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MILITARY CONSTRUCTION AND VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2010

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

ON

H.R. 3082/S. 1407

MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION, THE DEPARTMENT OF VETERANS AFFAIRS, AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2010, AND FOR OTHER PURPOSES

Department of Defense
Department of Veterans Affairs

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MILITARY CONSTRUCTION AND VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2010

TUESDAY, MAY 12, 2009

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

The subcommittee met at 2:38 p.m., in room SD–124, Dirksen Senate Office Building, Hon. Tim Johnson (chairman) presiding.

Present: Senators Johnson, Pryor, Hutchison, and Murkowski.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

STATEMENT OF LOUIS JEROME HANSEN, DEPUTY ASSISTANT, SECRETARY OF THE ARMY (STRATEGIC INFRASTRUCTURE) AND SENIOR OFFICIAL PERFORMING DUTIES OF ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND ENVIRONMENT)

ACCOMPANIED BY:

JOSEPH F. CALCARA, DEPUTY ASSISTANT, SECRETARY OF THE ARMY (INSTALLATIONS AND HOUSING)

BRIGADIER GENERAL JAMES C. BOOZER, SR., DIRECTOR, OPERATIONS, OFFICE OF THE ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT

MAJOR GENERAL RAYMOND W. CARPENTER, ACTING DEPUTY DIRECTOR, ARMY NATIONAL GUARD

BRIGADIER GENERAL JULIA A. KRAUS, DEPUTY CHIEF, U.S. ARMY RESERVE, DEPUTY COMMANDER FOR MANAGEMENT, RESOURCES, AND SUPPORT

OPENING STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. Good afternoon. This hearing will come to order.

I welcome everyone to today's hearing. We are here to discuss the President's fiscal year 2010 budget request for military construction and family housing.

We will hear from two panels of witnesses representing the Army and the Air Force and the Reserve components. The first panel will be the Army.

Our procedure is to have opening statements by the chairman and ranking member, followed by an opening statement from our witnesses. In addition to the oral statements, all prepared statements from our witnesses will be entered into the record.

I request that our members limit their questions to 6-minute rounds.

Secretary Hansen, Secretary Calcara, General Boozer, General Carpenter, and General Kraus, thank you for coming today. We look forward to your testimony.

The Army's fiscal year 2010 budget request for active and Reserve military construction and family housing is $5.25 billion, which is a 41 percent decrease from the fiscal year 2009 enacted level. The active component is down 24 percent from the fiscal year 2009 enacted level, and the Army Guard is down 54 percent. Only the Army Reserve is showing an increase. I hope that you will address this trend and the reasons for it in your opening statement.

I am also interested in what impact the decision to reduce the Army's brigade combat team structure from 48 to 45 BCTs will have on the military construction, in particular on the stationing of Army forces in Europe and the global posture structure overall.

The Army continues to face a number of budget pressures due to wars in Iraq and Afghanistan, the execution of the BRAC program, and the "grow the force" initiative. It is very important that adequate resources are available for the military construction projects needed to support these efforts, and I look forward to your assessment of the fiscal year 2010 budget request.

I now turn to my ranking member, Senator Hutchison, for her opening remarks.

STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. Well, thank you. Thank you very much, Mr. Chairman.

I appreciate your holding the hearing, and I thank all of the witnesses for coming and sharing the priorities that you have with us.

The fiscal year 2010 budget request contains $7.5 billion for implementing BRAC construction. That is a 15 percent decrease from the fiscal year 2009 level. I understand that there is a request for $1.4 billion for overseas contingency operations that will be handled separately. So while we don't have all of your justifications yet for that, we will have to decide how that goes into this bill.

But I hope today's discussions with the Army and the Air Force address how the Department intends to complete all of the BRAC-recommended actions before the statutory deadline of September 30, 2011. Since the largest portion of the BRAC request goes to the Army, I hope Mr. Calcara will be prepared to speak to that.

Concerning the fiscal year 2010 budget request, I am concerned about the Army's investment in infrastructure in the United States. The active duty construction request is down 24 percent from last year's enacted level, and the Guard request is down 46 percent. I am pleased to see that the Reserve component has requested an increase of 33 percent, but overall, the Army's $4 billion request is a 23 percent decrease. So I will look forward to Mr. Calcara discussing that.

When we were considering the stimulus bill several months ago, I thought that we should be increasing our military construction and moving it up because, of course, we know that there is a FYDP, and if we push that up, it is money that we were going to

spend anyway. We would just be creating jobs more quickly for Americans. That amendment did not see the light of day.

Our U.S. installations at places like Fort Hood, Fort Bliss, and Fort Bragg offer large maneuver areas, automated ranges, modern simulator training, and few restrictions on nighttime flying and training. As a result, soldiers trained in the United States and deployed overseas are better prepared to fight on day one of a conflict than those stationed overseas, where our forces must contend with onerous training restrictions.

Today, with our modern strategic deployment capabilities and the use of airlift and roll-on/roll-off ships, we can often project power from the United States faster than an overseas-based unit. The Overseas Basing Commission recommendations that our committee drafted and were enacted, in those, the BRAC recommendations and the global defense posture that focuses on expanded allied roles and partnerships dictate that it is in our national interest to relocate more of our soldiers back to the United States and fulfill overseas training and contingency missions by deploying U.S.-based troops where needed.

Stationing our troops in the United States provides more operational freedom of action, better training, and better family support than would be possible otherwise.

I must also point out that our current military has more citizen soldiers than we have seen in a great many years. I am very concerned about the overall trend in military construction for our Guard and Reserve components.

I would like to mention again this year the Army's new modular force plan, which will reorganize units into brigade combat teams. I understand this is about 80 percent complete now. The new plan calls for five new BCTs to be stationed at Fort Bliss, Fort Stewart, and Fort Carson.

Now we are told that a European commander wants to keep two BCTs in Europe for up to 2 years longer than the Army originally planned. I have discussed this with General Casey and Secretary Gates, and I hope that Assistant Secretary Calcara will tell us how the plans for moving the infantry divisions from Europe to the United States are going.

On the Air Force side, I look forward to the discussion with Assistant Secretary Ferguson concerning the construction program there as well. The Air Force's active duty construction request is 10 percent below last year's enacted level. The Guard component is requesting 56 percent less than last year, and the Reserve component 26 percent less.

I hope we don't lose sight of the fact that our airmen must have facilities and family support infrastructure from which to work and live that is commensurate with their dedication.

The Secretary of Defense outlined the four pillars of the Air Force's budget strategy—people, readiness, infrastructure, and modernization. I look forward to Secretary Ferguson discussing these priorities and how the Air Force can achieve them while taking such a risk in infrastructure.

I understand the Air Force intends to downsize its total infrastructure budget and physical plant by 20 percent, the 20/20 by

2020 plan, and I look forward to hearing more about this in an era of increased operational tempo.

Joint basing is another subject I am interested in. As everyone knows, the BRAC provides—the former BRAC provided 12 test joint bases. I hope the Air Force will speak today on how it proposes to operate a joint base and handle the real property issues on it since, in the present BRAC, the Air Force will be the lead in 6 of the 12 joint bases.

PREPARED STATEMENT

I am particularly interested in how the Air Force will operate Joint Base San Antonio as it assumes the responsibility for Lackland, Randolph, and the Army base Fort Sam Houston.

So thank you all for coming, and we look forward to your testimony.

[The statement follows:]

PREPARED STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Thank you, Mr. Chairman. I appreciate you holding this hearing today and am pleased to welcome representatives of the Army and the Air Force before the Subcommittee as we examine the President's fiscal year 2010 budget request for military construction, family housing, and Base Realignment and Closure actions for the Department of the Army and the Department of the Air Force.

The panel representing the Department of Defense will appear at our next hearing, and we'll discuss Department-Wide MILCON issues at that time. But for now I would just like to point out that the overall Department of Defense's military construction program, including military family housing and BRAC, is only $22.9 billion, an 18 percent decrease from the fiscal year 2009 enacted level. The fiscal year 2010 budget request only contains $7.5 billion for implementing BRAC construction actions, a 15 percent decrease from the fiscal year 2009 enacted level. Plus, I understand there is a request for $1.4 billion for overseas contingency operations that will be handled separately. We have not received all of the justification material yet and so the Committee will decide exactly how we will include this in our bill. I hope today's discussions with the Army and Air Force addresses how the Department intends to complete all of the BRAC recommended actions before the statutory deadline of September 30, 2011. Since the largest portion of the BRAC request will go to the Army, I hope Mr. Calcara will speak to it today.

Concerning the fiscal year 2010 budget request before us today, for the base budget, I am concerned about the Army's investment in infrastructure in the United States. The active duty construction request is down 24 percent from last year's enacted level and the Guard request is down 46 percent. I am pleased to see that the Reserve component has requested an increase of 33 percent. But overall, the Army's $4 billion request is a 23 percent decrease. I look forward to Mr. Calcara's comments.

As I said when we were considering the stimulus bill several months ago, we should be increasing our construction in the United States, not decreasing it. More military construction in the United States will enhance the quality of life for our soldiers, sailors and airmen, and it will provide much needed jobs for Americans. Our U.S. installations at places like Fort Hood, Fort Bliss and Fort Bragg offer large maneuver areas, automated ranges, modern simulator training and few restrictions on night time flying and training. As a result, soldiers trained in the United States and deployed overseas are better prepared to fight on Day One of a conflict than those stationed overseas where our forces must contend with onerous training restrictions. Today, with our modern strategic deployment capabilities and with the use of airlift and roll-on, roll-off ships, we can often project power from the United States faster than from overseas based units.

For these reasons, and in order to provide military families with greater stability, the Pentagon made the decision several years ago that it is better to bring our troops home and station them in the United States whenever possible. In order to do that we must be committed to providing them with the quality infrastructure these brave men and women deserve.

The Overseas Basing Commission recommendations, the BRAC recommendations and a Global Defense Posture that focuses on expanded Allied roles and partner-

ships dictate that it is in our national interest to relocate more of our soldiers back to the United States and fulfill overseas training and contingency missions by deploying U.S. based troops where needed. This is an admirable plan—one our service members, their families and our citizens are counting on. Stationing our troops in the United States will provide more operational freedom of action, better training, and better family support than would be possible otherwise. It will produce a stronger, more deployable, and more efficient Department of Defense.

I must also point out that our current military has more citizen-soldiers than we have seen in a great many years. I am very concerned about the overall trend in military construction for our Guard and Reserve components. These brave citizen-soldiers are making huge contributions to the Global War on Terror and I am keenly interested in seeing Guard and Reserve MILCON funding improve. Congress has always provided excellent support to the Guard and Reserve, but that should not provide an excuse for DOD to shortchange them in the budget process.

I would like to mention again this year the Army's new Modular Force Plan which will reorganize units into Brigade Combat Teams (BCTs). I understand this transformation is nearly 80 percent complete now. The new plan calls for 5 new BCTs to be stationed at Fort Bliss, Texas; Fort Stewart, Georgia; and Fort Carson, Colorado. Now I understand that the European Commander (EUCOM) wants to keep 2 BCTs in Europe for up to 2 years longer than the Army originally planned. I have discussed this issue with General Casey and Secretary Gates and I hope Assistant Secretary Calcara will tell us how the plans for moving the infantry divisions from Europe to the United States are going.

My State of Texas is the home for a large part of the Army. I am very pleased with the operational and infrastructure improvements to Fort Bliss, Fort Hood, and Fort Sam Houston, three very important installations in our national military preparedness. I am encouraged by the Army's emphasis on family support facilities at these and other bases around the country. I have said before, we have to take care of the soldiers and their families in order to retain these highly trained men and women.

I look forward to the discussion with Assistant Secretary Ferguson concerning the Department of the Air Force's construction program as well. The Air Force's active duty construction request is 10 percent below last year's enacted level. The Guard component is requesting 56 percent less than last year and the Reserve component is requesting 26 percent less. I know the Air Force has historically been willing to risk infrastructure in order to fund modernization, but I hope we don't lose sight of the fact that our airmen must have the facilities and family support infrastructure from which to work and live that is commensurate with their dedication to our country.

The Secretary of Defense outlined the four pillars of the Air Force's budget strategy as People, Readiness, Infrastructure and Modernization, in that order. I look forward to Assistant Secretary Ferguson discussing these priorities and how the Air Force can achieve them while taking such a risk in infrastructure. I understand the Air Force intends to downsize its total infrastructure budget and physical plant size by 20 percent, the "20/20 by 2020" plan, and I look forward to hearing more about how this will work in an era of increased operational tempo.

Again, I am proud to say my home state of Texas has always been home to more Air Force personnel than any other State, just as we have always been the largest Army state. Starting with Air Force basic training at Lackland AFB, technical and NATO pilot training at Sheppard AFB, NATO undergraduate pilot training at Laughlin AFB, and instructor pilot training at Randolph AFB; and continuing with operational bases at Dyess and Goodfellow AFBs; there is quite a lot of infrastructure needs in just those bases alone. In addition we are currently prepared in San Antonio with the initial secure infrastructure equipment should the Air Force announce the home of the new 24th Air Force cyber mission will be there.

Joint Basing is another subject I am very interested in. As everyone knows I have been a very strong advocate of fully funding the BRAC process, and I know that the 12 test joint bases are a result of BRAC recommendations. I hope the Air Force will speak today on how it proposes to operate a joint base and handle the real property issues on it, since the Air Force will be the lead at 6 of the 12 joint bases. I am particularly interested in how the Air Force will operate Joint Base San Antonio as it assumes the responsibility for Lackland, Randolph and Fort Sam Houston.

Mr. Chairman, again I want to express my appreciation to you for holding this hearing. We have a full slate of issues today and I look forward to discussing them as we begin this new appropriations cycle.

Senator JOHNSON. Thank you, Senator Hutchison.

General Boozer, proceed.

General BOOZER. Sir, I am more than prepared to go ahead and start with my opening comments.

Senator JOHNSON. Secretary Hansen, please proceed.

General BOOZER. Okay. Thank you, sir.

STATEMENT OF LOUIS JEROME HANSEN

Mr. HANSEN. Thank you, Mr. Chairman.

Mr. Chairman, Senator Hutchison, distinguished members of the subcommittee, I am Jerry Hansen, the designated senior official currently performing the duties of the Assistant Secretary of the Army for Installations and Environment. And it is my pleasure to appear before you today on behalf of the Secretary and the Army to discuss the Army's military construction, family housing, base realignment and closure budget request for fiscal year 2010.

QUALITY OF LIFE FOR SOLDIERS AND THEIR FAMILIES AND THE ARMY BUDGET

First, we thank you all for your continued support to our soldiers and families serving our Nation around the world. As you know, the Army's strength is its soldiers and the families and Army civilians who support them.

We try, with your support, to ensure the quality of life we provide our soldiers and their families is on par with the quality of their service. Our budget requests represent minimum required levels which, if approved, will enable soldiers and their families to receive the facilities, care, and support they need to accomplish the monumental tasks we expect of them while preserving the all-volunteer force.

Our Army continues its largest organizational change since World War II as we transform to brigade-centric modular force, grow our end strength, and restation one-third of the force through base realignment and closure and global defense posture realignment.

The Army's fiscal year 2010 military construction and overseas contingency operations budget requests include $10.4 billion for military construction, Army family housing, and BRAC, a combined amount.

As stewards of our Nation's resources, the Army requires each military construction project to attain a LEED silver rating—LEED being leadership in energy and environment design rating of at least silver to reduce total lifecycle cost and improve the environment. The Army plans to spend a significant sum over the next 5 years to invest in green buildings, to use less water, and to achieve 30 percent more energy efficiency in the process.

Fiscal year 2010 is our final year of BRAC construction. Full implementation of the BRAC 2005 recommendations will enable the Army to become a more capable expeditionary force as a member of the joint team, while enhancing the well being of our soldiers, civilians, and family members living and working and training in our installations.

The Army's remaining BRAC 2005 construction projects are scheduled for award by no later than the first quarter of fiscal year 2010. This will enable the major movement of units and personnel

planned for fiscal years 2010 and 2011, with expected completion by the mandated BRAC 2005 deadline.

The Army remains committed to achieving BRAC 2005 law and is on track to do so. With full and timely funding, we anticipate no impacts to movement schedules, training, or readiness.

However, we have moved into a period where our construction timeline flexibility is extremely limited. Cuts and delays in BRAC funding have caused significant difficulties as we have implemented BRAC projects in the past, and any significant delay in fiscal year 2010 MILCON funding would significantly challenge our ability to meet the September 2011 deadline.

Finally, Mr. Chairman, on April 6, 2009, the Secretary of Defense issued guidance to stop the growth of Army BCTs, brigade combat teams, at 45 versus 48, as you have mentioned. We understand this decision has caused significant concern, and we recognize the impact to communities that have made proactive investments to accept new units and families.

At this point, no decisions have been made as to which BCTs will be affected. But this decision and its associated impacts are being worked with urgency through an expedited Quadrennial Defense Review process, and we will work the details very closely with Congress as soon as the impacts to the military construction projects are known.

I am accompanied today by Mr. Joe Calcara, the Deputy Assistant Secretary of the Army for Installations and Housing; Brigadier General Jim Boozer, Director of Operations, representing the Assistant Chief of Staff for Installation Management and the Installation Management Command; Major General Ray Carpenter, the Deputy Director of the Army National Guard; and Brigadier General Julia Kraus, Deputy Commander and Deputy Chief of the Army Reserve for Management, Resources, and Support.

PREPARED STATEMENT

We thank you again for the opportunity to appear before you today and for your continued support for America's Army, and we look forward to hearing your questions following brief remarks by the other panel members.

I will be followed by General Boozer, sir.

[The statement follows:]

PREPARED STATEMENT OF LOUIS JEROME HANSEN

INTRODUCTION

Mr. Chairman and members of the Subcommittee, it is a pleasure to appear before you to discuss the Army's Military Construction, Family Housing, and Base Realignment and Closure budget requests for fiscal year 2010. Our requests are crucial to the success of the Army's strategic imperatives to Sustain, Prepare, Reset, and Transform the force. We appreciate the opportunity to report on them and respond to your questions. We would like to start by thanking you for your support to our Soldiers and their Families serving our Nation around the world. They are and will continue to be the centerpiece of our Army, and their ability to perform their missions successfully depends upon the staunch support of the Congress.

The Army's strength is its Soldiers—and the Families and Army Civilians who support them. With your continuing support, we will assure that the quality of life we afford our Soldiers and Families is commensurate with the quality of their service. Our budget requests have been vetted to ensure they reflect the minimum re-

quirement to maintain the All-Volunteer Force and ensure Soldiers and their Families receive the facilities, care, and support they need to accomplish their missions.

OVERVIEW

REBALANCING THE FORCE IN AN ERA OF PERSISTENT CONFLICT

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

Our Nation has been at war for over 7 years. Our Army continues to lead the war efforts in Afghanistan and Iraq, as well as in defense of the homeland and in support of civil authorities in responding to domestic emergencies. Over time, these operations have expanded in scope and duration, stressing our All-Volunteer Force and straining our ability to maintain strategic depth. During this period, the Congress has responded to the Army's requests for resources, and that commitment to our Soldiers, their Families, and Civilians is deeply appreciated. Continued timely and predictable funding is critical as the Army continues to fight the wars in Iraq and Afghanistan, meet other operational demands, sustain our All-Volunteer Force, and prepare for future threats to the Nation.

Our Army continues its largest organizational change since World War II, as it transforms to a Brigade centric modular force and grows the force to achieve an the Active Component of 547,400, a National Guard of 358,200, and an Army Reserve of 206,000 men and women. At the same time, we are restationing about one-third of the force through a combination of Base Closure and Realignment and Global Defense Posture Realignment actions. All of these initiatives have corresponding military construction requirements.

The details of the Army's fiscal year 2010 request follow:

Military Construction Appropriation	Authorization Request	Authorization of Appropriations Request	Appropriation Request
Military Construction Army (MCA)	$3,116,350,000	$3,660,779,000	$3,660,779,000
Military Construction Army National Guard (MCNG)	([1])	426,491,000	426,491,000
Military Construction Army Reserve (MCAR)	([1])	374,862,000	374,862,000
Army Family Housing Construction (AFHC)	241,236,000	273,236,000	273,236,000
Army Family Housing Operations (AFHO)	523,418,000	523,418,000	523,418,000
BRAC 95 (BCA)	98,723,000	98,723,000	98,723,000
BRAC 2005 (BCA)	4,081,037,000	4,081,037,000	4,081,037,000
Overseas Contingency Operations	923,900,000	923,900,000	923,900,000
TOTAL	8,984,664,000	10,362,446,000	10,362,446,000

[1] Not available.

The Army's fiscal year 2010 Military Construction and Overseas Contingency Operations budget requests include $10.4 billion for Military Construction, Army Family Housing, and BRAC appropriations and associated new authorizations.

ARMY MODULAR FORCE (AMF)

The Army continues to reorganize the Active and Reserve components into standardized modular organizations, increasing the number of Brigade Combat Teams (BCTs) and support Brigades to meet operational requirements and create a more deployable, versatile and tailorable force. The Army strategy is to use existing facility assets where feasible and program projects when not. The fiscal year 2010 request of $589 million will provide permanent facilities construction to support conversion of existing BCTs to new modern BCTs at Forts Wainwright, Carson, Lewis, and Bragg.

GROW THE ARMY (GTA)

On April 6, 2009, the Secretary of Defense issued guidance to stop growth of Army BCTs at 45 versus 48. We understand this decision has caused some understandable concern in places that expected to receive the three additional BCTs, and we recognize the impact this decision could have on communities that have made significant investments to accept new units. We are working the details with urgency, but at this point, no final decisions have been made as to which BCTs will be affected. The Army is conducting a thorough analysis with the goal of balancing our force mix for the current fight while setting conditions to meet the future strategic environment. We are leveraging the ongoing Quadrennial Defense Review process and our

force mix analysis to determine the proper balance. We will keep the Congress advised of our progress.

In the meantime, it is crucial that the Army maintain currently planned fiscal year 2009 construction projects and fiscal year 2010 construction, pending the analysis and decision by Army Senior Leaders, and recognizing that the vast majority of the facilities at Army installations are legacy systems still requiring modernization or replacement. Construction projects play an essential role in supporting our end strength growth to 547,400 as well as transforming our installations to support organizational changes. The fiscal year 2010 requirement for BCTs is $404 million. Other Grow the Army facility support requirements, such as projects to support the combat support/combat service support units, training base, quality of life, and support to the Army National Guard and Army Reserve growth, in fiscal year 2010 total $1.07 billion.

GLOBAL DEFENSE POSTURE REALIGNMENT (GDPR)

The Global Defense Posture Realignment initiative ensures Army forces are properly positioned worldwide to support out National Military Strategy and to support the mission in Afghanistan. GDPR will relocate over 41,000 Soldiers and their Families from Europe and Korea to the United States by 2013. Over time, it will build a BCT Complex and support facilities at White Sands Missile Range, New Mexico, and operational, training, and support facilities at Fort Benning, Fort Bliss, Fort Riley, Schofield Barracks, and Camp Humphreys. As part of the fiscal year 2010 program, the Army requires $252 million to construct facilities in Bagram, Afghanistan and a warehouse in Kuwait. The total GDPR request is $524 million.

BASE REALIGNMENT AND CLOSURE (BRAC)

The Army is requesting $4,081,037,000 for BRAC 2005, which is critical to the success of the Army's BRAC 2005 initiatives, and $98,723,000 for legacy BRAC to sustain vital, ongoing programs. BRAC 2005 is carefully integrated with the Defense and Army programs of Grow the Army, GDPR, and Army Modular Force. Collectively, these initiatives allow the Army to focus its resources on installations that provide the best military value, supporting improved responsiveness and readiness of units. The elimination of Cold War-era infrastructure and the implementation of modern technology to consolidate activities allow the Army to better focus on its core warfighting mission. These initiatives are a massive undertaking, requiring the synchronization of base closures, realignments, military construction and renovation, unit activations and deactivations, and the flow of forces to and from current global commitments. Results will yield substantial savings over time, while positioning forces, logistics activities, and power projection platforms to respond efficiently and effectively to the needs of the Nation.

Under BRAC 2005, the Army will close 12 Active Component installations, 1 Army Reserve installation, 387 National Guard Readiness and Army Reserve Centers, and 8 leased facilities. BRAC 2005 realigns 53 installations and/or functions and establishes Training Centers of Excellence, Joint Bases, a Human Resources Center of Excellence, and Joint Technical and Research facilities. To accommodate the units relocating from the closing National Guard Readiness and Army Reserve Centers, BRAC 2005 creates 125 multi-component Armed Forces Reserve Centers and realigns U.S. Army Reserve command and control structure.

The over 1,100 discrete actions required for the Army to successfully implement BRAC 2005 are far more extensive than all four previous BRAC rounds combined and are expected to create significant recurring annual savings. BRAC 2005 will enable the Army to become a more capable expeditionary force as a member of the Joint team while enhancing the well-being of our Soldiers, Civilians, and Family members living, working, and training on our installations.

BRAC 2005 IMPLEMENTATION STRATEGY

All of our BRAC 2005 construction projects are planned to be awarded by the first quarter of fiscal year 2010. This will enable the major movement of units and personnel in fiscal years 2010 and 2011, with expected completion by the mandated BRAC 2005 deadline. The Army remains committed to achieving BRAC 2005 Law and is on track do so. With full and timely funding, there will be no impacts to movement schedules, training, or readiness. Fiscal year 2010 is our fifth and final year of BRAC construction. We have moved into a period where our construction timeline flexibility is exhausted. We cannot overstate the difficulties that cuts or delays in BRAC funding pose to the Army as we implement BRAC construction projects. If the Army program is not fully funded by October 2009, we will be significantly challenged to execute BRAC as intended.

BRAC 2005 FISCAL YEAR 2010 BUDGET

The Army's fiscal year 2010 budget request will continue to fund both BRAC and GDPR actions necessary to comply with BRAC 2005 Law. The Army plans to award and begin construction of 80 military construction projects, plus planning and design for fiscal year 2010 projects. This is estimated to cost $2.5 billion and includes five additional GDPR projects, 37 Army National Guard and Army Reserve projects, and an additional 38 Active Component projects.

The BRAC budget request will also fund furnishings for BRAC projects awarded in fiscal year 2006, 2007, 2008, and 2009 as the buildings reach completion and occupancy. The request also funds movement of personnel, ammunition, and equipment associated with BRAC Commission Recommendations.

In fiscal year 2010, the Army will continue environmental closure and cleanup actions at BRAC properties. These activities will continue efforts previously ongoing under the Army Installation restoration program and will ultimately support future property transfer actions. The budget request for environmental programs is $147.7 million, which includes munitions and explosives of concern and hazardous and toxic waste restoration activities.

PRIOR BRAC

Since Congress established the first Defense Base Closure and Realignment Commission in 1988 and then authorized the subsequent rounds in 1990, DOD has successfully executed four rounds of base closures to reduce and align the military's infrastructure to the current security environment and force structure. As a result, the Army estimates approximately $12.6 billion in savings through 2008—nearly $1 billion in recurring, annual savings from prior BRAC rounds.

The Army is requesting $98.7 million in fiscal year 2010 for prior BRAC rounds ($5.3 million to fund caretaking operations and program management of remaining properties and $93.4 million for environmental restoration) to address environmental restoration efforts at 147 sites at 14 prior BRAC installations. To date, the Army has spent $2.95 billion on the BRAC environmental program for installations impacted by the previous four BRAC rounds. We disposed of 181,345 acres (86 percent of the total acreage disposal requirement of 209,834 acres), with 28,489 acres remaining.

FISCAL YEAR 2010 OVERSEAS CONTINGENCY OPERATIONS (OCO)

This request supports the National Strategy for OCO. The request funds projects critical to the support of deployed war fighters, operational requirements for airfields, operational facilities, supplies, troop housing and infrastructure to ensure safe and efficient military operations in Afghanistan. A total of 74 projects that will fulfill the Department's immediate mission needs and urgent infrastructure requirements in theater are planned for a total of $828 million.

ARMY INITIATIVES

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

Range and Training Lands.—Ranges and training lands enable our Army to train and develop its full capabilities to ensure our Soldiers are fully prepared for the challenges they will face. Our Army Range and Training Land Strategy supports Army transformation and the Army's Sustainable Range Program. The Strategy identifies priorities for installations requiring resources to modernize ranges, mitigate encroachment, and acquire training land. The fiscal year 2010 request supports 25 projects, $178 million for Active Component training ranges.

Barracks.—Providing safe, quality housing is a crucial commitment the Army has made to all of our Soldiers. We owe single Soldiers the same quality of housing that we provide married Soldiers. Modern barracks are shown to significantly increase morale, which positively impacts readiness and quality of life. The importance of providing quality housing for single Soldiers is paramount to success on the battlefield. The Army is in the 17th year of modernizing barracks to provide about 148,000 single enlisted permanent party Soldiers with quality living environments. Because of increased authorized strength, the requirements for barracks have increased in several locations, and for fiscal year 2010, a total of $711.5 million will be invested in 3,592 new permanent party barracks spaces that will meet DOD's "1+1" or equivalent standard. These units provide two-Soldier suites, increased personal privacy, larger rooms with walk-in closets, new furnishings, adequate parking, landscaping, and unit administrative offices separated from the barracks. We are on

track to fully fund this program by fiscal year 2013. The last inadequate permanent party spaces will be removed after the new barracks are occupied in fiscal year 2015. For trainee barracks, the Army is requesting $535.9 million to build or upgrade 2,278 new spaces to standard. We are requesting funds to keep this program on schedule so we can eliminate all inadequate trainee barracks spaces, finishing funding with fiscal year 2015 and occupying the barracks in fiscal year 2017.

Family Housing.—This year's budget continues our significant investment in our Soldiers and their Families by supporting our goal to continue funding to eliminate remaining inadequate housing and sustain housing at enduring overseas installations. The U.S. inadequate inventory has been funded to be eliminated by the end of fiscal year 2007 through privatization, conventional military construction, demolition, divestiture of uneconomical or excess units, and reliance on off-post housing. For Families living off post, the budget for military personnel maintains the Basic Allowance for Housing that eliminates out-of-pocket expenses.

Warrior In Transition.—The Army $1 billion budget for its Warrior in Transition (WT) Program funds military construction to facilitate command and control, primary care, and case management to establish a healing environment that promotes the timely return to the force or transition to civilian life. The fiscal year 2009 Overseas Contingency Operations requests $425 million in funding. The fiscal year 2009 American Recovery and Reinvestment Act (ARRA) provided $100 million for two complexes and the fiscal year 2010 budget request will provide 13 complexes for $503.5 million.

Overseas Construction.—Included in this budget request is $437 million in support of high-priority overseas projects. In Germany, we are requesting funds for barracks at Ansbach and Kleber Kaserne. In Korea, we are requesting funds to further our relocation of forces on the peninsula. This action is consistent with the Land Partnership Plan agreements entered into by the United States and Republic of Korea Ministry of Defense. Two vehicle maintenance shops and a Fire Station are included. Our request for funds in Italy continues construction for a BCT. We are also including Training Aids Facilities in Japan at Camp Zama and Okinawa. Additionally, approximately $678 million of our fiscal year 2009 Overseas Contingency Operations request will support military construction projects in Afghanistan for troop housing, airfield and operational facilities, infrastructure and utility systems, fuel handling and storage, and roads.

Other Support Programs.—The fiscal year 2010 budget includes $153 million for planning and design. As executive agent, the Army also provides oversight of design and construction for projects funded by host nations. The fiscal year 2010 budget requests $25 million for oversight of host nation funded construction for all Services in Japan, Korea, and Europe.

Incremental Funding.—We are requesting the third increment of funding, $55.4 million, for the previously approved, incrementally funded, SOUTHCOM Headquarters at Miami-Doral, Florida. In addition, we are requesting the fourth and final increment of funding, $102 million, for the Brigade Complex at Fort Lewis, Washington. The budget also includes $23.5 million for a Brigade Complex-Operations support facility and $22.5 million for a Brigade Complex-Barracks/Community, both projects at Dal Molin, Italy. Finally, we are requesting the second increments for the Brigade Complexes at Fort Carson $60 million and Fort Stewart $80 million.

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

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The Army National Guard's fiscal year 2010 Military Construction request for $426,491,000 (for appropriation and authorization of appropriations) is focused on Transformation/Army Modular Force, Mission and Training, Grow the Army, planning and design, and unspecified minor military construction

Transformation.—In fiscal year 2010, the Army National Guard is requesting $158.2 million for six projects in support of our modern missions. There are three aviation projects to provide facilities for modernized aircraft and changed unit structure. Also in support of the Modular Force initiative, we are asking for two Readiness Centers and one maintenance facility.

Mission and Training.—Our budget request also includes $154 million for 10 projects, which will support the preparation of our forces. These funds will provide the facilities our Soldiers require as they train, mobilize, and deploy. Included are two training facilities, six Range projects, and two Readiness/Armed Forces Reserve Centers.

Grow the Army.—Under the category of Grow the Army, we are requesting $80 million for five Readiness Centers to improve the Army National Guard's ability to deal with the continued high levels of deployment.

Other Support Programs.—The fiscal year 2010 Army National Guard budget also contains $24 million for planning and design of future projects and $10.3 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY RESERVE

The Army Reserve fiscal year 2010 Military Construction request for $374,862,000 (for appropriation and authorization of appropriations) is for Preparation, Transformation, other support, and unspecified programs.

Mission and Training Projects. In fiscal year 2010, the Army Reserve will invest $45 million to prepare our Soldiers for success in current operations. Included in the mission and training projects is an Armed Forces Reserve Center and a Combined Arms Collective Training facility, which will be available for joint use by all Army components and military services.

Grow The Army Projects.—The Army Reserve transformation from a strategic reserve to an operational force includes converting 16,000 authorizations from generating force structure to operational force structure from fiscal years 2009 through 2013. In fiscal year 2010, the Army Reserve will construct 19 Reserve Operations Complexes in eleven states and the Commonwealth of Puerto Rico, with an investment of $304 million to support the transformation. These projects will provide operations, maintenance, and storage facilities for over 6,000 Soldiers in 56 newly activating combat support and combat service support units and detachments.

Other Unspecified Programs.—The fiscal year 2010 Army Reserve budget request includes $22.3 million for planning and design for future year projects and $3.6 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

ARMY FAMILY HOUSING CONSTRUCTION (AFHC)

The Army's fiscal year 2010 Family housing construction request is $273,236,000 for authorization, authorization of appropriation, and appropriation.

The fiscal year 2010 new construction program uses traditional military construction to provide 38 new houses for Families with an $18 million replacement project at Baumholder, Germany. The Army also requests $32 million to fund the final increment for three projects at Wiesbaden, Germany, to finish replacement housing that was fully authorized in fiscal year 2009. These projects will result in completing 250 homes for Army Families.

The Construction Improvements Program is an integral part of our Family housing revitalization and privatization programs. In fiscal year 2010, we are requesting $161.4 million to increase scope of these existing privatization projects: 334 homes at Fort Knox, Kentucky; 176 homes at Fort Wainwright, Alaska; 144 homes at Fort Polk, Louisiana; 90 homes at Fort Irwin, California; and, 78 homes at Fort Sill, Oklahoma. The Improvements program also provides $11.9 million for equity contributions for 11 homes at Fort Bragg, North Carolina, and 8 homes at Fort Eustis, Virginia, that were required due to Base Realignment and Closure. Also, the fiscal year 2010 request supports $46 million for direct equity investment in support of the privatization of 1,242 homes at Fort Richardson, Alaska, as part of the Joint Basing effort with Elmendorf Air Force Base.

In fiscal year 2010, we are also requesting $3.9 million for planning and design for final design of fiscal year 2010 and 2011 Family housing construction projects, as well as for housing studies and updating standards and criteria.

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

The RCI program will include 45 locations, with a projected end state of almost 88,000 homes—98 percent of the on-post Family housing inventory in the United States. At the end of fiscal year 2009, the Army will have privatized 44 locations, with an end state of over 85,000 homes. Initial construction and renovation at these 44 installations is estimated at $12 billion over a three to ten year development period, of which the Army will contribute about $2.0 billion. Although most projects

are in the early phases of their initial development, since 1999 through March 2009, our partners have constructed 18,769 new homes, and renovated 13,697 homes.

ARMY FAMILY HOUSING OPERATIONS (AFHO)

The Army's fiscal year 2010 Family Housing Operations request is $523,418,000 (for appropriation and authorization of appropriations). This account provides for annual operations, municipal-type services, furnishings, maintenance and repair, utilities, leased Family housing, demolition of surplus or uneconomical housing, and funds supporting management of the Military Housing Privatization Initiative. This request will support almost 17,000 Army-owned homes, both at home and in foreign areas. More than 9,000 residences will be leased and more than 80,000 privatized homes will be managed.

Operations ($88.4 million).—The operations account includes four sub-accounts: management, services, furnishings, and a small miscellaneous account. All operations sub-accounts are considered "must pay accounts" based on actual bills that must be paid to manage and operate Family housing.

Utilities ($81.6 million).—The utilities account includes the costs of delivering heat, air conditioning, electricity, water, and wastewater support for Family housing units. The overall size of the utilities account is decreasing with the reduction in supported inventory.

Maintenance and Repair ($115.9 million). The maintenance and repair account supports annual recurring projects to maintain and revitalize Family housing real property assets. Since most Family housing operational expenses are fixed, maintenance and repair is the account most affected by budget changes. Funding reductions result in slippage of maintenance projects that adversely impact Soldier and Family quality of life.

Leasing ($205.7 million).—The leasing program provides another way of adequately housing our military Families. The fiscal year 2010 budget includes funding for 9,036 housing units, including project requirements for 1,080 existing Section 2835 ("build-to-lease"—formerly known as 801 leases), 1,828 temporary domestic leases in the U.S., and 6,128 leased Family housing units in foreign areas.

Privatization ($31.8 million).—The privatization account provides operating funds for implementation and oversight of privatized military Family housing in the RCI program. RCI costs include selection of private sector partners, preparation of environmental studies and real estate surveys, and contracting of consultants. These funds support the preparation and execution of partnership agreements and development plans, and oversight to monitor compliance and performance of the privatized housing portfolio.

HOMEOWNERS ASSISTANCE PROGRAM

The Army is the DOD Executive Agent for the Homeowners Assistance Program (HAP); that is, the Army requests in its budget the funds needed by the DOD-wide program supporting all of the Services. In normal times, this program assists eligible military and civilian employee homeowners by providing some financial relief when they are not able to sell their homes under reasonable terms and conditions because of DOD announced closures, realignments, or reduction in operations when this action adversely affects the real estate market.

The 2009 ARRA expanded HAP to provide benefits to: (1) seriously wounded Warriors in Transition (to include Coast Guard and DOD civilian employees) who relocate for medical treatment or medical retirement, from September 11, 2001 (No expiration date); (2) surviving spouses of fallen warriors and DOD and Coast Guard civilians killed while deployed in support of the Armed Forces, from September 11, 2001 (No expiration date); (3) BRAC 2005 impacted personnel assigned to relocating or closing organizations or installations, without proof that the DOD announcement caused markets to decline (Expires 2012, or an earlier date designated by the Secretary); (4) Service members with permanent change of station orders required to relocate during the home mortgage crisis (Expires 2012, or an earlier date designated by the Secretary). The ARRA expanded HAP is funded at $555 million.

Excluding the ARRA expanded HAP, the fiscal year 2010 budget requests authorization of appropriations in the amount of $28.71 million. Total program estimate for fiscal year 2010, excluding ARRA expansion, is $41.98M and will be funded with requested budget authority, revenue from sales of acquired properties, and prior year unobligated balances.

OPERATION AND MAINTENANCE

The Army's fiscal year 2010 Operation and Maintenance budget includes $2.85 billion in funding for Sustainment, Restoration, and Modernization (S/RM) and

$8.61 billion in funding for Base Operations Support (BOS). The S/RM and BOS accounts are inextricably linked with our military construction programs to successfully support our installations. The Army has centralized the management of its installations assets under the Installation Management Command to best utilize this funding. Centralized barracks management, also known as the First Sergeant's Barracks Initiative (FSBI), will standardize barracks management Army-wide, enhance single Soldier quality of life, reduce overall un-programmed single Soldier Basic Allowance for Housing, maximize barracks utilization, and reallocate Soldier time away from non-war fighting tasks. The FSBI provides top-quality oversight and management of daily barracks operations. The FSBI review committee completed review and validation of funding requirements for 12 Installations. Implementing FSBI at these installations brings in about 55 percent of the Army barracks inventory.

SUMMARY

Mr. Chairman, our fiscal year 2010 Military Construction and BRAC budget requests are balanced programs that support our Soldiers and their Families, Overseas Contingency Operations, Army transformation, readiness, and DOD installation strategy goals. We are proud to present this budget for your consideration because of what this budget will provide for our Army:

Military Construction:
—26 new Training Ranges/Facilities
—$11 billion invested in Soldier/Family Readiness
—$1.8 billion to Grow the Army
—$524 million support the mission in Afghanistan
—$828 million funds projects for Overseas Contingency Operations mission in Afghanistan
—Over 3,300 Soldiers training in 16 new or improved Readiness Centers and Armed Forces Reserve Centers
—20 New Army Reserve Operations Complexes
—6,054 Soldiers get new Reserve Operations Complexes
—Over 7,800 Soldiers training in nine new or improved Readiness Centers and Armed Forces Reserve Centers
—Six Ranges serving 166,000 men and women in our Armed Forces

Base Realignment and Closure:
—Statutory compliance by 2011 for BRAC
—80 Military Construction projects
—Planning & Design for fiscal year 2010—2010 Projects
—Remaining NEPA for BRAC 2005 actions
—Continued Environmental Restoration of 31,844 acres

Base Operations Support:
—Goal is to meet essential needs for all BOS programs: Base Operations, Family, Environmental Quality, Force Protection, Base Communications, and Audio/Visual.

Sustainment/Restoration and Modernization:
—Funds Sustainment at 90 percent of the OSD Facility Sustainment model requirement.

Our long-term strategies for installations will be accomplished through sustained and balanced funding, and with your support, we will continue to improve Soldier and Family quality of life, while remaining focused on Army and Defense transformation goals.

In closing, we would like to thank you again for the opportunity to appear before you today and for your continued support for America's Army.

STATEMENT OF GENERAL JAMES C. BOOZER

Senator JOHNSON. Thank you.

General Boozer.

General BOOZER. Thank you, Mr. Chairman, Senator Hutchison, and distinguished members of the subcommittee.

On behalf of the Army's senior leaders and the more than 1 million soldiers that comprise our Army, I want to thank you for the opportunity to discuss the Army's fiscal year 2010 military construction budget request. It is truly an honor to be here with you today to do that.

I would like to extend our gratitude for this committee's support for our soldiers and programs over the years. Our brave men and women are performing their mission superbly, thanks to your continued support.

Our $10.4 billion military construction request is crucial to the success of the Army's strategic imperatives to sustain, prepare, reset, and transform the force. Military construction plays a key role in each of these imperatives and is a key enabler in restoring balance and strategic flexibility in your Army.

We are on track to achieve balance but need your continued support so we can sustain soldiers and their families, prepare soldiers for success in the current conflict, reset them when they return from combat, and transform them for an uncertain future.

To do this, we must first sustain our soldiers and families by investing in quality housing and support programs, such as the Soldier-Family Action Plan. We have programs in place that will improve soldier and family programs and services, quality of healthcare, excellence in schools, youth services, and childcare, and expand education and employment opportunities for family members.

We are committed to continuing to improve soldier and family quality of life to a level commensurate with their level of service and sacrifice to the Nation.

We must also prepare our soldiers for success in the current contingency conflicts. To help achieve this goal, our fiscal year 2010 request includes $178 million for 25 new range projects, as well as $539 million for training barracks and $1.5 billion for Grow the Army military construction projects.

The third imperative, reset, is about returning soldiers and equipment to conditions where they can unwind to prepare for future missions. The Army Medical Action Plan is one such program that incorporates care and services for wounded warriors and their families and provides world-class care to our warriors in transition for reintegration into the force or back to civilian life. We thank you for your support for this vital program as well.

As part of the fourth imperative, transform, the creation of the Installation Management Command in October 2006 continues our progress in centralized installation management and fosters more consistent, cost-effective, and accountable delivery of installation funding and services. We are well on our way to completing the largest transformation of the Army since World War II, and it is all being accomplished while in a conflict and with your committed support.

To improve efficiency and effectiveness, we are reshaping installations through BRAC and global defense posture realignment while simultaneously converting to a modular force, growing the Army, and converting the Army Reserve components to an operational force. Our military construction request supports this intricately woven, tightly synchronized stationing plan.

MILITARY CONSTRUCTION PROJECTS

I would like to reiterate Mr. Hansen's comments that we must receive full and timely BRAC funding in order to achieve the mandates of BRAC 2005 law. A delay in funding our $4 billion BRAC

request beyond October 2009 could place making the BRAC mandated September 15, 2011 deadline in jeopardy. Our flexibility over the years executing this program are all but gone.

Finally, as Mr. Hansen has already stated, the Secretary of Defense's guidance to stop growth of Army BCTs at 45 versus 48 is being thoroughly, deliberately, and expeditiously analyzed by the senior Army leadership. We will work this closely with this committee and your staffs. In fact, we meet with your staffs next week.

The fiscal year 2009 and 2010 construction projects play an essential role in supporting our end strength of 547,000, as well as transforming our installations and facilities to support our modular design units. These ongoing investments will ensure soldiers and families have the modern facilities they deserve.

In closing, our request for military construction, BRAC, family housing, and overseas contingency operations plays a critical role in allowing us to put the Army back in balance to sustain the current fight and confront the future.

We thank Congress for its unwavering support of the Army's military construction programs over the years and ask for your continued support. Our goal is to have premier installations across the globe. Our soldiers and families deserve nothing less.

Thank you. It is an absolute honor to be here with you today, and I look forward to your questions.

STATEMENT OF GENERAL RAYMOND W. CARPENTER

Senator JOHNSON. Thank you.

Next is General Carpenter, a fellow South Dakotan. Please proceed.

General CARPENTER. Thank you, Mr. Chairman. It is great to see a fellow South Dakotan.

And again, thank you for the opportunity to appear before you today to discuss the Army National Guard military construction budget request for fiscal year 2010.

First, I must say thanks to this committee for its strong support of the National Guard in the past. Last year, the budget request for fiscal year 2009 asked for $539 million in Army National Guard military construction, which appropriated for 29 projects. The Congress provided that and more, actually appropriating for us an additional $197 million for 25 more projects. And we are profoundly grateful to this committee for that added support last year.

Today, you have before you a budget request for fiscal year 2010, which asks for $426 million to fund 21 projects in 18 States. Those projects consist of readiness centers, ranges, Army aviation, fort facilities, training institutes, and maintenance shops. And we ask you to provide full funding for that request.

ARMY NATIONAL GUARD MILITARY CONSTRUCTION

The average age of Army National Guard Readiness Centers across our Nation is 41 years old, and 24 percent of those are over 70 years old. So the need for your continuing strong support is vital to the continued success of our Army National Guard.

Moreover, in this time of economic trouble for our Nation, I would point out that the National Guard military construction funding is a uniquely effective means of stimulating local econo-

mies. Army National Guard facilities are not concentrated on large installations but are widely dispersed across America in more than 3,000 locations and communities.

Finally, I would note that the Army National Guard Readiness Centers are very important parts of the community in which they are located and provide a day-to-day connection between the United States military and hometown America.

Mr. Chairman, the Army National Guard is proud of its history, accomplishments, and service to our Nation. For the past 2 years, we have averaged in excess of 50,000 soldiers mobilized at any given time. And today, we are at 60,000 soldiers mobilized, and those great citizen soldiers are a part of our Army National Guard and are on point for our Nation as we speak.

The 21 projects that we have submitted are about people and readiness—training our soldiers, providing for their well being, and maintaining and sustaining our facilities and equipment to be ready for our Nation's call for State and local emergencies.

I am grateful to be here today to represent those 366,000 citizen soldiers, and I welcome your questions.

I will be followed by General Kraus.

STATEMENT OF GENERAL JULIA A. KRAUS

Senator JOHNSON. General Kraus.

Chairman Johnson, Senator Hutchinson, distinguished members of the subcommittee; thank you for the invitation to appear before you today to discuss Army Reserve military construction. It is an honor to testify before you on behalf of Army Reserve soldiers, family members and civilians.

In the midst of two ongoing wars and transformation efforts to grow, restation and modernize the Army, the Army Reserve is building new capability. In fiscal year 2010, we are requesting twenty one MCAR projects and will be involved in thirty five base realignment and closure (BRAC) projects.

The Army Reserve fiscal year 2010 military construction request of $374,862,000 (for appropriation and authorization of appropriations) is for mission and training, grow the Army, other support, and unspecified programs.

MISSION AND TRAINING PROJECTS

In fiscal year 2010, the Army Reserve will invest $45 million to prepare our soldiers for success in current operations. Included in the mission and training projects is an Armed Forces Reserve Center and a Combined Arms Collective Training facility, which will be available for joint use by all Army components and military services.

GROW THE ARMY PROJECTS

The fiscal year 2010 Army Reserve military construction request represents the second year of a 3 year plan to implement the transformation from a strategic reserve to an operational force. Nineteen Reserve operations complexes in 11 States and the Commonwealth of Puerto Rico will be constructed, with an investment of $304 million, to support the transformation. This $304 million is 81 percent

of the MILCON budget request. These projects will provide operations, maintenance, and storage facilities for over 6,000 Soldiers in 56 newly activating combat service and combat service Support units and detachments.

While the pace of construction is hectic and the resources committed are remarkable the Army Reserve has significant facility and infrastructure needs. We are working aggressively to address all our facilities and infrastructure requirements to ensure soldiers receive the best training and support possible and that we adequately support and maintain on-hand and inbound modular force equipment to ensure unit readiness.

Thank you for your continued support for the men and women who serve in your Army Reserve and for the opportunity to brief the subcommittee on the state of Army Reserve military construction projects.

This concludes my statement and I look forward to your questions. Thank you.

HOMEOWNERS' ASSISTANCE PROGRAM (HAP) FOR MILITARY FAMILIES

Senator JOHNSON. Thank you.

Mr. Hansen, I am very interested in the Homeowners Assistance Program, or HAP. As you know, I added $555 million to the stimulus bill to extend homeowners' assistance to military families caught up in the mortgage crisis.

Can you tell me about the status of implementing the expanded program, and what does the Army estimate that the total requirement will be to ensure that this assistance will be available to all qualified Army families?

Mr. CALCARA. Mr. Chairman, I will take that question. And I would like to thank you first for your leadership on that important program. I know you worked very hard, your staff, along with Ms. Evans, to help us get that in the ARRA program, and it is going to make a big difference for a lot of all members of the armed forces—not just the Army, but the Navy, the Marine Corps, the Air Force, and members of the Coast Guard as well.

The Army is the executive agent for it, as you know. When we came in with plans to expand that authority, which goes back 40 years, we had to scale the program to work within available resources. Over the last several weeks, we have had a cross-functional team comprised of representatives of all the services shaping the program's entitlement structure. And we have finished that process and have drafted the final policy.

Where we are now is because some of the benefits will be paid to nonmilitary members, such as surviving spouses and people who have retired, we need to get into the OMB rulemaking process. We are implementing that as we speak. We have had a meeting on it, I think, this week. We expect to get through rulemaking and start paying benefits in the latter part of June.

We anticipate a tremendous response to this program and a lot of success, with at least 10,000 to 12,000 claims forecasted in the immediate future.

Again, I thank you for your leadership on helping us get that program in place.

ARMY NATIONAL GUARD MILITARY CONSTRUCTION BUDGET

Senator JOHNSON. General Carpenter, the South Dakota Guard is in the process of constructing a joint forces headquarters in Rapid City. The Guard leadership in South Dakota has indicated a need for an additional $7.9 million to complete the project in this fiscal year.

Could you give me an update on this project and the required funding? And did you need additional funding for fiscal year 2010?

General CARPENTER. Mr. Chairman, as you are well aware, the project was validated and initially funded in the military construction budget for the Army National Guard. We do have an additional request for $7 million based upon some additional requirements to that joint force headquarters project, which includes some additional units and some additional requirements that were not in the original 1390/91.

We have reviewed that requirement and that request, and we found them to be valid and a requirement in terms of making that a complete project. So we expect that there would be some sort of funding to accommodate that.

Senator JOHNSON. Mr. Hansen, over the past several years, Congress has provided funding to support the Army's Grow the Force initiative, including 48 brigade combat teams, or BCTs. Last month, the Secretary of Defense announced that the number of BCTs were to be stopped at 45.

What impact will this have on the Army's military construction program, and will it have any impact in fiscal year 2010? What is the status of the Army's stationing plan in Europe, and when do you expect the Secretary to make a final decision on how many brigades will remain in Europe?

Mr. HANSEN. Yes, sir. With your permission, sir, General Boozer is geared to answer that one.

General BOOZER. Yes, thank you, Mr. Chairman.

So, as you indicated, we all are aware of the Secretary of Defense's guidance on April 6 to stop growth of Army BCTs at 45 versus 48, and we will reach the 45th brigade combat team in fiscal year 2010 when we stand up, activate 2d Brigade 1st Armored Division at Fort Bliss, Texas. That will get us to the 45th brigade combat team.

The Army's position concerning the Secretary's guidance is we currently want to maintain our construction projects for 2009 and 2010 because it is both projects in 2009 and 2010 that construct facilities for those six Grow the Army brigades at Fort Carson, Fort Stewart, and Fort Bliss.

As Mr. Hansen indicated in his opening comments, we are currently going through a very, very detailed analysis, a very deliberate analysis of the impacts and courses of action to how we would stop at 45 versus 48.

We also know that in fiscal years 2012 and fiscal years 2013, Mr. Chairman, as you mentioned, we are to bring those two brigades back from Germany—one in fiscal year 2012 to Fort Bliss, Texas, and one in fiscal year 2013 to White Sands Missile Range. Those two brigades, we are going to get informed by this accelerated Quadrennial Defense Review that is currently ongoing.

The construction projects that we have planned in 2009 and fiscal year 2010 are critical, essential in supporting us in getting to our—and we have reached our end strength of 547,400 soldiers that we are slightly above and have to bring that down to get back to our TAA.

So these construction projects are critical in, one, providing facilities for our end strength. And so, our intent is to continue with those programs, maintain those programs, get informed by the QDR, get informed by the courses of action that we are working through now, and work this through.

So we would ask for your patience and hope to be able to do this as quickly as possible. I wish I could give you a time. I know the Chief of Staff of the Army was engaged with Mr. Edwards in the HAC hearings, MILCON hearings last week. Certainly, we would have to have something done before the budget goes to the September conferences at the latest.

ARMY BCI GROWTH

Senator JOHNSON. Thank you, General.

Senator Hutchison.

Senator HUTCHISON. I am not sure that I totally understood your answer, and I wanted to follow up on Senator Johnson's question. What effect will the stopping at 45 have on the statement of the commander at EUCOM—he is recommending that two of the brigades stay in Germany for 2 years longer.

Are you saying that will not impact, that decision hasn't been made or that the stopping at 45 does not necessarily mean that the decision has been made that some would stay, that two would stay in Europe? If you could clarify for me?

General BOOZER. Yes, ma'am. And I am sorry for the confusion.

The Army's position, one, is those two brigades will return, as I indicated, fiscal year 2012 and fiscal year 2013.

Senator HUTCHISON. So the two——

General BOOZER. They are almost two separate issues.

Senator HUTCHISON. Okay.

General BOOZER. The decision for the 45 is completely independent of the two brigades coming back from Germany. That issue, it will be reviewed during the QDR.

Senator HUTCHISON. I understand. That is exactly the clarification I was looking for.

So you are moving on schedule, as long as the MILCON stays on schedule, to move those troops as originally determined earlier in BRAC?

General BOOZER. Yes, ma'am.

Senator HUTCHISON. Okay. And let me ask you also in the general BRAC arena if the budget that you have this year, plus last year, if you feel that you are on schedule for having all of the BRAC construction done within the September 2011 timeframe?

General BOOZER. Yes, ma'am. I believe we are on schedule. We are on track. We are essentially halfway through the program. Over 180 projects of 326 are either complete or being constructed. That leaves us 146 projects remaining to execute.

And our intent, with timely funding, is to advertise for projects during the fourth quarter of this year so that we can award them

right at the start of first quarter 2010. But BRAC timeline we are on track now.

Senator HUTCHISON. And do you feel like more money would help move anything further toward that deadline, or are you comfortable that we are on time and on budget?

General BOOZER. No, ma'am. I don't think additional funds would help at this point. It all has to do with capacity, and so I think we have maxed out capacity and maxed out funding for BRAC.

Senator HUTCHISON. Thank you.

EXPANSION OF RANGERS IN PINON CANYON, COLORADO

Pinon Canyon, Mr. Hansen, as you know the Army has been trying to expand the ranges at Pinon Canyon, Colorado, for at least 2, maybe 3 years now but has been held up by environmental issues. And last year, this committee prohibited the Army from even advancing the environmental impact study to expand the ranges there. Actually, it was the full Senate that enacted that.

So what is the option that the Army is looking at? Are you still going to push Pinon Canyon, or are you looking to expand ranges at other installations, seeing that the likelihood of expanding at Pinon Canyon is probably pretty slim?

Mr. HANSEN. Thank you, ma'am.

The Army does not have the luxury of excess or surplus maneuver training land capacity at any of its installations, as you know. And we have legitimate needs for expanded training land to support the concentration of units in the United States, modular conversion to BCTs, training for operating environment, and continued environmental challenges to the Army's ability to fully access the land that it does currently own.

And we do hope to continue to work in a cooperative fashion with the State of Colorado and local landowners, and it is hopeful we can arrive on a way ahead that meets the Army's need and also works for the landowners. We are seeking a win-win there, and we are certainly looking at other installations, too, and the decision on which three BCTs would be eliminated certainly is a big factor in all of these decisions.

Senator HUTCHISON. When will you pull the plug on Pinon Canyon if you don't see a possibility? I mean, it seems pretty clear from the outside that is very remote right now. And I have tried to help on this, but it is not going anywhere. So when do you say, "Here is plan B?"

Mr. HANSEN. We do not have a date on that yet, ma'am. But we certainly are——

Senator HUTCHISON. Are you pursuing other options? Are you beginning to look for other places where you can expand other than Pinon Canyon?

Mr. HANSEN. Within Colorado, there are insufficient Federal lands within about a 200-mile radius of Fort Carson that are capable of supporting the required maneuver training, and Federal lands outside this area would entail additional transportation costs, increase convoy travel time, and increase the possibility of safety issues and unnecessary hazard to the force.

So, and it would also have significant environmental restrictions. So we certainly are looking at expansion at all our facilities since we have——

Senator HUTCHISON. Other places besides Colorado?

Mr. HANSEN. Yes, ma'am, as part of the decision on the three BCTs that we previously discussed, as well as the needs at Fort Carson.

Senator HUTCHISON. Thank you.

Mr. HANSEN. Yes, ma'am.

Senator HUTCHISON. Thank you, Mr. Chairman.

Senator JOHNSON. Senator Pryor.

Senator PRYOR. Thank you, Mr. Chairman. I appreciate your time on this.

Let me start with you, if I can, Mr. Calcara, and that is we have some legislation here that we are working. It is S. 590, Defense Communities Assistance Act of 2009. And let me start with a success story in a post BRAC environment. It is actually not in my State. It is in the ranking member's State of Texas.

The Red River Commerce Park is 765 acres that was once part of the Red River Army Depot, and it was transferred via a no-cost EDC 10 years ago. We have that same legislation this time to do no-cost EDCs. It now boasts nearly a million square feet of industrial commercial space, including a biodiesel production facility, 25 private housing units, a golf course, and over a dozen tenant companies employing nearly 1,000 people.

And from my standpoint, it is probably a lot cheaper in the long run on everybody to do a no-cost EDC than it is to try to convey the property some other way. I would like to hear your thoughts on the Army's position on trying to do some of the property that has been BRAC'd, so to speak, through no-cost EDCs.

Mr. CALCARA. Yes, sir. Our BRAC disposal strategy is contingent upon a number of factors, not to mention the reuse plan and the environmental issues on the site. We would prefer to keep all the tools available in the BRAC toolbox, including no-cost EDCs, cost EDCs, public benefit conveyances, and look at the entire suite of options before we unilaterally decide that all EDCs would be no cost.

The Army believes the imperative here is to get the property back in productive reuse as quickly as possible. And in many cases, that requires investment of dollars for environmental cleanup that are otherwise not programmed.

ENVIRONMENTAL CLEANUP OF LONE STAR ARMY AMMUNITION PLANT

One of the strategies that we believe works best for that is to go to public market, bring private dollars to the table, and have cleanup done incidental to redevelopment. This reduces the cost of the cleanup in terms of funding it up front, gets the property redeveloped quicker, and also brings in private capital to supplement precious dollars that we would have to program for cleanup.

So, in the end, the speed is one aspect of it. But it really becomes speed and productive reuse as quickly as possible—not just speed and transfer, but speed in getting the cleanup done.

Senator PRYOR. Let me ask this as a follow-up to that. The Lone Star Army ammunition plant, which is basically more or less adja-

cent property, as Senator Hutchison knows, was, again, BRAC'd in 2005. Do you know—do you have a sense of how much it has cost the Army to maintain that property since 2005?

Mr. CALCARA. I don't have the numbers available. The issue, of course, with Lone Star for us would not necessarily be a cost avoidance for caretaker. It is more where are we going to get the environmental dollars to clean it up and program it?

What we would like to do with Lone Star is leverage the timber to reinvest back in the property for cleanup, to help not only expedite transfer, but clean up at a cost-effective basis.

Senator PRYOR. Do you remember, I thought we appropriated some money to do the cleanup?

Mr. CALCARA. We do have some dollars appropriated, but we do not believe those will be sufficient to get the property cleaned and back into reuse as quickly as if we did go to a public sale process to tap private markets.

Senator PRYOR. Do you know what your current timeline is on making the decisions around Lone Star?

Mr. CALCARA. We just received the reuse plan in here about 30 days ago. We are studying it. We are looking to make some broad-based decisions later this summer.

Senator PRYOR. Mr. Hansen, do you have any comments on Lone Star and the approach that Army is taking with regard to the no-cost economic development conveyance?

Mr. HANSEN. Not beyond what Mr. Calcara said, sir.

Senator PRYOR. Let me ask, if I may, General Carpenter, about some training facilities available to National Guards around the country. I know that one of the things that we see that has obviously become more and more important in the last few years is the so-called "live fire experience," where it may be urban warfare, and they need to simulate that as part of their training. For example, the Arkansas National Guard has to travel to Camp Shelby, Alabama, to do that.

Have you looked at whether it is more cost effective to do the travel and to keep all the folks moving and take them offsite and out of State, in many cases hundreds and hundreds of miles away, and do that training versus just building training facilities in the home State? Have you all looked at that?

General CARPENTER. Sir, as an overall project in that arena, what we have seen in the last several years because of the increased number of brigade combat teams in the active Army, we have seen places where the Army National Guard has traditionally gone to train not being available because of the mobilization process and also because of the other tenants on the installation. For instance, the 256 Brigade out of Louisiana——

Senator PRYOR. Right.

General CARPENTER [continuing]. Struggles to get on Fort Polk now because of the training in the OPTEMPO in that particular arena. We have worked with 1st Army and are currently doing a study on those kinds of things that you have just outlined, sir. And the issue is where do we train the Army National Guard, and what is the proximity to that unit's home station?

And so, between simulation and the live fire piece, we have that under study right now, and we would expect to have that study completed some time in the next year.

Senator PRYOR. Great.

Thank you, Mr. Chairman.

FISCAL YEAR 2010 BUDGET REQUEST FOR ARMY GUARD

Senator JOHNSON. I will use my discretion to ask one more question. Mr. Calcara, the committee is concerned about the level of funding requested for the Army Guard and Reserve forces. The Guard and Reserves have been a critical component in our operations in Iraq and Afghanistan.

Recently, Secretary Gates indicated that more Reserve components may be tapped for service in Afghanistan, and yet we see a 54 percent reduction in the fiscal year 2010 budget request for the Army Guard. Can you explain this reduction in funding, and what impact is it having on the backlog of needed Guard and Reserve construction projects?

Mr. CALCARA. Yes, Mr. Chairman.

I think you need to look at the two sets of numbers in the request for each year, as opposed to the difference between what was enacted last year and this year's request. I don't believe the difference is that great. And as it tiers into the greater Army program of Grow the Army and global positioning, along with the increases in the Reserves, I think we are meeting all the current requirements that the Guard has for fiscal year 2010.

We do have additional requirements that we are looking to rack and stack from 2011 through the FYDP, and we are working on that now. But I think if you compare the fiscal year 2009 request to the 2010 request, there is about a 10 or 15 percent difference between the two numbers.

Senator JOHNSON. Senator Hutchison.

Senator HUTCHISON. I am through. Thank you.

Senator JOHNSON. You may be excused.

Senator HUTCHISON. Thank you all very much.

Senator JOHNSON. Thank you.

DEPARTMENT OF THE AIR FORCE

STATEMENT OF KATHLEEN I. FERGUSON, DEPUTY ASSISTANT SECRETARY FOR INSTALLATIONS

ACCOMPANIED BY:

GENERAL JOSEPH LENGYEL, COMMANDER, AIR NATIONAL GUARD READINESS CENTER

GENERAL HOWARD THOMPSON, DEPUTY TO THE CHIEF OF STAFF, AIR FORCE RESERVE

Senator JOHNSON. I am pleased now to welcome our second panel of witnesses, Ms. Kathleen Ferguson, Deputy Assistant Secretary of the Air Force for Installations; General Joseph Lengyel, Commander, Air National Guard Readiness Center; and General Howard Thompson, Deputy to the Chief of Staff for the Air Force Reserve.

Thank you all for coming. We look forward to your testimony. And again, your full statements will be entered into the record.

Ms. Ferguson, please proceed.

Ms. FERGUSON. Thank you, Mr. Chairman. On behalf of America's airmen——

Senator HUTCHISON. Is your microphone on?

Ms. FERGUSON. That would be better, I guess.

It is my pleasure to be here today, along with Generals Lengyel and Thompson from the Air National Guard and the Air Force Reserve.

We would like to begin today by thanking the committee for its continued support of your Air Force and the many dedicated and brave airmen and their families serving around the globe.

Today, more than 27,000 airmen are currently deployed in support of ongoing operations in Iraq, Afghanistan, the Horn of Africa, and many others, daily demonstrating their importance in support of joint combat operations. Within the Secretariat for Installations, Environment, and Logistics, we fully appreciate the impacts our efforts have in support of these airmen and how it affects their ability to positively influence our Air Force's warfighting capabilities and capacity to counter hostile threats.

But before we begin, I want to tell you that we heard your concerns last year that the Air Force did not have enough funds in the future years defense plan (FYDP) and the Air Reserve components were not receiving enough of a share. The Air Force has increased funding across the FYDP by nearly $2 billion, and we have changed the way we allocate between the active Air Force, Air National Guard, and Air Force Reserve to give the Reserve components a larger share.

MILCON, family housing, and BRAC programs form the foundation of our installation structure. Our installations serve as key platforms for the delivery of global vigilance, reach and power for

our Nation, and our fiscal year 2010 investments reflect a direct connection to this vital work.

As we continue to focus on modernizing our aging weapon systems, we recognize we cannot lose focus on Air Force infrastructure programs. Our fiscal year 2010 President's budget request of $4.9 billion for MILCON, military family housing, BRAC, and facility maintenance is a reduction from our 2009 request of $5.2 billion.

This reflects an increase in MILCON and fact-of-life reductions due to the anticipated completion of the privatization of military family housing and BRAC 2005 round implementation.

Using an enterprise portfolio perspective, we intend to focus our limited resources on the most critical physical plant components by applying demolition and space utilization strategies to reduce our footprint, aggressively pursue energy initiatives, continue to prioritize family housing, and modernizing dormitories to improve quality of life for our airmen.

In regards to military family housing, our master plan details our housing MILCON operations, maintenance, and privatization efforts. Since last spring, we have completed new construction or major improvements on more than 2,000 units in the United States and overseas, with another 2,286 units under construction in the United States and 2,783 units under construction overseas.

Our 2010 budget request for military family housing is just over $567 million. The request for housing investment is $67 million to ensure the continual improvement of our overseas homes. Our request also includes an additional $500 million to pay for operations, maintenance, utilities, and leases for the family housing program.

Now I would like to address our efforts in support of base realignment and closure. BRAC 2005 impacts more than 120 Air Force installations. Unlike the last round of BRAC, where 82 percent of the implementation actions affected the active Air Force, in BRAC 2005, 78 percent of implementation actions affect the Air National Guard and the Air Force Reserve.

In fact, the Air Force will spend more than $478 million on Air National Guard and Air Force Reserve BRAC MILCON projects. The Air Force's total BRAC budget is approximately $3.8 billion, which the Air Force has fully funded. Our fiscal year 2010 BRAC 2005 budget request is approximately $418 million, of which less than 20 percent is for BRAC MILCON projects. I would like to emphasize the BRAC program is on track to meet the September 2011 deadline.

Air Force MILCON, military family housing, and BRAC initiatives will continue to directly support Air Force priorities. It is imperative we continue to manage our installations by leveraging industry best practices and state-of-the-art technology.

Our civil engineering transformation efforts, now entering the third year, continue to produce efficiencies and cost savings that enhance support for the warfighter, reduce the cost of installation ownership, and free resources for the recapitalization of our aging Air Force weapon systems.

More importantly, these investments reflect effective stewardship of funding designed to serve our airmen in the field, their families, and the taxpayer at home.

PREPARED STATEMENT

Mr. Chairman and Senator Hutchison, this concludes my remarks. Thank you and the committee again for your continued support of our airmen and their families, and we look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF KATHLEEN I. FERGUSON

INTRODUCTION

More than 27,000 Airmen are currently deployed in support of ongoing operations, daily demonstrating their importance in support of Joint combat operations. Within the Secretariat for Installations, Environment and Logistics (SAF/IE), we fully appreciate the impact our efforts have in support of these Airman and how it affects their ability to positively influence our Air Force's warfighting abilities and capacity to counter hostile threats.

To that end, the men and women of SAF/IE are committed to ensuring our Air Force installations are right sized to support our forces, our combat systems have a robust logistics infrastructure for sustainment, and our forces have the necessary accessibility to the full spectrum of our environment to ensure combat readiness. In addition to our Airmen's combat readiness, we also appreciate how these same efforts support our Airmen and their families and ensure a Quality of Service commensurate with the contribution they provide to the defense of our Nation.

Air Force Military Construction (MILCON), Military Family Housing (MFH), and Base Realignment and Closure (BRAC) programs form the foundation of our installation structure. Our Air Force installations serve as key platforms for the delivery of Global Vigilance, Reach and Power for our Nation, and our fiscal year 2010 investments reflect a direct connection to this vital work.

As the Air Force continues to focus on modernizing our aging weapon systems, we recognize that we cannot lose focus on critical Air Force infrastructure programs. In order to maintain effective stewardship of the resources given to us, our fiscal year 2010 President's Budget of $4.9 billion for MILCON, BRAC, MFH, and facility maintenance is a reduction from our fiscal year 2009 request of $5.2 billion. We intend to mitigate potential shortfalls in MILCON and facility maintenance funding by bolstering our restoration and modernization programs as much as possible. Using an enterprise portfolio perspective, we intend to focus our limited resources only on the most critical physical plant components, by applying demolition and space utilization strategies to reduce our footprint, aggressively pursuing energy initiatives, continuing to privatize family housing and modernizing dormitories to improve quality of life for our Airmen.

Our efforts are in direct support of and consistent with the Air Forces' five priorities, (1) Reinvigorate the Air Force Nuclear Enterprise, (2) Partner with the Joint and Coalition Team to Win Today's Fight, (3) Develop and Care for Airmen and Their Families, (4) Modernize our Air and Space Inventories, Organizations and Training, and (5) Recapture Acquisition Excellence. It is with these priorities in mind that I will outline our MILCON, Military Family Housing and BRAC efforts and the individual priorities they support.

REINVIGORATE THE AIR FORCE NUCLEAR ENTERPRISE

The Air Force has a solemn responsibility and obligation to operate and maintain its portion of America's nuclear deterrent posture, which consists of land-based intercontinental ballistic missiles, nuclear-capable bombers and dual capable fighters. Over the past several months the Air Force senior leadership team, along with the Office of the Secretary of Defense (OSD) and Interagency partners, have closely examined the Air Force nuclear enterprise and identified several areas for improvement.

The results of these internal assessments reinforced the need to continually focus on nuclear sustainment and operations as well as the management of the weapons and their delivery platforms. A critical aspect of this effort includes the infrastructure and facilities providing the necessary life-cycle installation support of this vital mission. Air Force Civil Engineers and field experts are currently conducting Facility Condition Assessments of all nuclear-related facilities, which will provide detailed information on our infrastructure deficiencies directly supporting the nuclear mission. Projects will be developed, programmed, and prioritized appropriately to obtain the necessary funding required to correct any deficiencies.

Additionally, the fiscal year 2010 President's Budget request includes an investment of $45 million in four infrastructure projects at Minot Air Force Base, North Dakota, FE Warren Air Force Base, Wyoming and Clear Air Station, Alaska. These projects include missile procedures, training operations and missile service complex facilities.

DEVELOP AND CARE FOR AIRMEN AND THEIR FAMILIES

Airmen are the Air Force's most valuable resource and we remain committed to recruiting and retaining the world's highest quality force. As part of the American Recovery and Reinvestment Act of 2009, monies allotted to the Air Force support that effort. Over $260 million in MILCON will improve the lives of our Airmen and their families through MFH improvements, dormitory construction, and providing Child Development Center facilities and services.

Developing Airmen

The Air Force must continue to ensure we are preparing Airmen for the challenges of today and tomorrow by providing quality facilities in which to train and operate. Our fiscal year 2010 budget request includes $39 million for three projects. We will construct a new recruit dormitory and basic military training facility giving incoming Airmen quality training facilities to start a career of service. Another highlight includes a C–5 Ground Training Schoolhouse addition for the Air Force Reserve Command.

Military Family Housing Program

The MFH Master Plan details our Housing MILCON, operations and maintenance, and privatization efforts. Since last spring, the Air Force completed new construction or major improvements on over 2,000 units in the United States and overseas, with another 2,286 units under construction in the United States and 2,783 units under construction overseas.

Our fiscal year 2010 budget request for MFH is just over $567 million. The Air Force request for housing investment is $67 million to ensure the continual improvement of our overseas homes. Investments will provide whole-house renovations for 365 units at two overseas bases and extend their useful life. Our request also includes an additional $500 million to pay for operations, maintenance, utilities and leases for the family housing program.

Housing Privatization

Housing privatization continues to improve quality of life for our Airmen and their families. To date we have privatized approximately 38,900 housing units at 44 bases. We have seen the delivery of over 10,000 new or renovated homes and are currently bringing more than 200 homes a month online. We will have leveraged more than $402 million in government investment to garner almost $6.3 billion in private sector total housing development, or $16 of private investment for each public tax dollar. With the support of Congress, we will continue to work toward our goal to privatize 100 percent of Military Family Housing in the Continental United States, Hawaii, Alaska and Guam by the end of fiscal year 2010.

Unaccompanied Housing (Dormitories)

The Air Force Dormitory Master Plan is the cornerstone for developing requirements for unaccompanied housing. The budget request includes five dormitories worth $138 million. We will continue to 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. Simultaneously, our implementation of a "bridging strategy" ensures we are investing Facility Sustainment and Restoration and Modernization funds into aging facilities to extend their useful life until MILCON replacements can be executed and to ensure we keep "good dormitories good."

Fitness and Child Development Centers

Elevated operations tempo and increased home-station demands makes physical fitness an imperative for Airmen. Our fiscal year 2010 request includes two Fitness Centers worth $41 million. We also remain focused on providing our families with appropriate and nurturing child care facilities. We will continue to invest in these facilities which we believe are key to caring for Airmen and their families. This year's budget request includes two child development centers worth $20 million.

Environmental Quality and Management Systems

Our environmental management programs continue to ensure the most basic quality of life needs are 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 have implemented a new environmental management approach at Air Force installations. 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 by 44 percent from fiscal year 2005 to fiscal year 2008.

We are also continuing our existing environmental quality and restoration programs. The fiscal year 2010 request includes just under $1 billion for direct-funded non-BRAC environmental programs such as: traditional environmental restoration activities, environmental compliance activities and projects, pollution prevention initiatives, environmental conservation activities, munitions response activities, and investment in promising environmental technologies. Our environmental restoration program is proceeding aggressively to clean-up sites contaminated by past practices. The Air Force closed or has remedies in place at 89 percent of the contaminated sites and expects to have remedies in place at all sites by fiscal year 2012, 2 years ahead of the Department of Defense fiscal year 2014 environmental restoration goal.

MODERNIZE OUR AIR AND SPACE INVENTORIES, ORGANIZATIONS AND TRAINING

Modernizing our aging air and space inventories, organizations and training to prepare for tomorrow's challenges requires significant investment of $353 million for 34 projects. We will complete the planned F–22 beddown, including the two Air National Guard projects at Hickam Air Force Base, Hawaii. The beddown of the F–35 also continues to be a priority, with eight projects supporting actions at Nellis Air Force Base, Nevada and Eglin Air Force Base, Florida.

We also continue to modernize our facilities in support of our larger aircraft by constructing seven new facilities supporting C–130 operations and training. Other projects in this program include a consolidated communication facility at Cannon Air Force Base, New Mexico, two research facilities at Wright Patterson Air Force Base, Ohio and upgrading electrical infrastructure at Hurlburt Field, Florida. As part of our work to achieve balance across our portfolios, we continue to transform the enterprise by developing new concepts of operations, implementing organizational change, and integrating advanced technologies in installation support.

Energy Stewardship

The Air Force has launched an aggressive program to invest in facility energy conservation and renewable energy alternatives. Recently, the Secretary of the Air Force signed a Mission Directive institutionalizing energy policy within the Air Force and driving more efficient energy management practices. Together, these policies will direct specific actions in the areas of operational processes, training, and installation management geared toward reducing our "energy footprint," and increasing our use of cleaner energy alternatives.

Over the past year, we've stood up the Air Force Facility Energy Center (FEC) at the Air Force Civil Engineer Support Agency at Tyndall Air Force Base, Florida. The new FEC consolidates energy technical expertise and project management capabilities in order to leverage best practices across the force. The goal of this office is to develop and implement innovative energy solutions reducing our energy "footprint" at Air Force installations. In 2008, the Air Force Infrastructure Energy Strategic Plan was issued to guide the strategic and tactical direction of our energy program, a plan designed to balance supply-side energy assurance and demand-side energy efficiency. It incorporates the energy strategy of the 21st Century designed to meet the energy mandates outlined in the Energy Policy Act 2005 (EPAct 05), Executive Order (EO) 13423 and Energy Independence and Security Act of 2007 (EISA 2007). The strategy maps the way ahead for meeting energy mandates through fiscal year 2015 and covers facilities infrastructure as well as fuel efficiency in our ground transportation fleet.

The new infrastructure energy strategy is founded on Four Pillars that are designed to (1) Improve Current Infrastructure, (2) Improve future infrastructure, (3) Expand renewables, and (4) manage cost. We intend to achieve the Four Pillars by incorporating best business practices into our education and training programs, pursuing cultural change in our organizations, and improving our asset management. We see potential indicators that our efficiency strategy is providing return-on-investment. In 2008, the Air Force energy intensity decreased by 17.8 percent from the fiscal year 2003 baseline. The Air Force also developed a life-cycle cost-effective metering strategy to meet EPAct 05, which mandates the installation of electric meters on required facilities by 2012. We recognize the value of metering and are already 74 percent complete toward the goal. The Air Force is also making great strides in

our water conservation program. In fiscal year 2008, we consumed 1.3 billion gallons less water than our fiscal year 2007 water usage.

In the area of renewable energy, our strategy expands public and private partnerships by leveraging 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, the photovoltaic (PV) solar array at Nellis Air Force Base, Nevada, the largest PV array in North America, generated 57,139 megawatt-hours in fiscal year 2008. Through a Congressional appropriation, F.E. Warren Air Force Base, Wyoming, installed a 2,000 kilowatt wind turbine in January 2009, adding to the two turbines already operational. Together the three wind turbines are capable of generating 6.7 million kilowatt-hours per year, enough to power 836 homes. These and other renewable energy and conservation initiatives provide examples of how the Air Force is committed to not only meeting, but exceeding the goals of the new Executive Order with initiatives that provide long-term return-on-investment.

Sustainability

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 EO 13423 and EISA 2007, the Air Force employs 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 also 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. In 2008, the Air Force certified its first LEED gold building at Offutt Air Force Base, Nebraska. This year, 100 percent of Air Force-eligible MILCON projects will be capable of certification in LEED.

The Air Force understands that it is not just new construction that needs this focus and attention. We have already begun the task of greening our existing building inventory and installation support platforms. Sustainability cannot just be about facilities, it has to be a holistic approach to include how we develop and sustain our installations. The vision is to build and shape sustainable communities using innovative solutions to lower the cost of installation support and provide more eco-friendly installations.

BRAC 2005 Execution Report Card

BRAC 2005 impacts more than 120 Air Force installations. Whether establishing the F–35 Joint Strike Fighter Initial Training Site at Eglin Air Force Base, Florida, closing Kulis Air Guard Station in Alaska, or transferring Pope Air Force Base, North Carolina to the Army, the Air Force community as a whole—active, Guard, Reserve—will benefit from changes BRAC achieves.

Unlike the last round of BRAC where 82 percent of the implementation actions affected the active Air Force, in BRAC 2005, 78 percent of implementation actions affect the Air National Guard and Air Force Reserve. In fact, the Air Force will spend more than $486 million on Air National Guard and Air Force Reserve BRAC MILCON projects. In addition, many of the BRAC MILCON projects on active Air Force installations, like the C–130 facilities built or renovated at Elmendorf Air Force Base, or KC–135 facilities built or renovated at Seymour-Johnson and MacDill Air Force Bases, will benefit Air Reserve Component forces stationed there.

The Air Force's total BRAC budget is approximately $3.8 billion, which the Air Force has fully funded.

The Air Force's largest BRAC costs are for military construction projects; approximately $2.6 billion. Operations and Maintenance expenditures closely follow at $926 million. This includes expenditures for civilian pay and moving expenses, supplies, equipment, travel, etc. There are other BRAC expenses, as well. Other requirements include expenses for information technology, equipment procurement, and Air Force Reserve and Air National Guard training, to name a few, at $142 million.

Other BRAC programmed amounts include $132 million for military personnel expenses and environmental planning and cleanup.

The Air Force's fiscal year 2010 BRAC 2005 Budget Request is approximately $418 million, of which less than 20 percent is for BRAC MILCON projects.

The Air Force's primary focus in the fiscal year 2010 program is in budget areas other than BRAC MILCON because we are now more focused on personnel-related issues, relocating assets and functions, outfitting new and renovated facilities, pro-

curing end-state necessities, and continuing environmental actions to realign and integrate the total force.

Joint Basing

The Air Force has a long and successful history of working toward common goals in the Joint environment. The Air Force remains committed to ensuring all bases, Joint or otherwise, maintain their capability as weapon system platforms and meet our quality of life standards. To accomplish this we worked with our sister Services and OSD to establish common quality of life standards that ensure our personnel receive efficient installation support services.

The Services are addressing many complex issues such as information technology integration, human resources planning, manpower and fiscal resources, and new organizational structures. A Senior Joint Base Working Group, led by the Deputy Undersecretary of Defense (Installations and the Environment) developed implementation policy to guide the transition of installation management functions and meet the BRAC timeline. The group is in the process of reviewing and coordinating the numerous details in the formal support agreements and implementation plans to establish each Joint Base. The five Joint Bases aligned in the first phase of implementation have developed comprehensive Memoranda of Agreement (MOA) establishing the relationships between the Services, and are now shifting their focus to the orderly transition of installation management functions by October 2009. The seven Phase II installations are developing their MOAs now and will begin the transition of functions next year, and will complete the process by October 2010.

Legacy BRAC—Real Property Transformation

The Air Force remains a Federal leader in the implementation of the management principles outlined in Presidential Executive Order 13327, Federal Real Property Asset Management. We continue to aggressively manage our real property assets to deliver maximum value for the taxpayer, improve the quality of life for our Airmen and their families, and ensure the protection and sustainment of the environment to provide the highest level of support to Air Force missions. The Air Force is achieving these goals through an enterprise-wide Asset Management transformation that seeks to optimize asset value and to balance performance, risk, and cost over the full asset life cycle. Our approach is fundamentally about enhancing our built and natural asset inventories and linking these inventories to our decision-making processes and the appropriate property acquisition, management and disposal tools.

Even though the BRAC 2005 round did not reduce the Air Force's real property footprint, our current transformation efforts seek to "shrink from within" and to leverage the value of real property assets in order to meet our "20/20 by 2020" goal of offsetting a 20 percent reduction in funds available for installation support activities by achieving efficiencies and reducing by 20 percent the Air Force physical plant that requires funds by the year 2020.

Base Realignment and Closure Property Management

To date, the Air Force has successfully conveyed by deed nearly 90 percent of the 87,000 acres of Air Force BRAC 88, 91, 93 and 95, which we refer to as legacy BRAC, with the remainder under lease for redevelopment and reuse. 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 by deed 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 so that the cleanup efforts complement, rather than impede, the property redevelopment plans and schedules. Our objectives remain constant and 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, the Air Force completed 20 whole-base transfers. Ten of the remaining 12 bases are targeted for transfer by the end of fiscal year 2010, while the last two (former George and McClellan Air Force Bases) will be transferred no later than the end of fiscal year 2012.

As the Air Force transfers BRAC property for civic and private reuse, it is paramount we ensure any past environmental contamination on the property does not endanger public health or the environment. The Air Force will continue to fulfill this most solemn responsibility, as reflected in our fiscal year 2010 request of $116 million for legacy BRAC cleanup activities and another $20 million for BRAC 2005 cleanup activities. Recent progress at the former McClellan Air Force Base in Sac-

ramento, once the most environmentally contaminated closure base within DOD, is a sterling example of the effective approach taken by the Air Force and the local community in fostering redevelopment of closure base property. As a result of previously unprecedented collaboration between the local community, the Environmental Protection Agency, State environmental regulators, the primary developer, and the Air Force on the privatization of cleanup of the base, the former base is quickly becoming the "greenest" business park in California. It is home to what will be the most energy-efficient computer data center in the Nation. The former base is also now home to North America's largest photo-voltaic solar panel manufacturing plant, a 1-million square foot joint venture facility called Opti-Solar. The plant will create 1,000 green jobs producing 2,000 solar panels per day beginning in 2009.

In summary, the Air Force's real property asset management framework involves an understanding and balancing of our mission needs and risks with market dynamics, the Federal budget, the condition and performance of our assets and the need to protect the environment.

PARTNER WITH THE JOINT AND COALITION TEAM TO WIN TODAY'S FIGHT

America's Airmen are "All In" supporting the Joint and Coalition team to win today's fight with precision and reliability. Our fiscal year 2010 program includes $544 million for 28 projects directly connected to today's fight. Four projects valued at $198 million directly support U.S. Central Command by providing much needed in-theater airlift ramp and fuel facilities, a war-reserve material compound, and a passenger terminal. Other projects include an aerospace ground equipment maintenance complex at Ramstein Air Base in Germany, a Global Hawk maintenance and operations complex at Naval Air Station Sigonella in Italy, and beddown facilities for Air Force air support and operations personnel with Army units. These investments provide direct returns by reducing backlog and waste in our logistics trail, and increase the capacity and efficiency of our fighting forces at downrange locations.

Approximately 30,000 Airmen are currently deployed as part of Operations ENDURING FREEDOM and IRAQI FREEDOM. More than 3,000 of these Airmen are civil engineers, with over 40 percent of our deployed engineers filling Joint Expeditionary Tasking billets, serving side-by-side with our sister Services. Our heavy construction Rapid Engineer Deployable Heavy Operational and Repair Squadron Engineers (RED HORSE) and our Prime Base Engineer Emergency Force (BEEF) engineers are well-known in-theater for their ability to build and maintain expeditionary installations. Airmen continue to assist both Iraq and Afghanistan in building the capacity to provide self-governance. Since 2004, the Air Force has completed over $5.6 billion in major renovation or construction projects, giving the governments of Iraq and Afghanistan the capacity to provide basic services for its people. Whether it is serving on Provincial Reconstruction Teams, mitigating the threat of improvised explosive devices, standing up host nation Field Engineering Teams, or teaching aspiring engineers at the Afghan Service Academies, Airmen continue to demonstrate courage, commitment, and dedication in contingency operations. We are honored to serve with our Joint and Coalition team partners and will continue to support the Nation's call-to-arms by providing unique engineering capabilities and the most talented installation support personnel available.

RECAPTURE ACQUISITION EXCELLENCE

The Air Force remains committed to recapturing acquisition excellence and developing innovative solutions that enable smart business decisions. Through the Air Force Civil Engineer Strategic Sourcing Program Management Office at the Air Force Civil Engineer Support Agency at Tyndall Air Force Base, Florida, we are working to select and prioritize sourcing opportunities and oversee the efforts of other Major Command-initiated CE strategic sourcing efforts. The Program Management Office will capitalize on industry-best practices to reduce the cost of building systems and commodities while improving the delivery of support to our customers. Five strategic sourcing opportunities and a commodity cost review are currently in progress to identify sourcing strategies leading to regional or enterprise-level acquisitions. We organized a staff comprised of civil engineers, contracting officers and financial specialists to ensure we implement a well-integrated, cross functional approach aimed at determining the right investments for our enterprise.

CONCLUSION

Air Force MILCON, MFH and BRAC initiatives will continue to connect directly to Air Force priorities. It is imperative we continue to manage our installations by leveraging industry-best practices and state-of the-art technology. Our CE trans-

formation effort, now entering its third year, continues to produce efficiencies and cost savings that enhance support for the warfighter, reduce the cost of installation ownership, and free resources for the recapitalization of our aging Air Force weapon systems. More importantly, these investments reflect effective stewardship of funding designed to serve our Airmen in the field, their families, and the taxpayer at home.

Senator JOHNSON. Thank you, Ms. Ferguson.

The fiscal 2010 Air Force budget request for military construction is about 10 percent lower than the 2009 request. Last year, the Air Force acknowledged that it was assuming a greater risk in construction funding to steer more funds into air and space assets.

Is this year's budget request a continuation of that policy? Could you outline that risk that the Air Force is leveraging with the drop-off in funding for military construction?

AIR FORCE RESERVE AND AIR NATIONAL GUARD MILCON FUNDING

Ms. FERGUSON. Yes, thank you.

Overall, the Air Force has reduced our fiscal year 2010 President's budget request from our fiscal year 2009 President budget request. In fiscal year 2009, our request for infrastructure programs was $5.2 billion. And this year, when you add MILCON, family housing, BRAC, and facility maintenance, we are right about $4.9 billion.

We have increased in some areas and have decreased in others. In military construction, from one President's budget to the other President's budget, we have increased about $300 million. We have increased our family housing maintenance count by about $200 million, predominantly in the energy area and to improve dormitories.

And we have reduced funding in both family housing and BRAC, directly related to reduced requirements in both of those accounts. And that is good news because that reflects success in the program, and we do not need any additional funding beyond what we have asked for in this budget for either BRAC or family housing.

Overall, if you look to see how we allocated the funds between the active and Air National Guard—and each the active, Air National Guard, and Air Force Reserve have seen increases from last year—our active request went up about 22 percent, the Air Force Reserve about 45 percent, and the Air National Guard went up about 273 percent. But as you do point out, it is lower than the appropriated amount, but the Air Force did increase—continues to take risk in infrastructure, but did increase our President's budget request above what we did have last year.

Senator JOHNSON. Could you give me an update on the housing privatization efforts at Ellsworth Air Force Base?

Ms. FERGUSON. The Ellsworth Air Force Base project is part of a grouped project. It is in the concept development stage right now, and we anticipate coming over to the Hill to give a briefing within the next few months. But I will be happy to come over and give you more details on that.

[The information follows:]

ELLSWORTH AFB HOUSING PRIVATIZATION

The Air Force will provide the Military Construction-Veterans Affairs Subcommittee, Senate Appropriations Committee a briefing on the housing privatization efforts at Ellsworth Air Force Base, South Dakota in July 2009.

Senator JOHNSON. As a result of an OSD decision, the Air Force budget request does not include an updated FYDP. Last year, the Air Force Guard and Reserve FYDPs were very thin. What impact will the new FYDP policy have on the ability of Congress to provide additional funds for key Air Guard and Reserve priorities?

FUTURE YEARS DEFENSE PROGRAM AND AIR RESERVE COMPONENT FUNDING

Ms. FERGUSON. At this time, OMB has asked the Department not to present any funding beyond fiscal year 2010 in our budget. Pending the additional guidance from the President and OMB beyond what is in our justification books, we are continuing to work with OSD on the development and release of anything beyond what we have provided in fiscal year 2010.

Senator JOHNSON. General Lengyel and General Thompson, would you please give the subcommittee your assessment of this situation?

General LENGYEL. Yes, Mr. Chairman. Thank you for the question and the opportunity to comment.

It is a concern to the National Guard bureau that potentially there are projects in the FYDP to accelerate. As you are well aware, the Air National Guard has been able to gain an average of $150 million or more in accelerations yearly. So the inability to do that could, in fact, hinder our ability to recapitalize our $14 billion plant.

We hope perhaps that there is some way that we find a way to fund those projects into the FYDP so that they can be accelerated. But currently, we are playing as partners with the Air Force with the funds available in the program.

Senator JOHNSON. General Thompson.

General THOMPSON. Sir, we are just a microcosm of the overall Air Force, the same as the Air National Guard. Much smaller program, but we have the same concerns.

We have a backlog that we would like to be able to accelerate. As with the Army that spoke earlier, our request last year of $19 million ended up an appropriation of $37 million. Our request this year is $27 million. So we are—like the regular Air Force, our appropriation did exceed our request. So we thank you very much for that.

So just as Joe mentioned, we will be in the same boat, all three components of the Air Force, if we cannot work some accelerations with you.

Senator JOHNSON. General Lengyel and General Thompson, I am deeply concerned over the level of funding in the fiscal year 2010 request for the Air Guard and Reserve. The Air Guard request is 60 percent below the fiscal year 2009 enacted level, and the Air Force Reserve request is nearly 26 percent below fiscal year 2009 enacted.

This is not the first decrease we have seen in funding requests from the Air Guard and Reserve. What impact is this trend having on the Air Guard and Reserve MILCON program?

General LENGYEL. Well, sir, Mr. Chairman, once again I would comment that I see this budget as actually an improvement over the previous 2 year budgets for sure. Last year, I believe we had somewhere just over $34 million in current mission projects in the budget. This year, we are in excess of $120 million.

We are pleased and working again in concert with the other components in the Air Force to play by the same rules. I can tell you that like every other part in the Air Force, the Air National Guard received its top three priorities in MILCON projects, no different than anyone else.

Competition for funding in the budget process is a challenge, but we are happy to say that with the Air Force, we are playing pretty much as one team. And we are treated no different, I would say, than any other part of the Air Force.

Senator JOHNSON. General Thompson.

General THOMPSON. Sir, I concur with General Lengyel. And the thing that I think is the difference this year than perhaps last year is we, as the Air Force, changed the business rules whereby the Reserve components received their percentages of the overall MILCON budget, which resulted in a more fair application of those percentages across our portfolio. So it is better than last year.

Now, frankly, it is the difference between last year and this year was the wisdom of the Congress in accelerating some additions to the budget. But our requests are in line. We feel fairly treated. We are equal partners with the Air Force, and especially with the change in business rules, we are very satisfied with the way that we are treated as part of the Air Force team.

Senator JOHNSON. Thank you.

Senator Hutchison.

Senator HUTCHISON. Well, I want to thank the chairman for asking about the Reserve issue because that has been a concern of mine as well.

24TH AIR FORCE HEADQUARTERS MILCON REQUIREMENTS

We are all waiting for the decision on the Cyber Command, as you can imagine, and I wondered what the MILCON requirements might be for the new 24th Air Force headquarters that will come with that Cyber Command?

Ms. FERGUSON. Ma'am, it would be premature for me to speculate at this time because the Air Force has not yet made an announcement on the basing location. But certainly, as soon as that is made, we can provide you and your staff an update on that.

Senator HUTCHISON. Regardless of where it goes, have you done planning or is there nothing contingent in your budget request for any added building for that?

Ms. FERGUSON. There is nothing in our building request for Cyber Command right now. What I can describe is the process that we have gone through so far. As you know, the Air Force announced in January six locations that were going to be visited for possible beddown locations for Air Force Cyber Command.

Space Command took the lead. They performed the site surveys at each of those six locations. And as they performed those six site surveys, they looked at what it would take to reach initial operating capability at that installation, and they looked at what it would take to get to final operating capability at that location.

They also evaluated the installation based on six criteria that had been provided by the Secretary of the Air Force, and they included things like mission synergy, communications, bandwidth, availability of facilities, transportation, security, and off the top of my head, I can't remember the last one.

But that has been ongoing, and right now, we are just waiting to make the announcement for the preferred location and the other reasonable alternatives. And at that time, the Air Force will begin to accomplish the environmental assessment for the beddown of Cyber Command.

Senator HUTCHISON. So what then would be the timetable? If there is nothing in this year's budget request for generic military construction for that headquarters, what would then be the timetable for putting it into the FYDP or into a future budget?

It just seems like you would want to stand it up as early as possible. And I would have thought you might have something set aside for that for whenever the announcement was made so it could be started immediately.

Ms. FERGUSON. Our anticipation is that it will be in the fiscal year 2011 budget request. If any MILCON is required to stand up Cyber Command or Cyber Numbered Air Force (NAF), that will be done in the fiscal year 2011 budget. And we will work an interim operations and maintenance (O&M) fix, O&M solution if required for the interim stand-up.

JOINT BASING AND BRAC 2005 ROUND IMPLEMENTATION

Senator HUTCHISON. Okay. Let me ask you the other issue that I had mentioned earlier, and that is the Air Force will be the lead on 6 of the 12 joint bases in BRAC. What are your preparations for that, and what is your thought of the way you will be putting those operations headquarters together for all the different services?

Ms. FERGUSON. Sure. And as you point out, they are through BRAC 2005, joint basing was directed at 12 installations, 12 joint basing installations. The Air Force has lead at six of those installations, and we are follow at four. And we have been working very closely with OSD and our partners in the Army and the Navy to execute joint basing as directed by BRAC 2005.

And OSD and the other services have basically broken down joint basing implementation into two phases, and Phase ones are underway right now. The memorandums of agreement have all been signed for the first five joint bases. In the first five, it is Naval Air Base Little Creek/Fort Story, Fort Myer/Henderson Hall, Andrews/Naval Air Station Washington, McGuire/Fort Dix/Lakehurst, and then installations at Guam, both Andersen Air Force Base and Navy Region Guam.

All the rest of the joint bases are in Phase II, and that does include Lackland Air Force Base, Fort Sam Houston, and Randolph Air Force Base. And I can tell you briefly, all of the Phase I bases

have reached their initial operational capability today, and they will reach full operational capability, will be fully stood up on 1 October of this year.

The Phase II MOAs—and I can talk to you specifically about Lackland/Fort Sam in just a second. All the Phase II MOAs are under development right now with an initial operational capability (IOC) for the follow-on for the Phase II bases in January 2010 with full operating capability in October 2010.

Lackland Air Force Base, Fort Sam Houston, and Randolph Air Force Base are one of the last seven bases to go through this process I will describe for you. But there is a combination of folks here in Washington, DC helping to make this work, along with each of the major commands helping to make this work.

And the next major milestone for Lackland Air Force Base/Fort Sam Houston on May 22, the command structure at the major commands for both the Army and the Air Force will submit a draft memorandum of agreement to the Department of Defense for us to start looking at. And there will be a workshop that is held in San Antonio from the 9th to 12th of June.

The anticipation for an MOA signature for Fort Sam Houston, Lackland Air Force Base, and Randolph Air Force Base will be the 22nd of September.

Senator HUTCHISON. Could I just follow up with a quick question, and that is who will make the MILCON requests where there are joint bases? Will it be the lead, or will it be the service?

Ms. FERGUSON. It will be the lead for installation support functions. If there is a mission change, then it will be the requiring. So if there is an Army mission change on Fort Sam Houston, the Army would make that request. If it was for a regular mission support facility, like a gym or an administrative facility to replace something existing, the Air Force would do that as the lead for that joint base.

Senator HUTCHISON. Thank you.

Senator JOHNSON. Senator Pryor.

Senator PRYOR. Thank you, Mr. Chairman.

AMERICAN EAGLE HOUSING PRIVATIZATION

Ms. Ferguson, let me ask, as you are very well aware because you have dealt with this for a long time, the Little Rock Air Force Base, along with bases in Georgia, Massachusetts, and Florida, was able recently to resolve a very complicated housing privatization issue. And the first question is could you give us just—give the subcommittee here a status report on all the bases, if you could, just kind of where that stands now and particularly where we started in terms of what our original goals were versus how many houses and how many refurbished houses we end up with now?

Ms. FERGUSON. Sure. And first, I want to thank you and your staff for all the work you helped us with as we did the work out of the American Eagle project. As you know, the American Eagle projects, the four projects were very difficult for us, and we appreciate the support of yourself and the other members as we worked through that.

Specifically for Little Rock Air Force Base, the scope was reduced from 1,200 to 1,000 as we worked the restructured deal. And there

was less new construction than what was in the original American Eagle project.

The feedback we have got so far is the Hunt-Pinnacle team, the new project owner that is in there, has done a great job of bringing in new branding to the installation. They have done a tremendous job of taking care of some of the backlogs of maintenance, roof repair, storm damage repairs that were both at Little Rock and Moody Air Force Bases.

And we have got great feedback from the installations on the work that they have done since they have gone in there in November. The Air Force has issued notice to proceed for demolition and construction, and Hunt-Pinnacle has begun work on the 10 partially completed houses that American Eagle started. And those houses should be complete in June. We should be able to start moving families into those 10 houses in June.

The other things they are doing is they are demolishing some of that partial work that American Eagle had done that wasn't recoverable, and that should be done also. And starting in June, they should begin working on 131 new houses at Little Rock Air Force Base with work to be done in March 2011.

Senator PRYOR. If I recall, Little Rock has their set of issues, and Georgia, Massachusetts, and Florida, they are all a little different. But are they generally following on that same track that, in effect, the taxpayer is getting a little less than what we had originally bargained for? But the work is back on track and things are moving to, under the circumstances, a conclusion that is relatively satisfactory?

Ms. FERGUSON. Absolutely. Each one of them is similar. Each project is different in some respects. Some—at Patrick Air Force Base, we added some additional homes to the deal. Originally, it was all the houses were off base. We did roll in some houses that were on base to the deal.

Part of the difficulty with the work out of American Eagle is there was some collapsed bonds. There wasn't enough money available to do what was done originally. And because of the financial crisis and the economy, we were unable to go out and get additional financing. So we had to live within the dollars that were available at the time.

Work is progressing at all four bases. At Patrick Air Force Base, they are demolishing 111 houses right now, and those should be complete shortly. They have begun renovation of 435 homes that were brought into the deal in the north and central housing.

At Moody Air Force Base, they are completing 50 of the homes that American Eagle had started. And at Hanscom Air Force Base, I actually just came back from a trip to Hanscom Air Force Base and visited up there, and they are completing 26 houses that American Eagle started. And they have done a great job.

On the 1st and 2nd of June, I am traveling to Little Rock, Patrick, and Moody Air Force Bases to do another touch with the other three bases——

Senator PRYOR. Great.

Ms. FERGUSON [continuing]. To get hands on in how they are doing.

Senator PRYOR. Great. Thank you for doing that.

Now let me ask, from this point moving forward, have you prepared a set of lessons learned, things that if you could go back, you would do them differently and a better game plan as we move forward? Do you have that?

AMERICAN EAGLE—LESSONS LEARNED

Ms. FERGUSON. Absolutely. We have learned a lot of lessons from American Eagle and not just the Air Force, but the Navy and the Army also did as well. And I will go through just a couple of things the Air Force has done and how we have changed our processes as we have taken lessons learned from American Eagle.

The first thing we did is we centralized source selection authority, and actually, that authority resides with me and my office. Before, when we awarded the four American Eagle projects, there were different source selection authorities for each one of the four. They were all awarded within a 1-year time period. And so, we weren't able to see those things that were occurring across the Air Force.

We have centralized construction management reporting to the Air Force Center for Engineering and the Environment down in San Antonio, and they have got standard construction reporting, and they have got financial and construction reviews. We monitor almost on a daily basis some key performance indicators. We monitor the construction schedules, the budgets, the financial indicators, the debt covenants, and the operating expenses.

We do, along with our partners, do customer service and satisfaction surveys. We do a monthly in-depth review at my level of the execution of these projects. We have initiated also pretty robust development review visits where we send a team out from Air Force Center for Engineering and the Environment to go out and actually touch on the ground on a pretty frequent basis the issues that are happening there.

Senator PRYOR. I think all of that is good because I think actually privatization for housing does make a lot of sense, but we just have to make sure that we manage it properly.

One last question on that specific deal, again, I think there were four bases involved in four different States. Is there anything right now that the Air Force is doing with regard to American Eagle? Any recourse, any lawsuit, trying to recover some of the lost money, or have we blacklisted them for future projects? What, if any, actions has the Air Force taken with regard to American Eagle?

Ms. FERGUSON. I will have to get you an update on that. They were working through—our general counsel is working through their review of the potential debarment, and we will get you an update on that. I just don't have a current status.

[The information follows:]

AMERICAN EAGLE

An ongoing investigation into American Eagle's conduct continues. As information is developed and made available through the investigation, the Air Force Suspension and Debarment Official will continue to monitor whether there exists a sufficient basis to require a suspension or debarment action to protect the Government's interests in accordance with 48 C.P.R. Subpart 9.4. In the meantime, as it relates to American Eagle's responsibility to be a contractor to the U.S. Government, before

awarding a contract to American Eagle or any of the major corporate entities making up American Eagle, in accordance with 48 C.P.R. Subpart 9.1, contracting officers throughout the Federal Government will be required to make an affirmative determination of responsibility. The affirmative responsibility determination requires contracting officers to verify that prospective awardees (a) have adequate financial resources to perform a given contract; (b) be able to comply with the contract requirements; (c) have a satisfactory performance record; (d) have a satisfactory record of integrity and business ethics; (e) have the necessary capabilities to perform the contract; (f) have the necessary facilities to perform the contract; and (g) otherwise be qualified and eligible to receive an award. Apart from removing American Eagle from the housing privatization projects, at this time the Air Force has not initiated any other action against American Eagle.

Senator PRYOR. Thank you.

Mr. Chairman, just so you will know, my thought is, if you have a company like American Eagle that just doesn't honor its obligations, its contracts it has made, my sense is they ought to be—there ought to be some sort of so-called "death penalty" for them or some sort of blacklist where for a period of years they just can't bid on these contracts.

But anyway, we can talk about that in another context.

Thank you.

Senator JOHNSON. I will take that under advisement.

Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

COAL TO LIQUID FACILITY NEAR EIELSON AIR FORCE BASE, ALASKA

Ms. Ferguson, I want to ask about a situation up north as it relates to Eielson and Fairbanks, the community that is the largest community in relation to that base there.

Recognizing that the Air Force has embarked on this strategy to promote the development of synthetic fuels, one that I heartily endorse, last year in the fiscal year 2009 Defense Appropriations Act, there were $5 million in O&M funds that was set aside, another $5 million in research and development funds that was set aside to study the feasibility of a coal-to-liquids facility near Eielson.

And the Fairbanks North Star Borough, which is the local government there, has been working on this project for quite some time. They have defined several issues that they believe are very important to resolve in order to decide how to move this forward and whether to go forward with the project.

The Air Force is now in the process of commissioning two studies now, and it is my understanding that the Fairbanks North Star Borough believes that these studies will not answer the questions about this project, which really do need to be answered now. And apparently, it wasn't up until just about a week ago that the Air Force actually met with the community leaders about the problem.

The community leaders don't feel that the Air Force has been listening to their concerns, and the concern is that they will go forward, spend $10 million on studies that may have very little value.

So the question that I have of you this afternoon is whether the Air Force is prepared to work with the leadership of the Fairbanks North Star Borough to address the concerns about how this $10 million is going to be spent?

Ms. FERGUSON. That is a great question. Absolutely, the Air Force is committed to work with the community of Fairbanks and the Fairbanks Economic Development Council (FEDC) up there as

we work through how we spend this $10 million and how do we best support the community as we move forward.

As you point out, there was a meeting just recently with the community that was on the 3rd of May, and the feedback I got out of the meeting is there was a lot of issues that were raised. And I think it helped to alleviate some of the concerns of the community at that time.

And the purpose of the meeting was really to provide them an update as to where the Air Force was, and to be quite honest, it was hard for the Air Force to get started on this. It was an unusual earmark. We weren't quite sure how to work it, how to work it with the community. So I think that is why there was some delay in beginning to talk to the community.

The folks at the local level were concerned, as you point out, on how the Air Force was going to go forward, what were the studies that we are going to do, how we were going to integrate the community in that. And I can tell you just a couple of things.

The Air Force is really doing three studies. One is the research on the feasibility of a coal-to-liquid plant. Can it work up there? How will it work? What are the things that need to be done to make that work?

And then the second thing is an environmental baseline study, which you have to do for any project. And then the third thing, and this may be one of the things the community is concerned about, is the mission compatibility study. How would a coal-to-liquid plant work alongside the existing missions or potential future missions at Eielson Air Force Base?

So there are kind of three parallel studies all going on. Those will all come together mid to late summer, July-August timeframe. There is actually another meeting up there today with General Chandler, the Pacific Air Forces (PACAF) commander. And he is meeting with Mayor Whitaker and the FEDC folks today.

And then there will be another follow-on meeting in late July, early August that talks about, the results of the preliminary studies and helps to map out a way forward.

Senator MURKOWSKI. Well, I am pleased to see that there is a greater level of communication. I think the community's concerns about how these dollars are going to be spent are good and fair and legitimate. And in order for this to work, there has got to be a full understanding as to how the project truly does play forward.

And I appreciate—I have had an opportunity myself to sit in on the initial meeting, and you had all the stakeholders in the same room. And there was a great deal of energy and a great attitude about the feasibility of how we can really make this work. Since then, everything has kind of fallen by the wayside, and the level of communication has not been what it needs to be.

So I would just encourage that there be that level of coordination and collaboration between the leadership within the Fairbanks community and the Air Force. So I appreciate that.

BRAC 2005 CLOSURE OF KULIS AIR NATIONAL GUARD BASE, ALASKA

And then one final question, and this relates to the 2005 BRAC and Kulis Air National Guard Base there in Anchorage. We think, within the community, that this has been a win in terms of clo-

sures—a win for the Air Force and a win for the community. Because once Kulis moves then over to Elmendorf, the land that Kulis currently occupies can be put to economic development.

So the question quickly to you is whether or not Kulis is on track and whether or not there is adequate funding to complete that BRAC process there at Kulis?

Ms. FERGUSON. Absolutely. Kulis Air National Guard Base is on track for September 15, 2011. And we do not need any additional funding. The Air Force has fully funded BRAC not just at Kulis, but across the Air Force.

And we monitor the execution of that very closely. We do quarterly program management reviews. The last one was just under a month ago, and so far everything is on track and on budget.

Senator MURKOWSKI. Good. I always like good news like that.

Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator JOHNSON. Thank you, Senator.

I would like to thank all of our witnesses for appearing before the subcommittee today. We look forward to working with you this year on what is likely to be a very compressed schedule.

For the information of members, questions for the record should be submitted by the close of business on May 15.

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

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

F–22 FOR HAWAII ANG

Question. Hawaii's Air National Guard will receive its allocation of twenty F–22 fighters in February 2011.

Do you believe that the two projects requested in fiscal year 2010 will be completed, or near completion, when the planes arrive?

Answer. Given the above information that F–22 fighters will begin arriving at Hickam Air Force Base, Hawaii in February 2011, it is likely that the two projects requested in fiscal year 2010 will be underway, assuming the current President's Budget request is passed to provide funding at/near the start of the fiscal year in October 2010. However, it is unlikely that the two projects will be nearing completion when the fighters arrive.

Question. Hawaii's Air National Guard will receive its allocation of twenty F–22 fighters in February 2011.

Could you please explain the process by which priority was given to the F–22 military construction projects required at Hickam AFB?

Answer. The Air Force prioritized basing locations through an integrated process that considered mission requirements, available space/facilities, timing of aircraft arrivals, and available military construction funding. Within this prioritization methodology, the Hickam Air Force Base, Hawaii projects were aligned against fiscal years 2010–2013. The Air National Guard conducted site surveys and Site Activation Task Forces at Hickam Air Force Base which were attended by representatives from the Headquarters Pacific Air Forces staff and the F–22 Systems Program Office as well as the host unit scheduled to operate the aircraft. Based on operational requirements, sequencing of construction, constructability of the available sites, and funds available through the military construction program, the first two projects were aligned against fiscal year 2010. These projects provide critical aircraft parking apron/taxiway pavements ($7 million) and the dedicated Low Observable/Composite Repair Facility ($26 million) needed to begin operating the aircraft from Hickam Air Force Base, Hawaii.

Question. The Department of Defense recently announced its intention to halt production of the F–22 in fiscal year 2010. Plans to construct additional infrastructure

at Hickam AFB for the F–22s, bed down and other support facilities, is scheduled to occur in the next 4 years.

What, if any, impact does the plan to discontinue production of the F–22, and changes to the F–22 allocations or scheduled delivery, factor into the prioritization of future F–22 projects at Hickam?

Answer. The fiscal year 2010 President's Budget request shows aircraft arriving at the 154th Wing, Hickam Air Force Base, Hawaii beginning in the first quarter of fiscal year 2011. The total delivery is programmed to be completed with 18 primary aircraft authorized by the end of the first quarter of fiscal year 2012. Currently, there is no programmed impact to the prioritization of future F–22 projects at Hickam Air Force Base, Hawaii based on the Department of Defense's intent to halt production of further F–22 aircraft.

SHORT AUXILIARY FIELDS (SAAF) IN HAWAII

Question. Hawaii's location in the Asia-Pacific region provides many opportunities and challenges to our military. Strategically located in the Pacific, Hawaii presents many unique challenges that include the ability to respond to threats in a vast geographic area, and when called upon, provide humanitarian assistance during times of disasters. Our military is engaged in Overseas Contingency Operations in Afghanistan and Iraq, which increased the pace of deployments for our men and women in uniform. These deployments require our service members to maintain a high level of training and readiness. One of the training requirements is proficiency to land on Short Auxiliary Airfields (SAAF). Hawaii does not have a SAAF runway for C–17 crews to complete their qualifications requirements, and must fly to the continental United States. This increases costs for the Air Force, results in a loss of valuable man-hours are lost, and increases the strain on the C–17s.

Does the Air Force plan to budget for the construction of an SAAF in the State of Hawaii in the near future, and what annual costs are incurred by the Air Force in its current arrangement to maintain C–17 crews' qualification requirements versus the cost of construction an SAAF?

Answer. The Air Force is addressing the C–17 Short Auxiliary Airfield (SAAF) training requirements through our standard military construction program. The project proposed in support of this requirement competes against other existing requirements on an annual basis.

The Air Force is minimizing costs associated with annual SAAF training requirements for Hickam Air Force Base, Hawaii C–17 aircrews by using simulated SAAFs on Kaneohe Bay Marine Corps Air Station or Kalealoa (John Rogers/Barbers Point Airfield). The use of these simulated SAAFs, such as a painted SAAF on the runway at Kaneohe Bay Marine Corps Air Station, requires a temporary 15th Operations Group Commander waiver to the Air Force C–17 SAAF training standard. Any initial or requalification C–17 aircrew training must be completed on an actual SAAF runway.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

WEAPONS LOAD TRAINING FACILITY AT BARKSDALE AFB, LA

Question. With the delivery of the full President's Budget on Friday, my staff has completed an initial review of the military construction projects for the State of Louisiana. Our quick review has indicated just one Department of Defense project: A new "Warrior in Transition Complex", at Fort Polk, for our Wounded Warriors. My first question is for the Air Force. "Reinvigorate the Nuclear Enterprise" is currently, your number one service priority. The stand-up of Global Strike Command is a clear message of that stated priority. However, adequate training facilities are critical to sustaining this mission area. The 2nd Bomb Wing, located at Barksdale Air Force Base, has an urgent need for a new Weapons Load Training Facility. This facility will directly support training of our crews in the proper processes and procedures for nuclear and conventional munitions loading of the B–52. This facility, which directly supports the Air Force's number one priority, is currently not funded for fiscal year 2010.

Can you explain why?

Answer. Projects identified by the New Discovery review were prioritized and the most critical projects were funded first (two Minot Air Force Base, North Dakota facility projects in fiscal year 2010). The Weapons Load Training Facility is a solid Air Force military construction requirement. Currently, there are existing workarounds that temporarily allow mission accomplishment. This requirement will

continue to be evaluated during the upcoming budget cycle and the Quadrennial Defense Review.

MILCON IN THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Question. Just a few short months ago, The American Recovery and Reinvestment Act of 2009 provided the Department of Defense nearly $2.2 billion in military construction funding. I'm disappointed that the State of Louisiana received none of this funding.

For the Air Force.can you explain the process you followed to prioritize and submit military construction projects for this funding, to include your Guard and Reserve components?

Answer. The Air Force received $310.1 million in military construction funds through the American Recovery and Reinvestment Act of 2009. The Military Construction funds were provided in the following categories: Air National Guard ($50 million), Child Development Centers ($80 million), Troop Housing ($100 million), and Military Family Housing ($80.1 million). There were no funds provided for Air Force Reserve military construction activities.

Air National Guard projects were selected from projects previously validated by the States and Air National Guard leadership. Several considerations were taken into account in project selection including: ability to award quickly, design complete projects ready for solicitation, State workload (including Wing Deployment status), and maximizing available funding at multiple locations.

The Child Development Center (CDC) projects represent the top seven priorities in the Air Force's CDC construction program. Projects were previously prioritized by the major commands and Air Force Services during the fiscal year 2009 budget process.

In selection of the troop housing, or dormitory projects, the Air Force followed the Air Force Dormitory Master Plan in selecting military construction projects. Additional consideration was applied with regard to the ability to execute projects quickly and maximizing the available ARRA funds.

Lastly, two Military Family Housing military construction projects were selected based on the ability to execute the projects quickly. In the case of Malmstrom AFB, MT the project corrected structural safety deficiencies posing a threat to our Airmen and their families.

GLOBAL STRIKE COMMAND

Question. Ms Ferguson, you played a lead role in the site selection process for Global Strike Command. In April 2009, the Air Force announced that Barksdale Air Force Base was the chosen location to bed down this new command. I understand that the Environmental Impact Study is still in progress. We're anxiously awaiting the final results. As we've previously discussed with both Secretary Donley and General Schwartz, the cyber innovation center, located just outside Barksdale Air Force Base, is a world-class facility, designed to house and support cyber technology development. Yet, it was constructed to support the Air Force. I'd encourage the Air Force and this committee, to consider this facility in both the short and long-term plans, as a realistic, cost-effective method of standing up Global Strike Command at Barksdale Air Force Base.

What fiscal year 2010 funding has been requested to prepare for this transition, and to achieve the initial operating capability of Global Strike Command at Barksdale AFB, pending the EIS results? What is the Air Force's latest estimate for completing and announcing the Environmental Impact Study results?

Answer. $20 million has been requested in the fiscal year 2010 President's Budget to fund the provisional command's operations and transition of Global Strike Command to its final location. Currently, we estimate that the environmental assessment will be complete the final week of June with an announcement shortly thereafter.

MILITARY COMMAND LOCATIONS OFF MILITARY RESERVATIONS

Question. Military commands are traditionally located on a military base or post, with force protection being one of the driving requirements and benefits of doing so. However, one exception that comes to mind is the United States Southern Command, located in Doral, Florida. In fact, the new consolidated headquarters, authorized by the 2008 National Defense Authorization Act, has paved the way for construction of their new headquarters on 55 acres of Florida-owned land immediately adjacent to the command's current facility. Both the current and the future headquarter buildings are located outside the confines of a military facility.

What would prohibit a major command from being located off-base, even in an interim fashion?

Answer. There are no regulatory requirements which would prohibit a military command (e.g., headquarters) from being located off-base; however, the exacting force protection requirements mandated by the Department of Defense would make an off-base location very costly. Department of Defense guidance, contained in various DOD instructions and Unified Facility Criteria, requiring stand-off distances from roads and other buildings, controlled perimeters, positive identification of persons accessing the facility and other stringent anti-terrorism and security measures are expensive to attain. When the U.S. Southern Command Headquarters relocated to Miami, Florida in 1997, the extensive array of anti-terrorism protective requirements were not yet established. We note that, due to the current anti-terrorism guidance and BRAC decisions, efforts are currently underway to re-locate significant Washington, DC-area headquarters staff elements from off-base facilities to various military installations within the National Capitol Region for similar reasons.

SUBCOMMITTEE RECESS

Senator JOHNSON. This hearing is recessed.

[Whereupon, at 4 p.m., Tuesday, May 12, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

MILITARY CONSTRUCTION AND VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2010

TUESDAY, MAY 19, 2009

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

The subcommittee met at 2:38 p.m., in room SD–138, Dirksen Senate Office Building, Hon. Tim Johnson (chairman) presiding.

Present: Senators Johnson, Pryor, and Hutchison.

DEPARTMENT OF DEFENSE

STATEMENT OF HON. ROBERT F. HALE, UNDER SECRETARY OF DEFENSE (COMPTROLLER)

OPENING STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. Good afternoon. This hearing will come to order.

I welcome everyone to today's hearing to discuss the President's fiscal year 2010 budget request for military construction and family housing. Today, we will hear from the Defense Department comptroller and from the Navy.

Welcome to the students and faculty of my alma mater, the University of South Dakota.

Our procedure is to have opening statements by the chairman and ranking member, followed by an opening statement from our witnesses. In addition to the oral statement, all prepared statements from our witnesses will be entered into the record.

I request that our members limit their questions to 6-minute rounds.

Our first panel today will be the DOD comptroller, Mr. Robert Hale, and Mr. Wayne Arny, the Deputy Under Secretary of Defense for Installations and Environment. Mr. Hale, Mr. Arny, thank you for coming. We look forward to your testimony.

The President's military construction budget request for 2010 totals $22.9 billion, $2.1 billion below last year's request. I understand that the primary reasons for this decrease are decreasing requirements for base realignment and closure (BRAC) 2005 construction funding and for military family housing funding due to the progress made on privatization.

However, this committee carefully watches funding for the Guard and the Reserves, and I notice that funding for the Guard, Army

Guard is 26 percent below last year's request and 54 percent below last year's enacted level.

I am pleased to see funding increases for the other Reserve components, but I believe we can and should do more for our Guard and Reserve forces.

Today, I would like to focus on several issues in the budget request, including the status of the services' Future Years Defense Plans, incremental funding, global basing, and the Homeowners Assistance Program. When we get to Navy issues with the second panel, I am very interested in the status of the marine buildup on Guam.

We have a lot of ground to cover today. So I will limit my opening remarks.

Senator Hutchison, would you care to make an opening statement?

STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. Yes, Mr. Chairman. Thank you very much.

I appreciate having this hearing, of course, and I look forward to discussing the overall construction needs that will be presented here today.

It was just a year ago, Mr. Arny, that you and Mr. Penn and General Payne were here to discuss the fiscal year 2009 request. As we begin the budget process for fiscal year 2010, there are several significant issues with the military construction budget.

As the chairman mentioned, the overall request of $23 billion is an 18 percent decrease from the 2009 level. This includes $7.5 billion to implement BRAC actions as that program continues to race to meet the 2011 statutory deadline.

I understand we are coming to the end of the BRAC process, but this amount is nearly 15 percent below the 2009 enacted level and does not give the services much leeway in completing the immense program on time. I am anxious to hear from Mr. Arny on this program and how we are going to meet the 2011 deadline.

Full funding of BRAC has been a priority of mine because it is the easiest target that we have had through the years. And people have borrowed from it, but we have assured that it was always paid back. So we want it to be used for making that 2011 deadline.

I also understand that the administration has a policy prohibiting the Office of the Secretary of Defense and the services from sharing the current FYDP with Congress. To go a step further, I know that the Guard and Reserve is required by law to present a FYDP to Congress but have been directed not to.

In essence, you are asking Congress and this subcommittee to invest in a MILCON program without the knowledge of how these programs will fit into the larger defense posture. I know you have a Quadrennial Defense Review taking place that will not be completed until the fall, but I think it is the responsibility of the department to work with Congress on these plans.

I don't see the wisdom of this policy, and especially since the subcommittee has a history of not allowing congressional inserts unless the project is a validated DOD requirement in a FYDP. We have been very disciplined about that.

So I will ask both of you to speak to that, and I also want to talk about the brigade combat teams being lowered to 45, which we learned—well, we have learned in the news, but also we discussed at our last hearing with the Army. But I want to know how it is going to affect the overall DOD defense posture and the MILCON master plan.

Last week, when we talked about the Army budget request, I brought up the subject of the lowering of the number of brigade combat teams. I received assurances at that time that the Army MILCON plan for the brigade combat teams at Fort Bliss has not changed and is proceeding accordingly. I was pleased to receive this assurance.

I have discussed this issue with the Secretary of Defense and the Chief of Staff of the Army because I am concerned that we have the construction already in progress at Fort Bliss for the teams, as has been provided by the Department of Defense and BRAC. The Secretary of Defense and the Chief of Staff of the Army—and if either of you can discuss these decisions, I hope that you will.

Also, the Army's desire to expand Pinon Canyon range at Fort Carson has been held up for over 3 years. Yet the Army told this subcommittee that they have not begun working on a plan B. In addition, I have to ask would it make sense to put another brigade combat team at Fort Carson if they don't have this training capacity?

Also, relocating marines to Guam. We are moving 8,000 marines from Okinawa to Guam and establishing a Joint Base Guam, combining the Navy base and Andersen Air Force Base, with the Navy as the lead. This will bring an additional 17,000 people to the island. The Government of Japan is contributing $6 billion to the move and the United States $4 billion.

After 3 years, we have yet to see a master plan to spend the $10 billion and have been told that the cost could be much higher. So I think it is time for us to see if there is a master plan and that this committee be able to know what it is so that we can appropriately plan for that.

Also, it is against this backdrop that we begin to examine the budget request for military construction in the Department of the Navy. $3.8 billion is in the Navy request and the Marine Corps, and the Marine Corps, of course, has now—it successfully completed its increase to its end strength, and we need to talk about that with the second panel.

I am anxious to hear from Secretary Penn, General Payne, and Admiral Handley about their needs and priorities for 2010. I support the Navy's emphasis on quality of life facilities, and I am sure that they remember that we talked about this last year and encouraged the Navy to do exactly that.

PREPARED STATEMENT

The Marine Corps' growth to 202,000, as a result of the Grow the Force initiative, certainly is well planned, and I am pleased to see that the MILCON and housing request to train and house these additional personnel and their families is going forward in an expeditious manner.

So, Mr. Chairman, I thank you for the hearing. I think that we have several items to discuss, and I look forward to hearing from the witnesses.

[The statement follows:]

PREPARED STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Good morning, Mr. Chairman. I would also like to welcome our witnesses and guests. Thank you for holding this hearing today as we examine the President's budget request for military construction and family housing for the Department of Defense, Base Realignment and Closure actions, and the Department of the Navy, including the United States Marine Corps. I look forward to discussing the overall construction needs of our soldiers, sailors and airmen with Mr. Hale and Mr. Arny, and the needs of the Navy and Marine Corps with Assistant Secretary Penn and General Payne. It was just a year ago when Mr. Arny, Mr. Penn and General Payne were here to discuss the fiscal year 2009 request. Welcome back gentlemen, it is good to see you again.

As we begin the budget process for fiscal year 2010, there are several significant issues with the military construction budget. First, the overall request of $23 billion is nearly an 18 percent decrease from the fiscal year 2009 enacted level. This includes $7.5 billion to implement BRAC actions, as that program continues its race to meet the 2011 statutory deadline. I understand we are coming to the end of the BRAC process, but this requested amount is nearly 15 percent below the fiscal year 2009 enacted level and does not give the Services much leeway in completing this immense program on time. I am anxious to hear from Mr. Arny as to how this program is doing. We have to provide the right infrastructure for our soldiers, sailors, airmen and marines and their families. This is why fully funding and effectively implementing BRAC is so important. The sooner we can get our servicemen and women home and into new, state-of-the-art facilities, the sooner we will live up to our commitment to provide for them in a way that is commensurate with their service to our Nation.

Future Years Defense Program (FYDP)

I understand that the Secretary of Defense has a policy that prohibits OSD and the Services from sharing the current FYDP with Congress. To go a step further, I know the Guard and Reserve is required by law to present the FYDP to Congress and the Secretary has directed them not to. In essence, you are asking Congress and this subcommittee to invest in a MILCON program without the knowledge of how these proposed projects will fit into the larger defense posture. I know you have a Quadrennial Defense Review (QDR) taking place that will not be completed until the fall, but I think it is the responsibility of the Department to work with Congress on these plans. I really don't see the wisdom of this policy, and frankly I am surprised at it, especially since this subcommittee has a history of NOT allowing Congressional inserts unless the project is a validated DOD requirement in the FYDP. I will ask you both to speak to this policy later in the hearing. When combined with new policy assertions, such as Secretary Gates' decision to cap the number of Brigade Combat Teams at 45, Congress needs to know how this will affect the DOD defense posture and the MILCON master plan.

Brigade Combat Teams (BCTs)

Last week at the hearing on the Army budget request, I brought up the subject of the Army's Brigade Combat Team stationing plan, and I received assurances at that time that the Army MILCON plan for the Brigade Combat Teams at Fort Bliss has not changed and is proceeding accordingly. I was very pleased to receive that assurance. I have discussed this issue with the Secretary of Defense and the Chief of Staff of the Army because I am concerned that we do not disrupt the extensive construction already in progress at Fort Bliss.

Relocating Marines to Guam

We are moving 8,000 Marines from Okinawa to Guam and establishing a Joint Base Guam, combining the Navy base and Anderson AFB, with the Navy as the lead. This will bring an additional 17,000 people to the island. The government of Japan is contributing $6 billion to make the move and the U.S. government has promised $4 billion.

After 3 years of asking, we have yet to see a master plan to spend the $10 billion, and in fact, we understand the cost will be much higher. Before we commit the U.S. taxpayer to such a large move we would like to see a comprehensive master plan in order that Congress can provide the Department with the proper oversight. We

were told by the Navy and the Marine Corps that they cannot speak to the out years or show us yearly project plans because of the FYDP restriction.

A major issue holding up this planned move is the condition of the infrastructure on the island. Assistant Secretary Penn will speak to this in more detail, I'm sure, but since Mr. Arny is very familiar with the Island of Guam I look forward to his perspective.

The electrical grid, water distribution system, and solid waste disposal capability are in serious need of repair and will not support the additional troops and their families. As such, will DOD pay the bill for upgrading the infrastructure for these utilities as part of the move? I think this question needs to be addressed, and without a master plan I think it will be difficult for all of us.

Navy and Marine Corps

It is against this backdrop that we begin to examine the budget request for military construction. The Department of the Navy's $3.8 billion budget request and the Marine Corps' successful efforts to increase its end strength is quite significant and I look forward to the discussion with the second panel.

I am anxious to hear from Secretary Penn, Major General Payne and Rear Admiral Handley about their needs and priorities for fiscal year 2010. I fully support the Department of the Navy's emphasis on quality of life facilities, which I'm sure they remember this subcommittee requested they keep in their plans. The Marine Corps' growth to 202,000 as a result of the Grow the Force initiative certainly is well planned, and I am pleased to see the MILCON and housing request to train and house these additional personnel and their families.

Every member of this subcommittee has worked on a bipartisan basis to support our troops and their families by providing the best facilities possible so they can work and live in the quality environment they deserve. I commend the Department for making quality of life a top priority.

Thank you again Mr. Chairman for holding this hearing and I thank your staff for their assistance as well. I look forward to discussing these and other issues with our witnesses.

Senator JOHNSON. Thank you.

Secretary Hale, Mr. Arny, thank you again for appearing before our committee. Your prepared statement will be placed in the record. So I encourage you to summarize your remarks to allow for more time for questions.

Secretary Hale.

STATEMENT OF ROBERT F. HALE

Mr. HALE. Well, thank you, Mr. Chairman and Senator Hutchison, and thank the committee for all the support to our armed forces. We depend on the Congress for the resources we need to meet national security needs, and we appreciate your help.

I will provide a brief overview of the budget with a focus on military construction and then ask Mr. Arny to provide the details.

As you know, the President's base budget asks for $533.8 billion of discretionary budget authority, up $20.5 billion, or about a 4 percent increase which amounts to a 2.1 percent increase after adjustment for inflation.

This is a reform budget. I have worked in and around the defense budget for several decades now. We use that term loosely sometimes, but I do believe this is one of a handful of budgets that qualifies as a reform budget. If it is approved, I think it will change the way the department does business.

The base budget lays out and the Secretary has described it in terms of some themes, and let me just mention them briefly because I think they are a good context for the discussion of MILCON.

First, this budget affirms our commitment to take care of our people. For example, it fully funds all the personnel in the budget in the base portion rather than the more volatile wartime budget.

Second, the budget tries to reshape the Department of Defense to focus more on the wars we are fighting today, while maintaining a balance of conventional capability. So, for example, we have added special operations personnel, to intelligence, surveillance, and reconnaissance, and we have to pay for these. We have completed the program of record for the F–22 and C–17 aircraft and do not propose additional procurement.

And third, the budget reforms what we buy and how we buy it. There is a people side to this—for example, beefing up, reinvigorating our acquisition corps—but also a hardware side, as we looked at troubled programs in terms of cost, schedule, performance. As a result of our review, we recommended terminating or restructuring a number of programs, including the Future Combat System and missile defense.

Turning to military construction, we have asked for $23 billion for military construction and family housing. I think it meets all three of these themes or at least supports them, specifically taking care of our people and reshaping and modernization of the force.

Overall, it is an 8.4 percent decline, as was mentioned in your opening statements. That sounds ominous, but it reflects our successful achievements, actually, in base realignment and closure and family housing privatization.

BRAC is down 14.8 percent, but we have fully funded BRAC, and we expect to meet the September 2011 deadline. Family housing is down 38 percent, but that is because, as again you know, we have moved aggressively to privatize our family housing therefore, we don't need as much family housing inventory; construction funds in our own budget.

We factor out these two categories, BRAC and family housing prioritization, MILCON is up by about 3 percent between fiscal 2009 and fiscal 2010.

The Department's base budget meets our key goals for military construction. We continue to invest in facilities that support Grow the Force, such as barracks, and brigade complexes. The base budget also provides facilities that keep pace with the fielding of new systems and capabilities as well as necessary training.

The request includes a significant investment in recapitalizing aging medical facilities and schools, such as Warrior in Transition complexes. It also contains a substantial investment in the global defense posture, including 8,000 marines moving from Okinawa to Guam.

Before I leave the base budget, let me talk about the issue of the out-year plan. We are currently conducting the Quadrennial Defense Review and the program budget review. We will develop a 5-year plan as part of the fall budget review and submit it next year. For the moment, we don't have a plan beyond fiscal 2010 consistent with administration policy.

It is not our desire to tell anyone they can't submit it. We don't have one to submit. So, for the moment, the only thing we can do is answer your fiscal 2010 questions in detail, and we can talk later

about how we will work with you in regard to other issues. Because I understand that there are issues for this committee and others.

Let me just mention briefly our wartime portion of the budget, which we now call the overseas contingency operations, or OCO. I like to call it Washington's newest acronym. We are asking for $130 billion for overseas contingency operations. This represents our best estimate of the full cost of funding our efforts in Iraq and Afghanistan in fiscal year 2010.

I hope we do not have to submit a supplemental. But if the wartime situation changes or the President were to change his deployment plans, then we need to retain the right to request supplemental funding if necessary.

The $130 billion for OCO includes $1.4 billion for military construction, all in Afghanistan. Given the limited pre-existing infrastructure there, we need to build roads, runways, and parking aprons. There are a lot of things we need to build in support of our wartime effort.

I also want to express my gratitude to the Congress for the $7.4 billion in defense-related funding that we received in the American Recovery and Reinvestment Act, ARRA, or it is easier to call it the stimulus bill. It is $4.3 billion for facility sustainment, restoration, and modernization, another $2.2 billion for military construction, as well as the Homeowners Assistance Program and some energy investments and RDT&E.

This additional funding will allow us to improve facilities, to reduce our backlog in a way we couldn't have otherwise done, and to help our people. For example, we are able to replace two hospitals and to construct child development centers, Wounded Warrior complexes and troop housing facilities.

I am happy to report that there are more than 4,200 projects funded by the stimulus bill in all 50 States, 2 territories, and the District of Columbia. All the projects have been identified, and we are working as hard as we can to implement them. These projects will not only stimulate the economy, they will help improve the quality of life for our service members and their families.

And lastly, Mr. Chairman, I would like to remind the committee that we recently submitted a supplemental request. The SAC has acted on it, and we very much appreciate the timely action. It includes $0.9 billion for military construction in Afghanistan, as well as another $1.4 billion for military construction in other critical areas, including Warrior in Transition complexes.

We stand by to assist you, both of you or any other members, on both the fiscal 2009 supplemental request and the fiscal year 2010 request. To help our troops, we ask that you enact this remaining supplemental. We would like it by Memorial Day or as soon thereafter as possible. We really appreciate the speed with which both the Senate and the House are moving on the supplemental request.

PREPARED STATEMENT

Again, on behalf of the men and women of the Department of Defense who are faithfully serving our Nation, thank you for your strong support.

Thank you for the opportunity to testify. And after Mr. Arny completes his statement, I would be glad to try to answer your questions.

[The statement follows:]

PREPARED STATEMENT OF THE HON. ROBERT F. HALE

Mr. Chairman, members of the Committee, thank you for the opportunity to discuss the Military Construction component of the fiscal year 2010 budget request for the Department of Defense.

On behalf of the men and women of the Department, I would like to begin by thanking the Committee for your continued support of America's Armed Forces. We depend on you and other Members of the Congress for the resources we need to meet our Nation's national security requirements.

To start, I would like to provide a brief overview of our budget request and the amount we are asking for Military Construction. I will then ask Mr. Arny to speak in detail about the MilCon portion of the proposed budget.

Base Budget

Mr. Chairman, the President's base budget requests $533.8 billion in discretionary authority for fiscal year 2010. That is an increase of $20.5 billion or 4 percent over the enacted level in fiscal year 2009. Taking inflation into account, the real growth in this request is 2.1 percent.

The base budget puts into action the overriding priorities laid down by Secretary Gates for the Department:

—First, it reaffirms our commitment to take care of the all-volunteer force.

—Second, it rebalances the Department's programs in order to institutionalize and enhance our capabilities to fight the wars we are in today and to defend against the scenarios we are most likely to face in the years ahead, while at the same time providing a hedge against other risks and contingencies.

—And third, it reforms how and what we buy, by promoting a fundamental overhaul of our approach to procurement, acquisition, and contracting.

The $23.0 billion Military Construction and Family Housing portion of our request supports those strategic objectives. This request represents a decline of 8.4 percent compared with the enacted level for fiscal year 2009.

This decline can be attributed to our achievements on Base Realignment and Closure (BRAC) and housing privatization. Funding for BRAC 2005 declines by 14.8 percent, to $7.5 billion, as we move toward completing requirements. Family housing construction declines by 38 percent, to $2.0 billion, reflecting the transition toward housing privatization.

If we factor out those two categories—BRAC and housing privatization—we find a pattern of growth in Military Construction. The fiscal year 2010 request for this portion of Military Construction grows by 3.1 percent compared to fiscal year 2009 funding, to a level of $13.5 billion.

The Department's base budget request meets our key goals for Military Construction. We continue to invest in facilities that support Grow the Force, such as barracks, brigade complexes, and quality of life projects. The base budget will provide facilities that keep pace with fielding of new systems and capabilities, as well as necessary training.

The request includes a significant investment in recapitalizing aging medical facilities and schools and constructing Warrior in Transition complexes. It also contains a substantial investment in our Global Defense Posture, including the relocation of 8,000 Marines from Okinawa to Guam and investments at enduring locations in the CENTCOM and AFRICOM areas of responsibility.

Fiscal Year 2010 Overseas Contingency Operations

As you are undoubtedly aware, the Department's fiscal year 2010 request also includes a separate request for $130 billion to fund overseas contingency operations (OCO). This represents our best current estimate of war funding requirements, including funding for all forces currently approved by President Obama both for Iraq and Afghanistan. We do not plan on submitting a supplemental request. However, should policies or the wartime situation change significantly, the Department may need to seek supplemental funding.

The $130 billion for the OCO budget includes $1.4 billion for Military Construction, all of which is to be spent in Afghanistan. Given the limited pre-existing infrastructure for our troops to occupy in that country, it is necessary to construct facilities to sustain, protect, and house them. Accordingly, this request includes operational facilities, such as runways and parking aprons, as well as associated support

facilities, such as utilities, roads, housing, environmental projects, and dining facilities.

American Recovery and Reinvestment Act

I want to express my gratitude for the $7.4 billion in Defense-related funding that was included in the American Recovery and Reinvestment Act (ARRA). The ARRA includes nearly $4.3 billion for Facility Infrastructure Investments, $2.2 billion for military construction, $0.1 billion for the Energy Conservation Investment Program (ECIP), $0.3 billion for Research, Development, Test, and Evaluation (RDT&E), and nearly $0.6 billion for the Homeowners Assistance Program.

This additional funding will allow us to improve the facilities where our military and civilian personnel work and live, to enhance energy efficiency in the recapitalization and construction of facilities, and to generate needed jobs to help stimulate the Nation's economy. For example, the construction funds will enable the Department to replace two hospitals and to construct child development centers, Wounded Warrior complexes, and troop housing facilities. I am happy to report that over 4,200 projects will be executed throughout all 50 States, two territories, and the District of Columbia. Many of those projects are expected to be awarded in the near future.

These projects will not only stimulate the economy; they will also improve the quality of life of our Service members and their families. And, as Secretary Gates has said, the all-volunteer force is America's greatest strategic asset. Caring for them must be our first priority.

Fiscal Year 2009 Supplemental

Lastly, Mr. Chairman, I would remind the committee that we recently submitted a supplemental request to cover the remaining expenses of the war effort in fiscal year 2009, which includes $0.9 billion for Military Construction in Afghanistan. This request also includes $1.4 billion for other critical construction improvements, such as Warrior in Transition complexes.

We stand by to assist Members however we can on that request and on the entire fiscal year 2010 budget request, and we ask that you enact this remaining supplemental by the Memorial Day recess, or as soon thereafter as possible.

Again, on behalf of the men and women of the Department of Defense who are faithfully serving our Nation, thank you for your strong support. And thank you for the opportunity to testify here today. After Mr. Arny completes his statement, I would welcome your questions.

Senator JOHNSON. Thank you, Secretary Hale.

Mr. Arny.

STATEMENT OF WAYNE ARNY, DEPUTY UNDER SECRETARY OF DEFENSE (INSTALLATIONS AND ENVIRONMENT)

Mr. ARNY. Thank you, Chairman Johnson, Senator Hutchison.

Thank you for your introduction. I am honored to appear before you today.

In the last 10 to 20 years, the Department has come a long way in improving the facilities and infrastructure in which our military and civilian workforce and families work and live. We could not have progressed so far as we have without the continuing support of Congress and, in particular, the subcommittee.

Today, we manage over 500,000 facilities, worth over $700 billion, located on approximately 29 million acres. In comparison, about 10 years ago, we had 115,000 more facilities in our inventory, which is, in part, a testimony to our continuing efforts to right-size the Department's infrastructure to match our operational needs.

A principal program that has helped us balance the infrastructure is the BRAC authority, and using that, we have been able to close over 121 major installations and realign 79 major bases after 5 rounds. The 2005 decisions alone affect over 800 locations and include 24 major closures, 24 major realignments, and 765 lesser actions.

As of the fiscal year 2010 President's budget, BRAC represents a $35.2 billion investment over 2006 to 2011 and $4 billion in annual savings after full implementation.

However, it is not enough to have closed bases and moved functions. At the same time, we have tried to focus on how we conduct our business so as to become more efficient caretakers of the taxpayers' resource.

An excellent example of that is joint basing. As part of the BRAC 2005, we are required to form 12 new joint bases from 26 separate existing bases so that installation management functions will be provided by one component and not two or three as it is currently.

The joint basing implementation process is complicated. Almost 50 different areas of responsibility on these bases have been identified for consolidation, including food services, environmental management, child and youth programs, facility maintenance, and many others. But I can report that it is well on the way to achieving success.

In January 2008, we began issuing a series of joint base implementation guidance documents and, for the first time, established a set of common definitions and standards for the installation support to be provided by each joint base. We established a schedule that divided the 12 planned joint bases into 2 implementation phases. Each joint base will develop a detailed implementation plan, including the personnel and financial arrangements for the combined base.

Five joint bases involving 11 installations were placed into Phase I. They had an October 2008 milestone for initial operational capability (IOC), and this includes—I am sorry, an October 2009 date for full operating capability, or fall operational capability (FOC). This includes the transfer of personnel and funds.

The remaining 7 bases involving 15 installations were placed into Phase II with an October 2010 FOC. The services have signed all the right agreements for the first five installations, and we have reached IOC on them. And we expect FOC for the second phase in October 2010, which is well ahead of our BRAC statutory deadline.

And this is just the beginning of where I see the Department going in the application of full funding of common levels of service across all our bases.

As for housing, a decade ago, we were maintaining over 300,000 family housing units, two-thirds of which were deemed inadequate by the military departments. With this year's request, over 98 percent of DOD's housing inventory in the United States will be funded for privatization.

With regard to barracks, it was about 17 years ago that we began an ambitious modernization program to increase the privacy and amenities in permanent party bachelor housing. Using military construction funding and a Government-owned business model, we have made a lot of progress, but there is still $15 billion to go. So we are looking at other ways to do it.

We have begun—we are looking at ways to take off on our privatization of housing to do privatization of barracks. We have seen innovative concepts where the Army has added bachelor housing quarters and senior enlisted bachelor quarters to its existing family

housing units at Fort Bragg, Fort Stewart, Fort Drum, Fort Irwin, and a fifth project is planned for Fort Bliss.

In contrast, the Navy is mainly focused on unaccompanied housing privatization to bring shipboard junior enlisted sailors ashore using a special pilot project. Their first project was begun in December 2006 in San Diego, with a second in Hampton Roads in 2007, and a third project underway for Jacksonville/Mayport.

Both of the first two have demonstrated that with the authority to pay junior enlisted members less than full housing, we can privatize single junior enlisted on a less costly basis—I would say less costly on a lifecycle basis than traditional Government-owned model. I view this as just a starting point and ask for the subcommittee's support in the department's continued progress to shift the mindset in which the Federal Government has to build and maintain to one where we only need to build and maintain what we can't privatize.

This year's—in answer to one of the questions, this year's budget does signal a banner year for MILCON with about $23 billion in military construction, $8 billion in facilities sustainment, restoration, and modernization. That level of military construction is very robust, especially compared to the $8 billion to $9 billion we were receiving only 10 years ago.

Similarly, our sustainment budget this year is also more robust. Ten years ago, we used a percentage of unsubstantiated maintenance and repair backlog to come up with our budget request, and it didn't work. Although much remains to be done, we have made steady headway over the last decade to improve the overall conditions of our facilities by using a programmatic model.

The development and use of the facilities sustainment model has given us a sound target to measure our sustainment budgets, and more importantly, we have been able to defend those budgets and defend those requirements in the budget process.

Recap has been another problem. We tried to use 67 years on a recap model that didn't work. When I was with the Navy Secretariat, we saw that when we put a large amount of money into one place, as we did after Hurricane Ivan hit Pensacola, all of a sudden, with the sudden infusion of funds, our recap rate went way below the 67 years that we all knew we had only invested money in one base. It didn't take account for the other priorities we had.

As I was dissatisfied with that model, I asked my staff to work with the services, go back to the basics, and we have reopened a dialogue using what are called "quality ratings." We are required to report these under the Federal Real Property Advisory Group, which has mandated that all Federal agencies report these in our property records. We are going to—it gives you a Q rating for every building we own.

We are looking at a method to go in, and we will start tracking those Q ratings and planning our budgets to keep those Q rating—will plan our budgets to make the Q ratings to the point where we believe they are satisfactory for all our services.

In the summer, my staff will work closely with military departments to set up the program guidelines for determining which facilities require priority funding, assessing how those Q ratings are conducted and their frequency, and, most importantly, reestab-

lishing how the Department views and uses master planning at the installation level.

Also, in cooperation with our policy secretariat, the joint staff, the combatant commands, and the services, we hope to initiate joint installation master plans in each overseas combatant commander's region.

PREPARED STATEMENT

In closing, I would like to thank you sincerely for the opportunity to testify on our installations. We believe we are working on the right issues now. And while we cannot fix them overnight, we appreciate your continued support and look forward to working with you and the subcommittee to provide the quality installations that our forces and their families need and deserve.

Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF WAYNE ARNY

Introduction.—Chairman Johnson, Senator Hutchinson, distinguished members of the subcommittee: I appreciate the opportunity to appear before you today to address the President's Budget request for fiscal year 2010 and to present an update on the status of our Nation's military installations.

Overview.—Our installations are the platforms from which America's military capability is generated, deployed, and sustained. They play an essential part in addressing two principal objectives of the Department. First, they take care of our military forces, our most important asset. Secondly, they support and enhance our capability to meet the military challenges that we face today, and those that we may face in the coming years. Our installations provide training facilities for new recruits and career service members, maintenance shops and depots to repair and refit their equipment, and quality work and living spaces that warfighters and their families deserve. Our primary focus is to ensure that our military installations are capable of supporting the missions of our forces, today and in the future. To successfully provide this support, we focus our resources on programs and initiatives that will provide the necessary infrastructure in the most effective and efficient manner.

America's military installations, including both their built and natural environments, must be managed in a comprehensive and integrated manner to optimize our investment in the assets needed to accomplish the mission. In the United States and overseas, the Department currently manages over 539,000 facilities, with a plant replacement value exceeding $700 billion, located on approximately 29 million acres of land. These assets must provide modern and safe work and training areas for our military forces, as well as quality housing.

Before updating you on our fiscal year 2010 Installations and Environment programs, I'd like to talk briefly about the impact on our military infrastructure of two extremely important challenges facing our Nation. The first of these is Overseas Contingency Operations (OCO).

Overseas Contingency Operations.—Military construction is a key enabler of OCO, directly supporting wartime operations by providing operational and support facilities at key locations. In April, the Department submitted its fiscal year 2009 OCO funding request for $2.3 billion. This investment will help the Department execute realignment of forces into and within Afghanistan, by enabling strategic and operational flexibility and increasing Intelligence, Surveillance, and Reconnaissance (ISR) capabilities. The fiscal year 2009 request will also facilitate access to child care and improve support facilities for wounded warriors and their families.

The fiscal year 2010 OCO request of $1.4 billion continues the important objective to increase the U.S. presence in Afghanistan, specifically the Regional Commands South and East. The facilities required to sustain, protect, and house these personnel include utilities, roads, housing, and dining facilities as well as environmental projects. The fiscal year 2010 OCO request will increase the capacity of air lines of communication, broaden logistics and intelligence capabilities, and provide the ability to reposition forces as the situation dictates.

American Recovery and Reinvestment Act (ARRA) of 2009.—The other challenge is the downturn in the economy, and in response, the ARRA of February 2009. This effort will have a significant impact on DOD's facilities. The Department is applying

the funding to enhance our ability to provide high quality installations and facilities and to improve our energy efficiency.

The ARRA includes approximately $7.4 billion in Defense-related appropriations. The Military Construction (MilCon) and Operation and Maintenance (O&M) funds provided by the Act are available for obligation through the end of fiscal year 2013 and fiscal year 2010, respectively. The Department has identified over 4,200 projects in the following categories:

—$4.2 billion in O&M accounts to improve, repair, and modernize DOD facilities, including energy-related improvements
—$1.3 billion in MilCon for hospitals
—$240 million in MilCon for child development centers
—$100 million in MilCon for warrior transition complexes
—$535 million for other MilCon projects, such as housing for Service members and their families, energy conservation, and National Guard facilities
—$300 million to develop energy-efficient technologies
—$120 million for the Energy Conservation Investment Program (ECIP)
—$555 million for a temporary expansion of the Homeowner's Assistance Program (HAP) benefits for private home sale losses of DOD military and civilian personnel
—$15 million for DOD Inspector General oversight and audit of ARRA execution

In addition to providing much needed facility improvements and funding for important energy research programs in support of the national effort to achieve greater energy independence, the ARRA will also contribute to our ongoing efforts to "green" DOD's built infrastructure. In their baseline MilCon programs, the Military Services have taken the lead in ensuring a sustainable future for the Department by directing that new construction meets both the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Silver Certification standard and the Federal Leadership in High Performance and Sustainable Buildings Memorandum of Understanding. In executing ARRA projects, this type of forward thinking directly translates to 115 projects and $2.3 billion in the MilCon and military family housing construction programs designed and built to LEED Silver Certification standards.

DOD is committed to ensuring that ARRA funds are expended responsibly and in a transparent manner that will further job creation, economic recovery, and the overall improvement of our military infrastructure. Over the coming months, we'll be keeping the Congress and the public apprised of our progress in executing these funds.

Facilities Investment.—Now I would like present an overview of our Installations and Environment programs beginning with MilCon and related facilities investments. The fiscal year 2010 MilCon and Family Housing Appropriation request totals $23 billion, which is a decrease of $1.9 billion from the fiscal year 2009 budget request, but still compares very favorably with historic trends. The decreased funding is primarily in the Base Realignment and Closure (BRAC) and Family Housing programs, which I will discuss in more detail shortly. The budget request will enable the Department to respond rapidly to warfighter requirements, enhance mission readiness, and provide essential services for its personnel and their families. In addition to new construction, this funding will restore and modernize enduring facilities, while eliminating those that are excess or obsolete. A large part of the funding is targeted for initiatives to support the realignment and increase in endstrength of forces, projects to improve and update facilities, and projects needed to take care of our people and their families, such as family and bachelor housing, Warrior in Transition housing, and child development centers.

COMPARISON OF MILITARY CONSTRUCTION AND FAMILY HOUSING REQUESTS

[President's Budget in Millions of Dollars—Budget Authority]

	Fiscal year	
	2009 request	2010 request
Military Construction	11,283	12,835
NATO Security Investment Program	241	276
Base Realignment and Closure IV	393	397
Base Realignment and Closure 2005	9,065	7,480
Family Housing Construction/Improvements	1,457	489
Family Housing Operations & Maintenance	1,741	1,444
Chemical Demilitarization	134	147
Family Housing Improvement Fund	1	3

COMPARISON OF MILITARY CONSTRUCTION AND FAMILY HOUSING REQUESTS—Continued

[President's Budget in Millions of Dollars—Budget Authority]

	Fiscal year	
	2009 request	2010 request
Energy Conservation Investment Program	80	90
Homeowners Assistance Program	5	23
TOTAL	24,400	22,515

We are continuing ongoing initiatives to reshape and resize our infrastructure, and at the same time, we recognize that there will be localized growth in the facilities footprint to accommodate changes in force structure, end strength, and weapons systems. These efforts include facilities to support Army Modularity, Army and Marine Corps Grow-The-Force initiatives, and bed-down of new weapons systems such as the Joint Strike Fighter.

While our basing initiatives continue the process of reconfiguring our overall physical plant, and acquiring facilities for future requirements, we cannot lose sight of the importance of maintaining and modernizing our existing facilities. It is imperative that we continue to invest in our existing infrastructure, and plan for the appropriate level of investment in all our facilities going forward.

Facilities sustainment has been and continues to be the most important program to support the overall health of our inventory of facilities. Sustainment funds regularly scheduled maintenance and major repair or replacement of facility components expected periodically throughout the life cycle of a facility. Investing in sustainment prevents deterioration, maintains safety, and preserves performance. As you know, we use the Facilities Sustainment Model (FSM) to estimate the funding requirements for our facilities. The model uses benchmark costs from public and private sources which are updated on a regular basis. Our goal continues to be full sustainment of our facilities to optimize our investment and ensure readiness. The fiscal year 2010 President's Budget provides $7.8 billion for sustaining the Department's significant inventory, representing 91 percent of the FSM requirement.

The second key element of our facilities investment program is recapitalization, which includes restoration and modernization, and is funded primarily with O&M and MilCon appropriations. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities to implement new or higher standards, accommodate new functions, or replace building components that typically last more than 50 years. The Department remains committed to maintaining a rate of investment in facilities recapitalization that will improve, modernize, and restore existing facilities, and replace them when it is more economical to do so. To that end, we're refining the way we calculate the required investment for recapitalization, and more closely aligning it with the actual condition of each facility. We will keep you apprised of our progress as we develop the new methodology.

SUSTAINMENT AND RECAPITALIZATION REQUEST

[President's Budget in Millions of Dollars]

	Fiscal year	
	2009 Request	2010Request
Sustainment (O&M-like) [1]	7,482	7,799
Restoration and Modernization (O&M-like plus) [1]	1,780	2,035
Restoration and Modernization (MilCon)	8,102	6,527
TOTAL SRM	17,364	16,361

[1] Includes Operation 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)

Separate and distinct from the BRAC process, we continue to right-size our inventory through the elimination of excess and obsolete facilities. The Military Departments continue to maintain and execute robust disposal and demolition programs to improve the safety and aesthetics of our installations, to ensure that only essential facilities are retained, and to reduce overall operating costs. In fiscal year 2008, the Department eliminated 6 million square feet of unneeded facilities. Another 5.5

million square feet is projected for demolition in fiscal year 2009. The fiscal year 2010 request includes almost $200 million to eliminate approximately 8 million additional square feet of unneeded infrastructure.

Global Defense Posture.—Now I'd like to tell you more about our initiatives to provide the right military facilities in the right location with the right capabilities, beginning with the status of our global restationing efforts. As we continue with planned posture changes to meet our world-wide missions, the Department is improving its ability to contend with post 9/11 security challenges and developing more relevant relationships and forward capabilities for 21st century expeditionary operations. The fiscal year 2010 MilCon request supports the Department's efforts to strengthen our forward military presence, including facilities and infrastructure, and to transform overseas legacy forces, Cold War basing structures, and host-nation relationships into a flexible 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 flexible ground force capabilities to support NATO's own transformation goals. The European Command's transformation and recapitalization efforts will require investments in fixed facilities, mobility, prepositioning of equipment, and interoperability. Future infrastructure requests will enable the elimination of substandard housing and will include projects that support continued transformation efforts.

—Shifting our European posture south and east by transforming the 173rd Airborne Brigade in Italy, and establishing infrastructure support for rotational presence in Romania and Bulgaria. Permanent Forward Operating Sites and other training facilities in Romania and Bulgaria have projected completion dates of 2009 and 2011, respectively. In addition to supporting a full-time training effort, Joint Task Force-East provides the logistical base for United States Air Forces in Europe and Special Operations Command Europe exercises in Eastern Europe and Eurasia.

—Continued progress toward 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, and will shape our strategic posture throughout the Asia-Pacific region. While Japan is shouldering most of the costs associated with the planned posture changes per the Defense Policy Review Initiative (DPRI), U.S. MilCon funds are necessary to complete remaining facility construction and other infrastructure needs on Guam. MilCon funding will provide projects such as utilities and airfield pavement to bed-down Marine aviation at Andersen Air Force Base, wharf improvements, and the relocation of a military working dog facility at Naval Base Guam. Investments are also needed to improve off-base infrastructure, including selected roads and bridges required for throughput of necessary construction materials.

—Continued consolidation and restructuring of forces on the Korean peninsula to strengthen our overall military effectiveness and to prepare for transitioning wartime operational control of Republic of Korea (ROK) forces to the ROK military forces by 2012. This includes relocating U.S. troops out of Seoul, returning most of Yongsan Army Garrison to the ROK, and consolidating remaining troops into two hubs south of Seoul. This effort positions U.S. forces to better conduct combat operations should deterrence fail on the Korean peninsula, and makes the U.S. presence less intrusive on the Korean people. We anticipate the ROK to continue funding much of the facilities and infrastructure construction for this transition in accordance with the amended Land Partnership Plan and Yongsan Relocation Plan. However, MilCon funding is needed at Camp Humphreys to support U.S. Army forces relocating from camps north of the Han River.

—Developing basic infrastructure and capabilities for current and future operations in the U.S. Central Command area of responsibility and other overseas contingency operation areas.

—Enhancing contingency access through an array of sites in Africa that serve as focal points for combined training, capacity building, and broadened relationships with host nations and other partners. MilCon funding is needed at Camp Lemonier, the Department's enduring Forward Operating Site in Djibouti, to support such requirements and improve infrastructure needs within the U.S. Africa Command.

The Department continues to maintain and strengthen host-nation partnerships supporting these posture changes. The fiscal year 2010 global defense posture projects ensure strengthening of forward capabilities for OCO and other expeditionary non-traditional missions, commitment to alliance goals and collective de-

fense capabilities, and enhanced deterrent capabilities for addressing future security challenges.

Base Realignment and Closure (BRAC) 2005.—In addition to our global posture realignments, we continue to execute BRAC 2005, the largest round 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 required 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 6 years of that date. The Department continues to monitor BRAC implementation to ensure we are meeting our legal obligation.

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 required that we appropriately assess the increased military capabilities we are achieving through these recommendations.

We accomplished that requirement and, through BRAC, are significantly enhancing each capability. Two locations, Fort Bliss, Texas, and Naval Air Station (NAS) Brunswick, Maine, highlight what we are achieving. Fort Bliss is the largest operational Army BRAC movement. Approximately 15,000 Soldiers and their family members will move to Fort Bliss and the surrounding communities, and construction of BRAC operational facilities is moving ahead as planned in preparation for the arrival of the 1st Armor Division at Fort Bliss. In September 2008, Soldiers of the 1st Brigade, 1st Armored Division took occupancy of the first Brigade Combat Team (BCT) Complex. Soldiers of the 4th Brigade, 1st Armored Division are now in temporary facilities and eagerly await completion of the second BCT complex scheduled for September 2009. The Army has programmed the construction of several quality of life facilities to support this growth including dental/health clinics, a hospital, a child development center, a commissary, a physical fitness center, and youth centers.

The closure of NAS Brunswick will reduce operating costs while allowing the single-siting of the East Coast Maritime Patrol (VP) community at NAS Jacksonville, Florida. NAS Jacksonville and NAS Brunswick are collaborating to ensure seamless relocation of five aircraft squadrons along with the realignment of the maintenance functions and various mission support groups. In preparation for the arrival of the first Brunswick aircraft, a new type II hangar construction project is on track for completion this month. It will be the home for the first returning Brunswick VP squadron which is currently deployed. The hangar, the Navy's largest, will provide maintenance spaces for all five Brunswick squadrons and will also be able to support the future transition to the P–8 Poseidon multimission maritime aircraft.

A key component of this BRAC round was rationalizing medical infrastructure. This rationalization was needed to address the transformation in healthcare that has occurred since these facilities were constructed, and to adapt our facilities to the continuing changes in warrior care. At one end of the scale, BRAC enabled the Department to close seven small and inefficient inpatient operations, converting them to ambulatory surgery centers. BRAC also enabled DOD to realign medical operations from McChord Air Force Base, Washington, to Fort Lewis, Washington, and to transform the Medical Center at Keesler Air Force Base, Mississippi, into a community hospital. On the larger end of the scale, BRAC enabled DOD to realign two of its major military medical markets: San Antonio, Texas, and the National Capital Region (NCR). The strategic realignments in San Antonio of Brooke Army Medical Center and Wilford Hall medical center, and in the NCR of Walter Reed Army Medical Center and the National Naval Medical Center at Bethesda, Maryland, address critical needs to realign and consolidate key clinical and clinical research capabilities, undertake serious facility modernization requirements, as well as better matching facility locations and capabilities, achieving medical advances, and adapting to changing needs of wounded warriors.

For the NCR, the fiscal year 2010 costs (including the $263 million included in the fiscal year 2009 supplemental request) are $2.4 billion. As is the case with San

Antonio, costs rose due to construction inflation, wounded warrior lessons learned, and unforeseen costs as the construction process has unfolded.

Unique to the NCR is the effort to enhance and accelerate construction at Bethesda and Fort Belvoir, Virginia, as a result of lessons learned and the Department's commitment to implement the recommendations of the Independent Review Group (IRG) on Rehabilitative Care and Administrative Processes at Walter Reed Army Medical Center and National Naval Medical Center Bethesda. The IRG's April 2007 report recommended a variety of measures to improve medical care and that DOD accelerate BRAC projects in the NCR. In order to implement the report's recommendations and incorporate other war-related lessons learned, the Department committed to create Warrior Transition Unit facilities at the Bethesda Campus to enhance wounded warrior care, especially the outpatient convalescent phase. The Department also committed to enhancing inpatient facilities at both Fort Belvoir and Bethesda. These enhancements, together with a commitment to accelerate construction to ensure that the new facilities will be operational as soon as possible, required the investment of an additional $679 million. The fiscal year 2008 supplemental appropriated $416 million.

The BRAC 2005 Commission Report also calls for the transfer of installation management functions from 14 designated installations to 12 other installations to create 12 Joint Bases. Joint basing calls for installations that share a common boundary or are in close proximity to consolidate installation management functions and the delivery of installation support functions while considering best business practices and ensuring warfighting capabilities are preserved or enhanced. The 12 Joint Bases will be established in two phases, with Full Operational Capability (FOC) for Phase I bases in October 2009 and Phase II bases in October 2010. At FOC, total obligation authority and real property will transfer from supported Component(s) to the supporting Component.

The Department is using this opportunity to create the conditions for more consistent and effective delivery of installation support through Common Output Level Standards (COLS), which establish joint definitions, standards, and performance metrics for each identified installation support function that will be consolidated at each Joint Base.

In its entirety, the BRAC program is substantial. As of the fiscal year 2010 President's Budget it represents a $35.4 billion requirement over 2006–2011 and $4 billion in annual savings after full implementation (after fiscal year 2011). The Department originally estimated BRAC 2005 investment using the Cost of Base Realignment Actions (COBRA) model at $21.1 billion (in constant fiscal year 2005 dollars) with annual recurring savings of $4.4 billion. The COBRA model used in the analysis estimated costs based on standard factors to array the relative merit of options—it was never intended to be budget quality nor used for implementation planning. When compared to our current requirement, there is a $14.3 billion or 68 percent increase in COBRA-estimated costs. The increase was fully funded in the President's fiscal year 2010 budget request, and results primarily from inflation, changes in MilCon, environmental restoration and program management costs not included in COBRA, additional O&M to support fact-of-life cost increases, and construction for additional facilities to enhance capabilities and/or address deficiencies. The savings decrease is primarily a result of revised personnel eliminations.

Almost 70 percent of the BRAC 2005 program supports MilCon requirements compared to 33 percent experienced in the previous rounds. In the BRAC 2005 round, DOD has now made decisions to:

—Use new construction vs. renovated space (existing space diverted to other needs)

—Accommodate changes in unit sizes, functions or responsibilities by increasing facilities, changing configurations, or building additional facilities

—Accept inflation factors exceeding previous planning factors (delayed implementation compounds the inflation increase).

Assisting Communities.—As we execute BRAC 2005, we continue to abide by the DOD policy that when implementing DOD actions that seriously affect the economy of a community, every practical consideration shall be given to minimizing the local impact. To that end, DOD provides economic adjustment assistance through its Office of Economic Adjustment (OEA) to help communities help themselves, using the combined resources of Federal, State, and local governments and private sector to support local initiatives.

OEA, through the Defense Economic Adjustment Program (DEAP), continues to work with States, territories, and more than 147 communities across the country impacted by the Department's continuing closure, downsizing, and mission-growth actions.

Over two dozen locations are looking at unprecedented increases in military, civilian, and contractor personnel as a result of BRAC 2005, Global Defense Posture Realignment, Army Modularity, and Grow-the-Force activity. For most locations, OEA is providing overall planning support for personnel, procurement, and construction activity to prepare local adjustment strategies, including growth management plans, to support local mission growth. The challenge for many of these locations is to respond to myriad hard (road, schools, houses, water and sewer) and soft (public services, health care, child care, spousal employment) infrastructure issues that directly bear on the quality of life for our warfighters, their families, and the homeowners, businesses, and workers in the surrounding communities.

A primary concern, particularly at this time of economic uncertainty, is how to apply scarce Federal, State, and local public resources with those of the private sector to carry out adjustments in local facilities and public services, workforce training programs, and local economic development activities. Needs for public investment, such as road improvements, water and sewer infrastructure, and school construction have emerged and OEA is working with each affected State and region to document these needs and bring them to the attention of other Federal Agencies for their consideration and assistance. To date, OEA has found over 50 critical projects that are ready to move forward, but need a total of $1.7 billion in Federal or other support. Communities also identified over 300 other mission-growth-related projects in various planning phases, at a total cost of $7 billion that had incomplete funding strategies. While OEA is presently bringing these needs to the attention of the U.S. Departments of Transportation, Commerce, Education, and Agriculture as the cognizant agencies where assistance might be made available, they are also seeking to update the information to account for current economic strains and those other growth efforts that may have information available.

OEA, on behalf of DOD, has recognized Local Redevelopment Authorities (LRAs) for 116 locations to: provide leadership and speak on behalf of the impacted area with one voice; identify the impacts of closure across local businesses, workers, and communities; plan redevelopment and other economic development activities to lessen these impacts; and direct implementation of the redevelopment plan to respond to these actions. Approximately 96 redevelopment plans have been completed to date. When completed, redevelopment plans are submitted as part of a statutorily-mandated homeless assistance application to the U.S. Department of Housing and Urban Development (HUD), who, in turn, must review each application for compliance with statute prior to Military Department property disposal and the redevelopment effort going forward.

The redevelopment plan is also significant at the Federal level because: (1) the Military Departments dispose of buildings and property in accordance with a record of decision or other decision document and, in preparing this decision document, give substantial deference to the LRA's redevelopment plan; and (2) other Federal agencies are to afford priority consideration to requests for Federal assistance that are part of the plan under Executive Order 12788, as amended, "Defense Economic Adjustment Programs."

As with the growth-impacted communities, OEA is presently working with affected closure and downsizing communities to identify specific needs for "public" investment and expects to have a working estimate of those needs by this summer. In the past, these needs have included demolition, road alignments, infrastructure development, etc. With disposal for these locations yet to occur, communities will need some additional support from the U.S. Departments of Commerce (Economic Development Administration (EDA)), Labor ((Employment Training Administration (ETA)), and Agriculture (Rural Development Administration) through fiscal year 2014.

The ability to support State and local economic adjustment activities, including road construction, infrastructure development, demolition and site preparation, workforce development, and general economic development is beyond the Department's capacities. Accordingly, the Department relies upon the Economic Adjustment Committee (EAC), through DEAP, as directed by Executive Order 12788. The EAC is comprised of 22 Federal Departments and Executive agencies, and among its functions is to: coordinate interagency and intergovernmental adjustment assistance; serve as a clearinghouse for the exchange of information between Federal, State, and local officials involved in the resolution of economic adjustment concerns resulting from DOD actions; and, afford priority consideration to requests from Defense-affected communities for Federal assistance that are part of a comprehensive base redevelopment or growth management plan.

In response to previous BRAC activity, approximately $1.9 billion in Federal assistance was provided to assist affected States, communities, workers, and businesses. EDA, ETA, the Federal Aviation Administration, and OEA were the source

of this funding. The response to date for BRAC 2005 has consisted of approximately $212 million, primarily from OEA and the Department of Labor. The BRAC support has concentrated on worker assistance, community economic adjustment planning for growth and downsizing, and coordinating public benefit property conveyances for downsizing communities.

The EAC is chaired by the Secretary of Defense, and the Secretaries of Commerce and Labor are co Vice-Chairs. If affected States and communities are to benefit from these Federal resources, it will be important for the cognizant Federal programs to adequately source their staff and program budgets to respond. To date, we have not had much response to assist either growth- or downsizing-impacted areas. Moreover, the current Federal response to the national economic crisis has placed even greater stress on the cognizant agencies, with the effect of further subordinating needed attention for Defense-impacted communities. Accordingly, the intergovernmental coordination of adjustment assistance under the EAC will continue to be reviewed to further improve overall responsiveness to the needs of these States and communities.

The Department has used the full range of transfer and conveyance authorities to dispose of real property made available in prior BRAC rounds (1988, 1991, 1993, and 1995). Property disposal is complete at 205 of 250 prior BRAC locations where property became available for disposal, and local redevelopment efforts in turn have resulted in the creation of over 143,700 jobs, more than offsetting the 129,600 civilian jobs that were lost across 73 prior BRAC locations where OEA is monitoring redevelopment activity.

Improving The Quality of Housing. Just as the Department works to maintain the fabric of communities affected by BRAC, we also work to maintain the communities of our military installations. At the same time that our military installations must support the operational needs of warfighters, they must also provide for the quality of life of our Service members and their families. Access to quality, affordable housing is a key 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 the sale of units no longer needed. Privatization also 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 10 to 1, with $2.5 billion in Federal investments generating $25 billion in housing development at privatized installations. The fiscal year 2010 President's Budget request includes $2.0 billion for Family Housing, a decrease of $1.2 billion below the fiscal year 2009 enacted amount, for continued efforts toward reduction of inadequate units, operation and maintenance of government-owned housing, and the privatization of over 2,400 family housing units. Over 600 of these units support the Grow-the-Force initiative.

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 MilCon 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 five to ten-year initial development period.

Military family housing requirements are changing at multiple installations due to BRAC, Global Posture, Joint Basing, and Grow-the-Force. While some installations may find they have a surplus of housing, others may experience a deficit. No matter where military family housing is needed, our Service members and their families need access to safe, desirable, and affordable housing. The Military Services continue to evaluate installation housing requirements, and the opportunities to meet additional housing needs through privatization continue to expand.

The fiscal year 2010 budget request also includes funding to eliminate inadequate family housing outside the United States. The budget request reflects a MilCon cost of $52 million for the Army to construct 138 family housing units in Baumholder, Germany.

As it has increased the quality of family housing, privatization is also helping the Military Services provide quality housing for our unaccompanied Service members. To date, the Army has added bachelor officer quarters and senior enlisted bachelor

quarters to its existing family housing privatization projects at Fort Bragg, North Carolina; Fort Stewart, Georgia; Fort Drum, New York; and Fort Irwin, California. A fifth project is planned soon at Fort Bliss, Texas. In contrast to the Army, the Navy is mainly focusing its unaccompanied housing privatization efforts to bring shipboard junior enlisted sailors ashore using a special pilot authority (10 USC 2881a). The first unaccompanied housing privatization pilot project was awarded in December 2006 at San Diego, the second was executed in December 2007 at Hampton Roads, Virginia, and a third project is under consideration at Jacksonville-Mayport, Florida. Both of the awarded Navy pilot projects have demonstrated that, with partial Basic Allowance for Housing authority, privatization of single, junior enlisted personnel housing is less costly on a lifecycle basis than the traditional Government-owned model. The pilot projects have also demonstrated that through privatization, single members can enjoy a quality living environment more equitable with housing for their married counterparts and commensurate with the sacrifices they are asked to make.

Energy Management. Just as we take responsibility for caring for our human resources, the Department also takes responsibility to wisely manage its energy resources. By aggressively implementing energy conservation measures, we are avoiding costs while improving utility system reliability and safety. The Department developed comprehensive policy guidance incorporating the provisions of the Energy Security and Independence Act of 2007. This 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 arise.

The Department's efforts to conserve energy are paying off. DOD is the largest single energy consumer in the Nation and consumed $3.95 billion in facility energy in fiscal year 2008. DOD facility energy consumption intensity has decreased nearly 11 percent since 2003. Our program includes energy efficient construction designs, aggregating bargaining power among regions and the Services to achieve more effective buying power, and investments in cost-effective renewable energy sources.

DOD has significantly increased its focus on purchasing renewable energy and developing resources on military installations. 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. Even though the increasing cost of Renewable Energy Certificates drove down the percentage of renewable energy consumption in fiscal year 2008, I am pleased to report that the Department remains ahead of the curve, achieving 9.8 percent renewable energy procured and produced for fiscal year 2008.

Renewable energy projects are consistently more expensive than similar conventional energy sources, resulting in limited opportunities that are lifecycle cost effective. Still, 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 $86 million out of the $120 million provided for ECIP in the ARRA funding for 2009. Plans call for ECIP funding to increase $10 million per year, from $90 million in fiscal year 2010 up to $120 million in fiscal year 2013, and renewable energy projects will continue to be a high priority.

The Department began tracking water consumption in fiscal year 2002. While the Energy Policy Act of 2005 did not articulate a specific water reduction goal, Executive Order 13423 includes a requirement of 2 percent water reduction per year. By fiscal year 2007, DOD reduced total water consumption by 27 percent or 43.8 million gallons per year. While we continue to strive to exceed requirements, our prior achievements have set the baseline low, so continuing the trend will be a challenge. Even with the reduced baseline, DOD achieved a 2.9 percent reduction in water intensity in fiscal year 2008.

Environmental Management.—In addition to our commitment to managing our energy requirements, we also recognize our natural infrastructure as a priority. The Department sustains the environment on our installations, not only to preserve these lands for our future generations, but also to maintain current and future readiness. The Department practices integrated planning to preserve the land, water, and airspace needed for military readiness while maximizing critical environmental protection. We maintain a high level of environmental quality in defense activities by integrating sustainable practices into our operations, acquisition of materials, and weapon systems. We protect and conserve natural and cultural resources and restore sites to productive reuse on more than 29 million acres. We strive to protect and to sustain the environment while strengthening our operational capacity, reducing our operational costs, and enhancing the well being of our soldiers, civilians, families and communities.

COMPARISON OF ENVIRONMENTAL PROGRAMS REQUESTS

[President's Budget in Millions of Dollars—Budget Authority]

	Fiscal year	
	2009 request	2010 request
Environmental Restoration	1,506	1,475
Environmental Compliance	1,660	1,618
Environmental Conservation	330	323
Pollution Prevention	163	103
Environmental Technology	212	225
Base Realignment and Closure (BRAC)	455	554
TOTAL	4,327	4,298

Over the past 10 years, the Department has invested nearly $42 billion in our environmental programs. In fiscal year 2008, we obligated $4.3 billion and in fiscal year 2009 we are executing another $4.5 billion for natural and cultural resource conservation, pollution prevention, cleanup, compliance, and environmental technology. The fiscal year 2010 budget request of $4.3 billion will enable us to continue to demonstrate leadership in protecting and preserving the environment on our installations.

In fiscal year 2008, the Military Services invested $353 million in conservation programs to protect natural and cultural resources located on and near our installations. Our cultural resources include archeological sites, historic buildings, relics of prior civilizations, artifacts, and other national historic treasures.

In 2008, the Department inventoried 480,706 acres and found 6,118 new archaeological sites. The Department has surveyed a total of 8,082,925 acres and has found 112,774 archaeological sites. The Department treated 2,602 of the sites to include stabilization, rehabilitation, monitoring, and protection in 2008. In 2009, the DOD will continue to sustain and manage its archeological and historic cultural resources. Some of the current activities include preserving the fabric, systems, historic character, and function of the DOD-built environment; maintaining readiness while protecting our heritage by incorporating cultural resources into installation planning; and consulting in good faith with internal and external stakeholders.

The Department is also protecting its older properties, not only for historical interest, but for continued active use to support today's operational requirements. Over 32 percent of DOD's 344,000 buildings are over 50 years old, and by 2025, more than 67 percent of the Department's buildings will exceed 50 years of age. Buildings that have passed the 50 year benchmark present a challenge to the Department, but also offer the potential for cost-savings and resource conservation. By using historic buildings and properties, instead of building new structures, the Department reduces its environmental footprint while retaining the properties' historic features. DOD's Cultural Resources Program ensures balance between responsible stewardship of this significant legacy with meeting the demands of defending our Nation.

Our installations also steward some of the finest examples of rare native vegetative communities, such as old-growth forests, tall grass prairies, and vernal pool wetlands. As of April 28, 2008, the U.S. Fish and Wildlife Service (USFWS) listed 1,317 species as either threatened or endangered within the United States, nearly 350 of which inhabit DOD lands. DOD has a greater density of listed species than any other Federal agency: some 40 threatened or endangered species are found only on DOD installations. The Department prepares and implements Integrated Natural Resource Management Plans (INRMPs) for each installation with significant natural resources, that include land management and other actions to protect these endangered species. These plans, developed in coordination with the USFWS and State fish and wildlife agencies, have helped the Department avoid critical habitat designations at 35 installations because the plans provide protection equal to or greater than what would be obtained if critical habitat had been designated for these endangered species. When coupled with our conservation efforts to protect species at risk and common species and their habitats before they become rare, INRMPs have provided increased flexibility in how DOD conducts its mission activities.

The Department is executing $344 million in fiscal year 2009 conservation efforts, of which $215 million is planned for recurring continuous conservation management activities, such as preserving habitat for at risk species and habitat vulnerable to global climate change. Additionally, $129 million is planned for non-recurring one-time projects such as installation of exclusion devices to protect endangered of at-

risk species habitats, development of automated acoustic technologies for monitoring migratory birds, and shoreline protection projects. Fiscal year 2009 Cultural Resource projects include identifying design efficiencies and LEED equivalence standards for historic buildings, and producing historic context studies for Cold War sites in the Pacific and rural industrial sites on DOD lands in the Southeast.

The Department is requesting $323 million for fiscal year 2010 conservation efforts, which includes $209 million in recurring funds for continuous conservation management activities and $114 million in non-recurring funds for one-time conservation projects associated with threatened and endangered species, wetland protection, or other natural, cultural, or historical resources.

Since 1984, the Department has obligated $40 billion in the Defense Environmental Restoration Program (DERP), including an fiscal year 2009 appropriation of $1.5 billion. Through DERP, the Department has restored 74 percent of those areas on installations or Formerly Used Defense Site (FUDS) that have been impacted by past defense activities, in cooperation with State agencies and the U.S. Environmental Protection Agency. DERP consists of two categories of sites; (1) Installation Restoration Program (IRP) sites which contain hazardous substances, pollutants, and contaminants, and (2) Military Munitions Response Program (MMRP) sites which contain unexploded ordnance and discarded military munitions. The Department applies a risk-based prioritization process to determine the order of cleanup for both IRP and MMRP sites. By the end of 2008, the Department had completed cleanup on 82 percent of IRP sites on active installations, 69 percent of IRP sites on FUDS, and 74 percent of IRP sites on installations closed or realigned in the first four rounds of BRAC and BRAC 2005. In fiscal year 2009, we are executing approximately $1.5 billion at active and FUDS locations and another $525 million at BRAC bases for environmental restoration efforts. These expenditures should enable us to complete cleanup at an additional 619 sites at active and FUDS locations and 154 sites at BRAC bases.

For the MMRP, DOD has completed cleanup of military munitions at 33 percent of sites at active installations, over 58 percent of BRAC installation sites, and 34 percent of FUDS. By cleaning up our sites on a "worst first" basis, we have significantly reduced the potential risk associated with many of the sites in our inventory. As we continue to make cleanup progress, we are emphasizing optimization of performance. Optimization efforts include considering green remediation technologies, reducing the number of cleanups involving long-term management, and achieving site close out in a timely manner. These efforts will reduce our long-term liability and ensure the expeditious return of these properties to productive reuse. Our fiscal year 2010 budget request of $1.5 billion will help implement these improvements while continuing to make progress to complete our cleanups and close out the properties.

The fiscal year 2010 budget request of $103 million for pollution prevention will enable DOD to continue to meet our solid waste diversion and recycling goals while reducing our operating costs. Striking a balance between mission requirements and environmental quality, the Department employs long-term solutions to eliminate hazardous material use in operations and weapon systems acquisition, promote the use of alternative fuels, and implement innovative pollution prevention technologies to reduce pollution to our air, water, and land. In 2008, the Department invested $162 million in pollution prevention programs, including recurring requirements such as solid waste diversion and recycling, hazardous material reduction, and green procurement. In fiscal year 2008 the Department diverted 3.9 million tons or 63 percent of our solid waste from landfills, avoiding approximately $260 million in landfill costs. Additionally, the Department has reduced hazardous waste disposal by 37 percent from calendar year 1996 to 2007. The Department is also effectively managing air quality, reducing hazardous air pollutant emissions at our installations by 24 tons from 2006 to 2007. To further reduce waste and resource consumption, in 2008 the Department updated its Green Procurement Program (GPP) strategy, which encourages Military Services to purchase environmentally preferable products and services. Through the GPP, the DOD has become a leader in green procurement, and we continue to make further improvements to GPP, most recently issuing policy direction requiring DOD contracting officers to use a contract provision giving preference to bio-based products. In fiscal year 2009, we are executing $165 million for pollution prevention, with another $103 million planned for fiscal year 2010. These levels of investment will enable DOD to continue to meet our diversion and recycling goals while reducing our operating costs.

In fiscal year 2008, the Department obligated $1.54 billion for environmental compliance activities, including an $83 million MilCon investment in new construction projects to build drinking water facilities, wastewater treatment facilities and above ground fuel storage tanks that comply with Safe Drinking Water and Clean Water

Act requirements. Clean water and clean air are essential to the health and well being of our communities and ecosystems. DOD management practices reduce discharged pollutants, leverage water conservation opportunities, and protect watersheds. Our drinking water program has consistently provided over 3,550,000 men, women, and children living and working on our installations with safe drinking water. The Department also manages over 1,600 water pollution control permits for our wastewater and storm water treatment systems, which achieved an overall 95 percent rate of compliance in 2008. Our fiscal year 2009 appropriation included another $1.67 billion to upgrade treatment facilities and meet new and expanding permit requirements. Our fiscal year 2010 budget request of $1.6 billion will enable the Department to continue to sustain our air, water, and land resources to maintain operational readiness and enhance the health and welfare of surrounding communities, and the natural environment.

Emerging Contaminants.—Our experiences with mission and environmental consequences associated with perchlorate, ozone-depleting substances, and other chemicals with evolving regulatory standards indicate a need to establish a program to make earlier, better-informed, risk management decisions regarding these emerging contaminants (ECs). 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 the mission.

We have established a three-tiered process to (1) look "over-the-horizon" and identify chemicals and materials with evolving science and regulatory interest; (2) assess the risks to human health, the environment, and DOD's mission; and (3) develop appropriate risk management options for DOD program managers. Twenty-one EC impact assessments have been completed 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 lifecycle analyses regarding less toxic alternative chemicals for use in weapons platforms, systems and equipment. A significant recent example of a risk management action is a new DOD policy to minimize the use of hexavalent chromium, a known carcinogen, throughout DOD.

Because of the many national policy issues related to ECs, we continue to work with a number of Federal and State regulatory agencies, industry, academia, and professional organizations. In particular, we formed an EC working group with the Environmental Protection Agency (EPA) and the Environmental Council of States (ECOS) to address and discuss EC issues. Four important work products, including procedures for dealing with new ECs, have been completed and endorsed by all parties and are publically available on the ECOS, EPA, and DOD websites.

We are also working in partnership with a new Industry-University Cooperative Research Center, initiated by the National Science Foundation, to focus on emerging contaminant research. Some of this effort will be geared to helping Federal agencies and industry use safer chemicals and materials for improved long-term sustainability.

Sustaining the Warfighter.—All of our efforts with regard to both our built and natural infrastructure are because, simply put, our Nation's warfighters need the best training and equipment available. This means sustaining our vital training and test range and installation infrastructure. Incompatible land use in the vicinity of DOD installations and ranges continues to challenge training and testing sustainability. Particular challenges from incompatible land use include noise complaints from new neighbors, concerns about smoke and dust, diminished usable airspace due to new structures or growing 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 has demonstrated that effective training of U.S. troops has a direct impact on their success on the battlefield. Reliable access to operational ranges and supporting installations is needed to sustain that training. In 2002, Congress provided statutory authority to use O&M funds to create buffers around our ranges and installations. Using this authority, DOD established the Readiness and Environmental Protection Initiative (REPI), and has worked with willing partners to cost-share compatible land use solutions that benefit military readiness and preserve natural habitat. In fiscal year 2005, REPI leveraged $12.5 million of O&M Congressional funding to secure $55 million worth of buffer land and easements, encom-

passing 13,939 acres at seven installations. In fiscal year 2006, with $37 million of O&M funding, REPI secured over $93 million worth of buffer land and easements, encompassing 33,521 acres.

Overall in fiscal year 2007, REPI initiated 27 projects in 17 States; in fiscal year 2008, REPI funded 36 projects in 19 States. Already, $23.2 million from fiscal year 2007 and fiscal year 2008 funding has secured $74 million of buffer land, encompassing 28,378 acres. For fiscal year 2009 REPI identified an additional 39 projects in 21 States for funding. Congress appropriated $56 million for REPI in fiscal year 2009. Such REPI and partner funding has resulted in projects providing clear benefit to the military mission, such as protecting the Navy's one-of-a-kind La Posta Mountain Warfare Training Facility in California; keeping training areas open at Marine Corps Base Camp Lejeune, North Carolina; and buffering live-fire training ranges at Fort Carson, Colorado.

After several years of implementing REPI projects, DOD 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, as in the case of the installations noted above, have proven effective in relieving military training and testing activities from encroachment pressures and in strengthening joint readiness.

According to RAND, REPI also helped improve the natural environment and the quality of life in communities where the projects were located. The environmental benefits of REPI projects have included helping to preserve habitat, biodiversity and threatened and endangered species; protecting wildlife corridors; and safeguarding water quality and supply. REPI also was shown to improve local economies and the reputation of installations with surrounding communities; for example, the project near NAS Fallon in Nevada has helped preserve productive local agricultural land and the continued viability of local farms.

Many of the challenges facing DOD are also of mutual concern to other Federal agencies and State governments. These issues can and do cross administrative boundaries, demanding cooperative action at the regional level. The Department is partnering regionally with State governments and Federal agencies to identify and address such shared concerns. These partnerships are proving essential to sustaining our ranges and installations, as well as to furthering our partners' goals and missions. For example, DOD 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 military and other Federal agencies in this important regional 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. A similar effort is now getting underway in the southwestern United States, a region of critical military training and testing importance that is facing myriad growth and environmental challenges.

DOD continues to work closely with other Federal agencies to sustain military readiness. One major thrust is to ensure that wind farm projects and energy transmission corridors are compatible with military readiness activities. The Department also coordinates with the Department of Homeland Security to ensure that our military readiness activities and infrastructure in border regions are compatible with new security measures. The Department's sustainability program continues to reach out to non-Federal partners, working regularly with State, county, and local governments, Tribal, and non-governmental organizations on issues of mutual concern to seek win-win solutions. Meanwhile, overseas, DOD continues to develop mission sustainment procedures with host nations. The Department looks forward to further building upon all of these efforts to ensure that warfighters' current and future training and testing opportunities remain unrivaled.

Additionally, DOD's Office of Economic Adjustment (OEA) has managed the Joint Land Use Study (JLUS) program since 1985. JLUS is a cooperative land use planning effort between affected local governments and military installations that seeks to anticipate, identify, and prevent growth conflicts by helping State and local governments better understand and incorporate technical data developed under Service Air Installation Compatible Use Zone, Range Air Installation Compatible Use Zone, Operational Noise Management Program, Encroachment Action Plan, and Encroachment Control Plan studies into local planning programs. When a Service believes an installation may be experiencing incompatible development problems, or that there is likelihood for incompatible development that could adversely affect the military mission, the Service may nominate the installations for a JLUS to OEA. All the Services takes advantage of the JLUS program, finding it an effective tool for

bringing communities and the military together to mutually address development issues and needs.

Safety and Health Risk Management.—A significant responsibility associated with Installations and Environment is the management of the Department's safety and health programs. Over the last year, the Department experienced some improvement in its safety and health performance, but we have a way to go.

In 2005, the Department published policy (DOD Directive 4715.1E) that required implementation of management systems for safety and health (similar to environmental management systems described by the International Standards Organization (ISO) 14000 series of standards) emphasizing the integration of safety and health into day-to-day operations. By "operationalizing" safety and health, we make safety a part of every process and operation.

We are encouraging commanders to meet and exceed tough performance-based criteria for a managed safety and health system and proving it by achieving "Star" recognition in the Occupational Safety and Health Administration's Voluntary Protection Program (VPP). Installations holding VPP Star Status undergo an independent review of their programs and must be among the best, having injury and illness rates at or below the national average. So far, the Department has 22 Star Sites to date; we anticipate more than 36 Star Sites by the end of fiscal year 2009 and we further expect that number to increase every year. Recently, the Pentagon began its journey toward Star recognition.

Operationalizing safety applies to every aspect of the Department's missions. In preparing for basing changes on Guam, we, through the Department of Defense Explosives Safety Board, developed a comprehensive Military Munitions Annex to the Guam Joint Military Master Plan. This effort sought to fully harmonize the receipt, storage, maintenance, transportation, and use of military munitions by the Department of Defense and Department of Homeland Security organizations on Guam. Explosives safety risks on Guam have been identified and strategic recommendations will result in risks from military munitions being eliminated or mitigated. Furthermore, operationalizing safety improves the entire operation, by improving munitions support to execution of war plans and contingencies and optimizing munitions processes. We are continuing this effort by integrating explosives safety into all facets of operational planning.

In the area of Strategic Human Capital Management, my organization, along with the entire Department, is focused on human capital planning emphasizing improved competency-based workforce planning. In establishing "Functional Community Managers" for: Safety and Health, Explosives Safety, Fire and Emergency Services, and Expeditionary Environment Safety and Occupational Health (ESOH), we will implement a comprehensive strategy to ensure a strong safety and health workforce that is able to meet the challenges of today and the future. Our Functional Community Managers, bringing first hand knowledge of competencies needed, work in partnership with the Department's Human Resource experts to ensure the Department is positioned to acquire and retain the talent it needs to meet current and future mission requirements.

The ability to send our people home from work healthy and safe is of paramount concern. The number of civilian injuries is one measure of our success in managing safety and health. For our civilian employees, we reduced the lost time injury rate over the last five years by 13 percent. We continue to seek improvements to prevent all mishaps and the resulting injuries and losses. Operating motor vehicles continues to be the most significant mishap threat to our military members. We have reduced the number of military fatalities for all privately-owned motor vehicles on public highways from 308 in fiscal year 2002 to 260 in fiscal year 2008—a 16 percent reduction. However, for motorcycles, we are part of a national trend in increasing motorcycle fatalities. Nationally, motorcycle fatalities increased by 58 percent from 2002 to 2007. DOD fatalities increased from 71 to 124 for fiscal year 2002 to fiscal year 2008—a 75 percent increase. We are continuing to develop programs and initiatives to address this negative trend.

Operating military vehicles in Iraq and Afghanistan is also a significant risk, with 24 motor vehicle fatalities in fiscal year 2008—a reduction from a peak of 59 motor vehicle fatalities in fiscal year 2005. Our military members have met the combined threats from Improvised Explosive Devices and poor roadways with increased training and experience in operating tactical vehicles, and by improved survivability of crashes from increased seat belt use, gunner's harnesses, and rollover training.

In early 2009, Installations and Environment published policy that defines "all-hazards" emergency management for DOD installations worldwide. DOD installations now have consistent guidance to improve their compatibility with their civilian counterparts and a management structure focused on preparing for and responding to emergencies regardless of the hazard. Our ability to seamlessly interact with ci-

vilian responders will make us much more effective in times of disaster. We are continuing to work with other offices in DOD to eliminate unnecessary redundancy and confusion at the time of an emergency and provide holistic emergency response on and around our installations.

Integrating Business Management.—Accomplishing the diverse missions of the Installations and Environment community requires integration across organizational boundaries. We have made great progress with our initiatives to improve the efficiency of the Department's business processes. We are working to develop and implement common data standards across the Military Departments and Defense Agencies, modernize business systems, and enable audit-ready processes. In the Installations and Environment community, we have three key business transformation efforts: real property accountability, environmental liabilities, and hazardous materials information management.

The Department manages almost 60 percent of the Federal Government's buildings and structures—over 539,000 assets worldwide. Each Military Department has a separate system to manage their share of this property. Several years ago we conducted research and hired a top ranked information technology firm to help us develop our business system modernization strategy. We determined, based upon the firm's recommendation and the Military Service leadership's concurrence, that building a single system would not be the optimal solution. Instead, we decided to develop DOD-wide standards and upgrade or replace the existing systems so that they can be interoperable across DOD. To achieve this goal, we developed common data standards and reengineered business processes. As of September 30, 2009, all of DOD's primary real property systems will be interoperable, ensuring that accurate, timely, and reliable real property information is available for more transparent management decision making.

In addition to the data and business process standards initiatives, we are also working to modernize our systems. Many of the existing, government-built legacy systems use outdated technology and do not apply current industry best practices. Led by my organization, the Military Services are in the process of acquiring new commercial off-the-shelf systems or upgrading their current systems to comply with the standards. To further integrate real property information for Department-level analysis, my office is building the real property data hub that will provide real-time accessibility to data.

Uniquely identifying each of our real property assets is fundamental to real property accountability. Our Real Property Unique Identifier Registry is at full operational capability. These unique identifiers allow us to establish linkages within our systems between facilities, equipment and people. The registry includes address information on all DOD installations and sites and we are working with other DOD functional communities to ensure that physical location information used across DOD comes from one authoritative source—the Registry.

The ability to share data with the communities that surround our installations is a key component in our ongoing efforts to sustain military readiness. My organization is working with stakeholders across the Federal Government on aligning geospatial data standards so that data sharing can take place between the local and Federal communities. We have recently integrated geospatial data requirements into the Department's Business Enterprise Architecture, which will further expand interoperability opportunities in DOD.

On the environmental management side, my office has been leading efforts to standardize and streamline the complex processes required to accurately value and report environmental liabilities. We are developing a blueprint for implementation of the reengineered business processes in the Department's enterprise resource planning systems.

To minimize future needs for environmental cleanup and to ensure safety of our personnel, ready access to complete and accurate hazardous material information is critical. We are working to improve availability of timely, accurate, consistent, and complete product hazard data for use across the Department.

In summary, our business transformation efforts are helping the Department efficiently share information and best practices across organizational boundaries. As the Services modernize their systems and achieve interoperability, the Department will gain access to secure, reliable information crucial for effective management of assets, and ultimately reducing costs and improving performance across all of DOD.

Conclusion.—In closing, Mr. Chairman, I sincerely thank you for this opportunity to update you on our work in Installations and Environment on behalf of the Department of Defense. To meet the ever changing warfighting landscape, our military must be flexible and responsive and our installations must adapt, reconfigure, and be managed to maximize that flexibility and responsiveness. I appreciate your con-

tinued support and I look forward to working with you to provide the quality installations that our military forces need and deserve.

Senator JOHNSON. Thank you.

Secretary Hale, as you know the Secretary of Defense has put a hold on providing Congress with updated FYDPs for 2010. This committee works very closely with the authorizers to ensure that the projects we fund are mission critical and are in the MILCON pipeline.

Public Law 104–196 requires the National Guard bureau to prepare and to submit to Congress an annual FYDP. Doesn't the current guidance fly in the face of that law? And can you suggest another way for this committee to do its due diligence and vet military construction projects if we cannot determine whether the projects are in the FYDP?

FYDP

Mr. HALE. Well, Mr. Chairman, as I said, we don't have an out-year plan, and it is not without precedent. It was the same situation in 2001 and 1993 at the beginning of the Bush and Clinton administrations.

We need to go through the Quadrennial Defense Review and the fall program and budget review in order to have a plan that fully fits with the administration's priorities. So it is not that we are not trying to give it to you. We don't have one.

I understand that it creates problems. We have a year-old FYDP, which you have. It is not consistent with administration policy, but it is at least a start. And we would be glad, if there are specific projects, to try to work with you to provide what information that we can.

I know it is a difficult situation, and we need to help you all we can, but there is no out-year plan and this not by design. Frankly, it takes 6 to 9 months to create a FYDP. We had about 3, and we made major changes in the Fiscal 2010 budget, and it just didn't all add up. I mean, there is no way we could have gotten it done.

Senator JOHNSON. Would you please take a message back to the Secretary and urge him to reconsider what I believe is a very unhelpful policy for both Congress and the services?

FULL FUNDING

Secretary Hale, have you sought authority to increment projects from the OMB, and what is your position, as the one who writes the checks, on incremental funding?

Mr. HALE. I believe in full funding, Mr. Chairman, with limited exceptions. I think it is the right way on both sides of the river. It requires that we face up to the full cost of the projects, whether it is military construction or aircraft or ships.

Now there are limited exceptions, certainly with advanced procurement on the weapons side, and I know that we have sometimes incrementally funded military construction. But I think they ought to be rare exceptions, and it does violate OMB's policy. And so, we are not doing it in this budget, and I believe that is the right way to go. Again, I think it is consistent with transparency and accountability to face the full cost of projects.

Senator JOHNSON. Even, for example, the fiscal year 2010 budget request includes $800 million for a National Security Agency project in Utah and $226.9 million for a pier replacement project in Virginia. There is no way the Department could execute that amount of money for a single project in 1 year.

Mr. HALE. Well, MILCON is 5-year money so we have plenty of time to obligate it. I think that that is not the issue in my mind. There may be some projects that are so large that they just create unacceptable budget spikes. In those cases, we may need to look at some kind of incremental funding.

But I will repeat my statement. I believe full funding is the right way on both sides of the river, and I would want to see incremental funding it, I have my way, as a fairly rare exception.

Senator JOHNSON. Yes. Mr. Arny, what is the status of the two brigade combat teams in Germany? And how can the Department go forward with MILCON projects, including some that were funded last year, when we don't know how this issue will be resolved?

Mr. ARNY. Mr. Chairman, I defer to my Army colleagues when you talk to them. But as I understand the BCT issue, we are not changing the force structure in terms of troops, but we are changing the organization. We are looking as part of the global posture review exactly how we will change the structure. But we believe for 2010, our military construction is needed, no matter what the end result is in terms of the number of BCTs.

INFLATION POLICY

Senator JOHNSON. Secretary Hale, the OMB's construction pricing guide is generally not as responsive to changing economic conditions as the private sector. Is the Department working with OMB to develop a pricing system that is more timely and agile than the current system?

Mr. HALE. Are you thinking mainly of inflation adjustments, Mr. Chairman?

Senator JOHNSON. With the current economic environment, are you seeing any significant trends with regard to bids versus cost estimate?

Mr. HALE. Well, unfortunately, I think that we probably have solved temporarily the problem of high inflation in the construction industry with the recession. But let us hope that ends quickly.

You know, we do accept generally OMB inflation indices, and I think we will continue to do that. I understand there may be certain areas in the construction industry when the economy is recovered that have extraordinarily high rates of inflation for special reasons.

I mean, my personal reaction to that is that we ought to look at the projects in that area and cost them in a way that takes into account special circumstances rather than trying to build in some new deflator, which will be a challenge with regard to OMB and to derive an inflator. So that would be my suggested way to go.

But it is not a problem at the moment, unfortunately. Yes, I think we are seeing bids that are lower than we expected, and let us just hope it doesn't last too long.

Senator JOHNSON. Thank you.

Senator Hutchison.

Senator HUTCHISON. Thank you, Mr. Chairman.

I just wanted to follow up on one of the questions that the chairman asked, and that is the FYDP for the Guard and Reserve. Are you taking the same position, even though it is in the law that they have to provide a FYDP, that it can't be done? Or are you making an exception there?

Mr. HALE. Well, they don't have one either in the sense that we have not gone through the process that would determine a level of military construction for the actives or the Guard that is consistent with overall administration policy.

Again, I understand the problem. We can go back to the last FYDP. It is at least some guide, although I think you have to understand it is not consistent with current administration policy. And on specific projects, we can try to work with the committee to provide what information we can.

I know it is not an ideal solution, but I think it is a common one at the beginning of administrations. You have 2 months to do something that normally takes 9, and we need the output of the Quadrennial Review and the fall budget and program review before we have a worked-out Future Years Defense Plan.

Senator HUTCHISON. Are you prepared to say what is not part of the current administration's plans that was a policy of the previous administration?

Mr. HALE. No, not beyond fiscal 2010. I mean, in fiscal 2010, we can, of course. But that is the problem. We don't have that information. We really haven't gone through the review process.

I think, inevitably, a number of the projects that are in the 2010 or the 2011 and out-year columns of the fiscal 2009 FYDP will stay. I mean, we don't redo everything. But some won't. There will be new ones, and some will come off. So I don't know a better solution than to try to work with you if there are individual projects.

It isn't a gag order. It is not that we are trying to stop people from supplying information. It is that we don't have the information.

Senator HUTCHISON. Would you be prepared to say that the BRAC that Congress enacted is going to continue as Congress has directed?

Mr. HALE. Yes. I mean, I think we are close enough. I am going to ask Wayne Arny to correct me if I am wrong, but we are pretty close on that. I mean, after all, we have a detailed plan in fiscal 2010, and September 2011 is the goal. So I don't know what 2011 will look like, but it has got to be coming down sharply at that point.

We are going to do BRAC as it was stated by the Congress, that is to fully fund it.

Senator HUTCHISON. And the military construction that would prepare for it?

Mr. ARNY. Yes. The Secretary——

Mr. HALE. Yes. Do you want to add to that?

Mr. ARNY. The Secretary did commit to that in even this new administration we would fully fund BRAC.

Senator HUTCHISON. Mr. Arny or Mr. Hale, either of you can answer this, but it is back to my question on Fort Carson and Pinon Canyon. Are you looking in your QDR about the difficulties that

clearly we are facing with Pinon Canyon? And as you know, when I asked last week, the Army said they really didn't have a plan B for not having that training capability that they certainly expected to have when a new brigade combat team was scheduled to move to Fort Carson.

My question is, is there going to be a plan B pretty soon? Because no one seems to be fighting all of the environmental concerns about Pinon Canyon, and should we begin to start looking at a different priority than for that brigade combat team, especially with the lowering of the number and perhaps that that one might be directed somewhere else?

Mr. HALE. Do you want to take it?

Mr. ARNY. Ma'am, I think we can safely say that all the factors involved in those basings are being taken into consideration.

Senator HUTCHISON. It would be part of the expectation of this committee and Congress that you would have a plan B that would be part of the Quadrennial Review. If Pinon Canyon is going to be off limits, and I think this administration is pretty strong on the environmental concerns with Pinon Canyon—and at least Secretary Salazar has been very plain about it—so are you looking at a near term for making decisions on that?

Mr. ARNY. I cannot say specifically, but I know that the Army in their plans are going to look at all the factors that affect their training when they make their decision. I am sorry I can't be more specific than that.

Senator HUTCHISON. But timetable for the decision?

Mr. ARNY. I would say within the next few months as part of the QDR.

Senator HUTCHISON. That is what I was trying to find out.

The buildup on Guam, where do we stand on a plan for that? And there have been a lot of reports of infrastructure needs——

Mr. ARNY. Difficulties.

Senator HUTCHISON. Yes, difficulties. Where do we stand on addressing those and coming forward with a plan that we know is going to be able to be executed within the $10 billion that has been allocated?

Mr. ARNY. We are working very hard in the services especially, especially the Navy, to put together the environmental impact statement, which is more than just the environmental impact statement. It has less to do with the environment than it does with the lay-down and the mitigation of that.

Included in that will be the planning for how to put the buildings in, the raw things that you expect, but also the mitigation on how we will do, how we will mitigate in the private sector, how we will bring in the workforce because the island does not have a workforce large enough to support that level of construction, how to work with the port, with the power, with housing, with all the aspects.

And like I said, a major part of that will be included in the environmental impact statement. This is the—since the advent—we have built bases, obviously, in the past. But we have never built one this big since the advent of the environmental impact statement.

So it is a very complex operation. We have to take into account far more different laws and effects than we did before. And I would say that I would defer my answer to the Navy as to the specifics, but it would be within a matter of months to have that plan.

GUAM

Mr. HALE. I would like to add to that and just underscore the administration remains fully committed to moving the marines off Okinawa and into Guam. We have signed an agreement with the Japanese, and we remain fully committed. We know there are significant challenges, and we will work through them.

Senator HUTCHISON. Thank you very much.

Thank you, Mr. Chairman.

Senator JOHNSON. Senator Pryor, do you have any questions or comments?

Senator PRYOR. I do, Mr. Chairman. Thank you for having this hearing and your attention to this.

Secretary Arny, let me ask you, if I may, about the Office of Economic Adjustment, which obviously helps when a base or a facility is being downsized. Can you, if you know about specifically the Pine Bluff Arsenal, which is in Arkansas, but the other facilities around the country who are going through the process of destroying their chemical weapons, I think we are going to lose somewhere in the neighborhood of 1,100 jobs at Pine Bluff.

Do you have any progress report on that and any plans that you are making for not just Pine Bluff, but the other facilities?

Mr. ARNY. I have a paper that I am going to look at here and refresh myself. But I can say that OEA does have a responsibility and is funded to provide communities that are growing or decreasing, whenever there is a change that we in the Department cause, they are required by law to go in and assist with grants for funding and also advice.

I don't know that Pine Bluff specifically, but I could almost guarantee you that they will be—because OEA works for me, and we have got people scattered all over the country. We will be working with the community to help them recover and take into effect that downsizing.

Senator PRYOR. That would be great. And if you could just keep us posted on that, that would be great.

I know the community is very supportive of the arsenal and all the things that the arsenal does, even though they handle some very dangerous material there. But nonetheless, they are very, very supportive, and I just want to make sure they have a good transition and, hopefully, come through this thing in good shape.

Let me ask also, if I may, about really the advent of unmanned aerial vehicles (UAVs), which didn't exist just a few years ago. And now I think we have thousands of them in our inventory.

A lot of those are in theater right now, but there will be a day when I think we will need a pretty sizable UAV training system here in this country. And of course, you all have to work through those issues with the FAA about having rated pilots versus just other folks flying these, and it gets into a big airspace issue.

Is the DOD in the process right now of lining up more airspace and looking for new areas where they can meet the needs of this rapidly growing technology?

Mr. ARNY. Senator, as a rated pilot myself, this sounds like a union issue. I want to make sure that there is nothing but rated pilots working these.

I will look into that for you. It had popped on my scope, and I don't have an answer. I will work with the services. I would be amazed if the Air Force, the Army, and the Navy who are working with UAVs are not—I know it is a rated pilot because in the magazines that I get monthly, I see discussions on both sides of it.

So I will get an answer back for you, but I would be dumbfounded if they are not trying to consider that now.

[The information follows:]

The Military Services are faced with expanding UAV inventories at bed-down locations throughout the CONUS. These UAV forces require use of the Federal Aviation Administration National Airspace System (NAS) for training purposes to meet mission readiness. Like the Air Force, all the services are focused on integration of these expanding UAV training requirements into the NAS. The Army, perhaps more than the other services, is taking on a growing UAV mission without benefit of a significant pre-existing inventory of airspace over or around its ranges. The Navy and the USMC also must identify and secure access to appropriate training space as their UAV missions and inventories expand. In the case of the Navy, such access is required both over land and at sea.

The Office of the Deputy Under Secretary of Defense for Readiness (DUSD(R)) is leading a UAV Tiger Team to address specifically the challenges of UAV training within the NAS and to develop a multi-Service UAV Training Airspace Plan that will accommodate increasing UAV training requirements in the CONUS. The UAV Tiger Team is represented by all Military Services, the Office of the Secretary of Defense (OSD), the Joint Staffs, and the military testing community. UAV training and airspace experts will convene to assess and develop strategies that seek to include UAV training within the NAS in ways similar to the training activities of military aircraft within the NAS to the extent possible. These strategies will inform the UAV Training Airspace Plan. The UAV Tiger Team will convene in the summer of 2009 and will continue until the UAV Training Airspace Plan is complete in 2010. The UAV airspace effort is being coordinated with other ongoing UAV planning activities within DOD, and is part of the broader sustainable ranges initiative within OSD.

Senator PRYOR. Yes. That would be great. And another question is just the money involved. And is this one that takes money, or is it more just working out agreements with FAA, et cetera? And we just need to be prepared for the future because I think UAVs will have a big presence in the future for our military needs.

And one other thing, and this is also sort of a space issue, and I know there are a lot of bases, et cetera, that are constrained by various geographical considerations around their areas of operation. But your air and land ranges, as I understand it, you are getting to a point, at least in some areas, where those ranges are used—I don't want to say overused, but they are kind of hitting the max. They are bumping up against the ceiling in terms of the amount of training that can be done at those, especially, as I understand it, at Eglin and at Fort Bragg.

But do you know anything about that, or have you been working on that issue to make sure that there is sufficient air and land ranges?

Mr. ARNY. Not about those specifically, but in my time in the Navy and here, we have been working very hard over the last 10 to 15 years on finding ways to fight encroachment. Our Readiness

and Environmental Protection Initiative (REPI) program has been very active, with help from the Congress, where we go out and buy easements on land around our bases and around our ranges to make sure that we have buffer zones.

And frankly, where—as we tried to do with Pinon Canyon, where we think we need more ranges, we will go out and try to acquire land. I know in the Navy, we acquired land down in Mississippi in a range down there. I know the Marine Corps is looking to expand 29 twentynine Palms.

So where we can and where it is required, we will use military construction funding and other land acquisition to expand it. Where we feel we have enough ranges, but we need buffer zones, then we are using REPI and other programs, cooperative programs with the private sector.

In the Pensacola area, the local community is very active. The local community will actually buy up land around the bases to ensure that they are okay.

Senator PRYOR. Right. I think that Eglin may have an issue with the F–35 Joint Strike Fighter going there——

Mr. ARNY. Yes, sir. I believe that is more of a perceived noise issue than it is actually a training range issue, and we will have to work through it. And if you look at—I was down in San Antonio, at an Air Force base down there, and in the 1930s, the ideal was you put all the housing and admin facilities between the two runways. Well, nowadays, you wouldn't think about doing that.

So it is a matter of things have changed. Oceana on the east coast has a lot of housing around it. In the 1950s, we bought 18,000 acres in the San Joaquin Valley and easements on another 12,000 acres to build the Naval Air Station Lemoore, where both of my sons have been.

So it is a different mentality, and we have to accommodate it as things move.

Senator PRYOR. Thank you.

Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator JOHNSON. Secretary Hale and Mr. Arny, thank you so much, and you may be excused.

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

QUESTIONS SUBMITTED TO HON. ROBERT F. HALE

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

Question. In fiscal year 2009, Fort Knox received funding from the Department of Defense to widen portions of Wilson Road, an on-base road, which leads to the Human Resources Center of Excellence on the installation. The amount only funded half of the project, however. Why was this project only partially funded? When will it appear on the Future Years Defense Plan?

Answer. The East Access Road Improvements fiscal year 2008 military construction project (project number 66549 for $6.7 million) was authorized and appropriated at the scope requested. The project scope included widening the main access corridor from Wilson Gate to Eisenhower Avenue to four traffic lanes, improving road drainage, upgrading traffic signals, relocating overhead utility lines underground, installing curbs and gutters, and adding reflectorized pavement markings.

This project was an emergency requirement included in the fiscal year 2008 President's Budget. It supports a Grow the Army Brigade Combat Team and the Base Realignment and Closure relocation of the Human Resources Command to Fort Knox. As a result, insufficient design was performed, which led to a poor estimate of construction material quantities for milling and paving, as well as inadequate drainage and safety features. The lack of proper design, coupled with increased labor, construction material, and fuel costs caused the project to lose scope in order to stay within funding limits. An Above Threshold Reprogramming (Congressional authorization for projects greater than $2 million or 125 percent of the programmed amount) was considered to achieve full scope, but funding was not available.

East Access Corridor Improvements (project number 70261 for $6.4 million) has been developed to capture the lost scope and will compete in future budget cycles.

Question. Ireland Army Community Hospital at Fort Knox is one of the oldest hospitals in the Army. A study was to be undertaken to examine whether the facility needed to be replaced. What is the status of that report? When will it be submitted to Congress?

Answer. The U.S. Army Medical Command (MEDCOM) recognizes the need to ensure medical treatment capabilities at Fort Knox match the needs of the supported beneficiary population. In the first quarter of fiscal year 2009, MEDCOM funded a planning effort to determine the scope, capabilities, siting, and cost for an Ireland replacement facility. Analysis of population, workload, services, and network are now complete. Facility requirements associated with this analysis are in development and will be complete in July with final deliverables to follow. The outcome of the planning effort will be used to program the project for a future budget submission. The MEDCOM Commanding General would be happy to meet with you later this summer to share the results of the planning process and the proposed facility solution.

Question. By law, DOD must complete disposal of the chemical weapons stockpile at Blue Grass Army Depot by 2017. What is the Army's long-term plan to take advantage of the Blue Grass Army Depot's capabilities following completion of the chemical weapons disposal efforts?

Answer. Blue Grass Army Depot is a very valuable component of the Army's Industrial Base. Its mission is and will continue to be to support the Joint Warfighter by safely providing a wide range of high quality Defense products and services at the right price, place, and time.

Currently, Blue Grass Army Depot conducts Standard Depot Operations (store, issue, receipt, inspect, maintain, and demilitarize) for conventional and non-standard (Special Forces unique) ammunition and missiles, as well as Chemical Defense Equipment (CDE). On a daily basis, Blue Grass ships critical munitions and CDE to Joint SOF and conventional units worldwide for both training and combat use. Routinely, on a quarterly basis, Blue Grass Army Depot supplies munitions for the CENTCOM ammunition resupply vessel with critical munitions in support of OIF/OEF.

In addition to Standard Depot Operations, Blue Grass also produces kits and ships weapons system, combat vehicle and ammunition components to fill critical Warfighter requirements. Recent examples of this industrial capability include MRAP add-on armor, overhead wire mitigation kits, and Gunner Restraint Kits. Ammunition specific component production examples include 81mm mortar piston plates and mortar tail fin sections. Blue Grass Army Depot also conducts container (MILVAN and Ammunition unique) refurbishment and repair, as well as fabrication and heat treatment of MIL SPEC ammunition pallets. Blue Grass Army Depot commercial tenants also provide additional, non-ammunition SOF support.

Blue Grass Army Depot plans to fully utilize critical capability remaining on the Depot at the completion of the Chemical weapons demilitarization mission. This would include those ammunition storage structures currently storing chemical munitions and administrative facilities constructed in support of the Chemical Demilitarization mission.

Question. What is the planned arrival date for Fort Knox's brigade combat team?

Answer. The 3d Brigade, 1st Infantry Division is programmed to relocate from Fort Hood, Texas, to Fort Knox, Kentucky, on October 16, 2009.

QUESTION SUBMITTED BY SENATOR SUSAN COLLINS

Question. Mr. Hale, We need more emphasis on military construction to properly modernize and maintain the industrial infrastructure to support our military in the 21st century. For example, Portsmouth naval Shipyard in Kittery, Maine, has had to depend on Congressional plus-up funding in order to get many of the new facili-

ties they need. While these projects have been reviewed, approved and included in the out year Program Objective Memorandums (POMs), the Navy continues to not include them in their budget requests.

What more can be done to ensure that all of the Navy's repair and support facilities have all of the needed equipment and military construction required to perform their missions?

Answer. The Department of the Navy applies a prioritized methodology in determining which projects are included in its Military Construction request. The infrastructure investment development incorporates the following factors: (1) a top down programmatic approach, which incorporates strategic investment guidance from the Chief of Naval Operations; (2) Global Shore Infrastructure Plans (GSIP) identify capability gaps; and (3) an analytical decision process. There are three weighted criteria which determine priorities. These include strategic guiding principles (e.g. mission alignment, condition based maintenance/recap), shore capability areas (e.g. operations, training), and components of the shore investment model (e.g. capacity, condition). The described process provides for a prioritized executable global Navy construction program.

QUESTIONS SUBMITTED TO WAYNE ARNY

QUESTIONS SUBMITTED BY SENATOR MARK PRYOR

Question. On February 26th 2009, I wrote you a letter requesting data in regard to property disposal. My intent was to better understand the performance of conveyances and how they relate to the creation of jobs, particularly with respect to the Economic Development Conveyance (EDC). It is my understanding that the purpose of EDCs, that proceed from land disposition, is to advance the economic development and job creation objectives of communities. Last week in front of this Committee, I asked your Army colleague, Mr. Calcara, his thoughts on those tools available by DOD to convey surplus land.

I am very interested in your thoughts on this matter. While it is DOD policy to fully utilize all appropriate means to transfer property at installations closed or realigned under the base closure law, to include public benefit transfers, EDCs at cost and no-cost, and negotiated or public sales, can you explain to this Committee how DOD makes decisions as to which conveyance is best suited for a particular community?

Answer. In consultation with the Local Redevelopment Authority (LRA), DOD considers many local community factors as well as the characteristics of the property itself when making property disposal decisions. These factors include the redevelopment plan for the property prepared by the LRA, potential environmental impacts pursuant to analysis under the National Environmental Policy Act, environmental condition of the property, zoning, and applicable statutory and regulatory requirements associated with each property conveyance authority, property value, and other relevant factors. As indicated in my response to your letter dated April 30, 2009, DOD has used the full range of conveyance authorities to address the wide variety of circumstances encountered at communities which have hosted closing installations. It is also common to convey the property at larger closing installations in multiple parcels using different conveyance authorities for different future uses based upon consideration of the factors described above.

Question. In regard to no-cost EDC requests, how much consideration does the DOD give today's economic climate when negotiating with Local Redevelopment Authorities (LRAs) for communities who have been BRAC'd?

Answer. The Secretary concerned has discretion and flexibility to structure an EDC that can be tailored to local needs to assist local job creation/recovery activities and base redevelopment. This is done in close collaboration with the Local Redevelopment Authority (LRA) and local economic conditions are an important factor considered. Specifically, as set forth in the governing regulation (32 CFR Part 174), the Secretary concerned will consider the following factors, as appropriate, in evaluating the application and the terms and conditions of the proposed transfer:

—Adverse economic impact of closure or realignment on the region and potential for economic recovery through an EDC.
—Extent of short- and long-term job generation.
—Consistency with the entire redevelopment plan.
—Financial feasibility of the development, including market analysis and need and extent of proposed infrastructure and other investments.
—Extent of State and local investment, level of risk incurred, and the LRA's ability to implement the plan.

—Current local and regional real estate market conditions.
—Incorporation of other Federal agency interests and concerns, and applicability of, and conflicts with, other Federal surplus property disposal authorities.
—Relationship to the overall Military Department disposal plan for the installation.
—Economic benefit to the Federal Government, including protection and maintenance cost savings and anticipated consideration from the transfer.
—Compliance with applicable Federal, State, interstate, and local laws and regulations.

Under the applicable statutory authority, a no-cost EDC may only be made if:
—the LRA agrees that the proceeds from any sale or lease of the property (or any portion thereof) received by the LRA during at least the first seven years after the date of the initial transfer of property shall be used to support economic redevelopment of, or related to, the installation; and
—the LRA executes the agreement for transfer of the property and accepts control of the property within a reasonable time after the date of the property disposal record of decision.

Question. In particular to no-cost EDCs, would you happen to roughly know how long it takes for an acre of BRAC property to be conveyed (by disposal type) or how long it typically take for an acre of BRAC property to be productively reused?

Answer. There is really no "typical" BRAC property conveyance situation. Every closing base, and surrounding community, has unique features that affect the length of time to convey property, the disposal methods, and reuse implementation period. In some cases, where there is strong market demand, immediate public use needs, little investment required to achieve reuse, and minimal environmental cleanup concerns, property has been conveyed and reused relatively quickly after the base closes. At other locations where market demand is limited, substantial investment is required to enable the desired reuses, and/or environmental conditions require significant effort and regulatory involvement to resolve, conveyance and reuse occurs more slowly.

As Chairman of the Senate Special Operations Forces Caucus, I am concerned with the realignment of the 7th Special Forces Group (SF0) from Fort Bragg, NC to Eglin Air Force Base, FL. While gunnery and artillery ranges are critical for the 7th SF0 to continue to maintain a high level of combat readiness, the available shooting ranges at Eglin are currently being used by Air Force Special Operations AC–130 Gunships.

Question. With both entities in extraordinarily high demand in support of operations in Iraq and Afghanistan, how is the DOD planning to redesign air and land ranges to ensure a seamless transition for training and preparedness?

Answer. Air Force and Army Special Operations officials have worked closely to ensure the Army's 7 SFG Airborne (A) move to Eglin AFB is seamless and preserves optimum training capabilities for all Eglin range complex users.

The Air Force Special Operations Command (AFSOC) and 7 SFG (A) estimate approximately 10–20 percent of their local missions will be bi-lateral in nature, which will evolve as the SFG (A) moves to Florida and begins operations. Joint training opportunities should increase as AFSOC and 7 SFG (A) further develop training scenarios. Eglin ranges are centrally scheduled. Schedules are de-conflicted to maximize training opportunities for all users. 7 SFG (A) requires 14 live-fire training ranges that currently do not exist at Eglin AFB. The Army has funded 11 of the 14 ranges through DOD's Military Construction program, and worked with Eglin range managers to optimally site them. The Army and the Air Force have also agreed on the locations for the remaining three ranges that are competing for funds within DOD's priorities.

Eglin range managers have also established ground maneuver areas to support 7 SFG (A) non-live-fire training activities. Activities in these areas will have little to no impact on other Eglin range users.

QUESTION SUBMITTED BY SENATOR SUSAN COLLINS

Question. Although I am encouraged by this good news, I continue to be concerned about the lack of alignment between the branches' funding timelines, which could increase the overall cost to the taxpayer and threaten the viability of the project itself.

Can you assure us that you will work with the Maine Congressional Delegation to ensure that these facilities are constructed making the most efficient use of taxpayer dollars, and fulfill the requirements of both the Army National Guard and the Marine Corps?

Answer. My office will continue to monitor the efforts of the Maine Army National Guard (MEARNG) and the Naval BRAC Office both of which have achieved mutual goals to allow their projects to stay on track for successful execution. Two Joint Forces site development projects programmed under two separate appropriations, in two separate years are planned for the Brunswick Naval Air Station (NAS). The MEARNG will control a 51-acre parcel of land on the Brunswick NAS under a Federal license upon transfer from the Navy. The Department of Navy maintains a requirement to provide a project for the U.S. Marine Corps Reserves (USMCR) at Brunswick as well. There are a number of constraints, which render only 10 acres of the site as tenable for development. The site is currently envisaged to accommodate both the MEARNG requirements as well as the USMCR requirements. The Adjutant General—Maine (TAG–ME) has reviewed the Navy's Site Proposal and concurs with placement; staff is drafting a request to issue an execution directive for the appropriate real estate instruments to move forward.

DEPARTMENT OF THE NAVY

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

Senator JOHNSON. I am pleased now to welcome our second panel of witnesses—the Honorable B.J. Penn, Assistant Secretary of the Navy (Installations and Environment); Major General Eugene G. Payne, Jr., Assistant Deputy Commandant for Installations and Logistics, Facilities Division; Rear Admiral Mark A. Handley, Deputy Commander, Navy Installations Command Director Ashore Readiness Group.

Thank you all for coming. We look forward to your testimony, and again, your full statements will be entered into the record.

Secretary Penn, please proceed.

Mr. PENN. Thank you, Mr. Chairman.

Chairman Johnson, Senator Hutchison, members of the subcommittee, it is a privilege to come before you today to discuss——

Senator JOHNSON. The microphone.

Mr. PENN. How is this?

Senator JOHNSON. Okay.

STATEMENT OF HON. B.J. PENN

Mr. PENN. Chairman Johnson, Senator Hutchison, members of the subcommittee, it is a privilege to come before you today to discuss the Department of the Navy's installation efforts. I am joined this afternoon by Major General Payne, the Marine Corps Assistant Deputy Commandant for Installations and Logistics, and Rear Admiral Handley, Director of the Navy's Shore Readiness Division.

I would like to touch on a few highlights in the Department's overall facilities budget request, a healthy $14.4 billion, or 9.2 percent of the Department's TOA. In MILCON, fiscal year 2010 continues the Marine Corps Grow the Force initiative with a $1.9 billion investment, targeted primarily at infrastructure and unit-specific construction required to move marines from interim facilities and provide adequate facilities for new units.

The fiscal year 2010 MILCON budget also provides funds for the first five construction projects to support the relocation of marines from Okinawa to Guam in the amount of $378 million.

Our fiscal year 2010 budget request 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 use of incremental funding in this budget has been restricted to the continuation of projects that have been incremented in prior years. Otherwise, all new projects are fully funded or are complete and usable phases.

In family housing, our budget request of $515 million reflects the continuation of investment funding for locations where we still own and operate military family housing and where additional privat-

ization is planned. Prior requests reflected an accelerated program to address additional housing requirements associated with the Marine Corps Grow the Force structure initiatives.

The Navy and Marine Corps have privatized virtually all family housing located in the United States. Where we continue to own housing at overseas and foreign locations, we are investing in a steady-state recapitalization effort to replace or renovate housing where needed. Our request also includes funds necessary to operate, maintain, and lease housing to support Navy and Marine Corps families located around the world.

Regarding legacy BRAC, we continue our request for appropriated funds in the amount of $168 million, as we exhausted all land sale revenue. We have disposed of 93 percent of the prior BRAC properties, so there is little left to sell, and the real estate market is not as lucrative as it was several years ago. We expect only limited revenue from the sale of Roosevelt Roads in Puerto Rico and other small parcels.

With respect to the BRAC 2005 program, our budget request of $592 million represents a shifting emphasis from construction to outfitting and other operations and maintenance costs. One success story I would like to highlight comes from New Orleans, which still struggles to recover from the aftermath of Hurricane Katrina.

We entered into a 75-year leasing agreement with the Algiers Development District in September 2008. In exchange for leasing 149 acres from Naval Support Activity New Orleans, the headquarters, marine forces Reserves, will receive approximately $150 million in new facilities.

Demolition began recently, and we have established temporary quarters for the commissary so that military personnel, retirees, and their families still have access to this quality of life service during construction. We continue to work with Algiers Development District to ensure this partnership's successful outcome.

We have been able to hold down our own cost increases to a modest 2 percent for the implementation period of 2006 through 2011.

We have made significant progress in the past year in planning for the relocation of the marines from Okinawa to Guam. The environmental impact statement (EIS) for Guam is underway, with a targeted Record of Decision in time for construction in fiscal year 2010.

The Government of Japan ratified the international agreement on May 13, 2009 and appropriated $336 million in fiscal year 2008 equivalent dollars to complement our own fiscal year 2010 investment. We expect to see Japan's contribution deposited in our Treasury by July.

PREPARED STATEMENT

Finally, it has been an honor and privilege to serve this great Nation and the men and women of our Navy and Marine Corps team—the military and civilian leadership, personnel, and their families. I thank each of you for your continued support and the opportunity to testify before you today.

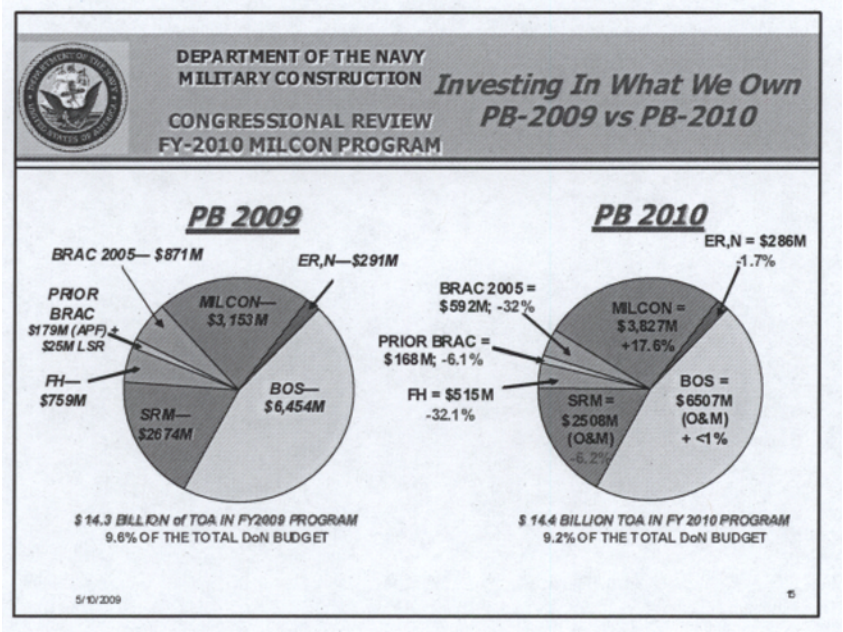
[The statement follows:]

PREPARED STATEMENT OF HON. B.J. PENN

Chairman Johnson, Senator Hutchison, and members of the subcommittee, I am pleased to appear before you today to provide an overview of the Department of Navy's investment in its shore infrastructure.

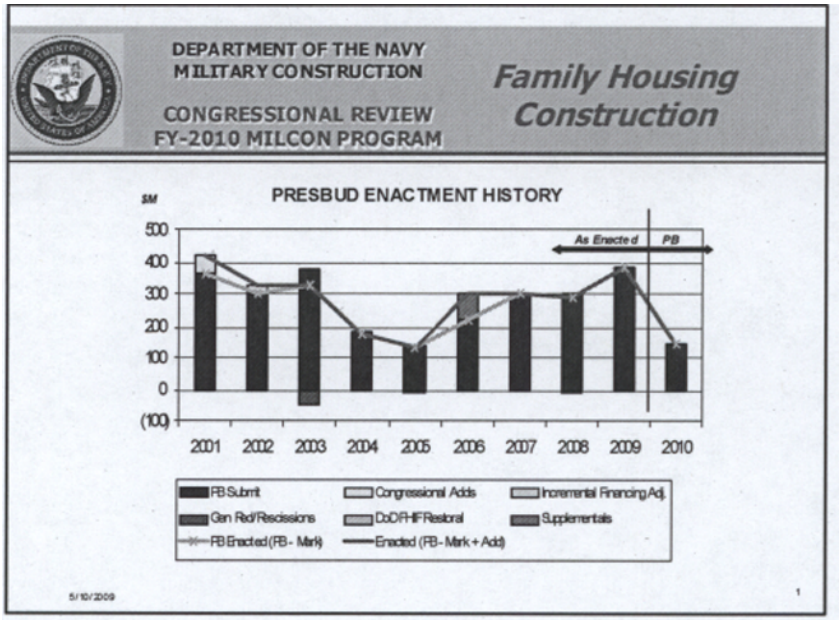
THE NAVY'S INVESTMENT IN FACILITIES

Our Nation's Sea Services continue to operate in an increasingly dispersed environment to support the Maritime Strategy and ensure the freedom of the seas. This requires an ever strong foundation of installations from which to re-supply, re-equip, train, and shelter our forces. We must continue to make smart infrastructure investments to prepare for the future and secure the peace abroad. Our fiscal year 2010 shore infrastructure baseline budget totals $14.3 billion, representing 9.2 percent of the DON's fiscal year 2010 baseline request of $156 billion.



The fiscal year 2010 military construction (active + reserve) request of $3.8 billion is $674 million more than the fiscal year 2009 request. This growth in Department's military construction program is primarily due to the continuation of the Marine Corps' "Grow the Force" "initiative and the inclusion of the first capital investments to support their realignment of forces from Okinawa to Guam.

The fiscal year 2010 Family Housing request of $515 million represents a 32 percent decrease from the fiscal year 2009 request. It is helpful to examine the table at left to put this decrease in perspective. Prior year family housing construction requests reflected an accelerated program to address additional housing requirements associated with Marine Corps force structure initiatives. The Navy and Marine Corps have continued to invest in housing, including both the recapitalization of overseas housing as well as additional privatization to address housing requirements. The fact that the investment in family housing construction has decreased should be seen as an indication that we have ridden the "crest of the wave."



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

As in fiscal year 2009, we must seek appropriated funds in fiscal year 2010 in the amount of $168 million for Legacy BRAC activities as we have exhausted land sales revenues. We anticipate some limited future revenue as we move to dispose of the former Naval Station Roosevelt Roads in Puerto Rico and some other smaller property sales. We will use revenue from these future sales to accelerate cleanup at the remaining prior BRAC locations.

The fiscal year 2010 BRAC 2005 budget request of $592 million represents a significant shift from construction to Operation & Maintenance funds as our focus turns to outfitting facilities with equipment and materiel and supporting the physical relocation of personnel, rather than constructing new or renovating existing structures, as one might expect as the statutory deadline approaches. Although we are on track to meet the September 15, 2011 deadline, we do face some significant challenges ahead.

Here are some of the highlights of these programs.

MILITARY CONSTRUCTION

The DON's fiscal year 2010 Military Construction program requests appropriations of $3.8 billion, including $169 million for planning and design and $12.5 million for Unspecified Minor Construction.

The active Navy program totals $1.1 billion and includes:

—$302 million to support three intermediate and depot level maintenance projects: the second increment of the CVN replacement pier at Puget Sound Naval Shipyard, Bremerton, Washington; modifications to the P–8/MMA facility at Naval Air Station Jacksonville, Florida; and the largest of the three projects at $227 million—Pier 5 Replacement at Norfolk Naval Shipyard, Portsmouth, Virginia;

—$84 million to fund 11 airfield projects. Included among these projects are seven supporting the Joint Strike Fighter: 6 at Eglin AFB, Florida and 1 at Edwards AFB, California;

—$42 million to fund four expeditionary operations projects at Camp Lemonnier, Djibouti, which include an ammunition supply point, security fencing; road improvements, and a fire station;

—$86 million to fund five training projects: a submarine learning center in Guam; the Asia-Pacific Center in Honolulu, Hawaii; a SERE school for SOCOM in Spo-

kane, Washington; and E–2D Trainer Facility at Naval Station, Norfolk, Virginia; and a flight simulator at NAS Pensacola, Florida;

—$193 million to fund four ordnance related projects: the 6th of 7 increments of the Limited Area Production and Storage Complex and the 2nd of two increments of the waterfront security enclave fencing, both projects at Naval Submarine Base, Bangor, Washington; constructs missile magazines at Naval Station Pearl Harbor, Hawaii; and a torpedo exercise support building in Guam;

—$95 million to construct three enlisted training barracks, one each in Newport, Rhode Island; Eglin AFB and NAS Pensacola, Florida;

—$126 million to fund four waterfront operations projects, which include dredging the entrance to the turning basin at Naval Station, Mayport, Florida to enable nuclear carriers to transit the channel without risk to the propulsion system, and Charlie One Wharf replacement (unrelated CVN homeporting) also at Mayport. The remaining two projects are the second phase of the waterfront development project at Naval Support Activity, Bahrain, and the final increment of the magnetic silencing facility at Naval Station, Pearl Harbor, Hawaii;

—$22 million to build base support facilities: Naval Construction Division Operations Facility and a centralized public works facility at Naval Base, Point Loma, California; and

—$83 million for planning and design efforts.

The active Marine Corps program totals $2.7 billion (of which $1.9 billion is for "Grow the Force"), a $705 million increase over the fiscal year 2009 Military Construction request. This cost increase is due to the initial construction investment in Guam and a continued emphasis on Grow the Force.

—$323 million for the construction of unaccompanied housing at Camp Pendleton, Twentynine Palms, California, and Camp Lejeune, North Carolina in a continuation of the Commandant of the Marine Corps' initiative to improve the quality of life for single Marines;

—$200 million to provide quality of life facilities such as dining facilities, physical fitness centers, and fire houses at Twentynine Palms, San Diego, and Camp Pendleton, California, the Basic School at Quantico, Virginia, and Camp Lejeune, Cherry Point and New River in North Carolina;

—$109 million to construct new recruit barracks and student billeting supporting the School of Infantry and the recruit training at Camp Pendleton and for the Basic School in Quantico, Virginia;

—$977 million to build infrastructure to support new construction. These projects include communications upgrades, electrical upgrades, natural gas systems, drinking and wastewater systems, and roads. These projects will have a direct effect on the quality of life of our Marines. Without these projects, basic services generally taken for granted in our day-to-day lives, will fail as our Marines work and live on our bases;

—$744 million to fund operational support projects such as those needed for the stand-up of V–22 aircraft in North Carolina and California; and operational units in Camp Lejeune, North Carolina and Camp Pendleton, California. Logistics operations will be enhanced with a new Port Operations facility at Marine Corps Support Facility, Blount Island, Florida;

—$140 million to provide training improvements for aviation units and Marine Corps Security Force training at Quantico, VA, and Marines training at the School of Infantry at Camp Lejeune, North Carolina, and Camp Pendleton, California. A new range will be provided in Hawaii.

—$122 million to construct maintenance facilities at Twentynine Palms, California, Yuma, Arizona, Beaufort, South Carolina, and New River and Camp Lejeune, North Carolina;

—$41 million for the construction of storage facilities at Twentynine Palms and Camp Pendleton, California and Cherry Point, North Carolina; and

—$84 million for planning and design efforts.

With these new facilities, Marines will be ready to deploy 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.

The Navy and Marine Corps Reserve Military Construction appropriation request is $64 million, including $2 million for planning and design efforts, to construct three reserve centers—one each at Luke AFB, Arizona; Alameda, California; and Joliet, Illinois. These funds will also be used to construct a C–40 Hangar at Naval Air Station Oceana, Virginia Beach, Virginia; a parachute and survival equipment center in San Antonio, Texas, and vehicle maintenance facility in Charleston, South Carolina.

Fully-funded and Incrementally-funded MILCON Projects

Our fiscal year 2010 budget request complies with Office of Management and Budget Policy and the DOD Financial Management Regulation that establishes criteria for the use of incremental funding. The use of incremental funding in this budget has been restricted to the continuation of projects that have been incremented in prior years. Otherwise, all new projects are fully funded or are complete and usable phases. However, as the cost of complex piers and utilities systems rise above the $100 million and even $200 million threshold, compliance with the full-funding policy drives both Services to make hard choices regarding which other equally critical projects must be deferred into the next year.

Meeting the Energy Challenge

In August 2006, I directed that all new Department of Navy facilities and major renovations be built to U.S. Green Building Council "LEED Silver" standards starting in fiscal year 2010. For military construction projects, we met the requirement a year earlier, in fiscal year 2009. This year we began including sufficient funds for major renovations where the work exceeds 50 per cent of the facility's plant replacement value.

With funds provided through the American Recovery and Reinvest Act (ARRA) we are able to leverage current technological advances to reduce energy demand and increase our ability to use alternative and renewable forms of energy for shore facilities as well as in our logistics processes. This technology improves energy options for our Navy today and in the future. Of the $1.2 billion in ARRA funds that have been provided to Navy, $577 million in Operation and Maintenance, Navy; Operation and Maintenance, Marine Corps, and Military Construction has been applied to projects that will reduce our fossil fuel energy consumption. Major investments include $169 million to install photovoltaic systems, $71 million for advance metering installation, $30M for the energy conservation improvement program (ECIP), $9 million for geothermal energy development, and $31 million for energy improvements in various facilities, (such as critical repairs to major utilities systems, HVAC replacement, etc.).

Encroachment Partnering

The Department of the Navy has an aggressive program to manage and control encroachment, with a particular focus on preventing incompatible land use and protecting important natural habitats around installations and ranges. A key element of the program is Encroachment Partnering (EP), which involves cost-sharing partnerships with States, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges. The Department prevents development that is incompatible with the readiness mission, and our host communities preserve critical natural habitat and recreational space for the enjoyment of residents. Navy and Marine Corps have ongoing EP agreements at 14 installations and ranges nationwide, with additional agreements and projects planned in fiscal year 2009. EP has been a highly effective tool for addressing encroachment threats from urban development and is a win-win for the Department and our host communities.

In fiscal year 2008, Navy and Marine Corps completed partnership acquisitions on 16,662 acres. Funding for those purchases of land and easements included a combined contribution from DOD and DON of $11.72 million, which was matched by similar investments from partner organizations. In fiscal year 2009, Navy and Marine Corps received an additional $19.78 million from the DOD Readiness and Environmental Protection Initiative program, which will be combined with funding from the Department and our partner organization.

HOUSING

The following tenets continue to guide the Department's approach to housing for Sailors, Marines, and their families:

—All service members, married or single, are entitled to quality housing; and
—The housing that we provide to our personnel must be fully sustained over its life.

With the support of Congress, and particularly this Committee, we have made great strides in improving the quality of life for our members and their families over the past years. These include:

—Funds programmed and contracts in place to eliminate inadequate family housing in the Navy and Marine Corps.
—A robust military construction program to meet the Marine Corps' unaccompanied housing needs.

—Successful execution of the first two unaccompanied housing privatization projects within the Department of Defense.

Despite these achievements, there remain challenges that we face as a Department. A detailed discussion of the Department's family and unaccompanied housing programs, and identification of those challenges, follows:

FAMILY HOUSING

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

—*Reliance on the Private Sector.*—In accordance with longstanding DOD and DON policy, we rely first on the local community to provide housing for our Sailors, Marines, and their families. Approximately three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent homes in the community. We determine the ability of the private sector to meet our needs through the conduct of housing market analyses that evaluate supply and demand conditions in the areas surrounding our military installations.

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

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

Our fiscal year 2010 budget includes $146 million in funding for family housing construction and improvements. This amount includes $79 million for the Government investment in continued family housing privatization at Camp Lejeune and includes funding for an addition to a Department of Defense school. It also includes the replacement or revitalization of Navy housing in Japan, Korea, and Spain where the military housing privatization authorities do not apply. Further, there are proposed projects in Guam, unrelated to the Realignment of Marine Forces that would replace or revitalize existing homes there. Finally, the budget request includes $369 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory.

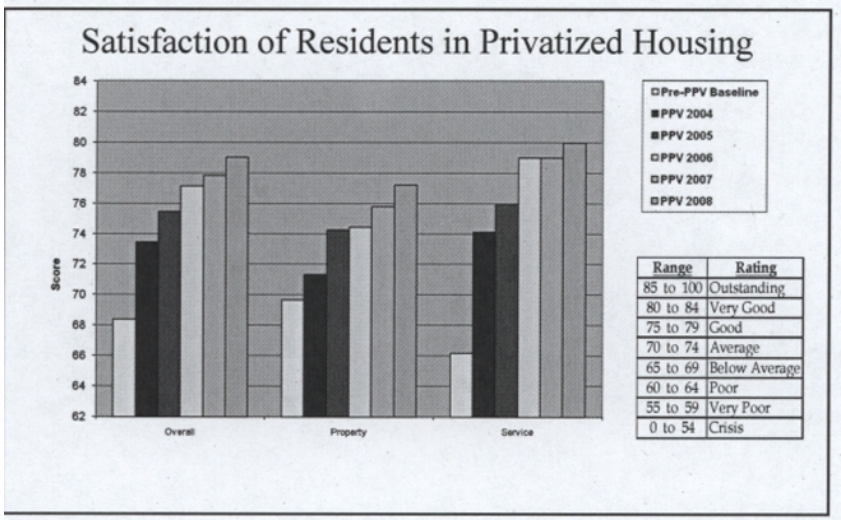
As of the end of fiscal year 2008, we have awarded 30 privatization projects involving over 61,000 homes. As a result of these projects, nearly 20,000 homes will be renovated and over 21,000 new or replacement homes will be built. (The remaining homes were privatized in good condition and did not require any work.) Through the use of these authorities we have secured approximately $8 billion in private sector investment from approximately $800 million of our funds, which represents a ratio of almost ten private sector dollars for each taxpayer dollar.

While the military housing privatization initiative has been overwhelmingly successful, there are challenges in this program area as well. They include:

—*The Current Economic Climate.*—In the current economic climate, we have seen a dramatic curtailment in the amount of private financing available for our future military housing privatization projects/phases. This, in turn, affects plans for future construction and renovations. We are working with the Office of the Secretary of Defense, the other Services, and the lending community on ways in which we might mitigate such impacts and preserve our ability to leverage private capital on future projects/phases.

—*Program Oversight.*—There has been a great deal of attention focused by Congress on the Service's oversight of housing privatization projects in the wake of difficulties experienced by some partners. We take seriously our responsibility to monitor the privatization agreements to ensure that the Government's long term interests are adequately protected. We have instituted a portfolio management approach that collects and analyzes financial, occupancy, construction, and resident satisfaction data to ensure that the projects remain sound and that the partners are performing as expected. We conduct meetings with senior representatives of our partners and, where necessary, resolve issues of mutual interest. Where our projects have encountered difficulties, appropriate corrective actions have been taken. For example, we had concerns regarding performance of the private partner in our Pacific Northwest project. We worked with that partner to sell its interest to another company which has a record of good performance with military housing privatization projects.

Perhaps the most important measure of success of our privatization program has been the level of satisfaction on the part of the housing residents. To gauge their satisfaction, we used customer survey tools that are well established in the marketplace. As shown at right, the customer surveys indicate a steady improvement in member satisfaction after housing is privatized.



Unaccompanied Housing

Our budget request includes $527 million for 14 unaccompanied housing projects (included 6 training barracks) at seven Navy and Marine Corps locations. The budget continues the emphasis on improving living conditions for our unaccompanied Sailors and Marines.

Our current inventory consists of over 157,000 unaccompanied housing spaces for permanent party Sailors and Marines. These represent a wide mix of unit configurations including rooms occupied by one, two, or more members. There are challenges, however, which the Department is committed to address.

—*Provide Homes Ashore for our Shipboard Sailors.*—The Homeport Ashore initiative seeks to provide a barracks room ashore whenever a single sea duty sailor is in his or her homeport, so they need not live on the ship. The Navy has made considerable progress towards achieving this goal through military construction; privatization and intensified use of existing barracks capacity. In his May 6, 2009 testimony before the House Appropriations Committee, Subcommittee on Military Construction, the Chief of Naval Operations committed to providing housing ashore for all junior sea duty Sailors by 2016 at the Interim Assignment Policy standard (55 square feet of space per person). The inclusion of $88 million in funding, in the ARRA, for a new barracks in San Diego is helping us meet this goal. The Navy's long term goal is to achieve the OSD private sleeping room standard (90 square feet per person).

Commandant's BEQ Initiative.—It is the Commandant of the Marine Corps' priority to ensure single Marines are adequately housed. Thanks to your previous support, in fiscal year 2009 the Marine Corps will make significant progress toward fulfilling this priority. Your 2009 appropriation of $1.2 billion in MILCON funding for Marine Corps barracks will result in the construction of approximately 12,300 permanent party spaces at eight Marine Corps installations. Your continued support of this initiative in our fiscal year 2010 proposal will allow us to construct an additional 3,000 new permanent party barracks spaces. With this funding we will stay on track to meet our 2014 goal. The fiscal year 2010 request for bachelor housing will provide eight barracks projects at Camp Lejeune, North Carolina, and Twenty-Nine Palms, and Camp Pendleton, California. We are also committed to funding the replacement of barracks' furnishings on a 7-year cycle as well as the repair and maintenance of existing barracks to improve the quality of life of our Marines. These barracks will be built to the 2+0 room configuration, as have all Marine Corps barracks since 1998. This is consistent with the core Marine Corps tenets for unit cohesion and teambuilding.

Unaccompanied Housing Privatization

The Navy has also executed two unaccompanied housing privatization projects using the pilot authority contained in section 2881a of Title 10, United States Code. In March we cut the ribbon on the Pacific Beacon project in San Diego. Pacific Beacon includes 258 conveyed units targeted for unaccompanied E1–E4 sea duty Sailors and 941 newly constructed dual master suite units targeted for E4–E6 Sailors.

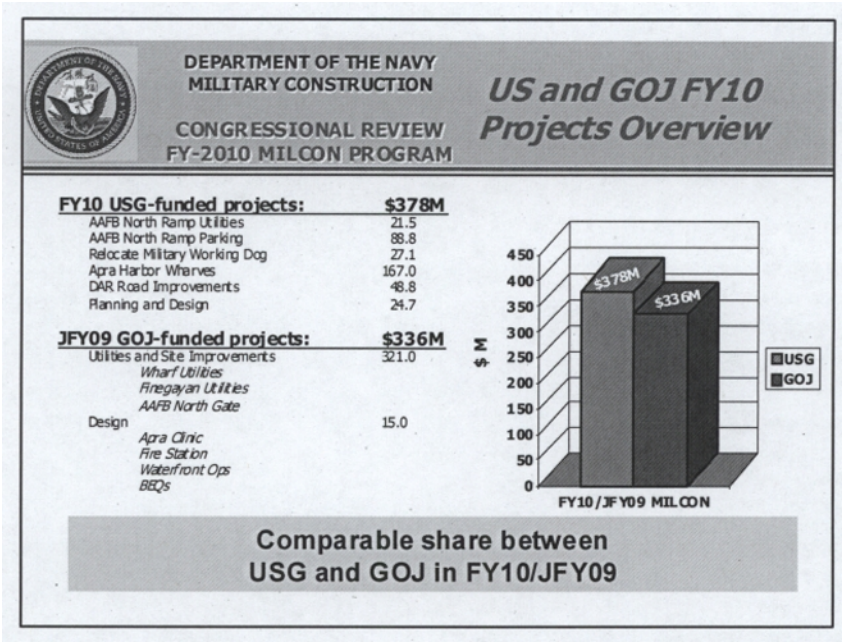
Pacific Beacon in San Diego

The second unaccompanied housing privatization project is in Hampton Roads (executed in December 2007) and included the conveyance of 723 units in seven buildings on Naval Station and Naval support Activity Norfolk and the construction of 1,190 dual master suite units. The first of three construction sites opened in November 2008 and the remaining units are scheduled for completion in 2010.

The Navy is continuing to evaluate candidate locations for the third pilot project, including the Mayport/Jacksonville, Florida area and additional phases at San Diego and Hampton Roads using the public/private entities previously established.

RELOCATING THE MARINES TO GUAM

The fiscal year 2010 budget request includes $378 million to construct facilities in support of the relocation. The Government of Japan, in its JFY–2009 budget (which runs April 1, 2009 through March 31, 2010) has provided a comparable amount and we expect to receive their contribution in June. The graph at right identifies the projects each funding stream constructs.



The Department of Defense recognizes that the condition of Guam's existing infrastructure could affect our ability to execute the aggressive program execution and construction schedule. Construction capacity studies, assessments of socioeconomic impacts, and the development of the Environmental Impact Statement (EIS) have demonstrated that, in particular, Guam's road network, commercial port, and utilities systems are in need of upgrades.

Roadway, intersection, and bridge upgrades are required to handle the flow of materials from the port to work sites. Through the Defense Access Road (DAR) program, DOD is working to identify, certify as eligible for funding, and consider in future DOD budgets the need for improvements to roadways, intersections, and bridges that are critical to executing the construction program. Five road improvement projects have been certified by Transportation Command's Surface Deployment and Distribution Command under the DAR program and more are under consideration. Existing deficiencies in the island's road system and long-term traffic impacts due to the projected population increase are being considered in partnership between Guam Department of Public Works and the U.S. Federal Highway Administration. These efforts are occurring in parallel in order to ensure compatibility and mutual benefit to DOD and the Guam community.

The Port of Guam requires near and long-term improvements. The Port Authority of Guam and the U.S. Maritime Administration (MARAD) signed a memorandum of understanding to improve the port by developing an adequate master plan and implementation of a Capital Improvement Plan. These plans will develop the port into a regional shipping hub that will serve both military and civilian needs in the region in the long term. Near-term improvements to the port are underway, including the recent delivery of three refurbished cranes that will become fully operational soon. With these upgrades and improvements to materials-handling processes, the Port of Guam should be able to accommodate throughput to sustain the expected $1.5–2.0 billion per year in construction volume.

Of the total $6.09 billion Japanese commitment included in the Realignment Roadmap, $740 million is for developing electric, fresh water, sewer, and solid waste infrastructure in support of the relocating Marine Corps forces. Analysis of utilities options indicates that developing new, stand-alone systems may not be cost-effective. DOD is collaborating with the Government of Guam to understand its needs and to determine the feasibility of water, wastewater, solid waste and power solutions that are mutually beneficial and acceptable to DOD, the civilian community and the regulatory agencies. Japan's contribution to the utilities special purpose en-

tity is but one example of how bringing private investment through public-private partnerships may be part of the solution to Guam's infrastructure problems.

Relocation to Guam represents a strategic opportunity for the United States that we must get right. Our strategy is to identify options that will support DOD missions, provide the widest possible benefit to the people of Guam, be technically and financially supportable by current and future utilities providers, and be acceptable to Government of Guam and environmental regulators. A business model is being developed to support these requirements while ensuring the interests of the U.S. Government and the GOJ are met. The EIS is addressing both interim and long-term solutions as they relate to infrastructure on Guam.

DOD's Office of Economic Adjustment (OEA) has provided the Government of Guam with grants totaling more than $4.5 million to support environmental, financial and planning studies; staffing; and community outreach programs. Additionally, the Department of Defense is working with other Federal agencies to determine what appropriate roles DOD and other Federal agencies can play in helping Guam to address necessary infrastructure and services improvements on Guam, as noted by recent Government Accounting Office reviews. Additionally, the Department will ensure that Guam's local economic adjustment requirements, as they are known at the time, are provided to the Economic Adjustment Committee, chaired by the Secretary of Defense and the Secretaries of Commerce and Labor as co-Vice Chairs.

We recognize the potential for significant socioeconomic effects on Guam with the introduction of off-island workers who will support the construction program. In order to minimize negative effects, we are collaborating with the Government of Guam to develop a program for the equitable and safe treatment of all workers, including Guam residents, workers from the Commonwealth of the Northern Mariana Islands (CNMI), Hawaii and the U.S. mainland, and any necessary H2-B laborers. We are evaluating methods to have contractors manage safety, medical, housing, transportation, and security for their workers, taking into account potential long-term positive side benefits that different solutions may have on the Guam community.

Environmental Impact Statement

As it is designed to do, the National Environmental Policy Act (NEPA) process and associated studies are helping us identify and address environmental issues and constraints. A key milestone to executing the realignment in the established timeframe is achieving a Record of Decision on a schedule that allows for construction to begin in fiscal year 2010. The target for a Record of Decision is January 2010. We realize there are significant and complicated issues that need to be addressed in this study, and the interests of the public need to be protected. This is a complex EIS, as it considers not only the relocation of the 8,000 Marines and their dependents, but also a Navy proposal for a transient nuclear-powered carrier capability at Apra Harbor, and an Army proposal to station a ballistic missile defense capability on Guam. However, we remain on an aggressive schedule to finish the final EIS by the end of 2009, with a Record of Decision following. To that end, we are holding informal discussions with regulatory agencies early and often to uncover and address issues of concern well in advance of the formal review process; we are streamlining existing internal and external review and approval processes with regulatory agencies and other external partners; and we are conducting concurrent internal DOD reviews to expedite approval of the EIS for distribution and publication. We will share with the Congress significant issues that emerge during the EIS process.

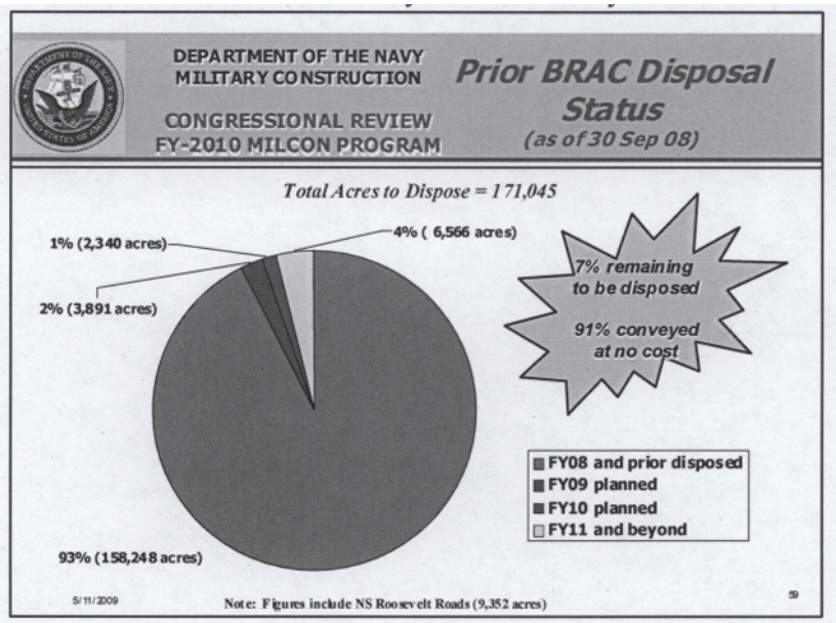
PRIOR BRAC CLEANUP & PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic base structure and generating savings. The Department has achieved a steady State savings of approximately $2.7 billion per year since fiscal year 2002. All that remains is to complete the environmental cleanup and property disposal on portions of 16 of the original 91 bases and to complete environmental cleanup on 15 installations that have been disposed.

Property Disposal

By the end of fiscal year 2008, we have disposed of 93 percent of the real property slated for closure in the first four rounds of BRAC. Throughout that time, we have used a variety of the conveyance mechanisms available for Federal Property disposal, including the Economic Development Conveyance (EDC) that was created for BRAC properties. Ninety-one percent of the Department of the Navy real property was conveyed at no cost. From the remaining 9 percent, the Department of Navy has received over $1.1 billion in revenues via a variety of conveyance mechanisms. Nearly all of this revenue has been generated since fiscal year 2003. Since then, we

have used these funds to accelerate environmental cleanup, and to finance the entire Department of the Navy prior BRAC effort including caretaker costs from fiscal year 2005 through fiscal year 2008.



These funds have enabled us to continue our environmental clean-up efforts at 31 installations. We have used these funds to accelerate cleanup at Naval Shipyard Hunters Point, CA, as well as Naval Air Station Alameda, CA, enabling us to be closer to issuing Findings of Suitability to Transfer or conveyance of the property for integration of environmental cleanup with redevelopment.

Land Sale Revenue

Despite our success in using property sales to augment funding for environmental cleanup and property disposal, as well as recover value for taxpayers from the disposal of Federal property, future revenues are very limited. In fiscal year 2009, we resumed our budget requests for appropriated funding.

Prior BRAC Environmental Cleanup

The Department has spent about $4.0 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through fiscal year 2008. We project an increase in the cost-to-complete of about $172 million since last year. Nearly all of this cost increase is due to additional munitions cleanup at Naval Air Facility Adak, AK, Naval Shipyard Mare Island, CA, and Marine Corps Air Station El Toro, CA. The increase is also associated with additional radioactive contaminations at Naval Station Treasure Island, CA, Naval Air Station Alameda, CA, and Naval Shipyard Mare Island, CA.

BRAC 2005 IMPLEMENTATION

The Department has moved expeditiously from planning to the execution of the BRAC 2005 Program. The Office of the Secretary of Defense has approved all 59 Navy-led business plans. Additionally, 24 other service-led business plans with some form of Navy equity have been approved. The Department's BRAC 2005 Program is on track for full compliance with statutory requirements by the September 15, 2011 deadline. However, some significant challenges lie ahead.

Accomplishments

In total, the Department awarded 85 of 118 BRAC construction projects with a combined value of $1.4 billion.[1] Eighteen fiscal year 2009 projects worth $256 million are on track to award this year. Some noteworthy projects include:

—In July 2008, the Department awarded a $325 million project to co-locate Military Department Investigative Agencies at Marine Corps Base, Quantico, VA. When complete it will combine almost 3,000 personnel from the Department of Defense (DOD) and the Services' Investigative Agencies. It also includes the construction of a collocated "School House" for the Joint Counterintelligence Training Academy (JCITA) as well as nearby roadway improvements. Combined together, these actions will significantly enhance counterintelligence synchronization and collaboration across DOD.

—In less than 12 months since business plan approval, nine projects for a combined $222 million were awarded at Naval Air Weapons Station, China Lake, CA, Naval Weapons Station, Indian Head, MD, and Dahlgren, VA, in support of the Department's effort to consolidate and create a Naval Integrated Weapons & Armaments Research, Development, Acquisition, Test, and Evaluation Center. Two projects worth $39 million are projected to award next month.

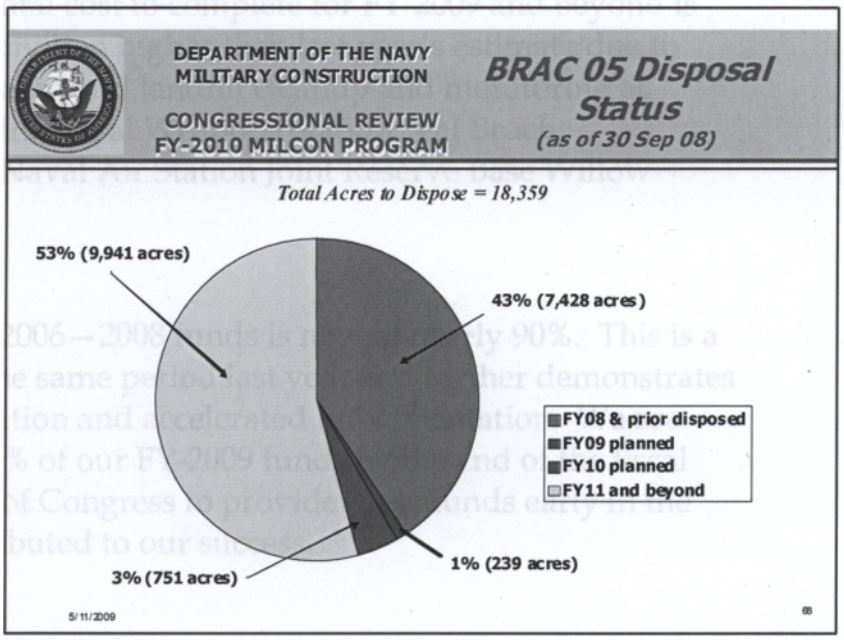
Helping Communities

Fifteen impacted communities have established a Local Redevelopment Authority (LRA) to guide local planning and redevelopment efforts. The DOD Office of Economic Adjustment has been providing financial support through grants and technical assistance to support LRA efforts. Of these 15 communities, six reuse plans have been approved by the Department of Housing and Urban Development (HUD). Three communities are still preparing their plans with submissions planned for later this year. At the installations where the reuse plans have been completed, the Department has initiated the National Environmental Policy Act documentation for disposal of those properties.

Land Conveyances and Lease Terminations

By the end of fiscal year 2008, the Department disposed of 43 percent of the property that was slated for closure in BRAC 2005. These disposal actions were completed via lease termination, reversions, and Federal and DOD agency transfers. Of interest is the reversion of Singing Island at Naval Station Pascagoula and the Dredge Spoil Material Area at Naval Station Ingleside, transfer of the tidal area of Naval Weapons Station Seal Beach Detachment Concord to the Department of the Army, and disposal of 78 percent of the reserve centers slated for closure.

[1] Three fiscal year 2008 projects valued at $14 million remain to be awarded.



The Department has also closed or realigned 38 of 49 Naval Reserve Centers, Navy Marine Corps Reserve Centers, Navy Recruiting Districts, Navy Regions, and Navy Reserve Readiness Commands. Seven of these were disposed in 2008. The 2009 Plan includes transfer of 144 acres at Naval Air Station Atlanta, Reserve Centers at Orange, TX, and Mobile, AL, and 75 acres from Naval Station Pascagoula to the Air Force.

NSA New Orleans, LA

In September 2008, the Department and the Algiers Development District (ADD) Board entered into a 75-year leasing agreement. We leased 149 acres of Naval Support Activity New Orleans West Bank to the ADD in exchange for up to $150 million in new facilities to support Headquarters, Marine Forces Reserve.

Simultaneously, the Department finished construction, relocated from New Orleans, and formally opened the new Commander, Navy Reserve Force Command Headquarters in Norfolk, VA. In their new $33 million, 90,000-square foot facility, the 450-man command is in very close proximity to the Department's U.S. Fleet Forces Command as well as the Joint Forces Command. This proximity means better communication between active and reserve forces, including more face-to-face meetings with local commands.

Naval Air Station Brunswick, ME

The Department's largest BRAC 2005 operational action will close Naval Air Station Brunswick, Maine, and consolidate the East Coast maritime patrol operations in Jacksonville, Florida. The cornerstone of this relocation is a $132 million aircraft hangar scheduled for completion and occupation in May 2009. This project represents the Department's largest patrol squadron hangar, and it will serve to maintain all five P–3 squadrons. It is also designed for the future transition to the P–8 Poseidon aircraft. The first relocating P–3 Squadron deployed from Naval Air Station Brunswick occurred in November 2008 and will return directly to their new home in Jacksonville.

Naval Station Ingleside/NAS Corpus Christi, TX

Significant progress was also made to prepare facilities to relocate eight Mine Counter Measure (MCM) ships from Naval Station Ingleside, TX to Naval Base San Diego, CA. The Department re-evaluated its infrastructure footprint in the greater San Diego area and elected to change from new construction to renovation of existing facilities, thereby saving more than $25 million in construction costs. These

ships will start shifting homeport this spring, with completion later in the calendar year.

Joint Basing

Two of four Joint Base Memorandums of Agreement (MOAs) where the Department is the lead component have been approved. The MOA for each joint base defines the relationships between the components, and commits the lead component to deliver installation support functions at approved common standards. Resources—including personnel, budget, and real estate—transfer from the Supported component(s) to the lead. Joint Basing has two implementation phases, with Phase I installations scheduled to reach full operational capability in October 2009, and Phase II installations in October 2010. The four Department-led joint bases are Little Creek-Fort Story (Phase I), Joint Region Marianas (Phase I), Anacostia-Bolling (Phase II), and Pearl Harbor-Hickam (Phase II).

Environmental Cost to Complete

Given the relatively few number of closures, the absence of major industrial facilities, and the extensive site characterization, analysis, and cleanup that has occurred over the last several decades, the Department's remaining environmental liabilities for BRAC 2005 are substantially less than in previous rounds of BRAC. We have spent $148 million in cleanup at BRAC 2005 locations through fiscal year 2008. The majority of this has been spent at Naval Air Station Brunswick, ME and Naval Weapons Station Seal Beach Detachment Concord, CA. Our remaining environmental cost to complete for fiscal year 2009 and beyond is $99 million. This estimate is $8 million higher than last year's estimate due to additional munitions, groundwater, and landfill cleanup and monitoring at Naval Air Station Brunswick, ME, Naval Weapons Station Seal Beach Detachment Concord, CA, and Naval Air Station Joint Reserve Base Willow Grove, PA.

Financial Execution

The execution of our fiscal year 2006–2008 funds is now at nearly 90 percent. This is a significant improvement over the same period last year and further demonstrates our shift from planning to execution and accelerated implementation. We are also on track to obligate over 90 percent of our fiscal year 2009 funds by the end of the fiscal year. We appreciate the efforts of Congress to provide these funds early in the fiscal year, which directly contributed to our success.

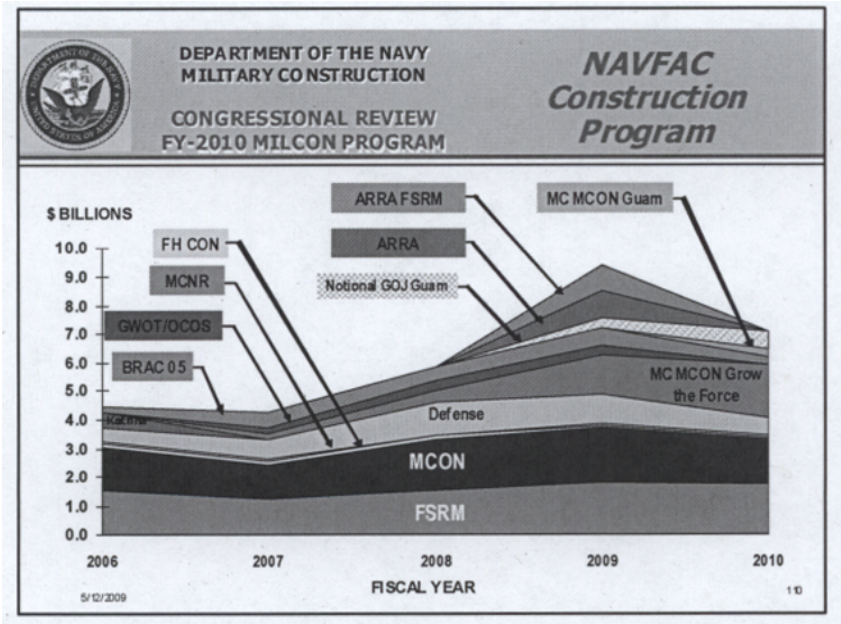
Challenges

Although we are on track to meet the September 15, 2011 deadline, we do face some significant challenges ahead. Seven major construction projects at Naval Air Weapons Station China Lake, CA and Naval Weapons Station Indian Head, MD require complex site approvals and certifications for operation from the Department of Defense Explosive Safety Board. Additionally, Correctional Facilities require certification before occupancy. The Department plans to closely manage construction so that it completes in time to conduct the necessary certifications.

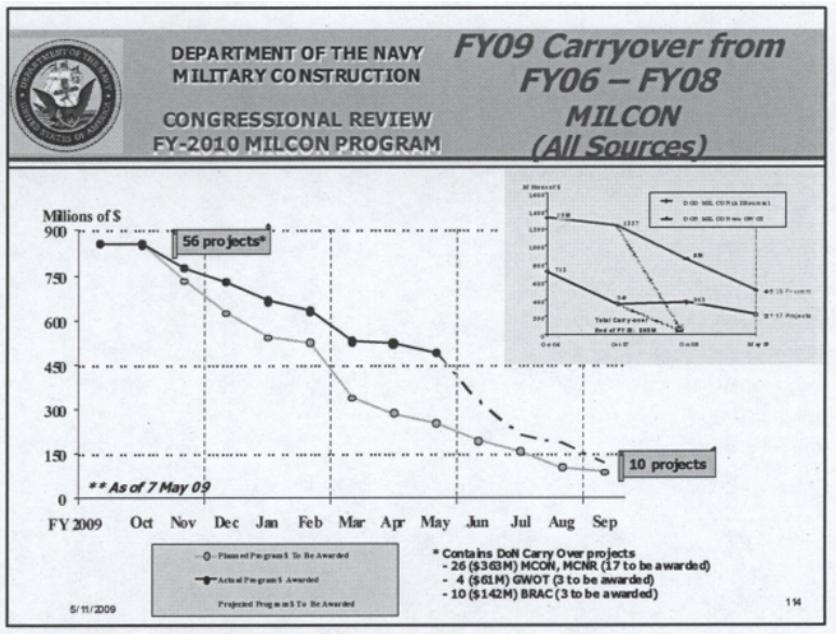
Several complex move actions require close coordination with other services and agencies. While they remain on track for timely completion, we must maintain effective and continuous coordination to succeed.

MEETING THE CONSTRUCTION EXECUTION CHALLENGE

We have outlined how our facilities investment continues at a record setting pace, and the Department's execution agent, the Naval Facilities Engineering Command (NAVFAC), is ready to meet the demand.



While market conditions exacerbated by world-wide natural disasters led to lagging execution rate during fiscal year 2006, NAVFAC has drastically reduced carryover despite a 60 percent increase in contract awards, as the graph depicts. Smart acquisition strategies and vigorous management in the field continue to reduce the carryover.



Special consideration is being given to executing the construction program in Guam. To the maximum extent possible NAVFAC will apply criteria and standards that enable offsite construction methodologies. This will not only reduce the importation of raw construction materials to the island but it also helps to minimize the socio-economic impact by reducing the off-island labor required. NAVFAC continues to make concerted efforts to reach out to Small Business enterprises, and will also utilize a variety of contracting vehicles, such as the, 8(A) Multiple Award, HUBZONE Multiple award, and the new Small Business Global Multiple Award that is pre-award status.

CONCLUSION

Our Nation's maritime forces operate closely with other joint forces allies, and coalition partners, delivering the main tenets of our Cooperative Strategy for 21st Century Seapower: protecting the homeland, preventing conflicts, and when necessary, winning our Nation's conflicts. To fulfill this challenge we must ensure our Sailors and Marines have the training, education, and tools necessary to prevail in conflict and promote peace abroad. The Department of Navy's (DON) investment in our shore infrastructure represents our deepening commitment to this goal. Our installations are where we homeport the Fleet and her Marine forces, train and equip the world's finest Sailors and Marines. Our fiscal year 2010 budget supports a forward posture and readiness for agile, global response.

Thank you for your continued support and the opportunity to testify before you today.

Senator JOHNSON. Thank you, Mr. Penn.

Major General Payne.

General PAYNE. Sir, I have no statement this afternoon.

Senator JOHNSON. Rear Admiral Handley.

Admiral HANDLEY. Sir, it is a privilege to be here again in front of this committee, yourself, Senator Hutchison. And again, no formal statement, but will defer to your questions.

GUAM

Senator JOHNSON. General Payne, the Commandant of the Marine Corps, General Conway, recently testified on DOD's plan to move 8,000 marines and 9,000 dependents from Japan to Guam. He suggested that the $4 billion cost estimate for the move is way short of what the move will really cost.

Could you comment on the projected cost of the Guam buildup and what the military is doing to ensure the adequacy of essential services on the island?

And I believe there is some concern over the availability of training ranges on Guam. If the marines could not acquire an adequate training range co-located with its forces, will the move to Guam still make any sense?

General PAYNE. Yes, sir. I would be glad to comment on that.

I think the Commandant's comments pertained to several things in particular. When the initial budget for Guam, the $10 billion budget, was developed, it did not include considerations for infrastructure improvements on the island of Guam because at that time, quite frankly, I don't think we knew the extent of what improvements might be required.

Since then, it has become apparent that the island of Guam does need some assistance on those infrastructure improvements. So that would be additive to the $10 billion.

And in regards to the other comment you made, which is absolutely correct, sir, and that is with respect to the ranges. Our analysis to date indicates that we can put some small arms ranges on Guam, but there are larger weapon systems and combined arms

training, in particular, that will have to be at other ranges. And it is our intent at this point to analyze the viability of putting those ranges in the Northern Mariana Islands, principally the islands of Tinian and Pagan.

And the reason that it is difficult to pinpoint the specific additive cost today is that the analysis is still underway on Guam relative to the infrastructure, and we have not had an opportunity to analyze, from an EIS standpoint, and understand what mitigation may be required concerning the range possibilities in the Northern Mariana Islands.

Senator JOHNSON. General, so many strategic issues are going to be dependent on the outcome of the upcoming QDR, including the Guam buildup. What impact might the QDR have on the plan to build up our forces in Guam?

General PAYNE. Sir, that is an excellent question, and I am not one to second-guess the QDR. But I could speculate to the extent that I think it is going to give us guidance relative to potential force capabilities required on Guam in order to support the Combatant Commander.

I don't think it is going to be terribly detailed. I think it is going to address, however, the Combatant Commander's requirements and will give the Marine Corps some guidance in that regard. We do not, in any way, anticipate that it is going to negate the current plan to move to Guam and move marines and marine families to Guam.

NNMC AND WRAMC

Senator JOHNSON. Admiral Handley, the BRAC plan for the relocation of Walter Reed to the Bethesda Naval Medical Center campus includes two traffic mitigation projects to be funded in fiscal year 2010 and 2011. Could you outline the cost and nature of these projects?

Admiral HANDLEY. Mr. Chairman, I will have to get back to you on the specific ones within the BRAC program. That doesn't necessarily fall under my direct purview. But I do recognize that there were mitigation projects involved with the Bethesda project, and we will get those specific details to you, sir.

[The information follows:]

The Army is the BRAC Business Plan lead and funding agent for the issue outlined in this question. JTF CAPMED is the lead in administering the budget and realignment functions. The Navy is the construction agent for the Bethesda receiver site and from this perspective provides the following answer.

Traffic mitigation measures at the National Naval Medical Center will be on both the Medical Center Campus and outside the Campus gates. Improvements on Campus, including access roads, gate houses, and anti-terrorism/force protection measures as well as construction of a truck inspection station and small visitor's center, will result in enhanced access to the Campus and superior security measures. Funding for the Campus improvements is currently budgeted at $26 million ($18.4 million in fiscal year 2010 and $7.6 million in fiscal year 2011). Outside the Campus gates, the Navy has worked closely with Montgomery County and the Maryland State Highway Administration to design improvements which facilitate greater access to the Campus from public transportation and major thoroughfares. DOD has committed $1 million of the budgeted $26 million to improve a turn lane at the Campus North Gate to provide safer access to the Campus for cross traffic on Rockville Pike/Hwy 355. Consistent with the results of the Environmental Impact Statement (EIS), the DOD has submitted a needs report to the Defense Access Road (DAR) Program requesting certification of improvements to the Medical Center

Metro Station as eligible for DOD funding. If the proposal is certified, an additional $20 million of DOD BRAC funds would be available in fiscal year 2011 to enhance access to the station from the east side of Rockville Pike/Hwy 355.

Senator JOHNSON. How far along in planning is the proposal to connect the Metro to the hospital? If the elevator and tunnel turn out to be too difficult or expensive, is there a plan B?

[The information follows:]

The Washington Area Metro Authority (WMATA) is currently exploring a number of options to enhance access to the Medical Center Metro Station. These options include:

—No build with improvements at grade
—Elevator entrance on the east side of Rockville Pike, including improvements at grade and three high-speed elevators on the east side of Rockville Pike
—Shallow pedestrian tunnel underneath Rockville Pike approximately 30 feet in length
—Shallow pedestrian tunnel plus an elevator entrance on the east side of Rockville Pike (a combination of Options 2 and 3, without the upgraded crosswalk)
—Pedestrian Bridge crossing over Rockville Pike

WMATA is currently evaluating the business case for each of these options and vetting them with the general public. We rely on WMATA to define the way ahead while remaining convinced improvements need to be made if we expect more Medical Center staff to take advantage of the Metro option for commuting.

Admiral HANDLEY. Sir, again, my apologies for not having that one on hand today. But again, that is, as you have outlined, the current plan. I am not personally familiar with a backup plan for that but will look specifically into that and get specific details back to you and your staff.

Senator JOHNSON. With the additional funding for Walter Reed and Fort Belvoir in the supplemental, what is the target date for completion?

[The information follows:]

The Supplemental funding directed for the National Naval Medical Center (NNMC) Bethesda will support completion of the Defense Base Realignment and Closure (BRAC) Commission related construction in time to meet the BRAC mandated deadline of September 2011. At present, the major additions to NNMC Bethesda are scheduled to be complete by October 2010 thus providing adequate time to outfit and occupy these buildings prior to the BRAC deadline. Specifically, the supplemental funding for NNMC Bethesda will support the construction of the new wounded warrior enlisted quarters, a new fitness center, an additional administrative facility, and a new parking garage. These facilities, which are scheduled for completion in July and August of 2011, are needed to support the patient and staff increases that are anticipated as we move toward creation of the Walter Reed National Military Medical Center.

The construction at Fort Belvoir is the responsibility of the U.S. Army.

Admiral HANDLEY. Again, my apologies on that. I know there is a 2011 deadline, and that, I believe, as Secretary Arny previously testified, that we are on track for the BRAC requirements for 2011 as well.

GUAM

Senator JOHNSON. General Payne, the budget request includes over $700 million for military construction in Guam. How can Congress determine the validity of those projects without a FYDP to see how they fit into the long-range plan for Guam?

General PAYNE. Well, we certainly are understanding of the desire for a longer-range plan. But in answer to the fiscal year 2010 projects in particular, these are all projects that essentially address infrastructure needs. They are projects that include the haul road,

upgrade to the wharfs, and other infrastructure projects that, quite frankly, we think would set the stage for any growth on Guam whatsoever.

Senator JOHNSON. Senator Hutchison.

Senator HUTCHISON. Mr. Chairman, I think—I don't really have questions.

The Guam issue, I think you have covered well, and I just believe that, in general, the Navy has done well in focusing on quality of life issues. And the Marine Corps I think is doing well in preparing for its end strength increase. And so, we want to continue to monitor that and also help in every way possible.

I think the Guam issue is one that we really need to work together to plan for and assure that we are doing everything to make that transition as seamless as it can be, but I think you realize that. So we will work with you and try to accommodate that need.

Thank you very much.

ADDITIONAL COMMITTEE QUESTIONS

Senator JOHNSON. I would like to thank all of our witnesses for appearing before the subcommittee today. We look forward to working with you in what is likely to be a very compressed schedule.

For the information of members, questions for the record should be submitted by the close of business on May 22.

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

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

Question. The Pearl Harbor Naval Shipyard's motto is, "We Keep Them Fit to Fight." It has a proud and storied legacy which includes the tireless work by the Shipyard's workers in the days and years following December 7, 1941. Hawaii will be in receipt of the new Virginia-class submarines. The decision by the Navy to position its latest class of submarines is attributable to the importance of stability in the Asia-Pacific region. Though our focus is trained on the Middle East, the Asia-Pacific region is home to serious concerns such as the potential of North Korean long-range ballistic missiles. To this end, the Virginia-class submarines will silently keep watch on this vast area of ocean.

Would it be fair to characterize our force's broad-spectrum capabilities as being dependant on the ability of those charged with the maintenance and upkeep? Furthermore, would it be fair to characterize the infrastructure to ensure the long-term viability of these state-of-the-art-submarines as a complementary component to the maintenance and readiness of our forces, keeping them, "Fit to Fight," and support our national security

Answer. The force's broad-spectrum capabilities, including those of our state-of-the-art-submarines, are strongly linked to our ability to maintain those ships. The ship depot maintenance program provides the maintenance necessary to sustain the Navy's global presence and to support the Navy's force structure goals by ensuring that ships receive the required life cycle maintenance to reach their Expected Service Life (ESL). Ship depot maintenance provides funding for ship and submarine scheduled and unscheduled maintenance conducted by both public shipyards and private sector contractors. This program directly supports the Surface Warfare Enterprise, Naval Aviation Enterprise and the Undersea Enterprise by providing units ready for operational tasking. We value the long tradition of excellence and dedication embodied by the Naval Shipyard workforce.

Question. I appreciate the difficult budgetary decisions that must be made with regard to military construction. The basic infrastructure that supports our war fighters and their equipment, while bereft of eye-catching appeal, provides a strong foundation for our military. Each Shipyard faces its own set of challenges, and Pearl is no different. The Shipyard's modernization plan seeks to address the challenges the industrious employees have managed to work-around. Regrettably, this is a less

than ideal situation, and I am concerned that Pearl's infrastructure needs are being continually pushed down the road. Neglecting the smaller projects places strain on existing infrastructure and the workforce, that may lead to larger more serious problems, and potentially places people at risk of injury.

The current business model seems to be short-sighted, only addressing the most immediate infrastructure problems at the Shipyard. This is not the most cost-effective way in which to ensure its longevity and viability. Could you please clarify how projects are given priority? Is the current approach more, or less, cost-effective for the Navy given the finite amount of annual resources provided for Shipyard construction?

Answer. In PB10 the Navy changed its MILCON process from a bottom-up, advocacy-based process to a top-down capabilities-based process designed to holistically integrate warfare/provider enterprise requirements. The Navy's strategic MILCON guidance is based on the Chief of Naval Operations (CNO) Shore Investment Strategic Guidance. This guidance focuses on Mission and Quality of Life/Workplace, with a goal to achieve the lowest life cycle facility costs.

Specific projects are developed at the installation level and validated regionally in accordance with the top-down guidance. The Navy assesses each prospective MILCON project through a structural model aligned to Navy priorities. This objective structural model assessment leads to a prioritized ranking of all MILCON requirements and forms the basis of the Navy MILCON program.

Shipyard projects are evaluated and prioritized in the same manner as, and with, all Navy MILCON requirements. Each fiscal year shipyard projects meet or exceed the minimum capital investment requirements of U.S.C. Title 10 Section 2476 (Minimum capital investment for certain depots). The fiscal year 2010 Budget Submission included two MILCON projects valued at $296 million in support of Norfolk Naval Shipyard and Puget Sound Naval Shipyard and Intermediate Maintenance Facility, comprising 27 percent of the total Navy MILCON program.

SUBCOMMITTEE RECESS

Senator JOHNSON. This hearing is recessed.

[Whereupon, at 3:41 p.m., Tuesday, May 19, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

MILITARY CONSTRUCTION AND VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2010

THURSDAY, JUNE 11, 2009

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

The subcommittee met at 1:30 p.m., in room SD–124, Dirksen Senate Office Building, Hon. Tim Johnson (chairman) presiding.

Present: Senators Johnson, Murray, Reed, Nelson, Pryor, Hutchison, and Murkowski.

DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF HON. ERIC K. SHINSEKI, SECRETARY

ACCOMPANIED BY:

GERALD M. CROSS, MD, FAAFP, ACTING UNDER SECRETARY FOR HEALTH
PATRICK W. DUNNE, UNDER SECRETARY FOR BENEFITS
STEVE L. MURO, ACTING UNDER SECRETARY FOR MEMORIAL AFFAIRS
RITA A. REED, ACTING ASSISTANT SECRETARY FOR MANAGEMENT
ROGER W. BAKER, ASSISTANT SECRETARY FOR INFORMATION AND TECHNOLOGY

OPENING STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. The meeting will come to order. I welcome Secretary Shinseki and those accompanying him to the subcommittee. The leadership has announced that there will be a conference meeting regarding the supplemental at 3 o'clock, so we had to start this hearing early. I want to thank the secretary for accommodating this change. We are going to have to compress the hearing today, so I would like to waive all opening statements from members and go straight to the secretary's testimony. This will allow more time for senators to ask questions. The secretary's statement will be made part of the record as any member wishing to submit theirs. I request that our members limit their questions to 6 minutes. Again, thank you Secretary Shinseki for appearing before the committee today.

Senator Hutchison, do you have any comments you would like to make?

Senator HUTCHISON. Mr. Chairman, let's go forward. I think you're right to try to compress the hearing.

Senator JOHNSON. Secretary, you may proceed.

STATEMENT OF ERIC K. SHINSEKI

Secretary SHINSEKI. Thank you Chairman Johnson, Ranking Member Hutchison, other distinguished members of the committee. Thank you as always for this opportunity to discuss the President's budget for the Department of Veterans Affairs.

I'm pleased to be joined today by VA's senior leadership, and I'd like to take a few seconds just to introduce them. Beginning on my far left Under Secretary Pat Dunne, who takes care of our benefits administration. Next to me is Acting Assistant Secretary for Health, Dr. Gerald Cross. To my right Acting Assistant Secretary for Management, Rita Reed. To her right Acting Under Secretary for Memorial Affairs, Steve Muro, and then to the far right Assistant Secretary for Information and Technology, Roger Baker.

Let me also acknowledge the presence of leaders of our veterans service organizations in the audience today. We, in fact, are partners as advocates for our Nation's veterans.

In my short tenure as Secretary, every Member of Congress who has welcomed me back to Government has almost in the same breath asked me to do more, better, faster for our veterans longstanding needs that they face and need help on. I guess I would tell you that your individual and your collective devotion to our veterans is clear to me from my visits with you. Clear, comprehensive, and unwavering. And so, Mr. Chairman, to you and the members of this committee I want to express upfront my thanks for your support of VA, first to care for those veterans, and most especially for the generous appropriations in some years past when budgets were lean. You ensured that we were able to meet mission for those veterans.

PREPARED STATEMENT

Veterans are our sole reason for existence. In today's challenging economic environment we must be diligent stewards of every dollar if we are to deliver timely, high quality benefits and services to the men and women we serve. The growth in funding for fiscal year 2010 is significant, I will say that upfront. We accept the responsibility for being accountable and showing measurable returns on this investment that we've been entrusted with. I will do everything possible to ensure the funds Congress appropriates will be used to improve the quality of life for veterans and the efficiency of our operations. So with those comments, Mr. Chairman, thank you for this opportunity, and I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. ERIC K. SHINSEKI

Mr. Chairman, Senator Hutchison, distinguished members of the Committee: Thank you for this opportunity to present the President's 2010 budget for the Department of Veterans Affairs (VA). The President's vision for the Department is to transform VA into a 21st Century organization that is Veteran-centric, results-driven, and forward-looking. This transformation is demanded by new times, new technologies, new demographic realities, and new commitments to today's Veterans. It requires a comprehensive review of the fundamentals in every line of operation the Department performs.

VA's budget request for 2010 provides the resources for this transformation that will take more than one year to complete. It provides the resources to move the Department closer to achieving the President's vision for VA, and will help ensure that Veterans—our clients—receive timely access to the highest quality benefits and

services we can provide and which they earned through their sacrifice and service to our Nation.

Some have complained that, in the past, VA has been seen as difficult and bureaucratic in providing for our Nation's Veterans. Change requires strong leadership amidst finite resources to improve access, quality, safety, timeliness, and advocacy for the care and services we provide to our Veterans. This is not about nibbling around the edges of change.

The President's budget request for 2010 provides the Department with resources needed to become a 21st Century organization as the Department's leadership develops further the individual investments currently in the Budget to better align with evolving Departmental priorities.

The President has requested that I do two things—first, transform VA into a 21st Century organization, and second, to ensure that we approach Veterans care as a lifetime initiative, from the day the oath is taken until they are laid to rest. With this budget, the transformation begins.

At present, the budget request contains four major categories of transformational activity collectively designed to initiate the process of creating a 21st Century VA. These transformational initiatives include creating a reliable management infrastructure, delivering ongoing services, making progress on Departmental priorities, and instituting important new initiatives to meet the needs of Veterans today and tomorrow.

VA's request for 2010 is nearly $113 billion—an increase of over $15 billion, or 15.5 percent, from the 2009 enacted budget. This is the largest 1-year percent increase for VA requested by a President in over 30 years.

I would like to take this opportunity to highlight how this budget will help VA begin the transformation in these four areas.

First, Management Infrastructure. In order to transform VA, we must begin with ourselves. Transformation must start within our own doors. VA will create a reliable management infrastructure that expands or enhances corporate transparency at VA, centralizes leadership and decentralizes execution, invests in leader training, and focuses on research and development on 21st Century requirements. This infrastructure also is a key to dramatically improved client services and enhanced responsiveness to the needs of Veterans and all VA stakeholders. Examples include increasing investment in training and career development for the VA career civil service; improving capacity to manage IT services and major programs; employing a suitable financial management system to track expenditures; and achieving significant realignment of VA's acquisition processes for improved transparency of and accountability for spending across the VA.

Second, delivering and maintaining ongoing services. Transformation does not mean throwing out the baby with the bath water. What it does mean is that we must identify the things that work best and improve upon them. Some of the services that we can improve upon, and must improve upon, are our ongoing services provided to Veterans on a daily basis, such as care for polytrauma, substance abuse, mental health, and preventive health care. Such activities include access to the highest quality care, delivered at best-in-class facilities, and powered by excellence in medical research. These also encompass fair, consistent, and rapid processing of benefits claims, memorial services that honor service to the Nation, and evolving needs, such as rural care and outreach, care for homeless Veterans, Veterans' families, and women's health care.

Third, the 2010 budget will provide VA with sufficient resources to continue to make progress on Departmental priorities. VA will assess and revitalize core programs that have already been recognized by the VA and Congress as important to improving quality and access to services for Veterans. These programs provide access for additional Priority 8 Veterans; improve interoperability and coordination between the Department of Defense (DOD) and VA; increase investment in mental health and telemedicine; and continue the development and implementation of the Post-9/11 GI Bill. Progress on these initiatives, begun in 2009, will be sustained in 2010 to ensure that VA follows through on its existing commitments.

Lastly, transformation is about making bold moves to introduce entirely new concepts of best business practices that lead the organization into the 21st Century. The fiscal year 2010 budget request will enable new approaches to meet emerging needs that change the way VA serves Veterans. The on-going work of the VA's Transformation Task Force will further inform the development of these elements. And while these four areas of transformation represent the opportunities presented by the 2010 budget, below are specific examples to demonstrate how these funds will help our Veterans thorough their entire service lifetime, beginning at the day they take their oath.

THE TRANSFORMATION FROM WITHIN—INCREASING INVESTMENT IN TRAINING, CAREER DEVELOPMENT AND OTHER ORGANIZATIONAL REFORMS

In order to transform VA, we must begin with a commitment to critically assess ourselves. Transformation must start within our own doors. The transformation of VA will require many organizational reforms to better unify the Department's efforts on behalf of Veterans. These will take time and may even result in up-front costs within our overall budget, but all are designed to save taxpayer dollars over time while ensuring VA successfully accomplishes its mission. Lastly, where we can save costs to our Veterans, without impacting quality of care, or diminishing our core mission, we will be sound stewards of the taxpayer dollar. Some of these key reforms are presented below.

Increasing Investment in Training and Career Development

The 2010 budget will help ensure that VA's workforce will remain leaders and standard-setters in their fields. The Department will continue to grow and retain a skilled, motivated, and client-oriented workforce. Training and development (including a leader development program), communications and team building, and continuous learning will all be components of reaching this objective.

Establishing an Office of Analysis and Evaluation

The Department will establish an office with robust program analysis and evaluation capability. This office will conduct in-depth reviews of VA programs and operations, and will assess their return on investment. These independent evaluations will help inform program and budget decision-making.

Enabling Improved Communications

The Department will invest in a virtual forum and related services to enable better communications with Veterans, Veterans Service Organizations, Congress, and other government agencies.

Implementing Management Control Systems for Acquisitions

This initiative will allow VA to gather and use information to assist senior leadership in steering the Department toward its strategic objectives. This will involve allocating resources, motivating employee behavior, and evaluating performance.

Improving Medical Collections

The Department expects to receive nearly $2.9 billion from medical collections in 2010. About $8 of every $10 in extra collections will come from increased third-party insurance payments, with the vast bulk of the remaining collections growth resulting from rising pharmacy workload. The 2010 budget supports the establishment of additional consolidated patient account centers (CPACs) that help maximize the efficiency and effectiveness of VA's medical collections program through standardized processes, accountability for results, improved decision support capabilities, and more stringent internal controls. The implementation of six more centers from 2009 to 2011 will generate approximately $1.7 billion in additional revenue during the next decade.

In addition to investing in VA to provide the best quality of care to our Veterans, we are rededicating ourselves to improving our VA infrastructure, construction and logistics, to provide Veterans with the comfort in knowing that they will always have a place to go to seek their care that they can call their own.

NEW CONSTRUCTION AND FUNDING THE NEW OFFICE OF THE ASSISTANT SECRETARY FOR ACQUISITION, CONSTRUCTION, AND LOGISTICS

Establishment of a New Office of Acquisition, Construction, and Logistics

The President's 2010 budget request is so firmly committed to this goal, that it includes funding for the establishment of a new Office of the Assistant Secretary for Acquisition, Construction, and Logistics. The necessity of this new office is highlighted by the $1.921 billion in capital funding for VA in the 2010 budget. Our request for appropriated funds includes $1.194 billion for major construction projects, $600 million for minor construction, $85 million in grants for the construction of State extended care facilities, and $42 million in grants for the construction of State Veterans cemeteries.

The 2010 request for construction funding for our health care programs is $1.584 billion—$1.077 billion for major construction and $507 million for minor construction. All of these resources will be used to further 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.

—Major Construction Initiatives. Within our request for major construction are resources to continue five medical facility projects already underway:
  —Orlando, Florida ($371.3 million)—complete a new medical center consisting of a hospital, medical clinic, community living center, domiciliary, and full support services;
  —Denver, Colorado ($119.0 million)—replacement medical center on the same campus as the University of Colorado Hospital complex in Aurora, consisting of an inpatient medical center, spinal cord injury and community living center, and research building;
  —Bay Pines, Florida ($96.8 million)—inpatient and outpatient facility improvements;
  —San Juan, Puerto Rico ($42.0 million)—seismic corrections to the main hospital building; and
  —St. Louis, Missouri ($19.7 million)—medical facility improvements and cemetery expansion at Jefferson Barracks.
—New Facilities. Major construction funding is also provided to begin seven new medical facility projects:
  —Livermore, California ($55.4 million)—design and land purchase for new community-based outpatient clinic in East Bay, expanded community-based outpatient clinic and new community living center in the Central Valley, and minimally invasive procedure center at the Palo Alto VA Medical Center;
  —St. Louis, Missouri ($43.3 million)—design new inpatient bed tower, emergent response unit, spinal cord injury beds, intensive care unit beds, and clinical expansion at the John Cochran Division;
  —Canandaigua, New York ($36.6 million)—design new community living center and new domiciliary/residential rehabilitation facility;
  —Long Beach, California ($24.2 million)—design new mental health center and community living center;
  —Brockton, Massachusetts ($24.0 million)—design new long-term care spinal cord injury unit;
  —San Diego, California ($18.3 million)—design new spinal cord injury building and renovations to provide a community living center and hospice unit; and
  —Perry Point, Maryland ($9.0 million)—design new community living center.
—Minor construction.

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 realign critical services; make seismic corrections; improve patient safety; enhance access to health care; increase capacity for dental care; enhance patient privacy; improve treatment of special emphasis programs; and expand research capability. Further, minor construction resources will be used to comply with energy efficiency and sustainability design requirements.

We are requesting $162.9 million in construction funding to support the Department's burial program—$112.2 million for major construction and $50.7 million for minor construction. Within the funding we are requesting for major construction are resources for gravesite expansion and cemetery improvement projects at two national cemeteries—Abraham Lincoln ($38.3 million) and Houston ($35.0 million).

VA is requesting $25.5 million for land acquisition 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.

VA's commitment to our clients does not end at building a world-class, 21st Century Veterans healthcare and benefits organization. We also have an obligation to ensure that America never forgets their sacrifices. The 2010 Budget assures that the legacy of honoring our Veterans continues.

Although the foundation of transformation is laid first internally, by focusing on our own transformation within the walls of VA, at the end of day, we are judged by our performance, not our promises. The President has charged VA with providing for our Veterans for their entire lifetime. The President's 2010 Budget allows VA to focus on this continuity of care earlier than ever before.

ONE LIFE CONTINUITY OF CARE

One of VA's highest priorities is to ensure that active and Reserve component Veterans returning from service in Operation Enduring Freedom and Operation Iraqi Freedom receive everything they need to effortlessly make their transition from active military service to civilian life. The Department will take all measures nec-

essary to provide them with timely benefits and services, to give them complete information about the benefits they have earned through their military service, and to implement streamlined processes that simplify their interactions with VA.

Early Transition Initiatives

The most effective way to ensure servicemembers receive continuous care from military service to civilian life is to begin the transition process at the time they are sworn in for active duty. VA will continue to collaborate with DOD to facilitate the transition of military personnel into civilian status through a uniform approach of both registering into VA and accessing electronic records data. This will involve the development and implementation of a Joint Virtual Lifetime Electronic Record that will contain both administrative and medical information, resulting in improved delivery of benefits and assuring the availability of medical data to support the care of patients shared by VA and DOD. This will be achieved while maintaining the privacy and security of servicemembers' and Veterans' personal information.

Developing and New Partnerships with DOD

The Department will continue to partner with DOD to establish and administer programs to support this continuity of care, including participation in demobilization events, the Yellow Ribbon Reintegration Program, the Center of Excellence in Psychological Health and Traumatic Brain Injury, and others. Our facility-to-facility collaborations foster improved care coordination and delivery at the local level and I will continue to work with Secretary Gates to ensure this continuum of care is supported and addressed at the highest levels. To this end, I am establishing a new VA/DOD Collaboration Office with dedicated staffing to support our efforts at the Departmental level.

As our Veterans move from DOD to VA as their principal care provider, we must ensure that we are poised to address their specific needs. This requires that VA look at the most effective ways to meet the needs of this latest generation of Veterans. We will strive not to repeat the mistakes of the past, and ensure that once Veterans are fully under our care, we are poised to deliver the specialty health care and services that they need and that this budget will provide.

Meeting Emerging Needs of All Veterans Across All Generations

In addition to this newest generation of veterans, we must ensure that the budget addresses the needs of all Veterans, across all emerging demographics. This includes funding initiatives for women Veterans, the growing elderly population of Veterans, and Veterans living in rural areas. VA's request for 2010 provides the resources required to treat nearly 6.1 million patients as they enter our system of care. This is 474,000 (or 9 percent) above the patient total in 2008 and is 122,000 (or 2 percent) higher than the projected number in 2009.

Advance Appropriations for VA Medical Care

The President and I share the concern that the care our Veterans receive should never be hindered by budget delays. The Administration plans to work with the Congress to develop a specific advance appropriations proposal for the VA Medical Care program.

FUNDING CARE FOR A NEW AND CHANGING VETERAN DEMOGRAPHIC

Meeting the Medical Needs of Women Veterans

The 2010 budget provides $183 million to meet the gender-specific health care needs of women Veterans, an increase of $15 million (or 9 percent) over the 2009 resource level. The delivery of enhanced primary care for women Veterans is one of VA's top priorities. The number of women Veterans is growing rapidly and these women are increasingly reliant upon VA for their health care. More than 450,000 women Veterans have enrolled for care and this number is expected to grow by 30 percent in the next five years. We will soon have 144 full-time Women Veterans Program Managers serving at VA medical facilities. They will function as advisors to and advocates for women Veterans to help ensure their care is provided with the appropriate level of privacy and sensitivity.

Expanding Care for Veterans in Rural Areas

The Department appreciates the additional resources provided by Congress for rural health care initiatives. Using some of these 2009 funds as well as additional resources we are requesting in 2010, VA's budget includes $440 million to implement the President's initiative to continue improving access to medical care for Veterans in rural and highly rural areas, including use of rural health resource centers, mobile clinics, rural health consultants, and outreach. VA will also continue to ex-

pand its telehealth program which is the largest of its kind in the world. Where appropriate, the Department will provide fee-basis access to mental health professionals when VA services are not reasonably close to Veterans' homes.

Emerging Elder and Long-term Care

VA's budget for 2010 contains more than $5.9 billion for long-term care, a rise of $663 million (or 13 percent) over the 2009 resource level. About 60 percent of the additional resources will support institutional care while 40 percent will be devoted to expanding non-institutional long-term care services. We anticipate increased demand for long-term care services resulting from severe injuries, such as TBI and polytrauma.

The Department's 2010 request includes $1.2 billion for non-institutional long-term care, an increase of $265 million (or 28 percent) over 2009. By enhancing Veterans' access to non-institutional long-term care, VA 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. These services include adult day health care, home-based primary care, purchased skilled home health care, homemaker and home health aide services, home respite and hospice care, and community residential care. During 2010 we will increase the number of patients receiving non-institutional long-term care, as measured by the average daily census, to nearly 91,000. This represents a 25 percent rise above the level we expect to reach in 2009.

Funding Care for Newly Qualified Veterans (Priority 8)

Building on the resources provided by Congress in 2009 for VA to begin a gradual expansion of health care eligibility for non-service-disabled Veterans earning modest incomes (Priority 8 Veterans), the President's Budget includes funds to expand eligibility to this group for the first time since 2003. This year, VA will open enrollment to Priority 8 Veterans whose incomes exceed last year's geographic and VA means-test thresholds by no more than 10 percent. We estimate that 266,000 more Veterans will enroll for care by the end of 2010 due to this policy change. Furthermore, the budget includes a gradual expansion of health care eligibility which will enable over 500,000 Veterans who were previously not eligible for VA medical care to enroll by 2013. This expansion of health care eligibility will be accomplished while improving the timeliness of care and maintaining the quality of VA health care that already sets the national standard of excellence.

Funding Care for OEF/OIF Veterans

The number of patients who served in Operations Enduring Freedom and Iraqi Freedom will rise to over 419,000 in 2010. This is 61 percent higher than in 2008 and 15 percent above the projected total this year. In 2010 we are requesting $2.1 billion to meet the health care needs of Veterans who served in Iraq and Afghanistan. This is an increase of $463 million (or 29 percent) over our medical resource requirements to care for these Veterans in 2009. The treatment of this newest generation of Veterans has allowed us to focus on and improve treatment for PTSD as well as TBI, including new programs to reach our Veterans at the very earliest stages of these conditions.

ENHANCING OUTREACH AND SERVICES FOR MENTAL HEALTH CARE AND TBI

VA's 2010 budget includes nearly $4.6 billion for mental health care, an increase of $288 million, or 7 percent, above the 2009 resource level. These resources will allow the Department to expand inpatient, residential, and outpatient mental health programs. A key element of VA's program expansion is integrating mental health services with primary and specialty care. Veterans receive better health care when their mental and physical needs are addressed in a coordinated and holistic manner.

PTSD and TBI Commitments

This budget allows us to continue our effort to improve access to mental health services across the country. We will continue to place particular emphasis on providing care to those suffering from post-traumatic stress disorder (PTSD) as a result of their service in Operations Enduring Freedom and Iraqi Freedom. The Department will increase outreach to these Veterans as well as provide enhanced readjustment and PTSD services. Our strategy for improving access includes expanding our tele-mental health program, which allows us to reach thousands of additional mental health patients annually, particularly those living in rural areas.

To better meet the health care needs of recently discharged Veterans, the 2010 budget enables VA to expand its screening program for depression, PTSD, TBI, and substance use disorders. The Department will also enhance its suicide prevention

advertising campaign to raise awareness among Veterans and their families of the services available to them.

VA's 2010 budget contains $298 million for the care of Veterans with TBI, an increase of $41 million (or 16 percent) over the 2009 resource level. TBI and polytrauma are serious conditions that Veterans injured as a result of their service in Operations Enduring Freedom and Iraqi Freedom experience, and we must find even more ways to address their needs. While VA's Polytrauma System of Care is unique in its expertise and capabilities, we are learning more every day about effective treatments. The additional resources in 2010 will help ensure these Veterans receive the specialized care they require.

Investments in New Vet Centers to Address Unique Mental Health Challenges of Combat

In 2010, VA will open 28 new Vet Centers providing readjustment counseling services to Veterans, including those suffering from PTSD. The Department will also improve access to mental health services through our community-based outpatient clinics. Where appropriate, we will provide fee-basis access to mental health providers when VA services are not reasonably close to Veterans' homes. We will also expand use of Internet-based mental health services through "MyHealtheVet," which provides an extensive degree of health information to Veterans electronically. These steps are critical to providing care to Veterans living in rural areas.

In addition to identifying and funding care for the evolving Veteran demographic, VA must commit adequate resources to addressing the needs of today's Veteran, and that can only be accomplished with adequate funding for research. The President's 2010 budget allows us to commit dramatically increased resources to research.

INCREASING INVESTMENTS IN RESEARCH AND OTHER HEALTH CARE INITIATIVES

The 2010 budget provides $580 million for medical and prosthetic research, an increase of $70 million (or 14 percent) over the 2009 resource level. Our request will fund nearly 2,400 high-priority research projects to expand knowledge in areas critical to Veterans' health care needs, most notably in the areas of mental illness ($74 million), aging ($51 million), acute and traumatic injury ($46 million), military occupations and environmental exposures ($43 million), and cancer ($41 million).

Groundbreaking Research Initiatives

Some of this research will focus on TBI and polytrauma, including studies on blast force-related brain injuries, enhancing diagnostic techniques, and improving prosthetics. We will strengthen our burn injury research to improve the rehabilitation and daily lives of Veterans who have suffered burns. VA will also enhance research on chronic pain, which afflicts approximately two of every five recently discharged and enrolled Veterans. And the Department will also advance research on access to care, particularly for Veterans in rural areas, by studying new tele-medicine efforts focused on mental health and PTSD.

One of our highest priorities in 2010 will be to continue our aggressive research program aimed at improving the lives of Veterans returning from service in Operations Enduring Freedom and Iraqi Freedom. The President's budget request for VA contains $299 million devoted to research projects focused specifically on Veterans returning from service in Afghanistan and Iraq, an increase of $20 million (or 7 percent) over the 2009 resource level. The new research initiatives will focus on post-deployment mental health, spinal cord injury, sensory loss, TBI and other neurotrauma, and pain.

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 and the general population. Recent examples of VA research results that have direct application to improved clinical care include the successful use of tele-medicine to improve Veterans' mental health status, quality of life, and satisfaction with care; better understanding the specific factors leading to the development of osteoporosis; delineating the critical brain structures involved in components of learning and memory that are important for improving care for Veterans with brain injury and memory disorders; improving treatment for Veterans suffering from the combined effects of hepatitis C and depression; and utilizing deep-brain stimulation to improve the quality of life for patients suffering from advanced Parkinson's disease.

The 2010 budget for medical care provides funds for VA to strengthen its focus on critical ongoing programs and new initiatives that will improve care and clinical outcomes for Veterans. Certain new initiatives that support overall transformation include:

Patient Centered Care

The Veterans Health Administration (VHA) will deploy a patient-centric care model called Veteran Centered Care, based on best practices in private sector health care, which will result in a fully engaged prevention partnership between Veteran, family, and health care team, established through healing relationships and provided in optimal healing environments in order to improve health outcomes and the Veteran's experience of care.

Medical Home and Care Coordination

The patient centered medical home is a team based model of care that provides continuous, first contact, comprehensive care to maximize health and functionality. The model focuses on preventive health care and emphasizes a holistic approach that addresses the medical, psychological, and social needs of the patient. These teams consist of medical professionals, mental health providers including behaviorists, nurses, nutritionists, and care coordinators. These models can be adapted to meet the specific needs of unique patient populations such as those with advanced heart disease.

Leveraging Technology in Health Care Services

As part of our continued operation and improvement of the Department's electronic health record system, VA is seeking $360 million for development and implementation of the Veterans Health Information Systems and Technology Architecture (HealtheVet) program. Facets of the program have already received national accolades as a model for improving online accessibility of health records. This is $47 million (or 15 percent) above the estimated resource commitment for this key project in 2009. HealtheVet will equip our health care providers with the modern technology and tools they need to improve the safety and quality of care for Veterans.

Until HealtheVet 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 $116 million in 2010 for the VistA legacy system.

Health Care Spending Summary

In total, the President's 2010 request includes total budgetary resources of $47.4 billion for VA medical care, an increase of $4.6 billion (or 11 percent) over the 2009 resource level (which excludes $1 billion for non-recurring maintenance projects, including renewable energy and efficiency projects, supported through resources from the American Recovery and Reinvestment Act). Our total medical care request is comprised of funding for medical services ($34.7 billion), medical support and compliance ($5.1 billion), medical facilities ($4.7 billion), and resources from medical care collections ($2.9 billion).

As we focus on the new medical care services and delivery mechanisms needed to transform VA care, we must ensure that we do not repeat the mistakes of the past, and disassociate the injuries from the full social and economic impacts of those left untreated, or whom we simply cannot reach. This budget allows us to address some of the social and economic impacts that we cannot address with health care alone, such as addressing homelessness and providing other economic benefits.

COMBATING HOMELESSNESS

The President has committed to expanding proven programs and launching innovative services to prevent Veterans from falling into homelessness. The 2010 budget provides more than $3.2 billion for homeless Veterans programs. This includes $2.7 billion to furnish health care to homeless Veterans and $500 million for other programs providing supportive services, which help to break the cycle of homelessness among the estimated 131,000 Veterans who are homeless on any single night.

Joint Initiatives

The budget provides $26 million for VA to work with the Departments of Housing and Urban Development, Labor, Education, Health and Human Services, and the Small Business Administration, in partnership with non-profit organizations, to reduce homelessness. This pilot project coordinates VA's efforts with programs of partner agencies and non-profits to target Veterans who are most at risk of becoming homeless. It aims to maintain stable housing for Veterans while continuing to provide them with support services and ongoing medical care.

In addition, this historic budget allows us to set our Veterans up for success well into the future by investing now in their education and in the future financial stability of America by educating the next greatest generation of Veterans.

AUTOMATING THE APPLICATION FOR AND DELIVERY OF EDUCATION BENEFITS

The Department is on target to implement the Post-9/11 Veterans Educational Assistance Act starting August 1, 2009, and began signing up Veterans online for this program on May 1, 2009. VA is pursuing two parallel strategies to successfully implement this new education program, both of which are fully supported by the resources presented in the 2010 budget.

Short Term Strategy

The short-term strategy relies upon a combination of traditional claims processing and modifications to existing IT systems. Until a modern eligibility and payment system can be developed, VA will adjudicate claims manually and use the existing Benefits Delivery Network to generate benefit payments to schools and program participants. This budget includes funds to hire and maintain the additional staff required.

Long Term Strategy

The long-term strategy is the development and implementation of an automated system for claims processing. The Department has teamed with the Space and Naval Warfare Systems Command to address the necessary IT components of this strategy. They are the premier systems engineering command for the Department of the Navy. The automated solution will be available by the end of calendar year 2010, by which time full operational control of the automated system will be in VA's hands.

Dramatic Increase in the Number of Educational Beneficiaries

As a result of the Post-9/11 Veterans Educational Assistance Act, we expect the number of education claims to rise dramatically. We anticipate in excess of 2 million education claims in 2010, a total 8 percent higher than the number we projected for 2009 and 25 percent above the 2008 total. Despite this significant growth in workload, the resources provided in the President's 2010 budget will allow us to maintain our program performance for two key measures. The timeliness of processing original education claims will be at least as good as the level (24 days) we estimated for 2009, while the average time it takes to process supplemental claims will be no higher than the estimated level (10 days) for 2009.

Of import, this program will invest in knowledge and education for our latest generation of Veterans.

PROVIDING ADDITIONAL ECONOMIC STABILITY TO VETERANS

Providing Greater Benefits to Veterans Who Are Medically Retired from Service

In addition, the President's 2010 budget provides for the first time concurrent receipt of disability benefits from VA in addition to DOD retirement benefits for disabled Veterans who are medically retired from service. Presently, only Veterans with at least 20 years of service, who have service-connected disabilities rated 50 percent or higher by VA, are eligible for concurrent receipt. Receipt of both VA and DOD benefits, for all who were medically retired from service, will be phased in starting in 2010. The estimated VA costs in 2010 are $47 million.

Improving Compensation and Pensions

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 972,000 in 2010—a 5 percent rise from the 2009 level and a 23 percent increase since 2005.

The number of Active Duty service members as well as Reservists and National Guard members who have been called to active duty to support Operations Enduring Freedom and 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 increased 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 55 percent of the disability claims received by the Department last 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.

Increasing Number of Beneficiaries Receiving Compensation

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 from 43,700 in 2005 to 61,600 in 2008. Nearly 27 percent 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, a larger number of appeals are filed 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.

Addressing Innovative Ways to Decrease Waiting Time for Benefits

VA will address its ever-growing workload challenges in several ways. For example, we will enhance our use of IT tools to improve claims processing. In particular, our claims processors will have greater online 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 a paperless claims processing infrastructure, to reduce our reliance upon paper-based claims folders and enable accessing and transferring electronic images and data through a Web-based application. This infrastructure will also dramatically increase the security and privacy of Veteran data. The existing Virtual VA repository will be sustained until the more robust enterprise paperless infrastructure is developed and deployed. The Department will continue to move work among regional offices in order to maximize our resources and enhance our performance. Also, the Department will demonstrate improved timeliness and quality of service resulting from the recent expansion of the Benefits Delivery at Discharge program at all regional offices, demobilization sites, military installations, and VA health care facilities.

As a result of staffing increases, more efficient claims processes, and enhanced use of IT tools, we expect to lower the average number of days to complete rating-related compensation and pension claims to 150 days in 2010. This represents a 29-day improvement (or 16 percent) in processing timeliness from 2008 and an 18-day (or 11 percent) reduction in the estimated amount of time required to process claims this year.

In addition, we anticipate that our pending inventory of disability claims will fall to about 302,000 by the end of 2010, a reduction of more than 78,000 (or 21 percent) from the pending count at the close of 2008. At the same time we are improving timeliness, we will also increase the accuracy of the compensation rating decisions we make, from 86 percent in 2008 to 90 percent in 2010.

As we press to build momentum on our forward leaning initiatives, it is with the sense that, every day we stand still, we face irrelevancy. The future moves at the pace of the micro-chip processor, and we must invest in technology to remain relevant. This budget provides a serious down-payment on leveraging technology to transform VA into a 21st Century Organization.

PROCESSING BENEFITS CLAIMS IN A PAPERLESS ENVIRONMENT AND OTHER CRITICAL IT INVESTMENTS

Leveraging information technology (IT) is crucial to achieving the President's vision for transforming VA into a 21st Century organization that meets Veterans' needs. Key concepts of the transformation include creating an electronically based benefits system to speed processing and address the backlog; integrating service member information from DOD with all VA information about a Veteran to create a seamless transition from warrior to Veteran; using Customer Relationship Management (CRM) techniques to work proactively with Veterans and provide them with a view of all of their VA benefits; ensuring continued innovation of the award winning Computerized Patient Record System and VISTA medical records systems; and creating "anywhere, anytime" access to VA by developing multiple access channels for information and transactions.

IT is an integral component of VA's health care and benefits delivery systems.

VA depends on a reliable and accessible IT infrastructure, a high-performing IT workforce, and modernized information systems that are flexible enough to meet both existing and emerging service delivery requirements. Only in this way can we ensure system-wide information security and the privacy of our clients.

Meeting Vital IT Needs

The President's 2010 budget for VA provides more than $3.3 billion to meet these vital IT requirements. This is $559 million (or 20 percent) above the 2009 resource level (which excludes $50 million made available through the American Recovery and Reinvestment Act). Almost all of the Recovery Act funds will be used to develop IT solutions associated with the implementation of the Post-9/11 Veterans Educational Assistance Act.

The 2010 budget provides $144 million to continue moving toward the President's goal of reforming the benefits claims process to make VA's claims decisions timely, accurate, and consistent through use of automated systems. VA's paperless processing initiative expands on current paperless claims processing already in place for some of our benefits programs. It will strengthen service to Veterans by providing them the capability to apply for and manage their benefits on-line. It will also reduce the movement of paper files and further secure Veterans' personal information. The initial features of the paperless processing initiative will be tested in 2010, and by 2012, we expect to implement an electronically based benefits delivery system.

Funding for New Technology

The Department is requesting $86 million for the Financial and Logistics Integrated Technology Enterprise (FLITE) system. This is an increase of $38 million (or 78 percent) from the 2009 resource level. 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.

We recently completed an in-depth analysis of our patient scheduling program. I have directed a similar review of all our major IT programs to evaluate program performance against cost and schedule milestones. Changes in how we manage IT projects include use of standard templates to ensure completeness and consistency of development and testing processes, initiation of an IT competency assessment, and formation of integrated project teams, such as the Post-9/11 GI Bill team to ensure close collaboration between IT and education program experts.

In total, within VA's total IT request for 2010, nearly $2.4 billion (or 72 percent) will be for IT investment (non-payroll) costs, while the remaining $939 million (or 28 percent) will provide for payroll and administrative requirements.

Benefits Spending Summary

In summary, the Department's 2010 resource request for General Operating Expenses (GOE) is just over $2.2 billion. Within this total GOE funding request, more than $1.8 billion is for the management of the following non-medical benefits administered by the Veterans Benefits Administration (VBA)—disability compensation; pensions; education; vocational rehabilitation and employment; home loan guaranty; and insurance. Our request for GOE funding also includes $394 million to support General Administration activities.

Funding for VBA in 2010 will be $364 million (or 25 percent) higher than the 2009 resource level (which excludes $157 million from the American Recovery and Reinvestment Act). Almost all of the resources provided to VBA through the Recovery Act will be used to hire 1,500 additional staff to support the processing of compensation and pension claims; 500 of these will be permanent employees who will replace staff losses through attrition while the other 1,000 will be temporary employees hired under term appointments. The temporary employees will conduct follow-up actions to expedite claims development and perform other administrative activities to free up claims decision-makers to handle more complex claims processing tasks.

SERVICE TO THE LAST BREATH AND BEYOND—FUNDING THE MEMORIALS TO OUR HEROES

The President has charged me with caring for our Veterans until they take their last breath. The VA's commitment, however extends beyond the last solemn ceremony and last note of Taps. We are committed to continuing the memories of our heroes with the dignity and respect they deserve. The Recovery Act funds available to the National Cemetery Administration (NCA) will be used for national shrine projects, energy projects, monument/memorial repairs and other non-recurring maintenance activities, and equipment purchases.

Increasing Memorial Services

The resources requested for 2010 will allow us to meet the growing workload at existing cemeteries by increasing funding for contract maintenance, supplies, and equipment, continuing the activation of new national cemeteries, and maintaining our cemeteries as national shrines. VA expects to perform 111,500 interments in

2010, or 4 percent above the estimate for this year. The number of developed acres (8,015) that must be maintained in 2010 is 3 percent greater than the 2009 estimate.

Improving Memorial Services

Our budget request includes an additional $1.6 million to continue daily operations and to begin interment activities at the last three of the six new national cemeteries established by the National Cemetery Expansion Act of 2003. Burial operations at Bakersfield National Cemetery in California, Alabama National Cemetery in the Birmingham area, and Washington Crossing National Cemetery in southeastern Pennsylvania are expected to begin by the end of calendar year 2009.

Expanding Memorial Services and Access for Veterans

The President's resource request for VA provides $38 million in cemetery operations and maintenance funding to address gravesite renovations as well as headstone and marker realignment. When combined with another $26 million in minor construction, $2 million in non-recurring maintenance, and $1 million for monument and memorial preservation, VA is requesting a total of $67 million in 2010 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 share of Veterans served by a burial option within 75 miles of their residence to 90 percent in 2010. This is 3.1 percentage points above our expected performance level for 2009.

In addition, we will maintain the level of service to our clients that resulted in VA's national cemetery system receiving the highest rating in customer satisfaction for any Federal agency or private sector corporation ever surveyed as part of the American Customer Satisfaction Index (95 out of a possible 100 points). We expect that 98 percent of our survey respondents in 2010 will rate the quality of service provided by national cemeteries as excellent and 99 percent of survey respondents will rate the appearance of national cemeteries as excellent. These performance levels will reinforce that the Department's cemetery system is a model of excellence in providing timely, accessible, and high-quality service to Veterans and their families.

Memorial Spending Summary

The President's 2010 budget request for VA includes $242 million in operations and maintenance funding for the NCA. This is $12 million (or 5 percent) above the 2009 resource level (which excludes $50 million provided through the American Recovery and Reinvestment Act).

SUMMARY

At the end of the day, none of these reforms can be implemented by money alone without investments in our own internal growth and development. As a people-centric organization, investments in training recruiting, and educating the best workforce for our Veterans will take a priority in my tenure as the Secretary of the Department of Veterans Affairs. If we make those investments, and commit to true organizational change, we will succeed, if we do not, we will fall short of major transform.

CLOSING

Veterans are VA's sole reason for existence and my number one priority. In today's challenging fiscal and economic environment, we must be diligent stewards of every dollar and apply them wisely to deliver timely, high-quality benefits and services to Veterans whom we serve. While we recognize the growth in funding that we are requesting in 2010 is significant, we also acknowledge the responsibility, accountability, and importance of showing measurable returns on that investment. You have my pledge that I will do everything possible to ensure that the funds Congress appropriates to VA will be used to improve both the quality of life for Veterans and the efficiency of our operations.

Organizational transformation is a challenging task that requires changes in culture, systems, and training. This will require resources, but it will also demand commitment and teamwork. The entire Department is dedicated to serving the needs of Veterans in the 21st Century and every VA employee has a stake in transformation to meet those needs.

Leadership will continually assess and re-assess the necessary funding resources for transformation. It should be expected that these bold new initiatives will result

in adjustments to the budget request within the 2010 topline during the next several months. The results of this ongoing management decision-making process—in partnership with the Congress—will be a budget that starts the VA down a path toward becoming a model for 21st Century governance.

I am confident that Congress and VA can work together to achieve a common goal on Veterans.

Senator JOHNSON. Mr. Secretary, as you know, we are likely to provide advance appropriations for fiscal year 2011 medical care. We will need to know very quickly what the VA's estimates for 2011 are if we are to include them in this year's bill. When do you expect to be able to give this committee an fiscal year 2011 estimate for the medical care accounts?

Secretary SHINSEKI. Mr. Chairman, I am, in fact, in meetings with OMB as I was preparing to come over here to do just that. I hope to have some numbers this week that I would like to share with you as soon as those negotiations are complete.

Senator JOHNSON. Mr. Secretary, I was pleased to see that the VA has requested $250 million in the fiscal year 2010 budget to continue the Rural Health Initiative that was started in 2009. How do you plan to use the funding requested in the fiscal year 2010 budget?

Secretary SHINSEKI. Well, Mr. Chairman, actually as it turns out, the $250 million that was provided to us in 2009 about $90 million of that will actually be executed, and so there will be a carryover of about $190 million. So in 2010 we are looking at a $440 million set of funds to disperse. We will be looking at mobile rural health clinics, and four pilot sites, outreach clinics, three regional rural health resource centers, and a host of other initiatives pilot as well as programs put into place that I'd be very happy to provide you some more detail on for the record.

Senator JOHNSON. What process do you have to evaluate the success of projects funded under this initiative?

Dr. CROSS. Sir, for our projects we have built in an evaluation component to make sure that from the very beginning we collect data to ensure that over time we can tell if the project is successful.

We're doing some very innovative work in this rural health initiative. Some of them may not turn out to be successful. We want to know that, and we want to discontinue those and focus on the ones that are. So we decided to build that into the program from the very beginning, capture the data, monitor it closely, and then make some decisions over time as to what really works best.

Senator JOHNSON. Secretary Shinseki, the VA has requested an increase of more than a half billion dollars for IT. How much of this increase is for staffing and administrative expenses, and how much is for system development?

Secretary SHINSEKI. Mr. Chairman, I'm going to let Mr. Baker pick up on that initially, and I'll play clean up to him.

Mr. BAKER. Thank you, sir.

There are substantial staffing increases in that increase, primarily in the field working in the hospitals and the regional offices providing customer support to the administrations and their efforts to work with the veterans. There's $182 million according to my sheet here for staffing increases. Again, primarily in the field as well as increases for key items like interoperability with the Department of Defense from an information standpoint, the FLITE

Financial System so that we have good strong financial management, and increases in medical IT and benefits IT, both to support staff increases in those areas, and to support improvements in the process of speed of response, network speed, those sort of things. Again, most of the increases aimed at supporting the folks in the field doing the real work, working with the veterans.

Senator JOHNSON. This past year the VA has had to put the replacement of the scheduling system on hold due to failures in the development process. This is very disappointing to say the least. What are your plans to improve the way IT systems are developed to ensure that we don't repeat this failure, and how do you plan to improve oversight of development projects?

Secretary SHINSEKI. Mr. Chairman, I don't think there's anybody more disappointed in the fact that we had to put in place a strategic pause with the scheduling replacement project than I was. We have put in place a set of procedures that are going to govern us going forward, everything from oversight boards to how we set projects up for success. I'll let Mr. Baker, Assistant Secretary Baker talk about the details of that, but what I've asked that we do is to go through and look at every program that we have in our IT projects, and subject them all to the same level of scrutiny that we've just gone through with scheduling, and out of which we have gotten significant learning on how to do this better.

Mr. BAKER. Thank you, sir.

We are looking at a substantial change in the way that we manage information technology programs at Veterans Affairs, and plan on briefing your staff on the details of this in the coming week.

We've reviewed approximately 282 ongoing development programs at the department, and that initial review was on analyzing certain aspects such as were they on schedule, were they on budget, did they have sufficient staff to complete the project successfully. Although it's preliminary, the results of that review is fairly clear that we need a substantial change. And as I said, we will bring that forward next week, but we have to make certain that we implement for our programs clear decision criteria, better control of the programs, decreased infusion of new requirements in the middle of the program, clear participation of the internal customer that will be receiving the new system, and the success of the program, clear attention from the vendor that's working on this and their participation and success, and most fundamentally important we need to increase the probability of success for these programs. We do not have a good track record now as Secretary Shinseki said. It is one of the first things that I felt I needed to focus on, and it will be one of the first things that we bring forward to tell you about how we're going to fix that problem.

Senator JOHNSON. Time is running out but I want to raise the issues of problems in the coordination between the VA and the Indian Health Service. Mr. Secretary as you get settled in at the VA, I want to work with you to see how coordination can be improved.

Senator Hutchison.

Senator HUTCHISON. Thank you, Mr. Chairman. Mr. Chairman, I would just say to the Secretary and the Assistant Secretary that I too am very concerned about the IT situation, so I would like to ask that we have a report back to the committee on what you are

doing, both in the management governance structure, which was mentioned in the Inspector General's report, and also the project management plan for the implementation of the subprojects, just the whole thing obviously needs to be pretty much turned upside down I think. So I'm hoping that you would report back to us specifically on that. I know you're aware of it, so that's something we would look at.

And then I want to say I'm very pleased that we are doing so much in the areas of research and mental health. I do believe that the Veterans Administration is giving the proper emphasis on mental health now, and also medical research, and I hope, General Shinseki that we will be able to work the problems out with the gulf war syndrome research so, that can go forward. It's mid-process, and I think it is very important that we continue that research.

Secretary SHINSEKI. Senator, I just want to assure you we are in dialogue. It's my interest that this goes forward, and we have some technical contract details here to work out, and I think with cooperation on both sides we can get there.

I just want to reinforce for you that we have significantly, we've invested in mental illness, mental health issues with dollars this year and 2010, and I'm comfortable we're doing more and better in terms of TBI and the relationship with poly-trauma, other aspects of the mental health portfolio.

Senator HUTCHISON. I'm very pleased about the investment that you're going to make in the fifth poly-trauma center in our country that will be in the veteran's facility that's already a great one, but I think this will add so much in San Antonio.

I wanted to ask you about another issue, and that is the transfers from the medical services account. Since fiscal year 2005, Congress has provided more than $12 billion above the Department's request, much of which has gone into our medical services accounts. However, during the last 3 fiscal years the Department has requested significant transfers out of that account into other accounts that the VA has chosen. In fiscal year 2008 it was $1 billion out of medical services. In fiscal year 2009, the Department submitted $260 million request less than 2 months into the fiscal year. And I guess my concern is that this sort of undermines the appropriations process where we want to know that the money we're putting in is being used, and this year the Department is requesting $3.7 billion more in medical services. So my question would be are you satisfied that $3.7 billion increase is needed for medical services and will be used for medical services, and can you tell the committee that we will not be seeing transfers out of that account into other accounts outside of our process?

Secretary SHINSEKI. The amount of money going into medical services is needed, Senator. I would like to assure the committee that I will do everything possible not to have to come up with another request for funds transfer. I think in 5 months I've been able to get to the bottom of most of the issues that I needed to be educated on. This one regarding funds transfers out of medical services into the IT account has a history that goes back probably a couple of years ago when we centralized IT and we took all these assets from various places. We didn't clean up the accounts and ensure

that funding was aligned with it. I'm comfortable that we have done a better job this year, and I do not intend to request funds transfer again this year, but I still have some things to discover.

Senator HUTCHISON. Thank you, Mr. Secretary. One more question, and that is I had written you this year after meeting a veteran in a wheelchair in Houston, Texas and he had been able to acquire a service dog through private donations, and I wrote you a letter and said that this is an authorization that you have for veterans, especially veterans in spinal cord injuries, not blindness related but spinal cord injury related. And the service dogs apparently are very helpful in maneuvering these people and helping them. My question—you had written me back, and you had said that you would look into it, and I just wondered if there was any report about the capability of providing service dogs for this particular type of injury.

Dr. CROSS. Yes, ma'am. At the direction of the Secretary we have looked at this closely. We're moving forward. The key thing that we're doing at this time is developing a directive that describes what the requirements would be, what the scope of the program would be. We're even putting information in when we do this, and when we put the directive out we'll put out information on our website relative to this as well as to guide dogs, which, of course, we've been using for decades very successfully. And so there is work underway on this. It's moving forward through the staffing and evaluation process right now, but progress is being made in that regard.

Senator HUTCHISON. Okay.

Secretary SHINSEKI. Senator, I owe you a response that describes the program, and I will do that.

Senator HUTCHISON. Okay.

Secretary SHINSEKI. We've just begun the preliminaries to see what a requirement is, what it takes to train a dog to that standard, and how do we ensure that the patient to whom we've assigned the dog is capable of caring for the dog as well as being cared for by the dog, so we have some details to work out. I think there's good experience here. We ought to be able to put a program together.

Senator HUTCHISON. Okay. I understand that would be certainly something that would have to be flushed out because it's a new type of help, but I appreciate your looking into it, and we'll look forward to hearing more from you. Thank you very much.

Thank you, Mr. Chairman.

Senator JOHNSON. Senator Nelson.

Senator NELSON. Thank you, Mr. Chairman, and thank you Mr. Secretary for being here today, and for the courtesy of our visit earlier this year. Congratulations. Thanks to all of your colleagues who are here as well.

As we've discussed, I've worked with past Secretaries to highlight the deterioration and infrastructure deficiencies that the current Omaha VA Medical Center, and while you and your staff have been very helpful to us year after year in the past, VA personnel have told me that Omaha didn't meet a certain priority in one area, and then told me the next year that it didn't meet criteria in another area, and so I was frustrated to see this year that 11 facilities

freshly appeared as higher priorities than Omaha in the President's budget. And one reason is that Midwest facilities do not have access to 32 out of the 100 possible points used for scoring VA construction projects because they don't have special emphasis or seismic risk. We do have earthquakes in Nebraska. Just recently we had one in the northern part, but here we are in a race to the goal line, but we seem stopped at the 32 yard line. And so Secretary Peek last year commissioned a study of the Omaha VA's deficiencies, and apparently the review was completed but the report as you mentioned is not available to you as of right now. Can you tell me what consideration will be given to that report, and how the findings might be used to correct any problems?

Secretary SHINSEKI. Senator, I understand that the report has just arrived in the VA. I haven't had a chance to look at it. I've got people vetting it.

Senator NELSON. Uh-huh.

Secretary SHINSEKI. I understand that there is a series of criteria for scoring and that results in a standing of various projects. I have an appreciation for why those criteria. I mentioned that the seismic criteria is there because in our case several years ago a catastrophic failure of one of our hospitals left a number of people killed and injured, so it has been introduced since 2000 or shortly thereafter. What I can't explain today is why it carries the weighting it does in relation to others. I'd like to do that. I'd like to get in there and study it for myself, understand it and I'd like get your insights and share with you what I've learned as we look at the project list.

Senator NELSON. I appreciate that, and I'll be looking forward to getting together.

Maybe you can help me with this. Have the Department personnel decided that last year's rankings were inaccurate, or should we see the budgets, the President's budget and understand that the VA facility needs have changed dramatically from last year? You may not be able to answer that either until you've had the report, but to see 10 or more facilities jump ahead on the basis of last year's report is cause for some concern. It seems like either the playing field is not quite level with the criteria, or that it's certainly tilted a different way. So I'm anxious to get your response on that.

Secretary SHINSEKI. I'll be happy to respond.

Senator NELSON. And I really am frustrated in that prioritization model that seismic risks rank higher than the entirety of the facility's actual condition, and whether it's a specialized center of excellence, which is again located in population centers, is worth nearly double the condition of the facility. So I hope that as you review the report you will also perhaps deal with the question of who really should develop the criteria, and with the question of whether Congress needs to have some responsibility here for approving at least reviewing and/or approving the criteria because it does seem to raise serious questions of fairness and consistency. If you can't know what the criteria are going to be next year because it changed since last year, I don't know how you can plan ahead with your facility. So I look forward to working with you. I know that

you will do an excellent job of reviewing the report and we'll have that chance to sit down and go through that.

Secretary SHINSEKI. Thank you, Senator.

Senator NELSON. Thank you, Mr. Chairman.

Senator JOHNSON. Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Mr. Secretary, I want to thank you for the time that you spent with me in my office several weeks ago. I appreciated the conversation, and just the very good discussion that we had. I also am pleased to report, I don't know if you are aware but the vacant decision review officer position that we had talked about has now been filed, so we greatly appreciate that, and we're looking forward to moving with that.

During the visit that we had in late May, we spent a fair amount of time talking about the challenges that Alaska veterans who live off the road system, who live in the bush in the very rural areas, the challenges that they have in accessing their VA healthcare benefits, and we talked about those who are diagnosed with PTSD really having to dip into their own pockets $1,000 for an airplane ticket to get into town to visit a counselor and the concerns. At that time we discussed the scope of the problem, and I'm sure that within this short time period you have not, you haven't figured out the solutions to it, and I can appreciate that but I guess I just want the assurance that you recognize that we have a problem and a situation that is more than a bit unique up there, and that you and your staff are working to help us as we try to help those veterans.

Secretary SHINSEKI. Senator, as I said earlier in my opening comments, and as I indicated to you in your office, caring for veterans is our primary mission, that's veterans wherever they live. I also mentioned that geography in the United States by definitions used in the VA have three categories. There are urban, rural, highly rural, and then I'm not sure what category we use for those areas where there are no roads and you can't get into them. I know that's a part of the geography you're dealing with.

I've asked our VHA to start thinking about how we take care of veterans in those areas, and let me just ask Dr. Cross to provide just some insight, some of which will seek out partnerships with the tribal healthcare program.

Dr. CROSS. Senator, I think it's fair to say that we need to adapt our services to meet the environment that they're provided in, and to meet the needs of those veterans. I think certainly the Alaska environment provides unique challenges for us, so we have to be especially innovative. I notice that some of the things that we're doing in our rural health initiatives, and some of the things that we were doing anyway I think will be of some benefit in this direction. Specifically in regard to the kind of things what we now call outreach clinics, very small clinics that we can adapt to small, more rural environments as I believe that we're putting in Juneau, and I think we're working on one for Homer as well. Also, the new C Block in—correct me on my pronunciation, Mat-Su?

Senator MURKOWSKI. Yes.

Dr. CROSS. Mostly we have to look at other things, and that means where the individual can receive the service, perhaps without traveling at all. And that's where I think the total health ini-

tiatives come in to play very much because without regard to weather, without regard to location, we can make those work in more environments even where there are no roads perhaps. Also, just getting the kind of service so the individual does not have to come see us, so our mechanism to provide medication by mail or through other delivery mechanisms so they don't have to actually come and visit the pharmacy I think is uniquely beneficial in that environment. I think we have much to learn and much to be innovative, much innovation to bring forward in regard to our veterans in Alaska, and I look toward to working on that.

Senator MURKOWSKI. I appreciate that, not only your comments but, Mr. Secretary, your acknowledgment that perhaps we need to look at Alaska as a unique and different situation, a different set of facts, and we need to be a little more creative, a little more nimble in how we approach, how we deliver these benefits because our veterans should not be denied benefits just because of where they chose to live. We want to work with you on that. I would extend the offer again to come up to Alaska and see for yourselves. We have been doing some great things within the IHS system, and we'd like to see how we can integrate that within the VA.

You mention some of the opportunities for pilots. When we spoke, Mr. Secretary, we talked about the rural healthcare pilot, which was supposed to roll out on the first of June, it hasn't rolled out yet. I understand it's going to be coming out on the 11th, but I had written to you expressed some concerns about some of the things that we didn't see in that. There was a lack of involvement with the provider community, exclusion of southeast Alaska, and exclusion of behavioral health from the pilot. I know that is something that you are looking at to address those concerns. I don't know if you have any update at this point in time, but when we look to the pilots I think it is important that we're making sure that this is not just something that somebody has thought of back in their office, whether it's in Anchorage or Seattle, or back here in Washington, but they're actually working within those local communities, within those regions to make them work. If you care to comment on that I'd appreciate it, but again I extend that offer to come north and work with us up there as well.

Secretary SHINSEKI. I'm happy to visit in the summertime, Senator.

Senator MURKOWSKI. He has already said he has no interest to come up in the winter, I don't understand.

Secretary SHINSEKI. But before then we'll be sure to get to these issues.

Senator MURKOWSKI. Thank you. I appreciate it.

Thank you, Mr. Chairman.

Senator JOHNSON. Senator Reed.

Senator REED. Thank you very much, Mr. Chairman. Thank you, Mr. Secretary and ladies and gentlemen, and thank you Mr. Secretary for your visit to the Providence VA. It was a wonderful trip, and it shows your commitment to our veterans, and your constant effort to get out and walk the front lines, so I thank you for that. That's something that you've done for a long, long time, sir.

Let me focus just a moment on veterans homelessness. I'll say parenthetically I had the occasion to have supper along with col-

leagues, along with Admiral Mullen the chairman, and we spent a long, long time talking about this because as someone who is responsible for these young men and women in uniform, he feels a continuing responsibility to the veterans who have fought and served, and too many are on the streets. In the fiscal year 2009 funding bill, there was an inclusion of $10 million for a demonstration program under HUD to prevent homelessness among veterans, and HUD was directed to be the leader on the project, but to coordinate with the Veterans Administration and Labor Department. I simply want to hear from you or your colleagues whether this coordination is ongoing, what might be the status of the project.

Secretary SHINSEKI. Senator, it's ongoing. In fact, the number of vouchers have been doubled with Secretary Donovan's assistance out of HUD, so that program continues. He and I have sat on a committee, coalition that deals with homelessness. This is something that he and I are both working in conjunction with other department heads. We've described homelessness as sort of the last step in opportunities to solve some problems, and so we do have this one and we are linking it to other actions that have to do with healthcare, substance abuse, mental health, jobs, education, all the things that could interrupt the cycle.

Senator REED. As always, sir, you've anticipated my next question which is in the fiscal year 2010 budget the President has requested $26 million for the VA to work in partnership with HUD, Labor, Education, HHS, Small Business and nonprofits to reduce homelessness. You will be in charge of that for the Veterans Administration, is that the way the concept is?

Secretary SHINSEKI. That's my contribution to the work effort, and I know that other departments have money set aside to work.

Senator REED. In terms of the structure, you know, the chairman of the board if you will, will that be you, Mr. Secretary?

Secretary SHINSEKI. It's about to change. I am the current chair, and it's about to turn over to Secretary Donovan, and so between the two of us we will continue working on the committee.

Senator REED. You will be, I presume given the nature of the agency, trying to leverage both VA programs, and HUD programs, and other programs—that's the whole essence of it.

Secretary SHINSEKI. Right.

Senator REED. Let me do this, let me invite you to, and your colleagues to give us any ideas you believe that are necessary to further reduce the problem of veterans homelessness. Again, we could stand here and make long speeches, we all could, about what a remarkable shame it is to have men and women who serve with distinction now not finding a place. In fact, Admiral Mullen was talking about young veterans of Iraq and Afghanistan in their 20's in California who are essentially homeless.

Secretary SHINSEKI. Right.

Senator REED. So this is something we've got to do, and I want to work with you and I'm sure all my colleagues do and the chairman to address this issue.

Secretary SHINSEKI. Senator, I would tell you that about 6 years ago the number of homeless veterans on the streets was about 195,000; 200,000. Today it's 131,000 and a year after, they've been taken off the street, put through our program of 18 months to two

years, and then a year after they graduate with pretty good results on being employed, and living independently. 131,000—I just spoke to a gathering of the coalition here a couple weeks ago, and I said five years at zero, we're moving to zero now. I'm not naive, I know there are no absolutes here, and I know that there will be, you know, more homeless veterans generated in the meantime, but my sense is if I didn't put zero as a target, we'd be somehow far off, further off the mark rather than giving it our best efforts. That hasn't been cleared by the folks who look at budgets yet, so I'm a little out ahead of them, but that's the intent.

Senator REED. I thought that was Chairman Hutchison and Johnson. I thought those were the ones.

Secretary SHINSEKI. I just had to qualify my statement.

Senator REED. Very good. Thank you, Mr. Secretary.

Senator JOHNSON. Senator Pryor.

Senator PRYOR. Thank you, Mr. Chairman. Thank you, Mr. Secretary, and thank you for making yourself available to me recently. Thank you for changing your schedule.

Let me ask something that is interesting to me, and something you talk about as transforming the VA and changing the mindset there, and I think what you're talking about is really changing the culture in the VA. Would you give us your thoughts on how you plan to go about doing that?

Secretary SHINSEKI. Senator, I think changing any large organization is pretty challenging, and I think any organization that has a long and proud history of contributions to the country like the VA has is also challenged to hear someone like me come in and talk about change, but I do think that looking at where we are, where we need to go that's an appropriate time that we talk about transforming ourselves.

The President has asked us to do this for the 21st century, and so we are looking at new approaches and new outcomes for the VA, engraining new ways of thinking and acting, practicing new ways of working with each other, delivering services better than we ever have before.

This is a work in progress. We're putting together a plan, but it talks about changing the climate at the VA, instilling in our folks the sense of advocacy for veterans. It's a slight change in our approach to our duties, but when you advocate for something, you tend to respond differently and you clearly send signals that are vastly different to the people, your clients that you're serving. So that requires a training program that touches all of our civil servants, talks about electronic health records that we've committed to upgrading, and along with DOD agreed that we're going to create a virtual electronic record that will govern youngsters from the time they serve in uniform until the time they arrive in our ranks as veterans, to the time that we lay them to final rest. A lot of good movement in that particular category. The President had both Secretary Gates and I stand up with him and announce we were going to do it, so we're moving in that direction.

Centralization oversight of contracting, $13 billion to contract in the VA, and it's divided up in a number of different areas, and what lacks is synergy, discipline, and oversight, and so we're moving to bring that into order.

Senator PRYOR. Can I interrupt here, because I did want to ask that specifically.

Secretary SHINSEKI. Okay.

Senator PRYOR. You envision that as being a separate office within VA where all the purchasing and acquisitions office, how is that going to be?

Secretary SHINSEKI. Well, I'm looking for authorization, in fact, in this budget to establish a new office with an Assistant Secretary for Acquisition, Logistics, and Construction. We created an office less than a year ago, bringing together disparate contracting authorities. What I need to do is elevate this to Assistant Secretary level to provide the oversight that is needed to get us the efficiencies that we need.

Senator PRYOR. One of the concerns there, I think you're on the right track, and I like everything you've said, but one of the concerns there would be by creating a new office are you creating another layer of bureaucracy or another little section of the maze there, or are you really cutting through some of that and streamlining your operations?

Secretary SHINSEKI. The intent is for it to be smaller than larger, and it's to bring together assets that are already significantly disbursed, and get some efficiency out of it so we have discipline and oversight.

Senator PRYOR. Let me ask you about an area that we get some complaints on sometimes in our office. As you can imagine like a lot of other senators, we have a person in our Little Rock office that that's pretty much all they do is work on VA cases, and try to help veterans through the system. One of the complaints we hear is this kind of a, I guess I'd call it a proof of service requirement where often times when a person goes in it's up to the veteran to prove that they served, but these records could be decades old.

Secretary SHINSEKI. Sure.

Senator PRYOR. That can get very, very difficult if not impossible. I'm seems to me that between the VA and the DOD we would have all, you the Government, we would have all the records that we could somehow produce and verify the records if we needed to do that. We have those resources and not the veterans. Can we talk about that?

Secretary SHINSEKI. It's a little bit of—I'm going to turn it over to Admiral Dunne here in a bit because he over watches our benefits administration, but it's a little bit of what I mentioned earlier here about advocacy. If we're advocating for veterans, our approach is going to be just different. Another aspect of this is the virtual electronic record that both DOD and VA have agreed on, and what that means is a youngster puts on a uniform, automatically is enrolled in the VA, and therefore this search for records at some time later is precluded because all those records are, in fact, in place, electronically shared, and available when the disability claim is initiated. This is a little harder than just talking about it, and so we are hard at work with DOD to come to those common protocols and let me turn to Admiral Dunne here.

Admiral DUNNE. Senator, in the meantime until we can get electronic records, we are first exercising what's considered our duty to assist, and so whenever we do get a claim from a veteran, we will

take on the responsibility to work with DOD and track down those records.

One of the things which we've accomplished recently as a result of our collaboration with DOD is to establish points of contact at each of the services so that when a regional office is trying to find a specific record, and often times the Guard and Reserve records are the most difficult ones to find, then we can go straight to the relevant service and identify this specific record that we need for a veteran, and get their assistance in providing it, but we will if there is any record or piece of evidence which a veteran needs for their claim, we will take on the responsibility of doing the search to find their records.

Senator PRYOR. Thank you. Thank you, Mr. Chairman.

Senator JOHNSON. Senator Murray.

Senator MURRAY. Thank you very much Chairman Johnson and Senator Hutchison for having this hearing today. General Shinseki welcome, it's good to see you as well, and to all of your folks who are working so hard.

I recently came across a VA report that was called "Provision of Primary Care to Women Veterans," which highlighted a number of problems preventing the highest quality of primary care being provided to women veterans in the VA. This report found that women veterans are underserved at the VA, that primary care delivery for women veterans at the VA is fragmented, that women receive lower quality care than their male counterparts, that there are an insufficient number of clinicians in the VHA with specific training and experience in women's health issues, and that the VA's policy for women's health is inconsistent.

While the challenges that are outlined in that report are concerning, I do want to commend you, Mr. Secretary, and the members of the work group that prepared that report including Dr. Patricia Hayes, for really putting together a very thorough report on the VA's commitment to providing quality comprehensive healthcare for our women veterans. I wanted to ask you today can you tell this committee what concrete steps the VA is taking now that they have this report to eliminate those disparities?

Secretary SHINSEKI. I'm going to let Dr. Cross fill in some of the details that go to the technical issues, but as we've discussed before and as I've indicated, there is a major change coming in our population in veterans. In the next 10 years, 15 percent will be women, and so I am looking for the opportunity to put in place programs, to begin putting in place programs today that are going to be in place 10 years from now. We just need to do that.

Senator MURRAY. It is the fastest growing population in the VA, so I appreciate that.

Secretary SHINSEKI. It is, and a larger percentage of our women veterans coming out of OIF/OEF are, in fact, coming to us for care, 44 percent of that population. Whatever the population overall, the population today of veterans in this country is something around 23 million, that will adjust over time, but whatever that number is, whether it's 20 million or 18 million, 15 percent is going to be a huge percentage, and we need to do things that, that report is outlining for us as corrections that need to be made, and that's part of the reason we asked for that report.

Senator MURRAY. I'd just like to know what you're doing now to address those concerns.

Dr. CROSS. Senator Murray, with your permission I'll mention a couple of the things that we're doing, and then I'll be frank about a couple of the challenges that I'm concerned about. There's a lot going on in regard to advancing the cause for women's health within the VA. You certainly know about the women's health coordinators, the program managers that we put in 143 sites already, and I think I have one site to go, and then several more sites where we're going to put points of contact as well. You know that we're interested in outreach, and so we are concerned that some women have not yet used our services or come to see us, so we are making arrangements to—we did this with the OEF/OIF we set up a contract with someone to call OEF/OIF veterans and say how are you doing, can we be of any help to you, have you tried the VA, are you aware of our services. We're going to do this specifically now for women, specifically targeted with information, specifically targeted with the type of questions that we ask to engage them. We're supporting legislation, or we have testified on this for newborn care, the training, the environment of care. Patti and I have talked about a program to move that forward, to make sure that our environment of care in our primary care clinics especially is as well-adapted for privacy and all the needs of women veterans.

Senator MURRAY. Are you doing one stop primary care visits for women veterans at all of our VA facilities?

Dr. CROSS. At each of our primary care sites we want to have the capability to provide most of their needs in that regard. I think what you're referring to is GYN exams and those kinds of things.

Senator MURRAY. Correct.

Dr. CROSS. That's where we're going.

Senator MURRAY. We're going there. Okay.

Dr. CROSS. I really dislike the idea of you get this service at this place, and that service at this place, even if it's within the same hospital, particularly if you have to come back for another appointment. That's not the design that I'm interested in. We looked at quality in regard to women's healthcare, and we monitor this very closely. We also compared with our civilian sector. There's still a gap, and even in our system where cost may not be an issue and we provided even such things as flu shots where women don't get them quite as frequently as we think they should.

Senator MURRAY. Right.

Dr. CROSS. Having said that, we're doing better than our civilian colleagues on those same measures. That doesn't give me much comfort. I need to do better within our own system, so those are the kinds of things that we are pushing forward to make a difference in regard to women's healthcare.

Senator MURRAY. Okay. Well, I want to continue to work on this issue. Senator Hutchison and I and other women senators are pushing hard on a women's health bill that we hope to get out——

Senator HUTCHISON. Yes.

Senator MURRAY [continuing]. At some point. And we will continue to push you on this, just so you know, and we expect to hear progress on a lot of the work, but I'm glad we're finally together and focused on it. That is a major step forward.

Mr. Secretary, as you know, State veterans homes are an integral part of our VA's long-term care system, and according to the GAO they provide more than 50 percent of the VA's patient workload in nursing homes. Under current law the VA can provide up to 65 percent of the cost of constructing or renovating one of these State veterans homes through the account which includes grants for State extended care facilities. We included $150 million in the economic recovery package for the construction of additional State veterans homes through this program. And as you know, a number of States now have either withdrawn or deferred their applications for this Federal funding because of their large budget deficits. That lack of State matching funds is especially problematic in areas where the VA is closing down longterm care facilities, and I am now working on legislation to give the VA authority to provide grants that cover a larger proportion of these construction costs in certain emergency situations. For example, if a State is facing a massive budget shortfall, and the proposed State veterans home is intended to replace a closed VA operated facility. Do you have any thoughts about that?

Secretary SHINSEKI. Not at the moment, Senator. Let me get into the details of what you're describing here,——

Senator MURRAY. Yes.

Secretary SHINSEKI [continuing]. And provide you a better answer for the record.

Senator MURRAY. Okay. I'm very concerned about this, and I know it's impacting my State and a number of other States, and as a result we're working on this legislation. And I'd like to work with you and whoever you tell us so we can move that forward.

Secretary SHINSEKI. Absolutely. I'm dealing with a situation like this in at least one other State and trying to figure out what options we have.

Senator MURRAY. Okay. Good.

Secretary SHINSEKI. I'll work with you on that.

Senator MURRAY. Great. And I am also interested in the issue of veterans unemployment. I know you talked about working with the Department of Defense and Department of Labor to address that problem, so I look forward—my time is up at this point, but I look forward to having more conversations with you about that.

Secretary SHINSEKI. Absolutely.

Senator MURRAY. I'm very concerned about these men and women who are coming home and don't have a job, and where we've left them. So I appreciate dialogue with you about that in the future. And finally, Mr. Chairman, before I turn the mike back over, I know you're coming up to Spokane, in my home State in a little over a month for the VA wheelchair games that are occurring there. You should know that every one from the veterans to the community members, all the Spokane VA employees, to their medical center director, Sharon Hellman: they've all been working very, very hard to make those games a success, so we look forward to seeing you out in our State for that very important event.

Secretary SHINSEKI. Thank you, Senator.

ADDITIONAL COMMITTEE QUESTIONS

Senator JOHNSON. Senator Pryor, do you have any additional questions?

Secretary Shinseki, I want to thank you and your colleagues for appearing before this subcommittee today. I look forward to working with you this year.

For the information of members, questions for the record should be submitted by the close of business on June 16.

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

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

Question. Secretary Shinseki, could you please provide me with some information regarding Project Hero? I am concerned about the size and scope of the pilot program. The program is supposed to augment care by the VA, not replace it. My understanding is that one of these pilots is currently operating in South Dakota. Can you provide me with the annual cost of that specific program?

Answer. Project Healthcare Effectiveness through Resource Optimization (HERO) is a pilot program that augments VA care and helps Veterans access the local health care they need when the medical expertise or technology is not readily available within the Department of Veterans Affairs. The ultimate goal of Project HERO is to ensure that all health care delivered by VA, either through VA providers or community partners, is of comparable quality and consistency for Veterans. All care is still managed by VA.

Project HERO contracts do exist in South Dakota as part of VISN 23's involvement in the demonstration effort. The two VAMCs in South Dakota that are part of Project HERO are the Sioux Falls VA Medical Center and the VA Black Hills Health Care System in Fort Meade and Hot Springs. Thus far in fiscal year 2009, Sioux Falls expended $222,209 and Black Hills expended $104,427 for the health care and associated services involved in the provision of that care. This represents only 7.9 percent of the total purchased care expenditures in Sioux Falls and 1.4 percent in Black Hills.

Question. How much is the VA spending annually on this program?

Answer. Project Hero contract expenditures for the four VISNs where the contracts are operational (VISNs 8, 16, 20, and 23).

DISBURSED DOLLAR AMOUNT

Timeframe	Project HERO Disbursements	VISN Budgets (8, 16, 20 & 23)	Project HERO percent
Fiscal year 2008 [1]	$7,797,071	$8,973,617,617	0.09
Fiscal year 2009 [2]	26,370,526	9,470,719,115	0.28

[1] Project HERO Disbursements Jan-Sep 2008, VISN Budgets are obligations as of Sep 30, 2008.
[2] Project HERO Disbursements through May 2009, VISN Budgets (VERA allocation, reimbursements and collections) are as of May 31, 2009.

Question. How does the VA, both at the local level and at headquarters, oversee the quality of care provided through Project HERO?

Answer. The Project HERO Program Management Office (PMO) ensures Veterans receive VA-comparable care through a clinical quality management program. The Project HERO Governing Board, comprised of leaders from VA, Veterans Health Administration (VHA) and participating VISNs, oversees quality, reports on Project HERO activities, and approves changes in terms, quantities, or conditions of the Project HERO contracts.

—The PMO tracks patient safety events, accreditation/credentialing status, clinical information returned to VA for continuity of care, and timely access to care.
—Humana Veterans Healthcare Services (HVHS) and Delta Dental track and trend quality and safety events, as well as complaints and grievances, and provide peer review oversight.
—The PMO surveys Project HERO patients and compares the results with the VA Survey of Healthcare Experiences of Patients (SHEP). Overall satisfaction with HVHS providers is 73 percent and overall satisfaction with Delta Dental services is 91 percent.

Question. What procedures are in place to ensure that contract providers make proper referrals to the VA or outside the VA when veterans need specialty care or other referrals?

Answer. VA providers determine when referrals are needed and whether or not non-VA care is appropriate. When care is referred outside VA, whether through Project HERO, another contract vehicle or through Fee care, VA remains responsible for reviewing recommendations for further care and determining the appropriate venue.

Question. Where else are pilots operating—both by VISN and by health care system?

Answer. Project HERO operates within four Veterans Integrated Service Networks (VISNs): 8, 16, 20 and 23.

VISN 8: VA Sunshine Health Care Network.—Includes southern Georgia and most of Florida. It does not include Puerto Rico or the U.S. Virgin Islands. The stations included in this VISN are: Bay Pines, Miami, West Palm Beach, Gainesville/N.FL/S.GA, and Tampa/Orlando.

VISN 16: South Central VA Health Care Network.—Includes Oklahoma, Arkansas, Louisiana, Mississippi and portions of the States of Texas, Missouri, Alabama, and Florida. The stations included in this VISN are: Alexandria, Gulf Coast (Biloxi), Fayetteville, Houston, GV Montgomery (Jackson), Central AR HCS (Little Rock), Muskogee, New Orleans, Oklahoma City, and Overton Brooks (Shreveport).

VISN 20: Northwest Network.—Includes Washington State, Oregon, most of the State of Idaho, and one county each in Montana and California. It does not include Alaska. The stations included in this VISN are: Boise, Portland, Roseburg, Puget Sound, Spokane, Walla Walla, and South Oregon Rehab Center (White City).

VISN 23: VA Midwest Health Care Network.—Includes Iowa, Minnesota, Nebraska, North Dakota, South Dakota, and portions of northern Kansas, Missouri, western Illinois, western Wisconsin, and eastern Wyoming. The stations included in this VISN in addition to Sioux Falls and Black Hills are: Fargo, Fort Meade, Minneapolis, Nebraska-Western Iowa (Omaha/Grand Island/Lincoln), Central Iowa, Iowa City, and St. Cloud.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. Has the Department finalized the design and cost estimate for the New Orleans VA Hospital? If so, could you please provide me that cost and what it includes? Did you eliminate aspects of the design to reduce cost? If so, is the design scalable to allow for later additions with additional funds?

Answer. Schematic design has been completed for the New Orleans project, and design development is underway. The Department's Five Year Capital Plan submitted along with the fiscal year 2010 budget identifies the cost as $925 million. The total cost of the project will be dependent upon whether LSU can commit to a joint energy and utility plant feeding both hospitals. As the design progresses, VA is considering changes to aspects of the design to reduce cost, but maintain the capacity to meet the health care needs of Veterans that will be served by the new facility. The project is being designed to accommodate future expansion, and construction will be phased to allow it to start as soon as design is complete. Additional funding will be requested in a future budget to complete later phases of the project.

Question. Will the delay with the LSU facility have an impact on the timeline for the VA Hospital?

Answer. VA's design and construction timeline can proceed independent of the LSU facility. The cost of VA's facility, however, depends upon LSU committing to a joint energy and utility plant feeding both hospitals. If a decision on a combined plant cannot be reached by the time VA concludes the design development phase in December 2009, VA will have to move forward with building its own utility plant.

Question. The notion of using electronic medical records and enhanced IT tools to serve the veterans is a good step in the right direction. My office has received many letters detailing how difficult it has been for certain veterans to file claims and receive benefits simply because the process is disorganized and inefficient. How long do you believe it will take to implement these electronic processes? And once implemented, how long until we see a positive turnaround on processing claims?

Answer. The Veterans Benefits Administration (VBA) is currently working to transform its benefits delivery model to a paperless environment. A key benefit of this transformation is a common method for Veterans' self-service, which will greatly enhance access to both general and claim-specific information and allow Veterans to directly submit evidence in support of their claims.

VBA will enhance its technical capabilities through a phased deployment strategy to facilitate continuous improvements in benefits delivery and claims processing. Coupled with technology, VBA is implementing a comprehensive business transformation strategy supported by an industry leader in business transformation and organizational change management. The business transformation contractor assists VBA in maximizing the capabilities of planned technology. VBA's goal is to be processing in a substantially paperless environment by the end of 2012.

Question. Coming from a State that is consistently under threat from with hurricanes and flooding, one of my primary concerns is care of our elderly citizens' and disabled veterans' during these natural disasters. When veterans are displaced due to these natural disasters, does the VA have solid emergency plans for their VA facilities treating veterans at the time of the disaster? If a veteran cannot return to his or her home immediately, how do you provide them instructions for how to receive medical care in displaced locations?

Answer. Yes, VHA does have solid emergency plans for VA facilities treating Veterans at time of disasters. The Veterans Health Administration plans, organizes, equips, trains and exercises for disasters and emergencies common to their environment and in accordance with both The Joint Commission standards for Emergency Management and the National Incident Management System. VHA has developed a Comprehensive Emergency Management Program (CEMP) that ensures all VA medical centers develop, update, test and evaluate their emergency operations plans and programs on a continuous basis. VHA facility plans encompass extension facilities, such as outpatient clinics, community living centers, domiciliary units and home-based primary care programs.

During a disaster, VHA medical center executives determine whether to shelter in place or evacuate their facility, based primarily on the safety of Veterans and employees. Utilizing a decision support system that weighs the disaster risk to the facility against the need to safely move Veteran patients, the VHA medical center director's decision is coordinated with the Veterans Integrated Service Network (VISN) Director and the VA Corporate Operations Center in consultation with the Deputy Under Secretary for Health for Operations and Management (DUSHOM).

Question. As you know, there is a huge crisis in our country concerning homeless veterans. What sort of ideas or programs do you have concerning States, such as Louisiana, for when natural disasters strike and the homeless veterans are left behind or displaced?

Answer. There has been a long term effort to provide services for Veterans and families in need of homeless services. Our latest effort, the Housing and Urban Development—Veterans Affairs Supported Housing (HUD–VASH) Program, has already shown great results in serving Veterans families including women Veterans and Veterans with children. A total of 315 Housing Choice Vouchers (section 8) HUD–VASH vouchers have been allocated to provide permanent housing resources for Veterans and families in Louisiana over the last 2 years. We know based upon our transitional housing program that these programs address the conditions you describe regarding displaced homeless Veterans. The VA's Homeless Providers Grant and Per Diem Program has a total of 348 (223 post Katrina) authorized beds at 14 locations with community non-profit providers in Louisiana.

Question. Speaking about creating an environment of advocacy and change within the Department of Veterans Affairs is a positive idea. Perhaps there could be more jobs created within the Department for veterans to act as advisers during this process of change? Going further, perhaps homeless veterans could be identified and trained to give support to the new program and use their knowledge of veterans needs to teach those who are creating policy? Have you considered such an approach?

Answer. The Department of Veterans Affairs is very committed to achieving a high ratio of Veterans among its workforce. Your suggestion to identify new ways of reaching out to Veterans—including homeless Veterans—is a welcome one that can help further the effort to employ Veterans. I also agree that the VA will be successful only if it listens to our Veterans to better understand their needs and to better serve them in the future.

There are some ways in which the VA currently works with homeless Veterans to help them gain employment. These include the Compensated Work Therapy Program and Recovery Model programs. As we undergo development of new efforts to meet new Veteran needs in the 21st Century, we will explore how to enhance our effort to train Veterans to work at the VA. I welcome your suggestions in this ongoing effort.

Further expanding on the idea of the importance of Veteran experience, I would note VA's Office of Mental Health Services has developed Recovery Model programs focusing on peer to peer support for Veterans helping Veterans. Homeless Veterans

Programs and Psychosocial Programs have embraced the recovery model. VA has hired Veterans as peer support positions in recovery programs. VA has hired Veterans discharged from the Compensated Work Therapy Program. VA will explore the feasibility of having homeless and formerly homeless Veterans from the CWT program assist with the development of services and program policy.

Question. Last year VA was directed to establish an office for survivors, a desk that would have staff focused on survivor issues. When will that office be operational?

Answer. The Office was created on December 22, 2008 and set up under the Office of the Secretary. Four employees were immediately detailed to the Office to start working on the mission as defined by Congress. A Director and one permanent employee have been selected and the remaining personnel will be chosen soon. The Office has been gathering baseline data to see what VA offers for survivors and dependents. We've been evaluating various programs, such as comparing CHAMPVA to TRICARE. The law States CHAMPVA needs to offer the same or similar benefits as TRICARE. We've finished with our analysis and are evaluating recommendations for improvement in CHAMPVA.

QUESTION SUBMITTED BY SENATOR MARK PRYOR

Question. The DOD and VA have taken crucial steps toward creating a Joint Lifetime Electronic Record (VLER), as announced by President Obama on April 9, 2009. (The vision for this initiative is for all current and future service members, Veterans, and eligible family members to have a VLER that will encapsulate all data necessary to uniquely identify them and ensure the delivery of care and benefits for which they are eligible).

What do you think about VLER and where are we in the funding process to begin to implement its collaboration with in the Services?

Answer. The Virtual Lifetime Electronic Record is extremely important to Veterans, VA and our service providers. We have moved quickly to assign staff to aggressively develop VA's vision, plan and approach for delivering a VLER capability. VLER is a critically important endeavor that will incorporate not only collaboration between VA and DOD but also include other Federal agencies and private industry. Current activities include development, review and acceptance of VA's VLER Strategic Vision by the JEC, redrafting of the Interagency Program Office's operating charter to mitigate issues regarding its functions and authority, extensive outreach to HHS, assessment of integration opportunities within the existing IT investment portfolio to ensure the effectiveness and efficiency of resourcing for VLER initiatives, and drafting and development of the master plan for VLER demonstrations that would leverage existing IT investments and initiatives. With respect to the specific question of funding, initial start-up funding will be provided to support a program office for VLER. Because the 2010 budget request had already been prepared prior to VLER start-up, 2010 funds will need to be identified within existing resources to proceed with VLER. Assessment of the IT investment portfolio is also required in order to evaluate whether or not current investments might be leveraged directly to support VLER.

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

Question. Mr. Secretary, it is everyone's goal to leverage information technology to have veterans seamlessly transition from the DOD to the VA. However, an Inspector General's audit of VA IT projects revealed that 40 are on OMB's Management Watch List, and 37 are on OMB's High Risk IT Project List. The Inspector General cited those projects as being poorly planned and poorly performing and singles out the HealtheVet Project as "not having a comprehensive project management plan to guide the development and integration of sub-projects." One of these subprojects, a scheduling application, recently failed during its deployment at the cost of 8 years and $167 million. The report also States that the HealtheVet program "lacks a fully implemented governance structure." As a result, the project completion date has slipped from 2012 to 2018. Mr. Secretary, the VA plans to invest $360 million in 2010 and $11 billion overall into a project that is said to be poorly planned and poorly performing. This project is of great importance to our veterans, and I do not want it to fail.

Given the recent failure of the scheduling application and last month's Inspector General reports, how do you justify a 30 percent increase in Information Technology spending to $3.3 billion when so many of your projects and programs seem to lack

basic IT project management oversight? How will you fix this management capability?

Answer. The actual increase in information technology spending requested for 2010 is 20 percent and supports a number of high priority development projects such as Chapter 33, FLITE, and the Paperless Delivery of Benefits Initiative. A large part of the requested increase is to hire more IT staff, directly addressing cited weaknesses in IT project management oversight. Another significant increase is to maintain and strengthen our IT infrastructure.

The VA has taken strong steps and a proactive approach towards addressing IT project management weaknesses. The Department has directed that IT projects be managed using incremental development methodologies. This approach requires close collaboration between developers and business owners to produce substantive deliverables on a 6-month schedule to achieve near-term, incremental successes. This approach provides more transparency to management, ensuring potential risks and failures are identified and effectively addressed earlier in the development life cycle. All new VA IT projects must utilize incremental development methodology and be compliant with the VA's newly implemented Program Management Accountability System (PMAS), while existing IT projects must adopt both incremental development and PMAS compliance within one calendar year.

Question. To improve the oversight role of this subcommittee, can you please provide us with additional details relating to all IT projects and programs, including HealtheVet, that will receive proposed funding in fiscal year 2010? Specifically, will the Department produce a list of defined requirements, a detailed cost schedule, and a timeline on a project-by-project basis.

Answer. The Office of Information and Technology is in the process of collecting information relative to your questions and will provide a response to the Committee not later than July 31, 2009.

[The information follows:]

The Department of Veterans Affairs (VA is in the process of reworking its existing Guide and Service Dog program. As part of this effort, VA has already drafted new regulations that are currently undergoing review prior to their submission to the Federal Register. After an opportunity for public response to these regulations, VA will then review the public comments, edit the regulations as may be necessary, and then submit the regulations for final publishing.

During this process, Guide and Service Dogs will continue to be provided to eligible Veterans whose attending physicians have documented an individual Veteran's identified need. Pending implementation of our new program and publication of the new regulations, VA will continue to work with accredited organizations to provide dogs to Veterans at no charge. VA will also continue to support the payment of the dogs' veterinary care and supportive hardware as required assistive devices.

Subject to the number of public comments resulting from the public comment period, VA anticipates that the final version of the Guide and Service Dogs regulations will be published in the Federal Register prior to December 30th, 2009.

BACKGROUND

—VA IT Consolidation initiate in 2007
  —Primary purpose is to improve the results of VA IT investments
—Replacement Scheduling Application Failure
  —VA commitment to review all ongoing development programs
—New Secretary/Deputy Secretary/CIO confirmed
  —Significant Senate questioning on how to address program issues

ANALYSIS OF ONGOING PROGRAMS

—280+ programs reviewed to date
—8 program attributes analyzed
—Many programs exhibit signs of trouble
  —Greater than 13 months behind schedule
  —Greater than 50 percent over initial cost estimate
  —Decrease in software quality between releases
  —Inadequate skills to complete program
—Substantial change is required

INCREMENTAL DEVELOPMENT

—All new VA IT projects/programs must use an incremental development approach
  —Frequent customer delivery milestones

—At most every 6 months
—Customer must test and accept functionality
—To be approved for investment, a program or project must have:
—An identified customer sponsor
—Program plan that documents frequent delivery milestones
—Documented, agreed to requirements for initial milestones
—Clear plan for necessary program disciplines
—Clear access to necessary program resources
—Customer, program, and vendor acceptance of PMAS
—Jointly established success criteria

PROGRAM MANAGEMENT ACCOUNTABILITY SYSTEM (PMAS)

—All incremental development programs will be managed rigorously to schedule
—A program/project will be halted on its third missed customer delivery milestone
—Once halted, substantial changes must be made before the program can restart
—Need for program/project will be re-assessed
—Program approach will be re-assessed
—Make/buy and program design decisions will be re-assessed
—New Program Manager will be assigned (rotational/training assignment)
—A portion of the government program staff will be reassigned (rotational/training)
—All service contracts will be re-visited
—New program plan must be approved
—Flexibility can be earned
—Multiple successful milestones between strikes
—Clear improvement in management between first and second strike
—Significant advance warning of missed milestone provided to CIO

PROGRAM MANAGER BENEFITS

—Clear decision criteria
—Impact on schedule will drive program choices
—Better program control
—Success factors must be in place before program start
—Decreased requirements creep
—Impact on schedule will force hard decisions
—New requirements factored into later release schedules
—Clear customer participation
—Must test and approve each release
—Clearly impacted by program halt
—Clear vendor attention and participation
—Motivated to help program meet milestones
—Increased probability of successful program

VA BENEFITS

—Eliminate "big bang" program/project failures
—Near-term visibility into troubled programs
—Able to provide help if possible
—Avoid long-term failures
—Better insight into scarce resources
—Frequent deliveries to customer ensures program/project functionality, quality, response, etc.
—Increased probability of successful programs

IMPLEMENTATION

—Incremental development is required for all new IT programs/projects starting as of 6/15/2009
—All incremental development programs will be managed by PMAS effective 6/15/2009
—VA will pause a number of Programs/projects identified as in jeopardy
—Program plan re-cast for incremental development
—New plan must be PMAS compliant
—New program plan must be approved by CIO before program resumes
—Within one year, all VA IT programs and projects will be incremental development/PMAS compliant

—Programs that remain within 10 percent of original program plan (schedule, cost, function) may be excepted

Question. Mr. Secretary, you have mentioned your plans to "transform the VA into a 21st Century organization." We would like to work with you as you embark on such a large undertaking.

Can you please clarify what these new initiatives are and from what appropriations account you intend to fund them?

Answer. Transformation of the VA into a 21st century organization will take more than one year, but the fiscal year 2010 budget is the first real opportunity for VA and the Congress to move out on this important mission. Our review of the VA fundamentals is still in process. We have heard from stakeholders, and will continue to partner with them at every opportunity to improve our service to Veterans. Much of our review is informed by Congressional input and I greatly value those contributions.

VA is focusing its transformation efforts to more efficiently and effectively deliver care and benefits, enhance the Veteran experience in all interactions with the VA, and improve awareness and access to VA services. Our work to date has already identified a number of opportunities to change VA in fundamental ways that will benefit our client—the Veteran—while doing things smarter and more effectively.

As part of an ongoing review of all VA programs and spending, the VA leadership is developing new initiatives to be implemented in fiscal year 2010 that improve quality, increase access, and enhance performance while controlling costs. These build upon the efforts already in the fiscal year 2010 request and augment several major new initiatives already underway, including the implementation of the Post 9/11 GI Bill, the most extensive educational assistance program authorized since the original GI Bill, and the extension of care to 265,000 Priority 8 Veterans. In addition, VA and The Department of Defense have partnered to create a Virtual Lifetime Electronic Record to ensure that soldiers leaving the Armed Services are quickly and easily transitioned into the VA.

We are in the process of identifying additional opportunities to adjust our investment portfolio for the benefit of Veterans. These new initiatives will not change the fiscal year 2010 budget top line.

Question. Mr. Secretary, Congress's 2010 Budget Resolution includes a provision that would allow for advance appropriations for the VA's medical care accounts, meaning fiscal year 2011 funding could be provided during the 2010 appropriations cycle. I know you have publicly supported the idea of advance appropriations, but it was not included in the President's fiscal year 2010 budget request. If Congress decides to provide an advance appropriation, I want to be sure the Department can provide us with an accurate estimate so we can properly budget for the health care network that supports our Nation's veterans.

Does the Department have the ability to provide the Congress with an accurate estimate of its fiscal year 2011 requirements during this year's appropriations cycle, or do you need more time to work on it?

Answer. Yes, VA provided the request for advance appropriations for fiscal year 2011 to Chairman Johnson in a letter from Secretary Shinseki on June 12, 2009, as a result of Chairman Johnson's request for this information during the June 11, 2009, Appropriations Hearing.

Advance appropriations will help support a reliable and timely resource stream to support the delivery of accessible and high-quality medical services to our Veterans. It also builds on the solid foundation set in the President's fiscal year 2010 budget as we take the early first steps to transform VA into a 21st century organization.

VA is seeking support for a request for advance appropriations for fiscal year 2011 of $48.183 billion for the three medical care appropriations to support estimated growth to 6.1 million patients. This would represent an increase of 8.3 percent over the President's fiscal year 2010 appropriation request of $44.498 billion. The fiscal year 2011 total is comprised of $37.136 billion for Medical Services, $5.307 billion for Medical Support and Compliance, and $5.740 billion for Medical Facilities. In addition to the appropriated resource level we anticipate collections in the amount of $3.355 billion, for a total advance appropriations resource level of $51.538 billion.

This estimate is based in part on the VA Enrollee Health Care Projection Model (VA model) using fiscal year 2008 as the base year, which is the most recent actual data available. The model continues to support the initiative of providing additional enrollment access for over 500,000 previously ineligible Priority Group 8 Veterans by 2013. Our estimate also includes resources for programs that are not projected by the VA model. These programs include long-term care, the Civilian Health and Medical Program of the Department of Veterans Affairs, Vet Centers, and the State home per diem program.

The advance appropriations estimate will ensure timely funding at the beginning of fiscal year 2011 for VA's three medical care appropriations. We have made significant improvements over the past years in calculating and monitoring our resource needs. The Department and the Office of Management and Budget are in agreement on this request. We will continue to jointly monitor medical care cost and performance indicators on a monthly basis and will make any needed adjustments to the requested fiscal year 2011 advance appropriation level during the regular process of formulating the President's fiscal year 2011 Budget this fall. In addition, funding for new medical care program initiatives will be considered in the formulation of the President's Budget later this year. It is during this process that we will also identify the resources needed to support medical information technology and capital construction program budgets.

Question. Do you intend to include more than "Health Care" in your estimate of the financial need for 2011.

If yes, why not just include the "Health Care" needs in your estimate and submit the new initiatives and other accounts for the normal appropriations review process?

Answer. VA included only the three medical care appropriations in the request we sent to Congress on June 12, 2009, for fiscal year 2011 advance appropriations.

Question. Does OMB plan to submit an estimate for 2011?

Answer. VA submitted a request for fiscal year 2011 advance appropriations to Congress on June 12, 2009, for the three medical care appropriations. VA and OMB are in agreement on this request.

Question. Mr. Secretary, the Department has a significant unfunded liability on its major construction projects. Currently in 2009, the Department has 14 ongoing projects that are partially funded, with a cumulative remaining need on those projects of more than $2.8 billion. Despite this need, the Department is proposing to start 7 new projects in its fiscal year 2010 request. This would increase the Department's unfunded liability to nearly $4.5 billion for ongoing projects.

Does the Department have a Five-Year Capital Plan to guide its major construction projects that often span several fiscal years? If so, will the Department please provide that Five-Year Capital Plan to the subcommittee?

Answer. While the Department does submit a Five Year Capital Plan with its Congressional Justifications each year, it is important to note that this plan will most likely change in the out-years based upon various factors including: the actual annual major construction funding appropriation provided; schedule changes for any current partially-funded projects, and the incorporation of additional new projects added and scored during the capital investment process in future budget cycles. That said, it is the Department's policy to prioritize partially funded projects from previous years, provided those projects are ready to execute within the budget year.

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

Question. The proposed VA hospital in Louisville is currently stalled.

In addition to the project in Louisville, what other VA hospital construction projects have a pending site selection process?

Answer. Other than Louisville, VA is not in the site selection phase related to the construction of new or replacement hospitals at any other location.

Question. How long have these other projects been awaiting site selection? When can we expect the VA to select a site in Louisville?

Answer. The Department has contracted with the architectural firm selected to design the new facilities to conduct a feasibility study to further explore the potential for locating the facilities at the site of the existing VA medical center on Zorn Avenue. The study will also evaluate the location near the University of Louisville in downtown Louisville and consider the potential of an unidentified green field site elsewhere in the metropolitan area. This study is scheduled to be completed in October of this year. It is expected that before the end of the calendar year, the Department will select the preferred location of the facilities. At that time, environmental due diligence in accordance with the National Environmental Policy Act will be conducted which will then permit the final decision on the site to be made.

QUESTIONS SUBMITTED BY SENATOR LISA MURKOWSKI

Question. The Alaska Legislature recently authorized Governor Palin to seek VA funding to establish Alaska's first State Veterans Cemetery which will be sited in Interior Alaska. However, I understand that VA funding for projects like this may not be immediately available due to a shortfall in Veterans Cemetery funding which places new projects on a waiting list. How much funding would the VA require to

eliminate this shortfall? Based upon expected funding levels for the State Veterans Cemetery program how long would you have to expect that the State of Alaska would have to wait between the date upon which it submits its application for the cemetery and the date it would actually receive VA grant funding?

Answer. The State of Alaska submitted a preapplication for the Fairbanks Veterans Cemetery on March 23, 2009, and was assigned Federal Application Identifier (FAI) AK–09–01. On March 27, 2009, State Cemetery Grants Service notified Mr. Jerry Beale, Director, Alaska Veterans Office that the project was viable and would be ranked with all other pending preapplications in the fiscal year 2010 Priority List. The priority list is annually developed, is approved by the Secretary, and is the basis for providing grant opportunities during the fiscal year. To be ranked in the highest group, States and tribal governments must submit legislation authorizing the project and the certification that funds for architectural and engineering fees are available to begin the project by the August 15 deadline. These fees are reimbursable to grant recipients. We have been in recent contact with Mr. Verdie Bowen, Administrator, Office of Veterans Affairs, requesting the signed legislation and funds certification. It is expected to be submitted by the State prior to the deadline. The project would be developed to serve the 10,800 veterans in the Fairbanks/North Star area.

Until the August 15, 2009, deadline is reached and the fiscal year 2010 Priority List is approved, it is not possible to estimate the funds needed to offer the State of Alaska a grant opportunity.

Projects are ranked in accordance with Title 38 CFR 39.7. The Alaska project would be ranked in Priority Group 2 with 10,800 unserved Veterans. The priority groups are defined as follows:

—*Priority Group 1.*—Projects needed to avoid disruption in burial service that would otherwise occur at existing Veterans' cemeteries within 4 years of the date of the preapplication. Such projects would include expansion projects as well as improvement projects (such as construction of additional or replacement facilities) when such improvements are required to continue interment operations.

—*Priority Group 2.*—Projects for the establishment of new Veterans' cemeteries.

—*Priority Group 3.*—Expansion projects at existing Veterans' cemeteries when a disruption in burial service due to the exhaustion of existing gravesites is not expected to occur within 4 years of the date of the preapplication.

—*Priority Group 4.*—Other improvement projects to cemetery infrastructure such as building expansion and upgrades to roads and irrigation systems that are not directly related to the development of new gravesites.

It is anticipated that 32 projects in priority groups 1 and 2 will be on the fiscal year 2010 Priority List. The value of those projects is $170 million. It is anticipated that not all projects in priority groups 1 and 2 will submit the documentation and will not rank high enough to receive a fiscal year 2010 grant opportunity. In fiscal year 2009, there were 11 such projects with a value of $44 million.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. The Departments of Defense and Veterans Affairs are moving forward with jointly operated hospitals and clinics in several areas where existing facilities are co-located. One such facility is in my State of Mississippi.

After Hurricane Katrina, Keesler Medical Center and the Biloxi VAMC used a "centers of excellence" approach to identify the best services at each of the two facilities and consolidate those services when possible and practical. Some activities are completely consolidated, with staffs working side-by side with one another, and other services have a partnership where they have the capability to "trade" doctors and nurses when required. In 2007, Keesler Medical Center and the Gulf Coast Veterans Health Care System in Biloxi were granted official joint-venture status.

Currently, DOD and VA are working towards complete consolidation between the North Chicago VAMC and the Naval Great Lakes Health System in Chicago. They are finding many obstacles along the way regarding funding mechanisms, facilities ownership, personnel transfer, and information technology. For example, one of the biggest issues impacting all future joint venture sites is the lack of a common medical record between the Department of Defense and the Department of Veterans Affairs. Consequently, staff must learn both systems when working at a joint venture facility, which is neither time- nor cost-efficient.

Joint cooperation has provided great benefit to veterans and service members in the Gulf Coast region. However, the Air Force Surgeon General expressed concerns

that complete consolidation between Keesler and Biloxi VAMC could be a detriment to the Air Force mission.

Question. Secretary Shinseki, can you comment on the current relationship between Keesler and Biloxi VAMC, and give me your thoughts on the impacts of complete consolidation there?

Answer. The Keesler Air Force Medical Center (81st Medical Group) and the Biloxi VA Medical Center (VA Gulf Coast Veterans Health Care System) have maintained a supportive and collaborative relationship for decades. Hurricane Katrina inflicted heavy damage on both medical centers. Following Katrina, TRICARE Management Activity and VA developed a strategy to maximize sharing/joint services. In 2007, developing Centers of Excellence (COE) became the preferred strategy. Although sharing between the facilities has a long history, complete consolidation of Keesler/Biloxi is not the goal. The two medical centers are in close proximity. This offers each the flexibility to meet their core mission requirements while sharing services where and when appropriate. The COE model is clinically focused. It emphasizes joint communication and planning. Meetings are conducted at all levels to maintain the day-to-day management structure of each medical center.

Question. Is the VA moving forward with complete consolidation at Keesler or any other joint venture sites?

Answer. The current focus is consolidation where it makes sense rather than consolidation of all services. Both medical centers will retain independent management and operations. They will share oversight of all joint activities. Because of challenges based on differences in medical records, business rules and regulations, each COE will, by necessity, be carefully evaluated prior to the implementation of new sharing agreements. In June 2008, Keesler/Biloxi developed a COE Concept of Operations to evaluate progress towards consolidation based on a domain-based level of interface matrix that tracks nine domains that includes: clinical services, facilities, staffing, business processes, management/governance, information management and information technology, logistics, education and training, and research.

Each domain is evaluated based on movement along a five-element continuum—(1) separated, (2) coordinated, (3) connected, (4) integrated and, (5) consolidated. Not all nine domains will end at the consolidated state depending on the circumstances and the feasibility of doing so. The process is measured and deliberate. Joint Incentive Funds (JIF) were used to develop and refine the COE concept. JIF funds in fiscal year 2007 provided resources for a Joint Magnetic Resonance Imaging (MRI) Center and a Joint Cardiovascular Care Center at Keesler. In fiscal year 2008 the JIF provided funding to administratively support the COE implementation. Pending JIFs would fund the renovations of space for joint use at Keesler, and establish infrastructure for Joint Business Operations. Joint initiatives currently include a Sleep Lab on the Biloxi Campus and a Joint Women's Health Clinic. Other sharing initiatives are in various stages of planning and development.

Question. Has the VA considered duplicating the model at Keesler/Biloxi VAMC at other joint venture sites?

Answer. An Executive Management Team at Keesler/Biloxi meets bi-monthly to set priorities and provide oversight on the sharing or realignment of services. This group quickly realized there are overlapping areas of responsibilities along the Gulf Coast. The team expanded and now includes: the Commander, 81st Medical Group, Keesler AFB; the Director, VA Gulf Coast Veterans Health Care System; the Commanding Officer, Naval Hospital Pensacola, Florida; and the Commander, 96th Medical Group, Eglin AFB, Florida. The Under Secretary of Defense (Personnel and Readiness) met with the Deputy Secretary of Veterans Affairs in March 2008 to discuss developing model programs for Joint Ventures that included the domain-based levels of interface. Four locations were selected: Biloxi, Mississippi; Las Vegas, Nevada; Denver, Colorado; and Honolulu, Hawaii. A Joint Market Opportunities Work Group provides assistance and assesses progress at each site using the domain-based levels of interface tool. They report to the VA/DOD Joint Executive Council.

CONCLUSION OF HEARINGS

Senator JOHNSON. This hearing is recessed.

[Whereupon, at 2:23 p.m., Thursday, June 11, the hearing were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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