

General, let me ask you about NATO. To be effective, clearly it has to be a two-way street. As member nations get the protection of the alliance, they also have responsibilities to participate when the alliance makes a decision to take an action.

Could you give us a summary of what the problems are with some of the NATO members in Afghanistan and what does that suggest about the future of NATO and its effectiveness?

General CRADDOCK. I think we are in a transformation of NATO. We still have a NATO that is by and large organized, arranged, processed for a 20th-century situation, a Cold War situation. They have not come to the reality of transnational threats and new situations that are not planning and preparing, as we did throughout the decades of the Cold War, but having to operate, make decisions.

Their sons and daughters of the nations that send their forces forward are in harm's way. And we can't wait forever to get decisions and processes in place to avoid that.

So the fact is we are operating right now off of a strategic guidance from 1999. And the world has changed significantly since 1999. So that is one of the things that, between now and next year's 60th summit, I think that there is going to be some significant energy to try to get a new strategic document.

Secondly, all the countries, 26 of them, know that the benchmark for contributions for their defense establishment is 2 percent of GDP. That is what NATO has said. "You guys, members, need to commit 2 percent of your GDP." By my calculation, six of 26 meet that today. The trends are down for those that don't meet, they are mostly going further away from meeting. And for the six that do, four of the six have got negative trends.

So, now, this is the choice. The choice is, do you put that money against collective security, or do you put it into social services and 32-hour workweeks and other things like that? But fair enough, those are national decisions.

However, the realization, I think, has failed to hit home that it is not anymore about sovereign states are the problem; it is about transnational threats, for which there is very little we can do diplomatically or politically. Who will you negotiate with if it is time to do a diplomatic effort with a transnational threat like Al Qaida, AQIM, PKK, Hezbollah? I don't know. They aren't there. They don't exist. So the new paradigms have to be, I think, recognized and acknowledged.

European countries, by and large, consider terrorism a public security issue that is only going to be dealt with by the police when the problem is visited on their people. I think the Brits have got it now, that it is bigger than that, because they have been attacked. The Spanish have been attacked. I thought they had it; they have lost it. They are back to public security. And I think maybe some of the other countries—the Germans found out that they had some bad guys, and they did some good work. The Belgians have done some good work. The Danes have done some work.

There is starting to be a realization, but it has not reached all of the nations. That is what we have to do, is continue to work with them to make them understand that.

Now, in Afghanistan, the fact of the matter is that I think the level of ambition in NATO has exceeded its political will. They said, go provide a safe and secure environment in Afghanistan, tell us what it is going to take. My command did that. We said, here is what it is going to take to do what you told us to do. They have yet to give us those forces.

Mr. EDWARDS. How many forces? Can you say publicly, in this setting, how many forces?

General CRADDOCK. We really deal with capability, but it is a matter of a few battalions. The key are the enablers—rotary wing lift—heavy and light helicopters—intelligence, surveillance, and reconnaissance. These are the key enablers that we need that we don't have, in addition to a handful of battalions.

Does NATO have it? They do. The problem is, the political decisions have yet to commit to doing it.

So what that does is a couple things. One, it limits us—and some of the forces they have provided have restraints, caveats. Either functionally, they can't do certain functions; or geographically, they can't go certain places. They can only stay in their own little area.

So what is the sum total of this? This has then limited the ISAF commanders' flexibility to use forces around the country. It constrains the regional commanders' ability to use forces inside of his region, different provinces. And it puts every Soldier, Marine and Airman at great risk because of these inflexible conditions. And it is going to prolong the conflict, and it is going to get more people banged up, either wounded or killed.

Now, the space we give them, the bad guys, the insurgents, is the space between what we need and what we have. And that is their operating space. If we could take that away, we will see progress faster.

Mr. EDWARDS. Is there anything we can do in the next 12 months to change that situation?

General CRADDOCK. The issue becomes one, I think, of European constituents and the ability for leaders of nations who have skeptical constituents to convince them that it is just, it is winnable, and if they don't do this, the likelihood of having the terrorist visit them is higher.

The parliamentarians, the NATO parliamentarians, of which there are several in Congress, can be very helpful when they meet with their counterparts and engage to carry the message and to push them to ask questions, to go to NATO, to find out the realities of what is happening on the ground.

Mr. EDWARDS. Good. Thank you.

Mr. Wamp.

EUROPEAN COMMAND AREA OF OPERATION

Mr. WAMP. General, in the last hour, we have covered a lot of ground and a lot of issues, but you have a vast area of responsibility (AOR). Are there any other concerns that you have that we haven't discussed today that are under your AOR?

General CRADDOCK. Well, I think the ever-present threat of weapons of mass destruction is a concern I have, from a couple perspectives.

One, if you look at my area of responsibility, I have more nations with nuclear capability than anywhere else in the world.

Secondly, the Eurasian area, the Transcaucasus, the Balkans, eastern, western, have been traditionally crossroads for smugglers throughout history, whether it is contraband, it is people, weapons, explosives, drugs. And I think because those routes, channels, linkages, cells, networks, are present in today's world, they could be easily co-opted into the movement of a weapon of mass destruction, whether it be nuclear or chemical or biological.

So that is a concern.

Third, I have a concern about energy security. That is my NATO hat and my EUCOM hat. And my concern is that the ability to use energy, whether it be natural gas or oil, as a political bargaining chip is now beginning to be more and more a reality. That when nations or a nation controls not only the reserves, the production and, most important, the distribution means, pipelines, to their ad-

vantage, then I think that it could be very onerous acts occur and there is very little we can do.

Today we have seen already valves shut down which affected a nation, but, downstream, other countries were affected. So there was some political pressure, cumulative, collective pressure, and the situation resolved.

The more the control of the pipelines occurs, the buy-up of those distribution means, the greater the likelihood of a very precise shutdown. In a cold, northern European winter, if the natural gas is shut off and 3,000 people lose their lives, is that a weapon of mass destruction?

So I think energy security has to be a focal area for NATO, I think for sure the European Union, because they have enormous opportunity to push back and resolve that, not only from not letting it get to a policy determinant, but to find alternative means to deliver in the event that these specific pipelines are threatened.

Mr. WAMP. I have no further questions, Mr. Chairman. Thank you.

Mr. EDWARDS. Just a couple of other questions from me, General Craddock.

KOSOVO

Kosovo—we plan and hope for the best-case scenario, but we have to be prepared for the worst-case scenario. Not to say this is likely to happen, but could you outline what would be the worst-case scenario in Kosovo?

General CRADDOCK. Well, we have definitely a unique situation where this coordinated declaration of independence 34 nations have recognized, I think is the number, which is a bit disappointing.

We have the U.N. now operating, and NATO, under Resolution No. 1244, which we have for several years. That is our authority.

There will be a constitution, it appears now. A draft has been approved. It will go to file and be implemented mid-June.

We understand from the U.N. when that occurs that the United Nations will leave Kosovo and that the European Union will come in, and they will bring in a policing force. And they will bring in an international coordinator, who is from a European Union nation. He will be the international coordinator, but not a European Union coordinator. So it is a little bit unique.

We say—"we," NATO—as the international military force. Now, the question becomes authorities. If 1244 is still in place, we have authority. Does the European Union's delegation of police have 1244 as their authority? If not, the Serbs won't recognize them. If they do, the Serbs likely will. They say they won't recognize it because it doesn't fit.

So there are incredibly complex legal decisions and judgments being made all the time. Worst case? Worst case is that mid-June, if not earlier, the Serbs say, we have had enough of this, and they try to take a hard partition north of the Ibar River and say that is now part of Serbia. And at the same time, the Kosovar Albanians say, we have had enough of this, and they go back to try to take it back. And then we, NATO, with a U.N. police force that is leaving, a European force that has yet to come in, are caught in the middle.

I think there has been considerable constraint, restraint, on the part of the Kosovar Albanians, and I applaud them for that. I think we have had some mischief out of Belgrade.

On the 17th of March, there was a situation in Mitrovica that crossed a line for the first time, where the U.N. took a stand to ask NATO to help them take the stand. We took that stand. And it was not a demonstration by the people against it. It was a specific, war-like act of street combat by paramilitaries against both the U.N. force and the NATO force. The U.N. police had 35 Ukrainian policemen wounded, one killed. NATO had 50 French soldiers wounded. Fourteen required hospitalization.

So that was a line that was crossed. So this has changed now this equation. I think that Belgrade was surprised that the U.N. and NATO stood up and said, no more. These paramilitary structures have been developed over time in the Serbian enclaves. Right or wrong, they developed. Now, our challenge is not to let them go hard and become a partition. So we have to stand our ground.

And I think there has to be political engagement with Belgrade, and there has to be by the European Union, by the U.N., by NATO, to convince them their future is not east; it is west and the E.U. and Europe.

Mr. EDWARDS. Thank you, General.

Let me say, finally, before my last question, I appreciate your addressing these broad issues. We will have staff follow up on some of the specific MILCON issues. But, you know, it is such an important opportunity for us to get a big-picture view of your perspectives in order for us to make rational MILCON decisions.

MILITARY PRESENCE IN EUROPE

So let me finish by going backward to the most basic of questions. For those who would say our presence in Europe is no longer needed, the Soviet Union has broken apart, let's bring all the troops home—I know there is no serious effort to bring all of our forces home—but would you just outline for the record what are the positive military, security, economic, relationship benefits of our military presence in Europe?

General CRADDOCK. Well, the world is changing faster now, obviously, in this post-Cold War period than during the 50 years or so, or 45 years, that we had that. I think that the first thing I would say is this is not about posturing against a rising Russia; that is not what this is about.

This is about creating partners and allies. It is about helping them help themselves, build their capability to ensure that they have the capability to, one, secure their own countries; and then, two, if they desire and when asked, be able to help NATO, United Nations, whomever, to project forces for security operations anywhere in the world.

And I will tell you that many of the new nations want to do that. They don't have much capacity, they don't have much capability, but they are trying very hard. So we are grateful for that.

There is still instability in the Caucasus, frozen conflicts. There is still enormous distrust between those countries, many of them, or factions of those countries and Russia.

Russia is concerned that NATO is threatening them. At the Bucharest summit, I think President Putin talked about the western bloc. It is not a bloc. That term is old-think, it is Cold War. These are all democratic nations. These are all nations that have met certain criteria. They have stable governments, they are democracies. I can't imagine being threatened when you have democracies on your borders unless there is something else at work.

So I think that, to those who say, "Bring them all home," we have brought a lot of them home. You know, I got to Europe, the first time, 1972. It was 780,000 active-duty forces. We are going down to 66,000.

But the fact that we are there and that we are the gold standard for military efficiency, effectiveness, how to operate, everybody wants us on their team. And we have to have somebody there to do that.

And the subtle part of this is, sure, we could rotate forces from the States every 6 months. But I found this out when I was down in Latin America, and we did that in Colombia with special forces. We were rotating the same guys. And over 30 years, they spoke Spanish. It was perfect. And then they went to Iraq, and we brought in a new team, and it was like, "Who are these guys? And they don't speak our language. They don't know us."

We have got to have—I call it the "Cheers" complex. You have got to go where everybody knows your name. Okay? And if you are there, and every few months you are dealing with those people, and pretty soon they trust you, they know you, and you will push up the relationship and their capabilities much faster than if you push it up for 6 months and then they are gone, new guys come in, get it up a little bit, then new guys come in, and you are always in a sine wave.

So I think we do need some forward-deployed for that very purpose, of being able to engage every day. And secondly, all of our service members are diplomats. You know, when they are out there, that is a good thing.

So I think that is important. So that is the answer I would give to the skeptics, that because, you know, we are the gold standard and everybody wants to be like us, and we have got to be there to show them what "us" looks like.

Mr. EDWARDS. Do you do much training of foreign military officers in Europe? Or is that done more——

General CRADDOCK. The IMET, international military education and training, brings them back. Great program, most important thing we do.

Secondly, oh, we absolutely—we do exercises, even though they are reduced. We do exchanges, platoon and company, reduced. We bring them to our training area—Grafenwoehr, Hohenfels—to our NCO academy at Grafenwoehr. Oh, absolutely. And we can't do enough of it, quite frankly.

Mr. EDWARDS. I was at Leavenworth not too long ago, and I was amazed to see how many foreign officers were there on a regular basis.

General CRADDOCK. Absolutely.

Mr. EDWARDS. What a great thing.

General CRADDOCK. Very good.

So those are the things that—not so much, maybe, Western Europe countries, because we have been there a long time, had a relationship, but it is the outreach to the Caucasus and to the Balkans. We are seeing more and more—I said in this Mediterranean Dialogue, North Africa is trying to reach out, both north and south. But AFRICOM will be looking there also.

Mr. EDWARDS. Great. Great. Thank you.

Zach, would you like the last word?

Mr. WAMP. I am through.

But I thank you, sir.

General CRADDOCK. Thank you, sir.

Mr. EDWARDS. Great. General Craddock, thank you very much.

General CRADDOCK. Thank you, Chairman.

Mr. EDWARDS. We look forward to working with you and your staff.

General CRADDOCK. Come visit us. Come visit us.

Mr. EDWARDS. We will do that.

General CRADDOCK. All right. Thank you, sir.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Edwards.]

Question. The September 2004 Global Defense Posture Report to Congress stated that "the United States will strengthen its deployable military capabilities in Europe." As commander of EUCOM, do you believe that your deployable military capabilities are as strong, or stronger, than they were in 2004?

Answer. U.S. European Command's (EUCOM) deployable military capability has increased since the development of the Strengthening U.S. Global Defense Posture (GDP) Report to Congress in 2004 and will continue to strengthen over the next five years until GDP goals are met. Prior to 2004, EUCOM capabilities consisted of heavy division centric, massed forces with robust infrastructure. Today's forces, which may not have the same end strength capability of those five years ago, are tailored to be much more deployable to meet the needs for out of area operations.

To date, the following GDP achievements have helped EUCOM attain a lighter, more agile and deployable fighting force:

- Modularization of the 173rd Airborne Brigade Combat Team
- Partial Modularization of two remaining heavy Brigade Combat Teams to allow them to participate in Operation IRAQI FREEDOM
- Integration of a Stryker Brigade Combat Team
- Consolidation of U.S. Army, Europe and 5th Corps into 7th Army to form flatter command and control support functions
- Merging of U.S. Naval Forces Europe and 6th Fleet Headquarters at Naples, Italy, to create a single Joint Task Force-capable headquarters

EUCOM's transforming posture continues to be characterized by more deployable capabilities as well as leaner command and support structures strengthening deployable military capability. Currently, EUCOM has two U.S. Army Europe Joint Task Force-capable headquarters, one 6th Fleet Joint Task Force-capable headquarters, one 3rd Air Force Joint Task Force-capable headquarters, and improved headquarters staffs across the components, providing a leaner command and support structure. EUCOM forces are more deployable than 2004. At the same time, EUCOM has fewer forces to deploy than in 2004.

Question. Has EUCOM conducted any sort of infrastructure review to determine what the facility requirements would be if the two temporarily stationed Heavy Brigade Combat Teams were kept in Germany beyond 2013?

Answer. The two Heavy Brigade Combat Teams have been stationed at non-enduring installations as reported in the 2004 Department of Defense Master Plan. The Operations and Maintenance funding accounts of these installations have been maintained to ensure current operations capabilities, but no Military Construction investments have been made to recapitalize the infrastructure for long-term use.

In 2007, U.S. European Command staff conducted a study to identify the force structure requirements needed to accomplish theater objectives. During this study a general comparative assessment of the stationing options and capacity to retain the currently assigned four Brigade Combat Teams was completed. The study determined that operational and housing capacity exists; however, there has been an in-

vestment pause at non-enduring installations. Should two Heavy Brigade Combat Teams be retained, the normal modernization and recapitalization planning would need to be initiated for retained infrastructure.

Question. How many permanent U.S. military personnel do you currently have within the EUCOM AOR, and what is the year-by-year schedule for completing the drawdown by 2013?

Answer. There are currently 86,560 permanent military personnel in the EUCOM AOR. This number will decrease at a nonlinear rate to 62,800 military personnel in 2013. The preponderance of the drawdown of forces will include U.S. Army and USAF personnel, of which the majority will be U.S. Army personnel during the return of the 2 Brigade Combat Teams and supporting units in 2012 and 2013.

The current 2008 personnel footprint is as follows: U.S. Army—46,800; U.S. Navy—6,200; U.S. Air Force—30,700; U.S. Marine—1,060; SOF—1,800; Total: 86,560.

The 2010 personnel footprint is as follows: U.S. Army—44,300; U.S. Navy—6,200; U.S. Air Force—28,200; U.S. Marine—1,060; SOF—1,800; Total: 81,560.

The 2013 personnel footprint is as follows: U.S. Army—28,000; U.S. Navy—6,200; U.S. Air Force—25,700; U.S. Marine—1,060; SOF—1,800; Total: 62,760.

Question. Will EUCOM play any role in determining the personnel requirements for operating the "third site" missile defense facilities?

Answer. It is EUCOM's understanding that we will have the opportunity to review and comment on lead service proposals, but will not have approval authority.

Question. When do you plan to complete construction on facilities programmed for the 173rd Airborne Brigade Combat Team at Dal Molin?

Answer. The 173rd Airborne Brigade Combat Team is currently the only split-based combat brigade in the U.S. Army with four of its six battalions stationed in Schweinfurt and Bamberg, Germany. In order to reduce the operating inefficiencies and meet Strategic Theater Transformation timelines the Military Construction is scheduled for completion by early calendar year 2012 to enable the consolidation of the Brigade by the summer of 2012.

The Dal Molin Complex at Vicenza was originally programmed for $479M ($306M in Fiscal Year 2007 and $173M in FY08) to provide facilities for locating the 173rd Airborne Brigade Combat Team. While the project is fully authorized, the Fiscal Year 2008 request was incrementally appropriated. Of the $352M appropriated to date, $80M has been expended. In addition, a design/build contract was awarded for the entire Dal Molin complex on 28 March 2008 to a construction company with a proven track record of early completion. It is reasonable to expect this company will finish the project in advance of the projected completion in early calendar year 2012.

Question. When do you expect to achieve initial operating capability and full operating capability for the consolidated 173rd ABCT at Vicenza?

Answer. The 173rd Airborne Brigade Combat Team (ABCT) is currently the only split-based combat brigade in the U.S. Army with four of its six battalions stationed in Schweinfurt and Bamberg, Germany and the remaining forces stationed in Vicenza, Italy. EUCOM does not draw a distinction between Initial Operating Capabilities (IOC) and Full Operating Capabilities (FOC); The 173rd ABCT will be fully operational in Vicenza when all of the new facilities are ready and the brigade has consolidated in Vincenza. Based on current construction timelines, and assuming continued annual Congressional appropriations, the consolidation and FOC of the 173rd ABCT are scheduled for summer 2012.

Question. The fiscal year 2006 budget included a $7 million fuel pipeline project at Souda Bay Naval Station. This project was ultimately cancelled, at least partially due to obstruction by local government authorities. The FY09 request includes $27.8 million for a similar project at Souda Bay. What has changed between FY06 and FY09 that led to this project's revival? Why has the cost of the project increased from $7 million to nearly $28 million? Is this project eligible for NATO Security Investment Program funding? Is EUCOM confident that the Government of Greece fully supports the continued use and recapitalization of Souda Bay for both U.S. and NATO missions?

Answer. This military construction project will ensure continued ability of Naval Support Activity Souda Bay to provide theater tanker support. In FY06 the project was programmed to replace an existing 4-inch fuel transfer line between the Marathi Fuel Depot and Naval Support Activity Souda Bay with a 6-inch line. The existing pipeline was constructed in 1971 and has heavy corrosion, no cathodic protection and no leak monitoring system. This project has remained a priority due to the pipeline's fragile condition and reduced operating capacity. However, due to problems securing local easement rights the project was delayed and funds reprogrammed. Continued engagement with the local government and Hellenic Defense staff recently secured approval for the project.

The current project combines the original FY06 project with a previously planned FY09 project to construct two new 12,000-barrel fuel tanks at the airfield. These two projects together account for the difference in cost from the original $7 million requested in FY06 to the $27.8 million requested in FY09 for the combined project.

The project is potentially eligible for NATO Security Investment Program funding, however there is no current NATO capability package supporting this project. European Command staff is actively engaged with the host nation and with NATO to develop a viable means for common funding. A pre-financing package for the original pipeline project was submitted to NATO for the future recoupment of funds from the NATO Security Investment Program. A separate pre-financing package will be submitted for the full project, pipeline and tanks, in the near future.

The Hellenic Defense General Staff has expressed support for operations at Souda Bay, to include support for both U.S. operations and the NATO maritime capability. There is currently no NATO mission related to the development of airfield capabilities.

If this project is not funded, Souda Bay will not only continue to have inadequate fuel storage capacity to meet mission requirements for assigned and transient aircraft, but the pipeline capacity and condition will continue to adversely impact mission capability and pose a significant environmental risk.

Question. A large portion of EUCOM's AOR will be shifted to Africa Command. Have you reviewed your posture and infrastructure requirements in light of this development, and have you determined that any changes are necessary?

Answer. The recommended U.S. Africa Command posture is based on a distributed command and control model that will leverage existing infrastructure. In carrying out its missions, Africa Command will consolidate the efforts of three commands into a single command focused solely on Africa. The command strategy for the continent relies on using security cooperation and leveraging multinational partnerships to build African security capacity.

U.S. European Command and Africa Command theater posture planners are currently working the transfer of responsibility for the African AOR to the Africa Command. U.S. European Command will continue to review and update theater posture and infrastructure requirements through the U.S. European Command Master Plan and the Global Defense Posture Plan. EUCOM infrastructure will experience little change and only a minimum of new infrastructure will be required off the continent of Africa (in Europe) to enhance headquarters and component capabilities in support of Africa Command.

Question. How will the "seam" between AFRICOM and EUCOM affect operations in the Mediterranean?

Answer. The "seam" will affect our operations for the Navy very little. USEUCOM will continue to be responsible for all the water in the Mediterranean except for the territorial waters (out to 12 nautical miles) on the northern coast of North Africa. When naval units transit the Mediterranean and are tasked to pull into North African ports for Theater Security Cooperation engagements or logistics requirements, USEUCOM will shop Tactical Control for Force Protection to USAFRICOM and the engagement will proceed. This type of Combatant Command coordination occurs frequently.

Question. What is the status of appropriated construction projects in Romania and Bulgaria to establish forward operating sites for Joint Task Force—East? How many exercises have been conducted at these sites?

Answer. The Military Construction (MILCON) projects (phase 1 and 2) in Romania have been awarded for contract with completion scheduled for June 2009. Phase 1 is currently under construction and Phase 2 will begin construction within two months.

In Bulgaria the Military Construction project site has been approved. Contract award is to be not later than September 2008 with a projected completion of May 2011. Until these projects are complete, all exercises are being conducted at temporary forward operating sites in the vicinity of the MILCON construction projects.

While current force commitments do not support a rotation of brigades from the States, U.S. European Command has provided available forces on a rotational basis to: (1) further develop proof of principle; (2) enhance relationships with Bulgaria and Romania; and (3) develop future partners. Once the permanent facilities are constructed, we will utilize those facilities to support exercises similar to the engagement outlined below:

The U.S. Air Force conducted three Flying Training Detachments (FTD) during Fiscal Year 2007. A FTD typically consists of a deployment of 4–12 aircraft and 250 crew and support personnel for two to three weeks duration.

U.S. Army, Europe (USAREUR) conducted the Joint Task Force—East (JTF–E) Proof of Principle (PoP) exercise in Romania and Bulgaria from July to November 2007. Most of the training event was conducted at MK Airbase.

During the peak training periods, there were approximately 250 Romanian soldiers and 800 U.S. soldiers conducting combined training. The FY08 rotations will more than double this loading.

U.S. Navy Europe maintains a Seabee Detachment on six month rotations at MK Airbase. The Seabees conducted facility maintenance and renovation work, as well as U.S. European Command (USEUCOM)-directed Humanitarian Assistance projects in the vicinity of the airbase.

USAREUR maintains a 27-man military/civilian Mission Support Element (MSE) staff on MK Airbase year round to monitor the progress of MILCON projects, ensure facilities' operational readiness, and conduct Host Nation military coordination in support of JTF–East operations, to include supporting planning conferences with Romanian and Bulgarian Armed Forces.

In addition to the events listed above, the JTF–E MSE Staff supported the North Atlantic Treaty Organization (NATO) Summit Support (U.S. and U.K. Air Force direct support) and the U.S. Presidential visit to Constanta, Romania to meet with the Romanian President.

[CLERK'S NOTE.—End of questions for the record submitted by Chairman Edwards.]

TUESDAY, APRIL 15, 2008.

U.S. SOUTHERN COMMAND

WITNESS

ADMIRAL JAMES G. STAVRIDIS, COMMANDER, U.S. SOUTHERN COMMAND

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I would like to call the meeting to order. Admiral Stravridis, welcome to the subcommittee and thank you for your distinguished military service to the country.

Admiral STAVRIDIS. Thank you.

Mr. EDWARDS. I have been asked if we would ask everyone to speak as directly into the microphones as you can. Sometimes the transcription effort is a little more difficult. If you will just wave or stand up or jump or do this if you can't hear us, let us know. It is bad enough when people quote us accurately, but even more difficult if they quote us inaccurately.

The subject of our hearing today is the fiscal year 2009 military construction and family housing request in support of Southern Command. Going back at least to the Monroe Doctrine of 1823, the security of the Western Hemisphere has been a vital interest of the United States. SOUTHCOM's mission is to guarantee that security.

Although SOUTHCOM's fiscal year 2009 request of $164.8 million is relatively small compared to other combatant commands, there are issues within its responsibility—many issues within its responsibility—that merit this subcommittee's attention. I am pleased to have Admiral Stavridis with us today to discuss these issues.

Before we proceed with the testimony, I would like to recognize our ranking member, Mr. Wamp, for any opening comments he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Mr. Chairman, if my calculation is right, this is the next-to-last hearing of our regularly scheduled hearings before this subcommittee.

Mr. EDWARDS. We save the best, Mr. Wamp, for the last.

Mr. WAMP. And if somebody could help me, what number hearing is——

Mr. EDWARDS. A dozen or more.

Mr. WAMP. I just wanted to say that my eyes are not yet crossed and I am not dizzy, regardless of what my wife says about me, but this has been an unbelievable experience, a learning experience, an exhilarating patriotic experience to meet these heroes and these defenders of our way of life. The admiral came to see me and we hit

it off from the very beginning because I am going to echo your opening comments briefly by saying that as we are able to expand our values and, for all the right reasons, our influence in the Western Hemisphere, we will secure our very freedom. It is so important for us to fend off the elements that are counter to our way of life within our hemisphere, which frankly in South America we have a few of those players today.

I think we do that, though, by bringing people together, by helping with basic needs, by not exerting our military strength, sometimes as much as by just reaching out to people and establishing communications, dialogue, and understanding. The admiral understands the cultures in SOUTHCOM. That is such an important first step to making the progress that we need.

We can help them with their security and very much help ourselves with our security in this hemisphere. If we are going to be competitive in this world, I think we have to build more alliances within the Western Hemisphere to compete with other parts of the world. That is why frankly our military presence is so important. SOUTHCOM, while it is a relatively small command financially, it is a very strategic command.

I hope at some point maybe we could go with the admiral into his command because just talking it through with him today, there are some really strategic places that we really need to go into with him.

I thank you for your leadership and your courtesy today, Admiral, and for your service. I look forward to this testimony.

Mr. EDWARDS. Thank you, Mr. Wamp. Very well said. As a Texan born not too far away from the border with Mexico, I have always felt our nation's government often overlooks the importance of Latin America and its role in our nation's security and its future.

Admiral, again it is great to have you before this committee.

Admiral STAVRIDIS. Thank you, sir.

Mr. EDWARDS. I am going to go through your very long and distinguished career. But just as a matter of a few basics, Admiral Stavridis has been SOUTHCOM commander since October of 2006. He is the first Navy officer to command SOUTHCOM. He previously served as senior military assistant to the Secretary of Defense; was commander of the Enterprise Carrier Strike Group from 2002 to 2004, including operations in the Persian Gulf. He was commander of the destroyer USS *Barry* from 1993 to 1995. If I went through all the list of the words of leadership in the Navy, we wouldn't have time to complete the hearing.

He holds a Ph.D. from the Fletcher School of Law and Diplomacy at Tufts University.

Admiral, without objection, your full written testimony will be submitted, along with any addendums you might have to offer. We would like to recognize you for your opening comments, and then we will continue on at that point with questions and answers.

STATEMENT OF ADMIRAL JAMES G. STAVRIDIS

Admiral STAVRIDIS. Mr. Chairman, thank you very much.

Mr. Chairman, Ranking Member, and Representative Ander Crenshaw I must start by saying is not only on the committee overseeing me, but he is also literally my congressman. I am from his

district in North Florida, so it is a pleasure to appear in front of this committee particularly on not only a professional basis, but a personal basis with my congressman, and he represents our district extremely well.

Mr. EDWARDS. We will give him personal credit for championing your headquarters. [Laughter.]

Admiral STAVRIDIS. I do want to say—I want to echo your comments, Mr. Chairman, and those of the ranking member, that I believe, and I think many of us who are focusing on this region believe this is an important place in the world for the United States. Our job at Southern Command is to look out, to report to the secretary of defense, and to look out over some 36 nations to the south of us in Central America and the Caribbean and South America, and try and affect not only security cooperation, but also in an interagency spirit to work with our partners, particularly the Department of State and to try and secure a positive frame of reference for overseeing this vital part of the world.

This committee and this particular subcommittee looks at military construction. I want to first and foremost say thank you to this committee for your support of our headquarters. This command moved from Panama 10 years ago to Miami, Florida, where there is no DOD base. There is no military base there. So we have been in a rented essentially converted warehouse for 10 years. Our command is spread over nine buildings in the area. Due to your support and allocating us funding for a headquarters building, we will be able over the next 2½ years to construct a facility that will bring all of those parts of our commands together.

It will, most importantly, help address some of the quality-of-life issues because with that headquarters building, we will be able to put in a small medical clinic, a small commissary, a small exchange, none of which exist for our people today. So I want to thank this committee for the superb support you have given Southern Command, sir.

I am happy to take any questions about the region, about the security situation there; anything the committee would like to discuss. And of course I can address the MILCON projects that are up in front of you.

I want to close by doing two things, the first of which is to echo what the ranking member said, and to invite you, Mr. Chairman, and the ranking member and other members who are interested in traveling. Representative Farr was just down with us in Colombia recently. I encourage you to come to this region. There is a great deal to see, and there is no substitute for the tactile feeling of traveling in this region to understand it.

And then secondly, I would like to close by simply saying thank you to the members of my command, the enlisted men and women in particular who serve this country so well. I am proud to stand with them at SOUTHCOM and to work with them.

So, sir, with that I am open for any and all questions that you would want to pose.

[Prepared statement of Admiral James G. Stavridis follows:]

FOR OFFICIAL USE ONLY
UNTIL RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION

STATEMENT OF

ADMIRAL JAMES G. STAVRIDIS, U.S. NAVY

COMMANDER

U.S. SOUTHERN COMMAND

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES

ON MILITARY CONSTRUCTION IN U.S. SOUTHERN COMMAND

APRIL 15, 2008

FOR OFFICIAL USE ONLY
UNTIL RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION

INTRODUCTION

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to discuss the United States Southern Command's MILCON programs for Fiscal Year 2009 and their importance for our activities in Latin America and the Caribbean. I would also like to thank all the Committee members for your support over the past year and for your continuing support as we face the challenges and opportunities in our Area of Focus.

Although the likelihood of large-scale military combat in our region remains very low, this region continues to play a critical role in the security and prosperity of the United States. For example, we face a persistent threat from the flow of cocaine and other drugs from the region to the United States, which can be directly linked to the deaths of thousands of American citizens every year. As all the nations in this region face transnational challenges, I believe the United States will continue to be a welcomed partner of choice in this hemisphere because of the economic interdependence of the region, our strong cultural linkages, and our open sharing of ideas and integrated approach to partnering. At U.S. Southern Command, we will continue to work hard to help make this vision a reality. We are committed to being the military partner of choice and will continue to harness innovation and to develop the relationships necessary to accomplish our mission.

U.S. Southern Command's missions are to promote security cooperation and conduct military operations in Latin America and the Caribbean in order to achieve U.S. strategic objectives. Successfully accomplishing these missions serves to enhance security and stability in the Western Hemisphere and ensure the forward defense of the United States.

I would like to take this opportunity to briefly discuss our key MILCON needs and initiatives, which are critical to the accomplishment of our mission. Specifically, I ask you to support our $163 million FY09 funding request – $82 million is for the new U.S. Southern Command Headquarters Complex FY09 funding increment submitted by the U.S. Army; and $81 million for four construction projects at U.S. Naval Station Guantanamo Bay, Cuba submitted by the U.S. Navy. These initiatives provide critical operational, safety, health, and quality of life support to our service members serving in U.S. Southern Command's area of focus and support our Continental United States and Overseas Master Plan.

Additionally, I support the Department's Fiscal Year 2009 proposal to raise Unspecified Minor Military Construction limits for Operations and Maintenance funding to $3 million.

NEW HEADQUARTERS COMPLEX FUNDING INCREMENT INITIATIVE

At U.S. Southern Command, at the direction of the Secretary of Defense, we are seeking to transform to become a more interagency organization, while maintaining our principal focus on the ability to execute Title 10 warfighting missions when needed in defense of U.S. interests. A key element of this transformation is the building of a new consolidated Headquarters Complex designed to enable effective command and control of future military operations and to better support the synchronization and coordination of military operations with interagency activities. To facilitate this, we recently established a new Directorate for Interagency Partnering, with support from the Office of the Secretary of Defense. This directorate's mission is to develop a culture of coordination with interagency, international, non-governmental, and private organizations to better harmonize our activities with ongoing national and international efforts to support security, stability and prosperity in the region.

In addition to improving interagency fusion efforts, this new Headquarters Complex will better the quality of life for those currently serving at U.S. Southern Command as well as the large number of retired military personnel and their families living in the South Florida area. The Complex will include a small child development center, fitness facility, clinic, commissary, exchange store, and conference center.

Accordingly, I ask for your continued support of our request for $82 million for the new U.S. Southern Command Headquarters Complex FY09 funding increment.

QUALITY OF LIFE FOR OUR MEN AND WOMEN

The quality of life of our deployed men and women is of the utmost importance to the command. A significant number of our service members, in particular those service members deployed to Guantanamo Bay Naval Station, live and work in inadequate quarters and facilities. The FY09 MILCON request submitted by the U.S. Navy includes $81 million for four construction projects at U.S. Naval Station Guantanamo Bay, Cuba. One of the four projects is for a Consolidated Fitness Complex. This project will provide adequate fitness and wellness facilities to support the military population and other assigned personnel at the Naval Station. The majority of the existing fitness facilities at the installation are older wood structure buildings and have been poorly modified to support physical fitness activities as an interim fix. Many need repair and are scattered across the base, making it very time consuming and difficult for the Soldiers, Sailors, Airmen, Marines, and Coast Guardsmen to maintain adequate physical training regimens. This consolidated fitness complex project consists of the construction of an addition to the existing primary fitness center, a concessions/restroom facility with gear issue and scorer loft, a covered pavilion addition to an existing maintenance structure, and various miscellaneous

upgrades. The project will demolish older workout centers and will fully conform to Anti-Terrorism/Force Protection standards.

The remaining three projects are to replace military family housing units at U.S. Naval Station Guantanamo Bay, Cuba. The projects consist of replacing Granadillo Circle Housing, Granadillo Point Housing, and West & Center Bargo Housing. These projects will provide adequate family housing needed for married personnel and their families and other assigned personnel at the Naval Station. The current housing was constructed in the mid 1950s and has been in continual service for more than fifty years. They were built to 1950s standards and using space criteria, meaning some units have only one bathroom and most units have very little storage space. These housing units are inadequate in design and construction to accommodate today's requirements. The existing buildings would require major and expensive structural modifications to achieve the new space and privacy criteria for current military family housing standards. Many of the housing unites have reached the end of their useful lives and new housing is needed to fulfill our long term requirements at Guantanamo, the only U.S. military port and airfield facility in the Caribbean.

CONCLUSION

I take great pride in our important mission and in the tremendous efforts of the men and women of U.S. Southern Command. I believe we have made good progress over the last year; and that this year and those to come promise to see solid return on Congress's investment in the region. I would like to thank all the Members of the Committee and indeed all the Members of Congress for your support to U.S. Southern Command and the hard work we are doing for our country in Latin America and the Caribbean. Thanks to the support of Congress, this year is

already on track to be another good year for U.S. Southern Command and the pursuit of our mission in the region.

I would like to close by saying a word about the superb Soldiers, Sailors, Airmen, Marines and Coast Guardsmen, and civilians – active, reserve, and guard – who serve in the region. They are volunteers and patriots, and I am proud and fortunate to serve with them every day. Our greatest strength is our people, and I ask continued support for the programs that support them and their families.

Again, thank you for your support and I am prepared to answer your questions.

Mr. EDWARDS. Thank you. Admiral, thank you very much again for your distinguished service and the service of all those that you represent with your presence here today.

I think Mr. Wamp will approve if Mr. Crenshaw, given the strategic location of your home state, if we began by recognizing you to start off the questions and comments.

Mr. CRENSHAW. Well, thank you.

I want to thank the admiral for his kind words. I don't have that many constituents that come up here and testify before——

[Laughter.]

Mr. CRENSHAW [continuing]. I don't have any admirals.

But it has been great to get to know the admiral over the years. One of the reasons has been that I represent him. [Laughter.]

Mr. WAMP. That needs to be on the record. [Laughter.]

MILITARY CONSTRUCTION IN THE REGION

Mr. CRENSHAW. Well, we do thank you for your service.

A couple of things, I would like to hear you comment on the military construction aspect. There are some dollars in here. As you may or may not know, this committee has been awfully sensitive to quality-of-life issues and housing and things like that. There is always controversy about getting—in terms of the——

Admiral STAVRIDIS. Sure.

Mr. CRENSHAW. But just tell us those military construction dollars, where do they go to?

Admiral STAVRIDIS. Sir, as you know, we have several construction projects at Naval Station Guantanamo. That is distinct from Joint Task Force Guantanamo. The JTF is where the detainees are housed. These projects would all be in front of you even if there weren't a single detainee on the island. These are projects that will rebuild really a 50-year-old naval station that is of extreme strategic importance to us because of its location, as it is our furthest southern U.S. military installation in this region.

So the projects there will be exactly what Representative Crenshaw just said. They will be the quality-of-life things that will support our people. We build family housing complexes because our families are down there. They will create an appropriate fitness center for our people. Again, they are distinct from the JTF detainee operation.

So I think it is a prudent investment. I think it brings the naval station up to the standards that we hope for for our young men and women. I thank the committee for considering that request.

FOURTH FLEET

Mr. CRENSHAW. And the other question I wanted to ask you, there has been a lot of discussion in the Navy about reestablishing the Fourth Fleet. And then from a parochial standpoint, there has been discussion about making the headquarters at Mayport in my congressional district.

So I would like to hear your views. You would be very directly affected by that. What do you think about that concept? I don't know if you have an opinion as to where the headquarters are. You are in Miami, as you pointed out. You don't have a lot of facilities

down there in Mayport, which is kind of a up-and-running operation. But comment on where you think it might be headquartered, but more importantly just how it would fit in and how it would make your life a little bit easier and probably better in your——

Admiral STAVRIDIS. Sir, I would be glad to. I started talking with CNO Mullen back when Admiral Mullin was the CNO and I had just taken over at SOUTHCOM, and then continued that dialogue with CNO Roughead, Admiral Roughead. Both have been incredibly supportive of the idea of a Fourth Fleet. What Fourth Fleet does for us as a nation is it puts in place a naval near-time organization that is focused on Latin America and the Caribbean, where I think we can all agree there are important U.S. interests.

So secondly, it would bring together in one location close to the area of operations—the ability to command and control ships and naval responses to things like a mass migration out of Cuba, to help us stop the flow of narcotics into the United States, to conduct security exercises of a maritime nature with our partners, both in the Caribbean and all around South America and Central America.

There is no substitute for location. You know, having a numbered fleet commander close to the area of operations is critical. Now, as to where that location would be, Representative Crenshaw sir, that would really be a CNO decision. He is the—organizer.

As the combatant commander, I am telling him that I need that level of support and he is going forward with it. I am fully supportive of it. I anticipate that it will be approved sometime in the near future. And as to the precise location, I leave that to the chief of naval operations.

Mr. CRENSHAW. Thank you very much.

And thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Wamp.

CUBA

Mr. WAMP. Thank you, Mr. Chairman.

Admiral, you spoke in my office about your three greatest concerns. I would like for you to walk back through those for the subcommittee, and then talk specifically about Venezuela and Bolivia and Ecuador, and the alliances that we should be concerned about in SOUTHCOM.

Admiral STAVRIDIS. Sir, I would be glad to. First, I would say particularly given our location in Miami, Florida, we watch Cuba very closely. We are concerned about Cuba, particularly from the SOUTHCOM perspective for the potential for mass migration out of the island. Historically, of course, we have had two large migrations from Cuba in the last 30 years, one in 1980, the so-called Mariel boatlift, and one in 1994. Both of those resulted from political decisions that were made by the Castro dictator in Cuba.

So we are very concerned, and one of our jobs is to work with the Department of Homeland Security to respond if we had en masse migration. So we follow events there very closely. At the moment in Cuba, we see Fidel Castro stepping back. He has turned over the presidency in an unelected dictatorial fashion to his brother, Raul. Raul is making some very small economic openings, so we are simply watching events very closely there with our partners in

the State Department and our other partners in the interagency to try and get ahead of a potential situation which might lead to a mass migration. So we watch Cuba very closely.

COUNTER-NARCOTICS EFFORT

Secondly, we are very concerned about the flow of narcotics through the region, notably cocaine, which comes from the Andean ridge from Colombia, Peru and Bolivia. So we put a high degree of effort into finding and stopping cocaine shipments that are moving through the Caribbean. Over the last 2 years, we stopped on average 240 tons of cocaine through the region. That means there is a lot that gets through to the United States. Of course, stopping drug use is a big national problem. There is a demand side to that here in the states. There is a supply side in the countries of the region. Our job is the interdiction portion of it. We spend a lot of time on that.

Sir, it is not just the drugs. I worry that the pathways that allow drugs to flow through could then be used to move a weapon of mass destruction, move a terrorist. So I think there is a real homeland defense component to this counter-narcotics effort. So that is kind of the second thing that we focus on—Cuba and counter-narcotics.

COLOMBIA

The third place where we are focusing a great deal is the situation in Colombia. Colombia is a success story. Colombia has come an enormous distance in 10 years from a period of time in which our Secretary of State, Secretary Rice—said Colombia in 1997 to 2000 was almost a failed state. Today, Colombia by any accountable measure has improved vastly. They have reduced homicides 40 percent. They have reduced kidnappings 80 percent. They have reduced killings of labor union leaders 65 percent over the last 10 years.

President Uribe enjoys an 80 percent approval rating. The insurgent group, the FARC, has an approval rating less than 2 percent. I mean, this is not a popular insurgency. The number of fighters in FARC has declined from 18,000 to less than 9,000 today. There is Colombian presence in 1,098 municipalities throughout the region. So the Colombians have looked a difficult insurgency in the face and they have walked their country back from it with a moderate level of bipartisan support from the United States.

Plan Colombia started under the Clinton Administration. It has continued under the Bush Administration. Together, that level of support has been very, very salutary for events in Colombia. That is important for the United States because Colombia is our strongest friend and ally in the region. So as we look at the other countries in the region, they follow events there in Colombia very closely, and they are looking for continued U.S. support.

So the Southern Command will do—military-to-military with our Colombian partners to help them train, equip and organize their military to operate in accordance with human rights, tactically effectively against the FARC, and in a way that is strategically supportable in a counterinsurgency role.

So those are my three highest-focused areas. I do a lot of other things, but I put those three at the top of the list.

BASE REALIGNMENT AND CLOSURE

Mr. WAMP. One more question in this round, Admiral. As I have shared with you, I turned 13 living on the Howard Air Force Base in the Panama Canal Zone, spending a few months with my aunt and uncle, when my uncle was stationed there. BRAC and changes in our military construction facilities around the world obviously changed many commands. What do you foresee in SOUTHCOM in terms of changes? Are there other bases that might be realigned or do you see a need for us longer-term than just this budget request, do you see other needs out in the future?

Admiral STAVRIDIS. Yes, sir—SOUTHCOM, we have a very light and lean infrastructure in the region. We have Guantanamo Naval Station, very important to us, and we have a request up in front of you for that. We have three of what are called forward operating locations, and these are really nothing more than a couple of hangars, a maintenance building, and access to an air strip. There are three of those right now, sir. One is in El Salvador, one is on the Dutch-owned island of Curacao, and one is in Manta, Ecuador.

They are operated under 10-year leases. The one I am concerned about is the one in Manta, Ecuador. It is under a 10-year lease. The current president of Ecuador, President Correa, has said on several occasions that he does not intend to renew that lease. That lease is up in November of 2009.

Now, we and the Department of Defense are working very closely with the Department of State, who have the lead on any kind of arrangement like this. We are attempting to convince our partners in Ecuador to renew the lease. If they do not, I would anticipate in this next budget cycle coming back to this committee for additional funds to establish an alternate forward-operating location. In terms of scale, that will not be a huge project, probably in the $30 million to $45 million range.

Mr. WAMP. Do you mean in Ecuador?

Admiral STAVRIDIS. No, sir. We will probably need to go elsewhere because President Correa evidently, at least in his public statements, has indicated a lack of support. So we are talking to some of our other friends and allies in the region. I can provide a classified addendum because such discussions are sensitive, but I have every reason to believe that other friends and allies in the region will provide us support. So I will then come back to this committee in the next budget cycle for, again, a modest level of support to replicate that facility.

Mr. WAMP. All right.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Farr.

Mr. FARR. Thank you, Mr. Chairman.

CUBA AND GUANTANAMO

Admiral, I want to compliment you on your public service, and secondly, on your leadership. I was very impressed reading about the Southern Command engaging in what you call the battle of ideas, not the battle of missiles and bombs in the Western Hemisphere. I lived in Colombia for many years as a Peace Corps volun-

teer. I found a new meaning to the phrase I am proud to be an American! Well, all of Central and South America says the same thing. They all consider themselves a part of the Americas.

Admiral STAVRIDIS. Representative Farr, you have no idea how often I make that point to my people. Seriously. We have appropriated that term to ourselves, but when I hear somebody use it down south, I am always corrected. I associate myself with your remarks.

Mr. FARR. Yes, we have never as a country officially embraced—though I think we ought to—have a whole hemispheric strategy on energy, and a whole hemispheric strategy. It is the only way to go. I appreciate your speaking out about that and leading in that direction.

There are a lot of issues and a lot of details, and I want to get to some of the details on some of these issues. I happen to disagree with our administration on the matter of Cuba. I have been to Cuba five times. One of the conferences I attended in Cuba concerned international narcotics enforcement. One participant there was a Coast Guard officer who was in civilian uniform. His impression was that Cubans are doing a great job on the drug war front. They don't want drugs and in this area the U.S. has a great collaboration with Cuba.

I wish we could employ that kind of collaboration in the military. It seems to me that it is in our best interests to begin creating a more established professional relationship with the Cuban military. If they are willing to help us on drug interdiction and things like that, we have the building blocks for regional or hemispheric stability.

I think it is just a matter of time before we start changing our policy about Cuba. I just don't believe it is a terrorist country or capable of being a terrorist country. You mentioned preparing for the boatlift. If we just told the Cubans that if they come here they are going to have to pay for their education and pay for health care, and not have affordable housing, not have universal access to health care, I don't know if they would want to come at all.

It would be a lot easier to do the ounce of prevention, which I think is what your mission about ideas is, and that of the secretary, on this whole new—AFRICOM briefing, this whole intergovernmental relationship. Congress has just passed a bill which the Defense Department is supporting on setting up a Crisis Corps, so that we can on the civilian end, through the State Department and the USAID, can respond like the military does with special ops that put people with special abilities in-country.

So one of the things that the candidates have all called for is for Guantanamo to be closed. Is there a plan if that—if they get in the presidency, whoever is elected president, follows through, do we have a strategy for that, knowing what the cost-benefits of it would be?

Admiral STAVRIDIS. No, sir, not to my knowledge. Again, at SOUTHCOM, our job at SOUTHCOM is not the legal policy part of that package. Our job is to provide——

Mr. FARR. But you do provide for contingencies, don't you?

Admiral STAVRIDIS. Well, we provide for humane treatment of the detainees and contingencies within the island, but in terms of

a national decision to close the detention facility, we are not doing planning of that nature at SOUTHCOM.

Mr. FARR. Your responsibility?

Admiral STAVRIDIS. No, sir. That would be appropriately vested at the level of the deputy secretary of defense because it is a policy matter.

COLOMBIA

Mr. FARR. Well—it would be helpful to get the information on what those cost-benefits would be. Since all the candidates have indicated that closing Guantanamo is likely, it is probably something we ought to look at.

Another issue, you have been very good with our Andean assistance to Colombia and other Andean countries, but particularly Colombia, and working to upgrade their military to be a professional military. Many times the Washington Post reports that the Colombian security forces heavily rely on body counts to prove their effectiveness. Recently the Colombian Commission found that 287 civilians were allegedly slain by military and then dressed up to look like FARC or others had committed the deed.

If you are going to use the body count as a success story, are we doing anything to end these extra-judicial killings? Is there a responsibility for the DOD in Colombia to vet all their military with a background check to see if they have a history of human rights violations? Does the military have a role in that, in helping civilian investigations of these crimes and things like that? Could you just brief me on what is the DOD and SOUTHCOM responsibility?

Admiral STAVRIDIS. Sure. Let me do a couple of things. Let me start. You were very gracious to thank me for my service and I want to thank you for yours, as a Peace Corps volunteer. I spent a fair amount of time over the last 18 months throughout this region, and come in contact with many Peace Corps volunteers. It is an integral part of what the United States needs to do in the region.

I had a chance to talk to Senator Dodd a couple of days ago. I told him the same thing.

Mr. FARR. Yes, the Peace Corps was taken out of Colombia in 1981. The violence got so bad. Today there is consideration to return the Peace Corps back to Colombia.

Admiral STAVRIDIS. I think it is time, because I think that side of the equation in Colombia is vitally important, working with the Afro-Colombian population, working with the agrarian sector to find alternatives to the production of coca. So first let me thank you for your service.

Second, let me thank you for coming and visiting Colombia recently. I again want to encourage all the members of the committee to travel in the region.

Mr. FARR. A good place—to visit.

Admiral STAVRIDIS. Indeed. Your questions are right on point. I have said personally to the chief of defense, General Freddy Padilla, the chief of the army, General Mario Montoya, that the center of gravity in this insurgency for the Colombian military is human rights, and they have to get off this body-count strategy. They acknowledge that. I believe they are moving away from that.

I know that General Montoya has recently spoken against the body-count philosophy. They are in the process, Representative Farr, of causing that to be penetrated down to the lowest levels of their military. They recognize that they have got to sort that out.

Now, what we do at SOUTHCOM, besides just me talking to my four-star interlocutors eye-to-eye, is we have a whole structure of people who do human rights training for the Colombians, and we do an awful lot of it. We are working that very hard. I would love to come and talk to you specifically about that.

Mr. FARR. That would be very interesting.

Admiral STAVRIDIS. Okay. And secondly——

Mr. FARR. They don't come to SOUTHCOM.

Admiral STAVRIDIS. That would be terrific. Come to Miami and we will give you the whole thing.

The other thing, and this may surprise you given the antecedents of this place, but it is the so-called WHINSEC, the Western Hemisphere Institute for National Security, which used to be called the School of the Americas. Today, the curriculum at WHINSEC is over 35 percent devoted to human rights. I would love to take you to Fort Benning and have you sit in a classroom there with representatives of the militaries of the entire region, including many Colombians, and see how our professional military is trying to inculcate those kinds of positive values in our mid-grade and junior officers, and that is what is so important.

So I think there is a lot of good to show you there. That is not to say all these problems are solved by any means, but it is the center of gravity. They are moving away from body counts. I would like to talk to you some more about that. And I will submit something for the record.

POLITICAL AND ECONOMIC DEVELOPMENTS IN LATIN AMERICA

Mr. EDWARDS. No, no. Very well said. Thank you.

Admiral, let me ask a broad question follow-on from Mr. Wamp. One of the benefits of being on this subcommittee is getting to hear the overview of our combatant commanders about the economic and political situations in their regions of the world. Could you tell us what has happened over the last decade or so? It seems like in the 1990s there as a trend toward democracies and a lot of hope toward Latin America, and now it seems to be going in the opposite direction.

Tell us, just in general, what is going on politically and economically in Latin America? And then if you wouldn't mind, tell us the good, the bad and the ugly in terms of their perceptions of the people in the United States and our government. Those that dislike us, what do they dislike the most about us, and what can we do over the next decade to bring about positive change in terms of our image in Latin America and the Caribbean?

Admiral STAVRIDIS. Sure. Thank you, Mr. Chairman.

If I could, you mentioned the 1990s. Let me actually take you back to the 1970s. If you looked at a map of the region in the 1970s and you put the color red on any country that was a dictatorship, you would see that essentially from Mexico south everything was a military dictatorship, with the exception at the time of three countries. So that was 1977.

Mr. EDWARDS. Right.

Admiral STAVRIDIS. Now, flash forward to 2007. If you looked at that map today and you put green on every democracy, there would be green everywhere on the map except for Cuba. Cuba is the only remaining non-democracy in the region. Now, do we get along with all our fellow democracies on every point? Absolutely not. I mean, that is the beauty of democracy, right? Countries, like people, that are democracies get to have opinions about things that aren't tied to an individual.

So I would say that there is enormous progress in the region in driving out the human rights violations that came with the military dictatorships, in instituting democracy, in by and large observing liberty on bills of rights kinds of things, although that is the harder challenge than simply having a democracy. But I think there has been enormous progress on the political front in that sense.

Economically, I think the region since the 1970s has neither gone up tremendously nor down tremendously. Poverty still afflicts this region and is the most salient fact one needs to understand. Today, 36.5 percent of the people live on less than two dollars a day in the region to the south of the United States.

Mr. EDWARDS. Wow, 36.5 percent?

Admiral STAVRIDIS. Yes, sir.

In Haiti, for example, 80 percent of the people live on less than two dollars a day, but throughout the region as a whole, poverty is still the most fundamental fact that one needs to understand. So economically, it is a commodities-driven environment. It has had a bit of a run-up over the last 4 years—about 5 percent growth—but like all commodity-driven economies, it is at risk of reversing itself if there is a global slow-down. So economically, I would say it has been a bit of a roller-coaster. It is on an up-curve at the moment, but I am concerned about the potential for a commodity drop-off.

I think in terms of—with the United States, which is what you asked me to address next, there are places in the region where the United States is still very well regarded. I use as my statistic here the Latino Barometer, which is a well regarded poll that is conducted throughout all the nations of this region. Our ratings, if you will, kind of run from 90 percent positive in places like the Dominican Republic and El Salvador and other parts of Central America, to as low as 10 percent in Argentina, which ought to cause us to pause and say why would a country like Argentina be concerned about the United States and have less of an approval rating.

Mr. EDWARDS. What is the answer?

Admiral STAVRIDIS. I don't know the answer to that exactly. I think there are some remaining resentments about the way the financial crisis was handled in Argentina in the early 2000's. But I believe we are in the process of rebuilding a stronger relationship with Argentina today.

My point is, our relationships in the region run a gamut from very positive and very favorable to very low. I would argue, and Representative Farr was saying, I don't believe in a war of ideas, and I do not. I do not think we are in a war of ideas in this region. I think we are in a marketplace. We have to compete. We have to go down there and show that the ideas the United States stands

for—democracy, liberty, free economies, free trade, human rights—that those are the right ideas for a society to move forward into a positive future.

I think we have to do that in intelligent ways. We have to do it as an interagency working together. We have to do it with visits from important figures in U.S. life like all of you. We have to do it in a way that is not patronizing and not condescending. We have to do it in a way that looks at our partners to the south as equals.

Let me close by saying, as I travel around people often say to me, you know, Admiral, what you are doing is really important because that is America's backyard. That is a terrible expression if you stop and think about it—America's backyard. It is patronizing. It is condescending. Think how it translates into Spanish. It is the wrong expression.

What I say to people is, it is not our backyard. It is not our front porch. It is a home that we share together, the Americas. The sooner we recognize it as a home and look with an eye toward equality toward our partners, and move toward communication that is sensible and comes not just from DOD or not just from State or not from Commerce, but holistically approaches those, I think we will have a better opportunity to raise the bar of our national approval in the region.

Mr. EDWARDS. And I will just conclude with an observation before we go back to Mr. Crenshaw. I will never forget when General Jim Jones, who was our European commander——

Admiral STAVRIDIS. Sir, I know him well.

Mr. EDWARDS. He sat in that very chair and after testifying about MILCON projects, at the end, and this was as he was retiring, he said, you know, we have to do more in Africa to get in and prevent wars and prevent terrorist havens from being created. He talked about the need for business relationships and military and other relationships. And now we had General Ward testify about the Africa Command plans, and as you try to involve the State Department and other agencies in our efforts, it may be a model that works and hopefully will work in some parts of the world.

Admiral STAVRIDIS. Yes, sir. Two officers who I look up to in a lot of ways are both Marines, and they are General Zinni, who is a former commander of U.S. Central Command, and General Jones, a former U.S. European Command. And they both fully get it on the ideas of interagency and how we need to approach the world. Because the prevention is really a far better place to be than trying to solve a problem when it is at the far end of the spectrum.

Mr. EDWARDS. Thank you, Admiral.

Admiral STAVRIDIS. Yes, sir.

Mr. EDWARDS. Mr. Crenshaw.

Mr. CRENSHAW. Thank you.

HOSPITAL SHIP "COMFORT"

I just have one other question. It is kind of along the line of what we were talking about—the marketplace of ideas and what we are trying to do in Africa. I know last year, the Navy sent a hospital ship called the *Comfort*. There is something called a global fleet station we are doing. And those sound like the kind of humanitarian visible perceptive things that we can do to kind of follow

through on what we are talking about. Can you maybe just kind of describe both the operational and the diplomatic successes that that brought? And is that something that you see us doing more of in the future?

Admiral STAVRIDIS. Yes, sir, I sure can. The hospital ship *Comfort* sailed for 4 months last summer and did 400,000 patient encounters throughout the region, 12 different ports. We measured public opinion in the wake of that particular voyage and we really had a positive response to that. We don't want to be just a one-trick pony. We have two large-deck amphibious ships that are going to come down this summer and essentially replicate that voyage. We will bring the *Comfort* back again in the summer of 2009.

So our object is every year to try and do a large package of care from the sea. Now, this complements the medical diplomacy that is done by the Army and the Air Force ashore in a series of small clinics all over Central America and South America. I make that sound small, and you picture a few hundred people. It is actually one million patients treated over the last 4 years. That is on-shore.

And then when we add to that what is coming from the sea, it is a very visible signal to the region of the compassion and the care of the United States. I think it is an important approach to take. It is one part of launching ideas, not missiles, into this region.

Mr. CRENSHAW. Are there any restrictions on draft or port conditions or anything that limit us to where we can go?

Admiral STAVRIDIS. There are with the big-deck hospital ship. So what I have asked Admiral Roughead to do, and he has agreed to do, is to purchase some high-speed vessels which are dual-hull catamarans that have a draft of only eight feet. Those can go almost anywhere. We are breaking down the large medical cruises into short-hitters that we can go into places like Suriname and Guyana, where there is an alluvial plain and it is hard to get in there with a big hospital ship.

Mr. CRENSHAW. Right. Thank you very much.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Crenshaw.

Mr. Wamp.

Mr. WAMP. Admiral, not to draw a contrast, but I was just interested. How many Ph.D. admirals with four stars on their shoulder are there?

Admiral STAVRIDIS. I think I am the sole specimen at the moment. [Laughter.]

Mr. WAMP. That is admirable, Admiral.

Admiral STAVRIDIS. Thank you.

Mr. CRENSHAW. He lives in my district. [Laughter.]

Mr. WAMP. How many Ph.D. admirals with four stars live in Ander Crenshaw's district? [Laughter.]

COLOMBIA

I don't want to put anybody on the spot, but I do think this is important. You mentioned in terms of those things in our hemisphere that we need to promote, and you said free trade and it went right by. It is important that we have a free trade agreement with Colombia at this critical moment, isn't it?

Admiral STAVRIDIS. Sir, we talked about it in your office. I am going to leave aside any political component to the answer, and I am going to leave aside any economic component, because those are not my lane. But I will tell you, from a security perspective, I think that having a free trade agreement with Colombia is an important thing to do. I think that is because it enables their economy to produce a better level of productivity. It allows them to feel geopolitically and geo-strategically attached to the United States. And I believe that others in the region are watching closely for that signal from a security perspective. I will leave aside the political or the economic issues to others.

CUBA

Mr. WAMP. And then to take the conversation we are having, as Ander said, a little further. I know from studying a little history that Castro, for instance, wanted to reach out to people in the Western Hemisphere and he sent doctors all throughout South America to try to make friends and influence people.

Admiral STAVRIDIS. He is still doing it.

Mr. WAMP. That was a very shrewd move on his part, but his ideology was wrong. Today, we have some wrongheaded thinking in the southern part of the Western Hemisphere and that is somewhat a threat to our way of life. And so when we look at ways to reach out and build bridges and make friends, frankly, and influence people for the good, you are thinking even beyond the extensions of the government, I understand, with public-private partnerships, NGOs, ways to kind of take all of the resources available and try to mobilize them through your command.

We also talked in my office about this Os Guinness quote, "the power to convene is greater than the power to legislate," and then we took it a step further and came up with "the power to convene is greater than the power to annihilate." And our military strength clearly can take out enemies, but it is far more effective, frankly, for us to empower people to be our friends through our military. How are you leveraging these other resources for that purpose?

Admiral STAVRIDIS. What we are trying to do is to be a supporting platform for good works in the region. We are doing that, for example, on the hospital ship, the *Comfort*. We threw that open to volunteers and we were able to get a wide variety of nongovernmental organizations and medical international organizations to come on that cruise and be part of that. We are trying to provide the logistic support because we have that capability. We have the ability to move large amounts of people and materiel. So that is one example on the hospital ship.

Secondly, we are working with the Department of Homeland Security and the Department of State to fund something called the Caribbean Support Tender. "Tender" is a Navy word for a ship that goes from port to port and is helpful in rebuilding maritime capability. We are hopeful that we can have an international crew on that, have NGOs on it, and use that as a ship that would sail around the Caribbean doing not only the kind of medical clinic work that we are talking about, but also be able to go in and repair fishing boats, repair Coast Guard boats, work on a dock, provide maritime capability.

So I think it is one of these cases, sir, where the sum is so much greater than the individual parts. If we at SOUTHCOM can be part of the team, and we don't want to take over, we don't want to be in charge. We want to be a facilitator and create a logistical platform, if you will, that others can hook onto. Therefore, we can get everybody's efforts at a higher level and try and promote these kind of activities.

Mr. WAMP. Back to Cuba, do your personnel have the capability of leaving the base in Cuba?

Admiral STAVRIDIS. No, sir.

Mr. WAMP. So everything is self-sustained right there within the base?

Admiral STAVRIDIS. Yes, sir. The only contact at the base itself is once a month the base commander has a very amicable conversation with the local Cuban military commander, the so-called fenceline talks. It is a conversation about logistics, waterspace management, air management. But no, our people don't go off the base at all.

Mr. FARR. Do any civilians go off base?

Admiral STAVRIDIS. There are a very small handful of Cuban civilians who come and work on the base and then go back every day. They are effectively grandfathered in. When the last few of those pass away, then that will be shut off because the Cuban government doesn't want to send any more after that.

Mr. WAMP. Admiral, I am not where Mr. Farr is in disagreeing, but I am open-minded to the thought of more travel, maybe some trade, religious freedom, openness. But my question for you is, does Raul Castro seem to have a different attitude than Fidel?

Admiral STAVRIDIS. I think it is too early to tell, but the early indications would be that he does have a different approach, simply judging by the fact that he has opened up some small economic changes on the island, notably allowing Cubans to purchase cell phones. There are lines around the block today in Havana of people trying to buy cell phones and buy the ability to speak on those.

He has opened up tourism, hotels that he did not previously permit Cubans to go to. Now, those are open to them. He is allowing for the first time Cubans—and this is complicated—but perhaps even buy the houses they live in from the government. In the past, they haven't been allowed to do that. So we are at the very first stages of what Raul is going to do and we are watching that closely.

To Mr. Farr's point, I think this is a time when there may be change and we should be alert to changes and see what changes that brings from our perspective.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you.

Mr. Farr.

CRISIS CORPS RESPONSE

Mr. FARR. Thank you, Mr. Chairman.

I wanted to follow up on Mr. Wamp's comment. We passed last month a bill that I sponsored, and you might even have been a cosponsor of it, it was H.R. 1084. It is in the Senate. It is a bill that creates within the State Department a Crisis Corps. It is strongly

supported by DOD because civilians have different response capabilities than the military has.

But I think what you are going to see is that the first instance of training for this new corps is all going to fall on the military because you have the institutions to do it. And right now, the first two schools of training for the State Department and USAID and others in this first cadre of first-responders has been designated at the Naval Postgraduate School in Monterey and the NDU.

From what you are saying and your interest and your agency organization, it seems to me that the new direction for response strategy is in your mission of ideas which I think is very exciting. I think even with regard to Cuba, we are going to end up being a friend of Cuba or vice-versa over the years. That little island cannot just be without our support, and I think it is foolish for us to try not to open up doors down there, travel and so on.

But does SOUTHCOM currently make use of the Center for Stabilization and Reconstruction at the Naval Postgraduate School? Do you know of any SOUTHCOM officers there? NPS has an FEO program now. Originally the Navy didn't have MOS's for people who got a master's degree, but now leadership is screaming this is what we need to do.

Admiral STAVRIDIS. Yes, sir. First of all, I agree completely with the overall direction that we need to go is much more of an interagency approach. You have identified two premier programs that are moving in that direction at the Postgraduate School in Monterey and at NDU here. We do make use of those. We have a center at NDU, the so-called Center for Hemispheric Defense Studies. It is focused on this region and works very closely with the Stabilization and Reconstruction Center, both at Monterey and its counterpart in the INSS at NDU.

There is no question that—in fact today, in front of the HASC, Secretary Gates and Secretary Rice sat side by side. I think that is the first time there has been a hearing, at least in front of the HASC, of both the secretary of state and the secretary of defense. And they talked about these exact issues in the context of where we need to go in the government to approach this interagency process more intelligently and more cohesively.

I think in this region of the world and in AFRICOM, I think are the two places where we should try that first. We should move out on it. Again, we are not launching Tomahawk missiles down here. We are launching ideas.

Mr. FARR. It seems to me this hemisphere, if any hemisphere on the planet can be pulled together, we are closer to and more capable of doing it than any other place on the planet.

Admiral STAVRIDIS. Absolutely. And I would add to that the demographics. I mean, demographics are destiny, and the latest statistics released by the Census Bureau are that by the middle of this century, 30 percent of citizens of the United States will be of Latino descent. So the demographic pull between the United States and the rest of this region is profound and will continue to be profound.

Today, the United States is the second-largest Spanish-speaking country in the world, after Mexico. More people speak Spanish here than speak Spanish in Spain or in Argentina or in Colombia. Al-

most 50 million people speak Spanish here, who speak Spanish and are of Latino descent, to say nothing of people like you and Senator Dodd who speak Spanish because you learned it and because you studied abroad.

Mr. FARR. You wouldn't want to hear our Spanish. [Laughter.]

Admiral STAVRIDIS. Anyway, I think that for all the reasons you state, as well as the demographics, as well as the geography, as well as the economic linkages, 40 percent of the trade of the United States runs north and south. That is more than runs east and more than runs west. Today, we get 50 percent of our oil from this hemisphere. If you ask the average American, where does the United States get its oil, they would say, oh, the Middle East. Well, we get 22 percent of our oil from the Middle East. We get 50 percent from this hemisphere.

Mr. FARR. Mexico and Venezuela?

Admiral STAVRIDIS. Correct, and Canada, and Brazil just discovered at least eight billion barrels of oil off its northeast coast. There are reports as of yesterday that Petrobras may be about to announce double that in discoveries. So the energy sufficiency in the region, you mentioned a policy of energy connection.

Mr. FARR. Wait a second. One thing I would hope that you might just keep in mind is that energy is the one issue that might totally unify the Americas. If we had a hemispheric energy policy that we would be independent of any foreign oil from any other place it gets away from the politics of Hugo Chavez or Morales or anyone else because they need all the technical alternatives that we bring. And we need to better utilize and manage our systems. We can do this. And what a great spirit to bring these two continents together.

Admiral STAVRIDIS. Yes, sir. I agree.

MILITARY/ARMED FORCES IN SOUTHCOM

Mr. EDWARDS. Admiral, let me ask about the long-term military challenges or potential threats. While the probabilities might be low, what would be some of the scenarios that might cause a military conflict? I don't even know what size militaries various countries in Latin America have. Could you talk about the size of the militaries, their capabilities? What would be some scenarios that could lead to military conflict?

Admiral STAVRIDIS. Well, first let me start by saying military conflicts state-to-state I believe is very unlikely in this region. It is good. I will provide you for the record a break-down of each of the militaries. None of them are overwhelming. None of them are designed in any way to attack a neighbor.

[The information follows:]

Military/Armed Forces in USSOUTHCOM Area are:

1. Antigua and Barbuda Defence Force: Army—86; Navy—29 (Coast Guard).
2. Bahamas Defence Force: Naval/Marine—1200 (Includes air wing).
3. Barbados Defence Force: Army—800 (Includes reserves); Air Force—(Part of the Army); Navy—100.
4. Belize Defence Force: Army—1000 (includes all forces under the Ministry of National Security).
5. Costa Rica = NA; Police Force only; Coast Guard—285 (Security Cooperation Activities only).
6. Dominica = NA; Police Force only; Coast Guard—22 (Security Cooperation Activities only).
7. Dom Rep Mil Total: Army—8K; Air Force—8.5K; Navy—5.5K.

8. El Salvador Armed Forces: Army—9600; Air Force—1400; Navy—1000.
9. Grenada = NA; Police Forces only; Coast Guard—18 (Security Cooperation Activities only).
10. Guatemala Mil Total: Army—13.2K; AF—700; Navy—860.
11. Guyana Defence Force: Army—1500; Air Force—100; Navy—30.
12. Haiti = NA: Police Force only; Coast Guard—92 (Security Cooperation Activities only).
13. Honduras: Army—7113; Air Force—1527; Navy—1140.
14. Jamaica Defence Force: Army—2500; Air Force—140; Coast Guard—190.
15. Nicaragua Mil Total: Army—12.8K; Air Force—855; Navy—1.1K.
16. Panama = NA: Police Force Only; National Maritime Service—800 (Security Cooperation Activities only).
17. Saint Kitts & Nevis Defence Force: Army—98; Air Force—NA; Coast Guard—33.
18. Saint Lucia = NA: Police Forces Only; Coast Guard—50 (Security Cooperation Activities only).
19. St. Vincent & the Grenadines = NA: Police Forces Only; Coast Guard—74 (Security Cooperation Activities only).
20. Suriname Armed Forces: Army—1800; Air Force—70; Navy—220.
21. Trinidad & Tobago Defence Force: Army—2500; Air Force—150; Navy—1200.
22. Argentina: Army—40,000; Air Force—13,000; Navy—19,000.
23. Bolivia: Army—25,000; Air Force—4,000; Navy—2,700; Marines—1,800.
24. Brazil: Army—204,000; Air Force—51,000; Navy—33,900; Marines—14,600.
25. Colombia: Army—218,000; Air Force—11,926; Navy—5,502; Marines—22,000; Police—133,000.
26. Ecuador: Army—46,300; Air Force—8,150; Navy—10,500.
27. Paraguay: Army—7,000; Air Force—1,700; Navy—2,000.
28. Uruguay: Army—16,500; Air Force—6,000; Navy—3,000.
29. Peru: Army—75,000; Air Force—20,000; Navy—27,000.
30. Venezuela: Army—38,500; Air Force—13,500; Navy—15,000; (National and Reserve) Guard—180,000.
31. Chile: Army—45,000; Air Force—26,500; Navy—13,000.

I think that the most recent close point of concern was actually about a month ago when there was a border incursion apparently—it is under investigation—but a Colombian aircraft, according to the Ecuadoran government, killed a Colombian terrorist inside the border of Ecuador. That led President Chavez of Venezuela to move tanks to the border of Colombia in support of Ecuador. The Ecuadorans also moved some troops to the Colombian border.

Then an interesting thing happened, which is where I ground myself in my view that a real conflict in the region is unlikely. At that point, the governments in the region took the conflict to a summit meeting that coincidentally was occurring in the Dominican Republic. They had a conversation about it and the situation was defused. It also was helped by turning to the OAS that had a conversation about it, promised an investigation, which is ongoing now. And thirdly, President Lula of Brazil, President Bachelet of Chile stepped up, offered their good offices. And together, the countries of the region worked out what could have been a potentially dangerous situation.

So there is an example, Mr. Chairman, of democracies and all those countries are democracies, disagreeing about an event, but then taking a deep breath, talking to each other, and defusing the tension. Now, is there continuing tension? Yes, but I think that is a good example of how I would foresee state-to-state conflict working out in the region. So I do not think it is a region where we could logically expect to see military activity.

Mr. EDWARDS. Does Mr. Chavez have much of a military force?

Admiral STAVRIDIS. He has a capable military. It is much smaller than the Colombian military. It is much smaller than the Brazilian

military. Senor Chavez has recently decided to purchase some advanced weapons from Russia. He has bought 30 advanced fighter aircraft. He has bought about 50 attack helicopters. He has bought 100,000 AK–103 rifles. He is signing contracts to buy diesel submarines.

I am concerned about that. I wouldn't want to overstate that. I simply wonder what is the threat that he sees, because I don't see it. I don't see the logic of state-to-state warfare in the region.

Mr. EDWARDS. What would be the purpose of these diesel submarines? What kind of weapons would they be?

Admiral STAVRIDIS. I would refer you to the ambassador of Venezuela to answer the question. I cannot as a professional military officer come up with a scenario that those would be useful, and that is why I wonder about the purchase.

Mr. FARR. Historically, Venezuela——

NEW HEADQUARTERS

Mr. EDWARDS. All right. There is longstanding tension.

Let me just ask quickly about a couple of MILCON projects. The new Southern Command headquarters, we appropriated $100 million last year. There is a request in for $82 million. I think originally I had seen where the total cost was supposed to be $237 million. Where are we? Has inflation outstripped the appropriations?

Admiral STAVRIDIS. No, sir. We are right there. We have sent it out for contract. We have a contract that is within that number. We will work extremely hard to keep it inside that number. I am very cognizant of this. This will happen on my watch and I will deliver this for the committee at the price that you have so generously supported.

Mr. EDWARDS. I compliment you for that, because construction inflation has been difficult, if you can do this without having to cut corners and scale down dramatically.

Admiral STAVRIDIS. As of this minute, I am very confident that I will be able to do that, sir. I have an excellent command engineer who is with me who briefs me essentially daily on the project. It has my full scrutiny and will continue to have, sir.

Mr. EDWARDS. How about the status of the Guantanamo legal complex?

Admiral STAVRIDIS. Done.

Mr. EDWARDS. It is done?

Admiral STAVRIDIS. Done and built.

Mr. EDWARDS. How about the Guantanamo mass migration, the initial step to be able to deal with up to 10,000?

Admiral STAVRIDIS. Yes, 10,000. I think it is a very prudent investment. We are 70 percent complete with it, and we will finish it before the hurricane season starts. It is on schedule and on-budget.

PANAMA

Mr. EDWARDS. Okay. And then finally, any sense of what the strategic implications are, and perhaps any military implications, of the enhanced Panama Canal? And what is the timetable for that?

Admiral STAVRIDIS. It is a very impressive project by the Panamanians. I always say this when I talk about the canal. We, the United States, went through a big debate about whether to turn the canal over to the Panamanians. One of the things you heard in those days was, well, the Panamanians won't be able to run it very well.

I have sailed the canal under U.S. auspices and I have sailed the canal under Panamanian auspices. It runs better today under the Panamanians. They have run it in a professional manner. They are safeguarding it. They are up to speed on the security issues tantamount to running it. They take very seriously their responsibility. It is a well run, and from what I can see, corruption-free enterprise, and that is very impressive in that part of the world.

As to the canal expansion project, the Panamanian government went to their people and asked for a $5.3 billion funding stream to expand the canal so it could handle larger ships. That was approved by over 60 percent of the Panamanian people. They are generating it out of revenues they garner from the canal itself, from bonds they are floating in the international bond market, and a small tax they are placing on themselves.

They have the money. They are letting contracts. They are starting the project now. Senor Aleman, who runs the Canal Authority, has briefed me on it. It is a very impressive project. It will be good for the economy of the United States. It will be good for the economy of that region. I am very, very impressed with the Panamanian management of it.

Mr. EDWARDS. It is going to be great for Florida and Texas—in California—that is an exciting project.

Mr. Berry, any questions?

Mr. BERRY. No, I was late.

Mr. EDWARDS. No, we appreciate your attendance. Thank you. He is the smartest one on the committee, in essence. Thank you, Marion.

Mr. Crenshaw.

Mr. CRENSHAW. I don't have any questions.

Mr. EDWARDS. Mr. Wamp.

Mr. WAMP. Mr. Chairman, it is really just a comment, and no more questions. I am really taken aback that if many of the people at our State Department had the diplomatic skills and the approach that you have we'd be better off, and that is so counter to many people's perceptions of our military leadership in this country. You are to be commended for having the approach that you have. I think it is the most effective approach. It puts all of the men and women in uniform under your command in a very favorable light in a region and in the world.

Yet security is still your serious business. And so I am grateful for that. I think it really bodes well for us, and I think the State Department can learn a lot from your diplomatic skills.

I yield back.

Admiral STAVRIDIS. You are too kind.

Mr. BERRY. Those remarks.

Mr. EDWARDS. Well said.

Mr. Farr.

Mr. FARR. I would, too. In fact, it gives me great confidence that regardless of administrations, our regional commanders have just been outstanding people.

Admiral STAVRIDIS. Thank you, sir.

Mr. FARR. If we had people like yourself the U.S. would be a lot healthier around the world.

I want to ask just one question. I see a nascent arms race in Latin America. I remember when Kennedy was president, there was a big issue about whether we should support military aid to Chile to buy U.S. fighter planes, and some said, well, if they don't buy them from us, they will buy them from the French and it is good for U.S. business.

There are some obviously lobbying for all this equipment to make sure that they buy American armament. On the other hand, you have Argentina upset that Chile is getting better equipment, and then Argentina has to have it. If we get into this arms race in Latin America where one-third of the people are poor as mice, we are spending limited resources on modernizing their military instead of on helping uplift the people.

Admiral STAVRIDIS. I agree.

Mr. FARR. I think that is the problem between Venezuela and Colombia. Colombia has gotten all this aid through the Andean initiative and the Colombia Plan. Colombia has a much better military now which is contributing to this historical silly little border war.

After the recent incident between Colombia and Ecuador the two countries brought people from both countries together for a rock concert, showing that maybe a little cultural get-together could calm things down.

I am worried about where Guatemala has gotten too. The Merida initiative gives the Guatemala military and police significant increases in assistance to fight narco-trafficking. Their military forces are going to get modernized.

Do you have concerns about the integrity of their forces to be able to handle this and do it properly? I mean, this is a country that historically has not gone along with us.

Admiral STAVRIDIS. Guatemala has had a history.

Mr. FARR. Going on.

Admiral STAVRIDIS. Right. My own personal view, having traveled several times to Guatemala and having just had the new Guatemalan minister of defense at my Headquarters. As you know, there is a new president of Guatemala who has stepped away from mano duro, and is taking a much more human rights-oriented approach. I think it is time to look and give them a chance and see how it comes out.

Mr. FARR. But you will be——

Admiral STAVRIDIS. With the Merida, oh, absolutely, absolutely.

Mr. FARR. Okay. If you have any suggestions as we go on supplying these funds for any conditions we ought to put on them, we would appreciate it.

Admiral STAVRIDIS. I will. Yes, sir.

Mr. FARR. And thank you for your service.

Admiral STAVRIDIS. Thank you, sir.

Mr. EDWARDS. Admiral Stavridis, I don't have any additional questions. There might be some follow-up written questions.

Admiral STAVRIDIS. Sure.

Mr. EDWARDS. Thank you for being here and for your service, and for reminding us all of the importance of the Western Hemisphere to our country's future.

Admiral STAVRIDIS. Thank you, sir.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Edwards.]

COUNTERDRUG OPERATING LOCATIONS

Question. Explain why the Manta site in Ecuador was originally chosen as one of the three forward operating locations under Plan Colombia, and the potential impact on operations of losing access to this site.

Answer. The Ecuadorian Air Force Base at Manta, Ecuador was chosen as one of three locations required to offset the loss of access to major drug trafficking routes resulting from the closure of Howard Air Force Base in Panama in 1999. Plan Colombia, a Government of Colombia plan to counter the internal unrest fueled in part by counternarcotics trafficking, was not related directly to selection of the airbase at Manta. Colombia is, however, a focal point for cocaine and heroin trafficking from the Source Zone with most trafficking routes beginning there. In addition, over 2/3 of the narcotics bound for the United States from the Source Zone transit the Eastern Pacific. The location of Manta is strategic for Detection and Monitoring of the Eastern Pacific departure corridors and provides access for aircraft supporting the Air Bridge Denial program in Colombian airspace.

Question. Please describe the facilities that have been constructed with U.S. funds at Manta. What is the residual value of these facilities? Does the lease agreement with Ecuador allow the U.S. to recover any of its infrastructure investment costs at the Manta site?

Answer. 1. The following facilities were constructed at Manta, total MILCON cost was $75M: Installation infrastructure (sewer, electrical, water, roads, communications, etc.) airstrip upgrades and parking aprons; administrative facilities; billeting; dining facility; aircraft hanger and maintenance shop; four warehouses; and tank unloading facilities (no permanent tanks were installed).

2. The legal arrangement for U.S. use of Eloy Alfaro Airbase at Manta is the Agreement of Cooperation between Ecuador and the U.S. dated November 12, 1999. Under the terms of the Agreement, the U.S. does not pay for access to Eloy Alfaro Airbase. Article XXI addresses construction at the Airbase. There is no explicit provision in the agreement that allows the U.S. to recover any infrastructure investment costs. While a formal evaluation of residual value has not been made, the estimate to rebuild the facilities in kind, in the same spot, in today's market, would cost approximately $100 million.

Applicable provisions from the Article XII (Construction) of the agreement are:

a. "With prior authorization from the Ecuadorian Air Force, the United States may undertake new construction or improve, modify, remove, or repair the existing structures and areas at the Ecuadorian Air Force Base in Manta, in order to meet needs in connection with this agreement."

b. "At the termination of use of installations constructed or modified in connection with this agreement, the United States shall, after due consultations between the Parties transfer such installations to the Republic of Ecuador."

Question. What are the lease expiration dates for the forward operating locations in El Salvador, Aruba, and Curaçao? Have the responsible governments indicated their intentions regarding renewal of those leases?

Answer. There are no leases for the Forward Operating Locations (FOLs) at which the U.S. Government operates. Instead, the U.S. has negotiated Agreements of Cooperation that allow the U.S. access to the partner nation bases for the purpose of aerial counternarcotics operations. The status of our FOL agreements are as follows:

Comalapa, El Salvador: Current agreement expires on August 22, 2010. The Government of El Salvador has indicated it will renegotiate and is currently assessing a U.S. proposal to extend the initial term of the agreement until 2015 after which it will remain in force until terminated by either side.

Aruba and Curaçao: Current agreement expires on November 1, 2011. The U.S. Defense Attaché to The Hague and the U.S. Consul General in Curaçao have as-

sessed that the Kingdom of the Netherlands will extend the agreement. Neither negotiations nor discussions with the Dutch government have begun.

GUANTANAMO

Question. How many permanently assigned military personnel and families do you have stationed currently at Naval Station Guantanamo?

Answer. According to Naval Station Guantanamo and Joint Task Force—GTMO there are: 1,797 military members in Bachelor Housing; 197 military members with families in Family Housing; 1,994 Total military personnel.

Note: Additional information: 66 DoD Civilians in Bachelor Housing; 122 DoD Civilians with families in Family Housing; 188 Total DoD Civilians.

2182 Total military & DoD civilians (319 of them with families).

Question. How many juvenile dependents do you have at NS Guantanamo? If child care services are provided, do you have a wait list?

Answer. According to Naval Station Guantanamo and Joint Task Force—GTMO, the following is a breakdown of the number of juvenile dependents currently at Naval Station Guantanamo: 300 High School & Elementary School; 37 Child Development Center; 16 Child Development Home (Home care); 35 Other (newborns, etc.); 388 Total.

One pre-toddler is on the waiting list for Child Care Services.

Question. Other than housing and fitness, are there any other quality of life issues at NS Guantanamo that can be addressed through military construction?

Answer. A consolidated fitness center and the family housing are our only GTMO projects requiring MILCON in FY09.

SOUTHCOM HQ

Question. When do you anticipate contract award, groundbreaking, and construction completion on the new SOUTHCOM headquarters facility?

Answer. The Award date was March 31, 2008, the notice to proceed was April 15, 2008, the groundbreaking is scheduled for June 6, 2008, and, the facility is scheduled to be completed on September 30, 2010.

SOTO CANO

Question. Please describe the state of the facilities at Soto Cano Air Base in Honduras, and the challenges of maintaining these facilities in the climate.

Answer. Many of the facilities at Soto Cano Air Base are over 20 years old and require constant maintenance/repair to mitigate the effects of the weather and termite infestation. The Soto Cano Joint Task Force-Bravo (JTF–B) Master Plan provides for the required number of facilities at Soto Cano. Currently, we have two projects to complete the housing requirements for JTF–B; Phase one, Enlisted Barracks in FYDP for FY11 at a cost of $11.2M and Phase two, Enlisted Barracks in the FYDP for FY12 at a cost of $15.5M.

Many of the facilities at JTF–B are temporary facilities that are now 20–25 years old. To combat the effects of weathering and termite infestation, JTF–B must commit significant resources to maintenance and repair. Rapid degradation necessitates the replacement of the exterior components every 2–4 years. These temporary facilities do not meet DOD standards: they are wooden structures that do not meet current building codes, do not provide sufficient living space or interior bathrooms, and are insufficient given the often-severe weather (e.g. no central air conditioning and not hurricane rated).

The extensive maintenance and repair effort costs JTF–B approximately $700,000 plus $100,000 to replace and repair air conditioners each year. Moreover, this figure does not include the cost of cooling these temporary facilities, and has driven up the annual power bills by 35% since 1996.

Question. What are the terms of U.S. access to Soto Cano AB? Does the U.S. pay the Honduran government rent or provide in-kind consideration for use of the site?

Answer. The U.S. operates Joint Task Force—Bravo at Soto Cano Airbase, Honduras, under the umbrella of the Bilateral Military Assistance Agreement between the Government of the United States and the Government of Honduras effective May 20, 1954, and the May 07, 1982 addendum to such agreement. The agreement establishes conditions for U.S. operations and presence in Honduras, but does not specifically address Soto Cano Airbase. The U.S. does not pay rent or provide in-kind consideration for the use of the site.

SOCSOUTH

Question. How long has Special Operations Command—South been located at Homestead Air Reserve Base? What is the state of the facilities currently used by SOCSOUTH?

Answer. Special Operations Command—South completed their move from Roosevelt Roads, Puerto Rico on March 31, 2004.

The current facility, originally built in 2004, consists of 38 re-locatable assembled modular units. In February 2008, the Chief, Facilities Policy Division, Assistant Chief of Staff for Installation Management purchased the re-locatable facilities for $2.3M using (OPA) funds. The re-locatable trailers may be retained for a period not to exceed six years.

These trailers, originally designed for 150 personnel in 2004, currently provide workspace for 274 personnel, an 82% increase in occupancy. Based upon this increase, the current structure is particularly deficient in the following areas:

—Air Quality (The building's heating ventilation, and air conditioning (HVAC) system designed for 150 occupants is inadequate and overburdened)

—Sanitation (does not meet standards established by 29 CFR 1910 Occupational Safety and Health Standards

A new SOCSOUTH HQ's construction project for $32M will provide a permanent Command and Control HQ's facility for SOCSOUTH and accommodate all personnel within established standards. Currently $20M is included for this facility in the FYDP and is listed as HAB, administrative building. The updated DD1391 for $32M is currently at OSD.

[CLERK'S NOTE.—End of questions for the record submitted by Chairman Edwards.]

WEDNESDAY, APRIL 16, 2008.

SPECIAL OPERATIONS COMMAND

WITNESS

ADMIRAL ERIC T. OLSON, COMMANDER, SPECIAL OPERATIONS COMMAND

STATEMENT OF THE CHAIRMAN

Mr. EDWARDS [presiding]. I will call the committee to order. Thank you all for being here.

Admiral Olson, it is an honor to have you here, and thank you for your distinguished service for so many years to our country.

We are here today to review the fiscal year 2009 military construction budget request for Special Operations Command. SOCOM, which marked its 20th anniversary last year, is the designated lead command for the Global War on Terrorism. As such, SOCOM intends to transform and grow by 13,000 personnel by 2013, pursuant to the policy laid out in the 2006 Quadrennial Defense Review.

SOCOM is not a command that ordinarily appears before our subcommittee, but there are two very good reasons why we requested Admiral Olson to be here and why we are grateful he is here today. First, SOCOM itself has called MILCON "the enabler" of its expansion. Secondly, Special Operations forces, much like the rest of the military, has been heavily deployed since September 11, 2001.

One of this committee's main priorities is quality of life, so I know we will be interested in hearing about the rate of deployments and the impact that has had on the forces, as well as the families.

Admiral, before we proceed, I would like to recognize our ranking member, Mr. Wamp, for any opening comments he would care to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. WAMP. Thank you, Mr. Chairman. I just want to say at the end of 19 hearings this year through the regular order of hearing from all of the different commands and all of the different parties that this subcommittee funds, at a total of more than $70 billion a year around the world, and all the men and women in uniform, it is an honor for us to serve those who serve and have served. We do understand the extraordinary history of the Special Operations Command, so we can say with confidence that we saved the best for last, Admiral Olson.

We are grateful for your presence here today. You are bringing up the rear, but you are doing it from the top. So thank you for your presence. I look forward to your testimony today.

Mr. EDWARDS. Thank you.

To follow up on those comments, let me also thank the staff of the subcommittee, Mary Arnold, and all the staff, for the tremendous work you have done in setting up these 19 hearings. They have gone smoothly—and all of your support from both sides of the aisle, for this staff work.

By way of very brief introduction, because if I talk about his entire distinguished career, I would take all the committee's time this morning, but by way of brief introduction for Admiral Olson, he was appointed SOCOM commander in July of 2007. He has served for 35 years, having graduated from the Naval Academy in 1973. He qualified as a naval special warfare officer in 1974, and previously served as deputy commander of SOCOM.

How long, Admiral, were you in that position?

Admiral OLSON. For 3 years and 10 months, sir. I can't go into the days and hours.

Mr. EDWARDS. For 3 years and 10 months, and the——

[Laughter.]

Mr. EDWARDS [continuing]. Among his many distinctions, he is the first Navy SEAL to reach both the three- and the four-star rank.

Admiral, again, we are honored to have you here. By unanimous consent your written testimony or anything you might want to include will be submitted for the record. We would like to recognize you now for any opening comments you care to make, and then we will go into discussion and questions and answers after that.

STATEMENT OF ADMIRAL ERIC T. OLSON

Admiral OLSON. Chairman Edwards, thank you very much for the opportunity to be here. Congressman Wamp, Chairman Dicks, it is a pleasure to appear before you. I am honored to be the 19th of 19, and I hope this wraps up your ordeal in a positive way.

Mr. EDWARDS. I am sure it will.

Admiral OLSON. I appreciate the opportunity to submit my written statement for the record, but I would like to highlight a couple of things. One of them you mentioned, we did celebrate our 20th anniversary as a command last year. We are actually celebrating our 21st birthday today.

Mr. EDWARDS. That is tremendous.

Admiral OLSON. And we are unique among the combatant commands. I know you have had the opportunity to speak with all of them. But we were created by this body, by the National Defense Authorization Act Amendments of 1986. We were created to be different from the other combatant commands. In fact, we have a significant number of service-like authorities and responsibilities. We are represented in many of the Pentagon-OSD-level discussions in a service-like capacity.

Unlike most of the combatant commands, SOCOM is more like a service. I do have people assigned to me full-time that I am responsible for their care and feeding, training, education, and equipping throughout the course of their service in Special Operations

Command. And the expectation of the requirement is that the budget that I am provided be utilized to answer Special Operations-peculiar requirements. I am obliged to spend those funds on Special Operations-unique equipment, material, supplies, and services.

That makes me heavily dependent on the other services for much of what it is we have. We don't own or operate bases. We only go to buildings and range facilities, and then once those are completed, we actually turn title over to the owner of the base, and he becomes responsible for the majority of the maintenance to sustain them—the facilities that we—we don't build barracks. We don't build dining halls. We don't build bowling alleys. We don't build family support facilities. So we are very dependent on the services, and what is good for the service MILCON budgets is generally very good for Special Operations Command personnel as well.

So what I will address today are really the Special Operations-peculiar aspects of military construction. We are in a growth period. You mentioned 13,000 growth. That is largely the result of the last QDR, but it was also before and after in terms of the POM cycle. We are on track with that growth. It was front-loaded heavily in fiscal year 2008, so we are seeing those people come in rapidly. About 40 percent of the 5-year growth is in the first year. But we are on-pace with and in some areas exceeding even our optimistic estimates of how rapidly we could grow.

I will say that we are growing at about the maximum rate we can absorb the growth in any sense, so any idea that we can sort of instantly double the size of the community or create this goodness at a more rapid pace is probably not right. Our 2009 budget request does include 14 projects for a relatively small dollar item. Of these 14 projects, 13 of them are in the United States and one is overseas to accommodate one of our permanently deployed units. The total value is $254.9 million. This is $230.4 in major construction and $16.8 million in the planning and design, and then $7.7 million in unspecified minor construction.

Of the $230.4 million that is major construction, about three-fourths of that is operations and maintenance and about one-fourth of that is training. The operations and maintenance largely is to accommodate our growth and sustainment. These are new buildings for new units that have been provided to us through the 13,000 person growth plan. Approximately $50 million in training facilities mostly has to do with ranges and facilities that will enable our people to train closer to home.

The pace of operational deployment is high enough that we are very concerned that when they are not deployed, they ought to be home and not away from home training someplace else. Because we compete for service ranges on our big bases and because we are located in some of the areas where it has just been hard to develop ranges, this MILCON for about $50 million this program does chip away in order to keep our people home, so that they can train during the day and sleep in their own bed that night, instead of having to travel too much to train.

I would say the themes of our program are to keep facilities in sync with our overall growth and keep our recapitalization rate at

a very reasonable level, and again to construct training facilities that are closer to home.

Our fiscal year 2009 request is down significantly from fiscal year 2008 at $255 million. But 2008 was a surge year and much of the front-loading of the people in the first year of the cycle also front-loaded the MILCON in the front year of the cycle. And so the fact that we are down from last year is not an item of real concern for me.

We did prioritize within our top line fiscal guidance that was provided to us by the department, and that fiscal guidance was actually down slightly from fiscal year 2008 for the same reason. Fiscal year 2008 had been a surge year for us. Except for the surge in 2008 and to a lesser extent in 2007, our fiscal year 2009 program is higher than any previous year. It is on-pace with the general growth trend that we are experiencing across the Special Operations community.

So I thank this committee for your support. Our MILCON request for fiscal year 2009, if approved, will sustain our current and programmed growth at a reasonable level and with your continued support, I think that Special Operations will continue to meet the high expectations of the American people.

Thank you.

[Prepared statement of Admiral Eric T. Olson follows:]

FOR OFFICIAL USE ONLY
UNTIL RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE

STATEMENT OF

ADMIRAL ERIC T. OLSON

COMMANDER

UNITED STATES SPECIAL OPERATIONS COMMAND

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON MILITARY CONSTRUCTION

VETERANS AFFAIRS AND RELATED AGENCIES

HEARING ON

FISCAL YEAR 2009 MILITARY CONSTRUCTION

APRIL 16, 2008

FOR OFFICIAL USE ONLY
UNTIL RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE

STATEMENT OF

ADMIRAL ERIC T. OLSON, U.S. NAVY

COMMANDER, UNITED STATES SPECIAL OPERATIONS COMMAND

Mr. Chairman and distinguished members of the committee, I am pleased to present the United States Special Operations Command (USSOCOM) Fiscal Year (FY) 2009 Military Construction (MILCON) request.

USSOCOM was granted its own acquisition and resourcing authorities by Congress in 1986. As a result, USSOCOM develops and executes its own Major Force Program (MFP)-11 MILCON programs in order to construct facilities necessary for planning, operations, maintenance, support, training and joint special operations forces.

USSOCOM's mission is to provide fully capable SOF to defend the United States and its interests; and to plan and synchronize Department of Defense (DoD) operations against terrorist networks.

America's SOF are organized, equipped and trained, and then deployed by USSOCOM to meet the high demands of Geographic Combatant Commanders (GCCs) around the world. The range of special operations is wide, the geographic dispersion is great, the quality is exceptional and the results are impressive.

Although most special operation forces deployed from the United States since the attacks of 9/11 have served in and around Iraq and Afghanistan, we clearly understand the enduring value of a global presence. We are serving in about 60 countries today.

To accomplish our missions, we are focused on three priorities, each containing nested objectives.

First, we must deter, disrupt and defeat terrorist threats to our Nation. We do this by planning and conducting special operations, emphasizing culturally-attuned international engagement and fostering interagency cooperation. The Command's synchronization of the plans and planning to deter, disrupt, and defeat our enemies has great influence on allocation of the Department's resources. The USSOCOM Military Construction program supports this priority by building the facilities required to conduct SOF operations and carry out SOF missions.

Second, we must develop and support our people and their families. Our great people are the foundation of mission success, and they are national assets. We must maintain our quality, train and educate our force as joint warrior-diplomats, and always care for them and their families. Our Military Construction program requests training facilities to implement this priority.

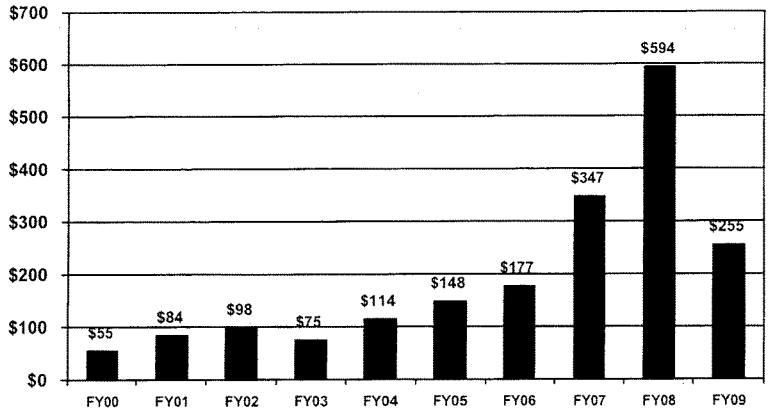
Third, we must sustain and modernize the force by equipping the operator, upgrading our mobility platforms and further developing persistent intelligence surveillance and reconnaissance (ISR) sensors and systems. Our Military Construction program requests the facilities required to house and maintain these platforms.

These priorities support USSOCOM's ongoing efforts to ensure SOF are highly trained, properly equipped and deployed to the right places at the right times for the right missions. Our personnel must be capable of planning and leading a wide range of lethal and non-lethal special operations missions in complex, ambiguous environments. USSOCOM will continue to work closely with the services to ensure that the

conventional force enablers upon which we depend remain a part of our future operations.

As a result of the 2006 Quadrennial Defense Review, USSOCOM will add 13,119 personnel by FY 2013. To support this growth in personnel, USSOCOM planned and programmed a commensurate growth in its MILCON program, starting in FY 2007. The majority of the infrastructure required for our growth was budgeted in FY 2008—a record $594 million of MILCON was appropriated in FY 2008 to fund 37 projects in nine states and two overseas locations.

Even though the $255 million requested for FY 2009 MILCON projects is $339 million less than the amount appropriated in FY 2008, it is higher than in any of USSOCOM's pre-QDR budget requests as depicted on the following chart. The FY 2009 budget request will fund 13 projects at 11 installations in seven states, along with one overseas project. While the majority of funding - $230 million – supports these major construction projects, the FY 2009 MILCON request also includes $16.8 million for planning and design and $7.7 million for unspecified minor construction. This budget request reflects a balance between the necessary infrastructure obtained through our Military Construction program and the Command's SOF peculiar acquisition programs that facilitate the high state of readiness of SOF forces. The below chart reflects funding received through FY 2008, along with anticipated funding for FY 2009.



Beyond the MFP-11 funding Congress provides to USSOCOM to meet its MILCON and other requirements, the command relies on the Services to provide a broad range of support, services and other enablers. From personnel to platforms to installation infrastructure, the equipment and support provided by the Services is necessary for SOF to conduct their missions. As a result, this committee's support of the Services' FY 2009 MILCON Budget Requests will, in turn, help support SOF. In particular, support to upgrade Service training ranges and barracks facilities can benefit SOF personnel.

USSOCOM's roles and responsibilities evolve as missions dictate, and the command must constantly re-evaluate priorities to align with these changes. As we enter the mid-point of execution under the QDR, we are re-examining our global force disposition to ensure we are adequately postured to meet all requirements.

The preponderance of MILCON projects supports the command's growth and modernization initiatives with the remainder supporting associated training initiatives.

Following is a brief description of each of the 14 projects listed by state:

SOF COMBAT CREW TRAINING FACILITY
NAB CORONADO, CA **$9.8 Million**

This project constructs an applied instruction, small craft maintenance, and boat storage facility for Naval Special Warfare Combatant-Crewman (SWCC) training. SEAL operators rely on the SWCC community to operate and maintain the small craft used for their ingress/egress within areas of operation.

SOF BATTALION OPERATIONS COMPLEX
EGLIN AFB, FL **$40 Million**

This project constructs a Special Forces complex using a standard design for a consolidated battalion headquarters and a four-company operations facility, combat readiness training facility, and concrete aprons for the new 4th Battalion of the 7th Special Forces Group (Airborne) (4/7 SFG(A)).

SOF SPECIAL TACTICS GROUP FACILITY
HURLBURT FIELD, FL **$8.9 Million**

This project provides an adequate facility for the 720th Special Tactics Group (STG). The 720th STG has experienced fifty percent growth and now performs additional missions, including Air Force Combat Control, Air Force Combat Weather and the Advanced Skills Training school.

SOF ADD/ALTER 501B (HEADQUARTERS USSOCOM)
MACDILL AFB, FL **$10.5 Million**

This project will construct a facility to permanently house the Center for Special Operations Integrated Survey Program along with its specialized storage and production equipment, as well as a Secure Compartmented Information Facility (SCIF) for dispersed special program functions currently housed in multiple locations within the command.

SOF TACTICAL EQUIPMENT SHOP
FORT CAMPBELL, KY **$15 Million**

This project constructs an equipment maintenance facility for the 5th SFG(A) consisting of a general purpose maintenance shop, oil storage building, vehicle component storage building, organizational equipment parking, parachute facility addition, and scuba locker addition. It supports the activation of the 4th Battalion, 5th SFG(A) and provides the facilities required for all four battalions equipped with the ground mobility vehicle and associated maintenance personnel and equipment.

SOF EXPAND TRAINING COMPOUND
FORT BRAGG, NC **$14.2 Million**

This project constructs new training facilities to support close quarters and urban operations training conducted by the United States Army John F. Kennedy Special Warfare Center and School. The new facilities will replace inadequate rudimentary buildings and associated sub-standard utilities infrastructure.

SOF HEADQUARTERS FACILITY
FORT BRAGG, NC **$14.6 Million**

This project constructs a battalion headquarters, company operations building, and deployment equipment storage building for the 112th Special Operations Signal Battalion. It will support the expansion from three to four companies.

SOF SECURITY/FORCE PROTECTION
FORT BRAGG, NC **$4.2 Million**

This project replaces/relocates Air Force Air Combat Command's 14th Air Support Operations Squadron facilities on Pope Air Force Base. These facilities, along with continuous uncontrolled base vehicle traffic to these buildings, are currently within the force protection perimeter of several highly sensitive and critical facilities essential to the USSOCOM mission. Relocation will provide adequate standoff distances to meet DOD antiterrorism and force protection objectives and will enable USSOCOM to monitor and control areas adjacent to sensitive facilities.

SOF TRAINING FACILITY
FORT BRAGG, NC **$5.3 Million**

This project constructs a SCIF'd training facility for the Joint Communications Unit, a unit that directly supports national mission forces involving high technology communications. Flexible training facilities are essential to enable training on high technology information systems for resident students attending courses that exceed five months.

SOF MAINTENANCE HANGAR/AIRCRAFT MAINTENANCE UNIT
CANNON AFB, NM **$18.1 Million**

This project constructs an MC-130 Aircraft Maintenance Hangar. It provides an adequate facility with supporting concrete apron, properly sized and configured for aircraft maintenance, individually unique aircraft test and evaluation systems, weapon systems, and other high-priority test programs. It will provide for aircraft jacking, flight control replacement, rigging, and other required heavy maintenance.

SOF OPERATIONS FACILITY, INCREMENT 2
DAM NECK, VA **$31 Million**

Increment 1 of this facility was funded in the FY 2008 MILCON appropriation. Increment 2 constructs a facility to house communications equipment for command and control functions and provides space for mission critical billets filled by significant personnel growth within the NSW Development Group. The capacity of the existing facility and utility infrastructure is already exceeded with current manning and equipment. Increment 3 will be budgeted in FY 2010.

SOF SMALL ARMS RANGE
FORT STORY, VA **$11.6 Million**

This project constructs a small arms indoor range for NSWG-2. It is a multi-purpose dynamic combat skills indoor range facility to provide move-and-shoot, quick-reaction, moving-target and close-quarters combat training for multiple shooters practicing together as teams. Existing ranges available to the SEAL teams in the local area are designed primarily for long distance target practice with defined stationary firing lanes.

SOF RANGER BATTALION COMPLEX
FORT LEWIS, WA **$38 Million**

This project constructs a battalion operations complex for the 2nd Battalion, 75th Ranger Regiment currently operating out of four 1950's Korean War era barracks buildings. It provides facilities for the battalion headquarters and four rifle companies within a consolidated, permanent complex capable of supporting sophisticated and secure intelligence, communications and command and control systems.

SOF TRAINING RANGE
AL UDEID AIR BASE, QATAR **$9.2 Million**

This project constructs SOF range training facilities consisting of a live-fire, 360-degree shoot house, a 14-lane indoor baffled range, a breaching facility, a test-fire bunker and a storage facility. This range supports SOF training in theater for forward-stationed Special Forces in support of US Central Command (CENTCOM) missions.

The command's MILCON infrastructure is a key enabler to the development and execution of SOF and their missions. As the command works to develop future budget requests, USSOCOM is committed to dedicating a consistent percentage of the baseline budget to recapitalizing existing facilities and expanding our MILCON infrastructure.

USSOCOM's proposed FY 2009 military construction investment of $254.9 million, which consists of 14 projects at 11 locations in seven states and one partner nation, is essential to support the decision to increase SOF capacity and capability. The MILCON projects include support for small forward based joint SOF teams -- operationally trained and ready, when and where needed, with a small U.S. footprint. They also include expanded ramp, training and maintenance facilities for additional mobility equipment as well as operational, maintenance, support and training facilities to accommodate SOF growth. MILCON remains the key enabler for SOF expansion, and by necessity, it is synchronized with future growth projections of SOF. Your continued support of this program is essential to sustain the quality, effectiveness and development of our nation's special operations forces.

Mr. EDWARDS. Admiral Olson, thank you very much.

I think we are going to turn first to Mr. Dicks. He is, as you know, senior member of the Defense Appropriations Committee, and with his love and commitment to Fort Lewis, I know he has had a special hand in supporting the Special Operations Command over the years.

Mr. Dicks, I would like to recognize you.

GROWTH OF SOCOM

Mr. DICKS. Mr. Chairman, thank you very much.

I also want to welcome Eric Olson here. I know Eric Olson. He was born and raised in my district and is a graduate of Stadium High School, then the Naval Academy. His mother was my first office manager in my district office in 1976 and is still a very close friend. We are very proud, obviously, of the work that Eric has done in all his assignments, but the fact that he has reached three stars and now four stars, and is the head of SOCOM, we are very proud of his accomplishments.

And also, his good work. He has an amazing record and we are proud of what you are doing, and the fact that SOCOM is growing so fast. Since we didn't have a hearing in Defense, maybe we could wander a little bit, Mr. Chairman, just to talk a little bit about your overall growth of SOCOM. As I have it, you are up to 55,895 civilian and military personnel, of which 43,745 will be active duty.

Tell us about where you see this going and then we will talk about the $38 million. [Laughter.]

Admiral OLSON. Thank you, sir. The world has changed and I think there is a realization that Special Operations is more of a solution in the future world than it may have been in the past. It is simply that the work for us is very steady now. There used to be a sense that Special Operations forces were sort of a spot application force, in case of war, break glass. But in this totally different environment in which we live now, there is a much higher expectation that Special Operations forces will be everywhere all the time.

Our own little mantra is that we may pride ourselves on running to the sound of guns, but if we are always running to the sound of guns, then we are always too late, that we need to be out ahead of the sound of guns. In fact, we woke up this morning in about 68 countries of the world in a variety of activities, mostly having to do with enabling national sovereignty, so that other nations can protect their borders and care for their people, that will prevent us from maybe having to do that at some future point.

I mentioned that we are growing 13,000. You mentioned 55,000-plus today. Those are accurate numbers, with 43,000 active duty and a much smaller reserve component. Our reserve component is mostly in Green Beret Special Forces capability and they are highly qualified and full members of the force.

Of those 43,000 active duty, about 16,000 are what you would call the operators of Special Operations—the volunteers who have been selected to go through some sort of advanced training, generally with a demanding training with a relatively high attrition rate in order to earn the badge or the beret or the boots or the tab or the wings, or whatever it is that may identify them as an operator of Special Operations.

The others are the full range of enablers—administrative, intelligence, logistics—that permit Special Operations forces to do their job. They are also highly qualified. They are also usually volunteers. They also try to stay with us as long as they can, and that is in our interest to keep them.

So this is a force that really operates at a different level. On average, we are much older than the rest of the military. On average, we are married at a higher rate. We are more stable in the places that we live. We are more engaged in our communities because we do tend to regionally orient, particularly in the Army Special Forces where language qualification is a requirement and one's first assignment is to a Special Forces group based on that group's regional orientation.

The First Special Forces Group at Fort Lewis is aimed at the Pacific. The Special Forces Group in Colorado is aimed at Europe. The Third Special Forces Group is aimed at Africa and parts of the Middle East; the Fifth Group at the rest of the Middle East; the Seventh Group at South America. So that with that orientation, they have a growing expertise in the course of their careers, and that contributes then to the stability.

Mr. EDWARDS. You just mentioned language, Admiral. And that is why Mr. Farr just came in. He is our expert on language training for our military personnel.

Please go ahead.

Admiral OLSON. So, the nature of the force is that we are now in demand, not just in response to, but especially in order to prevent, as a preemptive force with the language ability and cultural skills, and the engagement that we do over time. Our measure of linguistic success, for example, is not 75 percent accuracy in machine translation. It is exchanging photos of our families, because of the relationships that we build through that sort of orientation.

But in specific answer, our ability to grow tops out at about 5 percent per year. That is about what we are programmed to do now.

Mr. DICKS. Through 2013?

Admiral OLSON. Yes, sir. The 2008 plan has us growing. We are a little bit front-loaded. It is kind of 6 percent in the early years and 3 percent to 4 percent in the later years of the 2008 to 2013 plan, but that is about what we can do, the Army, Navy, Air Force, Marine Corps, with the Marine Corps component just having celebrated its second birthday here in February.

Mr. DICKS. What are they going to do—2,500 Marines, what will be unique about them?

Admiral OLSON. Sir, the force is really split in thirds. They are both trainers on the order of Special Forces regionally. They are culturally attuned, language-skilled and they will deploy in 14-man teams, not just to the same country, but ultimately to the same zip code within that country over and over and over again to maintain relationships. And they are going to go some of the places where we have always wanted more presence and just haven't had the force to do it. The Marines are giving us that capability—Chad, Mauritania, Kenya, some of those. They are already doing that, and that is a significant portion of the force.

Another significant part of the force is direct action strategic reconnaissance company-level—100-man companies who are going to fight where there is a fight. Right now, they are in Afghanistan. They are in a fairly remote section of Helmand Province, and they have been heavily engaged in the fight against the Taliban in Helmand Province.

The third category is the enablers, the military working dogs, air-to-ground call-for-fire experts, counterintelligence, linguists and interrogators, explosive ordnance disposal—all those supportive skills that enable the rest of it to occur.

Mr. DICKS. Thank you. I have exceeded my time. I will be glad to wait until the next round.

Mr. EDWARDS. Okay. Thank you, Mr. Dicks.

Mr. Wamp.

Mr. WAMP. Wow. We do a lot of talking about the buildings and facilities and childcare centers and all those type of things, and this is different. You talked about the average age being older. I was interested in that. Do we get people to fight or serve in Desert Storm and Desert Shield and then come back because they are under your command, and they have a specialty or they are the kind of soldier or Marine that you need in the situation like this? You are talking about the average age. They have obviously done things. Did they leave and come back? Or do they pretty much stay and they are still in this game?

Admiral OLSON. They pretty much stay, sir. In each of the services now, there is an opportunity to serve for an extended period of time in Special Operations, and there is some opportunity to stay forever if they continue to meet our standards and we continue to meet theirs. So we do have careerists within each of our Special Operations branches. The Marines are too new to see exactly how that is going to play out, but the discussion is that they will model their career activity after the other three services.

Mr. WAMP. When General Ward came in to brief us on AFRICOM and talked about Djibouti being a forward operating base, I assume then that your guys work out of any of these facilities around the globe. That is like their home away from home, and they have access to any of these type places to do whatever is necessary.

Admiral OLSON. That is correct, sir. We do have some permanently forward-based, but most of our forces are expeditionary and they go where they are needed.

Mr. WAMP. Well, let me ask one other question. I am new and I am still learning. It has been a great privilege. But I assume then that the average person under your command would know more about the quest to capture the Osama bin Laden-types, the bad guys, than the average man or woman in uniform in our armed forces. Is that a good sense of it?

Admiral OLSON. That is a fair statement. Yes, sir.

Mr. WAMP. You mentioned when meeting with Chairman Edwards and I about the nine principles that guide your organization. Can you kind of go through at least those three general parameters here?

MISSION, PEOPLE AND ACQUISITION PRIORITIES

Admiral OLSON. Yes, sir. The three categories are mission, people, and acquisition priorities. I call them mission, people, and stuff. The mission priorities are to plan and conduct special operations at an ever-increasing level. We believe that nobody has ever done it quite like this in history, and we are reinventing that capacity and capability every day. Included within that category as well is international engagement and interagency engagement, which we understand is absolutely essential to success.

We understand that we are not going to kill our way or talk our way to success in—war on terror. We are going to behave our way to success, and much of the opportunity to exhibit that behavior is through the interagency and international—people, and it is about training and educating them. It is about ensuring that they are properly cared for both responsibly and proactively and preemptively—ensuring that they get the attention and the care that they need to stay with us for as long as we need them and beyond.

And the third is the acquisition priorities, which have to do with personal equipment, mobility and situational awareness.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Wamp.

Mr. Farr.

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

Admiral, thank you for your service to our country. We appreciate that. Thank you for being here today.

NPS FIELD EXPERIMENTATION PROGRAM

I want to direct some questions on special ops and some training that is going on today at the Naval Postgraduate School. I received a memo from General Hassim expressing his strong support for the field experimentation program for Special Operations Command. I just wondered if you could comment on the value of that program. As you know, the school that I represent, the Naval Postgraduate School, has a program and has significant infrastructure—at Camp Roberts and Camp Hunter Liggett—to support field experiments and to provide real value to the USSOCOM. And other government agencies and laboratories, industries and universities work collaboratively and innovatively with you on this.

I have heard some good comments, and was wondering what you thought about it. Is the continuing involvement of the Naval Postgraduate students a good investment strategy for us?

Admiral OLSON. Yes, sir. We are committed to supporting that the best we can, and thank you for your support. We have a very strong relationship with the Naval Postgraduate School, and it is certainly not because I am Navy. In fact, most of the students that we put through the Naval Postgraduate School are not Navy. There is a Special Operations low-intensity conflict curriculum within their National Security Affairs Department, and we have 50 Army students in that at any one time, and fewer than 10 Navy and Air Force students. This is really a program that is strongly supported by the Army.

The project you are talking about has mostly to do with situational awareness in a battlefield environment. It is how to collect,

process, analyze, disseminate information from a wide variety of sensors, headed up by a retired professor named Dave Netzer, who has been kept on to work that project. He has been extraordinary in his energy and support for that. So the short answer is two thumbs up. We are very high on that program, sir.

Mr. FARR. It is my understanding that you are working towards getting FEPSO into the fiscal year 2010 budget so that it will not have to be earmarked all the time?

Admiral OLSON. It has been proposed to my headquarters as a fiscal year 2010 initiative. We are actually having those meetings this week and next to reconcile the priorities for fiscal year 2010.

Mr. FARR. Thank you. All right. I will have to do my homework. Thank you.

Mr. EDWARDS. Thank you.

Mr. Boyd.

Mr. BOYD. Thank you, Mr. Chairman.

Admiral Olson, you have a naturally very low voice.

Admiral OLSON. Yes, sir. I hope this is on.

Mr. EDWARDS. Speak softly and carry a big stick.

Admiral OLSON. All right, sir. [Laughter.]

Mr. BOYD. A couple of questions, Admiral. Thank you for your service to our country.

Mr. EDWARDS. Would you mind pulling that microphone up? [Laughter.]

Mr. BOYD. I thought I would speak loudly enough.

Your fiscal year 2009 MILCON request includes $40 million for a Special Forces complex at Eglin Air Force Base.

Admiral OLSON. Yes, sir.

SPECIAL FORCES COMPLEX AT EGLIN AFB

Mr. BOYD. The fiscal year 2009 BRAC request contained $148 million for a Special Forces complex at Eglin also, to comply with the mandate to move the Seventh Special Forces to Eglin.

Admiral OLSON. Correct.

Mr. BOYD. Is the MILCON project a new requirement since the BRAC request? Or was it missed in the BRAC submission? Or is it a redundant request? That was somewhat confusing to us.

Admiral OLSON. Yes, sir. It is a new requirement. The background is that the BRAC decision was to move the Seventh Special Forces Group from Fort Bragg, North Carolina, to Eglin Air Force Base. At the time that decision was made, the Seventh Special Forces Group consisted of three operational battalions and a support battalion. Since that BRAC decision was made, we have achieved this Special Operations community-wide growth, which includes one additional battalion for each of our Special Forces groups. So the Seventh Special Forces Group has four operational battalions now, not three, or is programmed to have. So this is specific to that.

The Army was responsible for funding through their MILCON program the original BRAC-directed move, but because this is a Special Operations initiative to grow the additional battalion, that is why it is in our budget.

Mr. BOYD. And that $40 million will be for housing?

Admiral OLSON. It doesn't include housing. It includes the operational-related facilities, headquarters, training capability, motor pool—those sorts of things—dive blocker, parachute loft—those things that are peculiar to Special Operations. Army and Air Force, because this is at Eglin Air Force Base, they are responsible for the service-common items.

AL UDEID AIR BASE

Mr. BOYD. Let me shift gears slightly and go across the water to Al Udeid, which is a very critical location to our activities in the Central Command.

Admiral OLSON. Yes, sir.

Mr. BOYD. There is a $9 million request for a project inside the CENTCOM AOR at Al Udeid Air Base. This is in addition to funding in 2007 and 2008, and the 2008 supplemental which totaled about $115 million. Can you speak to the long-term return on this investment in this specific region? Has that been carefully considered and does it support an investment this large?

Admiral OLSON. Yes, sir, it does. This facility is a training facility. It is going to be essential to support SOF training in theater for forward-stationed special forces in support of U.S. central command.

We see the demand for Special Operations forces in CENTCOM increasing over time, not decreasing. As the environment shifts from one of occupy and high-intensity combat to one of train and assist, that is a forte of Special Operations. So I believe that this project has an enduring value for us.

Mr. BOYD. So it has to do with communications facilities?

Admiral OLSON. It is a training facility. Yes, sir.

Mr. BOYD. Okay. Mr. Chairman, do I have time for one more quick question?

Mr. EDWARDS. Sure.

CANNON AIR FORCE BASE

Mr. BOYD. Let's come back to Florida, to Hurlburt Field. Cannon Air Force Base is being converted from a fighter wing to a Special Operations forces wing under the BRAC decision.

Admiral OLSON. Yes, sir.

Mr. BOYD. Currently, we are aware of only one project being requested, and that is to construct a hangar. Are there other base infrastructure requirements that might be needed that are not included here?

Admiral OLSON. Yes, sir. Just for the record, the BRAC decision was actually to close Cannon Air Force Base in New Mexico unless another user was identified. At the same time, we in Special Operations were looking for a western base to accommodate the growing Air Force component within Special Operations. The Air Force offered us Cannon. We accepted the offer and that then became the reason for transferring this from a fighter wing to a Special Operations base. That actual transfer occurred last October and now the owners-occupiers of Cannon Air Force Base are the Special Operations component of USSOCOM.

This is a phased growth. It was not quite a turnkey operation, but it was an up and running base. It had maintenance facilities.

It had people. It had barracks. It had chow halls. It had all the rest of it. So the MILCON demands, although significant, were not urgent. We can grow into that base at the rate our assets are moving in. This is a phased period across time. So we will see more projects at Cannon beyond 2009, but in 2009 the right level was as we have requested it.

Mr. BOYD. Thank you very much.

Mr. Chairman, thank you.

Mr. EDWARDS. Thank you, Mr. Boyd.

Mr. Berry.

Mr. BERRY. We would all like to thank you and everyone here for this hearing. I am new on this committee and I don't know enough to ask you a question that would make any sense. But I know enough to appreciate what you do and to know that this committee does its best to provide you with what you need. We hope that you do and expect that you will—they do know something about this stuff. I am appreciative of that.

So we thank you again for your service.

Admiral OLSON. Thank you very much.

Mr. BERRY. Thank you, Mr. Chairman.

Mr. EDWARDS. Just don't believe one thing he said, and that is he doesn't know enough to ask tough questions. [Laughter.]

He is as sharp as a tack.

Thank you, Mr. Berry.

Mr. Bishop.

Mr. BISHOP. Thank you very much.

Sir, welcome.

Admiral OLSON. Thank you, sir.

Mr. EDWARDS. Could you pull up the microphone for transcription purposes. Thank you.

Mr. BISHOP. Thank you.

Special Forces kind of—mission involves extensive contact with the region's military and police, and much of it is through training. The Special Forces teams deploy frequently to Latin America to train foreign units in counter-narcotics often with joint training activities. Do we have adequate training facilities for the operations in Latin America?

Admiral OLSON. Yes, sir. We don't own any of our own facilities there. We just use the facilities of the countries with which we are training. It typically amounts to a few hundred people on any given day spread across five to nine Latin and South American countries.

GROWTH OF SOCOM

Mr. BISHOP. Thank you, sir. Our understanding is that you are responsible for growing the size of the Special Operations forces and that it takes almost 2 years to train a Special Operations force servicemember. The baseline for recruiting folks with the right mental and physical background is extremely high and most of the ones who start training don't complete it. How are you progressing in increasing your numbers?

In addition, the thought is that quality is better than quantity. Have you been required to lower your standards? Or will it just take more time to get the right people? Do you have adequate fa-

cilities for training the folks that you need to train in this growth spurt?

Admiral OLSON. There are several questions in there, sir. I will try to answer them all.

First of all, we are not sacrificing quality at all. In fact, I think because we are getting smarter about our training, our quality is actually improving as we are able to tailor it better to the needs of the force. Recruiting is good. It has been fairly steady for a couple of decades, but now we have better capacity in our school houses so that we can accept more volunteers, and therefore we are turning more out.

So our growth is pretty much on-pace. Through most of our specialties, we are on our expected growth slope. We are falling behind in a couple of areas, but ahead in a couple of others. But as an example, in preparation for our growth, we increased the capacity of our Special Forces school house. These are the Green Berets who are most of our operational force, at least the largest single segment.

Five years ago, we had never graduated more than 300 Green Berets in a year. Last year, we graduated 820. So we are in fact increasing by the strength of a battalion per year in Army Special Forces. Everybody will tell you that the quality is as good or better than it has ever been.

In terms of training facilities, I think we are very okay with that. Our program addresses that, but it is not so much in terms of our basic training facilities to create Navy SEALs and create Green Berets and create Army Rangers. It is more to sustain their training by keeping them closer to home when they are not deployed. It is very important to us to have facilities that are within commuting range of where people live and work, so that when they finish training they can go home at night. The operational demands keep them away from home far too much as it is. So we are looking for some relief from the requirement to travel to train.

QUALITY OF LIFE ISSUES

Mr. BISHOP. Well, I guess as a segue then, are there any other issues related to quality of life—training facilities that we need to be aware of for your folks?

Admiral OLSON. Sir, I like the way a former chief of naval operations used to term it. He called it quality of service. Quality of service equals quality of life plus quality of work. I think that the great interest in recent years for improving the quality of housing for all of our servicemembers of all the services is paying huge dividends. At least in the force that I have responsibility for, I am not hearing complaints about inadequate housing. Often the commute is further than they would like it to be, but that is because sometimes Special Forces are in very desirable places. Our headquarters is in Coronado, California and Virginia Beach, Virginia and Fort Lewis, Washington, and these are places where people need to just buy a little bit further away, where the on-base housing isn't sufficient or they choose not to live on-base.

The quality of all that is very high, and that is a service responsibility, not a Special Operations responsibility. So we are focused on improving the quality of work, which we can do largely by im-

proving the headquarters facilities, the maintenance facilities, and the training facilities for our forces.

Mr. BISHOP. I was concerned about whether or not you had any problems with morale and with retention because of family problems related to the commute or related to the requirements on the Special Operations forces person which separates them from family—family problems with children, with divorces, with family violence, any of those types of issues.

Admiral OLSON. Sir, I am concerned about a future fragility in the force. We are not seeing it in the data yet, but we are on a quest to determine how predictive and preemptive we can be in our family care programs. Again, those are largely the responsibility of the services to provide those family support, child care kinds of activities. The services are good about talking to us to see whether or not what they are doing will meet our needs. And so that is a good healthy relationship. So I am not seeing that sort of stress in the force at this point.

Mr. DICKS. Would you yield just briefly?

Mr. BISHOP. Yes, sir.

Mr. DICKS. Does the fact that you have shorter deployments, 6 months to 7 months, do you think that makes a big difference between what is happening with Special Forces and the rest of the military, especially the Army and the Marine Corps?

Admiral OLSON. Sir, that is huge. We have great flexibility in how we deploy our force and almost none of our forces are gone more than 7 months at a shot. In some cases, they are gone 90 days or 120 days. That is much more sustainable over the long haul.

Mr. DICKS. Thank you for yielding.

Mr. EDWARDS. Admiral, let me ask you, what percent of your troops or your servicemen are married under your command?

Admiral OLSON. Sir, it is between 60 percent and 70 percent married.

Mr. EDWARDS. Between 60 and 70 percent. When you said on average older age than the services, that was a real surprise to me. I guess I would have had the image of these tough single guys, young tough single guys out there without families.

In regard to the families——

Mr. FARR. Like the Rambo movies.

Mr. EDWARDS. Yes, you are right. You are right. That leads to one of my other questions later.

But in terms of housing, since you are dependent upon the services, and human nature being what it is, one of my concerns would be that sometimes maybe you are not at the top of the priority list for each installation commander. Do you have any kind of numbers that would show what numbers of forces under your command are living in housing, either barracks or family housing, that don't meet basic DOD standards?

Admiral OLSON. Sir, I am going to have to take that question for the record. I don't have those numbers. I don't have any evidence that that is occurring at this point. But I would like to put a plug in, if I might, for the public-private venture housing program. I know there were a couple of rocky starts to that, but I think that program is up and running fully now and overall it has been a very

good thing for our people. Those who are living in public-private venture housing are very satisfied with it.

[The information follows:]

USSOCOM relies on the Services for service-common support to include unaccompanied and accompanied housing. The following chart depicts the percentage of barracks and housing that currently do not meet DOD standards:

Component	Barracks (%)	Housing (%)
MARSOC	0	0
AFSOC	75	55
JSOC	0	0
USASOC	14	0
NSWC	0	0

Marine Corps Forces Special Operations Command (MARSOC): The United States Marine Corps has a permanent 2 + 0 waiver of the 1 + 1 module DOD standard for junior personnel (Lance Corporal and below/E1–E3).

Air Force Special Operations Command (AFSOC): Barracks will require significant investment to meet DOD standards. All Air Force owned housing is approved for privatization. AFSOC housing will be brought up to standards within a 5-year development period.

United States Army Special Operations Command (USASOC): The Army Barracks Improvement Program continues to progress with 1,278 barracks projects programmed from now to FY13.

Mr. EDWARDS. That is great to hear, because this subcommittee played a key role in that when a lot of people didn't want to try something in a different way.

Admiral OLSON. Sir, I thank you.

Mr. EDWARDS. But if you could give us those numbers. What we want to do is have a metric where each year we ask that same question of each of the services, but we would also like to ask it of you, how many under our leaders' commands are living in housing that doesn't meet DOD standards for adequacy. So we want to see that coming down.

I think in family housing, we have made great progress. In barracks, I am not quite sure, but we would like to keep a special eye on Special Operations folks as well.

OPERATIONAL TEMPO

Could I ask about the op tempo? While the deployments are for a shorter period of time relative to the 12 month to 15 month deployment for Army soldiers, do you have a number in terms of the average how much time away from home and family have your forces been away since September 11 of 2001?

Admiral OLSON. Sir, the forces in our operational units—our SEAL platoons, our Special Forces Operational Detachments, what we call A-teams, our aviation crews both fixed-wing and helicopter, they have been between sort of a one-to-one deployment ratio and a 1.5 home for one forward kind of ratio. Where we suffer our highest operational tempo is actually in our headquarters because we have more flexibility to rotate out the tactical elements where the headquarters have to go. So we are at just a little bit under one back for one over, particularly with our Special Forces group command at the O–6 level.

Mr. EDWARDS. General Casey recently testified to our subcommittee that ideally in the long term the ratio he would want for time away from home would be 1 year deployed and 3 years at

home. What would be your long-term goal? Would it be similar to that?

Admiral OLSON. We subscribe to that ratio. Yes, sir.

Mr. EDWARDS. Is your present op tempo sustainable? Or if you can continue this level of op tempo of approximately 1-to-1 for the next 2 or 3 or 4 or 5 years, do you start to see a loss of your key leaders and problems in the families?

Admiral OLSON. Sir, I think we do. We don't have the data that shows that yet because everybody is still doing exactly what they signed up to do. But I don't know how long that is sustainable. I do believe that 1-to-1 is not sustainable. I think that 2 back and 1 over, we could probably hold for some period of time, probably not for the entire course of a career; 3 over and 1 forward, and we are sustainable for the long haul.

Mr. EDWARDS. Okay. Thank you.

I would like to go to the ranking member, and then we will go to Mr. Dicks.

Mr. Wamp.

Mr. WAMP. Well, Mr. Chairman, while Mr. Dicks is here again, I wanted to comment that if Admiral Olson's mother worked in your office, then Mr. Dicks you obviously are older than you look. [Laughter.]

Mr. DICKS. Thank you. That is, I think, a compliment. [Laughter.]

Admiral OLSON. I am not sure what that says about my mother. [Laughter.]

NUCLEAR PROLIFERATION

Mr. WAMP. I have a couple of things I might talk about here. I know you may have to be careful in how you respond. But one of the things that I believe you said was under your area of responsibility to assert and extend is nuclear nonproliferation. There is an article out this morning that says threat of nuclear attack in the United States said to have grown in recent years. In my 14 years in the House, I don't think anyone has spent more time trying to encourage the enforcement of Nunn-Lugar and shining the light on this issue of nuclear nonproliferation than Chairman Edwards. I have served on several subcommittees now with him, and he is a champion.

I happen to represent Oak Ridge, Tennessee, which also plays a pretty critical role in this whole business. What can you tell us about that from Special Ops and what your men and women do around the world, and what you can say about this angle today, or anything at all. I know you have to be guarded in what you would say.

Admiral OLSON. Yes, sir. Without going into closed session, what I can say is that of the nine core activities assigned to Special Operations Command, counter-proliferation of weapons of mass destruction and weapons of mass effect is one of those nine. Special Operations does not own that mission area. We have niche tasks to perform within that mission area. Our niche tasks have mostly to do with interruption and interdiction of the activities associated with proliferation, mostly at the operational and tactical levels.

So we do maintain some specially trained forces who are able to detect, interdict, and transfer weapons of mass destruction, their chemicals and precursors, and the facilities that support those.

Mr. WAMP. Would you say that your command has more or less authority from the Department of Defense now than you had before September 11?

Admiral OLSON. Sir, we have significantly more authority now than we had before 9/11. That authority is codified in unified command plan language that assigned the commander of Special Operations Command as the lead combatant command for planning, synchronizing and, as directed, executing Department of Defense operations against terrorists and terrorist networks.

So that gives us a significant role of leadership in the plans and planning for global Department of Defense operations, not just Special Operations.

Mr. WAMP. And even with that said, the lead combatant command and your role in the world, in the other room you told Chairman Edwards and I that the people under your command are very sensitive that every time we kick the proverbial door down in the world, we agitate, and that there is a need to be effective diplomats as well. And I have been blown away over these last 19 hearings to see the effective diplomacy of our leaders in uniform of all these commands.

Frankly just about every DOD person that has been in this room this year has proven more effective diplomatically than the average State Department person over in another room, which to me is very counter to the beliefs, not just in our country, but around the world about the nature of our armed forces. It is very effective, even under your command, which are the door-kicking-down guys, and not necessarily the peacemakers. But diplomacy and being a good diplomat is also part of the mission, correct?

Admiral OLSON. Yes, sir. Just stepping away from Special Operations, clearly the agency of our government that has the most people in the most places every day is the Department of Defense. So within my command, I am reminding them every day that they are diplomats whether they like it or not. That is a responsibility that they bear and we have high expectations of them with respect to that.

I would also like to say that although we are the door-kickers of the world, and we are certainly high-end door-kickers, the civil affairs forces of the Department of Defense are under my proponency as well. We are also the school-builders and the well-diggers and the culvert-placers. Although we are doing kinetic kinds of operations, mostly with our counterparts in Iraq and Afghanistan every night, in most of the places of the world we are doing education, engagement, training engagement, civil affairs engagement, advise and assist kind of engagement. We are doing much more of that globally than we are door-kicking.

Mr. WAMP. You are doing that with uniformed personnel or a combination of uniformed and civilian?

Admiral OLSON. Mostly uniformed personnel, sir.

Mr. WAMP. Would you say, just briefly, that our combined forces around the world, regardless of their mission, are pleased to see Special Ops forces come whatever the mission is today?

Admiral OLSON. Yes, sir. I would say they are all pleased to see us. In fact, we are there at their invitation. But sometimes, they are more pleased that the quieter we can be about it, the more pleased they are to have us. In many cases, our access depends on our ability to not talk about it publicly with nations that are not too proud to accept our assistance, but they are too proud to publicly acknowledge it.

Our people are pretty good at that. We are pretty good at getting in and training and getting back out without drawing a great deal of attention to it. It is mostly small numbers of specially trained people who are doing this kind of activity.

Mr. WAMP. Well, in that case I have no more questions.

Mr. EDWARDS. A very good line of questions.

Mr. Dicks and then Mr. Farr.

C–130

Mr. DICKS. On equipment, and we will get to the $38 million here pretty soon, on the equipment side, I notice, is there a shortage of C–130s? Or do we need to get new C–130s? Are these the C–130Js?

Admiral OLSON. Sir, the new model is the C–130J. Our effort is to recapitalize our older models, most importantly our C–130 Echo models with C–130Js. There are center wing-box issues. There is a degradation of the fleet. Our average age of our C–130 is 28 years at this point, but we have several that are 35 and more years old. So it is urgent that we one-for-one replace our aging fleet.

Mr. DICKS. What is the plan? Is there a 5-year plan?

Admiral OLSON. Our requirement is 37. We have in our budget—and this is one of these interesting connections between us and the services.

Mr. DICKS. Right.

Admiral OLSON. The C–130 is a service-common airplane, so I am not responsible for purchasing that. The Air Force is. Then they are obliged to provide that to me so that I can modify it with the budget that I am provided for Special Operations-peculiar items. So in the case of a C–130, about three-quarters of the airplane is bought by the Air Force and about one-quarter by me, and we synchronize that so that it rolls off the production line and we can make our modifications for the Special Operations-peculiar mission aspects. It is in my budget to fund 20 modifications in order to deliver 12 airplanes within this 5-year plan. And Air Force is pursuing an appropriate amount of funding to make those airplanes available.

Mr. DICKS. Yes, because there may be some opportunity to add to that C–130 line. So if there was going to be some money added, you would have to add the modifications, too, right?

Admiral OLSON. Yes, sir.

Mr. DICKS. At some point in the 5-year budget?

Admiral OLSON. The platform money goes in the Air Force's budget. The modification money goes in mine.

Mr. DICKS. Okay.

UNMANNED AERIAL VEHICLES

What about UAVs? How are you doing on UAVs?

Admiral OLSON. Sir, you have hit my top two acquisition priorities back to back here.

Mr. DICKS. That is good.

Admiral OLSON. It is bigger than UAVs. It is the entire system that it takes for intelligence, surveillance and reconnaissance. We are at the point now where just buying more UAVs doesn't solve the problem. It is the people. It is the training. It is the ground crews. It is the analysts. It is the communications capability. It is the band-width on the satellites to transmit the full motion video imagery. There is a whole lot to that.

But if your question is about where do sensors and UAVs being part of that package fit in our priority, it is at the very top.

Mr. DICKS. Right at the top.

SOF RANGER BATTALION COMPLEX AT FORT LEWIS

Tell me about this SOF Ranger Battalion complex at Fort Lewis for $38 million. Tell us about that a little bit.

Admiral OLSON. Yes, sir. Part of the growth plan for Special Operations grows one company for each of our three Ranger battalions. We will grow from three operational companies to four operational companies. Sir, this is specific. I know this is a trend here. I talked about growing our Special Forces Group from three to four battalions. We are growing our Ranger battalions from three to four companies. That is for the long-term goal to get us in 3-back-1-forward on a rotational basis. So this is fully in sync with General Casey's comments on that. So this is to accommodate a new growth company at Fort Lewis.

Mr. DICKS. Okay. We will do our best to help you on that.

Thank you, Mr. Chairman.

Mr. EDWARDS. Thank you, Mr. Dicks.

Mr. Farr.

NAVAL POSTGRADUATE SCHOOL

Mr. FARR. Thank you very much.

I want to follow up on Zach Wamp's comments and talk a little bit about education. First of all, I would like to echo your comments. I served in local and state offices, as other members of this committee have, and what is unique about being in Congress is working with DOD. We don't have that at the state or local government. So the entire military presence before our committee is unique to Congress.

I would like to say that the biggest surprise is the competency of the Commands we have heard from. It is just incredible. I share those opinions. I think there is much more of sensitivity awareness about things that I think are really important, which is this understanding other cultures and being able to cross the cultural divide—than there is among people who are trained professionally in departments that are supposed to be doing that. It is a compliment to your sensitivity.

In the training areas, Congress set up in the Naval Postgraduate School a Center for Stabilization and Reconstruction. I appreciate you going out and visiting the school. I understand that one of your priorities is developing capabilities among partner countries to support stability, security, transition, and reconstruction operations.

What we find also, as the commands have been telling me, is that there are very few officers who are currently slated for the degree program at the Naval Postgraduate School and SSTR because the Services have failed to establish an MOS for combatant commands, and that the combatant commands have not established a formal requirement.

I think you stated earlier and in your testimony that there really is a need for expertise in this area. I wondered if you have thought about establishing a requirement for such expertise and utilizing the expertise in this area at the Naval Postgraduate School for the global peace operations initiative.

Admiral OLSON. Sir, I haven't initiated any effort. That is a consideration that I will make. Our Special Forces officers are mostly going through the Special Operations in low-intensity conflict curriculum at Naval Postgraduate School. The curriculum that you mentioned in the stability and reconstruction areas is mostly appropriate to our civil affairs officers, but I will study that, sir.

Mr. FARR. Well, I know Admiral Mullen is very interested and he was very supportive. The Navy has two officers out there now, but the problem is that there is no MOS. Why get a degree in this field if you are not going to get an assignment. I think again we are ahead of the bureaucracy. We need the bureaucracy to catch up and create those MOS's.

The other that we hear a lot about is irregular warfare environments and training for that, but not a lot of adjustment for the training of it. I wondered what SOCOM has done to correct the deficiencies that pertain to stability operations and prevention operations. Are the essential training programs in place?

Admiral OLSON. Special Operations Command is emerging as a leader within the department in the entire field of irregular warfare. During the QDR discussions, I represented Special Operations in irregular warfare needs to the department as the deputy commander of Special Operations Command.

Since taking command, I have established a new division within my headquarters that we call the Irregular Warfare Division. It is the J–10 in military-speak. Most commands don't go beyond single digits, but we thought it was important enough to have an organization dedicated to irregular warfare. So we were co-drafters of the irregular warfare joint operations concept, for example, for the Department of Defense. We are contributing heavily to the Department of Defense directive on irregular warfare. So we are trying to put the academic underpinnings to this.

I do have, I call it a junior varsity war college. It is called the Joint Special Operations University. It is an institution of higher education for us. I call it junior varsity because most of its courses are days or single-digit weeks long, but we have established an irregular warfare curriculum within that Joint Special Operations University as well, for both U.S. and international students.

So we are growing into this, but I agree completely that there needs to be a broader awakening within the Department of Defense in order to incentivize this sort of behavior that leads to irregular warfare expertise.

Mr. FARR. I understand that about 88 percent of the civil affairs personnel reside in the Army Reserves. I wondered if that pre-

sented any problems for you, that this expertise is within the Reserves.

Admiral OLSON. One-hundred percent of civil affairs used to reside within Special Operations Command. It was a QDR decision to transfer the Reserve component to the Army. I have retained the active component of civil affairs under my immediate command, and I remain the Department of Defense proponent in the terminology for all active and Reserve civil affairs. That means I am responsible for the doctrine and the consistency of training and compatibility of equipment and those sorts of things, even as it extends into the Reserve force.

The issue is one of qualification and accessibility in the Reserve component. To do civil affairs right, you have to be steeped in the culture in which you are operating and it is very hard for a Reservist to do that. The nature of civil affairs, and I am a huge fan of what civil affairs does, but the nature of the civil affairs community has changed significantly in the last several years. It used to be doctors, dentists, lawyers, police chiefs, water purification engineers, mayors—people who could sort of come together in their reserve capacity to deploy forward and help build governments and infrastructures.

Given the demands of the last few years and the need to grow the civil affairs community rapidly, what we have now is a much younger force that is learning the civilian skills at the same time they are learning their military skills. But our maturity in civil affairs as it turns out does reside within the Reserve component. It is very important to be able to sustain that and be able to get at them.

Mr. FARR. The largest Army Reserve training base is Fort Hunter Liggett, CA. I really want to be able to work with you and integrate the training programs to meet the mission needs. I appreciate anything you could do to tell us what more we can do to help that training process.

Thank you.

Mr. EDWARDS. Mr. Bishop.

Mr. Wamp.

Mr. WAMP. No further questions, Mr. Chairman.

Mr. EDWARDS. Mr. Dicks.

Mr. DICKS. I have no further questions.

INFLATION

Mr. EDWARDS. Let me just ask you, Admiral, and I am going to be fairly brief in my final questions. MILCON inflation is hitting military construction, as it is highway construction, construction in all parts of our economy pretty heavily. Is your military construction budget funded in 2008? I know, as you mentioned, it was a surge year. Have those dollars been eroded because of inflation in ways you didn't expect? Were there any challenges there? Are you having to cut corners or delay building installations because of inflation?

Admiral OLSON. That is a great question, sir. Because it was a robust year for us, there were challenges, but we overcame them. Among the ways we overcame them was finding that some of our plan and design money was unexecutable, et cetera, et cetera. So

we found enough buffer within our own program to answer most of our needs without having to cut into other programs.

But the larger question is how are we affected by the growing construction costs, and the fact that we do have to adjust to them every year. It is a real concern for us.

Mr. EDWARDS. We have to get a better way. In the past, OMB has dictated a 2.4 percent inflation factor, which when you talk to the Associated General Contractors it doesn't even pass the laugh test. And so we know corners are having to be cut, projects delayed, others pushed out in the out-years, so we will have to continue to look at that.

Let me ask you also, SOCOM is going through a process I believe of reviewing global posture. When will that report be finalized?

Admiral OLSON. Sir, I think very quickly. I think we will have the Secretary of Defense guidance on that here within the next 2 weeks to a month on that.

Mr. EDWARDS. Would conclusions involve new military construction needs, change end-strength numbers? Without getting into specific conclusions before the report is finalized, what would be the kind of issues you would be addressing in that?

Admiral OLSON. It would be minor adjustments in the out-years based on tweaking the presence of our force globally.

COUNTERINSURGENCY EFFORT

Mr. EDWARDS. Okay. And the final question I have is in terms of counterinsurgency efforts. There have to be a lot of lessons learned, I would imagine, from Iraq and Afghanistan—the times you have to kick down the doors, and you have people trained the toughest of the tough—but as you commented, it has been so important for us to hear. It is also important for us to earn the respect of local citizens if we are going to fight a counterinsurgency effort.

Are there some lessons learned out there that you could just summarize briefly in terms of how we not only go after the worst of the worst enemies, but at the same time deal with communities in a way that earns their respect and ultimately their support? I know they are critical as we are fighting the bad guys. We have to have the local citizens telling us where the bad guys are, and not vice versa. Any general thoughts on lessons learned there?

Admiral OLSON. Sir, I think you just said them. I think the main lesson is in a counterinsurgency is that it is our responsibility to provide a better alternative than the insurgents. You do that neighborhood by neighborhood, city by city in terms of gaining support for anti-insurgent activity among the people. We can't operate among the people and rid them of the insurgents in their midst. They have to be part of it. There has to be an environment that is inhospitable to that kind of activity.

And so it is providing education alternatives to the Madrasas. It is providing recreational opportunities, and I don't mean to exaggerate recreation, but the kinds of places that enable people to gather in a productive way. There are many activities that can just return hope to the people, to the sense where people everywhere will bet on a winner. When the insurgents no longer look like the winners, then that is demonstrated success.

Mr. EDWARDS. Great.

Well, any other questions?

Admiral, I think I can speak for all of us in saying this has been very, very informative and helpful to our subcommittee to have you here. Thank you for that. My one request of you would be to let this committee know where we can be of help on military construction projects, even if that involves the housing and barracks projects that are funded through the various services since that money comes through this subcommittee.

Given the level of sacrifice your personnel are making and their families are making in this time of war, in that kind of Global War on Terrorism we are fighting won't go away overnight, so the sacrifices will continue—let us know where we can be of help to your folks on quality of life issues, including housing and barracks and child care facilities.

Mr. Dicks.

Mr. DICKS. Mr. Chairman, I forgot one thing. I wanted to follow up on one aspect.

Mr. EDWARDS. Sure.

POST-TRAUMATIC STRESS SYNDROME/TRAUMATIC BRAIN INJURY

Mr. DICKS. When we talked about the deployments, 6 or 7 months. What are you seeing on post-traumatic stress syndrome and traumatic brain injuries?

Mr. EDWARDS. That is a good question.

Admiral OLSON. We are seeing some, clearly. Within my force, it is statistically lower than across the rest of the department I think because of the level of training, because when you get shorter deployments, because our people do sort of stay together longer and have a family within the military to a greater degree than most of the force does.

If you are looking for specific statistics, I can get those to you for the record. I have snapshot numbers in my head of specific elements of our force, but it is an issue for us.

[The information follows:]

All surveys done by the Services show that USSOCOM forces have much less Post-Traumatic Stress Syndrome (PTSS)/Post-Traumatic Stress Disorder (PTSD)/ Traumatic Brain Injury (TBI) than other military units. Within the command, we have good survey data which indicate a much lower occurrence when compared with our conventional counterparts, but we can not validate actual numbers. Experts believe that many personnel who experience PTSS/PTSD do not report the conditions for various reasons. For those reporting and being seen at medical centers and clinics, the Service Surgeons General are best able to track those numbers and would prove DOD's most reliable source of the most current and accurate statistics.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. EDWARDS. No, I am glad you asked that question. RAND Corporation is coming out publicly tomorrow with a report. They have done a rather extensive report on PTSD and TBI as well. It will be interesting to see how much attention that draws.

Mr. FARR. Can I have a follow-up question on that?

Mr. EDWARDS. Sure.

Mr. FARR. You mentioned that a shorter deployment probably is a factor, but how about training? That is something we have never looked at, better training. You have people that are knowledgeable about where they are going. They are linguistically trained. They

are culturally trained. So it is not such a shock effect when you arrive.

Admiral OLSON. That is exactly right, sir.

Mr. FARR. You probably aren't as exposed to as many improvised explosive devices, are you?

Admiral OLSON. No, sir. I think we are.

Mr. FARR. You are.

Admiral OLSON. I think we are exposed man-for-man at a higher rate than most of the force.

Mr. FARR. Really?

Mr. EDWARDS. Didn't you mention that to Mr. Wamp and me in our brief meeting before the hearing?

Admiral OLSON. We invested with real energy in what we call medium mine protective vehicles, sort of an MRAP, an off-shoot of that program. The specific vehicles are called RG–31s and RG–33s. We fielded them to our force for the first time since Christmas. In the months of March and April, we have had six incidents. It destroyed at least four of those vehicles, perhaps all six. Inside those vehicles, we sustained casualties, but we are convinced that we saved at least eight and maybe ten people.

But what we have seen is an increasing threat in response to the increased capability of the vehicles. The mines that these vehicles hit were larger of explosive weight. In the past, we were used to 30 pounds or less. These vehicles protect very well against that former low-level IED threat. We didn't consider it low-level at the time. It was destructive. But against these vehicles, it is not destructive, so they are upping the explosive weight of the mines. We are going to have to continue to struggle to stay ahead of that. The good news is that it is a lot harder to move and place a larger mine than it is a 30-pound mine, so they are more detectable by us in terms of the activity that it takes to get them there. But that has been a very successful program.

For the record, I would like to say that any sense that the diminishing of violence in Iraq should lead to a decision to back away from protecting our people in these kind of vehicles, it is way too early to make that decision.

Mr. BISHOP. Can I follow up on this?

Mr. EDWARDS. Please do. It is important.

Mr. BISHOP. The issue that you describe, were they IEDs or were they the explosive projectiles?

Admiral OLSON. It is a combination. We had IEDs of the traditional IED type. We had the explosively formed projectiles and we had the pressure plate contact mines as well.

Mr. BISHOP. And where you had survivors, were those IEDS, was it a combination where they were destructive with the EFPs?

Admiral OLSON. Yes, sir. The casualties were killed by large contact mines emplaced in a dirt roadway. The EFPs and the IEDs were survivable by these vehicles.

Mr. BISHOP. Because you had the MRAP-type vehicle?

Admiral OLSON. Yes, sir.

Mr. BISHOP. Was it with the V-shaped bottoms?

Admiral OLSON. Yes, sir—V-shaped bottoms, and they are also designed to be destructed. Much of the energy of the explosive is absorbed by throwing the transmission one way and the engine in

another way and blowing the wheels off and sort of taking all that so that the cocoon of the vehicle survives.

Mr. DICKS. If you would yield. There has been some concern that these things don't do well off-road, that they are pretty limited in how they can be utilized. We are going out there and buying 10,000 of these things or whatever the number is, and there has been some concern that maybe we ought to think through this a little bit, about the utility. Because you know, the next situation may be different.

Admiral OLSON. No, you are right. A family of vehicles is required, including some that are off-road-capable. These vehicles, all of them, all of the truly mine-protective explosive-projectile-protective vehicles, weigh upwards of 30,000 pounds. Ours are about 37,000 pounds that we are delivering. Those are not off-road-capable vehicles. It doesn't require hard pavement, but it does require some sort of improved hard-packed dirt roadway at a minimum.

Mr. EDWARDS. Great. Good questions.

Mr. DICKS. Thank you.

Mr. EDWARDS. Members, as we finish the 19th of 19 2009 budget hearings, we have had a pretty busy op tempo ourselves. Thank you all for your participation, knowing how many other subcommittees that you sit on. A special thanks to Mr. Wamp, the ranking member, who has been here at each one of the 19 hearings.

We all would like to thank again an incredibly able and talented and dedicated staff led by Carol Murphy, staff who have worked without regard to politics or partisanship. Thank you to all of the staff for making these hearings so productive.

With that, we stand adjourned.

Admiral, thank you very much for being here and for your service.

Admiral OLSON. Mr. Chairman, thank you very much.

[CLERK'S NOTE.—Questions for the record submitted by Chairman Edwards.]

Question. Have you identified the total capacity (in square footage) of SOF-peculiar facilities that you need to support SOCOM's personnel growth and transformation? When do you expect to meet that requirement?

Answer. Yes. The FY 2009 program consisting of 13 projects at 11 installations in seven states and one overseas location represents a total capacity of 1,078,200 square feet. This figure includes the second increment of our 323,000 square foot operational requirement at Dam Neck, Virginia. Our FY 2009 construction requirement supporting USSOCOM's personnel growth and transformation will be met approximately 2.5 years after project awards.

Question. How do the various SOF units differ demographically? Focus in particular on rates of marriage and number of dependents.

Answer. Marriage and dependency rates among the Special Operations Forces components are higher than their respective Services. The following information is provided based on data available as of 30 Sep 07:

—58% of Army Special Operations Component (ARSOC) enlisted were married, compared to 53% of the total Army enlisted

—91% of ARSOC Warrant Officers and 78% of Commissioned Officers in ARSOC were married, compared to 82% and 68% respectively for the total Army Warrant and Commissioned Officers

—46% of ARSOC enlisted have two or more dependents, compared to 42% of the total Army enlisted

—82% of ARSOC Warrant Officers have two or more dependents, compared to 73% of the total Army Warrant Officers

—59% of ARSOC Commissioned Officers have two or more dependents, compared to 52% of the total Army Commissioned Officers

—64% of Naval Special Warfare (NSW) enlisted were married, compared to 52% of the total Navy enlisted.

—97% of Warrant Officers and 75% of Commissioned Officers in NSW were married, compared to 88% and 69% respectively for the total Navy

—42% of NSW Enlisted have two or more dependents, compared to 35% of the total Navy Enlisted

—79% of NSW Warrant Officers have two or more dependents, compared to 78% of total Navy Warrant Officers

—55% of NSW Commissioned Officers have two or more dependents, compared to 51% of the total Navy Commissioned Officers

—65% of Air Forces Special Operations Component (AFSOC) Enlisted were married, compared to 58% of the total Air Force Enlisted

—75% of AFSOC Officers were married, compared to 72% of the total Air Force Officers.

—47% of AFSOC Enlisted have two or more dependents, compared to 41 % of the total Air Force Enlisted

—53% of AFSOC Commissioned Officers have two or more dependents, likewise 53% of the Total Air Force Commissioned Officers have two or more dependents

Note: "Married" includes those who are married, those who are separated, and those under an interlocutory decree. The limit for tracking "Dependents" is two or more, which assumes at least one child and one spouse.

Question. Please describe the optimal training and deployment cycle for the various SOF units, and how this has been impacted by GWOT/OEF/OIF.

Answer. In general terms, for the majority of SOF units, the optimal training and deployment cycle would be 2:1 (in-garrison: deployed). However, the deployment cycle for various SOF units has adapted to the situation in multiple theaters since the beginning of the GWOT, where the majority of our forces are currently operating at a 1:1 ratio. The actual rotation cycle varies with the unit type and mission, and the following typical SOF deployment cycles are based on unit schedules for Operations ENDURING FREEDOM, ENDURING FREEDOM—PHILIPPINES, and IRAQI FREEDOM.

U.S. Army Special Forces (SF) units: 7 months

Naval Special Warfare (Sea, Air, and Land [SEAL] and Special Boat Units): 6 months

Air Force Special Operations Command (AFSOC) air crews and support: 3 to 6 months

Marine Corps Forces Special Operations Command (MARSOC) deployments: 6 months

Active Civil Affairs deployments: 6 months

Active Psychological Operations (PSYOP) deployments: 6 to 12 months

U.S. Army Ranger deployments: 4 months

SOF deployments for Theater Security Cooperation Events (Joint Combined Exercises for Training (JCET), Counter Narco-terrorism, Mobile Training Teams, Exercises) typically vary from 2 weeks to 4 months.

Question. Does the $9 million training range requested for Al Udeid reflect a need to conduct more training in theater? Is this related to the high rate of deployment?

Answer. The establishment of a training range is required because no enduring special operations training facilities exist in theater. Thus the $9 million training complex requested for Al Udeid reflects the need for special operations forces to conduct realistic training in theater to ensure they are sufficiently prepared to execute their mission in support of USCENTCOM.

Question. What are the Guard and Reserve component units of SOCOM, and where are they based?

Answer. USSOCOM is comprised of the following Guard and Reserve Components, listed with their associated locations.

	Location
Air National Guard (ANG):	
123rd Special Tactics Flight	Louisville, KY.
193rd Special Operations Wing	Middletown, PA.
Army National Guard (ARNG):	
20th Special Forces Group	Birmingham, AL.
Company B, 1st Battalion/20th Special Forces Group	Decatur, AL.
1st Battalion/20th Group Special Forces Group	Huntsville, AL.
Company B/1st Battalion/20th Group Special Forces Group	Mobile, AL.
Company A/5th Battalion/19th Group Special Forces Group	Los Alamitos, CA.

	Location
Company A/5th Battalion/19th Group Special Forces Group	Redwood City, CA.
Company B/5th Battalion/19th Group Special Forces Group	Fort Carson, CO.
5th Battalion/19th Group Special Forces Group	Watkins, CO.
3rd Battalion/20th Special Forces Group	Camp Blanding, FL.
Special Operations Detachment Central	MacDill AFB, FL.
Company A, 3rd Battalion/20th Special Forces Group	Ocala, FL.
Company C, 3rd Battalion/20th Special Forces Group	Wauchula, FL.
Company A/2nd Battalion/20th Group Special Forces Group	Chicago, IL.
Kentucky Military Intelligence Detachment	Louisvilla, KY.
Company C/1st Battalion/20th Group Special Forces Group	Springfield, MA.
Special Operations Detachment Joint Forces	Baltimore, MD.
Company B/2nd Battalion/20th Group	Glen Arm, MD.
107th Weather Flight (ANG Unit assigned to ARNG Unit)	Detroit, MI.
Company C/2nd Battalion/20th Group Special Forces Group	Grenada, MS.
2nd Battalion/20th Group Special Forces Group	Jackson, MS.
Special Operations Detachment South	Jackson, MS.
190th Chem Recon Detachment	Helena, MT.
Company B/3rd Battalion/20th Group Special Forces Group	Roanoke Rapids, NC.
Company A/2nd Battalion/19th Group Special Forces Group	Columbus, OH.
Company A/2nd Battalion/19th Group	Middletown, RI.
Special Operations Detachment Global	Providence, RI.
181st Weather Flight (ANG Unit assigned to ARNG Unit)	Forth Worth, TX.
Company C/5th Battalion/19th Group Special Forces Group	San Antonio, TX.
19th Special Forces Group	Draper, UT.
1st Battalion/19th Group Special Forces Group	Camp Williams, UT.
Company B/1st Battalion/19th Group Special Forces Group	Camp Williams, UT.
Company C/1st Battalion/19th Group Special Forces Group	Camp Williams, UT.
Company A/1st Battalion/19th Group Special Forces Group	Camp Buckley, WA
Special Operations Detachment South	Camp Buckley, WA.
Company A/1st Battalion/19th Group Special Forces Group	Spokane, WA.
2nd Battalion/19th Group Special Forces Group	Kenova, WV.
Company C/2nd Battalion/19th Group	Kingwood, WV.
Special Operations Detachment Europe	Kingwood, WV.
Navy Reserve (NR):	
Naval Special Warfare Operational Support Group	San Diego, CA.
Naval Special Warfare Operational Support Team ONE	San Diego, CA.
Navy Reserve Special Ops Cmd South Detachment 108	Hialeah, FL.
Navy Reserve Special Ops Cmd Europe Detachment 530	Jacksonville, FL.
Navy Reserve U.S. Special Ops Cmd Headquarters	Tampa, FL.
Navy Reserve U.S. Special Ops Cmd Intel Detachment	Tampa, FL.
Navy Reserve Special Ops Cmd Central Detachment 208	Tampa, FL.
Navy Reserve Special Ops Cmd Pacific Detachment 620	Pearl Harbor, HI.
Navy Reserve Special Ops Cmd Korea Detachment 101	Houston, TX.
Navy Reserve Special Ops Cmd JT Forces Cmd Det 606	Norfolk VA.
Naval Special Warfare Operational Support Team TWO	Norfolk, VA.
Air Force Reserve (AFR):	
919th Special Operations Wing	Eglin AFB, FL.

Question. How does SOCOM generate its MILCON requirements? Are they generated at the installation level? What is the role of SOCOM's component commands in the process, and what is the role of the engineering/facilities commands of the Military Departments?

Answer. SOCOM generates SOF MILCON requirements through a four-phased comprehensive Strategic Planning Process (SPP). The SPP ensures compliance with DoD directives and policies to produce the USSOCOM Major Force Program—11 Program Objective Memorandum/Budget Estimate Submission or Program Review/ Program Budget Review. The SPP is the principal vehicle for assigning priorities and allocating resources among approved and validated SOF requirements, including MILCON, with the desired goal to include these priorities in the POM to maximize USSOCOM's capabilities through the end of the Future Years Defense Program. This process is a collaborative effort involving installation, component, and headquarters levels. SOCOM's component commands are an integral partner in the process. All SOCOM MILCON projects comply with DoD and Military Departments engineering/facilities commands policies and procedures for construction.

Question. Is the execution of SOCOM MILCON overseen at the headquarters level, or is this delegated to the component commands and/or installation level?

Answer. Yes, MILCON execution is overseen at the headquarters level together with our executive design and construction agents. The component commands also maintain oversight along with SOF tier units at the installation level.

Question. How does the 13,119 growth figure break down among the SOCOM component commands?

Answer. Component command breakout of the 13,119 growth figure is as follows: Army—7,769; Marine—2,461; Air Force—1,513; Navy—1,376.

Question. How many and what types of new units will be stood up with the additional 13,119 personnel?

Answer. The following is a list of new units that will be stood up with the 13,119 growth:

Army: 4 Special Forces Battalions; 3 Ranger Companies; 1 Civil Affairs Brigade HQ; 3 Civil Affairs Battalions; 3 Psychological Operations Companies.

Air Force: 1 UAS Squadron; 6 Operational Aviation Detachments—A; 1 Special Operations Distributed Ground Station Unit.

Marine: 2 Marine Special Operation Advisory Groups; 2 Marine Special Operation Battalions; 1 Marine Special Operation Support Group.

Question. Are the personnel for the 27th Special Operations Wing at Cannon included in the 13,119 growth figure?

Answer. Personnel for the 27th Special Operations Wing at Cannon are not included in the 13,119 growth figure. Cannon relocation decisions came post-QDR.

[CLERK'S NOTE.—End of questions for the record submitted by Chairman Edwards.]

The following testimony was submitted for the record.

STATEMENT FOR THE RECORD OF THE
AMERICAN ASSOCIATION FOR GERIATRIC PSYCHIATRY
FOR THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION & VETERANS AFFAIRS
COMMITTEE ON APPROPRIATIONS
U. S. HOUSE OF REPRESENTATIVES
On Fiscal Year 2009 Appropriations for the Department of Veterans Affairs
March 13, 2008

The American Association for Geriatric Psychiatry (AAGP) is pleased to have the opportunity to present recommendations related to Fiscal Year (FY) 2009 appropriations for mental health research and services for veterans. AAGP is a professional organization dedicated to promoting the mental health and well being of older Americans and improving the care of those with late-life mental disorders. Our membership consists of approximately 2,000 geriatric psychiatrists as well as other health professionals who focus on the mental health problems faced by senior citizens.

Although we agree with others in the mental health community about the importance of Federal support for mental health research and treatment, AAGP brings a unique perspective to these issues because our members serve the older adult patient population.

We appreciate the Subcommittee's support for the highest quality health care for our nation's veterans and for the research necessary to advance the quality of their care. Our veterans put forth their lives for our nation, and they deserve access to quality health care.

The Challenge of Meeting the Mental Health Needs of the Aging Veteran Population

In light of the demonstrated toll of mental illness among veterans who have served in Iraq and Afghanistan in recent years, the Veterans Administration is in the process of adding thousands of mental health professionals to meet their mental health needs. This build-up is clearly needed and is welcomed by the mental health community as a life-saving measure for these veterans and their families. However, the large increase in staffing has been focused on younger adults, even though the majority of patients are elderly and these are the Veterans that most of these new staff members will treat. The VA must be prepared to assure that they are adequately trained for the unique needs of veterans in late life. As the VA continues to increase the number of mental health professionals in its workforce, the VA must be attentive to the clear need for more geriatric psychiatrists, psychologists, social workers, and other geriatric mental health practitioners to ensure appropriate service to these older veterans.

Of the nation's 25.5 million veterans, nine million – approximately 35 percent – served in World War II or the Korean War. Another eight million Vietnam era veterans will soon join this cohort and will bring increased challenges to the VA, including increased cases of post-traumatic stress disorder (PTSD) and, perhaps, a higher burden of substance abuse. In this context, it is important to note actions relating to late life mental health addressed by the White House Conference on Aging, which was convened by President Bush in December 2005. Recognizing the current health and mental health needs of older Americans and the challenges awaiting as the Baby Boom generation ages, delegates placed mental health and geriatric health professional training

issues at the forefront by voting them among their top ten resolutions. The VA must be able to provide the specialized mental health care that these older veterans will need.

Between the years 1990 and 2000, the number of veterans in the 45-54 year-old age group who received mental health services from the VA more than tripled. As the nation continues to pursue the wars in Iraq and Afghanistan, thousands of younger veterans will turn to the VA for the special care and services only it can provide. All of these individuals will swell the ranks of those who will ultimately require geriatric care.

However, the most rapid growth in demand during the last decade was among older veterans. During that time, there was a four-fold increase in the number of veterans aged 75-84 who received VA mental health services. This substantial increase in utilization is even more striking when one considers that research has revealed an ongoing problem with under-diagnosis of mental disorders in older age groups.

More than half a million veterans are 85 years of age or older, and the VA predicts that this oldest group will grow to 1.2 million by 2010. Historically, as many as one-third of all veterans seeking care at the VA have received treatment for mental disorders; and research indicates that serious mental illnesses affect at least one-fifth of the veterans who use the VA health care system. In addition, those who are older often suffer from co-existing medical conditions such as heart disease, hypertension, diabetes, lung disease, debilitating arthritis, or other conditions. For these patients, treatment of their medical illnesses is often complicated by psychiatric disorders. Conversely, their psychiatric care is more complex because of the co-occurrence of medical illness, which commonly requires treatment with multiple medications. Thus, for older veterans with mental health problems, psychiatric treatment must be integrated and coordinated with their general medical care needs.

The increasing need for coordinated mental health and general health care services for rapidly growing numbers of older veterans demands adequate funding for VA mental health services, training, and research to meet the needs of the aging veteran population.

President's Fiscal Year 2009 Budget Proposal

President Bush's budget proposal for the Department of Veterans Affairs for FY 2009 recommends that approximately $41.2 billion for medical care programs, an increase of approximately $2.3 billion over the FY 2008 funding level. The Administration's budget also proposes an increase of nearly $319 million for mental health services, including treatment for PTSD. This additional funding is crucial and welcome and, added to increases in recent years, will continue to remedy shortfalls in the provision of mental health care. However, the proposed $38 million cut in medical research is troublesome and must be addressed.

The President's budget again includes a provision to charge an annual user fee to veterans with non-service connected disabilities and illnesses along with increased copayments for outpatient primary care and pharmaceutical drugs. Rather than charging fees to some veterans and cutting off services to others, AAGP believes that the VA health care budget needs to rely on appropriated dollars—not enrollment fees, copayments, and service charges—to fulfill

obligations to veterans. All veterans should be eligible to receive care, regardless of income or the nature of their illness or injury.

Comprehensive, Integrated Mental Health and General Health Care for Aging Veterans

Mental health treatment must address the special needs of those older veterans with concurrent psychiatric disorders, medical illness, and substance use disorders, as well as those with severely debilitating psychotic disorders and post-traumatic stress disorder (PTSD). According to the Veterans Administration, of the 455,000 veterans suffering from a service-connected mental disorder, more than 130,000 have chronic, severe psychotic disorders such as schizophrenia, and approximately 130,000 have PTSD, conditions that often have emerged or were aggravated during time in the service. PTSD is often directly related to combat duty. Those veterans should be afforded services of the highest quality, with access to a comprehensive continuum of care that defines state-of-the-art mental health treatment. The Administration's request of $319 million more than in FY 2008 for mental health services is an important and crucial step, but there must be a serious commitment to providing appropriate mental health care throughout the life span.

Older veterans with co-occurring medical and psychiatric disorders, often complicated by alcohol or drug abuse, require access to a well-integrated system of services. For those veterans with serious mental illness, state-of-the-art care for severe mental illness is recovery-oriented, rather than dependency-oriented. Such recovery requires an array of services that includes care coordination for a majority of patients, and intensive case management for the most seriously ill; pharmacological treatment for mental disorders and access to substance abuse treatment; and psychosocial rehabilitation that includes housing and employment services, independent living and social skills training, and psychological support. Within this continuum of services, Readjustment Counseling Service Vet Centers are a community-based component that provides veterans with counseling for psychological war trauma, using an interdisciplinary team approach. With the growth of the aging veteran population, which includes Vietnam-era veterans, AAGP regards these Vet Centers as an important site for the provision of integrated geriatric psychiatric care.

AAGP strongly recommends greater investment in Community Based Outpatient Clinics and the development of an outpatient continuum of care. AAGP applauds the VA leadership for pursuing more efficient models of care coordination, designed to promote effective case management for outpatients. AAGP believes that these models, including peer monitoring and other non-traditional support systems, can help to maintain elderly veterans in the community, including many of those veterans with cognitive impairment. While a majority of patients can benefit from these approaches to care coordination, AAGP also urges continued support of Mental Health Intensive Case Management programs in community and home settings for those veterans with the most serious mental illnesses and the most complex, demanding treatment needs.

Veterans and Long-term Care

The projected aging of the veteran population will require the VA to increase its capacity to provide long-term health care and to continue its efforts to expand non-institutional options

while preserving and enlarging its network of nursing homes. Quality of care for elderly veterans with long-term care needs will require substantial attention to the epidemiology of mental illness in this population, and the provision of geriatric mental health services that are vertically integrated into both institutional and non-institutional programs and horizontally integrated with general medical care and mental health services. This is the only way to prevent aging veterans with medical-psychiatric co-morbidity from falling through the "service system" cracks.

An estimated 30 percent of the patients in veterans' nursing home facilities currently suffer from Alzheimer's disease or other types of dementia. As the elderly veteran population increases, the capability of the traditional veterans' nursing home facilities to care for veterans with Alzheimer's disease will be overwhelmed. The VA should encourage innovation in the methods utilized by VA health personnel in treating veterans with Alzheimer's disease. The VA should also develop family and caregiver support programs to enable veterans to remain at home for an extended period and to receive necessary community based support services, before nursing home care becomes necessary. AAGP recommends the creation of a new line of mental health research funding earmarked for the development, testing, and dissemination of interventions to manage the psychiatric manifestations and complications of Alzheimer's disease and related dementias. AAGP also is concerned about the problem of agitation and aggression, which are frequent and severe behavior problems confronted by caretakers in long-term care facilities. We propose that the VA undertake studies to address ways to manage agitation and aggressive behavior in older veterans in long-term care and domiciliary facilities.

Research

Although the VA has made genuine progress in psychiatric research in recent years, the level of research funding remains disproportionate to the utilization of mental health services by veterans. This problem is exacerbated by the Administration's proposal to cut funding for VA health research for FY 2009. Despite the fact that veterans with mental illness account for approximately one-third of all veterans receiving treatment within the VA system, VA resources devoted to psychiatric and behavioral health research have lagged far behind those dedicated to research on other medical conditions. In fact, support for psychiatric research dedicated to chronic mental illness, substance abuse, and PTSD has remained relatively flat for the last 15 years, despite the growing numbers of patients in the VA system receiving treatment for mental illness. As the elderly veteran population expands, and the number with mental illness grows, strengthening the research base in geriatric psychiatry becomes increasingly urgent. VA sponsored research into mental disorders of aging benefits all Americans, not just our veterans. One area of research that must be addressed is the potential re-emergence of symptoms of PTSD in World War II, Korean War, and Vietnam War veterans. The VA should undertake studies of this phenomenon, as clinicians are reporting these symptoms in VA hospitals and clinics among their elderly patients. Such re-emergence could become a significant problem, especially when the structure of life of these veterans is disrupted by events such as retirement, excessive unstructured time, and death of the spouse and other family members, which may lead to a decline in the social support network. These factors then lead to emergence of physical and mental health issues, which can exacerbate the re-emergence of PTSD symptoms. This area needs to be studied both from a clinical and from an epidemiological viewpoint, and it has

obvious implications for the current generation of returning veterans as well. AAGP proposes that funds be allocated for studies to survey veterans in a clinical epidemiology study.

A vitally important VA program for coordinating mental health research with education and clinical care are the Mental Illness Research, Education, and Clinical Centers (MIRECCs). Since 1996, Congress has authorized the VA to establish ten of these centers dedicated to mental illness research, education and clinical activities. AAGP believes the MIRECCs have successfully demonstrated that coordinated research and education projects can achieve rapid translation of new scientific knowledge into improved models for clinical services for veterans with mental illness. These programs should be continued. MIRECCs focus on problems highly relevant to veterans with schizophrenia, PTSD, and other serious mental illnesses, including those whose treatment is complicated by homelessness, substance abuse, or alcoholism. AAGP wishes to emphasize the value of those MIRECCs that focus on issues related to aging, including dementia, and psychiatric disorders in older veterans with concurrent medical illness and/or substance use disorders.

MIRECCs have encouraged research, increased our fundamental understanding of mental illnesses, and given VA healthcare professionals more and better tools to treat patients with mental disorders. Much more can be done in this area if the program is expanded. The MIRECCs are a tremendous resource for improving the quality of mental health services and improving the outcomes of veterans living with mental illnesses.

In addition, AAGP strongly supports the work of Geriatric Research, Education and Clinical Centers (GRECCs). The GRECCs are centers of geriatric excellence designed for the advancement and integration of research, education, and clinical achievements in geriatrics and gerontology. Mental health has played a central role in the entire GRECC program since its inception in the mid-1970's. GRECCs focus on various aspects in the quality of life and care for the aging veteran and are at the forefront of leading edge research and education. Research results have influenced therapies for diseases affecting older veterans and have also been exported outside the veteran community, and AAGP urges continuation and strengthening of these most important research centers.

Conclusion

In conclusion, AAGP commends this Subcommittee for its continued support for VA mental health services. Representing physicians who are specialists in geriatric psychiatry, AAGP believes strengthening mental health services and research will provide for proper treatment not only for elderly veterans, but also for those who are currently young and middle-aged, a course that will lead to more severe problems later in life as their mental disorders become complicated by medical problems that commonly occur with aging.

Delivering quality health care for all veterans—for both physical and mental health—must be a top priority. We therefore urge the Subcommittee to increase support for mental health services, training, and research; and to commit the resources necessary to provide our nation's veterans with access to quality, affordable, coordinated physical and mental health care.

The American Association for Geriatric Psychiatry appreciates having the opportunity to submit this statement for the Subcommittee's consideration. AAGP looks forward to working with members of the Subcommittee to ensure that all veterans have access to quality affordable mental health care.

Submitted by:
Rebecca Osthus, Ph. D.
Science Policy Analyst
The American Physiological Society

This statement is submitted to the House Appropriations Subcommittee on Military Construction, Veterans Administration, and related agencies.

The American Physiological Society Statement on FY 2009 Funding for the Veterans Affairs Medical and Prosthetic Research

The American Physiological Society (APS) thanks the Subcommittee for its ongoing support of Medical and Prosthetic Research at the department of Veterans Affairs (VA). Research that specifically addresses the medical needs of veterans is an important component of VA health care. The VA health care system currently faces many challenges, including both an aging veteran population and the needs of veterans who are returning home from Iraq and Afghanistan. The medical problems facing many new veterans simply cannot be adequately treated with current medical and psychological understanding and technology. In FY 2008, Congress added emergency funds to the VA medical and prosthetic research budget, bringing it to a total of $480 million. If enacted, the Administration's budget would reduce funding for medical and prosthetic research programs at the VA by nearly 8% ($38 million), bringing the funding down to $442 million in FY 2009. **The APS commends Congress for increasing the budget allocation for VA medical and prosthetic research in FY 2008 and urges you to make every effort to provide the VA with $555 million in FY 2009, with an additional $45 million for building and infrastructure development.**

The APS is a professional society dedicated to fostering research and education as well as the dissemination of scientific knowledge concerning how the organs and systems of the body work. The Society was founded in 1887 and now has more than 10,000 member physiologists. Our members conduct research at colleges, universities, medical schools, and other public and private research institutions across the U.S., including VA facilities. The APS offers these comments on the budget recognizing both the enormous financial challenges facing our nation and the enormous opportunities before us to make progress against disease.

VA medical research facilities across the country provide veterans access to state-of-the-art medical care. The focus of the VA research program is medical problems that affect veterans, and many VA researchers are also practicing physicians who treat veterans. Priorities in the VA budget include research into combat-related injuries (traumatic brain injury, amputation and prosthetics, post-traumatic stress disorder), mental health (combat-related, substance abuse, anxiety disorders, depression, and dementia), personalized medicine, care for chronic conditions and long-term care for older veterans.

The medical problems listed above are more prevalent among veterans than the general population, but others such as heart disease, stroke, diabetes, Alzheimer's Disease, and osteoporosis are typical of any aging population. New treatments developed at VA medical centers as a result of research in the VA Health Care System have led to healthcare improvements not only for veterans but for all Americans. Moreover, the opportunity to combine research and patient care enables the VA to recruit and retain outstanding clinicians. In addition to focusing on research and patient care, VA medical researchers also educate the next generation of physician-scientists. Currently, more than half of all practicing physicians in the US receive some of their training at a VA facility.

The proposed budget for FY 2009 would result in cuts to several critical research programs, including Acute and Traumatic Injury, Central Nervous System Injury and Associated Disorders, Diabetes and Major Complications, Mental Illness, Sensory Loss and Substance Abuse. In most cases, funding for these areas would fall to levels lower than in FY 2007. With an increasing number of veterans requiring care for conditions that are directly relevant to the research areas listed above, we cannot afford to fall behind in our research efforts.

The APS joins the Federation of American Societies for Experimental Biology (FASEB) and the Friends of VA Medical Care and Health Research (FOVA) in calling for an increase in the VA medical and prosthetic research to $555 million for FY 2009, with an additional $45 million to be spent on facilities and major equipment. This level of investment is necessary in order to sustain the research enterprise at the VA, which will result in better medical treatment for our veterans and all Americans.

Statement for the Record
Federation of American Societies for Experimental Biology (FASEB)
House Committee on Appropriations
Subcommittee on Military Construction, Veterans' Affairs and Related Agencies
March 28, 2008

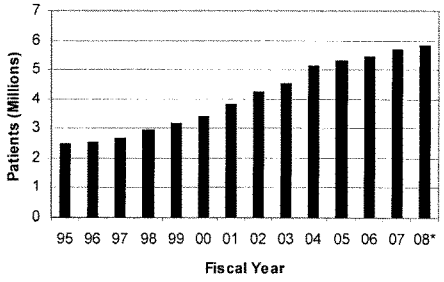
FASEB thanks the Subcommittee for its ongoing support of Medical and Prosthetic Research at the Department of Veterans Affairs (VA) and appreciates the opportunity to provide a statement for the record. FASEB is a coalition of 21 scientific societies who together represent more than 80, 000 biomedical research scientists. Collectively, the Federation works to enhance the ability of biomedical and life scientists to improve, through their research, the health, well-being and productivity of all people. **FASEB recommends funding the VA research program at the $555 million level in FY 2009 plus $45 million for renovation, major equipment, and new research buildings.**

Introduction

The VA research program is the only federal program that focuses on discovery in diseases and conditions that affect our veteran population. The Veterans Affairs Medical Centers (VAMCs) excel at providing expert medical care for veterans, particularly those whose medical problems develop in the line of duty. Fundamental research is critical to the VA clinical mission. The VA research program is exclusively intramural, with awards restricted to only VA employees. This framework provides VA with an extremely powerful tool for recruiting and retaining the highly qualified clinician-investigators who provide quality care to veterans, focus their research on conditions prevalent in the veteran population, and educate future clinicians to care for veterans.

Unfortunately, chronic under-funding of VA research has placed these accomplishments in jeopardy. The number of patients actively cared for by the VA continues to grow, and the VA is projected to care for 5.8 million veterans in Fiscal Year (FY) 2008. Between FY 1995 and FY 2006 the number of patients actively cared for by the VA more than doubled (Figure 1).

Figure 1. Number of patients cared for by VA, FY 1995 - 2008

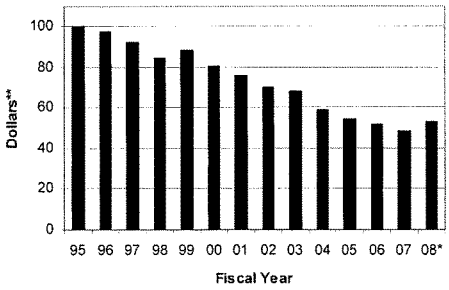


* Patient estimate

Despite an influx of hundreds of new veterans with traumatic brain injuries, post-traumatic stress disorder (PTSD), and amputations --as well as tens of thousands of veterans with stress-related illnesses-- the VA's medical research budget (adjusted for inflation) is approximately the same as what it was in 1985. As a result, research grants for VA physician-scientists have become smaller, shorter in duration, and more difficult to obtain. Little money is available to recruit and support the next generation of VA researchers. Increasing numbers of veteran patients cared for by VA each year, coupled with stagnant Congressional appropriations for the VA research program, means that funding per VA patient has declined by almost half since 1995 (Figure 2). This is wasting the tremendous potential to improve medical care by following basic research leads and translating them into improved therapies. Although considerable investment in research infrastructure is required to support cutting edge research, funding for VA research infrastructure is so low that, at present funding levels, it would take 75 to 100 years to replace or appropriately renovate the VA's existing research facilities.

The President's FY 2008 budget ($411 million) would have continued this trend. However, the $480 million in the FY2008 appropriations bill will begin to restore the resources the VA needs to sustain capacity and build upon research opportunities.

Figure 2. VA research appropriation per VA patient, FY 1995 - 2008



* Patient estimate
** Adjusted for Biomedical Research and Development Price Index; constant 1995 dollars

While VA research remains a highly productive program, the consequences of under-funding are becoming critical. The decreased likelihood of grant funding means that VA physician-scientists spend less time performing research that could improve patient care. Frustration with facilities and funding drives even established VA physician-scientists to abandon the VA for academia, industry, and private practice, and young physicians often forego research training and association with the VA to pursue other federal and academic careers. Without the best and brightest to train them, the education of the next generation of physicians will be compromised. Ultimately, VA patients may not have ready access to the expert care they need.

Research Accomplishments and the Need for Additional Research

VA researchers have made extraordinary contributions in research in the areas that are important to the health of veterans. In addition to its invaluable contributions in basic and clinical research, the VA also makes unique contributions to health care delivery through its study of outcomes of treatment and diagnostic procedures. Furthermore, the VA is a leader in the technological infrastructure that is enabling cutting-edge research in areas such as genomics. Following are highlights of recent research accomplishments and opportunities for further advancement.

Brain and spinal cord injury, amputation, and prosthetics:

- Accomplishments: Researchers supported by the VA have recently demonstrated that infusion of bone marrow stem cells can protect against brain injury in rats, which has potential applications for human brain trauma injuries. Amputees are also benefiting from VA-sponsored research: the ongoing development of ankle-foot prosthesis and a flexible prosthetic wrist will promote greater mobility and more lifelike interaction with objects. Moreover, scientists have identified the molecular basis of the phantom limb pain felt by amputees as well as an approach for reducing it.
- The need for additional research: Studies are required to provide more effective integration of prosthetic devices into the body, including those that take advantage of the amputees' own brain signals to manipulate the prosthetic device. To promote regeneration following spinal cord injury, research is needed to determine the factors that regulate nerve cell survival and proliferation.

Mental health:

- Accomplishments: VA research contributed to establishing new treatment for PTSD by revealing the mechanisms involved in nerve transmission and brain circuitry in response to stress or threats and found that prazosin, an inexpensive generic drug for blood pressure and prostate problems, reduces nightmares for veterans with PTSD. Furthermore, VA researchers discovered a protein in the blood that may identify those at risk for developing Alzheimer's disease, a serious concern in our rapidly aging veteran population.
- The need for additional research: More than one-third of veterans report at least one mental health care diagnosis. Depression is the most common, followed by PTSD and other anxiety disorders. Improved diagnoses and treatment of PTSD and other mental health disorders for current and future veterans will require research on prevention, physiological mechanisms, and genetic and environmental stressors that could lead to the development of improved drug therapies.

Infectious diseases:

- Accomplishments: VA research is making great strides in preventing and treating infectious illnesses relevant to veterans. Research sponsored by the VA has provided a new target for vaccine development by demonstrating that hepatitis C virus uses the low density lipoprotein receptor to infect cells. Moreover, VA researchers discovered that people with a below-average number of copies of an immune-response gene have a greater chance of acquiring HIV and progression to AIDS, a critical discovery for protecting those at high-risk. Making progress towards protecting military personnel against infectious agents VA scientists

demonstrated that low doses of smallpox vaccine reduced vaccine-associate morbidity without decreasing its effectiveness. This means that soldiers and veterans can receive protection against the disease without worrying about potentially fatal side effects of the vaccine, findings that may translate to other infectious diseases, as well.

- The need for additional research: Hepatitis C is a chronic virus that infects 5-10% of VA patients, and the optimal way to treat this disease is to prevent it with a vaccine. Support is needed for vaccine development in order to take advantage of discoveries by VA investigators of important vaccine targets. The hepatitis B vaccine has reduced new cases of hepatitis B by over 90% in the U.S., and a hepatitis C vaccine could have a similar impact. VA is the largest single provider for HIV care in the U.S., and further research is needed in order to improve prevention and treatment of the disease.

Chronic obstructive pulmonary disease (COPD) and lung cancer:

- Accomplishments: VA researchers have elucidated the physiological responses of smoking (most common cause of COPD and lung cancer) and tobacco addiction, leading to the development of the nicotine replacement patch. VA-sponsored research has also identified COPD-associated bacteria and appropriate antibiotic treatment, while researchers are investigating the role of inhaled toxic nanoparticles in pulmonary complications in Gulf War veterans.
- The need for additional research: COPD is a disease that affects one-fifth of VA patients. Lung cancer is the leading cause of cancer death for both veterans and non-veterans in the U.S. Research is vital to developing animal models of COPD that would allow researchers to better understand COPD pathophysiology and identify novel drugs to block damaging lung inflammation. Greater knowledge of genetic variation and gene expression are required to identify patients who are most likely to develop COPD and are most likely to respond to specific therapies

Alcohol and drug addiction:

- Accomplishments: VA researchers took the lead in conducting animal studies that provided the rationale for the first clinical trials of an opioid receptor blocker, naltrexone, in the treatment of alcoholism. This drug is now FDA approved and used throughout the world. Scientists supported by VA also identified a gene that predisposes carriers to severe problems with alcohol withdrawal, which is important knowledge in treating alcoholism. In addition, VA researchers utilize the latest technological devices for genetic research and protein analysis to study all 30,000 genes and their proteins to identify "markers" of drug use, genetic factors that dispose people to addiction, and on finding ways to disrupt the biochemical reactions involved in addiction
- The need for additional research: Alcohol and drug addictions are more common in veterans than the general population. Additional studies are required to determine the molecular mechanisms that are involved in alcohol and drug addiction, test new candidate drugs for treatment of these disorders, and identify patients who will or will not respond to treatment

Osteoporosis:

- The VA research program played a role in developing new anabolic agents to restore lost bone and bone strength, as well as helping to show that statins, drugs used to lower cholesterol, decrease fracture risk. VA researchers also demonstrated that hydrostatic pressure on cartilage

cells could stimulate the formation of collagen, which may be important in reversing the effects of osteoporosis.

- The need for additional research: Hip and spine fractures are an increasingly important problem for our aging veteran population and stress fractures are of growing significance in new recruits. We need better drugs to promote new bone formation and block bone resorption. In order to move towards effective therapies, we need to use of novel genetic and animal approaches to understand the causes of osteoporosis, including the bone loss accompanying disuse, alcoholism, drug abuse, and aging.

Heart disease, hypertension, and stroke:

- Researchers funded by VA helped determine blood pressure levels at which treatment becomes required and developed Guidelines for Drug Therapy of Hypertension. Moreover, VA researchers have also observed that umbilical cord stem cells could significantly reduce the effects of heart attacks in rats and identified a class of anti-oxidants, which enhanced cardiovascular regulation and function in mice with high cholesterol, that may help treat hypertension in patients.
- The need for additional research: Hypertension is one of the most prevalent medical problems in the U.S. and in the VA health care system. Moreover, heart failure is the most common diagnosis causing veteran hospitalizations while more than 15,000 veterans each year are hospitalized for stroke. Research could lead to better understanding of the underlying pathophysiology of hypertension, its link to the metabolic syndrome, and the deterioration of kidney function. It will be crucial to determine the optimal target blood pressure for patients who have hypertension and early heart, kidney, and cerebrovascular disease. More research is necessary to identify the genes that make patients with hypertension likely to develop heart disease, kidney disease, and strokes and to identify the genes that determine whether patients with hypertension respond to or resist treatment with specific types of antihypertensive medication.

Diabetes:

- VA researchers demonstrated that linezolid, a new antibiotic, effectively treats diabetic foot infections, a leading cause of amputations. In addition, a group of VA researchers have identified seven genes that are associated with risk of diabetes, which may serve as important diagnostic tool as well as providing targets for therapies and interventions. With co-funding from the Juvenile Diabetes Foundation International, the VA has created several diabetes research centers where researchers aim to identify causes of insulin resistance and vascular and renal complications of diabetes, design new therapies, and study the processes by which intensive therapy reduces insulin resistance.
- The need for additional research: One-fourth of veterans receiving primary care in the VA have diabetes. Complications of diabetes (including coronary artery disease, foot infections, kidney failure, and blindness) result in extraordinarily high costs for medical care. Fundamental research into the cause of type 2 diabetes is needed to develop interventions that prevent or treat the disease.

FASEB Office of Public Affairs
9650 Rockville Pike, Bethesda, Maryland 20814
301-634-7650

FY09 AF MILCON Unfunded Requirements List

State	BASE	MAJCOM	Title	COST ($000)
MISSION PANEL PROJECTS				
HI	Hickam	ANG	F-22 LO/CRF (CF Panel)	$24,600
NV	Nellis	ACC	F-35 Mx Hangar/AMU (CF Panel)	$37,500
NJ	Ft Dix	AMC	USAF EC Contingency Ops Paving (GA/AS Panel)	$2,100
IT/GE	Sigonella & Ramstein	EUCOM	Global Hawk EUCOM MILCON (IF Panel)	$40,260
PEOPLE PROJECTS				
FL	Eglin	AFMC	Child Development Center	$11,000
AK	Eielson	PACAF	Replace Youth Center	$12,200
SC	Shaw	ACC	Fitness Center	$9,900
TN	Arnold	AFMC	Fitness Center	$7,000
GE	Spangdahlem	USAFE	Fitness Center	$20,801
CO	Schriever	AFSPC	ADAL Fitness Center	$14,625
TU	Incirlik	USAFE	Construct Consolidated Community Center	$9,200
TRAINING PROJECTS				
WI	Volk Field	ANG	Replace Troop Training Quarters	$10,000
TX	Goodfellow	AETC	Joint Intel Technical Training Facility, Phase 1	$12,294
FL	Hurlburt	AFSOC	ADAL AF Special Operations School (SOS) Facility	$3,000
ID	Boise MAP	ANG	Operations and Training Facility	$9,600
FIRE STATIONS				
UT	Salt Lake City IAP	ANG	Replace Fire Station/Mobility Processing	$10,600
AZ	Davis-Monthan	ACC	Fire/Crash Rescue Station	$12,800
NM	Holloman	ACC	Fire/Crash Rescue Station	$10,000
UT	Hill	AFMC	Fire Crash Rescue Station	$16,400
PO	Lajes	USAFE	Construct Fire Crash/Rescue Station, Phase 2	$4,000
MOBILITY/DEPLOYMENT PROCESSING PROJECTS				
CA	March ARB	AFRC	Joint Deployment Center	$11,000
UK	RAF Mildenhall	USAFE	Construct Mobility Processing Center	$10,155
SORTED BY STATE				
AK	Fort Greely	PACAF	C-17 SAAF (Allen AAF)	$16,000
AL	Maxwell	AETC	Add To & Alter Air University Library	$13,200
AL	Montgomery IAP	ANG	Fuel Cell and Corrosion Control	$8,000
AL	Montgomery IAP	ANG	TFI- Replace Squad Operations Facility	$8,900
AZ	Luke	AETC	Repair Airfield Pavements, Phase 2	$10,000
AZ	Davis-Monthan	AFMC	AMARC Hangar	$17,000
AZ	Davis-Monthan	AFMC	Consolidated Mission Support Center	$7,200
CA	Edwards	AFMC	Upgrade Munitions Complex	$16,139
CA	Vandenberg	AFSPC	30th Space Wing HQ Facility	$9,900
CO	Buckley	AFSPC	Security Forces Operations Facility	$9,800
CO	Buckley AFB	ANG	Upgrade Weapons Release Facility	$3,300
DE	Dover	AMC	Consolidated Communications Facility	$12,000
FL	Hurlburt	AFSOC	Vehicle Operations Administration Facility	$4,800
FL	MacDill	AMC	Consolidated Base Support Facility	$10,627
GE	Ramstein	USAFE	Construct AGE Maintenance Complex	$10,867
GU	Andersen	PACAF	ATFP Base Perimeter Fence / Road Ph 1	$3,558
HI	Hickam	PACAF	Upgrade Elec Distribution Sys, Ph 5 of 7	$5,000
IA	Des Moines IAP	ANG	Replace Communications Facility	$5,900
IN	Hullman RAP	ANG	TFI- ASOS Beddown	$4,100
IT	Aviano	USAFE	Construct 555 FS Squad Ops	$4,625
KS	McConnell	AMC	MXG Consolidation & Forward Logistics Center, Ph 2	$6,800
LA	Hammond ANGS	ANG	Upgrade Communications Complex	$5,000

FY09 AF MILCON Unfunded Requirements List

State	BASE	MAJCOM	Title	COST ($000)
MA	Hanscom	AFMC	Repair Central Heat Plant - Bldg 1201	$5,000
MO	Whiteman	ACC	Security Forces Animal Clinic/Kennel	$3,509
MS	Columbus	AETC	Aircraft Fuel Systems Maintenance Dock	$9,800
MS	Keesler	AFRC	Aerial Port Squadron Facility	$9,800
MT	Malmstrom	AFSPC	Upgrade Weapons Storage Area (Phase 1)	$9,900
NC	Pope	AFSOC	Special Operations Facility	$6,200
ND	Minot	AFSPC	Proof Load Test Pit	$7,880
NJ	McGuire	AMC	Munitions Storage Area	$12,815
NJ	McGuire	AMC	Unified Security Forces Operations Facility	$13,000
NM	Kirtland	AFMC	Reconstruct/Widen Wyoming Blvd Ph I	$11,600
NV	Nellis	ACC	Communications Network Control Center	$19,000
OH	WPAFB	AFMC	Information Technology Complex, Phase 1	$22,813
OH	WPAFB	AFMC	Conversion for Advanced Power Research Laboratory	$17,000
OH	Toledo IAP	ANG	Security Forces Facility	$8,700
OK	Tinker	AFMC	Building 3001 Revitalization, Phase 3	$24,178
OK	Tinker	AFMC	Consolidated Wing Headquarters	$15,000
SC	Shaw	ACC	Air Defense Alert Shelters & Crew Quarters	$4,500
SC	Charleston	AMC	Base Civil Engineer/Contracting Complex, Ph 1	$10,402
SD	Ellsworth	ACC	Access Gates/Perimeter Fence	$11,000
TX	Sheppard	AETC	AT/FP Entry Control Points	$8,700
TX	Dyess	ACC	Consolidated Support Facility	$9,700
TX	Lackland	AETC	Security Forces Ops Center, Phase 1	$9,970
UT	Hill	ACC	Munitions Storage Igloos	$7,600
WA	Fairchild	AETC	Mission Support Complex, Phase 1	$10,000
WA	Fairchild	AMC	Refueling Vehicle Maintenance Facility	$3,800
WA	Fairchild	AMC	Civil Engineer Complex, Phase 1	$14,778
WY	FE Warren	AFSPC	ADAL Missile Service Complex	$8,180
ZZ	Various		Planning and Design	$24,000
			TOTAL	**$810,576**

1219

Statement
of the
American Occupational Therapy Association

Presented to

The United States House of Representatives
Committee on Appropriations

Subcommittee on Military Construction, Veterans Affairs and Related Agencies

By

Frederick P. Somers
Executive Director

March 19, 2008

Mr. Chairman and members of the Subcommittee, thank you for giving the American Occupational Therapy Association (AOTA) the opportunity to testify as the Subcommittee begins to consider funding priorities for FY 2009. We are grateful to the Chairman and Members of the Subcommittee for helping to address the needs of the approximately 8 million veterans enrolled in the Veterans Health Administration's (VHA) health care delivery system.

Mr. Chairman, we are aware that the VHA is the largest direct provider of health care services in the nation. VHA provides the most extensive training environment for health professionals and is the nation's most clinically focused setting for medical rehabilitative services and prosthetics research. We are aware that the VHA sets the standards for quality and efficiency while serving a population of Americans who are older, sicker, and have a higher prevalence of mental health, chronic health and physical disabilities than others. We are also aware that the wars in Iraq and Afghanistan continue to increase the VA's patient workload. The nature of injuries received and survived has required a growing refocus on numerous rehabilitative health issues.

My name is Frederick P. Somers, and I am the Executive Director of AOTA. Our purpose in this statement is to acquaint the Subcommittee with the important and unique role that occupational therapists fill in helping the (VHA) meet the needs of veterans. This is particularly true in today's environment as many of the returning veterans from Iraq and Afghanistan have sustained serious injuries and conditions including: traumatic brain injury; post-traumatic stress disorder; burns, wounds and amputations; and spinal cord injuries all of which occupational therapists are uniquely trained and qualified to address.

AOTA supports the Independent Budget recommendations of the Friends of VA Medical Care and Health Research and support a fiscal year 2009 funding level for the Veterans Health Administration of $42.8 billion. Within this funding level, we urge the VHA to provide a comparable level of increase to rehabilitative services specifically and to increase the recruitment and retention programs for the health professionals -- such as occupational therapists -- who are needed in ever greater numbers to help our injured veterans regain full and productive lives.

About the American Occupational Therapy Association

AOTA is the nationally recognized professional association representing over 38,000 occupational therapists, occupational therapy assistants, and students of occupational therapy. Occupational therapy is a skilled health, wellness and rehabilitation service with the goal of improving function, independence and quality of life so that individuals can lead more productive and rewarding lives. Occupational therapists work with individuals across the life span and in nearly all types of healthcare and community settings to address physical, cognitive and behavioral impairments of function. With regard to the jurisdiction of this Subcommittee, occupational therapists have long been employed as health professionals integral to the mission of the medical and long term care facilities operated by the Veterans' Administration (VA). Currently there are more than 750 occupational therapists employed by the VA.

About the Profession of Occupational Therapy: Working with Veterans

Occupational therapy is probably best known for rehabilitation after illness or injury, such as stroke, loss of vision, traumatic brain injuries (TBI), and physical wounds, including fractures, amputations, tendon and nerve lacerations, and burns. Occupational therapists work with patients to teach adaptive techniques to compensate for functional impairments and disabilities. Occupational therapists help veterans by fitting orthotic devices, and identifying and training in the use of multiple assistive technology devices. Furthermore, the role of occupational therapy is to go beyond devices to how best they can be used to enable the fullest life possible for the veteran. With other injuries, like traumatic brain injury, occupational therapy treats issues such as memory, organization and other executive skills through the utilization of compensatory strategies that improve performance and function to maximize independence. Many occupational therapy programs in the Veterans Administration address such issues as driving with a vision injury or with a brain or hand injury. Others work to heal the psychosocial wounds of post-traumatic stress disorder. All of this is based on what the veteran wants and needs to do to live life to its fullest.

The development of the VA's polytrauma system including 4 Polytrauma Rehabilitation Centers and 17 additional Polytrauma Network sites has been critical to the care of returning Veterans. Occupational therapy has been identified as a key component in these sites appears to be integrated into nearly all aspects of care for Veterans receiving care in these facilities. This is as it should be. From physical rehabilitation to TBI screening and PTSD treatment, occupational therapists are engaged in helping Veteran's with polytraumatic injuries achieve their maximum level of function and independence.. These specialized facilities and the professionals who staff them need to receive the necessary funding to ensure that they can continue to meet the needs of our most severely injured Veterans.

AOTA wants to urge Congress to continue to monitor how these polytrauma centers use occupational therapy and other professionals to assure quality care is provided and that the full scopes of practice of all professions are brought to bear on meeting the needs of veterans. Veterans deserve every service and intervention that any professionals have been trained to provide. But they should receive services only from qualified professionals. In these specialized facilities there should be an especial focus on appropriate training and on evidence-based practice. Monitoring how each profession is integrated into the team should be done to provide for continuous quality improvement in these facilities.

Occupational Therapist's Role in Working with PTSD and TBI

Due to the prominence of post-traumatic stress disorder (PTSD) and traumatic brain injury (TBI), I will relate occupational therapy's role in these two specific conditions. The approaches can be generalized to other mental health and substance abuse disorders impacting veterans such as depression, alcoholism and anxiety disorders.

Occupational therapy utilizes a recovery and rehabilitation model which emphasizes community integration and family support and engagement when addressing mental health issues. Such holistic models are particularly effective for the treatment of PTSD and TBI because they are

strength based and allow the veteran to engage with their families and their environment in natural settings, to the extent possible, while at the same time recognizing the long term nature of recovery from these conditions. Occupational therapists help people with PTSD and TBI by encouraging and facilitating engagement in activities that allow them to be successful and achieve their maximum level of performance. They do this with a focus on function and utilizing therapeutic activity such as progressive muscle relaxation or expressive activities like creating and discussing meaningful art. Sometimes other interventions consist of task analysis and breaking down complex tasks into manageable parts. Other times it is simply working collaboratively with the individual to identify activities that they are interested and able to engage in successfully that give them the confidence and security to steadily attempt more complex and difficult activities.

Another important aspect of PTSD and TBI treatment is that it must focus on the Veteran's but remain broad and expansive enough to provide support to families and caregivers of veterans to ensure that they are able to successfully transition back into their pre-injury lives. Occupational therapists have the ability to work with veterans and their families to maximize performance of activities of daily living and help veterans and their families to engage in activities of meaning and purpose, such as employment, which provide the stability and support so essential to recovering from physical, cognitive and behavioral impairments.

Occupational Therapists: Addressing Other Serious Conditions

Occupational therapy practitioners treat Veterans with burns, wounds and amputations, particularly involving the upper extremities. Therapists work with Veterans in the desensitization of residual limbs, debridement of burns and wounds, and the fitting and training for orthotics and prosthetics. Therapists also assist in maintaining and improving range of motion and participation in activities of daily living after injury to maximize a Veterans' functional independence and quality of life.

Occupational therapy practitioners also work with Veterans who have experienced spinal cord injuries to help them remain independent. Therapists help Veterans with the fitting of wheelchairs and training in the use of assistive devices that improve performance and function. Therapists also work with Veterans to maintain and improve range of motion and teach adaptive techniques to compensate for functional impairments. Occupational therapy practitioners often go into the community and home to assess the environment and recommend modifications that allow for improved mobility and independence for those who have suffered from spinal cord injuries.

Of particular concern to AOTA is the full use of occupational therapy in programs addressing low vision problems. There are many providers involved when an individual experiences an injury affecting vision. But AOTA urges Congress to ensure that the VHA fully utilizes occupational therapy in its appropriate role in meeting low vision rehabilitation needs. In some areas the unique expertise of occupational therapy is not fully included in the vision team. AOTA urges Congress to direct use of funds for veterans with vision disorders to be used to provide efficient, evidence-based and appropriate services by qualified personnel.

Conclusion:

In summary, with regard to the FY 2009 budget now under consideration by the Subcommittee, AOTA recommends a funding level for the Veterans Health Administration of $42.8 billion. Within this funding level, we urge the VHA to provide a comparable level of increase to rehabilitative services and to increase the recruitment and retention programs for the health professionals such as occupational therapists. Recruitment and retention issues for occupational therapy professionals are best addressed through salary increases, retention bonuses and loan repayment programs that can help the VA compete for qualified, experienced occupational therapists. Currently the VA has a vacancy rate of roughly twenty percent for occupational therapists system wide and this problem will only be exacerbated by the growing rehabilitation, and re-integration needs of Operation Enduring Freedom and Operation Iraqi Freedom Veterans. Thank you for the opportunity to provide testimony to the Subcommittee and AOTA looks forward to working with Congress and the VA to ensure that the profession of occupational therapy is doing everything in its power to meet the needs of our Veterans.

AOTA encourages the Subcommittee to ensure the VA has adequate resources to meet the continuing education needs of health care and rehabilitation professionals within the VA. The complex nature of injuries suffered by many returning veterans requires unprecedented levels of training and experience from the full range of VA staff. Of particular note are the needs within the four Polytrauma Rehabilitation Centers and the network of seventeen Polytrauma Network sites because of the very nature of their responsibilities.

Finally, the VA should be encouraged to collaborate and enter into partnerships with professional associations that may be able to support their mission. Activities such as continuing education, dissemination of evidence-based practice information and facilitating communication across the VA system would all be benefits of more open relationships between the VA and professional associations representing their staff.

Written Statement

of the

AMERICAN ASSOCIATION OF NURSE ANESTHETISTS (AANA)

and the

ASSOCIATION OF VA NURSE ANESTHETISTS (AVANA)

to the

HOUSE APPROPRIATIONS COMMITTEE
MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES SUBCOMMITTEE

APRIL 3, 2008
WASHINGTON, DC

Chairman Edwards, Ranking Member Wamp, and Members of the Subcommittee:

The American Association of Nurse Anesthetists (AANA) is the professional association that represents over 37,000 Certified Registered Nurse Anesthetists (CRNAs) across the United States. Over 500 CRNAs are employed by the Department of Veterans Affairs (DVA) healthcare system. The Association of Veterans Affairs Nurse Anesthetists (AVANA) represents VA CRNAs across the United States and Puerto Rico. We appreciate the opportunity to present our testimony to the Subcommittee. With our military personnel and Veterans' access to safe and high quality healthcare our first priority, we want you to know that the profession of nurse anesthesia is working creatively and effectively with the Department of Veterans' Affairs (DVA), in partnership with the U.S. Army, to improve its retention and recruitment of CRNAs, so that high quality anesthesia services remain available and accessible for our nation's Veterans. This work is crucial for several reasons; most importantly, because the anesthesia workforce needs in the DVA are increasing. Our request of the Committee is to understand these needs, to consider as part of the 2009 Military Construction, Veterans Affairs, and Related Agencies Appropriations bill providing at least $400,000 to expand the U.S. Army nurse anesthesia educational program at Ft. Sam Houston, Texas, and to examine more closely the VA anesthesia workforce to ensure the safest, most cost-effective anesthesia services for our Veterans.

CRNAs AND THE VA: A TRADITION OF SERVICE

Let us begin by describing the profession of nurse anesthesia, and its history and role with the Veterans Administration health system.

In the administration of anesthesia, CRNAs perform the same functions as anesthesiologists and work in every setting in which anesthesia is delivered including hospital surgical suites and obstetrical delivery rooms, ambulatory surgical centers, health maintenance organizations, and the offices of dentists, podiatrists, ophthalmologists, and plastic surgeons. Today, CRNAs administer some 30 million anesthetics given to patients each year in the United States. Nurse anesthetists are also the sole anesthesia providers in the vast majority of rural hospitals, assuring access to surgical, obstetrical and other healthcare services for millions of rural Americans.

Since the mid-19th Century, our profession of nurse anesthesia has been proud and honored to provide anesthesia care for our past and present military personnel and their families. From the Civil War to the present day, nurse anesthetists have been the principal anesthesia providers in combat areas of every war in which the United States has been engaged. In May 2003, at the beginning of "Operation Iraqi Freedom," 364 CRNAs had been deployed to the Middle East to ensure military medical readiness capabilities. For decades CRNAs have staffed ships, remote US military bases, and forward surgical teams, often without physician anesthesiologist support. The US Army Joint Special Operations Command Medical Team and Army Forward Surgical Teams are staffed by CRNAs.

As our military personnel advance from active service to retired and Veteran status, their anesthesia care in VA facilities is provided predominantly by nurse anesthetists. In 12 percent of VA healthcare facilities, the necessary anesthesia services are provided solely by CRNAs, ensuring our Veterans the safe anesthesia care that they deserve and have earned.

Our tradition of service to the military and our Veterans is buttressed by our personal, professional commitment to patient safety, made evident through research into our practice. In our professional associations, we state emphatically "our members' only business is patient safety." Safety is assured through education, high standards of professional practice, and commitment to continuing education. Having first practiced as registered nurses, CRNAs are educated to the master's degree level, and some to the doctoral level, and meet the most stringent continuing education and recertification standards in the field. Thanks to this tradition of advanced education and clinical practice excellence, we are humbled and honored to note that anesthesia is 50 times safer now than in the early 1980s (National Academy of Sciences, 2000). Research further demonstrates that the care delivered by CRNAs, physician anesthesiologists, or by both working together yields similar patient safety outcomes. In addition to studies performed by the National Academy of Sciences in 1977, Forrest in 1980, Bechtoldt in 1981, the Minnesota Department of Health in 1994, and others, Dr. Michael Pine, MD, MBA, recently concluded once again that among CRNAs and physician anesthesiologists, "the type of anesthesia provider does not affect inpatient surgical mortality " (Pine, 2003). Thus, the practice of anesthesia is a recognized specialty in nursing and medicine. Most recently, a study published in *Nursing Research* confirmed obstetrical anesthesia services are extremely safe, and that there is no difference in safety between hospitals that use only CRNAs compared with those that use only anesthesiologists (Simonson et al, 2007). Both CRNAs and anesthesiologists administer anesthesia for all types of surgical procedures from the simplest to the most complex, either as single providers or together.

NURSE ANESTHESIA PROVIDER SUPPLY AND DEMAND: SOLUTIONS FOR RECRUITMENT AND RETENTION IN THE DVA

While both types of health professionals can provide the same high quality anesthesia care, CRNAs provide the DVA an additional advantage of cost-effectiveness. Consequently, both our Veterans and our VA health system are best served by policies and initiatives that secure adequate numbers of CRNA employees in the DVA. We believe that this Committee can help accomplish this objective by supporting nurse anesthesia education programs, both within the VA itself and in partnership with military and civilian schools of nurse anesthesia.

It is essential to understand that while there is strong demand for CRNA services in the public and private healthcare sectors, the profession of nurse anesthesia is working effectively to meet this workforce challenge. The AANA and AVANA both anticipate growing demand for CRNAs. Our evidence suggests that while vacancies exist, the demand for anesthesia professionals can be met if appropriate actions are taken. As of January 2008, there are 108 accredited CRNA schools to support the profession of nurse anesthesia. The number of qualified registered nurses applying to CRNA schools continues to climb. The growth in the number of schools, the number of applicants, and in production capacity, has yielded significant growth in the number of nurse anesthetists graduating and being certified into the profession. The Council on Certification of Nurse Anesthetists reports that in 2007, our schools produced 2,021 graduates, an 88% increase since 2002, and 1,869 nurse anesthetists were certified. The growth is expected to continue. The Council on Accreditation of Nurse Anesthesia Educational Programs (COA) projects the 108 CRNA schools to produce over 2,310 graduates in 2008.

The number of VA anesthesia vacancies is causing us concern. We believe that they can be filled through creative partnership between the VA system and the profession of nurse anesthesia, and commitment by the DVA to effectively recruit and retain CRNAs. More than half of the VA nurse anesthesia workforce is over the age of 53, an age some years above the mean for all CRNAs nationally. The annual turnover and retirement rate among CRNAs within the VA has risen to about 19% over the past few years and continues to rise as the workforce ages, more lucrative employment is offered in the private sector, and new graduates from CRNA educational programs find the VA employment and practice package comparatively uncompetitive. Currently, 24 stations show vacancies on public Federal job posting sites. However, we have reason to believe that the numbers of stations with actual vacancies is closer to 40, with staff vacancies either being left vacant for extended periods of time, or filled by contract personnel. Approximately 150 CRNA slots in the DVA are being filled by contract personnel.

As the nurse anesthesia profession is working to meet the demand for CRNAs generally, we believe that the DVA specifically can meet its CRNA recruitment needs by pursuing three strategies. First, DVA should expand its relationships with existing CRNA schools. Second, the DVA should expand its joint CRNA educational program together with the Department of Defense health system. Third, the DVA should upgrade its recruitment, retention, and practice environment factors to make VA service more competitive with the private market for anesthesia services, within the context of the DVA's mission.

To a degree, some of these strategies are already under way and achieving results for the VA health system. A recent AANA survey shows our nurse education programs use some 70 VA hospitals and healthcare facilities as clinical practice education sites, helping to educate CRNAs, provide superior patient care, and aid the VA in recruiting nurse anesthetists. In addition, we recommend that the DVA pursue nurse anesthesia resource sharing programs with civilian CRNA schools through faculty exchange initiatives.

We have expressed concern that the DVA has introduced anesthesiologist assistants (AAs) to the VA health system, through qualifications standards that do not require them to be licensed in any state, or subject to any state's oversight or discipline, or to have graduated from an accredited educational

program, or to have secured certification, or to be appropriately supervised by anesthesiologists in a manner consistent with AAs' training as assistants. The DVA handbook VHA-1123 would authorize anesthesiologists to delegate anesthesia care to unqualified, uncredentialed individuals. There are other substantive concerns with the handbook. Our Veterans deserve better. In a letter to DVA January 2006, we requested the proposed policy be withdrawn, and have met with the agency to promote our shared interest in ensuring our Veterans access to safe, high quality anesthesia care.

US ARMY – VA JOINT PROGRAM IN NURSE ANESTHESIA
FT. SAM HOUSTON, SAN ANTONIO, TX.

The establishment of the joint US Army-VA program in nurse anesthesia education at the U.S. Army Graduate Program in Anesthesia Nursing, Ft. Sam Houston, in San Antonio, TX holds the promise of making significant improvements in the VA CRNA workforce, as well as improving retention of VA registered nurses in a cost effective manner. The current program utilizes existing resources from both the Department of Veterans Affairs Employee Incentive Scholarship Program (EISP) and VA hospitals to fund tuition, books, and salary reimbursement for student registered nurse anesthetists (SRNAs).

This VA nurse anesthesia program started in June 2004 with three openings for VA registered nurses to apply to and earn a Master of Science in Nursing (MSN) in anesthesia granted through the University of Texas Houston Health Science Center. In the future, the program is granting degrees through the Northeastern University Bouve College of Health Sciences nurse anesthesia educational program in Boston, Mass. Due to continued success and interest by VA registered nurses for the school, the program increased to five openings for the June 2005 and 2006 classes. This program continues to attract registered nurses into VA service, by sending RNs the strong message that the VA is committed to their professional and educational advancement. In order to achieve the goal of expanding the program further,, it is necessary for full funding of the current and future EISP to cover tuition, books, and salary reimbursement.

The 30-month program is broken down into two phases. Phase I, 12 months, is the didactic portion of the anesthesia training at the U.S. AMEDD Center and School (U.S. Army Graduate Program in Anesthesia Nursing). Phase II, 18 months, is clinical practice education, in which VA facilities and their affiliates would serve as clinical practice sites. In addition to the education taking place in Texas, the agency will use VA hospitals in Augusta, Georgia, increasing Phase II sites as necessary. Similar to military CRNAs who repay their educational investment through a service obligation to the U.S. Armed Forces, graduating VA CRNAs would serve a three-year obligation to the VA health system. Through this kind of Department of Defense – DVA resource sharing, the VA will have an additional source of qualified CRNAs to meet anesthesia care staffing requirements.

At a time of increased deployments in medical military personnel, VA-DOD partnerships are a cost-effective model to fill these gaps in the military healthcare system. At Ft. Sam Houston nurse anesthesia school, the VA faculty director has covered her Army colleagues' didactic classes when they are deployed at a moments notice. This benefits both the VA and the DOD to ensure the nurse anesthesia students are trained and certified in a timely manner to meet their workforce obligation to the Federal government as anesthesia providers.

We are pleased to note that the Department of Veterans' Affairs Acting Deputy Under Secretary for Health and the U.S. Army Surgeon General approved funding to start this VA nurse anesthesia school in 2004. In addition, the VA director has been pleased to work under the direction of the Army program director LTC Thomas Ceremuga, CRNA, PhD to further the continued success of this US Army-VA partnership. With modest levels of additional funding in the EISP, this joint US Army-VA nurse

anesthesia education initiative can grow and thrive, and serve as a model for meeting other VA workforce needs, particularly in nursing.

We recommend that the Committee allocate $400,000 in FY 2009 funds to expand this joint educational program.

LOCALITY PAY

In order to meet demand for nurse anesthetists, each VA facility's administrator may make use of existing locality pay structures as authorized and funded by Congress. Competitive salaries assist the DVA with retention of CRNAs to provide anesthesia services for our nation's veterans. Though providing competitive salaries for excellent employees is an ongoing challenge, using locality pay to keep personnel is most cost-effective. This is where this Subcommittee can help, by providing adequate funding for personnel through locality pay adjustments where base salaries are not sufficiently competitive with the local private market. Further, the Subcommittee should examine whether the 2004 authorization to expand incentive professional pays for physicians and nurse executives should also be applied to the recruitment and retention of nurse anesthetists.

For several reasons, ensuring sufficient locality pay flexibility is in the interest of both our VA and our Veterans. The DVA faced a severe shortage of CRNAs in the early 1990s, which was moderately corrected with the implementation of a locality pay system in 1991. In 1992, Congress expanded the authority to the local medical directors and allowed them to survey an expanded area to determine more competitive average salaries for CRNAs, which boosted pay and morale. Implementation of this expanded authority helped assist the DVA in making great leaps in retention and recruitment of CRNAs at that time. However, times and the local labor markets for healthcare professionals have continued to change. In the past few years CRNAs' salaries have increased in the private sector, while the VA has not adjusted to these new salary rates. This means that in some markets the DVA locality pay system is no longer competitive with the private sector, and new nurse anesthetist graduates are choosing not to work in the VA health system. We believe that the VA would benefit by providing CRNAs competitive salaries in VA facilities and making use of effective locality pay adjustments, which reduces VA hospital administrators' requirements for contracted-out services at higher rates.

Though nurse anesthetists provide the lion's share of anesthesia services to U.S. Department of Veterans Affairs (VA) healthcare facilities, the agency is facing a wave of retirements and having challenges recruiting CRNAs because the compensation it offers is below local market levels, a Government Accountability Office (GAO) report highlighted ("Many Medical Facilities Have Challenges in Recruiting and Retaining Nurse Anesthetists," GAO-08-56, 12/13/2007) The GAO recommended that the VA apply its locality pay system more vigorously to recruit and retain nurse anesthetists.

At the time the report was issues, the AANA issued a statement, saying, "The profession of nurse anesthesia is committed to caring for our nation's Veterans. Nurse Anesthesia continues to be a safe, flexible and highly cost-effective means for the VA to ensure our Veterans the healthcare that they need and deserve. We look forward to continuing work with the Department of Veterans Affairs, the Congress, and the members of the Association of Veterans Affairs Nurse Anesthetists (AVANA) to help carry out the recommendations of this report."

The GAO found that VA medical facilities have had to temporarily close operating rooms or delay elective surgeries due to a shortage of CRNAs. While demand for CRNA services is increasing, the report says 26 percent of the VA's CRNAs are projected to retire or leave the department in the next five years. The GAO said that the VA's CRNA recruitment and retention challenges are caused primarily by

the agency's below-market compensation compared with local market conditions around the country. The GAO made its findings based on surveys of VA CRNAs, VA managing personnel in local VA facilities and at VA headquarters, and through other data sources. The report says the nurse anesthesia profession has been working effectively to meet high U.S. demand for anesthesia workforce by increasing the number of qualified practitioners graduating from accredited nurse anesthesia programs.

The report recommended that the agency deploy and carry out its existing locality pay system to adjust salaries so that they are more competitive. Any locality pay system should be structured to set competitive salary levels for nurse anesthetists working in VA healthcare facilities. The DVA could implement a system that guarantees accurate surveys on pay are being conducted in a timely manner. This salary data will be used to adjust Nurse 1 (Step 1) to be competitive within the local market to assist VA facilities in hiring new nurse anesthesia graduates.

Finally, with adjustments in the pay structure to include professional pays for recruitment and retention of CRNAs, VA facilities may well realize cost savings by contrast with other arrangements for securing anesthesia services.

CONCLUSION

In conclusion, we recognize that the VA has nurse anesthesia staffing needs. Through an effective partnership with the nurse anesthesia profession, the DVA can meet its future CRNA workforce requirements through three cost-effective models, which exist today and can be expanded. Our VA hospitals can serve as clinical practice sites for CRNA schools. Going one step further, the VA health system can pursue resource sharing and faculty exchange agreements with nurse anesthesia schools. Further still, the VA and DOD can share resources outright to educate nurse anesthetists for the Veterans and military settings alike, particularly with modest additional funding. This VA commitment to CRNA education helps secure the nurse anesthesia workforce our Veterans need, and attracts registered nurses into VA service, by sending the strong message that the VA is committed to RNs' professional and educational advancement. Last, the VA should examine and improve the effectiveness of its recruitment, retention and practice environment for CRNAs.

Thank you. If you have further questions, please contact the AANA Federal Government Affairs Office at 202-484-8400.

# # # #

WITNESSES

	Page
Abate, Statement of Paul	766
Arny, Wayne	955
Baker, Statement of Kerry	851
Bell, General B. B	531
Beversdorf, Statement of Cheryl	659
Blake, Statement of Carl	838
Breckler, Statement of Steven	754
Brown, Statement of James K	737
Campa, Master Chief Petty Officer Joe R	45
Casey, General George W., Jr	1036
Conway, General James T	459
Cox, Timothy C	197
Craddock, General Bantz J	1084
Daigh, John Jr	237
Davis, Statement of John R	724
Eulberg, Major General Del	619
Fallon, Admiral William J	350
Finn, Belinda	260
Granahan, Statement of Marcie	745
Greene, Chief Judge William P., Jr	218
Hake, Statement of Jonathan E	713
Howard, the Honorable Robert T	896
Jonas, the Honorable Tina W	950
Jones, Statement of Rick	692
Keating, Admiral Timothy J	517
Kelley, Statement of Raymond	868
Kent, Sergeant Major Carlton W. Kent	24
Kussman, the Honorable Michael J	390
Maupin, Statement of John E., Jr	681
McKinley, Chief Master Sergeant Rodney J	58
Mosely, General T. Michael	588
Needham, Statement of Christopher	861
Nicholson, Brigadier General John W	171
O'Neill, James J	250
Olson, Admiral Eric T	1170
Peake, Honorable James B., M.D	108
Preston, Sergeant Major Kenneth O	5
Regan, Maureen	262
Robertson, Statement of Steve	821
Rodriguez, Statement of the Honorable Ciro	652
Roughead, Admiral Gary	446
Stavridis, Admiral James G	1140
Weaver, Statement of Terri	673
Woodley, the Honorable John Paul, Jr	182

INDEX

Quality of Life

	Page
Base Realignment and Closure, Effects of	97
Campa, Prepared Statement of Master Chief Petty Officer Joe R	47
Campa, Statement of Master Chief Petty Officer Joe R	45
Chairman, Statement of	1
Child Development Centers	94
Family Housing	80
Family Support Network, Integrated	92
Financial Counseling	96
Guard and Reserve	90
Health Care, Quality of	86
High School Graduates	81
Joint Basing	92
Kent, Prepared Statement of Sergeant Major Carlton W. Kent	25
Kent, Statement of Sergeant Major Carlton W. Kent	24
McKinley, Prepared Statement of Chief Master Sergeant Rodney J	61
McKinley, Statement of Chief Master Sergeant Rodney J	58
Post Traumatic Stress Disorder	84
Preston, Prepared Statement of Sergeant Major Kenneth O	8
Preston, Statement of Sergeant Major Kenneth O	5
Quality of Life Priorities, Top	88
Ranking Minority Member, Statement of	3
Sexual Assault, Programs for Victims of	82

Veterans Affairs

American Lake, Washington	134
Benefits, Overpayment of	151
Blood Glucose Monitoring	154
Budget Projections	138
Capital Asset Realignment for Enhanced Services (CARES)	136
Chairman, Statement of	105
Construction Inflation	144
Denver, Colorado—Major Construction	165
Dole-Shalala Commission—Disability Compensation	157
Fiscal Year 2008 Budget Implementation of	129
Gravesite Expansions—Major Construction	168
Information Technology	146
Legislative Proposals	156
Long-Term Care	159
Louisville, Kentucky Hospital	166
Medical Research	160
Mental Health and Traumatic Brain Injury	137

Page

National Cemetery Administration—Minor Construction 161
Orlando, Florida—Major Construction 162
Outpatient Clinic in Jacksonville, Florida 148
Peake, Prepared Statement of the Honorable James B., M.D 113
Peake, Statement of the Honorable James B., M.D 108
Post Traumatic Stress Disorder 130
Prosthetic Research 145
Ranking Minority Member, Statement of 106
San Juan, Puerto Rico—Major Construction 163
St. Louis, Missouri—Major Construction 164
Suicide Rate among Veterans 150
Sustainability and Energy 167
Transition to VA 134
Vet Centers 152
Veterans Cemetery in Jacksonville, Florida 149
Veterans, Burial Needs for 132

American Battle Monuments Commission

Chairman, Statement of the 169
Foreign Currency Fluctuation 177
Nicholson, Prepared Statement of Brigadier General John W 173
Nicholson, Statement of Brigadier General John W 171
Ranking Minority Member, Statement of 170
Security at Normandy Visitor Center 179
Supplemental 177

Cemeterial Expenses, Army

Amphitheater 195
Cemetery Management Plan 192
Chairman, Statement of the 182
Honor Guard and Horses, Care of 193
Tomb of the Unknowns 193
Woodley, Prepared Statement of the Honorable John Paul, Jr 185
Woodley, Statement of the Honorable John Paul, Jr 182

Armed Forces Retirement Home

Cox, Prepared Statement of Timothy C 200
Cox, Statement of Timothy C 197
Green Construction 210
Gulfport Facility 210
Homeless Veterans 208
Private Developments, Other 211
Washington Facility 212

Court of Appeals

Appeals Process 230
Cases, Backlog of 228
Full Time Equivalents 230
Greene, Prepared Statement of Chief Judge William P., Jr 221
Greene, Statement of Chief Judge William P., Jr 218
Pro Bono Consortium 229

Office of Inspector General

Benefit Overpayments 268

Page
Benefits Claims, Backlog of 296
Benefits Processing 297
Bureaucratic Management Issues 272
Chairman, Statement of 235
Contracting 266
Daigh, Statement of John Jr 237
Data-Mining 257
Drug Diversion 287
Finn, Statement of Belinda 260
Hiring Personnel 285
Inadequate Care 253
Information Management 296
Inspector General, Authority over 282
Interoperability between DoD and VA 273
Las Vegas, Nevada Office 255
O'Neill, Statement of James J 250
Office of Inspector General, Prepared Statement from the 239
Patient Advocate System 284
Personnel, Hiring Additional 251, 285
Post Traumatic Stress Disorder 293
Prescriptions, Cost of 274
Private Health Care Providers, Contracting with 266
Ranking Minority Member, Statement of 236
Recruitment 255
Regan, Statement of Maureen 262
Reports, Request for Copies of 297
Staff Resources and Workload 256
Tallahassee, Florida Office 255
VA Facilities, Staffing Issues 298
Procurement Activities 346
VA Standards of Delivery of Care 273
VISN Management Issues 264
VISN Structure 295
Whistleblower Protection Act 283

Central Command

2009, Beyond 379
Afghanistan 366, 374, 383
Banking and Mail Delivery 381
Chairman, Statement of 349
Countries in CENTCOM 370
Djibouti 374
Fallon, Prepared Statement of Admiral William J 354
Fallon, Statement of Admiral William J 350
Host Nations 380
Iran 371
Iraq, Daily Life in 377
Iraq, U.S. Footprint in 376
Long Term Security 365
MacDill AFB 376, 379
Parking at CENTCOM Headquarters 375
Ranking Minority Member 350
Syrian Border 366

Page

Veterans Affairs—Medical Care

Chairman, Statement of 389
Chattanooga Area Health Care and CARES Decision 437
Community-Based Outpatient Clinics 402, 435
Disability Evaluation System/Wounded Warriors 437
Dual Diagnosis Mental Health Programs 432
Electronic Health Records 401
Federal Recovery Coordinators/Wounded Warriors 436
Future of Healthcare Research 416
GAO Report 437
Head Trauma 409
Homeless 431
Innovation 413
Joint VA/DoD Medical Facilities 425
Kussman, Prepared Statement of the Honorable Michael J 393
Kussman, Statement of the Honorable Michael J 390
Long-Term Care 433
Louisville, Kentucky Hospital 431
Medical Accounts 430
Medical Administration and Medical Services Accounts, Request to Merge 434
Medical Research 433
Non-Institutional Long-Term Care 440
Post Traumatic Stress Disorder 432
Priority Eight Veterans 412
Quality Care, Access to 428
Ranking Minority Member, Statement of 390
Rural Health Care 441
Seamless Transition between VA and DoD 440
Smoking Cessation 433
Suicide Rate of Veterans 418
Transfer of Records from DoD to VA 404
Vet Centers 439
Vision Impaired Veterans 407
VISN Structure 441
Women's Health 430

Navy Budget

Afghanistan 481
AFRICOM 493
Barracks, Aged—Replacement Projects 503
Barracks MilCon 500
Barracks PPV 500
Base Realignment and Closure 2005 507
Base Realignment and Closure 480
Basic Housing Allowance 509
Blount Island 495
Camp Lejeune Water Contamination 512
Camp Lemonier Budget Request 508
Chairman, Statement of 445
Child Development Center Construction 511
Child Development Centers Expansion Plan 511
Child Development Centers 490
Conway, Prepared Statement of General James T 461
Conway, Statement of General James T 459

Page

DDG 1000 488
Dispersal of Assets 485
Environmental Impact for LCS Homeporting 501
Environmental Impact Study 486
Family Housing—Construction, Improvements, Planning and Design 509
Family Housing—O&M and Leasing Costs 511
Family Housing—Renovate, Replace, Sustain Housing in Overseas Locations . 510
Family Housing Budget Overseas Locations 510
Family Housing Budget 509
Family Services Program 489
Grow the Force—Barracks Acquisition Strategy 502
Grow the Force—Barracks 502
Grow the Force—Construction 502
Grow the Force—FY 09 Requirements 508
Grow the Force—Marine Corps 508
Grow the Force—Reserves 502
Grow the Force—Temporary Facilities 502
Guam—Flag Housing 502
Guam Realignment 506
Guam Relocation—Futenma Replacement Facility 506
Guam Relocation—Plans, Decisions, Budget 507
Guam Relocation—Units and Capabilities 505
Guam Requirements 501
Guantanamo Bay, Cuba 498
Housing Privatization 487
Inadequate Housing 477
Incremental Funding 498
Inflation Figures 500
Japan to Guam, Moving from 480
Joint Basing 493
Joint Basing Process 508
MV–22—Military Construction Cost for Beddown 506
Naval War College 497
PPV-Child Development Facilities 501
Ranking Minority Member, Statement of 445
Reprogrammings 492
Roughead, Prepared Statement of Admiral Gary 448
Roughead, Statement of Admiral Gary 446
Single vs. Married Servicemembers 477
Special Weapons Security 500
Training Barracks 503
Unaccompanied Housing Construction Strategy 499
Unaccompanied Housing FYDP 499
Youth Activity Needs 501

Pacific Command

1-Year Tour 564
Accompanied Tours 573
Bell, Prepared Statement of General B. B 534
Bell, Statement of General B. B 531
Chairman, Statement of 515
China 560
Construction Costs 584
DMZ 577

Page
Family Housing in Korea 571
Guam Construction Costs 576
Guam 560
Housing 562
Housing, Substandard 575
Keating, Prepared Statement of Admiral Timothy J 519
Keating, Statement of Admiral Timothy J 517
Long-Term Leasing 570
Military to Military Engagement/Security Progress 585
Okinawa to Guam Transition 567
PACOM Global War on Terror Efforts 569
Ranking Minority Member, Statement of 515
South Korean Economy 559
Strategic Culmination Plan 585
Taiwan 566
Yongsan Garrison Relocation Plan 578

Air Force

AFSOC Wing at Cannon Air Force Base 644
B–35 Beddown 642
Bachelor Housing 648
Base Realignment and Closure Funding 627, 649
Base Realignment and Closure 623
Chairman, Statement of 587
Child Care Waiting List 634
Child Development Centers 649
Combat Search and Research Helicopter 643
Cyber Command 631
Dorms–4–Airmen 643
Engineer Shortage 647
Eulberg, Statement of Major General Del 619
Family Housing 648
Fitness Centers 649
Guam Military Construction 643
Housing, Inadequate 621
Inflation Assumption 629
Infrastructure Funding, Risk in 646
Infrastructure 638
Joint Basing 603
Korea, Training Ranges in 644
Military Construction and Family Housing 642
Military Construction, Decrease in 626
Moody Air Force Base 632
Moseley, Prepared Statement of General T. Michael 591
Moseley, Statement of General T. Michael 588
Okinawa to Guam, Relocation from 644
Permanent Party Dormitories 643
Personnel Relocations in the National Capital Region 645
Pipeline Dormitories 643
Private Sector 639
Ranking Minority Member, Statement of 588
RED HORSE and Prime BEEF 624
Renewable Energy 648
Road Map 642

Page

Outside Witnesses

Abate, Prepared Statement of Paul 768
Abate, Statement of Paul 766
Baker, Prepared Statement of Kerry 853
Baker, Statement of Kerry 851
Beversdorf, Prepared Statement of Cheryl 662
Beversdorf, Statement of Cheryl 659
Blake, Prepared Statement of Carl 841
Blake, Statement of Carl 838
Breckler, Prepared Statement of Steven 756
Breckler, Statement of Steven 754
Brown, Prepared Statement of James K 739
Brown, Statement of James K 737
Chairman, Statement of 651
Davis, Prepared Statement of John R 727
Davis, Statement of John R 724
Granahan, Prepared Statement of Marcie 748
Granahan, Statement of Marcie 745
Hake, Prepared Statement of Jonathan E 716
Hake, Statement of Jonathan E 713
Jones, Prepared Statement of Rick 695
Jones, Statement of Rick 692
Kelley, Prepared Statement of Raymond 870
Kelley, Statement of Raymond 868
Maupin, Prepared Statement of John E., Jr 684
Maupin, Statement of John E., Jr 681
Needham, Prepared Statement of Christopher 863
Needham, Statement of Christopher 861
Ranking Minority Member, Statement of 651
Robertson, Prepared Statement of Steve 824
Robertson, Statement of Steve 821
Rodriguez, Prepared Statement of the Honorable Ciro 655
Rodriguez, Statement of the Honorable Ciro 652
Weaver, Prepared Statement of Terri 675
Weaver, Statement of Terri 673

Veterans Affairs—Information Technology

Accountability 924
Chairman, Statement of 895
Community-Based Outpatient Clinics 915
Consolidated Information Technology Operations 942
Data Exchange 916, 927
District Casework Overload 940
Electronic Health Record 937
Encryption/Privacy of Mobile Service Delivery 936
Financial Management 913
Fiscal Year 2009 Information Technology Budget Request 942
Howard, Prepared Statement of the Honorable Robert T 898
Howard, Statement of the Honorable Robert T 896
Information Technology Initiatives 939
Information Technology Systems 926
Internal Facing Information Technology Systems 937
Lost Data 933
Lost Records 942

Page
Office of Information and Technology 931
Proposed Legislative Language 931
Reprogramming Letter 934
Rescheduling Projects 924, 935
Security Breach Developments 911
Staffing Requirements 914
Surveys and Investigations Report 934
Transmission of Electronic Health Records 919
VA Communications System 943
VA/DoD Coordination on Disability Claims 941
Veteran Facing Information Technology (IT) Systems 937
VISTA Contracting 932
VISTA Foundations Modernization 932
VISTA Legacy System 939

Budget Overview

AFRICOM 996
Army, Prepared Statement of Wayne 959
Army, Statement of Wayne 955
Base Realignment and Closure Sites, Cleanup of 1019
Base Realignment and Closure 995, 999, 1006
Camp Lejeune War Contamination 1011
Chairman, Statement of 949
Child Development Centers 1011
Construction Inflation 997
Cuba, Plan for l018
Directive 3005 1002
Economic Development Conveyance 1016
Global Center for Security Cooperation 1003
Guam l014
Health Care 1025
Inadequate Housing 1023
Joint Basing 1004
Jonas, Prepared Statement of the Honorable Tina W 952
Jonas, Statement of the Honorable Tina W 950
Naval Station Newport 1009
Overseas Housing 1021
Privatization 1007
Rebalancing the Army 1013

Army

Army Medical Action Plan and the Soldier Family Assistance Plan 1075
Army Training Reserve Facility 1074
Balance, Restoring 1051
Barracks Privatization 1076
Base Realignment and Closure 2005 1081
Base Realignment and Closure Privatization 1070
CACTF 1074
Casey, Prepared Statement of General George W., Jr 1040
Casey, Statement of General George W., Jr 1036
Chairman, Statement of 1035
Child Care Fees for an E–5 1072
Child Development Centers 1071
Community Based Outpatient Clinic at Former Fort Ord 1054

Page
Construction Inflation on Military Construction 1053
Europe, Footprint in 1071
Family Housing, Impact of Grow the Force 1077
Fiscal Accountability 1067
Fort Benning, Georgia 1055
Fort Riley, Health Care Needs at 1064
Full Spectrum Operations 1057
Grow the Army 1079
Guard and Reserve 1059
Health Care 1063
Impact Aid 1061
Korea 1072
Modularity 1077
Monterey, Staffing New Medical Clinic in 1054
Mortgages 1062
National Guard Equipment 1069
Prepare 1080
Quality of Life Issues 1053
Range and Training Land Strategy 1078
Ranking Minority Member, Statement of 1036
Recruitment Goals 1066
Stability, Security, Transition and Reconstruction 1068, 1074
Stress 1050
Sustainment 1079
Temporary Facilities and Interim Capacity 1078
Tour Lengths, Reduced 1070
Training Facilities 1052

European Command

AFRICOM 1123
Chairman, Statement of 1083
Craddock, Prepared Statement of General Bantz J 1087
Craddock, Statement of General Bantz J 1084
Education 1127
Egypt 1120
European Command Area of Operation 1130
Fluctuation of the Dollar 1115
Germany, Force Posture in..... 1114, 1121
Inadequate Housing 1123
Kosovo 1131
Military Presence in Europe 1132
Missile Defense 1117
NATO 1128
Ranking Minority Member, Statement of 1083

Southern Command

Base Realignment and Closure 1151
Chairman, Statement of 1139
Columbia..... 1150, 1153, 1157
Counter Narcotics Effort 1150
Counterdrug Operating Locations 1166
Crisis Corps Response 1159
Cuba and Guantanamo 1151
Cuba 1149, 1158

Page
Fourth Fleet 1148
Guantanamo 1167
Hospital Ship Comfort 1156
Latin American Military Aid 1165
Military Construction in Region 1148
Military/Armed Forces in SOUTHCOM 1161
New Headquarters 1163
Panama 1163
Political and Economic Developments in Latin America 1154
Ranking Minority Member, Statement of 1139
SOCSOUTH 1168
Soto Cano Air Base, Honduras 1167
SOUTHCOM Headquarters 1167
Stavridis, Prepared Statement of Admiral James G 1142
Stavridis, Statement of Admiral James G 1140

Special Operations

Al Udeid Air Base 1187
C–130 1194
Cannon Air Force Base 1187
Chairman, Statement of 1169
Counterinsurgency Effort 1198
Inflation 1197
Mission, People and Acquisition Priorities 1185
Naval Post-Graduate School Field Experimentation Program 1185
Naval Post-Graduate School 1195
Nuclear Proliferation 1192
Olson, Prepared Statement of Admiral Eric T 1173
Olson, Statement of Admiral Eric T 1170
Operational Tempo 1191
Post-Traumatic Stress Syndrome/Traumatic Brain Injury 1199
Quality of Life Issues 1189
Ranking Minority Member, Statement of 1169
SOF Ranger Battalion Complex, Fort Lewis 1195
Special Forces Complex, Eglin Air Force Base 1186
Special Operations Command, Growth of 1182, 1188
Unmanned Aerial Vehicles 1194

○