

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2012

WEDNESDAY, MARCH 9, 2011.

VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

WITNESS

RICHARD GRIFFIN, DEPUTY INSPECTOR GENERAL, VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

OPENING STATEMENT OF THE CHAIRMAN

Mr. CULBERSON. The Subcommittee on Military Construction and Veterans Affairs will come to order.

We are very pleased today to have Mr. Richard Griffin, the deputy inspector general for the Veterans Administration, here to testify to the committee. And we are all on this committee working arm in arm, Mr. Griffin, to ensure that our veterans get the best possible health care, that they are given the very best the Nation can possibly afford.

And any organization as large as the VA is going to have inefficiencies and problems. God bless them, they are doing their best, but we are grateful to you for your service and helping us identify areas where we can focus our efforts as a committee to improve the quality of service given to our veterans, and efficiencies in the operation of the agency, in order to ensure not just that the veterans are given the best possible service, but the taxpayers are getting the best value for their dollars.

It is a pleasure to have you here, sir. And, again, I thank you for your service. And I would like to, if I could, recognize our Ranking Member, Mr. Bishop from Georgia, for any statement he may have at the outset.

OPENING STATEMENT OF THE RANKING MEMBER

Mr. BISHOP. Thank you for yielding, Mr. Chairman.

Mr. Griffin, thank you for being here. The fiscal year 2012 budget request provides an increase of only \$91,000 for the Office of Inspector General. I am interested to see if you think this will be adequate for the inspector general to meet your mission.

In addition, there are two areas that I am particularly interested in examining today. The first is the large number of claims backlogs, the reasons for the claims backlog and what can be done to reduce it. I am concerned about the large percentage of errors contained in claims process.

Secondly, I am concerned about the exposure of veterans to disease through the use of medical equipment at VA facilities. We are all worried about the liability aspects of this, but we can all agree that we have a more responsibility to our veterans that the agency is charged with serving, and we have got to do better.

Finally, I would like to hear from you about what the VA is doing to improve the success rate for the I.T. projects. We have got some serious issues today to cover, but we all appreciate the critical role that your office plays in carrying out this mission. You are charged with the oversight of a vast and complex agency, and we on this subcommittee, and I personally want to do everything that I can to ensure that this subcommittee helps you to reach your mission and thereby more, certainly, more surety, provides our veterans and their families with the efficiency and effectiveness of the service.

So thank you for being here.

And I yield back.

Mr. CULBERSON. Thank you very much, Mr. Bishop.

And, Mr. Griffin, we are in the middle of a series of votes. What I think I might do, members, is we will, if we could, sir, ask you to go forward with your testimony and summarize it in a way that you think is appropriate and time sensitive, but giving as much detail as you can.

And at the end of the next vote, I will probably slip out, and if I get one of my Republican members here to take the gavel, I will slip out at the beginning—at the end of the last vote and try to catch the beginning of the next vote and come back. And perhaps we can cycle in and out that way, so to make sure that we can continue the hearing without interruption.

Thank you again for your testimony, and we look forward to hearing from you, sir.

Mr. GRIFFIN. Thank you, Mr. Chairman. And I wish to have the written statement be included as part of the record.

Mr. CULBERSON. Yes, sir, absolutely.

OPENING STATEMENT OF RICHARD GRIFFIN

Mr. GRIFFIN. I would like to summarize some key points that I think are important for you to be aware of and consider as we move forward in attempting to do our oversight mission.

If I may, before hitting some of those points, I have three outstanding subject matter experts sitting behind me. Belinda Finn is our Assistant Inspector General for Audits and Evaluations, who can speak at great detail about the audit reports that you see in our statement and in our semiannual reports.

Next to her is Maureen Regan. Maureen is the Counselor to the I.G., but she is also the Director of the Office of Contract Review that does pre and post-awards of acquisition activity. A huge staff at VA does acquisition, and it is a very critical function.

And next to Maureen is Dr. David Daigh. David is in charge of our Healthcare Inspections Group and has been with the I.G. for approximately 10 years, and has a tremendous amount of experience looking at VHA programs, and on top of this, he previously served time as a doctor in the Army. So he is a tremendous resource to us and to the VA as a department.

As you said, our mission is to ensure that veterans get the care, support and recognition they deserve for their service to our country. We do independent and objective reviews, some of which are mandatory, some are proactive reviews, and other are reactive, primarily based on requests from the Congress, requests from the Secretary, or criminal matters that come to us through the law enforcement channels.

The recent activity with the Congress includes a request for a report on combat stress for women veterans. This was a joint project between Healthcare and Audit to see if women were treated equally with men when it comes to diagnosis for and benefits for PTSD and TBI. And we are prepared to discuss that in further detail, if you would like.

We also had 11 congressional hearings last year, which we are grateful for, because we think that people recognize quality of the work our people are doing. So between the 11 hearings and the 38 briefings that staff did last year, we spent a lot of time up here, and we are happy to do that, because we serve Congress equally as we do the Secretary.

Just a recap of important work from last year, our investigative activity included numerous arrests for drug diversion, assault, and fiduciary fraud against ill veterans. Our auditors performed the mandatory financial statement audit work and audit work we do every year for the I.T. security program.

We also do national audits. And you may have read our two fee-basis audits, which I think get to the area of potential efficiencies. We did one audit in the fall of 2009 reviewing outpatient care, and we did another one about a year later on fee-basis payments for inpatient care. Those two audits alone identified over \$1.7 billion of potential savings over five years. Most recently, we issued a report on 100 percent temporary disability ratings by the Veterans Benefits Administration. That report also identified over \$1 billion of potential monetary benefits over five years.

Dr. Daigh's people did important reviews on quality of health care, including—at the Philadelphia VAMC, where improper practices and oversight was occurring. They have done national reviews of reusable medical equipment, which has been in the press quite a bit lately, most recently in the St. Louis for dental care.

They also were co-authors of the combat stress report so it has been a busy year for them, but we think those are very important national jobs.

Our Healthcare staff also visit 50 medical centers a year to do quality control checks and they also inspect 85 outpatient clinics a year. The uninspected deteriorate, so we need to show up every now and then and see how things are going. They did 50 hotlines last year on quality of care issues at medical centers and outpatient clinics. Maureen's group performs pre-award audits; they did about 70 last year, that resulted in potential savings of \$374 million. After the contract has been awarded, they will do post-award reviews to ensure that there is compliance with the terms of the contract. They have recovered over \$21 million this past year just on those post-award reviews.

I want to mention some future projects that we are looking at for next year. In audit, we want to look at the VISN management

structure. It has been our experience so far that if you have seen one VISN, you have seen one. You would think that when you have got 21 VISNs that there might be a best practices VISN, both from the standpoint of the administrative functions and the roles of the people that are assigned there. There ought to be fiscal constants as to what it should cost to run them. And they ought to look somewhat the same, right? Not identical, cookie cutter, but there ought to be a best way of doing it.

After 15 years of having these networks out there, we are not convinced that the quality is added for the money that it costs to run them. So we are going to look at VISN management. We are looking at—small business activity. Naturally we all want service-disabled veterans to get their share of government contracts. Unfortunately, we have seen a lot of fraud in the program by the people who claim to be service-disabled veterans who are not, some entities that “Rent-A-Vet” as we call it, where the person on paper is co-owner of the company, but never sets foot in the corporate offices, and they will get some type of compensation for participating.

VA spends a lot of money on fee-basis healthcare. You know that. It is growing every year. We find that they are not doing a good job managing the payment process for this fee-basis work. A lot of duplicate payments are being made. We get a bill from a hospital and professional practice group of doctors and a separate bill from the doctor’s office. It is not sufficiently organized on a system-wide basis to make sure we are not paying twice. That was a large part of the overpayments that we saw in our audit work.

From a health care perspective, we want to make sure we are getting quality. VA pays \$4.4 million each year in fee-basis care. We want to make sure that, if you go to a local hospital or a local doctor, the veteran got a quality experience, and also the care that the veteran received is documented in the electronic health record, so that if the next incident of care is at the VA, the doctor at the VA can say, okay, 3 months ago, this person was seen at a private hospital and this is the treatment he received. We are not confident that right now, anyone is checking to see whether or not the care was proper. And Dr. Daigh’s people want to look at this based on continued growth in fee-basis care.

We are also going to look at the allocation of providers and staff time. If we hire a doctor to do primary care, we may want him to do primary care for 30 percent of the time or 50 percent of the time or whatever percent. Until you identify what that percent is, you can’t establish reasonable performance metrics to say a primary care doctor should see X number of veterans a day, just as they would in the private sector. If you are working in the private sector, and you are doing colonoscopies, you are expected to do X number every day, and it is based on 30 minutes or 45 minutes or whatever the required time period for the procedure. VA needs to prescribe what percent of the time their doctors must perform hands on patient care as opposed to research or training.

You need to get your hands around what is a reasonable performance standard for all different specialties of health care, to include primary care. That is something we hope to have an opportunity to look at in the coming year.

We also are interested in the homeless initiative, which is one of the top three goals the secretary has articulated for this year. In the past, it has been our experience that the homeless issue has been addressed through a multitude of community entities.

We want to explore the root cause of why a certain group of veterans is more likely to be homeless than some other group. For example, this group of veterans who served in Iraq and Afghanistan who were in this type of unit have a greater propensity to become homeless.

Mr. CULBERSON. Mr. Secretary, we have got these last two votes. I think my colleagues are probably staying upstairs until they are done. So if you could forgive us.

If we could, guys, let's recess very briefly, sir, take care of these votes, and then we will be right back down. We will stand in recess.

[Recess.]

Mr. CULBERSON. The committee will come back to order.

And, Mr. Griffin, thank you very much for your patience.

We are going to have most of our members here after the vote is concluded.

Mr. Griffin, thank you very much, sir. Please continue the testimony, and then we will move into questions.

Mr. GRIFFIN. We were discussing before the break the opportunities we think are out there for our Health Care Inspection Group to help the Veterans Health Administration improve their performance, improve their quality and efficiency.

IDENTIFIED SAVINGS

Mr. CULBERSON. And just in what you mentioned so far, if you could, for the benefit of the members who just came in, it sounded like you have already identified how many dollars worth of savings that you believe would not impact the quality of care provided to veterans.

Mr. GRIFFIN. Just in the fee-basis care arena, we identified \$1.7 billion in potential monetary benefits over 5 years, and that is based on a national audit that was conducted and a statistical projection that was based on a valid sample wherein we had a couple hundred million dollars in overpayments in 1 year.

It is standard procedure to project those dollar amounts over 5 years in the I.G. and GAO communities. So if they can tighten down their billing procedures on fee basis and not make overpayments they could realize savings of \$1.7 billion. In the 100 percent temporary disabled veterans ratings done in VBA, same thing, over \$1 billion in potential savings.

Veterans can be given a temporary 100 percent disability rating until such time as they receive appropriate medical care to address their condition. They are supposed to be given a follow-up medical exam in order to determine if their rating should remain at 100 percent or if the medical care resolved their problem and their rating should be lowered.

We found the controls were lacking to alert VBA employees that they have to go back and check on this particular rating to see if it is still valid. When you apply that to the number of veterans that are getting disability, the dollars involved grow very quickly.

Now, in health care, in addition to our desire to make sure that fee-basis care is quality, we also want to look at performance metrics. We want to check and see the extent that the Veterans Health Administration would benefit from having performance standards for their health care professionals, so we can be assured that we know what we are paying for and know what is a reasonable number of veterans to expect a primary care physician to be able to treat in 1 day, how many cardiac surgeries can you do in 1 day? What is the standard in the private sector? Is there a reasonable standard or not?

We are going to make sure that the small medical centers, aren't trying to do surgeries that they are not really equipped to do. Thanks to some work that Dr. Daigh's people have done in the past, those smaller medical centers are no longer supposed to do some of the more technical surgeries.

Now, for me, I wouldn't want to get a bypass surgery from somebody that does one a month. I would like to go to somebody, who does it every day for a living.

Our Health care unit, as I started to mention before the break would like to look at the homelessness issue. Homelessness has been a chronic problem for years and years. The secretary has identified ending it as one of his top goals for the department. We want to look at the root cause of homelessness. We want to see if the programs that are being funded are having the right outcomes, or are we just shoveling money at the problem and not really figuring out what is it about this group of veterans that causes them to be homeless.

These are some of the areas that we think are important for OIG oversight in the future. I would ask that the subcommittee support a legislative proposal that the department has come forward with in their budget submission, and that would allow the Veterans Health Administration to participate in the prescription monitoring programs, PMPs, as they are called.

Thirty-eight states have these programs. Basically, within those states, it allows different health care providers to check and see if someone is getting controlled substances at multiple locations if they are doctor shopping. They get oxycodone from the VA They will also go to a private-sector doctor, they will go as many places as they can. But when you have these monitoring programs, it allows you to know if a veteran is getting enough oxycodone for a year every month.

And it has consequences, as you well know, which is reflected in the increase in assaults that we have seen at VA facilities, both assaults on health care providers and veteran on veteran, because these drugs are so potent and they are being abused.

In some instances, the drugs are obtained and sold on the street because oxycodone drugs are very popular with heroin and cocaine addicts. So it would be another tool to allow us to make sure that the money that VA spends on drugs isn't going either to someone who is already addicted and who is doctor shopping, or to somebody who might assault his provider tomorrow because he has had too much of these drugs. And, frankly, with the increase in mental health patients the VA has been seeing, if you have a mental

health condition already and you make it worse by taking these powerful drugs, there is no predicting what the outcome might be.

So thank you for the opportunity to be here today. We appreciate this committee's support in the past. Some of our current initiatives would not have happened, our initiative to do the outpatient clinic reviews was funded by the subcommittee, our initiative to do benefit inspections in the regional offices was funded by the subcommittee. We think those are very valuable tools. And I think the results are there.

So let me stop there so that I can be responsive to the questions you may have. And if I don't know the answer, the three behind me know everything.

[The information follows:]

[Prepared statement of Richard J. Griffin follows:]

**STATEMENT OF
RICHARD J. GRIFFIN
DEPUTY INSPECTOR GENERAL
OFFICE OF INSPECTOR GENERAL
U.S. DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND
RELATED AGENCIES**

“THE STATE OF THE DEPARTMENT OF VETERANS AFFAIRS”

MARCH 9, 2011

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to discuss the state of the Department of Veterans Affairs (VA) in the context of the work produced by the Office of Inspector General (OIG). Accompanying me today is Ms. Belinda Finn, Assistant Inspector General for Audits and Evaluations, Ms. Maureen Regan, Counselor to the Inspector General, and Dr. John D. Daigh, Jr., Assistant Inspector General for Healthcare Inspections.

The scope and complexity of VA services for our veterans and their families are staggering. The Veterans Health Administration (VHA) delivered clinical services to approximately 6 million veterans in fiscal year (FY) 2010 across a network of hospitals, clinics, nursing homes, counseling centers, and domiciliaries and is consistently rated favorably in comparison to other public and private facilities. While the number of claims received is at an all time high, the Veterans Benefits Administration (VBA) has also processed more claims than in previous years within an evolving environment characterized by legislative, regulatory, and technological change. The National Cemetery Administration (NCA) has been consistently recognized as a world-class leader in customer satisfaction. Further, the results of VA's FY 2010 financial statement audit identified information technology (IT) security controls as the only remaining material weakness, compared to four material weaknesses in the prior year that also included financial management systems, oversight, and compensation liabilities. These improvements are significant.

However, like all organizations, VA has opportunities to achieve savings, reduce risks, and improve performance. The OIG's oversight of the second largest Cabinet Department in Government is focused on helping VA improve the care and benefits delivered to veterans by identifying program weaknesses and making recommendations to VA program officials on what actions they can take to strengthen programs and correct deficiencies. This statement provides an overview of the OIG's oversight program and outlines those areas in need of attention by VA officials to ensure that veterans receive the care and benefits they have earned through their service to our Nation. We will address OIG initiatives, in addition to our regular oversight work that

support VA programs to reduce fraud, train staff, and identify savings in VA contracts. We will also briefly address current work in progress and areas of concern that we plan to allocate resources to in the future.

OVERVIEW OF THE OIG

The OIG is responsible for conducting audits, health care reviews, inspections, and investigations of VA operations. In FY 2010, the OIG was funded at \$109 million and is staffed at approximately 600 employees. In FY 2010, we produced a total of 263 reports, including 36 audits and other reviews, 116 health care related reports, 98 pre-award and post-award reports, opened 988 criminal investigations, closed 842 criminal investigations, with a total monetary impact of \$1,913,000,000. The OIG is a good investment with a return on investment for FY 2010 of \$20 to \$1.

The OIG is organized into three line elements: the Offices of Investigations, Audits and Evaluations, and Healthcare Inspections, plus a contract review office and a support element. The OIG's Office of Contract Review, funded at \$3.9 million through a reimbursable agreement with VA, performs pre-award and post-award contract reviews and other pricing reviews of Federal Supply Schedule (FSS), health care resources, and certain construction contracts. In addition to the Washington, DC, headquarters, the OIG has field offices located throughout the country.

Annually, the OIG is required by statute to conduct an audit of VA's Consolidated Financial Statements, an audit under the Federal Information Security Management Act, and a detailed accounting of VA's submission to the Office of National Drug Control and Policy. The OIG has a proactive program of cyclical reviews for VA Medical Centers (VAMCs), community based outpatient clinics (CBOCs), and VA Regional Offices (VAROs). We have a full program of national audits and health care reviews that are either planned in advance or in reaction to requests from the Secretary and other senior VA officials, Congress, or allegations reported through the VA OIG Hotline, which in FY 2010 received approximately 30,000 contacts from veterans, VA employees, and the public. Additionally, we conduct criminal and administrative investigations of wrongdoing in VA programs and operations by VA employees, contractors, and others, and seek prosecution, administrative action, and monetary recoveries when warranted.

VETERANS BENEFITS ADMINISTRATION

The OIG performs audits and evaluations of VBA programs, focusing on the effectiveness of benefits delivery to veterans, dependents, and survivors. Through our audits, evaluations, and inspections, we identify areas where VA can improve the management of program operations and provide VA with constructive recommendations to improve the delivery of benefits.

Benefits Inspections Reviews

The Office of Audits and Evaluations' Benefits Inspection Program is part of our efforts

to ensure our veterans received timely and accurate benefits and services. These independent inspections provide recurring oversight of VAROs focusing on disability compensation claims processing and performance of Veteran Service Center operations. The objectives are to evaluate how well VAROs are accomplishing their mission of providing veterans with access to high quality benefits services; determine if management controls ensure compliance with VA regulations and policies; assist management in achieving program goals; minimize the risk of fraud, waste, and other abuses; and identify and report systemic trends in VARO operations. Benefits inspections may also examine issues or allegations referred by VA employees, members of Congress, or other stakeholders.

In FY 2010, we issued 14 inspection reports and expanded our capacity to review the remaining VAROs and provide recurring oversight by adding a second field office in San Diego, California. The addition of this second field office enables the OIG to conduct inspections at all VAROs on a more frequent basis and perform follow-up visits to ensure continuous oversight. Key summary results from those inspections include:

- Claims processing – Of approximately 45,000 benefit claims requiring rating decisions that we reviewed, 23 percent were processed incorrectly. These errors involved claims related to Post Traumatic Stress Disorder (PTSD), Traumatic Brain Injury (TBI), herbicide exposure-related disabilities, and temporary 100 percent evaluations. These errors either directly affected veterans' benefits or had the potential to affect benefits.
- Systematic Analyses of Operations (SAOs) – As part of VBA's internal quality management program, VAROs are required to conduct SAOs on an annual basis to identify existing or potential problems and propose corrective actions. VARO staff did not timely and accurately complete 24 (29 percent) of 82 SAOs. The inadequate SAOs represent missed opportunities for VAROs to identify existing or potential problems and take corrective actions.
- Mail Handling Procedures – Seventeen percent of search mail (i.e., claims-related mail waiting to be associated with a veteran's claim folder) was not properly controlled or associated with the claims files. Consequently, beneficiaries may not have received accurate and timely benefit payments.
- Incompetency Determinations – VARO staff unnecessarily delayed making final decisions in 54 (50 percent) of the 127 incompetency determinations reviewed at 5 VAROs. Delays increase the risk of an incompetent beneficiary receiving benefits payments without a fiduciary to manage those benefits and ensure the beneficiary's welfare.
- Veterans Appeals and Record Locator System (VACOLS) Compliance – Thirty-seven percent of Notice of Disagreements (NODs) from veterans were not timely input for workload management in VACOLS. Delays in establishing NODs in the system affect the integrity of VACOLS data, misrepresent performance and workload, and adversely affect the VBA National Call Center's ability to give accurate and timely customer service to veterans on their appeals. The VAROs nonetheless generally met VBA's timeliness goal of completing NODs within 182 days.

National Call Center

In another report in 2010, *Audit of National Call Centers and the Inquiry Routing and Information System* (May 13, 2010), we concluded that any one call placed by a unique caller had a 49 percent chance of reaching an agent and getting the correct information. This occurred because VBA did not have a central entity to provide leadership and guidance, establish sufficient performance standards to evaluate timeliness and accuracy, provide adequate training, and implement an efficient call-routing system. VBA initiated some corrective measures by recruiting for a contact operations manager, adjusting the routing of calls, and increasing the number of telephone lines. In FY 2011, VBA plans to implement a new process to route calls more efficiently.

Temporary Disability Ratings

Despite numerous audit and inspection reports since FY 2004 stating that VARO staff were not consistently processing temporary 100 percent disability evaluations correctly, VBA has not fully corrected the problem. VBA staff did not adequately process 100 percent disability evaluations for about 27,550 (15 percent) of approximately 181,000 veterans. As a result, since January 1993 VBA paid veterans a net amount of about \$943 million in compensation benefits without adequate medical evidence. Without further action to adjust the benefits, the payments will continue and VBA will overpay these veterans a projected \$1.1 billion over the next 5 years. While VBA did not agree with our findings as they relate to the projected overpayment amounts, they agreed to implement the recommendations and provided an implementation plan. We stand firm on the statistical basis for the amount of projected overpayments. (*Veterans Benefits Administration – Audit of 100 Percent Disability Evaluations*, January 24, 2011).

Post 9/11 GI Bill

VA faced major challenges to ensure that veterans entitled to the new Post 9/11 GI Bill benefits received timely benefits because it lacked an automated IT solution to process these payments. As concerns regarding claims timeliness issues increased, VA issued 122,000 emergency payments worth \$356 million for students facing delayed education payments in the Fall 2009 school term. The emergency payment initiative offered effective relief to affected veterans; however, our review substantiated that VA inappropriately provided emergency payments totaling approximately \$103 million to ineligible military service members and veterans who did not participate in VA's education programs. VA also provided 2,700 emergency payments worth \$8 million to service members who did not meet VA criteria for emergency payments. We estimated a loss out of about \$87 million in unrecoverable debts out of the \$356 million in total emergency payments. As of February 2011, VBA had initiated collection actions with approximately 90 percent of the individuals who received these emergency payments and recovered 67 percent of the total payments, according to VBA senior officials. (*Veterans Benefits Administration Review of Alleged Improper Emergency Payments for Education Benefits*, September 14, 2010).

VBA Claims Backlog

Our oversight continues to identify opportunities for VBA to improve claims processing timeliness and reduce claim backlogs.

- In September 2009, our *Audit of VA Regional Office Rating Claims Processing Exceeding 365 Days* (September 23, 2009) made four recommendations to help reduce claims processing times. To implement our recommendations, VBA established timeliness goals for each claims processing phase that are consistent with VBA's strategic target of completing rating claims within 125 days. VBA also revised policies to require VAROs to design and implement workload management plans that include these timeliness goals and prevent the inefficient claims processing practices discussed in our report. On April 12, 2010, to better align individual standards with organizational timeliness goals, VBA linked Veterans Service Representative (VSR) production credits and timeliness goals with VSR performance standards. On July 7, 2010, VBA's Office of Field Operations issued national and station-specific performance targets in an effort to reduce and eliminate the number of claims completed in excess of the 125-day strategic target.
- Notwithstanding recent hiring initiatives, VBA continues to experience difficulty in reducing claims inventories. In February 2010, our *Review of New Hire Productivity and the American Recovery and Reinvestment Act Hiring Initiative* (February 18, 2010) found that, although VBA met its FY 2008 hiring goals and filled almost all of its FY 2009 American Recovery and Reinvestment Act positions, VBA's rating and non-rating claims inventory was still expected to grow through at least FY 2011.

VETERANS HEALTH ADMINISTRATION

The OIG's oversight of VHA through health care inspections, reviews, and audits that focus on the effectiveness of health care delivery helps VHA maintain high-quality patient care and safety, safeguard against the occurrence of adverse events, and enhance the management of the delivery of services.

Combined Assessment Program Reviews

Every year we conduct approximately 50 combined assessment program (CAP) reviews that provide annual physical oversight of VHA's medical centers. Reviews are designed to focus on VHA's quality management program and selected clinical and administrative operations. We also conduct crime awareness briefings to increase VA employee awareness of the potential for fraud and requirement to report suspected criminal activity to the OIG. Topics reviewed through the CAP process are adjusted every 6 months. The current CAP topics include reviews designed to evaluate the credentialing

and privileging of medical staff; the management of chemotherapy medications; efforts to reduce incidence of multidrug-resistant organisms; communication of test results to veterans; the medical center's efforts to maintain a clean and safe health care; and the facilities compliance with VA requirements for advance directives and discharge planning.

Quality Management

Recently, we published a roll-up report of the results of our CAPs in the area of quality management, *Combined Assessment Program Summary Report – Evaluation of Quality Management in Veterans Health Administration Facilities for Fiscal Year 2010* (February 16, 2011). Although all 55 facilities had established comprehensive QM programs and performed ongoing reviews and analyses of mandatory areas, 4 facilities had significant weaknesses (Memphis, Tennessee; El Paso, Texas; Dublin, Georgia; and Providence, Rhode Island). The CAP reports for each of these facilities provided recommendations and action plans to implement needed changes. To improve operations, we recommended that VHA reinforce requirements for comprehensive utilization management programs, thorough review of individual resuscitation episodes and trending of aggregate data, life support training policies, and reports.

Reusable Medical Equipment

We continue to be concerned about the processing of reusable medical equipment (RME) throughout the VA system. We have reported on this issue extensively finding that VA continues to struggle to ensure that equipment is properly cleaned.

In 2009, after instances in Murfreesboro, Tennessee; Miami, Florida; and Augusta, Georgia, involving the improper processing of endoscopes and colonoscopes, we published two reports including the results of unscheduled inspections at all VAMCs that performed these procedures. To improve compliance with VHA policy, VHA asked us to include RME issues in CAP reviews for the period of January 1 through September 30, 2010, which covered 45 VHA medical facilities. While VHA facilities recognized the importance of maintaining consistent RME practices to ensure veterans' safety, we identified six areas where compliance with RME requirements still needs to improve. We made the following recommendations that:

- Standard Operating Procedures (SOPs) be current, consistent with manufacturers' instructions, and located within the reprocessing areas.
- Employees consistently follow SOPs, supervisors monitor compliance, and annual training and competency assessments be completed and documented.
- Flash sterilization be used only in emergent situations, supervisors monitor compliance, and managers annually assess and document competencies for employees who perform flash sterilization.
- Appropriate personal protective equipment be donned before entering and worn in decontamination areas.
- Ventilation systems be inspected and filters changed quarterly in all reprocessing areas, and that temperature and humidity levels be monitored and maintained within acceptable ranges in sterile storage areas.

- Processes for consistent internal oversight of RME activities be established to ensure senior management involvement.

Just this week, we released a report requested by members of Congress on improperly cleaned and sterilized dental equipment at the John Cochran Division (JCD) of the St. Louis VA Medical Center. The dental RME reprocessing issues at the JCD were a long-standing problem that went unrecognized and unaddressed by Veterans Integrated Service Network (VISN) and VAMC managers. While VHA identified the deficiencies and took actions to correct them, those actions did not always resolve the issues. Responsible managers did not verify the adequacy of RME reprocessing practices, nor did they assure that corrective actions were consistently implemented in response to VHA guidance and a VA Infectious Disease Program Office (IDPO) report. As a result, SOPs were not developed in a timely manner for the reprocessing of dental RME, SOPs did not always match manufacturers' instructions, and Dental Clinic staff had not received training on dental RME pre-treatment or reprocessing.

VA issued notices of disclosure to 1,812 patients potentially affected by the breaches in the cleaning and sterilization processes, as required by VHA policy. We concluded that the VAMC promptly set-up and staffed its Dental Review Clinic, made appropriate efforts to contact identified patients, and provided adequate support and follow-up to patients.

The VISN Director agreed to monitor the facility's compliance with all appropriate elements of RME reprocessing; ensure that the VISN Supply, Processing, and Distribution Management Board ensure that SOPs based on manufacturer's instructions are in place and that staff training and competencies are current; and take appropriate administrative actions based on the findings of the Administrative Board of Investigation and IDPO report. (*Healthcare Inspection – Reprocessing of Dental Instruments, John Cochran Division of the St. Louis, VA Medical Center, St. Louis, Missouri, March 7, 2011*).

Community Based Outpatient Clinic Reviews

In addition to the health care provided at VAMCs, VA also provides care to veterans at over 800 community based outpatient clinics (CBOCs). With the support of this Subcommittee, the OIG initiated a systematic review of CBOCs in FY 2009 to assess whether CBOCs are operated in a manner that provides veterans with consistent, safe, high-quality health care in accordance with VA policies and procedures. In FY 2010, our reviews revealed that the quality of medical care provided in VA-owned CBOCs and contracted CBOCs was similar. However, we routinely found poor contract planning and administration that resulted in overpayments by VA. We plan to visit 85 CBOCs in FY 2011 to continue to evaluate the quality of clinical care provided as well as the management of contracts.

Our Office of Audits and Evaluations also reviewed CBOC operations. We found that VHA lacks a comprehensive CBOC management control system with which to

evaluate and manage CBOC performance and address operational problems. Our audit results show that CBOC data relied upon to make VHA budgetary and resource management decisions contained significant inaccuracies. The Under Secretary for Health accepted our recommendations and indicated that corrective actions would be completed by January 2011. However, as of February 28, 2011, four of six recommendations remain open. As VA's network of CBOCs grows and VHA strives to balance quality, access, and patient services, we were pleased to see that the Under Secretary for Health is focusing a review to identify gaps in the provision of health care and determining how to monitor contractor and VA-managed CBOC performance. (*Audit of CBOC Management Oversight*, July 28, 2010).

Non-VA Fee Care Program

In FY 2010, VA spent approximately \$4.4 billion for the care of veterans at non-VA facilities and costs are expected to increase in future years due to increased demand for care and increased health care costs. VA faces ongoing challenges in addressing the financial vulnerabilities and the inefficiencies in processing medical fee claims associated with both the inpatient and outpatient aspects of the Non-VA Fee Care Program.

Under the Non-VA Fee Care Program, VA facilities may authorize veterans to receive treatment from non-VA health care providers when certain services are unavailable at VA facilities, when services cannot be economically provided due to geographic inaccessibility or in emergencies when delays may be hazardous to life or health. We have issued four reports on the Fee Program in the past 2 years addressing inpatient fee care, the lack of a program fraud management program, outpatient fee care and medical fee claim processing, and the quality of care at one facility. In these reports, we identified opportunities for VA to achieve significant cost savings, improve its management of the Non-VA Fee Care Program, and better coordinate care.

- We estimated that VA improperly paid 28 percent of pre-authorized inpatient medical fee claims by not properly authorizing fee care, and not correctly determining payment rates in FY 2009. This resulted in VA making overpayments of \$120 million related to inpatient medical fee claims. Without timely corrective actions, we estimated VA could make \$600 million in improper payments over the next 5 years. Additionally, we identified medical fee claims processing inefficiencies estimated to cost \$26.8 million or \$134 million over the same 5-year period that could be avoided by consolidating the Fee Program's claims processing system. The Under Secretary for Health agreed to implement our recommendations and concurred economies of scale can be achieved by consolidating medical fee claims processing activities. Recently, the Chief Business Office entered into an agreement with VA's Financial Services Center in Austin, Texas, to develop a pilot program to process all medical fee claims for one VISN. The Financial Services Center is developing the project in phases and plans to have the project fully implemented by August 2012. Additionally, the Chief Business Office has contracted for a national risk assessment of their business oversight of the Fee Program and for an external organization to audit

claims to determine if fee payment locations are complying with VA pricing and payment methodologies and procedures. (*Veterans Health Administration – Audit of Non-VA Inpatient Fee Care Program*, August 18, 2010).

- In June 2010, we reported that VA had not established controls designed to prevent and detect fraud primarily because it had not identified fraud as a significant risk to the Fee Program. We estimated that the Fee Program could be paying between \$114 million and \$380 million annually for fraudulent health care claims. The Under Secretary agreed with our recommendation to establish a fraud management program and is moving forward with plans. (*Veterans Health Administration – Review of Fraud Management for the Non-VA Fee Care Program*, June 8, 2010).
- In August 2009, we reported that VA improperly paid 37 percent of outpatient medical fee claims, resulting in an estimated \$1.1 billion in overpayments and \$260 million in underpayments over a 5-year period. VA health care facilities did not properly justify or authorize services as required by VHA policy, increasing the risk of improper payments. Further, we found that VHA had not developed procedures suitable for fee staff to use as their day-to-day instructions for processing medical fee claims and meeting policy requirements. The Acting Under Secretary for Health accepted our recommendations to establish policies, standardize business procedures, provide training to maintain staff competence, and develop an oversight program. (*Audit of Veterans Health Administration's Non-VA Outpatient Fee Care Program*, August 3, 2009).
- In a report dealing with the care provided at the Orlando VAMC, in Orlando, Florida, we determined that the medical center lacks an adequate care management system to coordinate care between VA providers and fee basis providers which led to delays in care. We found instances where medical care was affected or delayed due to communication breakdowns between VA and non-VA providers. For example, a patient had to undergo a second biopsy because the original non-VA pathology results could not be located; another veteran arranged for care at a different VA facility outside of his geographic region due to fee basis delays; and general delays in finding fee basis services in the community. (*Healthcare Inspection Inadequate Coordination of Care, Orlando, VA Medical Center, Orlando, Florida*, June 24, 2010).

Medical Licensing Issues

VHA regulations require that physicians maintain one State medical license that is active and in good standing in order to practice medicine in VHA facilities. Physicians hold primary responsibility for renewing their medical license(s) timely and clinical privileges will be revoked if a physician does not maintain at least one active medical license.

- Based on earlier work, we were concerned about the comprehensiveness of systems and processes that track and follow up on expiring medical licenses at VA medical facilities. We conducted a national review to evaluate the interconnecting systems that provide data on medical license status and found that license expiration dates were inconsistent and fragmented across VHA medical facilities. Because VHA guidance lacked defined and specific requirements for monitoring expiration dates and following up on renewals, individual VHA medical facilities employed a variety of different approaches to track and manage licensure data. Further, VetPro (VHA's electronic credentialing and privileging database) reports were not always considered trustworthy, user-friendly, or adaptable to local needs. In addition, we confirmed that the license expiration date automatically updates in the Personnel and Accounting Integrated Data system after the notification of the impending expiration is sent to the facility. We recommended that the Under Secretary for Health require VHA to outline the requirements and responsibilities for collecting, validating, and monitoring medical license expirations; assuring communication and coordination among involved Services; and following up to promote timely renewal of licenses. We also recommended that VHA medical facilities evaluate and refine local practices and policies to conform to VHA's requirements. (*Healthcare Inspection – Tracking of Medical License Expiration Dates*, November 29, 2010).
- In response to allegations received in our Hotline, we conducted an inspection of the Nuclear Medicine Service at the Northport VAMC in Northport, New York. We substantiated that the VAMC was operating an unaccredited residency training program in nuclear medicine that fell outside established VA residency training policies and VA personnel policies, which led to the Chief of the Nuclear Medicine Service allowing unqualified individuals who were not licensed to practice medicine in the United States to work in the Service. As a result of our work, the VAMC Director discontinued the nuclear medicine residency training program and removed two unlicensed trainee physicians, and VHA's Office of Academic Affiliations discontinued funding nuclear medicine resident positions at the facility. (*Healthcare Inspection - Alleged Residency Training Issues in Nuclear Medicine Service, Northport VA Medical Center, Northport, New York*, November 12, 2010).

JOINT REVIEW OF WOMEN VETERANS ISSUES AT VBA AND VHA

At the direction of the Joint Statement of Managers in the Conference Report to Accompany the Consolidated Appropriations Act of 2010 (Public Law 111-117), we conducted a review to assess VA's capacity to address combat stress in women veterans. This review was a joint project by our Office of Healthcare Inspections and our Office of Audits and Evaluations. (*Review of Combat Stress in Women Veterans Receiving VA Health Care and Disability Benefits*, December 16, 2010).

We assessed women veterans use of VA health care for traumatic brain injury (TBI),

post-traumatic stress disorder (PTSD), and other mental health conditions and whether VBA properly adjudicated women veterans disability claims for these conditions. After analyzing integrated data from VA and the Department of Defense for almost 500,000 male and female veterans who separated from the military from July 1, 2005 to September 30, 2006, for the experience transitioning to VA and using VA healthcare and compensation benefits through March 31, 2010, we reported the following:

- Female veterans generally were more likely to transition to and continue to use VA health care services.
- Higher proportions of female veterans generally were diagnosed with mental health conditions by VA after separation but lower proportions were diagnosed with PTSD and TBI.
- Higher proportions of female veterans generally were receiving disability benefits for mental health conditions, but at a lower proportion for PTSD and TBI.
- Gender-based biases were not identified in VBA's adjudication of male and female disability claims but data limitations affected a full assessment of some outcomes.
- VBA has guidance and training for evaluating military sexual trauma (MST) claims, but sensitivity training is needed for claims processors and Women Veterans' Coordinators to better prepare them to effectively communicate with veterans who may be distressed during interactions regarding their MST-related disability claim.
- VBA has not assessed the feasibility of requiring MST-specific training and testing for claims processors who work on MST-related claims because it has not analyzed available data on its MST-related workload and how consistently these claims are adjudicated.

DEPARTMENT-WIDE ISSUES

VA continues to experience difficulties in its management of contracts, especially in the area of IT contracts. Historically, VA has struggled to manage IT developments that deliver desired results within cost and schedule objectives. The Office of Information & Technology (OI&T) has implemented the Program Management Accountability System (PMAS) to strengthen IT project management and improve the rate of success of VA's IT projects. We are currently conducting an audit to determine how well OI&T has planned and implemented PMAS and its effectiveness in managing VA's IT capital investments; we will report on our findings this summer.

Information Technology Project Management

Over the past 2 years, our audit work on several IT system development projects has identified themes as to why VA has continued to fall short in its IT project management. These issues include inadequate project and contract management, staffing shortages, lack of guidance, and poor risk management—issues that have repeatedly hindered the success of IT major development projects undertaken by OI&T.

- Our FY 2009 report on Financial and Logistics Integrated Technology Enterprise (FLITE) determined that program managers did not fully incorporate lessons learned from the earlier failed Core Financial and Logistics System (CoreFLS) program to increase the probability of success in FLITE development. We found deficiencies similar to those identified in CoreFLS reviews also occurred within FLITE. For example, critical FLITE program functions were not fully staffed, non-FLITE expenditures were improperly funded through the FLITE program, and contract awards did not comply with competition requirements. (*Audit of FLITE Program Management's Implementation of Lessons Learned*, September 16, 2009).
- Our FY 2010 report on the FLITE Strategic Asset Management (SAM) pilot project disclosed that FLITE program managers did not take well-timed actions to ensure VA achieved cost, schedule, and performance goals. Further, the contractor did not provide acceptable deliverables in a timely manner. Once again, we identified instances where FLITE program managers could have avoided mistakes by paying closer attention to lessons learned.

Specifically, we found that FLITE program managers awarded a task order for implementation of the SAM pilot project, even though the FLITE program suffered from known staffing shortages. FLITE program managers did not clearly define FLITE Program and SAM pilot project roles and responsibilities, resulting in contractor personnel receiving directions and guidance from multiple sources. FLITE program managers did not ensure that the solicitation for the SAM pilot project clearly described VA's requirements for SAM end-user training resulting in a more than a 300 percent increase from the original training cost. Finally, FLITE program managers did not always effectively identify and manage risks associated with the SAM pilot project even though inadequate risk management had also been a problem with the failed CoreFLS. Because of such issues, VA was considering extending the SAM pilot project by 17 months (from 12 to 29 months), potentially more than doubling the original contract cost. Following our audit report, VA in fact extended the SAM pilot only to ultimately suspend it in March 2011 to reexamine its development approach and has terminated the contracts for convenience. (*Audit of the FLITE Strategic Asset Management Pilot Project*, September 14, 2010).

Procurement

Procurement continues to be a major management challenge for VA. Our oversight of VA's procurement activities is through audits, investigations, reviews, inspections, and the work of the Office of Contract Review which conducts pre- and post-award reviews of contracts awarded by VA's National Acquisition Center, pre-award reviews of proposals for health care resources to be awarded to VA affiliated universities and medical centers on a sole-source basis, and this fiscal year has begun conducting pre-award reviews of certain construction proposals. This work provides us with a unique nationwide perspective on VA's procurement practices. It also provides us with insight

into the commercial practices of the various industries that VA contracts with, in particular the health care industry. Since 2005, Office of Contract Review has issued 560 reports with a total monetary impact of \$2.2 billion.

Across the board, our body of work has identified systemic issues that cause or contribute to procurement failures, overpayments, and misuse of funds, including poor acquisition planning, poorly written contracts, inadequate competition, no price reasonableness determinations, and poor contract administration. We believe the decentralized organizational structure for procurement activities in VA as well as inadequate oversight and accountability are primary factors contributing to these problems.

Our work has provided VA with information needed to identify and establish plans to correct systemic deficiencies in the acquisition processes. For example, VA has established the Acquisition Academy in Frederick, Maryland, which has implemented rigorous training programs for contracting officers and contracting officer's technical representatives. VA also has implemented processes, such as Contract Review Boards, to provide better oversight of large dollar procurements prior to award. In 2007, VA implemented an Electronic Contract Management System (eCMS) to better manage, increase visibility, and provide improved oversight of VA contracting processes. In July 2009, we reported that eCMS was incomplete and unreliable and therefore ineffective. Until VA enforces compliance for the mandatory use of the system, VA cannot benefit from the full capabilities of the system. (*Audit of VA Electronic Contract Management System*, July 30, 2009) In FY 2010 as part of our oversight of funding provided under the American Recovery and Reinvestment Act (ARRA), we reported that despite VA's efforts to monitor ARRA data in eCMS, data reliability and system problems limited VA's ability to oversee ARRA related procurements. (*Review of VHA's Efforts to Meet Competition Requirements and Monitor Recovery Act Awards*, September 17, 2010).

CURRENT AND FUTURE WORK

In addition to the OIG's recurring mandatory, proactive, and reactive work already described, the Office of Audits and Evaluations is currently either working on or planning work to address areas of concern including rural health; the structure of Veteran Integrated Service Networks; service-disabled veteran-owned small business programs; the Medical Care Collection Fund, the security of VA's IT connections with university affiliates; the Fee Care program for dental care; and management of VA foreclosed properties.

To continue our oversight of VBA initiatives to improve claims processing timeliness and reducing claim inventory backlogs, we are currently following VBA's efforts related to the Disability Benefits Questionnaire, an on-line tool designed to streamline the submission of medical examinations by VHA and veterans' private physicians to VAROs. We plan to begin an audit of VBA's paperless claims processing initiative—the Veterans Benefits Management System (VBMS). VBA expects VBMS to reengineer

claims processing by automating the assembly of claim evidence. VBA anticipates VBMS will reduce claims backlog, lower claim cycle times, and increase transparency.

Our Office of Healthcare Inspections plans to review the quality of VA purchased care; study the allocations of provider and staff time; and review the effectiveness of programs for homeless veterans. The Office of Contract Review will issue reports on VA's medical and surgical prime vendor program and a roll-up of issues identified during review of health care resources proposals.

The OIG will also continue to provide support to VA through two fraud programs. The Office of Investigations uses several computer matching initiatives to detect and deter criminal activity.

- **The Death Match Project** – This program compares the Social Security Administration's "Death File" with a database of VA beneficiaries, which enables us to identify instances of benefits continuing to be paid out to deceased veterans. Our work in this area focuses on investigating and prosecuting those individuals taking advantage of a beneficiary's death for personal gain. This program has resulted in 446 arrests, recovery of more than \$47 million, and a 5-year cost avoidance of more than \$126 million.
- **Fugitive Felon Program** – This program involves computerized matches between fugitive felon files of Federal and State law enforcement organizations and VA benefit files. When a veteran fugitive felon is identified, VA can suspend benefits and initiate recovery of any benefit payments made while the veteran was in fugitive status. Since its inception in 2002, this program has resulted in 2,092 arrests and identified \$753.3 million in estimated overpayments with an estimated cost avoidance of \$868.5 million.

The OIG also assists VA through various outreach and liaison efforts, and by training VA leaders and employees through the following efforts:

- **Monthly Meetings with VHA, VBA, and OI&T Senior Management** – The Assistant Inspectors General for Audits and Evaluations, Healthcare Inspections, and Investigations meet on a monthly basis with the Chief Information Officer, VHA, and VBA senior officials to discuss recent results of OIG oversight work and to identify risks, vulnerabilities, and areas that can benefit from future OIG oversight work. We coordinate issues that will help improve program performance and operations, reduce costs, facilitate decision-making by responsible officials, and contribute to public accountability.
- **VA Acquisition Academy** – The Counselor to the Inspector General and Office of Investigations staff provide instruction to VA contracting officers at advanced contracting courses at the VA Acquisition Academy in Frederick, Maryland. The training covers the role of the OIG, criminal conduct relating to procurement, audit issues relating to procurement, and how to avoid or prevail in contract disputes.

- The Counselor and the Office of Contract Review are working with VA on a General Services Administration (GSA) task group to improve the efficiency of the GSA FSS Program.
- Drug Diversion Liaison – Each VA medical center has an assigned OIG criminal investigator responsible for sharing information with the VA Police Chief and Pharmacy Service Chief to deter, detect, and investigate potential drug diversion.
- Fiduciary Fraud Liaison – Each VA Regional Office has an assigned OIG criminal investigator responsible for sharing information with the lead fiduciary coach to deter, detect, and investigate potential fiduciary fraud.
- Major Construction Liaison – Each VA major construction project with a value greater than \$10 million has an assigned OIG criminal investigator responsible for sharing information with contracting officers, COTRs, program managers, and prime and sub-contractor staff to deter, detect, and investigate potential construction fraud.

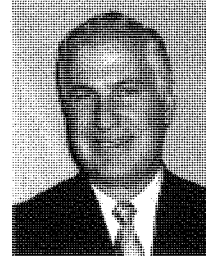
CONCLUSION

VA faces formidable challenges in delivering high-quality medical care and benefits to our Nation's veterans in a cost-efficient and effective manner. With increased attention to the areas outlined above, we believe that VA can achieve savings, reduce risks, and improve performance. Through the OIG's oversight work, we will continue to provide VA with recommendations on how to improve services to veterans by VBA and VHA, and through better contract planning and oversight, and IT system development. We are committed to these efforts both because it is good government and because it honors our Nation's commitment to those who served.

Mr. Chairman, thank you for the opportunity to discuss the results of the work of the OIG and we welcome any questions that you or other members of the Subcommittee may have.

Richard J. Griffin

Richard J. Griffin was appointed as Deputy Inspector General of the Department of Veterans Affairs on November 23, 2008. With the Inspector General, he directs a nationwide staff of auditors, investigators, health care inspectors, and support personnel. His office conducts independent oversight reviews to improve the economy, efficiency, and effectiveness of VA programs, and to prevent and detect criminal activity, waste, abuse, and fraud. Mr. Griffin previously served as VA Inspector General from November 1997 to June 2005.



Mr. Griffin came to VA from the Department of Housing and Urban Development Office of Inspector General where he served as a senior advisor to the Inspector General from March 2008 to November 2008, assisting him in managing all aspects of that organization's audits, inspections, investigations, congressional and public affairs, budget, and strategic planning.

Mr. Griffin served as the Assistant Secretary for the Bureau of Diplomatic Security at the Department of State where he led a global workforce of 32,000 security and law enforcement professionals from June 2005 to November 2007. His office was responsible for ensuring the safe and secure conduct of United States diplomacy across the world. He concurrently served as Director of the Office of Foreign Missions, with the rank of Ambassador, where he managed reciprocity and immunity issues for foreign diplomats in the United States.

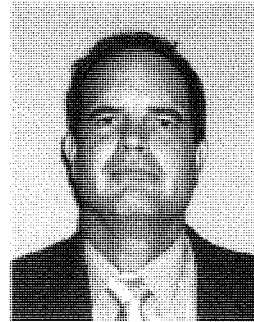
Mr. Griffin previously served as Deputy Director at the U.S. Secret Service, where he was responsible for planning and directing all investigative, protective, and administrative programs. He began his career with the Secret Service in 1971 as an agent in the Chicago office. Subsequent positions included Assistant Special Agent in Charge of the Presidential Protective Division, Special Agent in Charge in Los Angeles, Deputy Assistant Director in the Office of Investigations, and Assistant Director for Protective Operations.

During his career at Secret Service, he received a number of special achievement awards including the Senior Executive Service Presidential Rank Award of Meritorious Executive in 1994. In 2000 and 2005, he received the Exceptional Service Award of the Department of Veterans Affairs.

In 1971, Mr. Griffin earned a bachelor's degree in economics from Xavier University in Cincinnati, Ohio, and in 1984, received a master's degree in business administration from Marymount University in Arlington, Virginia. He is a 1983 graduate of the National War College. In May 2004, he received an honorary doctorate in Humane Letters from Marymount University.

John David Daigh, Jr., M.D.
Assistant Inspector General for Healthcare Inspections

John Daigh, M.D. joined the Department of Veterans Affairs as the Associate Director of Medical Consultation in the Office of the Inspector General in January of 2002 and was appointed as the Assistant Inspector General for Healthcare Inspections in January of 2004. He is responsible for the Office of Inspector General initiatives that review the quality of health care provided to veterans in Veteran Affairs' hospitals, clinics, and nursing homes, in addition to the care provided to veterans through various health care contracts. He provides consultation to the investigation and audit sections of the Office of the Inspector General. He received the Presidential Rank Award of Meritorious Executive in 2007 for his service at VA.



Prior to joining the Office of the Inspector General, he was on active duty with the U.S. Army for 27 years, retiring as a colonel in 2001. John Daigh split his military medical assignments between Walter Reed Army Medical Center in Washington, D.C., and Fitzsimons Army Medical Center in Denver, Colorado. His last medical assignment was as the Chief of Neurology at Walter Reed Army Medical Center where he supervised the delivery of medical care by the Department of Neurology, and the academic programs and training experiences of physicians and medical students who were training in neurology. Dr. Daigh is Board Certified in Child Neurology and Pediatrics. He obtained his medical degree from the University of Texas, Southwestern Medical School, in Dallas, Texas, upon graduation from the United States Military Academy (class of 1974). He trained in Pediatrics and Neurology in Dallas, Texas, and Denver, Colorado. Dr. Daigh is licensed to practice medicine in Maryland.

Dr. Daigh is a Certified Public Accountant who obtained his undergraduate accounting education at the University of Maryland, University College. He studied taxation at the American University in Washington, D.C. where he earned his Masters in Taxation. He is licensed as an accountant in Maryland. His last assignment while on active military duty was as the Director of Program, Budget, and Execution for the TRICARE Management Activity, the appropriation holder for the military medical appropriation. In this position, he led the effort by the military medical services' resource managers to properly budget and administer the military health care appropriation.

Dr. Daigh was born in Ft. Worth, Texas, to a new lieutenant in the Army. His childhood was spent at various locations as his family moved to comply with the request of the Army. He graduated from high school in Highland Falls, New York. Dr. Daigh is married and has two children. He and his wife reside in Maryland.

Maureen T. Regan

Maureen T. Regan was appointed to the position of Counselor to the Inspector General (IG) in 1992. She is responsible for directing a staff that provides legal advice to the IG and all Office of Inspector General (OIG) components on legal issues involving audits, investigations, inspections, and other reviews. The Office of the Counselor prepares and reviews OIG subpoenas; provides comments on legislative and regulatory proposals; and is responsible for processing all requests relating to the release of information. Her staff provides legal advice to OIG personnel on internal personnel matters and represents the IG in matters before the EEOC, MSPB, NLRB, etc. The Office of the Counselor is also responsible for coordinating all civil fraud matters within the OIG and with the Department of Justice, particularly cases filed under the qui tam provisions of the False Claims Act and matters involving contract fraud issues. Ms. Regan serves as the primary OIG liaison with the VA Office of General Counsel, Regional Counsels, and the Department of Justice. In addition, she manages the Office of Contract Review which is responsible for conducting pre- and post-awards of certain VA contracts.

Prior to joining the OIG in 1989, Ms. Regan spent 4 years as a Staff Attorney in the VA District Counsel Office in Washington, D.C. She was responsible for providing legal advice and assistance to two VA medical centers and a Regional Office on medical malpractice, personnel matters, commitment and guardianship actions, and the development of internal VA medical center policies and procedures. In 1989, she was recruited as an attorney in the new VA OIG Quality Assurance Review Division where she was responsible for developing the Division's mission to conduct in-depth reviews of quality assurance programs and activities at VA medical centers, and reviews of individual instances of care. In 1990, she transferred to the newly created Office of the Counselor to the IG and became a legal advisor for the OIG staff on a wide variety of legal issues.

Ms. Regan is a 1982 graduate of the Catholic University of America Columbus School of Law. In addition to her law degree, she received a Bachelor of Arts degree from the University of Maryland, College Park, and a Bachelor of Science in Nursing from Catholic University. In 1997, she and her staff received Vice-President Gore's Hammer Award and the Department's Scissors Award for their efforts in the contract area. In October 2001, Ms. Regan was recognized with a Meritorious Executive Presidential Rank award.

Belinda J. Finn
Assistant Inspector General for Audits and Evaluations

Belinda J. Finn joined the Office of Inspector General at the Department of Veterans Affairs in January 2007. During her career as a government auditor and analyst, Ms. Finn has worked for both the executive and legislative branches of the federal government, starting as an administrative employee for the United States Air Force and Internal Revenue Service. Before joining VA, Ms. Finn was a Deputy Assistant Inspector General for the Department of Homeland Security. Her earlier experience included work as an accountant and auditor with the Department of Treasury, Bureau of Public Debt, Naval Audit Service, Department of Defense Inspector General, Department of Energy Inspector General, and U.S. House of Representatives Inspector General.

In 1981, Belinda graduated Summa Cum Laude degree from the University of Maryland, College Park with a Bachelor of Science degree in accounting. In 2002, she earned a Master of Science in Information Resource Management from the University of Maryland, University College. She is a former fellow with the Council for Excellence in Government and has earned certifications as a Certified Public Accountant, Certified Internal Auditor, Certified Government Financial Manager and Certified Information Systems Auditor.

Belinda is a member of Institute of Internal Auditors, and the Association of Government Accountants. She resides in Arlington, Virginia with John (husband) and Chester (cat).

Mr. CULBERSON. We really appreciate it.

Mr. GRIFFIN. Thank you very much.

Mr. Culberson. And I share Mr. Bishop's concern about the consistent reports we have had about veterans applying for—for benefits that they are not able to get or are very slow in receiving.

ADEQUACY OF BUDGET REQUEST

But I want to ask you first about the budget request that you have got from the president. Are you satisfied with it? What do you need in terms of resources and personnel to help you do the incredibly complicated job that you have got?

Mr. GRIFFIN. Let me say that we are aware of the fiscal constraints that the government is facing, but we take our own oversight responsibility very seriously. We asked for \$117 million in our budget submission. That basically reflected a current services budget, plus \$2.6 million for our homeless and mental health initiative.

We sought that \$2.6 million above current services in order to ensure that we would have enough resources—over an extended period of time, because the homeless veteran problem didn't happen overnight and it is not going to be cured overnight. That was one initiative that we sought funding for.

Basically, in order to fund the homelessness and mental health initiative and maintain current services, we would need an additional \$116 million above the President's budget or \$116 million. If we don't get it, what are we going to do? Well, as I said at the beginning, we have mandated work which we have to do, and we have proactive work which we think is important, and we have reactive work which is in response to requests from the subcommittee, from the Secretary, from House Veterans Affairs.

So we are constantly having to triage when it comes to how are we going to perform our oversight mission. It is not the best way to get at a targeted issue like homelessness. Well, if we don't have the funding, we will try to squeeze it in. If we don't, we can't do it.

So we constantly look at where we put our money. We have a very aggressive, hard-working group of people. They are working for veterans.

Mr. CULBERSON. How big is your office? How many people?

Mr. GRIFFIN. We have about 600 at this point. The budget as it stands now would cause us to lose 15 FTEs, which obviously we wouldn't want to do, because some of these people are very new hires and you invest a lot of money to get people trained and knowledgeable about VA programs.

TOP CONCERNS

Mr. CULBERSON. Let me ask you, what are your top three, concerns at the VA that you would like this committee to be sure we are paying attention to? Then, in the interest of time, to make sure everybody gets the chance to ask questions, I am going to pass to Mr. Bishop.

Mr. GRIFFIN. I think because of the continued increase in demand for veterans health care, we are really concerned about the quality of Fee Basis health care. We need to be confident that vet-

erans are getting quality service when they go to the community hospital for a medical procedure.

Obviously, everybody is concerned about breaking the back of the backlog. We have concerns that we are going to look at in the next year about what might be tried in order to accomplish the reduction of the backlog. From our inspection reviews, we know right now that people in the regional office feel like they are under tremendous pressure to get these claims out the door.

You made reference to the error rate. Sometimes that error rate is driven because there is so much pressure, some real, some imagined, to move claims out. Even approving claims that didn't have sufficient medical evidence.

Mr. FARR. Is that any different than the IRS rate?

Mr. GRIFFIN. The IRS does their review after the fact. You know, VBA, they review the file—review the medical situation, and they make a conscious decision as to what the rating should be. The IRS, we send in our tax return, we may or may not get audited. So what is the error rate?

Mr. FARR. IRS—under penalty of perjury, telling the truth. It might be easier to do it—

Mr. GRIFFIN. My concern and one of the proposals—is to have these disability benefit questionnaires filled out by your private doctor and accepted as the compensation examination without further review. I think from an internal control standpoint, it creates a lot of vulnerability. And when it comes in with a claim via the Internet from the veteran—it goes right in for rating. So in theory, it is ready to rate, as they say.

We have concerns about whether or not there are sufficient internal controls. Frankly, where we have seen fraud in years past that was internal in part because people on the inside know where the controls are lacking. So, we have a concern about that and we are going to be paying attention in this area.

Mr. CULBERSON. We are not really going to stick to a strict 5 minutes. I want to make sure everybody has got time to explore the questions. But we should all obviously be respectful of the other folks in the room and make sure everybody has time to ask questions.

Mr. GRIFFIN. I think the third general area is procurement and acquisition of drugs and medical supplies and leveraging the buying power that VA should have based on the size of the medical system that they administer. You have got 153 hospitals. You have over 800 outpatient clinics. You have community living centers—a vast decentralized operation.

Part of the work that Ms. Regan's people do is to say, "Okay, if we are buying this quantity of this drug, we should get it at the same price as WalMart gets it. We shouldn't be paying top dollar, because we are buying more."

And I think there is a lot of money that could be put to better use if we tighten down on those contracts and get the contracts executed from a business perspective.

So it is a matter of enforcing good business discipline on the overall process. And frankly, I think that is similar to the fee-basis billing issues. You have to have good business processes in order to make sure you are operating efficiently. And I think people are

so busy doing their core mission that they don't always focus on the business processes.

Mr. CULBERSON. All right, Mr. Bishop, and I want to say I will move to members in the order in which they came into the hearing.

Mr. Bishop.

Mr. FARR. I came in when nobody was here.

PROCUREMENT PROBLEMS

Mr. BISHOP. Let me just follow up on the last question regarding your purchases and your procurement, and potential fraud there. Over the last two-and-a-half years, I was involved with a constituent contact regarding the purchase of the—equipment.

And that was a big company that had a contract that—with some complicity from some VA contract offices, was able to maintain that contract, although that was a veteran-owned service—who also bid on the contract and was able to do it for, you know, 30 percent to 40 percent of the price that the VA was paying.

But they just had all kinds of problems thrown at them all through the procurement process. That is the kind of instance that we asked for the I.G. to investigate. I don't know if you are familiar with that case. That was directed to the secretary—but also, you mentioned in your testimony fiduciary problems.

FIDUCIARY PROBLEMS

I had four town hall meetings in the last month in my district, two of them with veterans, and I had a couple that came into the town hall meeting and I met with them privately for a couple of hours. You would not believe the horror story that they had to tell.

This veteran had gotten a lump sum payment of \$165,000 that he had to wait, obviously, a long time to get, but because it was PTSD-related, a fiduciary was appointed. He and his wife, and I am going to make this very short, ended up going two winters without heat and both contracting pneumonia, you know. They had plumbing problems and couldn't get the plumbing fixed because of problems with the fiduciary or when they tried to contact the fiduciary, they got blown off. The fiduciary would claim that they didn't get the invoice so they sent it again. When they asked for an audit the fiduciary said we don't have to give you an audit. We are no longer required to do that.

And the fiduciaries; I understand some of them have 150 to 200 cases. And it is my understanding they get 2 percent for a total of 4 percent compensation. In addition to his lump sum of \$165,000 which the fiduciary was managing.

With that being said, without any audit requirement. Did you have some cases where fiduciaries had to be removed because they had mishandled veterans' funds? And in this instance, if you have a fiduciary that has got 200 cases and they are getting from each one of those veterans per month \$200 to \$300 for handling their funds, that is enough to make a tidy sum for a small law firm. Also in this particular instance, the veteran appealed the assignment of the fiduciary several times.

And requested that his wife become the fiduciary. However, the veteran submitted several bills to be paid, which the fiduciaries did not pay on time, and as a result of those bills not being paid af-

fecting her credit, which had been good, meaning that she was not qualified to become the fiduciary because of her credit, by not having paid those bills, the VA would not certify her as the fiduciary.

So he can't get a change of fiduciary and he is really frustrated. They are really frustrated and feel like they have been jerked around by both the VA and the fiduciary.

Mr. CULBERSON. My experience as an attorney in Texas, if you have got a person who is unable to handle their affairs, the court appointed somebody. How does the VA handle this?

Mr. BISHOP. They make a determination——

Mr. CULBERSON. Who supervises?

Mr. BISHOP. Well, that is—and the question is whether or not this particular veteran is in need of that kind of supervision; whether or not—I understand that the VA is obligated to look out for the veteran and make sure that the funds are not extorted by some shyster. But at the same time, you have genuinely authentically needy people who need those resources, but can't get access because of fiduciaries or outright fraud by fiduciaries.

Mr. BISHOP. Yes, sir, please.

Mr. GRIFFIN. As I said in my opening remarks, those veterans who are under supervisory control of a fiduciary are the most vulnerable of all veterans—so we share your concern. Let me tell you what we have been doing about that.

Our criminal investigative team has made a number of arrests—because if a Fiduciary is defrauding veterans, he needs to be put in jail. We also get some deterrent value from others realizing that you can't just do this and get away with it. Every regional office in the country has a criminal investigator from the I.G.'s office who is their designated point of contact for fiduciary issues. In addition, our audit staff has done a couple of different reviews in the fiduciary area. One is examining why it takes so long for a decision to be made whether you should or shouldn't require a fiduciary.

And in the meantime, every month that \$2,000, \$3,000 check may be handled inappropriately.

So we made recommendations on how they could tighten down the process. We did another audit looking at the internal controls that Veterans Benefits Administration has over the fiduciary program. What we found is that while they had a policy, it wasn't always being implemented. And there is supposed to be an accounting done by these fiduciaries on a recurring basis and it wasn't always being done. There were supposed to be spot checks done by field examiners to make sure that there was compliance with existing requirements.

Mr. BISHOP. I was told that the fiduciaries got together and complained to the VA that some of the veterans, particularly PTSD veterans, were harassing them, and calling repeatedly, and making it impossible for them to do their work. Therefore, they have been asking for audits every month. And, of course, they were, as a result of that, relieved of having to do audits at all. So veterans were told we don't have to give you an audit——

Mr. GRIFFIN. I don't think that has been our experience, but I would ask for Belinda Finn to comment——

Ms. FINN. We have not heard that report in any of our dealings with fiduciaries.

Mr. BISHOP. So you said they are still required to give those recurring reports?

Ms. FINN. Yes.

Mr. GRIFFIN. Right.

Mr. BISHOP. To the veterans?

Ms. FINN. VBA does the audit. I have to check to see what information goes back to the actual veteran.

Mr. BISHOP. Well, they want to know, well, how much money do I have—

Mr. GRIFFIN. Last year, we had over 29,000 contacts to our Hotline. If you have a veteran in your district who thinks his fiduciary is playing games with them, have your staff or the veteran himself call us or send us an e-mail, we will look into it.

If it is something out of those 29,000, that we conclude we should investigate, we will, but some we have to farm out to administration in VA. But we can call the regional office director and tell him or her, we have got this inquiry and we want you to look into this and send a report to us.

Mr. BISHOP. He did call the regional office and the regional office—somebody in the regional office—told them that they really didn't—that they would be much better off if they didn't go through their Congressman because who knows how long it will take for their claim to get processed if they continue to do this.

Mr. CULBERSON. That is right up your alley, isn't it? That is exactly the kind of behavior you all are—

Mr. GRIFFIN. We would be happy to look into this.

Mr. CULBERSON. Yes, I believe Mr. Flake came in next.

POST 9/11 G.I. BILL IMPROPER PAYMENTS

Mr. FLAKE. I was just going to ask—identify, because—have been made in your testimony that you are going after or you have sent information to 90 percent of those who received improper payments, trying to get it back. Why not 100 percent? Why the 90?

Mr. GRIFFIN. Well, I think you are referring to the GI Bill audit of emergency payments.

We don't do those collections if there is a veteran on the payroll who is getting disability every month or getting pension payments every month, just like the IRS, they can garnish those monthly payments to recover overpayments in some instances. Why the 90 percent, I would have to defer to Belinda Finn, but the Veterans Benefits Administration performs that function.

Mr. FLAKE. What is mostly the overall reason for these—there are many reasons, but what—overall, what is the—

Mr. GRIFFIN. I believe that as the suspense date for activation of G.I. Bill payments approached, the Department was lacking an automated system to make the payments. I think the pressure got greater and greater for them to do something, so in the interest of being proactive and trying to get something done, they went to these emergency payments, which you could say is admirable.

I would say that we would like to have seen internal control built in. As you know, they haven't had tremendous success with some of their I.T. projects. They were hoping that there could be an automated system to make all of this work—it was a new system. It was a different bill that was passed. It had different benefits and

different payments for different parts of the country, and different payments for private schools versus public schools and so on.

So they couldn't get ready in time, so they opted for these emergency procedures and that resulted in a lot of overpayments.

Mr. FLAKE. What is a realistic guesstimate of the rate of recovery of these improper payments?

Mr. GRIFFIN. I believe their average is 59 percent. For education payments.

Ms. FINN. VA has actually recovered about 74 percent of these—payments.

Mr. GRIFFIN. In this instance—

Mr. FLAKE. And that is compared to what?

Ms. MCCOLLUM. I think it becomes apples to oranges on this—education—we have done a lot of case work on it. We actually—not able to start school, not getting going because—it is a mess.

Mr. GRIFFIN. I think in this instance, the recovery rate would be better as about a third of the people who got the funds were active-duty military. So VBA knows where to find them. They know who is paying their check every month. And so that might account in part for the better rate of recoveries.

Mr. FLAKE. Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you.

Let's see, Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

ARLINGTON CEMETERY

And thank you, Mr. Griffin, for the job you are doing. It is excellent testimony and consistent with—I.G. for Veterans Affairs.

I want to ask what may seem to be a local issue, but it is really more a national issue. The Veterans Administration does a terrific job managing the nation's cemeteries, but there is one cemetery that they don't manage. And that cemetery has run into unbelievable problems of late, namely Arlington Cemetery.

They found mass graves with the bones of any number of soldiers. They are now trying to use DNA to determine which bones belong to who. They have had mismarked graves. They have had unmarked graves. They have had graves that were marked without the body in them, et cetera.

Now, I think that these situations are the exception, rather than the rule, but it has been an embarrassment. I wonder if there has been any thought given, because I know there have been a number of investigations of the conduct at Arlington Cemetery, any thought given to putting Arlington Cemetery under the VA since there is such an extensive wealth of experience in running other cemeteries?

Mr. GRIFFIN. I can tell you that the I.G. organization hasn't done an in-depth review of that particular activity. I do agree that NCA does an outstanding job, as was most recently indicated again in a national satisfaction survey. The National Cemetery Administration finished first in the most recent survey published about 6 weeks ago.

Mr. MORAN. The National Cemetery Administration being under the VA.

Mr. GRIFFIN. Right, that is the National Cemetery Administration. When the situation first presented itself the VA made available—one of their senior officials who was detailed to Arlington Cemetery to help them try and get things straightened out.

That individual has since been hired to be in charge of the cemetery operations. I know that, at least based on press reporting, because, again, we haven't done any work on this, one issue involved maintaining records on three-by-five cards. Well, the National Cemetery Administration has had computerized recordkeeping for their cemeteries around the country for a long time. Hopefully, with the hiring of a senior official from VA, it will help attack the issues.

Now, I know that there are many different activities that are happening at Fort Myers other than the cemetery operations. There are a number of other functions that are not connected to the cemetery. They are Army functions.

REUSABLE MEDICAL EQUIPMENT

Mr. MORAN. Thank you. The next question—sterilization in the VA. There have been an number of lawsuits, some claiming that individuals contracted HIV or AIDS because of unclean—I would like to get a sense of how legitimate this concern is. Are these lawsuits—substantiated—serious problem, in terms of the potential liability that we have with regard to sterilization—

Mr. GRIFFIN. What I would like to do is ask Dr. Daigh to respond to that. It has been our experience from the facilities where we have done work that it is very, very difficult even if you have HIV to be able to prove the cause is from this one incident of care.

But David could speak to that much better than I.

Dr. DAIGH. We have had experience with a number of what you would call improper cleaning and use of reusable medical equipment. We contacted CDC in these cases. And with respect to the blood-borne viruses, Hepatitis B, Hepatitis C, HIV, it is very difficult to transmit disease between people if you do not have contact that goes directly to your blood system. If you get a shot with a needle or some serum directly into your bloodstream, that a problem that constitutes direct risk of patient to patient infection.

We talked about the dental equipment issues in St. Louis—we believe that the chance that the patient gave another patient any of those three viruses is very unlikely.

In the dental case, it is common for Hep B infection between patients. So Hepatitis B transmission between the patient and the dentist or between the dentist and the patient is a real problem—

Mr. BISHOP [continuing]. The infected patient and is not sterilized before it is used on another patient who bleeds in the process, I mean, that would be improper sanitation, wouldn't it?

Dr. DAIGH. It would not be the kind of blood to blood transmission I am talking about. It is gross. It is horrible. But I think it is unlikely that that transmission would result in patient to patient transmission of Hepatitis C or HIV from even that close contact.

Your body, your mouth has enzymes in it that degrade proteins. And these viruses are very unstable if they are not living in your

body where they are protected. So I think that the literature does not support that these are common events at all. And, in fact, there is almost no support for this sort of transmission.

When you get to a specific case there could always be the first case, but when you review the literature and process the likelihood is small for patient to patient transmission.

I think VA should review the process and risk management routines they use to notify patients of their possible exposure to infection.

Ms. MCCOLLUM. Would the gentleman yield?

Mr. MORAN. Please.

BEST PRACTICES

Ms. MCCOLLUM. This is fine to talk about possible HIV infection, but on page six of what we were given, standard operating procedures should be current and consistent with the manufacturer's instructions. Well, I am going to be blunt here—you know, I think it is important to talk about people possibly being hurt, but the bottom line is, Doctor, you know, with all this going on with—you know, all that stuff, I mean, CDC, there are guidelines out there, these procedures should be followed. And it doesn't make any difference to me whether we are talking about HIV or hepatitis, these procedures should be followed. It is a standard of care.

So would—and I didn't really see anything in the report that gave me confidence, that gave me confidence that at the very minimum the CDC and what the Mayo Clinic and what other hospitals around here do in the standard of care is happening at our veterans' hospitals.

Some of them are following; some of them aren't. And as you know, federal hospitals can exempt themselves from a lot of things. So have we exempted ourselves by being a federal entity from really complying with everything that should be complied with that would have to be followed in a state of Minnesota hospital?

Dr. DAIGH. So I don't work for VHA. I don't control these facilities. I am the one who is writing the reports and saying they are not complying.

Ms. MCCOLLUM. Are you concerned?

Dr. DAIGH. I am horrified at what——

Mr. CULBERSON. Are they exempt? That is a great question.

Dr. DAIGH. They are not exempt. They are—let me answer it this way. They follow all of the national standards——

Ms. MCCOLLUM. The national ones.

Mr. CULBERSON. So they are not subject to the same standards—as a private doctor would be?

Dr. DAIGH. That is correct.

Mr. CULBERSON. There you go.

Dr. DAIGH. As a matter of fact, I agree with you 100 percent that they should be performing as expected across the board, no doubt about that. The question, however, was, what is the real scientific risks in the cases we have received in St. Louis, but we have looked at the endoscopes issues in a variety of hospitals.

Ms. MCCOLLUM. I asked a separate question.

Dr. DAIGH. Okay, I am sorry.

Ms. MCCOLLUM. My question was separate. I agree with you on scientific risk.

Dr. DAIGH. Okay.

Ms. MCCOLLUM. Put that aside. The horrifying part of it—the horrifying part of it is the substandard following of best practices, general procedures, hospital cleanliness, that the CDC has been out there—we have had hearings in health care appropriations on this to reduce incidences of infection and re-admittance, and it saves costs.

So that—I mean, there are two parts to this, Mr. Chair. And I didn't want us to just take the answer on the one part of it about what is the risk for infection and overlook the underlying cause, which is on page six. And, Mr. Chair, I would—I am going to—I would love to figure out who I talk to, to find out why we aren't following best practices in every single one of our VA hospitals. Because one hospital screws up like this, and it taints the rest.

Mr. CULBERSON. Sure. And now, the gentleman from Virginia controls the time, as long as we are yielding to each other, it is fine. But I think it is important that we have a good conversation like this. It is helpful.

And Betty's mention of that, she raises a great point about the exemption. A private doctor in a private practice would be exonerated. How can these guys get away with this stuff? Who is holding them accountable?

Dr. DAIGH. Well, I think, again, the issue—the standards I think are fairly clear—American Dental Association and CDC standards for dental practice. So if the individuals who work in that place—and the other professionals who work there are not following the standards, then you would be able to go to the credentialing and privilege committee and to the infection control committee, to the leadership of the hospital, and say we have a problem. When you tell them there is a problem, the hospital needs to take aggressive action.

So I am 100 percent with you. And, in fact, we are in several days going to publish our review of the last 50 hospitals to be reviewed what we found on the medical equipment. And we found compliance in essence about 85 percent of the time. Well, that 11 percent error rate is really horrible.

So I think the person to ask is the undersecretary for health why there is a problem there.

I think the second issue that you should be aware of is that some of this equipment is extremely difficult to clean. So I think that working with the procurers of some of this equipment, working with FDA and the industry to buy the equipment based on the life cycle costs, would reflect what it costs to buy it and what it costs to clean might encourage individuals to design equipment that is possible to more easily clean. Indeed, some of this equipment, it is easy to scrub it, to clean it. Some of the equipment is difficult to clean.

And, again, you have industrial process. You have the lowest paid worker in the hospital standing around with music in his ears trying to clean all this dirty reusable equipment off. It needs to be done in an industrial way to quality control standards.

Mr. CULBERSON. The gentleman from Virginia. This is a great line of questioning, Mr. Moran.

Mr. GRIFFIN. Could I add, the Undersecretary for Veterans Health Administration asked us as part of our cyclical review process at medical centers to incorporate reusable medical equipment. Because, frankly, if you looked at the history leading up to the endoscopy problem VHA had sent out numerous patient alerts to their medical centers, but they weren't followed.

So after our health care group looked at Murfreesboro and Miami and the third one, which I am unable to come up with right now, we did an inspection of all the medical centers and looked at their cleaning processes in all those facilities, whether they had the procedures posted in the cleaning area, whether the employees files had documented their preventive training. And even after all the negative publicity, the majority of them still didn't do it.

So it comes down to accountability.

Mr. CULBERSON. Exemptions.

Mr. GRIFFIN. No, it is not. It is accountability. They have good policy; they just weren't doing it.

PATIENT SATISFACTION

Mr. BISHOP. Do you have any procedures in place to do surveys of the actual customers, the veterans, the patients? Is that a part of your audit process?

Dr. DAIGH. Let me respond. In the back of CAP reports is a customer survey of veterans of their view of the inpatient and the outpatient care. So there is a standard survey done, and it is actually very, instructive. St. Louis for the last couple of years has been at the very bottom of the customer survey form. And so it is not surprising that people there are unhappy and the facility is not doing well. There is also an employee survey that is done on a regular basis. And I also publicized that.

Mr. BISHOP. This is part of your audit?

Dr. DAIGH. It is a part of what I publicize because the people look at the report in the hospital. I think it is instructive as to whether the people who are using it are satisfied and whether the employees are satisfied. It is a very big indicator of—

Ms. REGAN. We are actually prevented by the Paperwork Reduction Act from doing surveys of nonemployees. So we have had a couple reviews where we could not do a survey of more than 25 people because we would have to go through OMB to comply with the Paperwork Reduction Act, which takes forever. So with the time constraints, we never get around to doing the surveys.

Mr. BISHOP. Does the Paperwork Reduction Act—

Ms. REGAN. It is for any kind of survey—no matter how you do it. Even if you don't have them fill out a form, if you call them up and ask them questions, you can't do that. Any kind of a questionnaire over a certain number of people.

Mr. CULBERSON. I want to make sure we don't lose Mr. Yoder for questioning.

COST TO TAXPAYERS OF MISMANAGEMENT AND FRAUD

Mr. YODER. I have been listening with interest. From what I have heard it sounds like we have some serious mismanagement

in terms of the quality of service in the area we have been discussing. I would like to highlight what is disturbing to me in your report. In the section discussing VA claims processing your report presents some shocking statistics. In 2010 only 23 percent of claims were being processed correctly, 29 percent were not properly controlled or associated, 50 percent experienced unnecessary delays in making final decisions, 37 percent were not timely input for workload management.

Next the report addresses how much that has cost the taxpayers, \$600 million in improper payments over 5 years. Next the report points out that the VA has not established controls to detect fraud because it has not identified fraud as a significant risk, even though your report estimated that VA programs paid \$114 million to \$380 million to fraudulent claims. In another section, the report estimates that 35 percent of outpatient medical claims were over paid resulting in an estimated \$1.1 billion in overpayments. This sounds like an agency in crisis.

How can I go home and justify this to voters in my district? Would you explain what is going on and what I can tell my constituents we are doing to fix these problems?

Mr. GRIFFIN. Well, when we issue those reports, provide them to the—person in the department that is responsible for that program, we make recommendations in the report as to what they need to do to fix it and once we get that concurrence, get them to acknowledge that there is a problem that is going to stop and agree that, yes, something has to give here, we then will place the report in our follow-up tracking system. If we have 10 recommendations, we will coordinate, be in touch with the correct VA official to see how they are progressing. In response to our fee basis audits, they are going to try to establish a centralized billing procedure so you won't have 153 hospitals out there billing. It is a business process that they need to fix.

So if they make those fixes, we believe it will lead to the monetary benefits we identified.

Mr. YODER. So when we are discussing the VA funding requests, in many cases the revenue can be found internally if the proper constraints are put in place by the very folks that are asking us for additional resources?

Mr. GRIFFIN. We identified in our work during fiscal year 2010, \$1.9 billion in monetary benefits from the total of our reports.

Mr. YODER. That could have been saved?

Mr. GRIFFIN. That is right. So I think the question becomes, if they agree with our report, and it is rare that they don't, because they are not going to agree unless we have made the case the monetary benefits will follow. The other point is we have \$1.7 billion on the table from these two fee basis audits. Let me see your timeline for fixing this. What are the steps that are going to have to happen over the next 6 months, 12 months, 18 months, to fix this problem? And, oh, by the way, I would like to be kept apprised as you hit each milestone so we know where we stand in correcting it.

We do this to see that they are tracking our recommendations, but certainly it would add great assistance to the process if the subcommittee were to ask some of the same questions.

Mr. YODER. Well, thank you for that.

And, Mr. Chairman, I have just been looking at this, and I think these statistics are the kind of things that would make our constituents pull their hair out. I appreciate the inspector for coming today and sharing this with us.

Mr. CULBERSON. Thank you, Mr. Yoder.

Mr. YODER. Thank you, Mr. Chairman.

Mr. CULBERSON. Mr. Farr.

Mr. FARR. Thank you very much, Mr. Chairman. I appreciate having this hearing.

Thank you, again, for being here. You are the first general to appear before the committee that hasn't been in uniform. [Laughter].

So—

Mr. GRIFFIN. I am sorry.

Mr. FARR. I appreciate it. I think the real crisis in this country is not in the way Congress is attacking the budget with a meat ax approach. The crisis is what is left on the streets. There are 174,000 veterans that are sleeping homeless every night. This committee is about fixing that problem. We really appreciate your interest in trying to see how we might fix it, and have what now would be a whole discussion.

And I think, Mr. Chairman, what we ought to do is look at the priorities and what the responsibilities are and review those as to perhaps reprioritizing them to needs now, rather than those mandates that you have that are old mandates that might not be as valuable as they were when they were set. So, again, I think we need that money to follow through. That is my comment.

But I do think we have to realize that this is a \$59 billion budget, and your savings report is \$1.9 billion. But we are not fixing that homeless problem with that savings or that expenditure. So there is somewhere in here that we have to do a better job and use these dollars more effectively, and I think you can be helpful in doing that.

The couple of questions I have and I am just going to read them, because it has come out of a—you know, the GAO's report, but I imagine you or Dr. Daigh could respond.

GAO REPORT ON DRUG PROCUREMENT SAVINGS

Are you familiar with the recently released GAO report on opportunities to reduce potential duplication in the federal government programs?

The GAO has identified areas of overlap and duplication among federal programs that if fixed could improve efficiency and ensure the taxpayer is getting a better bang for their buck.

But one area is prescription drugs, you talked a little bit about some of the issues there, but the report says the VA estimates that about \$666 million in cost avoidance in fiscal year 2005, but by joint contracting with the DOD on name-brand prescription drugs. The report says that, not the VA says that. Unfortunately, there has been a decline in the joint contracting on name-brand drugs, but VA has indicated that it is achieving a savings on joint generic drug contracts.

Could you tell this committee how the VA is achieving cost savings without joint contracting with DOD on name-brand drugs?

And the second part of that, could the VA achieve even greater savings by joint contracting with DOD?

By the way, you know, the big issue on prescription drugs is to allow people to go out and to contract for them. It has been something that actually the Republicans have opposed. This is the one agency that is allowed to go out and bid for contracts, and the savings have been remarkable. And the proposal here is to do it jointly between DOD and VA.

I think in our health care bill that we—I forget, PhRMA was very much opposed to it—I think we did open up bidding for other federal agencies. It is very cost-effective. Well, what do you think about the jointness between VA and DOD?

Mr. GRIFFIN. Maureen Regan has been reviewing those contracts for about 15 years.

Mr. FARR. She is fantastic.

Mr. GRIFFIN. She is fantastic. And I am going to have her give you—

Mr. FARR. I have been hearing her for 15 years on this—

[Laughter.]

Ms. REGAN. It is not that long. First of all, I read what GAO had in its report. I am not sure I agree with it, so I will just start there.

First of all, with brand-name drugs, Congress passed a law back in 1993 that brand-name drugs be on the VA's federal supply schedule contract at a statutory price. And I can tell you from our work—it is a pretty good price. It is better than what companies get.

Mr. FARR. But you competitively bid for those, no?

Ms. REGAN. No, it is not competitive. They are required in order to get any federal money whatsoever—Medicaid money, any federal programs—that they have to be on the VA federal supply schedule contract, and there is a statutory formula to come up with the price. It is based on the non-federal average manufacturer's price.

But joint contracts, if we went competitive, we would start limiting the number of drugs in certain categories available to veterans which a lot of your physicians don't want to do, because they want to try different drugs, to see what works. I can't tell you that if they did joint competitive contracts off the federal supply schedule that we would see any big cost savings. Another problem would be determining, what drugs are going to be standardized? You have too many health care providers and too many types of patients out there to do that for one brand over another.

Mr. FARR. So bigger joint—so bigger bidding isn't necessarily going to bring down the federal price?

Ms. REGAN. It is not even an issue of bidding. It is from the standpoint that they are on contract at a price. All they have to do is buy off of the contract; and it is a pretty good price. Also there is a price reduction clause in the contract to keep prices reasonable.

Mr. FARR. But you are buying a lot.

Ms. REGAN. Well, we use that to negotiate. But I can tell you from our pre-awards that the statutory price is better than most commercial customers get buying as much or more of the same drugs. So we are already getting a really good price with the statutory price because they are on contract already. VA & DOD are not out there buying branded drugs in open market. They can't do that.

That would be illegal. We go after the companies that don't have their branded drugs on contract. We have a couple cases going on now.

Mr. CULBERSON. If I may——

Mr. FARR. Sure.

Mr. CULBERSON. I want to make sure that what that means is essentially we are—the U.S. government, the VA is able to get name-brand drugs essentially under the competitive rate, a lower price than the generic, perhaps, because of the formula?

Ms. REGAN. Well, no, there is a difference between generic and brand. Brand-name drugs are on contract. They must be on contract to get any federal funds. Generic is a whole different ballgame.

Mr. BISHOP. Generics are competitive?

Ms. REGAN. With generics there is the same issue, if you have the federal supply schedule. The generic—the generic——

Mr. FARR. Why is it the VA can get drugs, or their ability to get drugs and give them to their patients cheaper than anyone else?

Ms. REGAN. Because that is the way the statute is written.

Mr. GRIFFIN. Statutory——

Ms. REGAN. Statutory formula.

Mr. GRIFFIN. Requires them to sell it——

Ms. REGAN. And they have to re-establish the price every year during the contract.

Mr. FARR. And the VA is the only one in that statute that is allowed——

Ms. REGAN. No, the Big Four get the statutory price. It is VA, DOD, the Coast Guard, and Public Health Service. They cannot sell above the federal ceiling price to any of the Big Four and they can also opt to sell at that price to other agencies, which is less than 1 percent of sales.

Mr. FARR. And so what drives them—what is the attractiveness to bidding on it, if you or do they want to sell, so it is volume, right?

Ms. REGAN. There is no advantage for the government to do it competitively right now, that I see, on a brand-name drug. For the vast majority of them, because the statutory price that you have on contract non-competitively is a really good price. We find rare occasions where we are not getting a better price than commercial customers are paying for these drugs. And we know this because we get voluntary disclosures from these companies and they calculate their prices every year. Generics is a whole different ballgame.

Mr. FARR. So are you going to be responding to the GAO report on that?

Ms. REGAN. They didn't ask us to respond to the report.

Mr. FARR. Well, this committee—the GAO report is for all of government.

Ms. REGAN. Right, but I think they already published it, and we weren't asked to comment on the draft.

Mr. FARR. Right, but we have to implement those recommendations. That is what Congress does.

Ms. REGAN. And I don't know what the Department's response was. I would have to go back and look at it.

Mr. GRIFFIN. If there is a specific question—that you would like for us to answer from our perspective in that regard, we would be happy to respond for the record.

Mr. FARR. Well, in our appropriations process, we need to make sure that we know the facts

Mr. CULBERSON. I think what Mr. Farr—if I may—all of us are concerned that veterans are getting access to as a wide choice of drugs as we do in the private sector and that we as the taxpayers are getting the best possible price, right?

GENERAL DRUG PURCHASING

Ms. REGAN. There is a big difference with generics in that there is no law that requires generics to be on Federal supply schedule contracts, and a lot of vendors are taking them off contract. That is causing VA large problems in getting generic drugs for patients.

One of the problems is that a lot of generics are made in nondesignated countries. And we can't buy drugs that are made in India or China because they can't sell them to us under a contract. I know the department is looking for some arrangements to address that problem. They have also started to try to work with DOD to get some competitive contracts for generics that are not on contract. And they have had some success in doing that. So they are looking to do that as opposed to buying generics open market.

Mr. FARR. I guess our concern is we are up here at the 2,000-foot level is that whatever you are doing will generate the best value for our constituency, in this case, the veterans and active-duty military and their families, the TRICARE and so on, which are the responsibility of this committee.

Ms. REGAN. One of the difference here would be retail pharmacies, which is a different issue for DOD. VA does not reimburse retail pharmacies. All of ours are in-house.

Mr. FARR. But what is amazing, when we closed Fort Ord and opened up a VA clinic there, the VA clinic is just filling up with people who have been—on private insurance. But because of the drug—they are elderly and they need a lot of prescription drugs. Because of the value or the cost, the substantial savings, they will now go and get the VA care.

Mr. CULBERSON. That is what I am hearing in Houston, too.

Mr. FARR. Yes. One of the major plusses of going and receiving VA care.

Ms. REGAN. Right, VA pays for it. There is a co-pay up to \$8 for prescriptions. There is a cap on the co-pay. I think it is up to \$1600 now, depending on which category you are. So you almost get the drugs for free, compared to what you would pay in the private sector.

ELECTRONIC MEDICAL RECORDS

Mr. FARR. Well—and the second question here, it deals with medical I.T. and electronic health records. Before this committee last year, the last 2 years, VA kind of invented medical records and has been through several iterations of those medical records. So we have a feeling in this committee that the rest of the federal government ought to be looking to VA before they put a lot of stimulus

money out there to go invent new medical records and the lessons learned.

And so the question here is the GAO's report, as well as your testimony, suggests that the VA I.T. is weak on strategic planning, enterprise architecture and investment management.

Additionally, in the same report, GAO found that 97 percent of the functional requirements for inpatient electronic health record systems are common to both VA and DOD, but VA has begun a separate modernization called VistA—VistA? VA has already spent \$600 million on VistA, and in 2008, the VA estimated it would cost \$11 billion to fully modernize VistA by 2018.

By reducing duplication of electronic health systems, not only would we be saving money, we would be delivering better services to our men and women in uniform.

The question here, does the I.G. agree with the GAO's assertion that if the VA and the DOD establish a joint process for selecting I.T. investments that would address both agencies' health I.T. needs, the government would—you realize savings?

Another part of that question is, how else can VA better manage I.T. resources?

And, thirdly, as we move into an increasingly digital world, does the VA I.T. have the resources it needs to take advantage of the technological advances in medicine, communication with patients, and the secure management of electronic medical records?

Mr. GRIFFIN. Dr. Daigh's people spend a lot of time looking at the medical records and trying to determine whether a veteran got quality care or didn't get quality care.

He also has the unique experience of having been an Army doctor, so he knows a little bit about the DOD side. Certainly it seems like there ought to be one common set.

VA had the best electronic medical record on the street for a long time. I believe there has been some slippage in recent years, so they may need to upgrade the system.

Mr. FARR. Yes, and this goes to whether—if it is 90 percent similar, why not make it all the same?

Dr. DAIGH. Sir, my personal experience with the VA medical records is that it is excellent. The requirements are different. The Navy wants the system to work on a ship.

Mr. FARR. That is the only difference?

Dr. DAIGH. No, sir, there are others. I am just trying to say—in the last couple of years, there were dramatic changes in medical records.

Mr. FARR. Well, what is your opinion from seeing both systems? I mean—

Dr. DAIGH. I would say the VA system is a wonderful system that allows the operation of a hospital to work easily, to save money, and is one of the reasons VA provides such high-quality care. The military medical record—is not as quick, is not as functional.

Mr. FARR. Since you were in the VA—longer than anybody else—

Dr. DAIGH. Sir, I don't know the answer to that.

Mr. FARR [continuing]. Going off now—again, the GAO found that—doesn't the GAO agree—wants more jointness?

Ms. FINN. Mr. Farr.

Mr. FARR. Yes?

Ms. FINN. The chief information officer at VA has been quoted as saying VA and DOD will decide, I think by the end of the month, which system they plan to go forward with. They have been working on the issue of combining the electronic medical records.

Mr. FARR. You know, Mr. Chairman, I have been here long in this committee, and one of the big issues is the world of difference between DOD and VA, and yet they are the same person. You can't get to the VA without going through the DOD. And then once you leave DOD—all your records are supposed to be yours—they are yours. So they are supposed to make this seamless. You know, if you are in DOD, you are in VA at the same time—

Mr. CULBERSON. Common sense.

Mr. FARR. So these records ought to be—these two agencies—is it possible with I.T.

Mr. GRIFFIN. I think it would be good—

Mr. FARR. Well, this committee can do it. This is the only committee in Congress in either the House or the Senate where both agencies, DOD and VA, have to come together. There is no other committee. We can force that.

Mr. GRIFFIN. In addition to the functionality, as Dr. Daigh described, there is also a train of contractors behind each system.

Mr. CULBERSON. Inertia.

Mr. GRIFFIN. Yes.

ALTERNATIVE BENEFIT DETERMINATION APPROACH

Mr. FARR. Well, lastly, a question and a statement—We have talked about savings, \$1.9 billion in savings. I look at government as the services they provide being about investments, investments in our future by investing in education, investing in health care, investing in it. Some people think of those only as costs.

So we are always going to have to be sensitive so that we are getting a good bang for the buck, but I am hopeful in getting your recommendations to this committee. If there are savings to be achieved at the \$1.9 billion level—some of them you point out are unrecoverable—but why not also talk about where we need to invest to make programs work well?

In some cases, we need more resources for personnel to prevent overpayments or we may need a different system. I mean, I am curious, and it is worth a study, if you got injured.

If you have a physical injury or you are developing mental injuries with PTSD, you have to go out there and prove to the world, when you are most vulnerable with the least capital, you can't find a job, you are going through re-entry crisis, you have these problems, and you have to prove to the world that you are sick and you are disabled and you need some treatment, because we put up a huge review where you have to fill it all out.

Whereas, you know, I use the IRS, where it is a trust system. Millions of people file their income tax, and we trust that what they file is correct. There are ways of auditing, you know, the way they use the machinery in the IRS to figure out if someone is scamming the system, and they can look at anomalies and things like that.

We might be better off—maybe a little bit higher risk, but maybe higher gain, too. And there is a cost-benefit to this. So I am hoping that maybe you might point out to us where we need to invest money, as well as cut money—

Mr. GRIFFIN. Well, we identified \$1.9 billion in—money to be put to better use—better care for veterans. We identified this business process concerning fee basis payments, that needs to be fixed. This will save that \$1.7 billion, you can either apply it toward other needs—or someone declares victory and says, “All the needs are addressed.”

Mr. FARR. But you are—the assumption you are making is that that \$1.9 billion stays in the VA account. That \$1.9 billion goes back to the general fund and pays off debt.

Mr. GRIFFIN. Possibly.

Mr. FARR. You are not going to get it back.

Mr. GRIFFIN. No, we are not going to get it. But it is in the VA’s budget this year and you decide what that budget number should be. We are saying, of that number, from fiscal year 2009 and 2010, this amount of money reflects improper payments.

Mr. FARR. Billion dollars cut out in the next 6, 7 months.

Mr. CULBERSON. Savings and money—the savings stay within the agency, don’t they?

Mr. GRIFFIN. That is up to you to decide—

Mr. CULBERSON [continuing]. Current law, without any changes.

Mr. GRIFFIN. There is \$132 billion in VA proposed fiscal year 2012 budget, including discretionary and the mandatory payments. And we have identified in FY 2010 almost two billion that has been wasted. You could use that money to hire more claims processors or more doctors.

Mr. FARR. The recommendations is, here is where money has been wasted, not where money could be better spent. You see what I mean? I think it is only—it is only half the recommendation.

Mr. GRIFFIN. I think in HHS, the fraud that has been perpetrated against Medicare and Medicaid programs, comes as a result of the IRS methodology which you have described.

Mr. FARR. No, that is a very—

Mr. GRIFFIN. The VBA claims process can be complex. Some of the ratings are easy. “I lost my leg in Iraq to an IED.” You can look at the veteran and you can see the injury. You were over there during—whichever phase of the activity there. You have lost a leg, you lost an arm, you lost, a couple of fingers. Those are grounders. I mean, they can move those claims through quickly.

You come in and say, “I am depressed,” well, okay. How do you measure that? The rating specialists at the Veterans Benefits Administration must call the doctor to determine the severity.

Mr. FARR. That system works efficiently, so you have a wait a year—

Mr. GRIFFIN. It is not as objective. It is not as visible as missing limbs or other missing body parts, where you say, okay, this warrants a 70 percent rating. This is what you get if you are missing your foot or 100 percent because you are missing your leg.

Mr. FARR. My point is—it is hard to tell. I understand. The point was just getting access—because—such a line, such a backup, that

we couldn't process these things—so everyone of them—vulnerable—just put out to pasture—some decision has been made.

And our congressional offices all have somebody who is on our staff in district offices who does VA claims all the time.

Mr. GRIFFIN. Understood—compensation exams have not always been a priority in VHA, but you need to have that medical opinion to be able to make a ratings decision.

Mr. FARR. So your recommendation—make those concerns—

Mr. GRIFFIN. Well, I think—

Mr. FARR [continuing]. Not necessarily more people—internal management—

Mr. GRIFFIN. Probably both. It has been our experience that for a lot of health care providers, compensation exams are not a priority. They would rather be doing surgery or doing other things than doing multiple compensation exams—but they must be done.

Mr. FARR. How much of that relates to—what we ought to have, Mr. Chairman—it has been sort of the mantra of this committee, we are going to leave no veteran behind, particularly speaking to the veterans in the street—all these years, we have been saying that, and the secretary will come in here and tell you it is their highest priority. We are just not taking care of them. It is a huge, complicated problem.

Take a look at the causality. I think it would be well worth getting into, because we want to fix this problem. I think there is a lot of fault with local governments and state governments. And California is a wealthy state. We have in every single county a VA administrator, paid for by county money, not by Federal money—we have now a network of care—veterans coming out of Iraq and Afghanistan—young kids—people that are coming home, they call them before they are out of uniform and they say, “Welcome back to California—or so. We want to talk to you about all the job, schooling, health care programs that we can provide for you.”

And they are listening, because what you will hear in the testimony here—over the years is that, when you are getting ready to go home, somebody says, you want to learn about all the benefits you can have—having any emotional problems, you step on this line? You know, we will take care of you or fast track home, get on the next bus out of town—there is nobody waiting for the slow bus. It is not until they are back in the community—

Mr. CULBERSON. Yes.

Mr. FARR. And they say—but I don't remember exactly what my benefits are. So there is—that is—

Mr. CULBERSON. I think I heard you say you are looking—

Mr. FARR. Well—asking for more money—

Mr. GRIFFIN. We want to hire a team of mental health care experts to do an analysis—to identify any commonality in homeless veterans that are in shelters around the country. Which ones were part of our database of veterans that served between 2005 and 2006. Identify those who served in Afghanistan and Iraq.

Perhaps they saw their colleagues get blown up by IEDs. Follow them and see if there is a common element that would say, this particular unit had this experience are more prone to—homeless—or at least identify early on that they are more at risk than somebody else.

Mr. FARR [continuing]. Still Vietnam veterans, so if there are Iraq and Afghanistan homeless people—my district—just unbelievable—community can't believe it—wonder where the Department of Veterans Affairs is or——

Mr. CULBERSON. I think that is a really important question. We appreciate that you are having a look at it. Sam, did you get a chance to explore all that you wanted to?

FUNDING FOR HOMELESS INITIATIVE

Mr. FARR. Yes, I think—I don't know whether you got any sort of feeling—in order to do this, you need more money than—the President's request?

Mr. GRIFFIN. That is right. We are starting to do preliminary work. We asked for \$2.6 million so we could have a full-time—team of 12 people that would work on this homeless initiative. If you look at previous budgets for homelessness and the increase in the current budget we believe the 2.6 million to cover our initiative would be wise.

Mr. FARR. And you can't find there, internally——

Mr. GRIFFIN. We always try to prioritize our work.

Mr. FARR. But you indicated to the committee some statutory requirement that you would have to fulfill regardless of——

Mr. GRIFFIN. That is right.

Mr. FARR [continuing]. What the priority——

Mr. GRIFFIN. That is right.

Mr. FARR. Is there a way of finding out if you could just have a——

IG PRIORITIES

Mr. GRIFFIN. Those aren't unique to the VA Inspector General. Those are across the inspector general community—the financial statement audit, the information security audit has to be done every year. The Office of National Drug Control policy, requires to do an audit every year concerning VA's accountability for drug funds. I think it is very important that the proactive things we are doing, going to 50 hospitals a year, going to 85 outpatient clinics a year, are also very important.

Outpatient clinics today provide 50 percent of the primary care the veterans receive, 50 percent. Before we were given additional funding we didn't have enough resources to go look at outpatient clinics. Now we are doing it. We are doing 85 a year. So, yes, there is mandated work. Based on our collective awareness of what is going on in the department. There are reviews that we think are important for us to conduct.

We got 29,000 contacts to our hotline. We could only do 900 of them ourselves. We have to decide about those other 28,000. Some of them shouldn't have come to us. Somebody might call to complain that VBA is taking too long to process their claim. Well, we don't have the authority to do claims processing, so we forward the call to VRA.

Mr. FARR. Was there any way to come back to this committee and recommend—because I don't see—I am not the chairman and not the party in control, but I don't see them adding more money to these budgets. They are looking at just the opposite.

So in a cut world, if this is really a high priority—high priority for the committee—to see that this study gets made?

HOMELESS INITIATIVE

Mr. GRIFFIN. Well, we are going to attempt to do the study. And we have one of our psychiatrists who has had meetings already with some of the homeless leadership in some of these community centers. And he has talked with some of the people in veterans health care who are trying to work on the problem.

But he is also the individual responsible for a report on how well the Veterans Health Administration is implementing their mental health rollout. Based on the amount of money that the department has in their budget for homelessness, I think it would be a good investment to spend \$2.6 million to track that money and see whether or not we are getting what we paid for and to see if we can identify what the root cause of the problem.

Mr. CULBERSON. If I may also follow up on that, Sam, I know the overwhelming percentage of the homeless individuals that Harris County officials deal with in the Houston area have mental illness. A lot of it is mental illness, and they are not getting medication or various kinds of related services that because of their experience in the service and a disability for which they clearly would be entitled to receive a benefit.

And I want to follow up on a couple things Sam talked about, because he raised a lot of good issues. What do you recommend about how we get the medical records to line up between DOD and VA?

ELECTRONIC MEDICAL RECORDS

It is crazy that we have completely different standards for medical records and the records do belong to you as an individual. Whether you are in the U.S. military or not, those are your records. And have you all made recommendations on what needs to be done in order to bring greater standardization to the medical records between DOD and VA?

Mr. GRIFFIN. I am not aware that we have done a specific report on electronic medical records. It is a big issue within the Department, to the extent that the deputy secretary in VA and DOD meet on a recurring basis in order to work on it.

COMBINED DOD-VA DISCHARGE ACTIVITIES

Mr. CULBERSON. And Sam is right, another great point, too, is that we are the only committee.

Mr. FARR. There is no.

Mr. GRIFFIN. There have been other initiatives under review such as determining the feasibility of combining your Army, discharge physical and VA compensation exam.

And Dr. Daigh's team is also reviewing prosthetics. You leave an Army facility and you have the prosthetics that the Army deems to be the best prosthetics for their soldiers, and maybe 3 years from now, you no longer get your care from DOD and are going to VA facilities. Maybe VA is not using that particular prosthetic, and

maybe you need service or you need a new prosthetic. We are going to take a look at how that process works.

Mr. FARR. And you know what they give you prosthetics and teach you how to operate it—or adapt—in Walter Reed Hospital and at Bethesda. You are in the military and they discharge you, and you go home, and they call you two years later and say, guess what—there is a whole new thing—new prosthetics that have—but you have to pay your way back here—to pay for your housing. This is nuts. It is just totally nuts.

Mr. GRIFFIN. Of course, those—facilities are DOD facilities.

Mr. FARR. Yes.

Yes—now you are outside—they would pay for it—but you are a veteran, but you have done your service. You were promised—we had the secretary in here, who served as not only, you know, head of the Joint Chiefs, but he is also now secretary—couldn't have a better secretary.

Mr. CULBERSON. And the undersecretary for health will be there, too, so let's be sure to get him here and ask him all these questions, as well.

Mr. BISHOP. Think we will have someone—well, we will be happy to talk with your staff about—

Mr. CULBERSON. I mean, this committee works arm in arm. There are no party labels or distinctions on this committee. We are all equally committed to make sure veterans are well taken care of.

ELECTRONIC HEALTH RECORDS

I want—to make a couple of points. I will submit the other questions for the record in the interest of time.

Sam, the President's budget says it will create a virtual electronic record to create an interoperability necessary to ensure a servicemember that their veteran information is available for all of their service and benefit providers—\$7 million in I.T. funds in 2012. Do you know much about this, Mr. Griffin, and how this money is intended to be spent and—

Mr. GRIFFIN. I am not sure what the new initiative entails. Many years ago, they began using electronic records so that a veteran from New York can go to Florida for 3 months during the winter and can walk into the VA hospital they can access your medical record.

Dr. DAIGH. Sir, I don't know the answer to your question—

Mr. CULBERSON. Well, it is an important one I want to follow up on. But what about speeding up the claims process that Mr. Bishop asked about?

BENEFIT DETERMINATION

And I mean to have a follow up on this, as well, but can you outline specific recommendations about ways to improve the determination of the benefits—

Mr. GRIFFIN. We have done several audits over the last few years which identified where some of the dead time is in the claims process.

Mr. BISHOP. You make recommendations?

Mr. GRIFFIN. Oh, yes.

Mr. CULBERSON. Things that VA can do or things that we need to do?

Mr. GRIFFIN. Well, let me put together the summary of those things, and we will get them up to you and you will see what it was that we recommended that they can do to shrink these claims processing delays.

[The information follows:]

**VA OFFICE OF INSPECTOR GENERAL
RECOMMENDATIONS TO
THE VETERANS BENEFITS ADMINISTRATION ON CLAIMS PROCESSING**

Since 2007, the Office of Inspector General has issued 8 national reports that include a total of 41 recommendations to help reduce the backlog and improve the timeliness of Veterans Benefits Administration (VBA) claim processing. We also expect to issue a final report on VBA's Compensation Program Claim Brokering in April 2011 that will include seven additional recommendations. Further, the OIG has issued 16 benefits inspections reports on individual VA Regional Offices (VARO) that included recommendations to improve aspects of claims processing. We expect to issue a summary report of our VARO reports in May. Below is a listing of these reports, our recommendations, and the status of VA's action to implement each recommendation. Recommendations that have been implemented are noted as "closed"; those yet to be implemented are noted as "open."

- I. *Audit of VA's Efforts to Provide Timely Compensation and Pension Medical Examinations* (Report No. 09-02135-107, March 17, 2010) – At the request of the Chairman of the Senate Committee on Veterans' Affairs, we determined if VA commits sufficient resources to provide veterans with timely compensation and pension medical examinations. From FY 2005 through FY 2009, the number of exam requests VBA sent to VA medical facilities and national contractors increased by 45 percent. We found that Veterans Health Administration (VHA) and VBA managers did not effectively collaborate and share information on issues affecting the timely delivery of exams. Additionally, VA lacked a performance standard that enables management to adequately measure whether exam requests are completed in a timely manner. We recommended the Acting Under Secretary for Health:
 1. Establish procedures to capture compensation and pension medical examination workload data at the examination level for all examinations conducted by VHA, fee-basis, and local contract providers. **This recommendation is open as of March 15, 2011.**
 2. Establish procedures to capture all costs associated with each compensation and pension medical examination conducted by VHA fee-basis, and local contract providers. **This recommendation is open as of March 15, 2011.**
 3. Establish procedures to measure productivity by identifying the number of full-time equivalents who conduct VHA compensation and pension medical examinations and establishing standard times to complete each type of compensation and pension medical examination. **This recommendation is open as of March 15, 2011.**
 4. Utilize and monitor data on VHA workload, costs, and productivity to ensure sufficient and appropriate resources are dedicated to completing compensation and pension medical examination requests sent to VA medical facilities. **This recommendation is open as of March 15, 2011.**
 5. Establish timeliness performance standards that adequately measure whether veterans receive timely compensation and pension medical examinations

conducted by VHA, fee-basis, and local contract providers. **This recommendation is open as of March 15, 2011.**

We recommended the Acting Under Secretary for Benefits:

6. Establish procedures to capture compensation and pension medical examination workload data at the examination level for all examinations conducted by VBA national contractors. **This recommendation was closed effective February 22, 2011.**
7. Establish procedures to capture all costs associated with each compensation and pension medical examination conducted by VBA national contractors. **This recommendation was closed effective February 22, 2011.**
8. Utilize and monitor data on Veterans Benefits Administration national contractor workload and costs to ensure sufficient and appropriate resources are dedicated to completing compensation and pension medical examination requests sent to VBA national contractors. **This recommendation was closed effective February 22, 2011.**
9. Establish timeliness performance standards that adequately measure whether veterans receive timely compensation and pension medical examinations conducted by VBA national contractors. **This recommendation was closed effective February 22, 2011.**

We recommended the Acting Under Secretary for Health and the Acting Under Secretary for Benefits:

10. Jointly establish procedures to improve communications, share relevant information, and report on issues affecting compensation and pension medical examination processing. **This recommendation was closed effective August 19, 2010.**

Status of Open Recommendations: VHA's response to OIG's February 15, 2011, status update request is pending. Previous correspondence indicates that VHA is close to implementing Recommendation 3, and is making good progress towards implementing the four additional open recommendations. VHA's Disability Examination Management Office (DEMO) appears to be involved in all aspects of the actions in progress relative to the five recommendations. Given that the actions undertaken are significant, complex, and require collaborative efforts among various VA entities including VBA and the Office of Information and Technology, it is reasonable to expect implementation to take more than 1 year.

- II. *Review of Veterans Benefits Administration New Hire Productivity and the American Recovery and Reinvestment Act Hiring Initiative* (Report No. 09-01814-85, February 18, 2010) – In FYs 2007 and 2008, Congress appropriated \$185 million to VBA to hire claims processors. In addition, in FY 2009, VBA received \$150 million through the American Recovery and Reinvestment Act (ARRA) to hire about 2,300 claims processors. We assessed VBA's efforts to meet its hiring goals and the impact of VBA's increased workforce on Compensation and Pension claims workload. We

found that VBA met its FY 2008 hiring goals and filled almost all of its ARRA-funded positions. However, VBA's rating and non-rating claims inventory is expected to continue to grow in FYs 2010 and 2011. We recommended the Acting Under Secretary for Benefits:

1. Collect information on the number of overtime hours worked in order to better assess the capacity of its current claims processor workforce and to project future workforce needs to address the claims inventory. **This recommendation was closed effective July 12, 2010.**
2. Issue guidance to regional offices requiring that temporarily promoted supervisors complete a standardized core curriculum of supervisory training. **This recommendation was closed effective March 12, 2010.**
3. Collect information on the extent to which performance standards for claims processors are being increased by regional offices and how staff are performing in relation to these standards. **This recommendation is open as of March 15, 2011.**

Status of Open Recommendation: As of March 15, 2011, Recommendation 3 remains open. On January 14, 2011, VBA reported that it continues to communicate with the American Federation of Government Employees regarding its national grievance of Veteran Service Representatives standards. VBA anticipates the grievance process will be resolved before the end of fiscal year (FY) 2011. At the end of FY 2011, VBA will analyze and report on how claims processors measured against the raised standard.

- III. *Audit of VA Regional Office Claim-Related Mail Processing* (Report No. 08-01759-234, September 30, 2009) – In FY 2008, VBA processed about 20 million pieces of incoming mail and 13 million pieces of outgoing mail. Both the significant number of claim-related documents handled by VARO mailrooms and the potential effect on the processing of veterans claims that can occur if documents are inappropriately handled or destroyed make this a high-risk area for VBA. We evaluated whether VAROs effectively managed mailroom operations and controlled the timely and accurate processing of claim-related mail. We found that VAROs needed to improve the handling, processing, and protection of claim-related documents. We also noted that VBA mail processing deficiencies led to unnecessary delays in establishing control of claims in VBA's "SHARE" system after receipt. We recommended the Under Secretary for Benefits:

1. Require VAROs to implement procedures to identify, analyze, monitor, and take actions to address conditions contributing to delays in establishing control of incoming claims within Veterans Benefits Administration's 7-day requirement. **This recommendation was closed effective February 23, 2010.**
2. Develop and issue policy guidance to establish VARO requirements to scan incoming mail and how VARO X-ray machines should be used to improve security. **This recommendation was closed effective March 31, 2010.**

3. Develop and issue policy and standards concerning initial and recurring training and certification requirements for personnel who operate X-ray machines to scan incoming mail at VBA facilities. **This recommendation was closed effective July 8, 2010.**
4. Develop and issue policy guidance for all VAROs regarding mailroom physical security based on requirements enumerated in 41 CFR, Part 192, Mail Management, and in the General Service Administration Mail Center Security Guide. **This recommendation was closed effective March 31, 2010.**
5. Issue guidance on establishing the minimum interval for updating VBA mailroom security plan risk analyses. **This recommendation was closed effective July 8, 2010.**

Note: In addition to the national *Audit of VA Regional Office Claim-Related Mail Processing*, during the 18-month period April 2009–September 2010, the OIG's Benefits Inspection Program issued 12 inspection reports on individual VA Regional Offices. Many of these reports included similar recommendations related to improving mail processing timeliness. Two examples of the recommendations relating to Compensation and Pension claims processing activities are shown below:

1. We recommended the VARO Director develop and implement controls to ensure Support Services Division staff process and date stamp all incoming mail the same day it arrives in the mailroom.
 2. We recommended the VARO Director amend the mail plan to incorporate procedures for management oversight and control of search mail.
- IV. *Audit of Veterans Benefits Administration Control of Veterans' Claims Folders*** (Report No. 09-01193-228, September 28, 2009) – As of February 20, 2009, VBA had assigned about 4.2 million claims folders to regional offices for benefit claims processing and safeguarding. Misplaced claims folders can cause unnecessary claim processing delays and increases the likelihood that folders will be lost. We evaluated VBA's control of veterans' claims folders and projected the claims folders for an estimated 437,000 (10 percent) veterans were not at the locations shown in the Control of Veterans Records System (COVERS). COVERS is VBA's system for tracking the location of paper claims folders within and between offices. This projection included an estimate that 141,000 (3 percent) of the claims folders were lost. VBA's control of veterans' claims folders was not effective because VBA managers did not track the number of lost or rebuilt folders, consistently enforce COVERS policies, and establish effective search procedures for missing claims folders. We recommended the Under Secretary for Benefits:
1. Require regional office directors to establish unique COVERS locations for all areas to include office common areas and claims folders designated for relocation and retirement. **This recommendation was closed effective February 25, 2010.**
 2. Establish a mechanism to identify and track the number of claims folders regional office personnel rebuild. **This recommendation is open as of March 15, 2011.**

3. Establish a mechanism to ensure regional office personnel update COVERS when they transfer and receive claims folders. **This recommendation was closed effective April 8, 2010.**
4. Clarify national policy for regional office personnel to reconfirm the location of the claims folders outside the main folder storage areas every 7 days. **This recommendation was closed effective February 25, 2010.**
5. Establish a mechanism to ensure regional office personnel meet the requirement to reconfirm the location of claims folders outside the main folder storage areas every 7 days and take corrective actions to meet the requirement where improvement is needed. **This recommendation was closed effective October 4, 2010.**
6. Establish a mechanism to ensure regional office personnel conduct annual sequence checks that update COVERS. **This recommendation was closed effective April 8, 2010.**
7. Establish requirements for regional office directors to maintain the COVERS folder search report using standard codes for claim related mail requiring action and monitor to ensure the search report is accurate. **This recommendation was closed effective July 21, 2010.**
8. Require regional office personnel to initiate rebuilding missing claims folders with a pending claim no more than 60 days from the date Veterans Benefits Administration personnel are notified of the claim. **This recommendation was closed effective April 8, 2010.**
9. Establish a mechanism to ensure regional office personnel enforce the maximum 60-day search established in recommendation 8 and take corrective actions to meet the standard where improvement is needed. **This recommendation is open as of March 15, 2011.**

Status of Open Recommendations: As of March 15, 2010, Recommendations 2 and 9 remain open. VBA reported on December 9, 2010, that they will request inclusion of the new COVERS Folder Tracking Service report in the Veterans Services Network Release 12, which is scheduled for deployment in August 2011. These actions are intended to support recommendation closure. VBA's December update provides a defined course of action, which is the most substantial progress report since July 2010. OIG will review these recommendations for closure upon successful release of the network update in August 2011.

- V. *Audit of VA Regional Office Rating Claims Processing Exceeding 365 Days* (Report No. 08-03156-227, September 23, 2009) – As of August 2008, VBA had 11,099 claims that were pending rating decisions more than 365 days. We conducted this audit to identify opportunities for VAROs to improve rating claims processing timeliness and minimize the number of rating claims with processing times exceeding 365 days. We concluded that inefficient VARO workload management caused avoidable processing delays averaging 187 days for a projected 10,046 (90.5 percent) of the 11,099 rating claims. VAROs could minimize the number of rating claims processed that exceed 365 days and reduce processing times for most

other rating claims by addressing workload management deficiencies. We recommended the Under Secretary for Benefits:

1. Establish average timeliness goals for the claims processing phases of development initiation, development evidence gathering, rating, and award that are consistent with the strategic target of completing rating claims within 125 days. **This recommendation was closed effective June 21, 2010.**
2. Revise policies to require Veterans Service Centers to link workload management plans to claims processing timeliness targets and goals. **This recommendation was closed effective February 17, 2010.**
3. Revise policies to require Veterans Service Centers to develop and execute workload management plans that include procedures designed to minimize the claims processing deficiencies discussed in this report. **This recommendation was closed effective February 17, 2010.**
4. Link Veteran Service Centers staff production credits to timeliness goals for claims processing phases and the overall strategic target of completing rating claims within 125 days. **This recommendation was closed effective August 11, 2010.**

VI. *Audit of the Impact of the Veterans Benefits Administration's Special Hiring Initiative* (Report No. 08-01559-193, September 5, 2008) – During the previous 5 years, the number of claims received each year has generally exceeded the number of claims processed each year. As a result, the number of claims carried over at the end of the FY increased by about 66 percent during this period (from 338,896 claims at the end of FY 2003 to 564,145 claims at the end of FY 2007). Recognizing this challenge, Congress passed legislation in FYs 2007 and 2008 giving VBA \$185 million to hire additional claims processing personnel. We determined the impact of VBA's hiring initiative on reducing the claims backlog. VBA was progressing at integrating new employees into the claims processing workforce, but the new FTE were not expected to have a positive impact on decreasing the claims inventory until at least the end of FY 2009. Furthermore, we could not conclude that the hiring initiative alone would result in eliminating VBA's backlog because a number of other factors contribute to the backlog. We recommended the Acting Under Secretary for Benefits:

1. Adopt a new definition for measuring rating claims backlog as the number of claims that are older than a realistic target time period. **This recommendation was closed effective July 16, 2009.**
2. Implement a plan to monitor and report backlog based on a new definition as described in Recommendation 1. **This recommendation was closed effective October 29, 2009.**

VII. *Audit of Veterans Benefits Administration Non-Rating Claims Processing* (Report No. 06-03537-69, February 7, 2008) – In October 2007, VBA began the fiscal year with 106,528 non-rating claims pending—an increase of 25,035 pending claims, or 31 percent over the prior period. The average days pending for all non-rating claims nationwide at that time was 160.9 days. (Non-rating claims involve both compensation and pension (C&P) benefits, and in general can be processed by a Veterans Service Representative without a rating decision.) We assessed VBA's processing of non-rating claims and reported that VBA needed to increase accountability and strengthen controls to improve the timeliness of non-rating claims processing at VAROs. We determined that 533 (83 percent) of the 646 non-rating claims reviewed had avoidable processing delays. We recommended the Under Secretary for Benefits:

1. Address the lengthy average days pending and backlog of non-rating claims. **This recommendation was closed effective November 14, 2008.**
2. Track and analyze non-rating claims processing timeliness for the remainder of fiscal year 2008 and, if determined necessary, establish new timeliness goals for processing non-rating claims to increase accountability in fiscal year 2009. **This recommendation was closed effective November 14, 2008.**

VIII. *Audit of the Effectiveness of Veterans Benefits Administration Compensation Writeouts* (Report No. 06-01791-45, December 19, 2007) – During the 6-month period June–November 2006, VBA's Benefits Delivery Network (BDN) generated 121,403 compensation writeouts to VAROs. Writeouts alert VAROs to complete actions that ensure the accuracy of beneficiary compensation payments and information in BDN. VARO compensation writeout processing is a vital VBA control for ensuring beneficiaries receive entitled benefits and are not underpaid or overpaid. VAROs processed writeouts accurately, but needed to better ensure timely processing of writeouts. For 254 (49 percent) of 517 sampled writeouts reviewed, VAROs exceeded the 30-day writeout processing standard by an average of 117 days. We recommended the Under Secretary for Benefits:

1. Develop and implement policies requiring VAROs to prioritize writeout workload with writeouts that prevent beneficiary underpayments and overpayments having the highest priority. **This recommendation was closed effective July 8, 2008.**
2. Establish timeliness standards for VAROs writeout processing based on the priorities established in writeout processing policies. **This recommendation was closed effective July 8, 2008.**
3. Require VAROs to track and monitor writeout processing for compliance with established timeliness standards. **This recommendation was closed effective July 8, 2008.**
4. Require VARO staff to receive training on writeout processing that emphasizes the importance of reducing processing delays. **This recommendation was closed effective February 13, 2008.**

IX. **Pending Report** - *Audit of Veterans Benefits Administration Compensation Claim Brokering* – From FY 2006 to FY 2009, the number of brokered claims grew from 90,000 to 171,000 (90 percent) and the percent of claims brokered increased from 12 to 18 percent. Although VBA interrupted this growth for the short term in June 2010 by assigning resource centers to process Nehmer claims, the continued resource center processing of brokered claims and potential resumption makes effective brokering particularly important. (Under the order of U.S. District Court for the Northern District of California, in *Nehmer versus U.S. Department of Veterans Affairs*, VA must readjudicate previously denied claims known as Agent Orange/Nehmer claims.) VBA can improve the effectiveness of claim brokering by ensuring area offices consider additional factors affecting timeliness. For the just over 171,000 brokered claims completed during FY 2009, we projected the average processing time was 201 days. We expect to project the 201 day average processing time would have been 49 days less (152 days) if VBA had avoided the claim-processing delays identified in this report. We recommended the Acting Under Secretary for Benefits:

1. Revise brokering policies and procedures to require Veterans Service Centers to include steps in their workplans that ensure claims are brokered within 15 days after completing the last action.
2. Revise policies and procedures to require area offices to monitor resource center and Veterans Service Centers claim inventories and ensure claims are not brokered to resource centers or Veterans Service Centers with excessive claim inventories.
3. Revise policies and procedures to require area offices to broker claims to one resource center or Veterans Service Centers for all claim-processing phases except establishment and document any exceptions with evidence showing that the originating Veterans Service Centers would take longer to process the claim.
4. Revise policies and procedures to require area offices to stop brokering claims to resource centers and Veterans Service Centers with accuracy rates that are significantly lower than originating Veterans Service Centers.
5. Include brokered claim processing timeliness and accuracy performance measures in the performance plans for directors of VA Regional Offices that process brokered claims.
6. Revise claim brokering policies and procedures to require area offices to approve informal VA regional office brokering.
7. Require area offices to assess compliance with revised claim brokering policies and procedures during annual VA Regional Office site visits.

- X. **Pending Report** – *Systemic Issues Reported During Inspections at VA Regional Offices* – The Office of Inspector General established its Benefits Inspection Program in March 2009 as a major initiative to help ensure timely and accurate delivery of veterans' benefits and services. This report is a summary of systemic issues identified at 16 VAROs inspected from April 2009 to September 2010. VARO management teams face multiple challenges in providing benefits and services to veterans. Challenges include providing additional oversight and training for personnel responsible for processing disability compensation claims related to temporary 100 percent disability evaluations, post-traumatic stress disorder, traumatic brain injury, herbicide-related disabilities, and Haas cases. We projected that VARO staff did not correctly process 23 percent of approximately 45,000 claims.

We also found weaknesses associated with processing Notices of Disagreements for appealed claims, correcting errors identified by VBA's Systematic Technical Accuracy Review Program, ensuring timely and complete Systematic Analyses of Operations, and processing claims-related mail. Additionally, VARO staff did not always safeguard veterans' personally identifiable information or make timely final competency decisions for beneficiaries unable to manage their affairs. We recommended the Acting Under Secretary for Benefits:

1. Work collaboratively with the Under Secretary for Health to ensure that all clinicians performing traumatic brain injury compensation and pension examinations complete the new training for traumatic brain injury available in the VA Learning Management System under VA Item Number 7833, Compensation and Pension Evaluation Program Traumatic Brain Injury Examination.
2. Develop and implement a strategy for ensuring the accuracy of decisions on traumatic brain injury claims, prior to finalizing benefit payments.
3. Collaborate with the Veterans Health Administration to develop and implement a mechanism to ensure that when a veteran has a mental disability co-existing with a traumatic brain injury examination, medical examiners clearly state in their examination reports which emotional/behavioral signs and symptoms are related to which disability.
4. Develop a clear and measurable standard for timely completion of competency determinations.

Mr. GRIFFIN. There are a number of areas where we have taken issue with the processes. For example, if regional office in Chicago seems to be busier than some other neighboring office they may broker some claims to another regional office.

Mr. BISHOP. San Diego?

Mr. GRIFFIN. But, if you are being held to a standard of production and you have a bunch of—claims that are 12 inches thick with documents going back to World War II and Vietnam, and you need to shuffle some claims off to somebody else, those are the ones that get shuffled off. You will keep the grounders, that you can handle more expeditiously.

Mr. CULBERSON. Well, if you can share those with us, that would sure be very helpful—let me ask one other one, Sanford, then I will turn it over to you—and I have other questions for the record that I will submit.

REUSABLE MEDICAL EQUIPMENT

But in particular, I wanted to follow up on the 89 percent compliance rate. Did you say it was about 89 percent compliance on cleaning equipment, on maintaining a standard of care that you would expect in a professional doctor's office?

Dr. DAIGH. We are going to put out a report—that is going to highlight—with respect to the compliance with RME standards. There were several hospitals with 100% on average about 89 percent of the time, the hospital got that particular task correct.

Dr. DAIGH. I have a summary in my hand—and I will provide that—

Mr. CULBERSON. The VA in Houston has got to be one of your best, I would—certainly hope. You didn't find any problems with them, did you?

Dr. DAIGH. Sir, they are on the list. There were a few issues that—

VA PHYSICIAN LIABILITY

Mr. CULBERSON. Are they? Okay. Well, I look forward to seeing it, because it is just not acceptable. Doctors that work at these VA facilities are licensed by the state of Georgia, by the state of California, by the state of Texas. How and why aren't they being subjected to the same sort of disciplinary actions that a doctor in Georgia, or California, or Texas, in the private practice—are they exempt, as Ms. McCollum said?

Is there any sort of a force field around a doctor working at a VA outpatient facility? Is he shielded from liability or from potential disciplinary action by the medical society of his state because he is working on a veteran?

Mr. FARR. No, but you are shielded by—doctors on salary working for—

Mr. CULBERSON. I was trying to follow up on what Betty asked, because I am wondering—as a lawyer,—are these doctors shielded in any way from either penalty or liability or?

Ms. REGAN. I thought the question was state statutes that applied to state medical facilities that were licensed—and they don't usually. It is the government law that is there.

On the other hand, when it comes to, for example, malpractice, which is I think what you are talking about. Within the VA quality assurance program. If they find a particular provider is not complying with the rules, then they can take disciplinary action, they can reduce privileges, and they have a requirement to report to state licensing facilities.

Mr. CULBERSON. The VA hospital can do that?

Ms. REGAN. Right. Oh, absolutely. And, for example, if there is a tort claim, as you know, the government is the defendant, not the individual doctor. But there is an agreement between them and the national provider database, where if they find that the physician was at fault, the government paid the claim, they do report them to the physician database.

Mr. CULBERSON. The negligence standard that you have to prove in a tort claims act—is much higher, isn't it?

Ms. REGAN. It is usually.

Mr. CULBERSON. It is simple negligence case against a private practitioner in private court. In Judge Carter's court, for example, in Williamson County, it would be simple negligence. What is the standard you would have to prove against a doctor in a VA facility—under the Tort Claims Act?

Ms. REGAN. Under Tort Claims Act, the standard of care is the standard of care for the community.

Mr. CULBERSON. Right—

Ms. REGAN. The Government must follow state law in determining the standard of care. There is no federal standard of care.

Mr. CULBERSON. As to the standard of care—negligence, isn't there a higher bar to get over? I think the Tort Claims Act as a general rule limits your liability, for example, and you have to show—don't you?

Ms. REGAN. The Tort Claims Act waives sovereign immunity and establishes a process for filing a negligence claim against the government—

Mr. CULBERSON. The negligence standard would be the same as it—

Mr. BISHOP. It is a local standard?

Mr. CULBERSON. Local standard.

Ms. REGAN. Right. Yes, that is why when the cases are filed, the Government looks at state negligence laws for the level of proof.

Mr. CULBERSON. Okay.

Ms. REGAN. It also doesn't matter where the physician is licensed. VA physicians—have to be licensed in a state, not necessarily the state they are currently working in.

Mr. CULBERSON. Okay, so they are subject to the same standards of liability that any other doctor would be in that state?

Ms. REGAN. Right. Now, the other side of it is, a lot of our physicians with specialties are under contract. If they are under contract, they are independent contractors, and the contractor is liable for any negligence. So they would have their standards of care. For example, a lot of our contractor doctors are independent contractors, so they have to follow their standards. They set up their standards practice—

Mr. FARR. But some of those doctors aren't going to become VA doctors—

Mr. CULBERSON. Well, that is all going to be explored, because Sam may be right. I want to make sure I understood that the standard is subject to the same types of litigation, for example, for negligence, disciplinary action by the state licensing board, as any other doctor or anesthesiologist, or if they are licensed as a medical technician, they are all subject to the same standards as they are out in the private sector.

Ms. REGAN. It is just a matter of how it gets there. I am not sure the state licensing board can come in and investigate a VA physician.

Mr. CULBERSON. Okay.

Ms. REGAN. But VA does refer physicians. For example VA has withdrawn privileges VA would report the change to State licensing authorities.

Mr. FARR. I am familiar with the clinics and hospitals in my region.

The feeling there is that the quality of care in VA clinics and the VA hospitals is so above private care—because people show up on time. Everything—they get top-quality care.

JOINT DOD-VA FACILITIES

Mr. CULBERSON. Yes, let me recognize Mr. Bishop.

Mr. BISHOP. Yes, let me just follow up on that. In our region—we get a lot of complaints from veterans about the quality of care at the veterans hospitals. One of the reasons that I get pushed whenever I have town hall meetings is because they don't like going to Tuskegee, which is 40 miles away. They don't like having to go to Florida.

And so a lot of them have asked, why can't we go to a VA hospital or DOD facility? And we have been pushing trying to get collocation as you have in a few other areas—where you have joint locations for VA hospitals and DOD facilities.

And it would be helpful to a lot of those folks to get it. They complain about the care at Tuskegee. They complain about having to drive to Montgomery and the quality of care there.

Mr. FARR. The VA has the greatest system in the whole world, but that is because they had 400 beds—excess capacity all the time, and there was basically—shut that place down and shut the hospital down and—drive 100 miles.

But, Sanford, I think there are two things here. Most guys in the military love the military. Go out to Bethesda and look how many people there. The old people there aren't on active duty. They are all retirees. And they love that kind of military environment. So far—

Mr. GRIFFIN. In North Chicago there is a combination of DOD-VA facility, which took some manipulation of—medical records and issue to make it work. It might be something to build upon.

Mr. BISHOP. Isn't there one in Texas, also?

Mr. GRIFFIN. I am sorry?

Mr. BISHOP. Isn't there one in Texas, also?

Mr. GRIFFIN. There are some other Las Vegas.

Mr. CULBERSON. On the base?

Mr. GRIFFIN. On the base.

Mr. CULBERSON. On the base—Fort Bliss.

Mr. GRIFFIN. Anything is possible. It is just—what they are looking at in North Chicago as a test case, you have young military families—coming in there, and VA's portfolio—PTSD—things like that.

So it is a whole separate area of care that they have been doing in the recent past.

Mr. BISHOP. So now with the military having more women, they will be more susceptible—same kinds of treatment—

Mr. GRIFFIN. We found that the women veterans in our study are using the VA more frequently than the male veterans.

MEDICARE RATES FOR CONTRACT CARE

Mr. CULBERSON. Let me ask you a couple other quick ones. The VA is apparently using the Medicare standard—rates for services it contracts for and that are—typically—lower than what VA has been paying. The question—why shouldn't the VA use—Medicare rate for all the services it provides in outpatient facilities? And what kind of savings would that result in?

Ms. REGAN. VA would need legislation.

Mr. CULBERSON. Statutory rate?

Ms. REGAN. Medicare would have to be the—statutory price to have non-VA providers accept Medicare rates for VA Contractors will argue it is not enough money, but they have to remember VA pays 100 percent of Medicare not only 80%. In our contract reviews for health care resources, we are using Medicare rates as fair and reasonable price recommendations.

But when contracting for healthcare services VA needs a statutory change mandating that VA will pay no more than Medicare rates.

Mr. CULBERSON. And if we did such a statutory fix, have you all looked at or thought about what type of savings it would—

Ms. REGAN. Our reports identify potential savings. I can give you a better figure. A lot of contractors are asking for 200 percent of Medicare or 175 percent, even when providing services at VA

Ms. REGAN. I have to get those figures.

Mr. CULBERSON. Would you break that out and see what happens if we follow the Medicare reimbursement rate for all of those contracted services? And anti-fraud efforts that they are pursuing in Medicare, any lessons learned there, things that we could do in the pursuit of fraud?

Mr. GRIFFIN. You probably saw in the press a week or 2 ago—doctors who were defrauding the Medicare program. The inspector general's office at HHS was involved in those arrests. And our criminal investigators have regular liaison Contact with them.

So we have asked them to provide us with the names of all of the doctors they arrested to see if any of them were providing fee-basis care to veterans to see if they might have sent fraudulent bills to the VA.

So we do maintain the liaison with the different I.G. organizations and with the traditional law enforcement agencies, so when you have a situation like that involving fraud, we can make sure we are sharing information.

Mr. BISHOP. That hasn't been a regular-inquiry for you in reviewing the cases.

Mr. GRIFFIN. We have information that comes to us from a number of different sources. We work jointly with all of our colleagues.

Actually, we had a meeting last week with people from HHS, share best practices in data matching. There is a commonality in our health care fraud work so we do work with them consistently.

OVERPAYMENTS

Mr. BISHOP. My question really goes to whether—not necessarily—the agencies, look at those vendors who provide those—services to—payments—for reimbursement. And do you routinely review those—

Mr. GRIFFIN [continuing]. Fee-basis—

Mr. BISHOP. Right.

Mr. GRIFFIN. We identified the overpayments. We told the department to go back and get them. If the VA received a bill from the hospital, it included the hospital's facility fee, and a charge for the doctors, that would have been okay if that was the only bill that came in. The problem we identified was when a second bill came in from the doctor's office, and the people who were accountable for matching things up and paying those bills didn't see it. So the doctor's group got paid twice.

Mr. BISHOP. So it was the doctor, not the hospital?

Mr. GRIFFIN. You have to look at the totality of the occurrences to try to determine if the receipt of the second bill was an administration error or an attempt to defraud the VA.

Mr. BISHOP. Was there anyone indicted last year for improper billing Medicaid?

Mr. GRIFFIN. Sure. And we have—we have a lot of revenue that comes in from cases where an employee of the doctor's office or an employee of a pharmaceutical company will contact us and say, "My boss is doing off-label marketing of this drug," or, "They are selling drugs that aren't FDA approved, and they have made \$100 million in revenue from these sales." The source may get a percentage of any penalties. So there is an incentive for people to come forward. We also put an icon on our website letting people out there know we have an award program in the I.G.'s office, because frequently we will get a phone call from a neighbor who says my neighbor is supposed to be 100 percent disabled and he is out mowing his lawn.

That is information we need to have. It is a really easy case to make. And if people will share information—it is worth the taxpayers' money to give them a little reward.

Mr. CULBERSON. Reward for identifying—

Mr. GRIFFIN. Right.

Mr. BISHOP. That is interesting.

QUI TAM SUITS

Mr. CULBERSON. Follow up on that, what is the potential for qui tam suits, which are pretty effective in going after Medicare fraud cases, where the individual could file a private litigation and essentially be entitled to a piece of the recovery for the taxpayers in a qui tam litigation? Is that available.

Mr. GRIFFIN. It is available. And we have worked those in two different fashions with the U.S. attorney's offices around the coun-

try. Some of them are criminal cases and some are civil. And over the many years—looking at contracts and looking at pricing for drugs and what have you, we have established an excellent network with the prosecutors at DOJ.

And when we can identify that there was off-label use of a drug that was not authorized, we can go into the database in VA and say, okay, VA purchased \$50 million or \$10 million, of this drug from this company which was used for off label purposes.

So when they get prosecuted we can say we need \$10 million to cover our losses here. And when it becomes a criminal case, they can be made to pay double or triple damages and then there are criminal penalties and fines that can be assessed as part of their sentence. So there a lot of different ways to handle these cases.

Mr. CULBERSON. So the VA doctors, the health care providers, the professional people, the anesthesiologists, all the other service providers, they are held to the same standard of care as they would be in a private facility, they are subject to the same liability as they would be in the private facility, they are subject to the same penalties from the state licensing entities as they would be in a private facility.

And you have qui tam available. You have your reward system in place.

ACCOUNTABILITY AT THE INSTITUTION

Circling back to what you said earlier, I just want to reaffirm, because it does sort of drive home a point is leadership and accountability within the institution itself—the individual hospital—the root of a lot of these problems?

Mr. GRIFFIN. Well, we have a huge decentralized health care system. We have those 150 hospitals. We have more than 800 clinics. You have people in veterans health care administration who feel like they are the health care experts, so they should be able to decide what products they need to buy in order to provide quality health care.

You have an acquisition staff that are buying so much more of this than anybody else. And sometimes, it becomes a little turf issue between those two different disciplines. You are the contracting officer and the health care professional tells you, “I don’t care what is on the schedule. Get me this,” and you go out and get it on the open market a pay a premium.

In some instances, we found the item was on the Federal Supply schedule, but they didn’t check it. Maureen and her staff have been engaged for the past, 12 months in providing training to VA staff at the acquisition facility in Frederick, Maryland. They are giving them the benefit of all our years of experience reviewing VA contracts.

And trainees are very pleased to have the information.

Mr. CULBERSON. Right. Well, I hope, as part of your report, that you are addressing setting out what is the gold standard, these institutions really do a good job, and here is why. Is that a part of your report, I hope?

Dr. DAIGH. We are going to identify the hospitals that we looked at, the issues that we looked at to make sure that what’s supposed to happen, happens in the system as a whole.

Mr. CULBERSON. So—all the hospitals in the system around the country?

Dr. DAIGH. Last year, I went to 53 facilities.

Mr. CULBERSON. You got them all?

Dr. DAIGH. We got all 53 this year.

It is a third of them. And I think it is—it gives a good representative sample of what is happening——

Mr. CULBERSON. Okay. Well, we will have—questions—for the record. You have been very generous with your time, sir, and we deeply appreciate your service——

Mr. GRIFFIN. Thank you.

Mr. CULBERSON [continuing]. And the work that you do. Thank you very much.

[The information follows:]

[Questions for the Record submitted by Chairman Culberson follows:]

Non-VA Fee Care Program

Question

1. Should the VA think about using outside contractors to administer non-VA fee payment like the Medicare program does rather than using VA employees?

Answer

We believe that VA should conduct a comprehensive assessment of alternatives and a cost/benefit analysis to facilitate sound decision-making to include consider using outside contractors to process non-VA fee payments like the Medicare Program. The current fee payment system is vulnerable to improper payments and is inefficient in processing fee claims. Our audit on Non-VA Outpatient Fee Care Program found that VA improperly paid 37 percent of outpatient claims, and our audit on Non-VA Inpatient Fee Care Program found VA improperly paid 28 percent of inpatient fee claims. We also reported that VA needed to reduce their high fee claim processing cost and the number of days to process a claim. At the time of our report VA paid about \$8.00 a claim and processed only 61 percent of their claims within their 30 day performance standard.

TRICARE, the Department of Defense's health care program, contracts their payment processing to outside contractors, as do other Federal, state, and public and private health care organizations, such Medicare, Medicaid, HMOs, and other hospital systems. TRICARE contractors process about 75 percent of their claims electronically, which is more efficient in terms of cost and time. VA recently implemented one of our recommendations to adopt the Medicare payment methodology for outpatient health care claims, the Medicare Prospective Payment System (PPS). With this change, VA becomes more similar to private health care organizations in their payment methodologies. This should make using an outside contractor to process non-VA fee payments a more attractive alternative to consider.

Judging VA Hospital Productivity

Question

2. With 153 major hospitals in 21 regions, all operated independently, I imagine there is considerable variability in the number of nurses and doctors used to staff a department or a hospital floor and the associated cost to run them. What productivity measures does VA have in place to judge the relative efficiency of its hospitals? Do we know if one VA staffing model is more efficient than another?

Answer

VA medical centers are very complex entities, each with a different mix of health care and social programs. At the level of the individual physician who is practicing medicine, VA is able to judge productivity of primary care providers through the primary care panel size and measure the productivity of some specialty physicians through an analysis of

their specific workload. With respect to physician time, there is the additional issue of how much of total physician time is devoted to patient care as opposed to administration, teaching, research, or other activities. Staffing standards for nurses exist at all medical centers but due to differences in patient needs and the physical layout of clinics, the standards are not the same for each VAMC. We plan to begin a review of the Veterans Health Administration's (VHA) management of physician productivity in fiscal year (FY) 2012.

Management of VA Community-Based Clinics

Question

3. Your testimony indicates that your office has found that the quality of care in VA community-based outpatient clinics (CBOCs) that are run on a contract basis is equivalent to the care provided in VA-operated CBOCs. But you indicate that there is not standardization in CBOC contracts or cost controls. Since this is an expanding component of VA health care, it will be important for VA to strengthen its management of CBOCs. What steps do you recommend that VA take?

Answer

CBOCs require specific attention due to their distance from the parent facilities, the growing numbers of veterans seeking care from CBOCs, and VHA's overall financial investment in this health care delivery model. VHA needs to develop standardized guidelines, processes, and monitors to ensure the Veterans Integrated Service Networks (VISNs) and all of their medical facilities provide CBOCs adequate oversight. At the national level, VHA must develop reliable national CBOC data and analytical tools that at a minimum give it the means to identify CBOCs and to analyze and compare their workload and operating costs. In addition, VHA's Office of Quality and Performance monitoring systems need to be expanded and refined to specifically include CBOC specific samples of patient data, not just samples of comingled parent facility and CBOC information, so that CBOC-specific trends and problems such as potential gaps in VA and contractor-staffed CBOCs can be identified. Similarly, VHA program offices that implement national programs or health care initiatives, such as traumatic brain injury and military sexual trauma screenings, must ensure VHA delivers one standard of care across the Nation and that all program requirements are effectively communicated to and implemented at CBOCs, not just the parent facilities. Finally, VHA needs to ensure that VISN offices develop CBOC monitoring policies and address CBOC performance in VISN medical facility reviews and that the medical facilities develop local CBOC monitoring policies and procedures to consistently monitor and evaluate CBOC operations and performance.

Privatizing Claims Processing

Question

4. My first reaction to the problems that VA has had processing disability claims accurately and timely is that VA should privatize claims processing – give

it to some private sector organization that has experience managing enormous data sets and developing software to standardize claims decisions. Would that be a bad idea?

Answer

We see several obstacles to successfully privatizing VA's claims processing operations. First, VA must review and consider whether the work represents an inherently Governmental function before it could even consider privatizing the Veterans Benefits Administration's (VBA) claims processing functions or selected aspects of the claims processing activities within the overall process. VBA's claims processing includes adjudication activities and authorization actions that bind the Government to pay and disburse substantial financial benefits. This work frequently requires the interpretation of complex case law, especially when veterans exercise their appeal rights and claims decisions involve a review of unique facts. Based upon the current Office of Management and Budget (OMB) guidance, we see that many of the significant activities needed to process VBA's medical disability claims meet OMB criteria to be considered inherently governmental functions.

Second, privatizing the processing of claims would present several complex challenges for a contractor attempting the task, such as ensuring the availability, expertise, and readiness of its personnel. Several years are required for a person to gain a thorough understanding of the complex nature of the laws and regulations governing veterans' benefits. In fact, VBA frequently acknowledges that it take almost 2 years to gain the experience to rate a disability claim. No specific educational background or single training session could expeditiously prepare someone to process this type of work. VA has the infrastructure, institutional knowledge, and job training programs in place to maintain a workforce capable of processing claims. It would take the private sector years of significant effort and expense to develop a workforce capable of processing the significant volume of claims accurately and timely.

The private sector would inherit VBA's challenges with information technology and systems. VA has developed and implemented several complex software systems related to processing claims. These systems were designed, among other things, to address the laws and regulations related to processing claims, track claim folder locations, and protect veterans' personally identifiable information. Claims decisions, however, still require personnel to manually review evidence against complex criteria. Software development to automate and standardize claims decisions, if successful, could play a big part in VA's efforts to reduce the backlog of disability claims, whether Government or contractor employees are used.

Finally, privatizing the processing of claims would require VA to establish complicated contractual arrangements. There are activities within claims processing functions that would benefit from contractors performing services. Contractors can, and have, participated in performing compensation and pension (C&P) medical exams, developing and maintaining software suites to process claims (VETSNET), and scanning documents into Virtual VA. However, new contracts would cover specific terms of performance and would require renegotiations. Monitoring contractor performance to enforce the contract terms would also be difficult and expensive, along with potentially increasing overhead costs to meet future processing requirements.

Oversight of VA Post 9/11 G.I. Bill Student Aid

Question

5. I imagine you are aware of the scrutiny that the for-profit college industry is receiving due to the high volume of Federal student aid it receives and the low graduation rates and questionable recruitment practices of some of its members. That scrutiny has extended to the VA Post 9/11 GI bill benefits program. In the first year of the program, \$640 million of the total \$1.75 billion paid out for tuition went to these for-profit schools. We understand that Secretary Shinseki has suspended or withdrawn eligibility benefits for a number of these schools after compiling information about their erroneous, deceptive or misleading practices. What steps is your office taking to investigate the extent of this problem and recommend safeguards to the VA?

Answer

We have not received any criminal allegations regarding for-profit schools; however, our Assistant Inspector General for Investigations has made arrangements with his counterpart at the Department of Education (ED) OIG to share information about for-profit schools under investigation by the ED OIG to determine what VA funds have been expended at a particular school and, if so, determine if we have reason to join the investigation. We have a history of establishing this type of mutual notification with the Federal Bureau of Investigations regarding violations of the *Stolen Valor Act* and it has proven useful in uncovering benefits fraud.

Managing VA IT Development

Question

6. I know your office is conducting an audit of the Program Management Accountability System (PMAS) that the VA Office of Information and Technology is using to manage VA IT development efforts. Do you think the PMAS construct of managing capital investments with performance milestones tied to funding will be adequate to correct the problems that have plagued IT development in the VA?

Answer

Although the Office of Information and Technology (OI&T) has made progress in establishing PMAS, a great deal of work remains to be done. Many of the actions taken by OI&T, such as the development of a prototype PMAS Dashboard, have only recently become operational. In addition, key management controls, such as independent assessments of PMAS outcomes and compliance reviews needed to ensure that PMAS is operating as intended have not yet been established. VA will not realize the intended benefits of PMAS until it is fully implemented with the procedures, management controls, accountability, and discipline needed to ensure that project managers routinely deliver IT development projects that meet cost, schedule, and performance goals. The Strategic Asset Management (SAM) project clearly shows that PMAS is not yet where it needs to be. VA awarded a task order for the SAM project valued at approximately \$8 million on April 21, 2009. The period of performance for the task

order was 12 months. Modifications increased the value of the task order to over \$20 million, more than doubling the value of the task order and the period of performance. VA's CIO suspended SAM in March 2011—only weeks before it was scheduled to go live—after the project received its third strike for failing to meet a delivery milestone. Despite SAM's troubled history, the PMAS Dashboard continued to show all aspects of the project in a green status. In fact according to Dashboard reporting, the project was on track right up until the day it was suspended. In addition, the Dashboard indicated that the project had not received a single strike when in fact it had already received two strikes prior to its suspension. Finally, Dashboard reporting did not reflect that the project had incurred significant cost overruns and schedule slippages. In addition, the success of PMAS is dependent upon OI&T's success in strengthening the capabilities of its project manager workforce. OI&T has long maintained that it does not have enough competent project managers. Until OI&T establishes a strong project management capability through hiring and training efforts, the success of PMAS will be at risk. In addition, OI&T has not developed a standard methodology Program Managers can use to ensure compliance with requirements in the PMAS Guide to link project increments to the IT operating plan and to track actual costs for each IT development project. VA's cost accounting processes currently only allow OI&T to track obligations for each project rather than actual costs incurred.

Question

Does the VA effectively provide substitute system capabilities when PMAS cancels or suspends IT projects?

Answer

According to OI&T officials, in most of those cases where a capability does not already exist, VA will not be able to readily provide substitute system capabilities when a project is canceled or suspended. For example, when VA cancelled the Financial Logistical Integrated Technology Enterprise (FLITE) program, VA's CIO determined that VA could fix its financial management weaknesses by addressing the systems that feed into VA's financial management system. Instead of developing one comprehensive system (FLITE), VA is focusing its efforts on smaller projects that have less risk and a greater likelihood of success to ensure that it has accurate financial data being fed into its main financial management system. As for the logistics piece, SAM was supposed to address those issues.

OID Review of Construction Contracts

Question

7. You indicate in your testimony that your office has begun this year to conduct pre-award reviews of certain construction proposals. Can you give us a sense at this point of weaknesses that you've found in development of VA construction projects?

Answer

We have just begun pre-award reviews and reviews of claims relative to construction

contracts and do not have sufficient data upon which to base an opinion.

FY 2012 Budget – Reduction of Doctors and Nurses

Question

8. In its 2012 budget, the VA projects a decrease of 313 physicians and a 1,133 reduction in the number of registered nurses. This seems to be offset by equivalent increases in less-skilled nursing and non-physician providers. Do you think this staffing shift is justified by industry care standards or is it a costcutting measure?

Answer

In our discussions with VHA on this topic, it was unclear where in the VHA system of care, management or staff positions, these cuts in staff were to be made. It was also unclear where the additional staff would be added. VA would be better able to provide more specific information regarding the justification for the shift. We plan to review VHA's management of physician productivity in FY 2012 and will provide the Subcommittee with our report when it is issued.

[Questions for the Record submitted by Ranking Member Bishop follow:]

Backlog of Claims

Question

1. Mr. Griffin, the VA now has about 785,000 pending compensation and pension claims, many involving veterans returning home from war. Remarkably, this actually represents progress since the number was closer to 1 million cases a few years ago. What recommendations has the Inspector General made to the Veterans Benefits Administration (VBA)?

Answer

Since 2007, the OIG has issued 8 national reports that include a total of 41 recommendations to help reduce the backlog and improve the timeliness of VBA claim processing. We also expect to issue a final report on VBA's Compensation Program Claim Brokering in April 2011, which will include seven additional recommendations. (Claims brokering is the shifting or brokering of claims from veterans service centers (VSCs) to resource centers (RCs) or other VSCs to better align workload with staffing resources.) We are providing an attachment listing these reports and their recommendations. Further, the OIG has issued 16 benefits inspections reports on individual VA Regional Offices that included recommendations to improve aspects of claims processing.

Question

2. Mr. Griffin, according to your testimony "oversight continues to identify opportunities for VBA to improve claims processing timeliness and reduce claim backlogs." How receptive has the VBA been to IG recommendations?

Answer

Generally, VBA has been receptive to our findings and recommendations. We sometimes approach specific problems from a different perspective, but they are willing to take action once they see our data and agree that they have problems needing resolution. The attachment shows the actions that VBA has take on our recommendations.

Question

3. Mr. Griffin, Secretary Shinseki has set goals for the VA, such as having cases processed within 125 days and improving internal controls to reduce errors with claims. How would you rate the Secretary's success on achieving these goals?

Answer

We do not see a lot of progress in achieving the Secretary's goals. On August 31, 2010, Secretary Shinseki stated his goal of ensuring veterans receive a quality decision (98 percent accuracy) in no more than 125 days in FY 2015. In 2010, VBA reported processing approximately 37 percent of its rating inventory in excess of 125 days and rating accuracy of approximately 84 percent. As of February 2011, VBA reported

processing approximately 47 percent of the rating inventory in excess of 125 days and rating accuracy of approximately 83 percent. This constitutes a 10 percent increase in the number of claims rated in excess of 125 days, while the accuracy rate generally remained the same. As such, for the timeframes indicated we see no progress toward achieving the Secretary's goal. A number of obstacles, both known and unforeseen, have hampered VA's ability to achieve the Secretary's goals. These obstacles include an increased number of claims submitted by veterans that resulted from the changes in the rules for processing Post-Traumatic Stress Disorder (PTSD) claims and adding three new presumptive conditions associated with exposure to Agent Orange. The management of pension claims illustrates the problems with claims processing. Although Pension Management Centers (PMC) achieved some efficiency through an initial consolidation in FY 2002, PMCs were not prepared to process the significant addition of original pension claims, Dependency and Indemnity Compensation (DIC) claims, and other types of claims that were added to their workload in FYs 2008 and 2009. An increase in the overall number of claims, partly due to the failing economy, along with a significant number of newly hired, inexperienced staff, has resulted in untimely claim processing and delayed identification and collection of overpayments. In addition, PMCs did not prioritize and process Income Verification Matches in the same expeditious manner as original claims. There is a performance goal associated with processing original claims but no goal associated with the processing of IVMs.

Question

4. Mr. Griffin, while progress is being made the system clearly remains overwhelmed, especially with so many more veterans coming back from Iraq and Afghanistan and with the VA now accepting older cases involving Agent Orange it can only get worse, do you believe that the Secretary is taking the appropriate steps to deal with this influx of veterans who will be relying on the system?

Answer

VBA's Claims Transformation Plan outlines initiatives to meet Secretary Shinseki's 2015 goal to eliminate all claims pending more than 125 days while increasing rating quality to 98 percent. More than three dozen initiatives have been launched, building upon selected, winning field submissions from the Innovation Competition announced by President Obama in August 2009. VA describes the focus areas of the plan as creating a culture of accountability, reengineering business processes, and deploying leading edge technology. The success of these initiatives remains to be seen, but VBA officials believe they are on track to start processing more claims than they receive early in 2012. The growth of VBA's claims workload is not showing signs of slowing down—in fact, VBA anticipates a 60 percent increase in compensation claims over the next 5 years. Factors contributing to this growth include the Secretary's establishment of three new presumptive conditions for Vietnam veterans, growth in the number of new veterans due to Operation Enduring Freedom/Iraqi Freedom/New Dawn, more complex medical issues, and more issues per claim.

The Transformation Plan includes a "hiring surge" by which VBA plans expand its current workforce by 2,000 employees to increase capacity to meet claims growth. VBA has reported significant progress (approaching 80 percent) in meeting this goal.

Recently, VBA introduced Disability Benefit Questionnaires (DBQ), which are streamlined medical information collection forms that can be used in place of traditional C&P medical examinations, late last year for use with the three new presumptive conditions. VBA has also introduced a Fully Developed Claims Program, which it describes as the "fastest means of getting a claim processed" and a Quick Pay Disability initiative to fast track payments to veterans who have submitted sufficient evidence to decide all or part of a claim. While these initiatives have the potential to help eliminate the claims backlog, taxpayer dollars are at risk if internal controls established for the initiatives are not adequate to detect and minimize the risk of fraud and claims processing inefficiencies. We are concerned about potential internal control weaknesses in VBA's new Disability Benefits Questionnaires process, which is one of the initiatives that VBA has implemented. We will conduct additional reviews to determine whether internal controls established by VA for the various initiatives are adequate.

Question

5. Mr. Griffin, one thing we all worry about is fraudulent claims, of the current claims backlog what percentage do you think are fraudulent?

Answer

We have no way of estimating, with any accuracy, the percentage of claims in the current backlog that are fraudulent. Since FY 2008, we identified over \$30 million in C&P fraud of which over \$16 million has been recovered. Currently, we have over 500 open cases involving allegations that people currently receiving VA monetary benefits may be doing so fraudulently.

Based on current work on the expedited roll out of initiatives, such as the use of DBQs and the implementation of the Fast Track Claims Processing System, we are concerned that VA may not have allowed adequate time to design and evaluate appropriate controls to detect and minimize the risk for fraud. For example, VBA will need to verify information on DBQs submitted by private physicians, including whether the DBQ was completed by an actual physician. We have not identified specific instances of fraud during the review; however, we will be making recommendations to improve internal controls while these initiatives are still in the early phases of implementation to reduce the risk of processing fraudulent claims. Also, it should be noted that due to resource limitations, we have not conducted assessments of other recent initiatives VBA has implemented to address the claims backlog.

Question

6. What recommendations has the IG made to VBA to eliminate fraudulent claims?

Answer

The Office of Inspector General is committed to conducting a variety of activities to identify, investigate and deter cases of compensation, pension, fiduciary, and education fraud. As part of the OIG's strategy, the Office of Audits and Evaluations conducts audits and inspections of VBA operations to ensure that controls in place are effective in

ensuring that veterans' benefits reach those who have earned them, and are not fraudulently paid out.

For example, in response to an OIG criminal investigation, we conducted a proactive review of VBA's large retroactive payments (\$25,000 and above) to veterans and other beneficiaries of VA funds. While large retroactive payments constitute less than 2 percent of all retroactive payments, they represent over 27 percent of all the retroactive funds paid out and amounted to over \$2.2 billion distributed from January 2005 – February 2008. We found that VBA's internal controls were not effective in identifying and preventing large retroactive payments that could be generated using fraudulent medical records. In response, VBA established procedures for conducting validation reviews of VHA medical records used to support decisions resulting in large retroactive payments.

Question

7. In August the VA started a pilot program in Rhode Island to test a paperless system and new procedures to improve processing of veterans' claims for disability compensation, how has the pilot progressed?

Answer

VBA began the Rhode Island pilot program for this paperless system (the Veterans Benefits Management System) in November 2010, later than the original August 2010 planned date. The target date for completion of the pilot program is May 2011. Specifically, the pilot will attempt to scan paper documents, create electronic claim folders, and develop the use of optical character recognition. The primary goal of the pilot is to test and refine the initial software to ensure that the software operates as intended.

As a result of the pilot's delayed start, we have not had an opportunity to assess the Rhode Island pilot project. We will begin a review of efforts to develop a paperless claims processing system and we plan to assess the success of the pilot initiative in FY 2012.

Question

8. Mr. Griffin, according to the IG semiannual report, 27 percent of benefit claims requiring a rating decision were processed in error. These errors involved claims related to PTSD, Traumatic Brain Injury, herbicide exposure-related disabilities, what recommendations have been provided to VBA to address this issue?

Answer

We have recommended that regional offices improve oversight of their quality assurance program to ensure staff process disability claims correctly, provide refresher training to ensure staff maintain necessary claims processing knowledge and skills, and coordinate with VHA to ensure medical examiners provide adequate medical evidence to support VBA's disability claims processing decisions.

FY 2012 VA Inspector General Budget Request

Question

1. Mr. Griffin, according to the FY 2012 budget documentation, the IG's initial budget request transmitted to the Secretary of Veterans Affairs was \$117.3 million, however, the request that was submitted to Congress was \$109.3 million, which is \$8 million below the IG's initial request. Can you please explain the \$8 million difference?

Answer

At the time we formulated our FY 2012 budget request, we proposed an initiative to expand our oversight of VA's homeless veterans and mental health programs. About \$3.8 million of the difference can be attributed to the exclusion of this initiative and the subsequent decision by the President to freeze Government-wide pay at 2010 levels. The remaining difference is attributable to the final OMB decision to set OIG's funding in the President's request at 2010 level.

Question

2. Mr. Griffin, was it the Secretary or OMB who reduced your FY 2012 budget request?

Answer

Our initial request to the Secretary was for \$117.3 million and included \$2.6 million for the veterans' homeless and mental health programs oversight initiative. The Secretary's budget request to OMB included \$114.8 million for OIG and did not include the initiative. After appealing the OMB passback amount, the final amount included in the President's request for the OIG was \$109.3 million.

Question

3. Mr. Griffin, obviously the IG thought his office needed \$117.3 million for FY 2012 to conduct proper oversight, please explain how the additional \$8 million would have been used if it were included in your request?

Answer

Our original budget request included funding needed to support the annual costs of current services for 600 FTE in 2012, and \$2.6 million and 12 FTE for an initiative to conduct new oversight work on veterans' homelessness and mental health programs. Resources at the current services level would have allowed us to continue the expanded oversight begun in 2010 and 2011 in such critical areas as VBA claims/benefits delivery, quality of contracted care, and information technology systems development and project management. We will now need to scale back some of the oversight work planned in these areas. Under the initiative, we would have added clinical staff to conduct focused evaluations of the various homeless-targeted treatment, housing assistance, vocational training, transition, and mental health programs VA has initiated or expanded in the past few years. In VA's FY 2012 budget submission, they show a total of over \$14 billion allocated to eliminate veteran homelessness for FY 2011, FY 2012, and FY 2013.

Question

4. Mr. Griffin, are there any concerns that your current request, if funded at that level, will hurt veterans in critical areas such as health care or claims processing?

Answer

VA faces many challenges today in meeting the growing demand for health care and benefits services for our veterans. The considerable increases in VA program funding over the past few years demonstrate that Congress has recognized the significance of these challenges and needs. If we are funded at the President's proposed level, then the OIG will continue to lag behind the continuing growth in VA funding and programs. Our mission is to help VA improve program performance and accountability. If our resources do not keep up with VA program growth, then OIG oversight may fall short of what is needed. As a result, VA may miss opportunities to improve services, correct deficiencies, and achieve savings in its programs, which could increase risks for veterans in critical areas such as the quality of health care; the quality and timeliness of claims processing for monetary benefits; and the transition to civilian life for the latest generation of veterans.

Post 9/11 GI Benefits Overpayments

Question

1. Mr. Griffin, as you know due to a processing claim backlog the VA offered emergency payments to provide relief to veterans affected by the untimely processing of claims. What were the reasons for the claims backlog? Was it that the program was so popular that all who were eligible or thought they were eligible applied for it?

Answer

Claims backlogs were caused by the excessive amount of time required to process individual claims. VA also did not hire and train enough staff to manage the peak workload resulting from the new Post 9/11 GI Bill program. VA recognized that enhanced automation was needed to better support claims processing. However, VA was unsuccessful in its initial efforts to procure a commercial solution to implement the Chapter 33 program in the timeframe allotted. VA subsequently pursued an interim solution based on in-house modifications to existing VA information systems. Because of limited IT development resources and project complexity, the interim solution software could only provide basic functionality and required extensive manual actions by an inexperienced workforce. As a result of the claims backlog and the challenges to overcoming it, VA issued emergency education payments to provide relief to veterans.

Question

2. Ms. Finn, according to the IG report regarding Post 9/11 benefits the VA inappropriately provided 35,000 emergency payments totaling approximately \$103 million to ineligible military service members and veterans who did not participate in VA's education programs? What steps have been taken to recover this money?

Answer

VA posted the advance payments to recipient accounts as debts. Debt notification letters were sent to payment recipients, along with options for settling the debts. These options included offsetting the debts with ongoing VA benefits, payment arrangements, payments in full, requests for compromises such as participation in a VA work study program, disputing the debts, or asking for waivers. For delinquent debts, VA's Debt Management Center has the option of referring them to the Treasury Offset Program (TOP) for tax offset. Treasury can also collect the debts from other Government payments, such as Social Security benefits. Further, VA can pursue litigation to recover debts through its General or Regional Counsel. VA would have additional information on their efforts on this matter.

Question

3. Ms. Finn, in addition to those incorrect payments the VA also provided 2,700 emergency payments worth \$8 million to service members who were enrolled in VA education programs, but who did not meet VA criteria for emergency payments. My question is twofold, first why were payments made to individuals who were ineligible and secondly what steps have been take to recover this money? To date how much money has been recovered and how much will not be recovered?

Answer

VBA began the emergency payments with little notice and limited time to plan and consider options on how to proceed. Unclear communication concerning service members' eligibility and a lack of controls to validate school enrollments contributed to improper payments to ineligible recipients. As word of the emergency payments circulated in the military, it reached service members who had not previously applied for VA education benefits and were likely less familiar with eligibility requirements. As previously stated, to recover the advance payments, VA sent debt notification letters to the payment recipients, along with options for settling the debts. We have not performed audit work to assess VA's recovery efforts, but VA officials report considerable progress in recovering the debts. As of March 9, 2011, senior VBA managers stated they had collected over 74 percent of the total advanced payment dollars issued. These officials said they had collection actions ongoing with 90 percent of the payment recipients. Of the 90 percent, 53 percent of the individual payments had been totally collected and 37 percent had been partially collected. VBA is continuing efforts to collect from the remaining 10 percent of the payment recipients. We will assess VA's progress further during a planned audit of VA's debt management functions in FY 2012.

Question

4. Mr. Griffin, as the VA rushed to plan and implement the emergency payment initiatives to prevent further hardship to students affected by delays in processing claims during implementation of the Post 9/11 GI Bill. Why was there no contingency plan in place for emergency payments?

Answer

Senior VBA management maintained that they would meet the requirements for program implementation and make education payments on August 1, 2009. They did not have a contingency plan that included emergency payments.

Question

5. Mr. Griffin, the IG report recommended that the Under Secretary for Benefits develop a contingency plan for future advance payments that includes clear communication on service member eligibility and controls to check for eligibility. Has the Under Secretary completed this plan and if the Under Secretary has completed it has the IG been able to review it?

Answer

In response to our recommendation, the Under Secretary completed the Emergency Payments Plan, dated September 28, 2010, and provided a copy to the OIG on September 30, 2010. Based on our review, this contingency plan included communication and eligibility requirements. As such, VBA met the intent of our recommendation and the recommendation was closed on November 5, 2010.

Veterans Exposed to Unsanitary Conditions

Question

1. Dr. Daigh, in addition to what happened at the Cochran Medical Center, a similar problem was reported in Dayton, Ohio, and in 2009 similar incidents were reported in Miami, Florida, Augusta, Georgia, and Murfreesboro, Tennessee. First what can you tell us about Dayton, Ohio, and second why is the VA struggling with this issue?

Answer

The OIG cannot comment on Dayton specifically at this time. A report on the Dayton Dental Clinic will be published in mid-April of this year and we will provide the Subcommittee with a copy when it is issued.

The presentation of properly reprocessed reusable medical equipment to the site of health care delivery within the hospital is an industrial process that requires attention to detail, clear measures of performance, and dedication to achieve a zero defect environment. Effective leadership is required to achieve the desired result of no procedure being performed with improperly reprocessed equipment. The steps required to reprocess this equipment and measure the status of reprocessed equipment can be improved through a coordinated effort by health care providers, industry, and regulators to modify the medical equipment and reprocessing methods with the goal of reducing the chance of error. I believe that VA struggles with this issue because of the sheer size of VA and the complexity of the issues involved.

Question

2. Dr. Daigh, has the Veterans Health Administration (VHA) taken the necessary actions to address these issues?

Answer

The quality of care imperative is that no patient comes into contact with reusable medical equipment that has not been reprocessed correctly. VA's patient safety program emphasizes that any procedure should not go forward if there are concerns by any member of the team that patients will be placed at risk. A properly functioning hospital should cancel a procedure or shut down a clinic if required to ensure patients are protected.

VA leaders are focused on the issues surrounding the reprocessing of reusable medical equipment and have taken important steps to systematically address these issues. The elimination of this problem will require zero defects in a very complex environment. We believe that VA has taken the required actions necessary to address these issues. We also believe that these issues will continue to occur because new equipment and people are constantly introduced into these complex processes.

[Questions for the Record submitted by Congressman C.W. Bill Young follow:]

Question

1. The President's 2012 Budget Request increased overall VA funding by about 4 percent and discretionary funding by 11 percent from 2010 levels, but OIG funding would remain at about the 2010 level. What will be the impact on OIG operations if you are funded at this level?

Answer

After a funding transfer to support the Council of the Inspectors General for Integrity and Efficiency and other transfers of financial responsibility from VA to the OIG, the amount available to support direct OIG operations in FY 2012 will be less than the levels of FY 2010 funding and the President's FY 2011 Budget Request. At the requested funding levels, OIG funding will have lagged behind VA funding increases by 35 percent for the last 4 years.

At this reduced level of resources, OIG may have to reduce staffing by up to 15 FTE from planned levels. OIG will be able to meet its statutory and mandatory oversight work requirements but will have to further triage reactive oversight work requested by Congress and the Secretary.

Question

2. The OIG devotes a great deal of attention to the quality of care provided by VA. Please comment on the quality of care provided to veterans by VA.

Answer

VA provides very high quality medical care to veterans when compared to the medical care provided by other large networks of care. VA leads the Nation in monitoring the quality of medical care at each of its medical centers, as evidenced by the publicly available data from the Aspire system (www.hospitalcompare.va.gov/aspire). VA quality management and patient safety programs are models for the Nation. VA has taken important steps to limit the procedures that are permitted at each hospital to those that can be fully supported by the hospital given the capabilities of the staff and services. This does not mean that VA is free from challenges. Over the last few years, VA has improved the data used to support credentialing and privileging actions. VA must provide one high quality standard of care in all areas of the United States. This mission requires VA to adjust to the variable resources available from the private sector in fulfilling its mission and increases the challenge to provide high quality medical care in all locations across the country. In any ranking of hospitals, there is always a group that needs to improve to achieve expected results. This is true in VA, where those in the lower quartile need to improve to meet the high standards of the mean. VA is currently working to improve processes related to ensuring that reusable medical equipment is provided to the clinician in the proper condition. There remains work to be done to minimize the risk that veterans are exposed to improperly reprocessed equipment.

[Questions for the Record submitted by Congressman Farr follow:]

Post 9/11 GI Bill

Question

1. Did Congress appropriate enough money to administer the Post 9/11 GI Bill claims?

Answer

We did not assess whether Congress appropriated enough money to administer the Post 9/11 GI Bill claims. However, we believe VA faced a major challenge in developing within approximately 13 months a new, highly complex eligibility and payment system for claimants to receive benefits under the new program. In addition, VA had significant challenges given the limited processing capacity of its education workforce, inadequate communication about the implementation schedule for the program, and problems in IT development, including a combination of tight schedules, minimal software development staff, and multiple concurrent development phases.

Question

2. Did VA adequately manage its resources to implement the Post 9/11 GI Bill program? Why or why not?

Answer

We believe VA could have improved its resource management to implement the Post 9/11 GI Bill Program. The program significantly expanded education benefits for qualified persons beginning with the Fall 2009 school term. However, due to a claims processing backlog and challenges implementing the new program, VA issued 122,000 emergency payments to prevent further hardship to students affected by delays in processing education claims.

A lack of sufficient, experienced staff contributed to the claims processing delays. By February 2009, both the OIG and Booz Allen Hamilton, consultant to the Secretary, had questioned the adequacy of VA's staffing plans and supporting analysis. In initial staffing plans, VA underestimated its need for additional personnel due to several faulty assumptions, including estimating staff levels based on annual workloads rather than peak season workloads, erroneously counting headquarters personnel in calculating the staff needed to directly process claims, and not using realistic estimates of the time inexperienced examiners needed to work claims or the time required to train new examiners to work independently.

In addition, limited software functionality hindered VA's processing of initial Post 9/11 GI Bill claims. VA initially sought a high level of automation to meet the new need to calculate multiple benefit payments per student enrollment. However, VA was unable to obtain adequate contractor proposals to develop and deliver a highly automated system within the 13-month timeframe allotted. VA's interim solution provided limited functionality and relied on claims examiners to perform extensive manual procedures to process claims. In 2010, VA implemented the first four phases of its long-term solution (LTS) for full automation of education claims processing; the Department is currently

enhancing the LTS to address automation enhancements imposed by a recent revision to the Post 9/11 GI Bill.

Question

3. Aside from the Post 9/11 GI Bill are there other VA programs that need more resources for personnel to prevent similar overpayment problems? In other words, where else can we avoid being penny wise and pound foolish?

Answer

Our past oversight supports that VBA's priority is on processing new claims. However, we have issued reports that have identified opportunities for VBA to prevent overpayment problems. For example, during the *Audit of 100 Percent Disability Evaluations* (Report No. 09-03359-71, issued January 24, 2011), we assessed whether VBA had adequate procedures to correctly assign 100 percent disability evaluations as either permanent or temporary; and effectively monitor and adjust temporary 100 percent disability evaluations. We projected that VARO staff did not adequately process 100 percent disability evaluations for about 27,500 (15 percent) of approximately 181,000 veterans. Generally, this occurred because staff did not enter required future medical exam dates into VBA's electronic records.

VBA paid veterans a net amount of about \$943 million in compensation benefits without adequate medical evidence. Without further action to adjust the benefits, the payments will continue and VBA will overpay these veterans a projected \$1.1 billion over the next 5 years. We recommended the Acting Under Secretary for Benefits take actions to increase VBA's oversight of 100 percent disability evaluations. These actions include establishing an automated mechanism to ensure future exam dates are included in the electronic records and providing VARO staff the necessary training. We also recommended the Acting Under Secretary for Benefits ensure claims folders with temporary evaluations are located at the VARO. Lastly, VBA needs to conduct a review of all temporary 100 percent disability evaluations to ensure each evaluation has a future exam date entered in the electronic record. VBA did not agree with the reported findings or projections, but agreed to all of the report recommendations and provided acceptable implementation plans. In another example, our FY 2010 *Review of Veterans Benefits Administration's Pension Management Centers* (Report No. 10-00639-135, issued March 30, 2011) found that VBA was not processing the workload associated with Income Verification Matches timely. The PMCs do not have a timeliness standard for completing IVMs. We estimated the potential risks of overpayments at \$205 million. In our opinion, these overpayments are preventable by processing IVM workload timely. Lastly, we would note that VBA does not try to recover payments made to veterans and beneficiaries as a result of administrative errors. We are currently evaluating VA's implementation of Executive Order 13520, Reducing Improper Payments and Eliminating Waste in Federal Programs (November 23, 2009), to determine if VA's FY 2010 First Quarter High-Dollar Overpayment Report was accurate. Preliminary results support that VBA's Compensation and Pension Service does not ask the veteran to repay a resulting overpayment from an administrative error. While the decision to not collect these overpayments is a policy decision, VBA can easily reduce or prevent overpayments of this nature through improvements in its business processes.

WEDNESDAY, MARCH 16, 2011.

VETERANS AFFAIRS BUDGET

WITNESS

HON. ERIC K. SHINSEKI, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS

OPENING STATEMENT OF THE CHAIRMAN

Mr. CULBERSON. The Appropriations Subcommittee on Military Construction and Veterans Affairs will come to order. It is our privilege today to welcome the Secretary of the Department of Veterans Affairs, General Shinseki. It really is a great privilege to have you here, sir. We want to thank you for your service to this Nation, for coming out of retirement to serve in this vitally important and very difficult and challenging job. We deeply appreciate your dedication and your extraordinary commitment to this great Nation. We are honored and grateful to you, sir, for your service.

And we are all reminded by the recent death of Frank Buckles, the last surviving American veteran of World War I, how important a role the VA plays in providing top-quality medical care to our veterans. It is extraordinary that Mr. Buckles is a veteran of both World War I and World War II, and our staff tells me that the Veterans Administration is still providing benefits to two survivors of veterans of the Civil War, which is extraordinary.

Another reminder of how young this Nation is, my grandmother used to tell me about her father. My great-grandfather was so hungry walking home from the war that he had to eat corn left over by the horses in the road because it was after harvest. I said, "What war do you mean, do you mean World War I?" And she said, "No, the war." And of course, being we are from Texas and they were from Georgia, she was talking about the great war, the war between the States. She called it the war of northern aggression. But it was that recent in her mind that it has always impressed me how young this Nation is, that she was able to tell me that story which is still so vivid in her mind of how hungry people were after the end of the war.

It reminds you of what a young nation we have and what an extraordinarily important role you have, sir, in ensuring that our veterans are not only given the best possible medical care, physical therapy. And then in so many other ways the Veterans Administration provides an absolutely vital service to our men and women in uniform when they retire.

We are all, of course, on this committee equally committed to make sure that you get all the resources you need and the help you need, sir, to complete your vital mission.

We also know in this terribly weak economy and the terrible deficit we face as a Nation, how difficult it is to make sure that we

are fully funding all the responsibilities of government, but I know the entire Congress considers the support that we give to the VA one of the absolutely essential parts of our job. The funding we give to the VA, to our veterans, is essentially sort of like a national mortgage payment, something we are going to make sure that gets done in a way without regard to party, and arm in arm on this subcommittee.

Mr. Bishop and I had sent you a letter, Mr. Secretary, asking for ideas and suggestions on how we could achieve savings in the VA budget without affecting patient care. We got your response this week and deeply appreciate it. We did note that the response essentially repeats proposals that had already been made in the fiscal year 2012 budget request and, of course, depending on the budget allocation this subcommittee receives, we would anticipate coming back to you, sir, and looking for ways to save. And whether it be in the construction of hospitals and there may be certainly other ways, perhaps in IT or ways that—there absolutely have got to be ways we can save money in the operation and administration of the VA that would not affect patient care. And we want to look forward to working with you to help find those savings.

We are looking forward today, sir, to hearing your testimony regarding the highlights of your fiscal year 2012 budget request. And we certainly have your written testimony and will make that a part of the record and welcome your summarization of the testimony. And as we always do throughout our hearings, we will adhere to a very loose 5-minute rule. I want to make sure members have got an opportunity to ask questions. And all of us, I know, are respectful and mindful of the fact that we have got other members that need to ask questions. So each one of us, I would be confident, will do our best to keep it as close to 5 minutes as we can, being mindful of our colleagues, giving them a chance to speak.

It is a privilege now to introduce our ranking member, the gentleman from Georgia, Mr. Bishop, for any comments he would like to make.

OPENING STATEMENT OF THE RANKING MEMBER

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

Mr. Secretary, we are all grateful for your distinguished service to our Nation. As a soldier, as Chief of Staff of the Army, and now as Secretary of Veterans Affairs, there is no budget more deserving of our attention than the VA budget. We have asked a new generation of heroes to sacrifice on behalf of our country and we have an obligation to take care of them when they come home.

Since the 110th Congress, this committee has added \$27 billion to the VA's discretionary budget. We provided a 75 percent increase to the Veterans Health Administration. That has resulted in an additional 3,389 doctors, 14,316 nurses, 145 community-based outpatient clinics, 92 new vet centers, and 70 mobile vet centers that service rural communities.

In addition, Congress created advanced appropriations for the three medical accounts which created a stable and uninterrupted source of funding for medical care a year in advance. Given the difficulties that we have had passing a CR this year, having the fore-

sight has proven to be quite valuable. And thank you, Mr. Secretary, for your leadership in that regard.

We also established a historic new GI bill for tuition assistance, educational materials, and housing assistance for the newest generation of veterans. As of October 2010, 442,000 students were receiving this benefit. We provided \$13.4 billion in Agent Orange supplemental funding, the financed benefit payments to over 153,000 veterans and their survivors for presumptive disability claims associated with that service in Vietnam. We added 10,200 disability claims processors, resulting in a 70 percent increase in claims processed from 774,000-plus claims in 2006 to 1.3 million projected for 2011.

We appreciate that very much, although, Mr. Secretary, as you know, veterans are still having to suffer the backlog. In the fiscal year 2012 budget, it hasn't received a lot of attention because we haven't completed fiscal year 2011. But based on my review, the fiscal year 2012 budget request will provide the Department with the resources that you need to continue improving the quality of the accessibility to health care benefits and services for our Nation's veterans.

We all know that the VA can improve the service that it provides to our veterans, but as George Washington once said, the willingness with which our young people are likely to serve in any war, no matter how justified, is directly proportional to how they perceive the veterans of earlier wars were treated and appreciated.

Mr. Chairman, I hope that as we complete fiscal year 2011 and move to fiscal year 2012, these words spoken by George Washington will resonate with this committee, and that we will continue to do all that we can for our Nation's veterans.

Thank you for yielding me the time and I look forward to the testimony, Mr. Secretary.

Mr. CULBERSON. Thank you, Mr. Bishop.

Mr. CULBERSON. Mr. Secretary, it is our privilege to recognize you, sir, and we look forward to your testimony.

STATEMENT OF THE WITNESS

Secretary SHINSEKI. Thank you, Chairman Culberson. Ranking Member Bishop, distinguished members of the subcommittee; thank you, and I mean that genuinely. Thank you for this opportunity to present the President's 2012 budget and 2013 advance appropriations requests for the Department of Veterans Affairs. This subcommittee—and I speak with 2 years' hindsight here—but this subcommittee's support for our Nation's veterans has always been unequivocal and unwavering, and I thank the members for that commitment.

I also thank the members for the generosity of their time and having allowed me to come by and meet them prior to the hearing.

Let me also acknowledge I think we may have some members of our veterans service organizations present, and I would just go over here that their insights are helpful as we try to identify priorities and how we resource our programs.

Mr. Chairman, thank you for admitting my written statement. Let me go on to say that to resource the VA's mission of serving veterans, the President's budget request would provide \$132.2 bil-

lion in year 2012, \$61.9 billion in discretionary funding and \$71.3 billion in mandatory funding. Our discretionary budget request represents an increase of \$5.9 billion, 10.6 percent over the 2010 enacted level. These budget requests for 2012 and 2013 would allow for continued transformation of VA into an innovative 21st century organization that is people-centric, results-driven, and forward-looking. And I can talk about what those things mean later.

But these are strategic goals we established 2 years ago in concert with guidance the President provided with hindsight of his time serving in the other body.

It also enables pursuit of our three key transformation priorities: expanding access to VA benefits and services, reducing and ultimately eliminating the claims backlog, and ending veterans homelessness by 2015, three visible and urgent issues for veterans.

Let me touch on them very quickly. This budget request allows the VA to increase access for veterans affected by Agent Orange, for women veterans, for those living in rural areas, and for veterans suffering from PTSD and TBI among other priorities. We are transitioning from inpatient to outpatient settings and increasing the use of telemedicine and in-home health care to increase access and reduce avoidable travel.

The Veterans Relationship Management Initiative (VRM) will provide veterans, their families and survivors, with direct, easy, and secure access to all VA programs and provide VA employees with the updated tools they have needed for so long to better serve our VA clients, those veterans.

Backlog. One of VA's highest priority goals is to eliminate the disability claims backlog by 2015, ensuring all veterans receive a quality decision in no more than 125 days.

Homelessness. Two years ago, there were approximately 131,000 homeless veterans on any given night. Today that estimate is down to around 76,000 veterans. We are making progress and I think we have some good programs going on here. This budget request allows us to continue pursuing a goal of eliminating veterans homelessness by 2015.

For over 2 years now, we have established and reinforced inside VA the importance of right behaviors, disciplines, processes, and the kind of leadership that is going to take us where we need to go to become more effective, more accountable, and more efficient as an organization. Our budget is large and complex, the largest integrated health care system in the country, the largest cemetery system in the country, repeatedly recognized as the country's top performer in customer satisfaction over the past 10 years—private, public, profit, nonprofit; the country's second largest educational assistance program; the only zero down payment guaranteed home loan program in the Nation with the lowest foreclosure rates in all categories of mortgage loans; and finally, the seventh largest life insurance enterprise in the country with a 96 percent customer satisfaction rating.

As I have been asked in times past, why is the VA enterprise so large and complex? Well, it hasn't happened in the last 2 years since Shinseki's arrival, I can assure you, but as I look back over our history, these came about because in times past, those who wore the Nation's uniforms were often unable to either acquire or

afford these services on their own. And hence the VA's mission to care for those who have borne the battle, and their spouses and orphans, which was well articulated by President Lincoln 146 years ago, remains the mantra today for the Department.

The budget request is VA's plan for meeting our obligations to all generations of veterans effectively, accountably, and efficiently. And I will continue to do everything possible to ensure that we wisely use the funds that Congress appropriates to VA to improve the quality of life for veterans, innovatively and transparently.

Again, thank you for this opportunity to appear today and for your continued unwavering support. I look forward to your questions, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Secretary.

[The information follows:]

[Prepared statement of the Honorable Eric K. Shinseki]

**STATEMENT OF
THE HONORABLE ERIC K. SHINSEKI
SECRETARY OF VETERANS AFFAIRS
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS
AND RELATED AGENCIES
BUDGET REQUEST FOR FISCAL YEAR 2012**

MARCH 16, 2011

Chairman Culberson, Ranking Member Bishop, Distinguished Members of the House Appropriations Committee, Subcommittee on Military Construction, Veterans Affairs and Related Agencies.

Thank you for the opportunity to present the President's 2012 Budget and 2013 Advance Appropriations Requests for the Department of Veterans Affairs (VA). Budget requests for this Department deliver the promises of Presidents and fulfill the obligations of the American People to those who have safeguarded us in times of war and peace.

Today, the Nation's military remains deployed overseas as it has during the last 9 years of major conflict. Our requirements have grown over the past two years as we addressed longstanding issues from past wars and watched the requirements for those fighting the current conflicts grow significantly. These needs will continue long after the last American combatant departs Iraq and Afghanistan. It is our intent to continue to uphold our obligations to our Veterans when these conflicts have subsided, something that we have not always done in the past. Not upholding these obligations in the past has left at least one generation of Veterans struggling in anonymity for decades. We, who sent them, owe them better.

VA has an obligation to track, communicate to stakeholders, and take decisive action to consistently meet the requirements of our Nation's Veterans for care and services. We pay great attention to detail but there are many factors in the health care market that we cannot control. We must mitigate the risk inherent when requirements for Veterans' care and services, and costs in the healthcare market, exceed our estimates. This request is the Department's plan for managing that risk and meeting our obligations to all Veterans effectively, accountably, and efficiently.

The President's budget for 2012 requests \$132 billion -- \$62 billion in discretionary funds and \$70 billion in mandatory funding. Our discretionary budget request represents an increase of \$5.9 billion, or 10.6 percent, over the 2010 enacted level.

Our plans for 2012 and 2013 pursue strategic goals we established two years ago to transform VA into an innovative, 21st century organization that is people-centric, results-driven, and forward-looking. These strategic goals seek to reverse in-effective decision making, systematic inefficiency, and poor business practices in order to improve quality and accessibility to VA healthcare, benefits, and services; increase Veteran satisfaction; raise readiness to serve and protect in a time of crisis; and improve VA internal management systems to successfully perform our mission. We seek to serve as a model of governance, and this budget is shaped to provide VA both the tools and the management structure to achieve that distinction.

For almost 146 years now, VA and its predecessor institutions have had the singular mission of caring for those who have "borne the battle" and their survivors. This is our only mission, and to do that well, we operate the largest integrated healthcare system in the country; the eighth largest life insurance entity covering both active duty members as well as enrolled Veterans; a sizable education assistance program; a home mortgage enterprise which guarantees over 1.4 million Veterans' home loans with the lowest foreclosure rate in the Nation; and the largest national cemetery system, which continues to lead the country as a high performing institution.

For two years now, we have disciplined ourselves to understand that successful execution of any strategic plan, especially one for a Department as large as ours, requires good stewardship of resources entrusted to us by the Congress. Every dollar counts, both in the current constrained fiscal environment and during less stressful times. Accountability and efficiency are behaviors consistent with our philosophy of leadership and management. The responsibility of caring for America's Veterans on behalf of the American people demands unwavering commitment to effectiveness, accountability, and in the process, efficiency. In the past two years, we have established and created management systems, disciplines, processes, and initiatives that help us eliminate waste.

Stewardship of Resources

VA has made great progress instilling accountability and disciplined processes by establishing our Project Management Accountability System (PMAS). This approach has created an information technology (IT) organization that can rapidly deliver technology to transform VA. PMAS is a disciplined approach to IT project development whereby we hold ourselves and our private-sector partners accountable for cost, schedule and performance. In just one year, PMAS exceeded an 80% success rate of meeting customers' milestones.

In addition to PMAS, we adopted a new acquisition strategy to make more effective use of our IT resources. This new strategy, Transformation Twenty-One Total Technology (T4 - for short), will consolidate our IT requirements into 15 prime contracts, leveraging economies of scale to save both time and money and enable greater oversight and accountability. T4 also includes significant goals for subcontractors and other protections to make sure Veteran-owned small businesses get a substantial share

of the work. Seven of the 15 prime contracts are reserved for Veteran-owned small businesses, and four of the seven are reserved for service-disabled small businesses.

In developing the 2012 budget, VA used an innovative, Department-wide process to define and assess VA's capital portfolio. This process for Strategic Capital Investment Planning (SCIP) is a transformative tool enabling VA to deliver the highest quality of services by investing in the future and improving efficiency of operations. SCIP has captured the full extent of VA infrastructure and service gaps and developed both capital and non-capital solutions to address these gaps through 2021. SCIP also produced VA's first-ever Department-wide integrated and prioritized list of capital projects, which is being used to ensure that the most critical infrastructure needs are met, particularly in correcting safety, security, and seismic deficiencies, and creating consistent standards across the system.

The use of metrics to monitor and assess performance is another key strategy we employ to ensure the effective use of resources and accountability. For example, in November 2010, VA launched two online dashboards to offer transparency of the clinical performance of our healthcare system to the general public. First, VA's *Linking Information Knowledge and Systems* (LinKS) provides outcome measurement data in areas such as acute, intensive, and outpatient care. This allows management to assess a specific medical facility's performance against other facilities while, at the same time, serving as a motivational tool to improve performance. The dashboard, *Aspire*, compiles data from VA's individual hospitals and hospital systems to measure performance against national private-sector benchmarks. Financial and performance metrics also provide the foundation for monthly performance reviews that are chaired by the Deputy Secretary. These monthly meetings play a vital role in monitoring performance throughout the Department, and are designed to ensure both operational efficiency and the achievement of key performance targets.

We also demonstrated our ongoing commitment to effective stewardship of our financial resources by obtaining our 12th consecutive unqualified (clean) audit opinion on VA's consolidated financial statements. In 2010, we were successful in remediating 3 of 4 longstanding material weaknesses, a 75 percent reduction in just one year. We also began implementation of a number of key management initiatives that will allow us to better serve Veterans by getting the most out of our available resources:

- Reducing improper payments and improving operational efficiencies in our medical fee care program will result in estimated savings of \$150 million in 2011. This includes continued expansion of the Consolidated Patient Account Centers to standardize VA's billing and collection activities.
- Implementing Medicare's standard payment rates will allow VA to better plan and redirect more funding into the provision of healthcare services. The estimated savings of this change in business practices in 2011 is \$275 million.

- Consolidating contracting requirements, adopting strategic sourcing and other initiatives will reduce acquisition costs by an estimated \$177 million in 2011.

The effective use of information technology is critical to achieving efficient healthcare and benefits delivery systems for Veterans. To accelerate the process for adjudicating disability claims for new service-connected presumptive conditions associated with exposure to Agent Orange, we implemented a new on-line claims application and processing system.

A recent independent study, which covered a 10-year period between 1997 and 2007, found that VA's health IT investment during the period was \$4 billion, while savings were more than \$7 billion¹. More than 86 percent of the savings were due to the elimination of duplicated tests and reduced medical errors. The rest of the savings came from lower operating expenses and reduced workload. VA is continuing to modernize its electronic medical records to optimally support healthcare delivery and management in a variety of settings. This effort includes migrating the current computerized patient record system into a modern, Web-based electronic health record.

Advance appropriations for VA medical care require a multi-year approach to budget planning whereby one year builds off the previous year. This provides opportunities to more effectively use resources in a constrained fiscal environment as well as to update requirements.

Multi-Year Plan for Medical Care Budget

The 2012 budget request for VA medical care of \$50.9 billion is a net increase of \$240 million over the 2012 advance appropriations request of \$50.6 billion in the 2011 budget. This is the result of an increase of \$953 million associated with potential increased reliance on the VA healthcare system due to economic employment conditions, partially offset by a rescission of \$713 million which reflects the cumulative impact of the statutory freeze on pay raises for Federal employees in 2011 and 2012. The 2013 request of advance appropriations is \$52.5 billion, an increase of \$1.7 billion over the 2012 budget request.

The establishment of a Contingency Fund of \$953 million for medical care is requested in 2012. These contingency funds would become available for obligation if the Administration determines that additional costs, due to changes in economic conditions as estimated by VA's Enrollee Health Care Projection Model, materialize in 2012. This economic impact variable was incorporated into the Model for the first time this year. Based on experience from 2010, the need for this fund will be carefully monitored in 2011 and 2012. This cautious approach recognizes the potential impact of economic conditions as estimated by the Model to ensure funds are available to care for

¹ **The Value From Investments In Health Information Technology At The U.S. Department Of Veterans Affairs**, Colene M. Byrne, Lauren M. Mercincavage, Eric C. Pan, Adam G. Vincent, Douglas S. Johnston, and Blackford Middleton, *Health Aff* April 2010 29:4629-638.

Veterans, while acknowledging the uncertainty associated with the new methodology incorporated into the Model estimates.

Another key building block in developing the 2012 and 2013 budget request for medical care is the use of unobligated balances, or carryover, from 2011 to meet projected patient demand. This carryover of more than \$1 billion, which includes savings from operational improvements, supports anticipated costs for providing medical care to Veterans in 2012 and 2013 and is factored into VA's request for appropriations. This is a vital component of our multi-year budget and any reductions in the amount of 2011 projected carryover funding would require increased appropriations in 2012 and 2013.

Transforming VA

The Department faces an increasingly challenging operating environment as a result of the changing population of Veterans and their families and the new and more complex needs and expectations for their care and services. Transforming VA into a 21st-century organization involves a commitment to many broad challenges: to stay on the cutting edge of healthcare delivery; to lay the foundation for safe, secure, and authentic health record interoperability; to deliver excellent service for Veterans who apply for disability and education benefits; and to create a modern, efficient, and customer-friendly interface that better-serves Veterans. In this journey, we are focusing on opportunities to improve our efficiency and effectiveness and the individual performance of our employees.

Our health informatics initiative is a foundational component for VA's transition from a medical model to a patient-centered model of care. The delivery of healthcare will be better tailored to the individual Veteran, yet utilize treatment regimens validated through population studies. Veterans will receive fewer unnecessary tests and procedures and more standardized care based on best practices and empirical data.

The purpose of the VA Innovation Initiative (VAi2) is to identify, fund, and test new ideas from VA employees, academia, and the private sector. The focus is on improving access, quality, performance, and cost. VA remains committed to the best system of delivering quality care and benefits to Veterans. VAi2 plays an important role by enabling the use of promising technologies in the design of cost-effective solutions. For example, TBI Toolbox pilot, located at McGuire VA Medical Center in Richmond, Virginia, will test a software tool to standardize data gathered from brain injury treatments. The strategy will allow sharing of rapidly evolving treatment guidelines at VA polytrauma centers and Department of Defense medical facilities, as well as patient progress and outcomes.

The 2012 budget continues our focus on three key transformational priorities I established when I became Secretary: Expanding access to benefits and services; reducing the claims backlog; and eliminating Veteran homelessness by 2015. These priorities address the most visible and urgent issues in VA.

Expanding Access to Benefits and Services

Expanding access to healthcare and benefits for underserved Veterans is vital to VA's success in best-serving Veterans of all eras.

The Veterans Relationship Management (VRM) initiative will provide Veterans, their families, and survivors with direct, easy, and secure access to the full range of VA programs through an efficient and responsive multi-channel program, including phone and Web services. VRM will provide VA employees with up-to-date tools to better serve VA clients, and empower clients through enhanced self-service capabilities. Expanding the self-service capabilities of the *eBenefits* on-line portal is one of the early successes of the VRM program in 2010, and expansion of eBenefits functionality continues through quarterly releases and programs to engage new users.

VA also saw significant progress in expanding access to Veterans. In July 2010, the *Center for Women Veterans* sponsored a forum to highlight enhancements in VA services and benefits for women Veterans which resulted in an information toolkit for advocates such as Veteran Service Organizations to share with their constituencies.

Outreach was extended directly to women when, for the first time in 25 years, VA surveyed women Veterans across the country to (1) identify in a national sample the current status, demographics, healthcare needs, and VA experiences of women Veterans; (2) determine how healthcare needs and barriers to VA healthcare differ among women Veterans of different generations; and (3) assess women Veterans' healthcare preferences in order to address VA barriers and healthcare needs. The interim report, released in summer 2010, informs policy and planning and provides a new baseline for program evaluation with regard to Veterans' perceptions of VA health services. The final report will be released in spring 2011.

The *Enhancing the Veteran Experience and Access to Healthcare* (EVEAH) initiative will expand healthcare for Veterans, including women and rural populations. Care alternatives will be created to meet these special population access needs, including the use of new technology. Where technology solutions safely permit, VA has already transitioned from inpatient to outpatient settings through the use of tele-medicine, in-home care, and other delivery innovations.

One area of success is our expansion of telehome health-based clinical services in rural areas, which increases access, and reduces avoidable travel for patients and clinicians. In 2010, the total average daily census in telehome health was 31,155. This program will continue to expand to an estimated average daily census of 50,147 in 2012, an increase of 60 percent over 2010.

Through the *Improve Veteran Mental Health* (IVMH) initiative more Veterans will have access to the appropriate mental health services for which they are eligible, regardless of their geographic location. VA is leveraging the virtual environment with

services such as the *Veterans' Suicide Prevention Chat Line* and real-time clinical video conferences.

Reducing the Claims Backlog

One of VA's highest priority goals is to eliminate the disability claims backlog by 2015 and ensure all Veterans receive a quality decision (98 percent accuracy rate) in no more than 125 days. VBA is attacking the claims backlog through a focused and multi-pronged approach. At its core, our transformational approach relies on three pillars: a culture change inside VA to one that is centered on advocacy for Veterans; collaborating with stakeholders to constantly improve our claims process using best practices and ideas; and deploying powerful 21st century IT solutions to simplify and improve claims processing for timely and accurate decisions the first time.

The Veterans Benefits Management System (VBMS) initiative is the cornerstone of VA's claims transformation strategy. It integrates a business transformation strategy to address process and people with a paperless claims processing system. Combining a paperless claims processing system with improved business processes is the key to eliminating the backlog and providing Veterans with timely and quality decisions. The Virtual Regional Office, completed in May 2010, engaged employees and subject-matter experts to determine system specifications and business requirements for VBMS. The first VBMS pilot began in Providence in November 2010. Nationwide deployment of VBMS is expected to begin in 2012.

VA is encouraging Veterans to file their Agent Orange-related claims through a new on-line claims application and processing system. Vietnam Veterans are the first users of this convenient automated claims processing system, which guides them through Web-based menus to capture information and medical evidence for faster claims decisions. While the new system is currently limited to claims related to the new Agent Orange presumptive conditions of Parkinson's Disease, Ischemic Heart Disease, and Hairy Cell Leukemia's, we will expand it to include claims for other conditions.

VA also published the first set of streamlined forms capturing medical information essential to prompt evaluation of disability compensation and pension claims, and dozens more of these forms are in development for various disabilities. The content of these disability benefit questionnaires is being built into VA's own medical information system to guide in-house examinations. Veterans can provide them to private doctors as an evidence guide that will speed their claims decisions.

Another initiative to reduce the time needed to obtain private medical records utilizes a private contractor to retrieve the records from the provider, scan them into a digital format, and send them to VA through a secure transmission. This contract frees VA staff to focus on processing claims more quickly.

Additional claims transformation efforts deployed nationwide in 2010 include the Fully Developed Claims initiative to promptly rate claims submitted with all required

evidence and an initiative to proactively reach out to Veterans via telephone to quickly resolve claims issues.

VA needs these innovative systems and initiatives to expedite claims processing as the number of claims continue to climb. The disability claims workload from returning war Veterans, as well as from Veterans of earlier periods, is increasing each year. Annual claims receipts increased 51 percent when comparing receipts from 2005 to 2010 (788,298 to 1,192,346). We anticipate claims receipts of nearly 1.5 million in 2011 (including new Agent Orange presumptive) and more than 1.3 million claims in 2012. The funding request in the President's budget for VBA is essential to meet the increasing workload and put VA on a path to achieve our ultimate goal of no claims over 125 days by 2015.

Eliminating Veteran Homelessness

VA has an exceptionally strong track record in decreasing the number of homeless Veterans. Six years ago, there were approximately 195,000 homeless Veterans on any given night; today, there are about 75,600. VA uses a multi-faceted approach by providing safe housing; outreach; educational opportunities; mental healthcare and treatment; support services; homeless prevention services, and opportunities to return to employment. The National Call Center for Homeless has received 13,000 calls since March 2010, and 18,000 Veterans and families of Veterans have been provided permanent housing through VA and Housing and Urban Development Department programs. These Veterans were also provided with dedicated case managers and access to high-quality VA healthcare.

The *Building Utilization Review and Repurpose (BURR)* study is using VA's inventory of vacant/underutilized buildings to house homeless and at-risk Veterans and their families, where practical. Congress allocated \$50 million to renovate unused VA buildings and VA has identified 94 sites with the potential to add approximately 6,300 units of housing through public/private ventures using VA's enhanced-use lease authority. This legislative authority is scheduled to lapse at the end of calendar year 2011. The Administration remains committed to this important program, and a proposal to address the expiration will accompany the Department's legislative package submitted through the President's Program. In addition to helping reduce homelessness, vacant building reuse is being considered for housing for OEF/OIF/OND Veterans, poly-trauma patients, assisted living, and seniors.

Homelessness is both a housing and healthcare issue, heavily burdened by depression and substance abuse. Our 2012 budget plan also supports a comprehensive approach to eliminating Veteran homelessness by making key investments in mental health programs.

The 2012 budget includes \$939 million for specific programs to prevent and reduce homelessness among Veterans. This is an increase of 17.5 percent, or \$140 million over the 2011 level of \$799 million. This increase includes an additional \$50.4 million to enhance case management for permanent housing solutions offered through

the *Housing Urban Development-VA Supported Housing* (HUD-VASH) program. These funds are required to maintain the services that keep Veterans rescued from homelessness sheltered; get the remaining men and women off the streets whom we have not reached in the past; and, prevent additional Veterans from becoming homeless during a time of war and difficult economic conditions.

Mental Health

The mental health of Veterans is a more important issue now than ever before, as increasing numbers of Veterans are diagnosed with mental health conditions, often coexisting with other medical problems. More than 1.2 million of the 5.2 million Veterans seen in 2009 in VA had a mental health diagnosis. This represents about a 40 percent increase since 2004.

Veterans of Iraq and Afghanistan rely on mental healthcare from VA to a greater degree than earlier groups of Veterans. Diagnosis of PTSD is on the rise as the contemporary nature of warfare increases both the chance for injuries that affect mental health and the difficulties facing Veterans upon their return home. In addition, mental health issues are often contributing factors to Veterans' homelessness.

In order to address this challenge, VA has significantly invested in our mental healthcare workforce, hiring more than 6,000 new mental healthcare workers since 2005. In 2010, VA hired more than 1,500 clinicians to conduct screenings and provide treatment as well as trained over 1,000 clinicians in evidenced-based practices. The Department has also established high standards for the provision of mental healthcare services through the recent publication of our Handbook on Uniform Mental Health Services in VA medical centers and clinics, and we have developed an integrated mental health plan with DoD to ensure better continuity of care—especially for Veterans of Iraq and Afghanistan. The 2012 budget includes \$6.2 billion for mental healthcare programs, an increase of \$450 million, or 8 percent over the 2011 level of \$5.7 billion.

Medical Care Program

We expect to provide medical care to over 6.2 million unique patients in 2012, a 1.4 percent increase over 2011. Among this community are nearly 536,000 Veterans of Iraq and Afghanistan, an increase of over 59,000 (or 12.6 percent) above 2011.

The 2012 budget will support several new initiatives in addition to our efforts to eliminate Veteran homelessness. For example, \$344 million is provided for the activation of newly constructed medical facilities. In addition, we provide \$208 million to implement provisions of the Caregivers and Veterans Omnibus Health Services Act and improve the quality of life for Veterans and their families.

The 2012 budget also includes operational improvements that will make VA more effective and efficient in this challenging fiscal and economic environment. VA is proposing \$1.2 billion of operational improvements which include aligning fees that VA

pays with Medicare rates, reducing and improving the administration of our fee-based care program, clinical staff realignments, reducing indirect medical and administrative support costs, and achieving significant acquisition improvements to increase our purchasing power.

Beginning in 2010, VHA embarked on a multi-year journey to enhance significantly the experience of Veterans and their families in their interactions with VA while continuing to focus on quality and safety. This journey required the VHA to develop new models of healthcare that educated and empowered patients and their families, focused not only on the technical aspects of healthcare but also designed for a more holistic, Veteran-centered system, with improved access and coordination of care. New Models of Healthcare is a portfolio of initiatives created to achieve these objectives. We are re-designing our systems around the needs of our patients and improving care coordination and virtual access through enhanced secure messaging, social networking, telehealth, and telephone access.

An essential component of this approach is transforming our primary care programs to increase our focus on health promotion, disease prevention, and chronic disease management through multidisciplinary teams. The new model of care will improve health outcomes and the care experience for our Veterans and their families. The model will standardize healthcare policies, practices and infrastructure to consistently prioritize Veterans' healthcare over any other factor without increasing cost or adversely affecting the quality of care. This important initiative will enable VA to become a national leader in transforming primary care services to a medical home model of healthcare delivery that improves patient satisfaction, clinical quality, safety and efficiencies. VA Tele-Health and the Home Care Model will develop a new generation of communication tools (i.e. social networking, micro-blogging, text messaging, and self management groups) that VA will use to disseminate and collect critical information related to health, benefits and other VA services.

VA is taking this historic step in redefining medical care for Veterans with the adoption of a modern healthcare approach called PACT, which stands for *Patient Aligned Care Team*. PACT is VA's adaptation of the popular contemporary team-based model of healthcare known as *Patient Centered Medical Home* designed to provide continuous and coordinated care throughout a patient's lifetime.

Medical Research

VA's many trailblazing research accomplishments are a source of great pride to our department and the nation. Today's committed VA researchers are focusing on traumatic brain injury, post-traumatic stress disorder, post-deployment health, women's health and a host of other issues key to the well-being of our Veterans. As one of the world's largest integrated healthcare systems, VA is uniquely positioned to not only conduct and fund research, but to develop solutions and implement them more quickly than other healthcare systems—turning hope into reality for Veterans and all Americans.

VA's budget request for 2012 includes \$509 million for research, a decrease of \$72 million below the 2010 level. In addition, VA's research program will receive approximately \$1.2 billion from medical care funding and federal and non-federal grants. These research funds will continue support for genomic medicine, point of care research, and medical informatics and information technology. Genomic medicine, also referred to as personalized medicine, uses information on a patient's genetic make-up to tailor prevention and treatment for that individual. The Million Veteran Program invites users of the VA healthcare system nationwide to participate in a longitudinal study with the aim of better understanding the relationship between genetic characteristics, behaviors and environmental factors, and Veteran health.

To leverage data in the electronic health record, VA *Informatics and Computing Infrastructure* (VINCI) is creating a powerful and secure environment within the Austin Information Technology Center. This environment will allow VA researchers to access more easily a wide array of VHA databases using custom and off-the-shelf analytical tools. The *Consortium for Healthcare Informatics Research* (CHIR) will provide research access to patient information in VA's *Computerized Patient Record System* (CPRS) narrative text and laboratory reports. Together, VINCI and CHIR will allow data mining to accelerate findings and identify emerging trends. Ultimately, this critical work will lead to greater effectiveness of our medical system—improving value by assisting in the prevention and cure of disease.

Veteran Benefits

The 2012 budget request for the Veterans Benefits Administration is \$2.0 billion, an increase of \$330 million, or 19.5 percent, over the 2010 enacted level of \$1.7 billion. This budget supports ongoing and new initiatives to reduce disability claims processing time, including development and implementation of further redesigned business processes. It funds an increase in FTE of 716 over 2010 to 20,321 to assist in reducing the benefits claims backlog. It also supports the administration of expanded education benefits eligibility under the Post-9/11 GI Bill, which now includes benefits for non-college degree programs, such as on-the-job training, flight training, and correspondence courses. In addition, the 2012 budget request supports the following initiatives:

Integrated Disability Evaluation System (IDES) Program

IDES simplifies the process for disabled servicemembers transitioning to Veteran status, improves the consistency of disability ratings, and improves customer satisfaction. An IDES claim is completed in an average of 309 days; 43 percent faster than in the legacy system. VA and DoD worked together to increase the number of sites for the IDES program from 21 to 27 in 2010. The six new sites are Fort Riley, Fort Benning, Fort Lewis, Fort Hood, Fort Bragg and Portsmouth Naval Hospital, and VA and DoD will continue to expand the IDES program.

IDES is being expanded to provide Vocational Rehabilitation and Employment (VR&E) services to active duty Servicemembers transitioning through the IDES. These services range from a comprehensive rehabilitation evaluation to determine abilities, skills, and interests for employment purposes as well as support services to identify and maintain employment. The budget request includes \$16.2 million for 110 FTE for the VR&E program to support IDES.

Veterans Benefits Management System (VBMS)

In 2011, we will conduct two of three planned pilot programs to test VBMS, the new paperless claims processing system. Each pilot will expand on the success of the first pilot by adding additional software components. In the 2012 budget request for information technology, we will invest \$148 million to complete pilot testing and initiate a national rollout.

VetSuccess on Campus

In July 2009, VA established a pilot program at the University of South Florida called *VetSuccess on Campus* to improve graduation rates by providing outreach and supportive services to Veterans entering colleges and universities and ensuring that their health, education and benefit needs are met. The program has since expanded to include an additional seven campuses, serving approximately 8,000 Veterans. The campus Vocational Rehabilitation Counselor (VRC) and the Vet Center Outreach Coordinator liaise with school certifying officials, perform outreach, and communicate with Veteran-students to ensure their health, education, and benefit needs are met. This will enable Veterans to stay in college to complete their degrees and enter career employment. In addition, it provides Veterans the skills necessary to gain employment after graduation, which can help prevent Veteran homelessness. The 2012 budget includes \$1.1 million to expand the program to serve an additional 9,000 Veteran students on nine campuses, more than doubling the size of the current program.

National Cemetery Administration

The budget plan includes \$250.9 million in operations and maintenance funding for the National Cemetery Administration (NCA). The funding will allow us to provide more than 89.8 percent of the Veteran population a burial option within 75 miles of their residences by keeping existing national cemeteries open and establishing new state Veterans cemeteries, as well as increasing outreach efforts.

VA expects to perform 115,500 interments in 2012, a 1.0 percent increase over 2011. In 2012, NCA will provide maintenance of 8,759 developed acres, 3.0 percent over the 2011 estimate, while 3,228,000 or 2.6 percent more gravesites will be given perpetual care.

The budget request will allow NCA to maintain unprecedented levels of customer satisfaction. NCA achieved the top rating in the nation four consecutive times on the prestigious American Customer Satisfaction Index (ACSI) established by the University of Michigan. ACSI is the only national, cross-industry measure of satisfaction in the United States. On the most recent 2010 survey and over the past decade, NCA's scores bested over 100 federal agencies and the nation's top corporations including Ford, FedEx and Coca Cola, to name a few. Our own internal surveys confirm this exceptional level of performance. For 2010, 98% of the survey respondents rated the appearance of national cemeteries as excellent; 95% rated the quality of service as excellent.

NCA has implemented innovative approaches to cemetery operations: the use of pre-placed crypts, that preserve land and reduce operating costs; application of "water-wise" landscaping that conserves water and other resources; and installation of alternative energy products such as windmills and solar panels that supply power for facilities. NCA has also utilized biobased fuels that are homegrown and less damaging to the environment. NCA is developing an independent study of emerging burial practices throughout the world to inform its planning for the future.

Support for the Veterans Cemetery Grants Program continues in 2012 with \$46 million to fund the highest priority Veterans cemetery grant requests ready for award. In addition to state cemetery grants, NCA is engaged in discussions with tribal governments regarding the construction of Veterans' cemeteries on their land and is awarding six such grants in 2011. The inclusion of tribal governments as grant recipients recognizes and empowers the authority of these groups to represent a unique group of Veterans and respond to their needs.

Capital Infrastructure

Congressional support of VA has resulted in 63 major construction projects funded in whole, or in part, since 2004. When combined with investments in our minor construction and major lease programs, this has contributed to a plant inventory which includes 5,541 owned facilities, 1,629 leased facilities, 155 million square feet of occupied space (owned and leased) and 33,718 acres of owned real property.

To best utilize resources, VA has reduced its inventory of owned vacant space by 34 percent, from 8.6 million square feet in 2001 to 5.7 million square feet in 2010. As discussed previously, we are using the *Building Utilization Review and Repurpose* (BURR) effort to reuse vacant space for homeless Veterans and their families. BURR also identifies other potential reuses of vacant and underutilized space and land within VA's inventory such as assisted living, senior housing, and housing for Veterans of Iraq and Afghanistan and their families. VA also houses homeless Veterans in public/private ventures through enhanced-use leasing.

Major Construction

The major construction request in 2012 is \$589.6 million in new budget authority. In addition, VA has been the beneficiary of a favorable construction market and, as a result, is able to reallocate \$135.6 million from previously authorized and appropriated projects to accomplish additional project work—resulting in a total of \$725.2 million for the major construction program. This reflects the Department's continued commitment to provide quality healthcare and benefits through improving its infrastructure to provide for modern, safe, and secure facilities for Veterans. It includes seven ongoing medical facility projects (New Orleans, Denver, San Juan, St. Louis, Palo Alto, Bay Pines, and Seattle) and design for three new projects (Reno, West Los Angeles and San Francisco) primarily focused on safety and security corrections. One cemetery expansion will be completed to maintain and improve burial service in Honolulu, HI

Minor Construction

In 2012, the minor construction request is \$550.1 million. 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 healthcare and patient privacy, increase capacity for dental care, improve treatment of special emphasis programs, and, expand our research capability. We also use minor construction funds to improve the appearance of our national cemeteries. Further, minor construction resources will be used to comply with energy efficiency and sustainability design requirements.

Greening VA

The "greening VA" effort continues to be strong. There are 21 facilities Green Globe-certified and four LEED-certified. We have completed energy efficiency benchmarking for 99% of VA-owned facilities and obtained the Energy Star label for 30 VA sites since 2003. Electric meter installations were completed for 60% of targeted buildings and we are installing solar energy systems at 35 sites for a total capacity of 30 megawatts. VA has installed wind turbines at two sites, awarded two ground source heat pump projects, awarded five renewably fueled cogeneration projects, and completed one fuel cell project.

In 2012, we plan to invest \$27 million for solar photovoltaic projects, \$51 million in energy infrastructure improvements, \$21 million in renewably fueled cogeneration using biomass (wood waste) or biogas (waste methane), \$1 million in sustainable building, \$14 million for wind projects, and \$10 million for alternative fueling projects and expansion of environmental management systems.

Information Technology

Information Technology (IT) is integral to the delivery of efficient and effective service to Veterans. IT is not a supplementary function -- it is key to the delivery of

efficient, modern healthcare. The 2012 budget includes \$3.161 billion to support Information Technology (IT) development, operations and maintenance expenses. The 2012 budget will fund the Department's highest IT priorities as well as information security programs, which protect privacy and provide secure IT operations across VA. Under our disciplined development program, PMAS, the delivery of customer software milestones exceeds 80% which is up from just 20% before the implementation of PMAS. The budget request will also fund systems that VA will develop and implement under the Caregivers and Veterans Omnibus Health Services Act of 2010.

In 2010, VA made the sound business decision to discontinue the Integrated Financial Accounting System (IFAS) and the data warehouse component of the Financial and Logistics Integrated Technology Enterprise (FLITE). OI&T will fund other continuing projects such as Compensation and Pension Records Interchange (CAPRI) which offers VBA Rating Veteran Service Representatives and Decision Review Officers help in building the rating decision. CAPRI does this by creating a more efficient means of requesting compensation and pension examinations and navigating existing patient records.

Veterans Relationship Management (VRM)

The 2012 IT budget for VRM is \$108 million, and will support continued development of the on-line portal as well as the development of Customer Relationship Management capabilities.

Virtual Lifetime Electronic Record (VLER)

The Virtual Lifetime Electronic Record (VLER) is a Federal, inter-agency initiative to provide portability, accessibility and complete health, benefits, and administrative data for every Service member, Veteran, and their beneficiaries. The goal of this major initiative is to establish the interoperability and communication environment necessary to facilitate the rapid exchange of patient and beneficiary information that will yield consolidated, coherent and consistent access to electronic records between DoD, VA, and the private sector.

VLER will not create a new data record, but it will ensure availability of reliable data from the best possible source. The VLER health component of this initiative is in operation at two pilot sites with a plan to add nine more pilots this fiscal year. VLER will work closely with other major initiatives including the Veterans Benefits Management System (VBMS) and the Veterans Relationship Management (VRM). A total of \$70 million in IT funds in 2012 is required to complete the effort and move to national production and deployment of initial VLER capabilities. The VLER partnership between VA and the Department of Defense will serve as a positive model for electronic health record interoperability in the country, which has been an Administration priority.

Summary

VA is the second largest Federal department and has over 300,000 employees. Among the many professions represented in the vast VA workforce are physicians, nurses, counselors, claims processors, cemetery groundskeepers, statisticians, engineers, architects, computer specialists, budget analysts, police, and educators—all working with the greatest determination to best serve all generations of Veterans. In addition, VA has approximately 140,000 volunteers serving Veterans at our hospitals, Vetcenters and cemeteries. There are things that they do that cannot be converted into dollar values – patience, dignity and respect for Veterans, some of whom are heavily challenged by the memories of their wars.

As advocates for Veterans and their families, VA is committed to providing the very best services. I will do everything possible to ensure that we wisely use the funds Congress appropriates for VA to improve the quality of life for Veterans and the efficiency of our operations—innovatively and transparently—as we deliver on the enduring promises of Presidents and the obligations of the American people to our Veterans.

I am honored to present the President's 2012 budget request for VA, and to represent all VA employees and the interests of those outside of VA, who share our commitment to Veterans.



The Honorable Eric K. Shinseki

Department of Veterans Affairs

Washington, D.C.

Retired U.S. Army General Eric K. Shinseki was nominated by President Barack Obama on Dec. 7, 2008 to serve as Secretary for the United States Department of Veterans Affairs. His nomination was confirmed by the Senate January 20, 2009, and he was sworn in as the seventh Secretary of Veterans Affairs on January 21, 2009.

General Shinseki served as Chief of Staff, United States Army, from 1999 until June 11, 2003, and retired from active duty on August 1, 2003. During his tenure, he initiated the Army Transformation Campaign to address both the emerging strategic challenges of the early 21st century and the need for cultural and technological change in the United States Army.

Following the Sept. 11, 2001 terrorist attacks, he led the Army during Operations Enduring Freedom and Iraqi Freedom and integrated the pursuit of the Global War on Terrorism with Army Transformation, enabling the Army to continue to transform while at war.

Prior to becoming the Army's Chief of Staff, General Shinseki served as the Vice Chief of Staff from 1998 to 1999, after serving simultaneously as Commanding General, United States Army, Europe and Seventh Army; Commanding General, NATO Land Forces, Central Europe, both headquartered in Heidelberg, Germany; and Commander of the NATO-led Stabilization Force, Bosnia-Herzegovina, headquartered in Sarajevo.

He was commissioned a second lieutenant of Artillery upon graduation from the United States Military Academy in June 1965, and was attached to Company A, 1st Battalion, 14th Infantry Regiment, 25th Infantry Division as a forward observer from December 1965 to September 1966, when he was wounded in combat in the Republic of Vietnam. He was returned to Tripler Army Medical Center, Honolulu, Hawaii to recuperate, following which he was assigned as Assistant Secretary, then Secretary to the General Staff, U.S. Army, Hawaii, Schofield Barracks, from 1967-1968. He transferred to Armor Branch and attended the Armor Officer Advanced Course at Fort Knox, Ky, before returning to Vietnam a second time in 1969. While serving as Commander, Troop A, 3d Squadron, 5th Cavalry Regiment, he was wounded in action a second time in 1970.

Other assignments include Commander, 3rd Squadron, 7th Cavalry, 3rd Infantry Division; Commander, 2nd Brigade, 3rd Infantry Division; Deputy Chief of Staff, Support for Allied Land Forces Southern Europe; Assistant Division Commander-Maneuver, 3rd Infantry Division; Commander, 1st Cavalry Division, as well as G-3, 3rd Infantry Division, 1984-1985; G-3, VII US Corps, 1989-1990; and Deputy Chief of Staff for Operations and Plans, Headquarters, Department of the Army, 1996-1997.

Shinseki holds a Bachelor of Science degree from the U.S. Military Academy at West Point; a Master of Arts degree from Duke University, and is a graduate of the National War College. General Shinseki has been awarded the Defense Distinguished Service Medal, Distinguished Service Medal, Legion of Merit (with Oak Leaf Clusters), Bronze Star Medal with "V" Device (with 2 Oak Leaf Clusters), Purple Heart (with Oak Leaf Cluster), Defense Meritorious Service Medal, Meritorious Service Medal (with 2 Oak Leaf Clusters), Air Medal, Parachutist Badge, Ranger Tab, Joint Chiefs of Staff Identification Badge, and the Army Staff Identification Badge.

January 2009



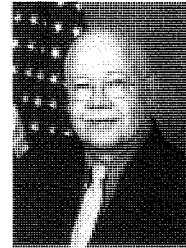
**Secretary
of Veterans Affairs**


Robert A. Petzel, M.D.
**Department of
Veterans Affairs**

Washington, D.C.

Robert A. Petzel, M.D., was appointed Under Secretary for Health in the Department of Veterans Affairs (VA) on Feb. 18, 2010. Prior to this appointment, Dr. Petzel had served as VA's Acting Principal Deputy Under Secretary for Health since May 2009.

As Under Secretary for Health, Dr. Petzel oversees the health care needs of millions of veterans enrolled in the Veterans Health Administration (VHA), the nation's largest integrated health care system. With a medical care appropriation of more than \$48 billion, VHA employs more than 262,000 staff at over 1,400 sites, including hospitals, clinics, nursing homes, domiciliaries, and Readjustment Counseling Centers. In addition, VHA is the nation's largest provider of graduate medical education and a major contributor to medical research. More than eight million veterans are enrolled in the VA's health care system, which is growing in the wake of its eligibility expansion. This year, VA expects to treat nearly six million patients during 78 million outpatient visits and 906,000 inpatient admissions.



**Under Secretary for
Health**

Previously, Dr. Petzel served as Network Director of the VA Midwest Health Care Network (VISN 23) based in Minneapolis, Minn. In that position, Dr. Petzel was responsible for the executive leadership, strategic planning and budget for eight medical centers and 42 community-based outpatient clinics, serving veterans in Iowa, Minnesota, Nebraska, North Dakota, South Dakota, western Illinois and western Wisconsin.

Dr. Petzel was appointed Director of Network 23 (the merger of Networks 13 and 14) in October 2002. From October 1995 to September 2002, he served as the Director of Network 13. Prior to that position, he served as Chief of Staff at the Minneapolis VA Medical Center.

Dr. Petzel is particularly interested in data-based performance management, organization by care lines, and empowering employees to continuously improve the way we serve our veterans. He is involved in a collaborative partnership with the British National Health Services Strategic Health Authority. In addition, he co-chairs the National VHA Strategic Planning Committee and the VHA System Redesign Steering Committee.

Dr. Petzel graduated from St. Olaf College, Northfield, Minn., in 1965 and from Northwestern University Medical School in 1969. He is Board Certified in Internal Medicine and on the faculty of the University of Minnesota Medical School.

March 2010



Michael Walcoff

Department of Veterans Affairs

Washington, D.C.

Michael Walcoff was appointed Acting Under Secretary for Benefits in the Department of Veterans Affairs (VA) on Jan. 4, 2010.

As Acting Under Secretary for Benefits, he leads the Veterans Benefits Administration (VBA) in the delivery of a wide range of integrated programs of non-medical benefits and services authorized by law to veterans and their dependents and survivors.

Through a nationwide network of 57 regional offices, special processing centers, and VBA Headquarters, he directs the administration of VA's disability compensation, pension, education, home loan guaranty, vocational rehabilitation and employment, and life insurance programs. The funding levels for these benefit entitlement programs exceed \$47 billion annually, approximately half of VA's total budget.

Prior to his appointment as Acting Under Secretary, Mr. Walcoff served as VA's Deputy Under Secretary for Benefits since January 2008. Previously, Mr. Walcoff served as the VA's Associate Deputy Under Secretary for Field Operations, supervising VBA's 57 regional offices with over 13,000 employees.

Mr. Walcoff began his career as a veterans claims examiner at the Philadelphia Regional Office and Insurance Center in 1974. During his career, he has served as Director of the VBA regional offices in Seattle, Wash., and Huntington, W.Va., as well as Deputy Area Director of VBA's Western Area.

Mr. Walcoff received his Bachelor of Arts degree in Political Science from American University in Washington, D.C., and his Juris Doctor degree from Temple University School of Law in Philadelphia, Pa. He is a member of the Pennsylvania Bar.

Mr. Walcoff received the Senior Executive Service Presidential Rank Award of Meritorious Executive in 2001 and the Distinguished Executive Award in 2005. He and his wife live in Fairfax, Va.



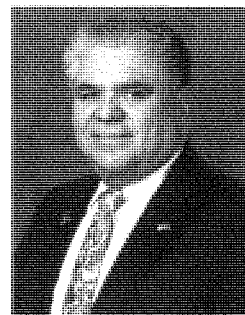
**Acting Under
Secretary for
Benefits**



**Department of
Veterans Affairs**

NATIONAL CEMETERY ADMINISTRATION

**STEVE L. MURO
ACTING UNDER SECRETARY
FOR MEMORIAL AFFAIRS
CENTRAL OFFICE
WASHINGTON, D.C.**



Steve L. Muro was named Acting Under Secretary for Memorial Affairs Jan. 21, 2009. As Acting Under Secretary, he is responsible for overseeing 128 National Cemeteries that provide dignified burial services for military veterans and eligible family members, and maintaining the cemeteries as national shrines; for land acquisition, design, construction, and other activities relating to the establishment of new national cemeteries; overseeing other memorial programs for veterans, including the provision of headstones, markers and Presidential Memorial Certificates to honor the service of deceased veterans; and for administering federal grants to help states, territories and tribal governments establish veterans' cemeteries.

Prior to this appointment, Mr. Muro was named Deputy Under Secretary for Memorial Affairs on Oct. 20, 2008. He served as director of the Office of Field Programs from February 2003 to October 2008, providing leadership and direction for the Administration's field offices and facilities supporting a system of 128 national shrine cemeteries. Under his guidance, a new NCA Training Center was established that graduated its first class of Cemetery Director Trainees in April 2005 and NCA created a nationwide National Cemetery Scheduling Office. From February to November 2005, Mr. Muro served as the Acting Deputy Under Secretary for Memorial Affairs and as such was integral to the organization at several Senate hearings regarding future land acquisitions and fiscal planning.

Mr. Muro's life's work is linked with the mission of the National Cemetery Administration. He began his career in 1979 as an automotive mechanic at Los Angeles National Cemetery. While there, he was promoted to Maintenance Foreman and in 1981 was selected to attend the Cemetery Director Trainee Program. Mr. Muro completed this intensive training program at Riverside National Cemetery and upon his graduation he was assigned as Assistant to the Director, Los Angeles National Cemetery. He has held positions of increasing responsibility to include Director, Baton Rouge and Port Hudson National Cemeteries; Assistant Director and Director, Long Island National Cemetery; Assistant Director, Riverside National Cemetery; Director, Fort Snelling National Cemetery; and Acting Director, Golden Gate and San Francisco National Cemeteries. Mr. Muro was assigned to the newly formed Memorial Service Network V, where he served as its Director from 2001 through 2002.

Mr. Muro served in the U.S. Navy from 1968 to 1972, including two tours of duty in Vietnam: one on board the USS Benjamin Stoddert (DDG-22) and one with a mobile construction (Seabee) battalion.

Mr. Muro graduated from Mt. San Antonio Junior College with an associate's degree. He is a graduate of Leadership VA Class of 1996 and graduated from the Senior Executive Service Candidate Development Program in August 2004.



Roger W. Baker

Department of Veterans Affairs

Washington, D.C.

Roger W. Baker was nominated by President Obama to serve as the Assistant Secretary for Information and Technology for the Department of Veterans Affairs and subsequently confirmed by the Senate on May 18, 2009.

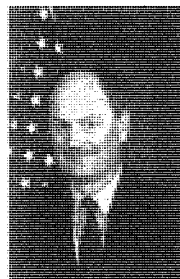
As Assistant Secretary, Mr. Baker serves as the Chief Information Officer (CIO) for the Department, directly managing an organization of over 6,500 information technology (IT) professionals and a budget of over \$2.5 billion.

Prior to his appointment, Mr. Baker was most recently President and Chief Executive Officer of Dataline LLC, a mid-sized IT services and integration company based in Norfolk, Va. Prior to joining Dataline, Mr. Baker was CIO at General Dynamics Information Technology, and Executive Vice President and general manager of the Telecommunications and Information Assurance business group for CACI International.

From 1998 to 2001, Mr. Baker was the CIO at the U.S. Department of Commerce, where he lead efforts to convert old systems and processes to e-commerce, improve technology management, reduce costs, and create the Federal CIO position.

Prior to his federal service, Mr. Baker had a successful career in high technology, helping to grow and sell three software/Internet companies. He served as the Chief Operating Officer (COO) of BlueGill Technologies, a market leader in Internet Bill Presentment; as Vice President of Engineering and Operations at VISA International, where he was responsible for the creation and operation of the VISA Interactive Banking System; and as Vice President of Consulting and Services for Verdex Corporation.

Mr. Baker has a Bachelor of Science degree in Computer Science and a Masters in Business Administration, both from the University of Michigan.



**Assistant Secretary
for Information
and Technology**

April 2010



W. Todd Grams

Department of Veterans Affairs

Washington, D.C.

W. Todd Grams was appointed as the Principal Deputy Assistant Secretary for Management for the Department of Veterans Affairs (VA) on Nov. 8, 2009. In addition, he serves as VA's Acting Assistant Secretary for Management and Chief Financial Officer for the Department. He is responsible for the budget and financial management of VA's \$110 billion budget as well as the Department's performance management, business oversight, and asset enterprise management programs.

Before his appointment at the VA, Mr. Grams served as the Chief Financial Officer (CFO) at the U.S. Department of Commerce's National Institute of Standards and Technology from July 2006 to November 2009. In that position, he was responsible for all NIST-wide administrative offices including: information technology, human resources, facilities, construction, finance, acquisitions, grants, budget, safety and security.

From 2003 to 2006, Mr. Grams served as the Chief Information Officer (CIO) of the Internal Revenue Service (IRS) where he was responsible for all IRS IT functions nationwide, totaling \$2 billion and 7,000 staff. His three-year tenure is the longest of any agency-wide IRS CIO, and he led the most successful years to date of the IRS modernization program, while restructuring 15 percent of the IT workforce. From 2001 to 2003, he was the CFO of the IRS where he was responsible for the accounting of \$2 trillion in tax receipts and the oversight of the IRS' \$10 billion operating budget.

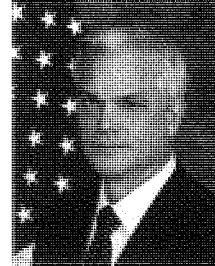
Prior to joining the IRS, he served at the VA from 1994 to 2000 as the first CFO of the Veterans Health Administration (VHA) where he was responsible for budget, finance, CHAMPVA, Medical Care Cost Recovery, DOD-VA Sharing, and acquisitions. In this position, he led the development of the ground-breaking Veterans Equitable Resource Allocation system, which after 12 years continues to be the internal allocation system used by the VHA. In 2001, he served as the VA's Deputy Chief Financial Officer.

Mr. Grams began his federal service at the Bureau of the Census in 1980 as a budget analyst. He served in a variety of positions at the Office of Management and Budget from 1983 to 1994, including appropriations bill tracker, budget examiner, and Chief of the Veterans Affairs Branch.

Mr. Grams has earned three Presidential Rank Awards. He received the Presidential Rank Award for Distinguished Service in 2006 (while with the IRS) and in 2000 (while with the VA). In 1997, he received the Presidential Rank Award for Meritorious Service at the VA. In addition, he is the recipient of the Department of Veterans Affairs Secretary's Awards for Distinguished Career and Meritorious Service.

Mr. Grams graduated from the University of Maryland with a Bachelor of Arts degree in Economics in 1980.

January 2010



**Principal Deputy
Assistant Secretary for
Management**

BENEFIT BACKLOG

Mr. CULBERSON. And the committee heard a couple of weeks ago from the inspector general for the VA. And I know a real source of concern for all of us is the benefit application backlog. And could you talk to us about what steps you have taken? And I know Mr. Bishop is going to have some follow-up questions on this as well. We are all concerned to make sure that our veterans who have been injured, disabled in the course of their service to this Nation have their claims handled in a prompt, efficient, and competent way.

Secretary SHINSEKI. I am going to call on Mr. Walcoff, who is leading our benefits administration, to provide some detail. Let me just say as I look back, when I arrived in 2009, Mr. Chairman, the good folks in VBA reported to me that for the first time ever, they had produced 977,000 disability claims going out the door to veterans. At the same time, they got a million claims in return.

In 2010, we produced for the first time a million claims decisions going out to veterans and received 1.2 million claims back in return. We predict this year, the number of claims coming to us is going to be between 1.4 and 1.5 million. So this is a large-numbers game, and in VBA we are still essentially a paper-bound organization. And hence, in 2011, we had increased the VBA's budget by 27 percent, unprecedented for us; to ensure we could put in place the solutions that would enable us to go after this backlog and begin producing claims even more accurately and faster for veterans. So that is what we are coming from, what we are trying to do this year. And on the specifics, let me call on Mr. Walcoff.

Mr. WALCOFF. Thank you, Mr. Secretary. Congress has been very generous to us over the last 5 or 6 years in terms of staffing. We have increased our staffing dramatically since 2005, and we are producing a lot more cases, as the Secretary said. The problem is that we keep producing more cases, and even more cases keep coming in. It is just basically chasing a number that keeps getting bigger and bigger.

What we recognize is that at some point you have the staffing that you need, but now you have to make sure you give them the tools they need in order to accomplish what you are trying to do, which, in this case, is to eliminate that backlog. We believe that just the people themselves without tools are not going to eliminate the backlog. It is very, very important that we provide them with those tools. The key to those tools is the technology that is currently being worked on.

We have an initiative called the Veterans Benefits Management System, otherwise known as VBMS, that essentially is the paperless initiative. It is to take all the paper we have in a regional office—and I don't know if any of you have ever visited a regional office, but there are just piles and piles of C-files, claims folders, that just sit on top of desks. The goal here is to become electronic and get out of the paper business. That is extremely important because it will give us all kinds of flexibility in terms of processing claims that we currently don't have.

2012 is a key year in that initiative. That is the year that we begin rolling out the VBMS initiative. There is about \$170 million,

including \$135 million of IT money, in the 2012 budget. I cannot emphasize enough how essential it is that the money be delivered so we can get over the hump and be able to get paperless, because we believe it is what is going to allow us to eliminate the backlog.

Mr. CULBERSON. I know Mr. Bishop and some of the other members will have follow-up questions on that.

I have got a couple of other areas that I want to explore as well, but I want to defer to the other members and let them all have a chance to ask questions in case anybody has to leave. Mr. Bishop, I want to be sure to recognize you.

But if we could, sir, we have just been joined by our former full committee chairman, a great American who has served this Nation in so many ways. And if I may, sir, with your permission, may I recognize Mr. Young to make a statement?

Mr. BISHOP. I would be delighted to yield to Mr. Young.

Mr. CULBERSON. It would be our privilege, Mr. Young, Mr. Chairman, to recognize you for a statement, sir.

Mr. YOUNG. Mr. Chairman, the statement that I would make is just to thank the gentleman and his staff for all the work that they have done with the VA. But especially, having first met the general on one of the battlefields of one of our minor skirmishes in Europe years ago, I just really appreciate his service to the United States and his commitment to our troops.

NEW TYPES OF INJURIES

One Christmas morning, I was at Walter Reed visiting with some wounded soldiers on Christmas Day and in walks General Shinseki; an officer visiting troops on a day when I know he has personal commitments. Today, we are concerned about something that is sort of new. As we visited the wounded kids—I shouldn't say "kids," because once they get to the hospital at Walter Reed or at Bethesda, they are not really kids anymore after what they have gone through. But one new injury that we are seeing a lot of, has to do with not only the loss of limbs, but the loss of genitalia. As we understand the benefits—a man loses a penis, he doesn't get the same benefit as if he loses a finger. And we have been trying to come to some kind of a resolution.

And I just wondered if the VA had come up with any kind of a solution or anything that you believe is a way to solve this problem.

Secretary SHINSEKI. Well, Congressman Young, I would just say one of the things that we understand coming out of the current conflicts, the word "polytrauma" didn't exist before these pair of operations, because we now have four polytrauma centers, we are building a fifth in San Antonio. And polytrauma goes to the severity and the complexity of the wounds that are being incurred, and yet our young men and women are surviving a battle they wouldn't have before.

So some of these new conditions arise, such as the creative organ loss discussion we are having. Mr. Young, we are researching this. What I can commit to you is, we will work with your office to ensure that fair, equitable, and just treatment is provided to these young veterans.

Mr. YOUNG. Are you aware of any legal problem that would prevent you from considering these type of losses similar to the loss of a finger or a hand—as we did with the insurance?

Secretary SHINSEKI. Let me call on Mr. Walcoff for some insights.

Mr. WALCOFF. We couldn't believe there is any legal bar in doing this, and we are researching it. We believe that there is a need. We are actually, tomorrow, going out to Bethesda—

Mr. YOUNG. I think the microphone is turned off.

Mr. WALCOFF. What I was saying is we don't believe there is any legal bar to doing this. We do think there is a need. As the Secretary mentioned, there is some research we have to do. We are going out to Bethesda, actually, tomorrow to talk with some people out there. We are looking at how it would be implemented. There are some aspects of that we have to work out. By law we do have to consult with DOD, and we are going to do that, but we are working on this and hopefully we will have an answer for you by no later than this summer.

Mr. YOUNG. That would be really helpful, because it is really terrible how many of these types of incidents that we are having now and it does need to get resolved. So thank you very much. Thank you for taking it on to get a resolution for it.

Mr. Chairman, thank you very much.

Mr. CULBERSON. Thank you, Mr. Chairman. I am pleased to recognize at this time, our ranking member, the gentleman from Georgia, Mr. Bishop.

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

PENDING DISABILITY CLAIMS

Mr. Secretary, approximately how many pending compensation and pension claims does the VA currently have?

Secretary SHINSEKI. Mr. Walcoff.

Mr. WALCOFF. Right now we have about 770,000 pending.

Mr. BISHOP. According to the testimony given by the VA IG, oversight continues to identify opportunities for the Veterans Benefits Administration to improve claims processing timeliness and reduce the claims backlog. Has the VA followed all of the IG recommendations regarding handling of the backlog?

Mr. WALCOFF. Sir, the IG does these reviews on a continuing basis. And when we get the recommendations in, we do follow them. Before they actually issue the report, we meet with them, we discuss their findings, and we concur on their reports before they are issued. So we do follow what they say and correct the deficiencies that they identify.

Mr. BISHOP. You indicated, Mr. Secretary, in your testimony that your goal is to eliminate the claims backlog by 2015 and to ensure that all veterans will get a quality decision in no more than 125 days. You want to deploy powerful 21st century IT solutions to simplify and improve the process. Can you tell us what that means and how you are going to implement it?

Secretary SHINSEKI. Congressman, I will call on Mr. Walcoff to talk about the specifics. If you need more detail on the technology piece of that, I will have Secretary Baker respond as well.

As I said, this is a big-numbers issue here, and today we have 14,000 people processing claims. You will associate with this; that

is more people than the 82nd Airborne Division has, as I have observed in the past.

So at this point with the numbers of claims that are coming in, hiring more people, you get an incremental increase, but it is not enough to do that quantum leap and go after the backlog. That is why we have to go to automation. We should have gone to automation years ago. Why, in this Department where we have, in the Health Administration, probably the best electronic health record in the country, maybe the world; in our benefits, we are still pretty much paper-bound. So we are out of sync and we need to get kind of caught up here by moving through this program and automating VBA. 2011 was the year that we have put the resources aside to take care of automating our program, our processing this year.

Let me just call on Mr. Walcoff to give some details, sir.

Mr. WALCOFF. Let me quickly summarize. There are three IT initiatives that have a direct impact on our ability to process claims. The first is the one I had mentioned earlier, the Veterans Benefits Management System. This is really not only the system that is going to get us out of the paper business and be processing claims electronically, but is it also going to be a system that is going to use rules-based techniques to allow us to process claims, which we believe is going to have a major positive impact on our quality.

There are a lot of decision points in the process that our adjudicators have to go through, where they have choices to make, and sometimes they don't choose the right way and that is an error. The rules-based system we believe will help guide them through the process to the point where, when faced with a choice it will steer them toward the right answer and thus avoiding the possibility of making an error.

We believe this is going to have a very, very significant impact on our quality and also enable us to eliminate the older cases, eliminate the backlog.

The second initiative is something called the Veterans Relationship Management Initiative, known as VRM. This initiative is going to do with the way a veteran contacts us, the inner relationship between the VA and the veteran. Right now when a veteran wants to do business with us, it is pretty much limited to picking up the phone and calling one of our call centers. The VRM Initiative is going to allow them to basically contact us when, and by the method they choose. If they want to sit in their home and go into their computer at 3 o'clock in the morning to view the status of their claim or to change their address or to change their direct-deposit account, they will be able to do that instead of having to wait until 8 o'clock in the morning and pick up the phone, and then wait in line to talk to somebody at the call center.

We have about 700 people right now that do phones. When the system is implemented, there is going to be a savings because so much of that will be done through self-service. That is the second initiative.

The third initiative is called VLER, Virtual Lifetime Electronic Record. This is the idea of one record that would be shared by both DOD and VA, to be able to get the data from DOD electronically rather than having to locate paper somewhere around the country.

When you put those three things together, we believe that will enable us to make the leap that enables us to eliminate the backlog, something we haven't been able to do up to this point.

CLAIMS PROCESSING PILOT PROJECTS

Mr. BISHOP. My time is about up, but let me just ask you one other thing. In August, you implemented a pilot program in Rhode Island to test, to pay for the system, and some new procedures to improve the processing of the claims. How has that pilot progressed? And are you still on track to expand that pilot project nationwide in 2012?

Mr. WALCOFF. Yes, sir. The pilot is still going. We have actually implemented live cases into the VBMS system; in other words, we are actually processing cases. It is at this point, still very limited in terms of functionality, but it is moving exactly as scheduled.

We begin the second initiative; we don't call them pilots at this point. But it is the second level of the implementation of this, starting in April, where we are going to Salt Lake City. When it is in Salt Lake, we will be adding a lot of functionality to get it more closely to the point where it can do the full range of cases. And we are on schedule to actually begin rolling this out nationwide to all of our stations by around May or June of 2012.

Mr. BISHOP. Thank you.

Mr. CULBERSON. Thank you, Mr. Bishop. Let me recognize the gentleman from Texas, Mr. Carter.

Mr. CARTER. Thank you, Mr. Chairman.

Mr. Secretary, welcome. Good seeing you. Twice in 2 weeks; that is good. Thanks for coming by and visiting with me, too. I appreciate that very much.

BENEFITS DURING INCARCERATION

I want to ask you about a question that I discovered by accident in Bell County. You are well aware of Bell County, having been stationed in Fort Hood. I learned that if a veteran gets arrested and put in jail, but there is a VC to post bail and get out, his VA benefits continue. But if he is unable to post bail and he stays in jail, then his VA benefits are terminated while he is in jail. That puts the expense of any medical care that he receives on the county. Sometimes this can turn to be a pretty sizeable expense. I find it kind of curious because of the nature of veterans.

We have talked about homelessness and so forth. Let us talk about who gets in jail: a Veteran who isn't wealthy enough to post the bond gets the benefits terminated. A Veteran who is wealthy enough to post the bond has his benefits continue. I just don't think that is a good system. I think that punishes a Veteran for his inability to post bond, and in some cases, punishes him very severely. And by the way, the counties don't get reimbursed for the money that they spend on this health care for the individual.

Were you aware of that policy? Do you have any idea where that policy came from? How can we try to fix this policy?

Secretary SHINSEKI. I don't know that any of us are familiar in detail with what is happening in Bell County. But I think we may—

Mr. CARTER. Supposedly it is a nationwide policy.

Ms. MCCOLLUM. Would the gentleman yield? It is a policy of the Federal Government to stop any health care services that are provided, whether the person is in jail, whether it is Medicare, VA, or whatever. And Congress did it, Congress can undo it, and it doesn't make any difference about the person's guilt or innocence. If they are in jail, it is cut off. So we deny people who are standing trial not only their health care, the counties have to pick it up. It is not seamless, especially if mental health is involved. And it also is a burden on the counties if it is a Medicare patient.

Mr. CARTER. I thank the lady for her good information on that. I wasn't aware that all healthcare programs were stopped. But for some reason, that just doesn't seem exactly right.

Secretary SHINSEKI. Congressman, I don't know that I can address this issue in any greater detail, and I thank the Congresswoman. Let me just offer that there are some things we can do.

When I arrived about 2 years ago, I think there were, in this country, maybe five or six veterans courts. I am not sure that the term veterans courts is familiar to everyone. Essentially in a veteran's court, a judge will expect that VA will be a part of this.

There are now 50-plus veterans courts and in most of those we have been approached and asked if we would be a willing participant in the process. This began in Buffalo, New York, with Judge Russell's groundbreaking effort. What we have found is the recidivism rate is pretty good when we are involved. Instead of keeping that individual in jail or sending them to prison, they are remanded to VA for treatment. Much of this treatment is mental health or substance abuse or the like. If the veteran is in agreement to do that, then they come to VA for treatment, and a veteran mentor is appointed as someone who assures that this individual keeps his appointments.

After the treatment period is over, the judge gets to decide whether or not that satisfies society's requirement or whether to put this individual back in jail. My sense is everyone who graduates from the program does not go to jail. Many of them continue a relationship with VA for treatment and go on to positive outcomes.

There are also 40,000 veterans who come out of prison every year. We are engaged with probably 975 of the 1,300-plus Federal and State prisons in order to reach in there and begin the same kind of relationship with a veteran to begin the treatment process. What we are interested in is not the violent offenders. They are where they need to be. The ones who are in there for have repeated petty crimes, DWIs or minor drug offenses. We are trying to engage them and break the cycle of incarcerations, homelessness, and incarceration again. Our track record is beginning to get better here. We are just starting these programs.

Between the three, the justice outreach with VA the veterans courts, and working with the prisons, I think we are going to see some pretty good outcomes, and I think we may be able to address the situation you described.

Mr. CARTER. Thank you very much, Mr. Secretary. When I was serving on the bench, I worked with an awful lot of different treatment programs. I can assure you that having a mentor is a major part of making one of those things work. Having somebody to hold

your hand after you get out of treatment is a great thing to have, and I commend you on that concept.

One thing that we may be able to work out with the VA is helping the people who stay in jail and lose their benefits, but then are found innocent and released from jail, or get released from jail misdemeanors. For whatever reason these people get out they are finding it very difficult to get their VA benefits reinstated. There might be something that we can work on at the VA to speed up that process.

Secretary SHINSEKI. I will go look at that.

Mr. CARTER. We should look especially at innocent guys. They may be feeling pretty picked on by society when they get out because they are innocent, but it takes them 6 months to a year to get VA benefits back. So please look into that; it might be a helpful thing.

Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Carter. I recognize the gentlelady from Minnesota, Ms. McCollum.

DIGITAL CONVERSION OF CLAIMS FILES

Ms. MCCOLLUM. Thank you, Mr. Chair. I would just like to touch on about the backlog of paperwork again. You have done great jobs and we have talked about this in the office a little bit, about getting caught up. But you can never get really caught up until you get all of your homework done. And so there is a lot of homework still being left on the table to go back and get entered into the system.

In order to get caught up, have you ever had a plan proposed for what it would take to hire temporary people to input cases, so you got all your cases converted digitally, all of them? And work with the DOD to have what they needed to have done? I mean, it would be a big upfront cost at the beginning, but what it would save for costs later on and not create the backlog with Iraq and Afghanistan vets versus World War II vets, would be huge for even the amount of work that our offices are doing on claims. So sometimes we just have to really look at what we have to do in order to get things right.

Do you have that available if this committee was to request that, and you put out a lot of people—I don't know if it takes 6 months, a year, a year and a half to really convert all digitally?

Secretary SHINSEKI. Mr. Walcoff.

Mr. WALCOFF. Congresswoman, it is a good question. And first let me say that we have at different times hired large numbers of temporary employees to accomplish a mission such as you described, not the exact one. But we had something like that when we hired all the ARRA employees last year. They were hired to do a particular thing; to basically make it so that our permanent people could continue processing claims. We also were looking at the possibility of using outside services to do something like that.

The problem right now with what you are describing is that we don't really have a repository to be able to put all of the documents if we were able to scan everything in. We have no place to store them right now. Our virtual VA system, which is our current electronic system, is very outdated. It is not robust enough to be able

to support all of that. The VBMS Initiative wouldn't be able to do that. And I would ask if maybe Secretary Baker can help me out on this one. Do you want to help out a little bit?

Mr. BAKER. There is a vast amount of paper, as you say, that comes into the process at this point. The difficulty from a technology standpoint is recognizing the information on the paper, not just the scanning piece of it. That is what the VBMS program is all about, for utilizing NARA, the National Archives, and their smart scanning capability to take the paper inflow.

Ms. MCCOLLUM. Mr. Chair, I understand that. Okay. What I don't understand is why you can't tell us how long it would be to—if we said this is a priority of this Congress, we are tired of hearing about this for the past 20 years, we have the technology or we can get the technology to make this all digital, do you have a budget of what it would take both in personnel and in hardware?

Mr. BAKER. I can tell you that we are pushing the VBMS program as fast as we can. It is about \$150 million a year. And that is the approach that we are taking. We will be done by the middle of—

Mr. CULBERSON. If I could, you are not being responsive. Would you please give her a specific answer to a specific question?

Ms. MCCOLLUM. If you don't know, you don't know, and you can get back to us. That is cool. That is fine.

Mr. CULBERSON. Just tell us.

Ms. MCCOLLUM. But please get back to us. Mr. Chair, they say don't ask a question you don't know an answer to, and I knew we weren't going to kind of get an answer. And if we are going to be serious, if we are going to be serious about really cutting costs and giving good service to our veterans, we have to give these folks the tools in the toolbox, which means the right kind of equipment, and then buckle down and either contract out or hire on temporary employees for X number of time, and really give them the opportunity to do it.

They are trying do it on a shoestring. And if you try to do it on a shoestring for too long, the shoestring can end up breaking, and then you haven't solved the problem. So I want to thank you.

WOMEN VETERANS NEEDS

I would like to ask a question on women's veterans. You are expanding access to them, but there are a couple of things—and maybe Secretary Shinseki, maybe Mr. Petzel will be able to help me a little bit with this. Women have different wiring than men. I mean, I think that is pretty obvious.

Women, when they go in and report heart conditions, quite often get told, You are a little tense and you are a little stressed; and that happens in the best of hospitals, still, around the country. You add a woman with PTSD or something like that on her record, if she has even gone into the system and asked for help, what are we doing to really look holistically at women's veterans not only with research, with mental health, with job services and counseling and life skills when they come back to their families, and how do we make sure that their physical symptoms are being addressed?

Because I know that this is a priority of the Secretary, but here again I don't know that we—we are saying it is a priority. But if

we don't make a priority of putting our resources where they are, a lot of women are going to continue to fall through the cracks as they do even with traditional health care systems.

Dr. PETZEL. Congresswoman McCollum, thank you very much, Mr. Secretary. You are absolutely right. We are an organization that started out as almost a male exclusive organization. We have been transiting now over the last several decades to an organization that is able to care in a gender understandable way for women.

In 2012 we are going to spend \$270 million on gender-specific efforts. These include educating our physician workforce, particularly our primary care providers about gender-specific issues, spreading the word about such things as, Congresswoman, you mentioned in your question; i.e., that there are differences in the way diseases, such as coronary artery disease, express themselves in men than in women. We are going to be spending money on renovating our facilities so that we can provide the adequate level, appropriate level of privacy, private baths, private rooms, et cetera.

In addition to that, we are going to be spending about \$3.2 billion on specific medical care for women, not things that are specific to the gender, but the general health care.

And then finally, we have \$12 million this year in research money devoted specifically to issues that are of most importance to women. And that doesn't include the research that we do in things such as military sexual trauma, which applies to both men and women; of course, much more to women than to men.

So I think we are turning the corner. And I think that we do understand these differences and we are creating an organization, a health care organization that is woman-friendly, that welcomes women, and is able to provide the kinds of care experiences that they need.

Ms. MCCOLLUM. Mr. Chair, I just want to follow up. Using pharmaceuticals with women, even within racial populations, can be very different and have more successful outcomes with different scripts and all of that. Are you working with DOD and NIH and everyone to make sure that we are looking at best practices, and to do the right kind of research for pharmaceutical prescriptions?

Dr. PETZEL. Yes, Congresswoman McCollum, we are doing that. There is a national collection, if you will, of people who are interested in gender-specific issues, as you mentioned, and they include people from the VA, people from the National Institutes of Health and other research organizations in the academic community. They do look at cooperative studies, if you will, that are addressing the issues of medication, et cetera. So, yes, we are.

Ms. MCCOLLUM. Well, thank you, Mr. Chair. If we are going to have high value, low cost in our health care system, this in particular needs to be addressed. And I know the General—excuse me—the Secretary is very, very interested in it. And, sir, thank you for your attention to this. Thank you, Mr. Chair.

Mr. CULBERSON. I also appreciate your questions on the converting into electronic records, the private sector could take—has already figured out how to take documents and scan them and plug them right into databases. So it really is a deep source of concern. This is something you all ought to get your arms around very, very

quickly. This has apparently been an ongoing problem for many years and it needs to be addressed. And you are not really exactly on a shoestring. You have got \$2 billion to run the Veterans Benefit Administration. So this is just really not acceptable.

I think we are next going to go to the gentleman from Mississippi, Mr. Nunnelee.

Mr. NUNNELEE. Thank you, Mr. Chairman. Mr. Secretary, I also want to thank you for coming by and meeting with me. We had a very good personal visit and started off for what I hope to be a very successful relationship.

RURAL ACCESS TO TREATMENT

What I would like to begin with is to start with some of the questions we talked about in our previous meeting, really just to get those on the record. I am concerned about veterans coming home from Iraq and Afghanistan, particularly for the National Guard men and women that have been activated and adequately prepared for the combat they faced. They have come back home and—unlike our veterans from World War I, World War II, Korea, Vietnam—they are not coming home to a full-time military installation under the watchful eye of a full-time commanding officer. Rather, they are coming home to small-town Mississippi and small-town America. On paper, the applicable physical and mental health services are readily available. But I am not sure that in reality they are, particularly to soldiers in our rural areas.

Could you address how the VA is working to address this problem?

Secretary SHINSEKI. I am going to call on Dr. Petzel to provide some detail. This, as I think you point out, Congressman, is one of our more challenging areas because of the conditions you described. Usually when an Active Duty unit deploys, the unit comes back to an installation. There is in place a chain of command, and day-to-day there is a visible community with those relationships.

Our National Guard and Reserve units—even if they were members of a given organization, are spread over many communities, and in multiple States. The way as I understand it, currently some of the units are being deployed and they are being filled from across the 50 States. So you really have a unit that is coming together and compositely training so that they are ready to go. When they do come home, they go beyond the confines of the organization that was the banner that deployed, and they go back to many other organizations.

So it is, particularly as you described, challenging for us. We are working with DOD to ensure that there is a linkage, as much as there would be for an Active Duty unit, between those soldiers and their chain of command and the VA. We try to find and stay in touch with individual youngsters. We do what we call a Seven Touch program where we engage them before they go and then multiple times after they get back.

I think demobilization, the final formation before they are released, is probably the least effective of those seven touches, because you have youngsters standing in formation waiting to go hug their families, and the absorption factor is not very high.

So we have other touch points at 60, 90 days, and 6 months later, to be sure we follow up. These individuals for the period—I believe it is 2 years following their deployment—have access to our programs.

I am going to call on Dr. Petzel to talk about the Yellow Ribbon Programming. This is one of those areas that I am challenged by. We need to do a better job. This is working with DOD, especially while they are still in uniform and responsive to a chain of command.

Dr. PETZEL. Thank you, Mr. Secretary, Congressman Nunnelee. I want to make a couple of points. One is that we begin our contact with returning guardsmen, reservists, and Active Duty by having the VA, the VBA, and the State veterans organizations attend the demobilization centers.

So I can describe the contact points as I used to work in Minneapolis in a network, and we had a demobilization at Fort McCoy, which involved five States, in which we had our network. We brought people from each one of those States and each one of those facilities, for the first contact.

Next, what would happen with the National Guard would be what we would call, Beyond the Yellow Ribbon Program. It started in Minnesota, by the Minnesota National Guard, and then spread across the country. I don't know whether it is present in Mississippi or not, but at 30, 60, 90 and 120 days post deployment, we go—the Veterans Health Administration, VBA, and, State people, go to the Guard standdowns on the weekends and present programs to them about illnesses they might expect, what their benefits are, et cetera.

In addition to that, there are family nights or family days where the family are present as well. If we can identify people or if they identify themselves as needing care, we can provide that care. We have our community-based outpatient clinics in remote areas. We have telemedicine and telehealth. We have visiting nurses. There are many ways we can provide the care.

The issue in many cases is our being able to meet returning Veterans or having those individuals identifying themselves to us. We are doing better than we have done in any conflict. Right now, 46 percent of the returning veterans from Iraq and Afghanistan are enrolled in VA, which is probably two or three times as high as Vietnam at the same time in the conflict. But you make an excellent point. We need to be able to get to these people.

Mr. NUNNELEE. Thank you. I am familiar with our Yellow Ribbon Program in Mississippi, and have met with a couple of groups.

Mr. Secretary, I just want to finish by saying it is refreshing to hear somebody in the government acknowledge this is an area that we could improve. My experience in state government has been that very often agencies just try to run out the clock, by telling you what a good job they are doing. And to hear you say this is an area where we can do better really is refreshing. I am convinced of your commitment on this topic, and look forward to working with you, so that next year at this same hearing we may not have the problem completely solved, but we can at least look back and say this is where we made improvements. Thank you.

And thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Nunnelee.

I want to apologize to Mr. Austria. You got here way earlier. I am sorry. I should have called on you next, sir. We will get right back to you. And I recognize at this time the gentleman from California, Mr. Farr.

Mr. FARR. Mr. Chairman, I just want to say something. I have been on this committee now for 12 years, maybe longer than almost anybody in this room. We have a lot of new members. There are a couple of firsts here. This is the first time this committee has had the committee meet in this room, which has traditionally been the Appropriations War Room. But Mr. Young has been able to allow us, as the other military committee in Appropriations, to use it and I really appreciate that.

I have seen a lot of veteran secretaries. This is a hero. He is running the second largest entity in the Federal Government. He came from Hawaii, a Japanese-American. He enlisted in the Army after World War II. His island was bombed and lots of his family and relatives were interned. He went to West Point. He has been in about every kind of command, including command during Enduring Freedom in the war in Iraq. He has had an injury, knows what it is like, was awarded the Purple Heart along with a dozen other great medals, and now he is Secretary of Veterans Affairs. We all go around naming post offices. I hope some day that we will name the Department of Veterans Affairs after Secretary Shinseki because he is, in my opinion, the perfect person to have lived all of those moments of military life, which this committee is so responsible for.

Mr. CULBERSON. Well said.

Mr. FARR. So I want to thank you for coming here today, and it is just a privilege to have you as Secretary of Veterans Affairs at a time when I know your heart and soul are into doing the best for our men and women in uniform. It has got to be a huge operation. It is siloed. It is a bureaucracy. But I think it is beginning to realize that it has got to be using high tech to be able to do high touch.

OUTREACH TO RETURNING VETERANS

We ought to be doing all of this paperwork on line but we also need people, because we have heard it over and over again from the men and women coming back. And I came back from living 2 years in the Peace Corps, and I will tell you, it was a real shock. It was a real entry crisis. They didn't call it posttraumatic stress syndrome but I had it, for different reasons than maybe soldiers have it. But it is there.

What California has done for veterans is they have found veterans who have served in Iraq and Afghanistan, and CA is hiring those vets to be the greeters. Before you get out, a month or so before you get out, you will get a call from somebody in California saying, "Hey, I was there, you are coming home, I am looking forward to seeing you, I want to talk with you." There are a lot of things we can do to help with your education, your rent, helping you look for a job, and we line it all up.

Those are the kinds of things that I think our States are going to have to do. And hopefully in the future, we can give more carrots

and sticks, using these forces to allow our States to—also in California, every one of our 58 counties, at county expense, has a veterans service officer so that we—assist the Feds.

CEMETERY AT FT. ORD

Mr. FARR. Having said all that, I do not want to ask General Shinseki a question; I want to ask Steve Muro, who is the Under Secretary for Memorial Affairs.

And the issue goes to, that we cannot get a Federal cemetery because of a, I think a very dumb, rule which says you cannot build them within 75 miles of an existing cemetery. You can do State cemeteries. But the State of California does not want to do State cemeteries. So we are doing a bifurcated local effort to raise the money to do a State cemetery.

Now, I understand you have a new initiative that is going to build columbariums as adjuncts to existing cemeteries. And since you were the acting director of the Golden Gate San Francisco National Cemetery and you are very aware of where Fort Ord and Monterey is, I want to ask you if we can get the new columbarium proposal located at Fort Ord. Now, I heard that maybe you were going to look at Alameda or across the Bay. But I would ask if you own the property across the Bay? Is it military property? Does it have a history of military experience? Does it have military support and military burial ceremonies? Because we have all that in Monterey. And I do not know that you have all that in the East Bay. So you have not made a decision yet on it, have you?

Mr. MURO. Thank you, Congressman.

We are actually working with DOD in partisanship with VHA to transfer the land to VA to establish a columbarium and an outpatient clinic on the property there. And this columbarium-only cemetery will serve—

Mr. FARR. Where?

Mr. MURO. At Alameda.

Mr. FARR. Where, the former—

Mr. MURO. The former Naval Air Station.

Mr. FARR. The Naval Air Station?

Mr. MURO. Right.

Mr. FARR. Why is it so easy to do it there and so difficult to do in Monterey, Fort Ord? Is it prejudice to the Navy?

Mr. MURO. No, sir. We looked at the population of veterans that we would be able to serve. By putting it in Alameda, it will serve the Bay area, as the rate of cremations are high in that area. So that was our goal, to try to provide a service locally since Golden Gate is closed and so is San Francisco to first interments.

Mr. FARR. Do you have to buy that land?

Mr. MURO. No, it is a transfer of land to VA. We are paying for environmental investigation, but other than that, we would do that on any—

Mr. FARR. Have you already made that decision without even looking at alternatives?

Mr. MURO. We did look at alternatives. And this is where we would serve the most veterans with this type of columbarium.

Now, we are going to be working with the State to try to open a State columbarium to start with at Fort Ord and then expand on after that to do a regular State veterans cemetery.

Mr. FARR. I am very involved in that. So I know every detail. I would like to know more about this new plan. I want to know—I mean now the State is saying it is taking us \$10 million to do the feasibility study and that 45 percent of that is overhead for the State. So we got to solve this. This thing has been going on for 20 years.

Mr. MURO. And I am willing to meet with you and discuss it.

Mr. FARR. All right. But I wish you would have talked to us, looked at alternatives before you made the decision to go to Alameda and to a Naval Air Station, because I think there are also some conflicting uses with that property. I am really wound up on this. So I will just pass on the rest of the time, and come back, if you will, on my next questioning.

Mr. CULBERSON. You bet, Mr. Farr. That is fine.

Let me at this time introduce, long overdue, Mr. Austria, the gentleman from Ohio.

Mr. AUSTRIA. Thank you, Mr. Chairman.

And Mr. Secretary, thank you for being here. Let me kind of echo what Mr. Farr said. I agree with everything you said.

And General Shinseki, thank you for your service to our country and what you are doing. I know you have got a very difficult job. I also want to echo some of the things that have been brought up earlier. Because you know, when I travel through my district the number one concern I hear is the time that it takes to process claims with our veterans. And I appreciate the fact that you have got that as one of your highest priorities in dealing with that.

DOD-VA MEDICAL RECORD TRANSFER

I know we have talked much about that, talked about going paperless in 2012. But one area I want to make sure we focus in on when we do that, because veterans have also expressed to me their frustration over the way the medical records are transferred from the Department of Defense specifically over to the Department of Veterans Affairs, and it is my understanding as we have looked at this that these two systems, they do not talk very well to each other. And I just want assurances, as you are moving forward with IT, that there are plans in place to make this a more unified and streamlined process.

Secretary SHINSEKI. Well, Congressman, I will relate to you that 2 years ago, a little over 2 years ago, 21 January 2009, as a matter of fact, as Secretary Gates and I stood in line waiting to take our oaths of office, I had just come through a rather comprehensive confirmation hearing in which this backlog was a topic of discussion. So he and I shook hands and agreed that this is something he and I would go to work on and fix.

We met. Our staffs have been meeting off and on for over 2 years. My guess is if this were easy, it would have been solved a long time ago. But we have two departments that are trying to bring their systems together. This is not a technology, in my opinion. I think most any group of folks that are familiar with it know

that the technology is there. This is about leadership and brute force, I guess.

He and I are meeting tomorrow to discuss this topic and to get a lay down of where our two departments are. We plan by the end of April to have a decision on electronic health records that link both of our systems in ways that our current systems do not. Two large departments, two good electronic health records, maybe the two best in the country, but they do not get it done for us.

Mr. AUSTRIA. Mr. Secretary, if you can keep us posted on how that progress, or hoping there is progress, and how those meetings go and what kind of progress you are making, that would be very helpful.

Secretary SHINSEKI. I will.

UNSTERILE MEDICAL EQUIPMENT

Mr. AUSTRIA. You know, when we met last week, and I appreciated you coming to my office very much and sitting down with me. We had an opportunity to discuss a situation in my backyard with the Dayton VA Medical Center and the unsterile environment at the dental clinic there. And I expressed to you at the time my disappointment about the situation, how this could happen, and my disappointment in leadership. And I appreciated the fact that you acknowledged the fact that there was a failure in leadership there.

And as I looked at this, it is my understanding that this type of situation has happened also in other VA medical facilities. Specifically, let me give you an example, the St. Louis VA Medical Center. And it sounds to me, as we are looking at this more and more that this may not be just an isolated incident, that it has happened in other areas, like what happened at the Dayton VA Medical Center. Can you share with me what safeguards have been put in place to make sure that this situation, that the VA has put in place that it does not happen again, whether it be at St. Louis VA Medical Center, the Dayton VA Medical Center, or the other 270 VA Medical Centers across the United States?

Secretary SHINSEKI. Well, Congressman, as I indicated to you, at least in Dayton, there are other examples where there has been a failure in leadership. In my opening comments, I talked about the three behaviors that we were after, one of which was people-centric. I know it sounds like a bumper sticker or any marketing slogan. Unless we get into the fact, which for me is being people-centric, we cannot be a service-oriented organization. That is what we need to do because people count. The center of our focus has got to be our veterans. That is the reason we exist.

Around that focus, we have to have people that are properly well trained, that have the right attitudes, and that are well led. If we have those things in place, we are going to be okay. We have 91 million contacts with veteran patients a year throughout all of our systems and you know, we cannot possibly supervise every one of those contact points so we need to train people to do this properly.

Let me call on Dr. Petzel to get into the details of what occurred in Dayton with one dentist who did not have the right behaviors. More importantly, the command climate, as I would call it, the leadership environment there was people who were unwilling or

unable to stand up and say something had gone wrong. That was the problem there and that is what we have to fix.

Dr. PETZEL. Thank you, Mr. Secretary.

Congressman Austria, at Dayton, particularly, the Secretary has hit the nail absolutely on the head. This was a failure of leadership, particularly in the dental clinic. People did speak up and remark on this behavior and that it was inappropriate. Both the dental chief and others did not do the things that they needed to do in order to cope with that kind of behavior.

That is just absolutely, as the Secretary has pointed out, unacceptable. The critical thing here is you need to have leaders that are responsive, that people can talk to, and who demonstrate when people talk to them that they do indeed act on what is happening.

I want to make one other point briefly, and that is there is quite a distinction between St. Louis and Dayton. Dayton was this single individual and the lack of appropriate infectious disease practice on his part.

St. Louis was a problem in the Supply, Processing, Distribution unit, SPD, with the sterilization of instruments. We think in terms of that issue, we have got processes in place across the country, inspections in place across the country where we do not expect that will happen. We are very proud of our processing and distribution oversight presently.

In terms of Dayton and preventing that, as we pointed out, leadership is one thing. The other thing is there are published standard practices for the most basic kinds of infection control practices that we do try to ensure people follow.

Mr. AUSTRIA. When you say—and I know my time is running short—I just wanted to just follow up, because there has been several reports out there as far as how this was being handled. And quite frankly, I thank you for the meeting last week, because I am very optimistic we can move forward now after that meeting. But there have been reports out there that this leadership, this communication was not there, and that all the way up to the director now has been reassigned. And it was suggested that he even got a promotion as a result of this. I would like for you just to address that. Because after our discussion, you indicated to me that was not correct. But I wanted to ensure that we have got a good leadership and chain of command in Dayton, and precautions in place and procedures in place to ensure that this does not happen again. If you could just comment on those issues.

Secretary SHINSEKI. We have put in place the procedures that fix what went wrong in Dayton and allows us to give you the assurance, this is a sustainment issue. Over time, we have to develop leadership. We have to teach. That is the only way we can assure we are going to preclude this from happening again. It is communication within an organization. A good organization is sort of like a good family. You are going to have your hard discussions around the dinner table, but when you get up, you are still a family. That is what we need to build here.

I would offer one other assurance, Congressman, this one above all. What happened in Dayton took a while to come to the surface, but it finally did, and it was VA who discovered this occurrence. When that happened, we went in and investigated. Then we adver-

tised what we found, and we made tough calls about how long this had gone on. There was no explanation for it, but failure in leadership. Leadership was replaced, not just at the director's level but within the clinic as well.

What I will assure you is that VA will continue to look for areas where we are not meeting our standard. When we find it, we are going to advertise it, and you will hear about it. That is the only way for us to ensure that standards are met.

Mr. AUSTRIA. And I want to work with you to help reestablish the confidence back with our veterans back in Ohio and the American people, quite frankly, because I know that is a very important medical center that we have in the Midwest. And there has been a lack of confidence. And there have been reports out there, this and that, that some may be true, some may not be true. And I am committed to work with you. And I appreciate your comments.

Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you very much, Mr. Austria.

Let me recognize the gentleman from Virginia, Mr. Moran.

Mr. MORAN. Thanks very much, Mr. Chairman.

Since we have the chairman of Defense Appropriations with us, and we appreciate your being here throughout the whole hearing, Mr. Young, it bears mentioning or recalling a time back when Secretary Shinseki was Chief of Staff of the Army at the beginning of the Iraq war. And in Defense Appropriations, of course, he was testifying, and we asked him how many troops he felt that that conflict was going to require. And he gave us a truthful number that turned out to be right on the nose, as opposed to Secretary Rumsfeld, who outrageously lowballed it, and Mr. Wolfowitz, who told us it was not going to cost us a dime because we were going to get it reimbursed completely in oil revenue. A trillion dollars later. So some of us feel that General Shinseki—that is accurate, is not it?

ARLINGTON NATIONAL CEMETERY

Some of us feel General Shinseki was treated punitively at the time. But he has earned his credibility. He is a man of great integrity and competence. So it is terrific that he is the Secretary of Veterans Affairs. But having said that, let me ask one of the folks who works with him, Mr. Muro, the Arlington Cemetery, as you know, has been the scene of mass graves, where they had to dig up the bones and try to figure out who it was that was in these burial plots. We have had mislabeled headstones, all kinds of stuff. I am sure you have read about it. I just want to ask you, have you given any serious consideration to VA being responsible for that operation?

Mr. MURO. Thank you for that question, Congressman.

Let me start off by saying that we sent one of our best employees over there. The new superintendent of Arlington National Cemetery, Pat Hallinan, was a VA director of field operations. Prior to that, he served as a cemetery director at Calverton National Cemetery, which was one of our top cemeteries.

Mr. MORAN. No, I know. All the more reason why—

Mr. MURO. He has the strength to turn that cemetery in the right direction again.

The other thing we have done, is support him well with other VA individuals that go over to help get the cemetery going in the right direction. They have actually started using our National Training Center. We have an MOA with the Army to help train their individuals to get it going in the right direction. I think at this time, a time of war, for us to make decisions of relocating Arlington National Cemetery to the VA Department is probably not the right time. Maybe after we are no longer in war. The soldiers that are over there will understand that we are there to support them. We are there to do what we can to make sure they do not have to worry about those issues.

Mr. MORAN. I understand. Just think about it. Because one of the problems has been that we have not had the kind of coordination we should with regard to other veterans cemeteries around the country. But I won't pursue that because I do not want you to be put on the spot right now. I just want to make sure you are giving it serious thought.

Secretary SHINSEKI. Mr. Moran, if I might add, I have personally assured Secretary McHugh that whatever he needs, we are standing ready to provide. And hence, we have the MOU and people going through our training programs. We have augmented where necessary, and we are going to help him fix this. Then when it is appropriate to have that discussion, we will have it.

JOINT ELECTRONIC HEALTH RECORDS

Mr. MORAN. Just have the discussion. And I am not necessarily recommending it should be done. I just want to make sure we give it full consideration. Because we need to coordinate our veterans cemeteries I think a little better.

A number of members have brought up the attempt to automate your electronic health record systems. There was a GAO report, as you know, just this month that made it clear that DOD and VA still have a long ways to go. As we know, on Defense Appropriations, we put billions of dollars into automating health records for the DOD. And the VA has an estimated \$11 billion program that will be completed by 2018.

The problem is these are all the same people. The same people, whether it be DOD or VA, it is the same person, the same body, the same health record. And gosh sakes, it would seem that we ought to coordinate with the information that DOD has with the information that VA has. You know, we categorize this information. And it would seem not only could we achieve economies and efficiencies of scale, but we could do a better job of treating the veteran because there may be stuff in their health record before they came under the VA that really ought to be taken into consideration.

So I would hope that we could pursue that. And I do think it is appropriate and it is consistent with other suggestions that we take the GAO recommendations to heart and see if we cannot do this. I know both of you are going along tracks to automate, but to some extent, even though they are parallel tracks, they are separate tracks it seems.

Mr. Secretary.

Secretary SHINSEKI. Mr. Moran, I think the meeting tomorrow with Secretary Gates is going to advance the discussion here. He and I are committed to fixing this. I do not know what the past history has been, but he and I have committed to this. I think by the end of April, we will have an outcome.

Mr. MORAN. Very good.

Secretary SHINSEKI. I will say I did not grow up in VA and I am not a clinician, so I did not know the VA's health record until I came over here. I very much was used to the DOD health record and I knew that was pretty good.

I will say there is a significant difference between the two. There is great power behind what VA has as a health record. In fact, when I go on my occasional visits to Walter Reed, and sometimes solicited, sometimes unsolicited, the electronic health record comes up. I have yet to have a doctor in uniform tell me that the VA health record is not a good one. Many of them say they would like to have the capabilities, not necessarily the health record, but the capabilities that go along with the VA health record, which is having every X-ray you have ever taken and every blood test on record. All your pharmacy calls and every surgical note that is provided by a physician is there. That describes the requirement, which is a key word in the acquisition process. If that defines the requirement, we ought to be sure we capture that as VA and DOD move forward here. We need the right capabilities.

Mr. MORAN. Wonderful, Mr. Secretary.

EDUCATION EMERGENCY PAYMENTS

Mr. Chairman, I have one other little issue, if I could get it out there. And this has to do with processing of the post-9/11 GI Bill payments for education. Because of an inability to quickly and automatically process education credits, VA issued 122,000 emergency payments worth \$356 million for students that were facing delayed education payments. This was a year ago. But the Inspector General estimated a loss of about \$87 million in unrecoverable debts out of that \$356 million in emergency payments.

As of this past February of 2011, you had initiated collection actions for approximately 90 percent of the individuals who got those payments. You recovered 67 percent of the total payments. Given 100,000 emergency payments for students' education benefits under that new law, are we going to make sure that that is a thing of the past, that it was just a one-time thing to try to do as much as we could for those kids, but that it is not going to happen again?

Secretary SHINSEKI. I will give you my assurance that I will do everything I can to not have this happen again. I arrived in January of 2009 thinking I was going to work on the backlog. That was the highest priority I had on my books coming out of confirmation testimony. Then I discovered that we had a GI Bill to implement by August. Also a request had been made to extend the timeline, and the decision was it must be implemented by August. So we moved out. No automation tools. We did it with pencil and paper. By the fall, in October, we realized that we were not getting the claims processed the way students needed them. It was not their fault the processing of those claims was backed up. In fact, in December, by the second week, we were receiving 1,500 to 2,000 en-

rollment claims from schools a day. So if you go a week, that is 10,000; 2 weeks, 20,000 and so forth. That would carry over into the spring semester.

What we needed to do was to go to emergency payments. We did not want to do that, but we realized there was a gap on what we were able to do because we just did not have the enrollments verified. I hope never to have that happen again.

We are collecting overpayments. I think our collection number is a little better than the snapshot that the IG provided. In the meantime, we have developed automation tools that we are about to fully automate. We are almost there. We have one more automation drop, and then we will be fully automated for the long term with the GI Bill. I think that is a good outcome. What is also a good outcome is we learned reengineering business processes by having to go through this with a stubby pencil. Automating processes allows us to get that quantum leap in capability. Rather than automating a bad process and getting lousy decisions faster, we went through this change. I do not know that there is anything to add here from Mr. Walcoff.

Mr. WALCOFF. The only thing I would add is that because of some of the streamlining methods that we did the first fall season in 2009, when we went through this past fall in 2010, we were able to process without any of the difficulties that we experienced the first time. That is a good indication. The other thing I would tell you is the IT tools that were delivered, by Mr. Baker and his team, were really outstanding. They have enabled us to really cut to a fraction of the amount of time it used to take to process a claim.

Mr. MORAN. Very good. Nice job. Thank you. Good response. Thanks for the service.

Thank you, Mr. Chairman.

Mr. YOUNG [presiding]. Mr. Moran, the chairman has just gone to vote, so we will continue.

Oh, Mr. Bishop is gone as well?

HEROES RANCH

Well, then let me ask you, Mr. Secretary, the James Haley VA Hospital in Tampa has proposed a pilot program called the Heroes Ranch, a way for veterans and their families to rehabilitate in areas that are similar to their age status, things of this nature. They have recommended this pilot program. I do not know if the VA has endorsed it or whether it is going to be carried out as a pilot program. Can you tell us anything about that? Are you familiar with the program?

Dr. PETZEL. Congressman Young, yes, I am familiar with that program. We have been in discussions with Tampa VA as to how we might do something like that. Let me give you a little more detail. The actual Heroes Ranch program entailed the purchase of, I think, about 300 acres of land. What we are looking at is a way to do something like the Heroes Ranch closer to the campus in a more confined space. The program is being looked at.

Mr. YOUNG. Is there an estimate? If this pilot program proved to be effective and something that would be in the best interests of the veteran, is there any indication of what the cost might be, how

many of these programs we would need to put into effect in order to service the veterans community that would be subject?

Dr. PETZEL. Congressman, I do not have that information. We could certainly, in post-hearing questions, get back to you and be more specific, but I do not have that with me, no.

ELECTRONIC HEALTH RECORDS

Mr. YOUNG. Okay. That is fair. Talking about medical records, at one point, we had a bit of a controversy between the Navy Hospital at Bethesda and the Haley Hospital relative to a veteran that had actually died at Haley. And there was a dispute as to whether or not he came with the infection, which ended up being meningitis, and did he come from Bethesda with it or not? The folks at Bethesda said that he was clear of it, had no meningitis when he left for Haley. But Haley said he came there with meningitis.

We got into the discussion of medical records and exchanging medical records between VA and a military medical hospital. We talked about developing a pilot program where Haley and Bethesda could exchange electronically medical records because of this dispute.

I am not aware that it ever went anywhere. I am not aware that we ever developed a program in order to exchange these medical records. But it would seem to me that for Haley to have access to the military hospital's records or vice versa, would be really in the interests of the patient.

Dr. PETZEL. Congressman Young, you are absolutely right. I am not familiar with the specific case that you mentioned.

I am going to have to assume that it happened earlier, that is several years ago perhaps, because we now have the Bidirectional Health Information Exchange system, which allows us to exchange records, not quite perfectly, but exchange records extensively between DOD and the VA.

Early in the history of our polytrauma centers and in the history of the conflicts in Iraq and Iran, we did have difficulty communicating. Those difficulties have mostly disappeared. We do have good, I think, record exchange. Not as good as we will have if we have a joint record, but really quite good. If we could perhaps talk with your office afterwards and find out the details about the case that you mentioned, I could maybe put it into better context.

Mr. YOUNG. Okay. You are exactly right, it was I think about 2 years ago that this particular case occurred. But all the medical professionals involved agreed that there was some lack of assurance as to what the Marine's actual medical record was. Did he have a disease, or did he not have a disease? But the end result was he passed away with meningitis. So, anyway, we would like to explore that, because I think it is important.

Dr. PETZEL. Yes, sir. We would like to also.

Mr. YOUNG. Okay. Well, thank you very much.

Mr. Bishop.

Mr. BISHOP. Thank you very much.

JOINT VA-DOD MEDICAL FACILITIES

I know Mr. Farr went up to vote. And I think he does have an additional round of questions. But in the meantime, let me ask the

Secretary, and I thank the gentleman for yielding. Mr. Secretary, we have talked a little bit about joint DOD-VA medical facilities. And I am very extremely interested in expanding the number of joint DOD-VA medical facilities that you have now up and operating. And in particular, of course, I have an interest in the Martin Army Community Hospital at Fort Benning, Georgia. We discussed the issue pretty thoroughly yesterday. But for the benefit of my colleagues on the committee, I wanted to ask you to recap the key issues that are associated with joint facilities and a few of the specifics concerning the Martin Army project.

Secretary SHINSEKI. Congressman, I would just summarize here and say that I appreciate the concerns of veterans in the Columbus area for access to the quality care that they should get. I understand that they go to Tuskegee because of the proximity of Tuskegee to Columbus, as opposed to Atlanta. So they are leaving the State of Georgia to do this.

I am also under the impression that the United States Army is moving the Armor School and Center from Fort Knox, Kentucky, to Fort Benning.

Mr. BISHOP. To create the maneuvers center, which is infantry and armor.

Secretary SHINSEKI. When that happens, the Benning population of active duty is going to increase. That usually means there is a tendency for an increase in the veteran population. We will have to look at this.

I do not know we have good data on what the outcomes will be, but we will look at that and try to understand what the requirements are going to be in terms of health care for veterans.

Mr. BISHOP. And you have some existing facilities. Can you kind of describe how those operate? I think there are a couple different places in the country where the DOD and VA have the joint facilities. Can you describe those for me?

Secretary SHINSEKI. Yes. We have one in North Chicago with the Navy. We are also with the Army in Tripler Medical Center out in Hawaii. VA is located inside the Tripler complex, and we are still learning. These are two Departments with the same health care responsibilities but some different processes.

Veterans sometimes have difficulty getting onto a military installation because they do not have the right identification. These are some of the issues we look at as we decide to locate VA facilities on a DOD installation, things that we have to work out.

Mr. BISHOP. I appreciate very much your willingness to look at it. In fact, I guess, we asked for a study in one of our appropriations bills a couple years back. And of course, obviously, access would be a requirement. And of course, given the high retired Army population in the Fort Benning area and, of course, it will only increase with the Armor School moving there because you will have armor retirees as well settling in the area. I would think that population, when you do a census count, will probably determine that that is a pretty heavy population, a densely populated area there with veterans.

HOMELESS VETERANS

Tell me about the homeless veterans. Last year, you indicated that you were going to be looking at homeless veterans. And you have put some initiatives in place. Tell me how you are dealing with veterans in rural areas and if and how you count those in your homeless populations. How do you know that they are there, first off, particularly when they are in those rural areas?

VETERANS EMPLOYMENT

And the other thing I would like for you to touch on is veterans employment. That is a big, big issue. And I know that the VA has some preferences, and other government agencies, for veterans preference. How do we get that to be enforced by the VA itself in terms of its employment as well as the other agencies? Because veterans are complaining constantly that they are not given the benefit of the veterans preference.

Secretary SHINSEKI. Let me go after the homeless question first.

I am responding to the President's public statement here about, how in this country, there is no reason why any veteran should be living in a homeless condition. We have set ourselves after the task of ending veteran homelessness by 2015.

I learned a long time ago as a youngster never to take on absolute statements because they get pretty hard to accomplish. This is almost close to being an absolute statement.

I know that we have taken on, I have taken on, a big challenge here, but we have gone after this with some determination. First of all, I pin the rose here on Dr. Petzel. He is the lead coordinator for homelessness issues inside VA. The reason I do that is because 85 percent, if our funding breakout is right, 85 percent of our dollars in the homeless programs go to health care. It is depression. It is general health. It is dentistry. It is PTSD, TBI, substance abuse, and suicides. If 85 percent of our problem is in that arena, then people with those capabilities need to be in charge. That is why Dr. Petzel has the lead.

That does not mean that Mr. Walcoff in benefits is not involved. They are on the team, but this is being led and coordinated by Dr. Petzel.

What that means is all the way down through our communities, every place there is a VA Hospital or an outpatient clinic, there is an individual as a coordinator in that area for homelessness.

My encouragement to VA in this issue is to go from community presence to community leadership. Not just VA is there helping because we are located in a community, and we have to be part of helping to find ways to solve some of these problems.

So very much of that work has gone on inside of VHA, our health care administration. We put what I think are the required resources into the homeless program. Two years ago, we were estimated 131,000 homeless. The most recent estimate came out in January, and is 76,000. We are moving in the right direction but I would underscore the word estimate.

I have come to find out in the homeless effort, the most visible part of the homeless problem is the individual on the street. By the time you address that issue, it is a rescue of someone who has gone

by a lot of rungs on a ladder and missed opportunities. So if we are going to end homelessness, it cannot be just rescue; it has to be prevention.

I do not have a good way of making this estimate, but my sense is it is four to five times the number of estimated homeless veterans that we can see; four to five times that number are veterans at risk. They are one mortgage payment, maybe one more missed utility payment away. Some change to their lifestyle could put them into the homeless category. If we are going to end it, we have to be playing full court press in all these other areas. That is health care. That is education. That is jobs. We do pretty well in the health care.

Education, we have this wonderful gift from Congress called the GI Bill. Right now, we have 423,000 young veterans going to school under the GI Bill. When you add vocational rehabilitation training and the Montgomery GI Bill, a preexisting bill, that number goes up to over 800,000. These are 800,000 youngsters who are, particularly at this time when the economy is not doing well, in the right place getting trained for the next phases of their life. Congress has much to do with this.

JOBS

On jobs, in VA, we have a concerted effort on to hire veterans as part of the VA footprint. Two years ago, we were in the high 20s, today we are up near 30 percent. Our target is to move that up to near 40 percent. Our intent here is to provide veterans opportunities inside the VA organization.

We also have a Veterans First contracting process that our contracts can be competed for by veteran-owned small businesses. Once a year, we run a training program, and we encourage veterans to begin their own businesses. We will be doing that again this July.

Mr. BISHOP. Thank you, Mr. Secretary.

We had discussed another issue, and I won't discuss that here. I think we can talk about that off record.

Secretary SHINSEKI. Fiduciary?

Mr. BISHOP. Yeah, the fiduciary. But this was in reference to employment and vendors, veteran-owned businesses. We can talk about that either on the next round or off line.

Secretary SHINSEKI. Okay.

Mr. BISHOP. Thank you, Mr. Chairman.

I believe Mr. Farr had some further questions that he wanted to ask.

Mr. CULBERSON [presiding]. I do, indeed. If you are time limited, if you are limited on time, Sam, I would go to you first. But I would need to ask the gentleman from Mississippi to yield, because I want to rotate back and forth.

Mr. NUNNELEE. If you need to leave, that is all right.

Mr. FARR. I do not have to leave.

Mr. CULBERSON. Okay. Let me go to the gentleman from Mississippi.

Mr. NUNNELEE. Thank you, Mr. Chairman.

OPERATIONAL IMPROVEMENTS

Mr. Secretary, I think your budget assumes \$1.2 billion in operational improvements. Can you elaborate on those operational improvements? What are they? What kind of assumption is that?

Secretary SHINSEKI. Just getting a little coaching here, Congressman.

Mr. NUNNELEE. I have been here 10 weeks. I have had a lot of coaching.

Secretary SHINSEKI. It is part of our savings program that I described earlier. There is opportunity at the end of this year, 2011, where we are going to show about a \$1.1 billion savings. We are taking part of that, \$600 million, and investing it in the 2012 budget, and \$500 million, the second piece of that, and investing it in the 2013 budget. At the end of 2012, we anticipate another savings. I believe this is the \$1.2 billion that you are looking at, and we think that over the 3-year period, 2011, 2012 and 2013, we will show about a \$3 billion savings over that period of time.

Mr. NUNNELEE. How will you achieve that savings? It has been reported to me that it may be through using nonphysician providers, LPNs instead of doctors and nurses. Is that how you are going to achieve that?

Secretary SHINSEKI. Yes. A variety of categories here. Some of it has to do with using Medicare payment rates for non-VA care payments that allows us to advantage ourselves of those rates. We are going to see savings out of that.

We are realigning clinical staff and resources so we have physicians doing what physicians are trained for and best at doing, and we have nursing staff doing other things. We have gotten a little bit out of balance here so we are realigning.

We will see some significant savings as a result. We are also bulk purchasing and doing smart things on acquisition. That is going to show about a \$355 million savings in that arena. Again, VA real property cost savings and innovation, we think, is going to help round this off at about \$1.2 billion.

Mr. NUNNELEE. Well, I am very much interested in achieving efficiencies, but not at the expense of health care for veterans. I want you to assure me that as you achieve these operational improvements, it is not going to be at the expense of added wait time or diminished quality of health care, or that you are not able to achieve it—therefore, leaving you less money in your budget.

Secretary SHINSEKI. You have my assurance that that will not happen.

Mr. NUNNELEE. All right. Thank you.

Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you very much, Mr. Nunnelee.

I recognize the gentleman from California, Mr. Farr.

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

RURAL ACCESS

I was with Secretary Vilsack not too long ago out in my area. And it was interesting what he was pointing out as being former Governor of Iowa, mayor of a small town, and now Secretary of Agriculture, that the highest percentage of society that enrolls and

enlists in the military comes from rural America. Rural America has been traditionally more supportive of our Department of Defense. When you think about how we handle rural America, we put a lot of our not-in-my-backyard activities there. So the training bases, where you really get active and have gunfire and bombing practices and so on, is all out in the rural area.

In fact, rural America is probably DOD's most loyal culture. DOD built in my area back in the early part of the last century a training base called Fort Ord. It ended up being the largest training base in the United States ever to be closed. Before it was closed, through all the wars, World War II and Korea and Vietnam, it was one of the major training bases in the United States. It was formerly under the command of General Stilwell. It was the first military base in the United States to be integrated after World War II.

And we are a small area, probably about 110,000 total. So when the base closed, 33,000 people left about 27,000 acres, an area about the size of the city and county of San Francisco. We felt that we could now use this former military property for benefits for the veterans. I am really frustrated that we cannot really focus on all of these tasks that the communities made. Local veterans are out doing raising money and doing golf tournaments and everything they can to build a veterans cemetery. We are also working with the DOD that is still there, the Naval post-graduate school and the Defense Language Institute, to build a joint VA/DOD clinic.

The area has a lot of homeless veterans with families, some of them from Iraq, Afghanistan, some of them still left over from Vietnam. The local community is trying to raise money through local charity to get some transitional housing.

All of these burdens are essentially the responsibilities of the Department of Veterans Affairs. Mr. Secretary, I do not know what it takes internally, but can you do whatever it is, stand down or muster or whatever it is among all the Under Secretaries sitting around you: one who is interested in trying to do the veterans clinic, one who is trying to do the cemetery, one who is interested in homeless and transitional housing—I am pointing out the military built a lot in the rural area, but when it came to providing services, the VA's are all located in urban areas. So that is where you build your clinics, that is where you build your hospitals. And you got a great one in Palo Alto, but that is 100 and some odd miles away. You got a VA cemetery that is in San Francisco, but closed, and it is about another 100 miles to another cemetery. Your VA regional office is there. And most of the transitional housing for veterans is in the urbanized Bay area.

What I am suggesting is there has got to be a rural strategy as well. And we need a rural strategy that is as good as when the DOD's closes a base. At former Fort Ord, I think we did a lot of responsible things. Built a new university. And here we have all this real estate available at no cost, still in the Federal ownership, where we could do some stuff for veterans.

I would like you to just see if we can drill down and get this thing done. I mean, I am really kind of surprised that with all the knowledge you had about Fort Ord, that when you have an opportunity to open an annex, you go to Alameda. I mean, it is just like, you say you are our friend, saying if you come along and get this,

we will help you, but then you go out on your own and invest money so that you can build something in Alameda. That really bothers me.

Now my brother-in-law is disabled. And I have become very, very sensitive to accessibility. And one of them, the most of all, is transit. You are trapped in your home because if we want to go to the VA Hospital, you have to get volunteer drivers to drive you. There is no transit service. And yet our local transit company said they would sign a contract with the VA. We could do this. If veterans do not have a car, they have to rely on somebody coming to pick them up and take them out. And we have a wonderful community that does that. But you know, that is all volunteerism. And when it is not there, it is not there. It is not reliable.

And so the idea of really providing quality of life and independent living for these veterans, which we are trying to do not just for veterans but everybody in our community, can we get some real attention on how we might be able to have a Federal transit benefit for our veterans and the services for veterans in our local area? We worked it out with all the schools. We worked it out with the Army. They are contracting for the DLI to do that. Can we really figure out how we can get over these little cemetery hurdles that seem to be just nuts?

But what I need from you is, yeah, we will look at all these issues at Fort Ord. Frankly, I am thinking about Hawaii. Hawaii is a rural State. And like my area, it is an agriculture and tourism State. But what makes Hawaii Hawaii, why it is so accessible for all the retired military and veterans is because you got these tremendous military bases there with great hospitals. And so they go with space-available basis. And if you took the military out of Hawaii, the State would really suffer economically, and certainly quality of life, for an awful lot of people. It is lucky, as a rural State, that it has those resources.

But think of the rest of America. The President has told us that half this country cannot get access to IT because they do not have any broadband. So what about all those veterans that are going to be, again, in the rural areas that will not be able to get access to the Internet?

So we need to have a veterans rural strategy. We can provide that infrastructure so that they can get access to these things. Look, let's get over all the hurdles here, I think we can get over them. I have been working on this 10 years, and everything is one step forward and one and a half steps backwards. I want to get some of these things resolved.

And I know you can do it. You are a go-to guy to get things done. And I appreciate your leadership on that. I am just asking, I am tired of being here year after year and trying to beg pennies to move an inch. I need some help.

Secretary SHINSEKI. Congressman, as I have for the past 2 years, I tell you I will work this with you. We do have a rural strategy. It is fledgling. We have in the last 2 years put \$500 million into it. We are putting another \$250 million this year and \$250 million in next year as well. The kinds of things that are touched by it are community-based outpatient clinics, primary care facilities, health care service expansion, and so on and so forth.

That does not address the fact that out of our 8.6 million veteran enrolled population, 3.5 million are in rural areas. The challenge for us is delivering rural health and, I think you can see what we have done over the last 15, 20 years. We used to have just VA hospitals, sort of the flagships, and everybody had to come to the flagships. Then over the last decade and a half, we have begun the migration of service delivery to where people live. That is why you have community-based outpatient clinics and Vet Centers. We have about 50 mobile vans that deliver care to areas where veterans do not drive.

Mr. FARR. And some of the best turnouts and successes with that mobile van have been in my district. The point here is that we have got DOD, excess DOD property. So we could do all these things. But we have 75-mile limit issues, as you know, and we have talked about——

Secretary SHINSEKI. I cannot explain what happened on that last decision. I am going back to look at it. As you indicated, it was sort of stunning to have that as an outcome but we will go back and investigate whether or not there is any opportunity for waiver.

You raised water rights issues. I am looking to see if we can build on Fort Ord, whether there is an option. I want to make sure I get as smart as you are on the water right challenges between Seaside and Marina. These would be, in my opinion and I hope yours, options if we cannot do it on Ord because of the enormous upfront costs.

Mr. FARR. As we talked, we have already found another property across the street that might be available for a joint VA/DOD clinic.

Secretary SHINSEKI. It is not Army property?

Mr. FARR. No, it is not Army. It is Seaside. You gave it to them. And they are willing to do it at no cost. So we have got some movement. We do not know whether it works. But my point is it is all of these things. If it is us, it is also the rest of a lot of rural areas in this country. And I think that there ought to be some collaboration with other departments.

America needs a rural strategy of how you keep people in rural areas. That is not veterans, but you are part of that family. Vilsack is responsible for putting that strategy together and looking how we might, if we are going to do broadband in the rural area, well, then let's link up all the veteran IT with that broadband, so that the rural veterans can get access. If we do smart transportation contracting with public transits that are there that can do these mini-contracts cost-effectively, let's do that.

Mr. FARR. Those are the kinds of things I am—they do little things, but they mean a lot if you are in a small community.

Secretary SHINSEKI. Secretary Vilsack and I have talked about the aspect of such a high percentage of veterans coming from rural areas. We haven't gotten to the details you are referring to here in terms of putting those links in, but I am happy to have that discussion with him.

Mr. FARR. Thank you. Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Farr.

VA RURAL INITIATIVE

To follow up on his question, Mr. Shinseki—I know this is a great source of frustration for all of us in Congress. I know how devoted you are, sir, to—all your staff is—to serve our veterans. But the rural initiative, Sam, it looks like in 2010 they had \$500 million—\$250 million they are asking for in 2012, and of course 2011 we are still trying to resolve.

But Sam raises a really valid point and that is that a lot of it is just simply like transportation. These are just commonsense, fundamental things that could be provided to veterans like Sam's brother-in-law who is disabled and needs access.

I represent an urban area that is fully developed, urban and suburban, and have heard complaints and concerns from veterans in some of the suburban areas of Houston who are unable to get access transit to the veterans facility in Houston. That is almost a billion dollars over the course of 3 years, Mr. Secretary. I know you are brand new to this. This just makes me nuts.

Let me read the definition of this, Sam. Listen to this. A billion dollars. "The mission of the Office of Rural Health is to improve access and quality of care for enrolled veterans residing in geographically rural areas by developing evidence-based policies and innovative practices to support their unique needs." It is just like bureaucratic gobbledygook. And all you need is bus service. Just rent a bus like Sam is talking about.

"ORH collaborates with a range of stakeholders to conduct studies and analyses and implement and evaluate innovative pilot projects." We don't need pilot projects. We just need buses, Sam, right? Just commonsense stuff. This sort of stuff makes me nuts when I read this and the vast amounts of money involved, and Sam's brother-in-law can't even get transit. And I hear the same thing, Sam, from my area.

Mr. FARR. No, I didn't say he can't get transit. He is fortunate, and he drives himself. I mean, they have done a lot. These clinics that move, the mobile clinic, great thing. But you come to a place in a rural area. That means there are still veterans that are going to try to get to that place who may live 100 miles from where that mobile unit is, but 200 miles from where the hospital is. So we need more—

Mr. CULBERSON. This is just so poorly defined.

Mr. FARR. They need more linkages. These are all silos.

Mr. BISHOP. Will the gentleman yield?

Mr. CULBERSON. Certainly. It is my time and I am happy to yield.

TRAVEL REIMBURSEMENTS

Mr. BISHOP. Thank you. Mr. Farr's brother-in-law does have means. But I represent a rural area and I have lots of veterans who don't have means. They don't get it from the veterans service organizations, and one of the complaints is that they have to pay somebody to drive them to the hospital and, of course, they have issues with the reimbursement rates or with getting reimbursement at all.

What are your policies for reimbursing veterans who have to travel to the VA medical center or the VA medical hospital in terms of paying travel costs, reimbursement for mileage?

Secretary SHINSEKI. They are reimbursed at 41 cents a mile.

Mr. BISHOP. Isn't that reimbursement conditional?

Secretary SHINSEKI. That is an increase. Three years ago, it was 11 cents a mile. We have increased it for the last 3 years to 41 cents.

Mr. BISHOP. But they have got to get cleared in order to get that reimbursement. They have to be authorized to get the transportation. What does the veteran have to go through to get that?

Secretary SHINSEKI. This is conducted at the site where they get their medical care. I am going to call on Dr. Petzel for the details here. My guess is that the veteran goes to the hospital, goes to the appointment, demonstrates they were there, in fact, on a hospital appointment; and then demonstrate what their costs were, and a calculation is made to reimburse them. I think that is the way it works.

Mr. BISHOP. Because often they don't have the upfront money, and of course they get to the hospital and they want to get reimbursed so they can get back home, because whoever drove them there is waiting for them to take them back home. And if they get difficulties, then they won't get that ride again.

Mr. FARR. May I—will the gentleman yield? Let me just tell you. The DOD and the Army Reserve are in command of Fort Hunter Liggett, which is down in southern Monterey County. It is over 100 miles to the veterans clinic, which is on the campus of the new Fort Ord, new university at Fort Ord. DOD has contracted to provide with the local transit system these rural access into remote Fort Hunter Liggett. They also have contracted with the university to provide service to the university campus. And actually the bus goes from the campus to Hunter Liggett, 100 miles away.

But nobody has thought about maybe going out and getting the VA as one of the partners in that. And to me that makes sense, and I think that is partly the responsibility of the local transit. And the transit people actually told me that they are very interested. So I just want to begin the dialogue of there is something there that could be achieved.

Secretary SHINSEKI. I am happy to have that. I would just say that the chairman was reading off a statement and I apologize for what apparently is sort of a bureaucratic description of what the Rural office is about. I talked about CBOCs and mental health support and outreach. Transportation is one of those priorities that is part of what that \$500 million includes in 2010; really it is 500 million over 2 years.

The program began, I think, in about July of 2009. The monies arrived late. There was 250 million associated with the 2009 allocation. We were not able to execute it all in 2009, so it carried over into 2010. That is the reason for the increased numbers of 490 million in 2010. The standard every year in, 2011, 2012 and so forth, is \$250 million a year against the Rural Health program. Previously we didn't have a rural health office. We have now stood one up and we hope that this is the way we begin programs with good ideas and finding a way ahead.

Mr. CULBERSON. You weren't quite ready to stand it up. I heard you say money rolled over to the next year. When I read a poorly defined description like that, it really rings my bell. And then to hear just the commonsense stuff that Sam and Mr. Bishop were asking about, these are just commonsense—you don't need—whatever that was—I lost the page—innovative pilot studies. This is just commonsense stuff that is—you are going to collaborate with a range of stakeholders to conduct studies and analyses and implement and evaluate innovative pilot projects. It is a vast amount of money for what is clearly a poorly defined bunch of stuff that a lot of it is commonsense. It is extremely frustrating.

Again, I am new to this and I have a great respect for my friend, Mr. Farr, the members of this committee that served here, and I am looking to them for advice and guidance on this. But it is my distinct impression there are advantages to coming in as brand new; and you are new as well, General Shinseki. These problems have been going on for years.

Mr. Bishop, you told me as we went down to the floor, you came aboard in 1993. And tell him about our conversation on the way up, that you saw a lot of these same—

Mr. BISHOP. The very same issues we are hearing now, of course those are the issues that veterans had in 1993 when I was on the authorizing committee. When I got to the Appropriations Committee, it was VA HUD then, and I heard the same issues then from my constituent veterans.

There was a hiatus during that period when Secretary Brown was the Secretary, and for some reason the veterans seemed to like him and they thought that he had instilled the kind of culture where they were getting the services they deserved. And as soon as he left, the culture seemed to have changed again.

And I appreciate your intentions, as you expressed in our private conversations, that you intend for your tenure to be marked and remembered in the same fondness as that of Secretary Brown. And we want to help you do that, but those are perennial, chronic issues, and I think it has to do with a culture—

Mr. CULBERSON. Right.

Mr. BISHOP [continuing]. Within the VA staff that has a sense of arrogance, I guess, and a lack focus on customer service when it comes to veterans, and they express that every time we have a town hall meeting. And every time I talk with one in the office who has got a case, they are so frustrated, they don't want to talk to the case workers anymore, they want to talk to me, because they think that will get them closer to a resolution. And, of course, every time I talk to you guys, I bring it to your attention because they are crying. And it is the squeaking wheel that gets the grease, and the crying baby that gets the milk. And I want to make sure that these veterans who are really hurting get some relief from the system.

And this is where we have to make it happen—here. And then from here, then you have to get a stronger customer service focused culture to filter down through the organization so that every person, the person who pushes the wheelchair, who answers the phone, who fills out a form, who reviews an application, each and every one of them believes that they have got to be so committed

to serving those veterans that nobody could do a better job of serving than they.

Mr. CULBERSON. Hear, hear. And it is really up to you, General. I know this is a huge responsibility. You are new to the job as well. You may just need to fire a few people.

Do you have a chain of command—and that is something you are used to—in holding people accountable and responsible, and if they don't do their job, you dismiss them in the United States Army, and I hope you will do the same in the Veterans Administration. It is not acceptable.

And as a brand new chairman at this job, I am certainly going to expect, particularly with our veterans, that the Department of Veterans Affairs be held in the absolutely highest standards of customer service and satisfaction among all the other agencies of the Federal Government. The VA ought to be the gold standard of customer service, because of your customer who you are serving, who have done so much for this Nation. I certainly want to hold you to that standard, and we will do everything we can to provide for you. You have got plenty of resources. I mean, these are huge amounts of money the Agency has been given over the years. Congress has been extraordinarily generous. You are one of the few agencies that gets advanced appropriations.

Mr. FARR. It has only been a year.

ACCOUNTABILITY

Mr. CULBERSON. Yeah, it is still brand new. So the Congress has been extraordinarily generous, sir, and you are still new at the job. We really hope—and I cannot echo strongly enough what Mr. Bishop and Mr. Farr have said, that we really want you, sir, to be aggressive and assertive and assert the chain of command and hold people accountable. And I personally hope you will fire some people. It is just not acceptable for the benefits to lag on that long; for the inspector general to say that if you call any veteran who calls the national call center—the inspector general concluded that any one call placed by any caller has only a 49 percent chance of reaching an agent and getting the correct information. Not acceptable. In the private sector that wouldn't be acceptable.

Again, think about who the customers are in this case. These are the folks that have to be treated—I mean, absolutely you ought to be the gold standard. Claims processing, 23 percent were processed incorrectly; 50 percent of incompetency determinations were unnecessarily delayed. It is just not acceptable, and vast amounts of money are involved.

So I really want to work with you, sir. But I really hope you would, frankly, institute the same level of accountability that you had in the United States Army at the the VA. And I hope you will fire some people. Somebody needs to—always has a very salutary effect on others to fire people. Could you comment on that, sir?

Secretary SHINSEKI. I sure can. Mr. Chairman, all the things you are touching on have to do with leadership. As I said in the beginning, people-centric means something in our discussions. It is about training our workforce, their having the right attitudes, and their being provided the right kind of leadership here, leadership that in-

spires. For the past 2 years that has been very much an effort on my part, building the leadership and the growth process.

We now have a Senior Executive Management Office. We never had it before. We have one now. We look very closely at performance and performance bonuses. I think you will see a significant reduction between year 2009 and 2010 in terms of those kinds of recognitions. The keyword here is “performance,” and that is what we look at very closely.

Mr. CULBERSON. Will you fire people?

Secretary SHINSEKI. We have removed folks, it is hard to use the word “fire” under the personnel rules we are required to work with, but we have removed people from positions.

Mr. CULBERSON. Tell us what rules you need changed so you can hold them accountable. I think you see us ready—do what you need to do to take care of our veterans and make sure that we are not hearing this. This is just not acceptable.

CONTINGENCY FUND

Let me also ask you as we have gone on very long—in a couple of areas, I do want to make sure—I see in your health care budget proposal, you have proposed a contingency fund, asking this committee, this Congress, for \$953 million in a contingency fund that you would like this committee to set aside so you could basically use it as a contingency, when and if you thought you needed it. Of course, the best way to express how severe the financial problem we face is, Mr. Secretary, again you all are part of the mortgage payment, but money is so tight. The way to think about the problem is that at the stroke of midnight on the first day of the fiscal year, we are already \$105 billion in debt as a Nation. If you consider America’s mortgage payment to be interest on the national debt, Social Security, Medicare, Medicaid, our veterans’ benefits, at the stroke of midnight we are already \$105 billion in debt because America’s mortgage payment consumes all our income. So everything we spend all year long is borrowed.

So the new majority was elected not just to repeal ObamaCare and do it immediately, but to try to get us on a path to a balanced budget as quickly as possible. So we are going to be looking to try to find ways to save money. So I really need you to take another run at that letter that Mr. Bishop and I sent you. And this contingency fund, I have to tell you, it is very difficult to see how that can be justified in this sort of an environment, because essentially what you are asking is for to us give you this \$953 million as essentially like a supplemental and just spend it when and if you need it. And we just don’t have that kind of money anymore.

Secretary SHINSEKI. Mr. Chairman, I think what you will see out of our entire budget is an effort to put in place the right kind of behaviors to get to the issues that you are talking about; fiscal responsibility. The way that we have gone about it is to emphasize the right behaviors. With the right behaviors, we are going to see at the end of the year the kind of savings that I think are appropriate for a Department of this size.

As I indicated, I think at the end of this year, we are going to have \$1.1 billion in savings. What is intended here is to take \$600 million of that and invest it in the 2012 budget so that for the 2012

budget, the top line remains the same, but I am buying it down with \$600 million of savings. I am not asking the Congress for all of that as new money because I am buying it down.

In 2013 I am putting \$500 million into the 2013 budget and, in fact, buying down which I think is doing what you are asking me to do.

Let me talk about the contingency fund. The contingency fund is probably a lousy name for it because it sounds like some kind of a slush fund. I indicated that we use a model to estimate what our health care requirements are going to be. Into that model goes all kinds of things that you all have been talking about, with providing better access, better service, faster turnaround on disabilities, and transportation. All of that goes into this model called MILLIMAN. Over the past 7 years, MILLIMAN has been pretty precise on what the expectations might be. Not perfect as we occasionally come up with new areas we hadn't considered, but it has been pretty right. OMB and GAO have both looked at it.

What MILLIMAN has done to us for the first time is it has inserted a requirement for an unemployment rate factor. We have never used an unemployment rate factor before in MILLIMAN. While we have good confidence in the MILLIMAN model itself, this is a new factor.

I don't have any experience here. In order to be transparent about this, I have declared that as a contingency fund. I didn't try to tuck it in the budget and pretend it was not part of MILLIMAN. I said, this is something new and I don't know what the level of confidence is. Transparently, I have offered to score that in my budget but set that money aside. OMB controls that money. I have no access to it unless the unemployment rate kicks in and I go to OMB and say the model was right, and here are the manifestations of it. At that point, OMB has the right to make the call and say that the money is released. If it isn't released, the money goes back to the treasury, whatever is unused. All \$953 million goes back to the treasury, and does not come to VA unless I can justify some portion or all of it.

Mr. CULBERSON. It goes back to the treasury to be spent on other things, as it is currently designed. The way the law is currently designed, as I understand it, the \$953 million, it would be in this example, would be returned to the treasury. The treasury can then move it around and it can be used elsewhere?

Secretary SHINSEKI. I say "the treasury" as sort of a general discussion rather than the Department of the Treasury. It goes back to the control of the government. I don't have access to it.

So I guess what I would describe this as, Mr. Chairman, is a risk mitigator, because I don't know whether or not the model is correct. The model has been correct on lots of other things. If the model is correct, then the \$953 million is there and available for me to address the unemployment rate factor that is part of what we are talking about, and we will see greater numbers of veterans coming to VA for their care.

When I arrived, I think the number of enrolled veterans 2 years ago was 7.8 million. Today it is in 2012, going to be 8.6. There has been that kind of growth in 2 years and I just can't ignore at least putting in place a risk mitigator. If the model is wrong, the money

is in no harm. The money goes back to the treasury. If the model is right, then this provides us an opportunity to address the needs that are going to come up.

Mr. CULBERSON. I understand your justification for it, sir. And I understand the uncertainty of knowing how many veterans are going to be coming into the system in the next 12 months.

Part of my frustration that makes me crazy as a fiscal conservative is funding that goes back into the Treasury and gets returned somewhere else and gets spent. The harm in it is that when we create that money, set it aside on our appropriations bill, the Treasury is then authorized to essentially create it. And the only way they can create it is to borrow it, I mean, to create debt, which is then sold primarily to the Chinese and to sovereign wealth funds of nations that are hostile to us. So the money is—it is harmful because it doesn't—it goes back to the Treasury and can be spent somewhere else, but it is all borrowed money.

So I have got a real problem with that. That is a real source of concern, and I understand your uncertainty about the number of people that you are going to be serving, and obviously we want to make sure you have the funds necessary to take care of those folks. But I tell you, that is a real source of concern.

Let me also wrap up. And we have——

Mr. BISHOP. Will you yield for just a second on that point? When the funds are released, do they come in one lump sum or are they released in increments?

Secretary SHINSEKI. My guess is, the unemployment rate factor doesn't hit on the first day of the year. I will have to demonstrate there is, in fact, an unemployment rate that is beginning to show, and at some point I have to go in and apply for the funding and it will be for a partial amount. There may be several partials or none at all.

Mr. BISHOP. Thank you.

Mr. CULBERSON. Staff point out that the money lapses and goes to reduce the deficit. But I am almost positive it is just returned. And once Congress creates it, it is created by selling debt. Treasury bonds are actually issued and sold in order to create the money, so the debt exists and is owned by, again, primarily the Communist Chinese, sovereign wealth funds, and others. It is just a bad idea unless we really know you have got the population. We are probably going to have to figure out another mechanism to do that.

Secretary SHINSEKI. Mr. Chairman, let me say that out of that \$953 million, \$713 million of that comes from VA savings this year that I am inserting into that project. So the real delta here between money that may be going to somebody else is about \$240 million.

Mr. CULBERSON. That is marvelous. And we were——

Secretary SHINSEKI. These are the right behaviors we are after, Mr. Chairman.

Mr. CULBERSON. Yes, sir. Absolutely. No question. And thank you. This is the year to do it, because, again, all the money that is borrowed from the stroke of midnight the entire fiscal year, every dollar that this committee spends is borrowed, because the mortgage payment consumes all of our income.

I think typically Dave Ramsey says your mortgage payment shouldn't consume more than about 30 percent of your income as a country. It consumes 100 percent of our income.

Very quickly in conclusion—and the rest of the questions I will submit to the record. Let me ask about the—I just want to raise as a concern, Mr. Secretary—and you visited a little bit about this, Mr. Nunnelee. You are assuming \$1.2 billion in operational improvements and also you are relying on the availability of unobligated balances in the amount of \$1.1 billion.

Now, as you know, in H.R. 1, which has passed the House and is in the Senate being negotiated, we have had to, in light of the urgent financial—the debt problem the Nation faces—set aside about \$500 million of that in order to again try to reduce the debt burden that our children are going to inherit. So it is risky and probably not a good idea for you to rely on those unobligated balances, and also a little uncertain to rely on operational improvements that may not materialize. Would you agree with that, sir?

Secretary SHINSEKI. Well, Mr. Chairman, my hope here is that we don't return to an annual budget process. If those savings can't be reinvested in a way that I buy down my cost of operations, which is by efficiency and buying down the kinds of things you are describing, then you are asking me to come back in for \$600 million to be provided to us in the 2012 budget to meet those requirements. I just would ask you to consider whether or not Congress would be willing to provide that in 2012 and 2013.

I think what I have done is bought that down in a responsible way. If those savings can't be harvested like this, we are being pushed back towards an annual budget where people then spend the money at the end of the year. I am trying to correct behaviors here, and to me that is the longer-term good that is going to come out of the process.

I understand the pressure on you as chairman in this committee, but I just ask for your indulgence as we go forward here.

Mr. CULBERSON. Certainly.

Secretary SHINSEKI. I think I can demonstrate that we have been responsible in our business approach to what VA does. Albeit, we are short on providing all of the needs that veterans have, but we are hopeful that these savings can be reinvested so we can do better. If they are not, I cannot do any better than I am doing today.

Mr. CULBERSON. You are doing a great job, sir. We are very proud of the service you have given our Nation and to the VA. And this committee is arm in arm, and going to make sure that you get the resources you need to do the vitally important job you are doing for the Nation and for our veterans. I deeply appreciate your testimony.

I will submit other questions for the record, sir. Thank you very much.

[The information follows:]

[Questions for the Record submitted by Chairman Culberson follows:]

Question

1. VHA (Caregivers): Mr. Secretary, your Department has recently released an implementation plan for the Caregivers Act that authorizes benefits for caregivers of disabled veterans from the Iraq and Afghanistan wars. Members of Congress on both sides of the Capitol and in both parties have joined the criticism of veteran service organizations, saying that the Department's regulations on eligibility for these benefits are too restrictive. In testimony last week before the House authorizing committee, witnesses said that the regulations would exclude three out of every four caregivers, largely because the regulation says that the veterans must otherwise require hospitalization or nursing home care to allow the caregiver to receive benefits. This would exclude caregivers of veterans who live at home but who have assistance needs because of conditions like traumatic brain injury. How have you responded to these criticisms, and do you intend to modify the regulations?

Answer

The Department of Veterans Affairs (VA) takes the concerns of its stakeholders very seriously and is committed to establishing a program for family caregiver support that will be consistent with the law and will be implemented using clinically-based standards. When VA developed the eligibility criteria proposed in the Implementation Plan, it assembled a group of subject matter experts from across VA, including the Federal Recovery Coordination, Polytrauma, and traumatic brain injury programs, and others. VA staff also met with representatives from several of the Veterans Service Organizations (VSO), as well as Veterans, caregivers, and national non-governmental organizations (NGO) with expertise in caregiving. VA's experts recognized the challenges faced by family members caring for individuals with traumatic brain injury, and from the beginning of its evaluation of the new caregiver law, VA absolutely intended that individuals affected seriously by TBI will be eligible for the family caregiver benefits.

On May 5, 2011 the Interim Final Rule was published regarding the family caregiver program required by the Caregivers and Veterans Omnibus Health Services Act of 2010 (Public Law 111-163).

Question

2. VBA (Disability Claims Backlog): Mr. Secretary, your testimony describes the pilot programs and claims initiatives the Department is conducting to reduce the disability claims backlog. But you're being swamped by claims [nearly 1.5 million in 2011] and don't expect to reach your target of no more than 125 days to decide claims until 2015. Do you really have time to continue to try alternative systems to see which approach works?

Answer

VA is not waiting for the completion of the pilot programs and implementation of the Veterans Benefits Management System (VBMS) to take aggressive action toward the goal of completing all claims within 125 days at 98 percent accuracy. VA's multi-tiered approach for addressing the dramatically increasing volume of incoming claims includes a number of innovations. VA deployed two rules-based calculators to streamline and improve decision quality, with more tools in the pipeline. VA is providing Veterans with improved online access to claims status information and other self-service options (such as ordering copies of discharge records) through the eBenefits portal. This increases client satisfaction while freeing VA staff to work on claims. New evidence-gathering tools are being developed, such as the Disability Benefits Questionnaires, which sharpen the focus in medical examinations to ensure all information needed to rate the claim is gathered the first time in the medical examination process and is presented succinctly. VA's Fully Developed Claims program operating in all 57 Regional Offices puts Veterans in the driver's seat for submitting claims that are ready to rate when received.

It is estimated that in late 2012, production will begin to outpace receipts. At that same time, we plan to begin the deployment phase of VBMS. VBMS will provide powerful new tools to claims examiners to boost efficiency and productivity. Gains in accuracy through rules-based processing will reduce re-work and appeals. Rules-based processing and calculator tools also speed the rating process, which will increase employee productivity and provide additional staff hours to rate other claims.

- Has the VA considered the approach suggested by Linda Bilmes of Harvard University -- that for the next several years, the VA should simply accept and pay all disability claims for returning Iraq and Afghanistan war veterans at face value and then audit a sample of them? This would align VA with the way the Internal Revenue Service manages our tax returns.

VA thoroughly and objectively looked at Professor Bilmes' suggestions that seek to speed benefits to disabled Veterans. We cannot, however, support the approach recommended by Dr. Bilmes, as this approach has the potential to both significantly under compensate and over compensate many Veterans.

For example, 86 percent of Global War on Terror (GWOT) Veterans who file claims are awarded service connection for one or more conditions, and 78 percent of GWOT Veterans receive disability compensation. However, it is also important to understand that these same GWOT Veterans are denied service connection for about half of the conditions they claim. Therefore, in the process envisioned in Dr. Bilmes' proposal where all claimed conditions are compensated, nearly 50 percent of the conditions awarded service connection would not be validated in the audit process. VA would likely be required to sever one or more service-connected conditions or reduce evaluations in most of the cases audited. The audited Veterans would receive significantly different treatment than those Veterans not selected for audit. Recouping invalid

compensation payouts would be a difficult, time-consuming, and unpopular task for VA to undertake. In addition, this would likely raise concerns about VA's stewardship and oversight of public funds. VA believes that, to be fair, all awards would have to be audited. If that were done, the caseload would dramatically increase because every case would be worked twice, once to initially award benefits and the second time when the deferred development and assessment are actually accomplished.

The adoption of an Internal Revenue Service model raises another important issue, in that very seriously disabled Veterans may be entitled to compensation above the level assigned in the absence of reviewing the evidence of record. Further, some Veterans might be denied statutory entitlement to the additional special monthly compensation (SMC) benefits absent a review of their claim. The proper level of SMC cannot be determined in all cases without a thorough examination and application of very complex SMC rating criteria.

Question

3. VHA (Contingency Fund): Your budget proposes a \$953 million contingency fund, which is described as being needed due to your forecasting model anticipating changes in economic conditions. Doesn't this seem a little off-cycle? I would think the VA would already have experienced caseload increases due to a weak economy and that the improving economy would reduce that trend.

Answer

This economic impact was incorporated into VA's Enrollee Health Care Projection Model for the first time this year. The lag noted in the question is a natural consequence of the timelines inherent in the federal budget formulation process. The \$953 million contingency fund, estimated in the Model, was created to address the potential demand increase for medical care services due to changes in economic conditions. The fund will only become available for obligation if the Administration determines the anticipated changes in economic conditions, as estimated by the Model, materialize in 2012.

Question

4. OM (GOE – FTE): Mr. Secretary, you have proposed reductions in the General Operating Expenses account which supports VA employees in the Veterans Benefits Administration [VBA] and headquarters. But you have treated these two areas differently. Headquarter staffing is increased by \$51 million or almost 13 percent, while VBA is reduced by \$130 million or 6 percent. I know you feel you need to beef up your headquarters acquisitions staff and their management, but how do you justify this imbalance between headquarter staffing and the teams that provide disability, education and housing benefits for veterans?

Answer

It is important to note that while the 2012 budget request for VBA is 6% less than the 2011 estimate; the 2012 request is nearly 20% greater than the 2010 enacted level. During the same two-year time frame, the Staff Office General Administration account increased by 13%. Much of this Staff Office increase is driven by new capabilities necessary to oversee and enhance enterprise-wide performance in critical areas such as safety and security, acquisitions, human capital and financial management. For example, the 2012 request includes \$23.6 million to increase the capacity and capability of VA's acquisition workforce. In addition, \$2.9 million will be invested to enhance VA's Emergency Preparedness capability and to fully implement Homeland Security Presidential Directive 12. This will lead to improvements in Veteran and employee safety and greater protection of VA facilities. Overall, Staff Office capability seeks greater enterprise-wide efficiency, accountability, and effectiveness.

Question

5. VBA (Agent Orange): Last year, your decision to declare presumptive eligibility for three new conditions related to Agent Orange exposure generated an increase of \$13.4 billion in the disability compensation budget. There are other conditions under study that could conceivably qualify and would have a similarly dramatic budgetary effect, for example, hypertension. Do you expect to consider additional medical conditions for presumptive eligibility this year or next?

Answer

Congress provided a means to evaluate potential additions to the list of diseases presumptively associated with exposure to certain herbicide agents through the Agent Orange Act of 1991, codified, as amended, at 38 U.S.C. § 1116. It requires a review of the periodic reports, issued by the National Academy of Sciences', as well as all other sound medical and scientific analyses that are available. The National Academy of Sciences' Institute of Medicine is scheduled to release its next report in January 2012. At that time, VA will determine whether a presumption of service connection is warranted for any disease covered in the report.

Question

6. OM (Types of Funding): Mr. Secretary, parts of your budget have traditionally been funded in accounts with multi-year availability. Information technology and research are two-year accounts; major and minor construction are no-year accounts available until expended. A portion of health services funding is two-year money. Your budget this year reveals some of the problems with this approach —\$3.3 billion was unobligated in construction at the start of FY 2011 and \$675 million was unobligated in information technology. Why should we keep providing multi-year funding for these accounts? Why shouldn't we at least limit construction to five-year accounts, the way we do with military construction?

Answer

A number of VA accounts have multi-year funding for various reasons that have to do with the differing nature of the purpose of those accounts. Each account is discussed below:

Medical and Prosthetics Research two-year funding—this program awards research funding to multi-year projects, which allows VA to review and award full funding for the projects in the first fiscal year and then continue through the completion of the project.

Initiation of these studies may take many months due to required regulatory approvals by FDA and Institutional Review Boards, and the multiyear appropriation takes into account the extended timeframe. Two-year funding also allows research studies to continue with minimal disruption due to budgetary uncertainty. This in turn assures that the research studies are of high quality and completed as expeditiously as possible so that their results may be used to improve Veteran's health.

There are clear risks to research effectiveness if a one-year budget is utilized. They are:

1. Disrupt recruitment in clinical trials, and their completion and analysis, possibly increasing risk to Veteran participants and certainly delaying availability of research results that could improve Veteran's health.
2. Delay initiation and completion of new and scientifically meritorious investigations which could impact Veteran's health.
3. Disrupt contracting for medical devices required for new research efforts.
4. Create uncertainties that would hamper recruitment of world-class clinician scientists.

The use of a single-year appropriation mechanism would thus threaten the vitality, and possibly, the scientific viability of a world class VA Medical and Prosthetics Research Program.

Information & Technology (IT) Systems two-year funding—the procurement of IT equipment and investment in development contracts often requires more than one fiscal year to execute. There are numerous technical and procedural issues associated with processing claims, accessing electronic health record data and integrating ever-changing technologies and requirements. Development projects often require significant time to ensure full coordination documentation and integration. The implementation of the Program Management Accountability System (PMAS) and increased execution capacity will reduce future carryover balances.

General Operating Expenses; Medical Services; Medical Support and Compliance; Medical Facilities, the Inspector General and the National Cemetery Administration all

have the limited authority to carry over a percentage of their budget into the next fiscal year. The purpose of this authority is to allow these programs the flexibility to make effective, proper, end of year procurement decisions without the pressure to obligate funds before the fiscal year expires. Several years ago Congress granted this flexibility to these accounts which VA has used to make better year end decisions that has provided better services to Veterans and savings to the taxpayer.

VA does not support limiting the construction accounts to five years. We estimate that a total of 28 projects with funding for a construction contract (23 VHA and 5 NCA) would be adversely affected if this were currently implemented. Many projects take several years to complete because of phasing and unforeseen circumstances. Having funds expire after five years could have several unintended consequences. The design needs to be complete prior to awarding the bulk of the construction funds. Many projects have several construction phases, and in most cases subsequent phases cannot be awarded until previous phases have been completed. Of the 28 projects mentioned above, 23 projects (or 82 percent) have more than one phase. Examples of such projects include: new medical facilities at Denver, Las Vegas, New Orleans, and Orlando. Many other projects have been delayed due to site issues (land acquisitions, contaminated soil, lengthy historic preservation and environmental study requirements, etc.). Further, project contingency funds, which are not obligated until they are required, need to remain available in the event of changes and unforeseen circumstances.

As of the end of FY 2010, \$2.81 billion was unobligated in the major construction program and \$493.99 million was unobligated in the minor construction program. Through February 2011, \$240.7 (\$70.0 major; \$170.7 minor) million was obligated, resulting in an unobligated balance of \$2.74 billion in major and \$323.3 million in minor.

- The table below provides the projects that currently have significant unobligated balances that will be required to make future awards beginning in FY 2011. These 11 projects alone make up approximately \$1.78 billion of the total unobligated balance.

New Orleans, LA	Restoration/Replacement Medical Facility	\$537,000,000
Denver, CO	Replacement Medical Center Facility/Phase 1 Asbestos	223,673,000
Tampa, FL	Polytrauma Expansion	160,500,000
Orlando, FL	New Medical Facility	154,547,000
Palo Alto (PAD), CA	Amb Care/Polytrauma Rehab	134,332,000
Biloxi, MS	Restoration of Hospital/Consolidation	131,000,000
Bay Pines, FL	Inpatient/Outpatient Improvements	108,468,000
Las Vegas, NV	New Medical Facility	106,580,700
San Juan, PR	Seismic Corrections Bldg. 1	75,290,000
Louisville, KY	Replacement Medical Center/Regional Office	74,983,000
Pittsburgh (UD), PA	Medical Center Consolidation	70,663,472

- \$486 million is needed for ongoing major construction projects, including contingencies, unforeseen circumstances, impact items and phases that will be awarded in a future year.
- Funding in the amount of \$275.4 million remains on line items (APF, Asbestos, Claims Analysis, Hazardous Waste, Physical Security, Design Fund, etc.). This funding is needed for on-going and future projects.
- Funding in the amount of \$42.6 million remains on physically completed projects. This funding is required to remain on the project until the close out of all existing contracts and the projects are financially complete.
- \$135.7 million in resources from prior year unobligated major construction funds will be used to offset the FY 2012 request.
- VA expects to obligate a total of \$2.5 billion (\$1.8 billion in major and \$734 million in minor) during FY 2011. This will reduce the unobligated balances, but substantial balances will remain for many of the reasons outlined above.

Question

7. OM (SCIP): Your FY 2012 budget unveils your new effort, the 10-year Strategic Capital Investment Plan (SCIP). This plan identifies the capital projects that are needed to close performance gaps (access, facility condition, safety, space, etc.) and would cost between \$53 billion and \$65 billion over the ten-year period. It is certainly an achievement to categorize all facility needs across all accounts on one priority list. But the cost of the projects is beyond daunting. In our current budgetary crisis, Congress won't be able to come close to those numbers. I think you recognize that the Administration's budget will also fall far short. How do you plan to operationalize this strategic plan with resources far short of what it calls for?

- With a price tag of this magnitude, does it mean that VA will be unable to keep its infrastructure running at a level that provides safe and effective care for veterans?

Answer

The intent of the SCIP process is to provide, for the first time, a comprehensive and complete picture of VA's current inventory and outline the steps needed to enable VA to continually improve the delivery of benefits and services to Veterans, their families and their survivors. The 2012 SCIP process identified \$53-\$65 billion in cost estimates over the course of the 10-year planning horizon.

The SCIP plan provides a rational, data-driven strategic framework to ensure all capital investments are focused on the most critical infrastructure needs first and funded in priority order. Safety and security is the criteria with the highest weight so projects that have the greatest impact in this area typically rank high and are included in our budget request. For example the highest ranking major construction projects address seismic issues at West Los Angeles and San Francisco, CA and Reno, NV. Furthermore, because the plan is data-driven and prioritizes projects based on identified needs, it ensures that VA uses the best value solutions to provide the highest quality benefits and services to Veterans, their families and survivors. The SCIP process also emphasizes the use of non-capital solutions to close gaps.

VA is in agreement that finding the resources necessary to fund the needed investments included in the SCIP plan is one of our greatest challenges. VA's 2012 budget submission reflects the hard choices that are made each year balancing between the construction needs identified in the SCIP 10-year plan and other VA priorities (such as the cost to provide medical care and Veteran benefits and services) in order to determine the appropriate level of funding for the fiscal year. The advantage to the SCIP process is that, even in years that require such difficult trade-offs, the plan makes it easier to focus constrained resources on our highest capital asset priorities.

Question

- **Is the VA undertaking a new review of facilities to remove unnecessary assets from its inventory?**

Answer

The VA has undertaken reviews to identify vacant and underutilized properties within the VA system. The Department currently owns buildings with more than 142 million square feet. In addition, VA's real property inventory includes over 1,600 operational leases accounting for 17 million square feet. VA's infrastructure is one of the largest in the government; however it is also a very old infrastructure. On average, VA's buildings are more than 60 years old. While changes in how VA delivers health and other benefits require a new and improved capital infrastructure, VA's capital assets portfolio includes many properties that are no longer needed or are ill-suited for today's VA.

The following table identifies the overall real property portfolio managed by the VA.

Table 1 - VA Capital Asset Inventory (As of March 1, 2011)

	Owned Assets				Leased Assets		Total
	Bldgs.	Historic Bldgs.	Owned SF	Acres	Leases	Leased SF	Total SF
VHA	5,126	1,595	139,377,329	15,321	1,397	11,879,779	151,257,108
VBA	18	0	825,654	0	189	4,311,253	5,136,907
NCA	355	118	891,824	18,099	4	19,941	911,765
Staff	8	1	1,606,784	165	53	1,775,670	3,382,454
Total	5,507	1,714	142,701,591	33,585	1,643	17,986,643	160,688,234

The VA is faced with two types of challenges when dealing with vacant and underutilized property. First, how to proactively plan and manage its inventory so that buildings do not become vacant or underutilized. This is the ideal state, where plans are in place to address buildings that will become available in the future, pending actions such as campus consolidations or construction projects. The second challenge is how to address the current portfolio of vacant or underutilized properties already in place.

Table 2 below is the last three years of VA disposals of buildings that were about to become vacant or underutilized, by type and fiscal year.

Table 2 – Completed Disposals

VA Completed Disposals By Type - FY08-11								
Building Assets Only - Not Vacant / Underutilized								
Disposal Modality	2008		2009		2010		TOTAL	
	# Total Buildings	Total GSF	# Total Buildings	Total GSF	# Total Buildings	Total GSF	# Total Buildings	Total GSF
Deconstruction	4	166,004	5	24,099	6	43,109	15	233,211
Demolition	30	187,454	46	173,026	16	81,008	92	440,318
Enhanced Use Lease	22	372,753	27	602,564			49	1,175,317
Transfer - Negotiated Sale	9	206,092					9	206,092
Grand Total	65	545,302	78	800,729	22	124,217	165	1,459,976

To better plan for future inventory that may no longer be needed, the VA makes use of a number of strategic planning functions, such as SCIP, and tactical planning functions, such as annual potential disposal candidate reports. These proactive planning processes have allowed the VA to dispose of approximately 165 buildings and 2.1 million square feet since October 1, 2008. By identifying and planning for these potential disposals in advance, the buildings were vacated and immediately disposed of such that they never became vacant or underutilized inventory.

As shown in Table 1, VA's inventory contains more than 5,500 owned buildings. The current inventory is over-utilized, with a system wide average of 121% utilization, or

21% over the designed capacity. A small number, 313 or 6%, of these buildings are no longer suited for VA use and are vacant (i.e., empty, no defined use), while others are underutilized (not maximum efficiency) but still in use. The total number of vacant and underutilized buildings in VA's inventory is currently 910. As these buildings are reviewed for disposal or reuse, VA's first priority is to repurpose the buildings to support veteran services.

To address the second issue of buildings already vacant or underutilized, VA utilizes inventory reviews to identify the best options for reusing or disposing of the assets. Efforts such as the Building Utilization Review and Repurposing (BURR) process specifically focus on vacant and underutilized buildings for reuse opportunities to support homeless housing and other outcomes that provide direct benefits to the Veteran. If a given building is found to be unsuitable for repurposing, other disposal options are evaluated.

The table below outlines the VA's inventory of Vacant or Underutilized buildings, from the end of FY 2008 through FYTD 2011 through February. The table displays progress made against this list, including disposals of assets and bringing assets back to full utilization. In addition, it tracks additions to the Vacant and Underutilized listing to ensure we have the full picture of our inventory in order to effectively manage it. Lastly, it shows the planned disposal and reuse actions already in place to address the remaining vacant and underutilized buildings in the inventory, subject to funding availability.

Table 3 – VA Vacant and Underutilized Inventory

– FY 2008 through February 2011–

End FY08 Vacant/Underutilized Building Inventory				
	Vacant	Underutilized	Total	GSF
Buildings	381	804	1,185	14,700,289
Completed Repurposing / Disposals (-)	40	25	65	704,484
Buildings Returned to Full Utilization (-)	23	183	206	2,365,770
New Vacant / Underutilized Buildings (+)	12	151	163	1,650,335
End FY09 Vacant/Underutilized Building Inventory				
	Vacant	Underutilized	Total	GSF
Buildings	310	747	1,057	13,279,340
Completed Repurposing / Disposals (-)	2	2	4	42,689
Buildings Returned to Full Utilization (-)	56	376	432	5,355,529
New Vacant / Underutilized Buildings (+)	43	230	273	2,806,686
End FY10 Vacant/Underutilized Building Inventory				

	Vacant	Underutilized	Total	SF*
Buildings	288	699	986	10,716,793
Completed Repurposing / Disposal (1)	3	3	6	72,310
Buildings Returned to Full Utilization (2)	0	23	23	257,501
New Vacant / Underutilized Buildings (3)	285	674	959	10,386,982
FY11 Vacant/Underutilized Building Inventory (Current)				
	Vacant	Underutilized	Total**	SF*
Buildings	913	697	1610	10,891,613
Planned Reuse or Disposal				
Planned BURR / Full Repurposing**	122	118	240	2,549,279
Other Disposal Planned	126	62	188	2,509,631
Total Planned Disposal	248	180	428	5,058,910
Amount Remaining After Disposal	665	517	1182	5,832,703

* Current vacant and underutilized list contains 120 quarters style buildings deemed vacant with no intended use. An additional 283 quarters are not listed as they are used as temporary or short term residences, but will continue to be reviewed for reuse opportunities.

** The BURR initiative contains additional buildings that are not currently vacant or underutilized, but will become available in the future. Those buildings are not captured here.

As shown in Table 3 above, VA has made significant progress in reducing the number vacant and underutilized buildings in its inventory. We have reduced the number of buildings by 22% and the amount of square footage by 28% since end of 2008.

VA has plans in place to address much of the remaining vacant or underutilized space. Of the current 910 vacant or underutilized buildings, 430 or 47% have an identified plan in place for reuse, repurposing, or disposal. This would reduce the overall vacant or underutilized square feet to approximately 5.4 million square feet; less than 4% of VA's owned inventory.

VA has 313 buildings that are vacant. These buildings have no defined use and are not mission dependent. In contrast, underutilized buildings still provide veteran services, albeit not as efficiently as we would prefer. Of the current 313 vacant buildings, 250 or 80% are identified for reuse or disposal. The remaining 63 vacant buildings account for only 697,073 square feet, less than 0.5% of the owned VA inventory.

The VA will continue to look for disposal options for these 63 buildings. Yet 48 of the 63 are on the National Register of Historic Places and 30 of the 63 are less than 5,000 square feet (20 of the 63 are both historic and less than 5,000 square feet). Moreover, most of these buildings are located on large, campus style sites and are not easily accessible. As such, the reuse opportunities for these properties for non-VA public or private sector entities are not optimal. Given these factors, demolition is the most

logical option for the majority of these remaining buildings. However in the case of historic buildings, VA's ability to quickly and easily dispose of these assets is limited.

Finally, VA will also continue to evaluate the need for the remaining 417 underutilized buildings and pursue consolidation opportunities as appropriate. In a significant number of these buildings and depicted by the current overutilization of the inventory, workload demand may be increasing; meaning disposal of the asset at this time may be premature even if currently underutilized. If appropriate, consolidation activities often require moving VA offices, people, equipment as well as renovations. Thus, it typically takes longer to plan and implement consolidations as compared to disposals of vacant buildings.

Until consolidation is complete, the buildings are necessary to support veteran's services. The underutilized space in these buildings are now reflected in the SCIP process, requiring that facilities review all space and plan for consolidation, disposal, reuse, or bringing the space back to full utilization based on workload demand.

To summarize, the VA has taken action to identify and both proactively dispose of assets before they become vacant or underutilized and aggressively plan for addressing the assets currently considered vacant or underutilized. In total, VA has disposed or reused, or has plans to dispose or reuse, approximately 670 buildings and 8.1 million square. Table 4 below illustrates the disposals the VA has undertaken since 2008 and plan for disposals or reuse planned for the next 5 years.

Table 4 – Disposal and Reuse Summary

VA Summary of Disposals and Reuse			
Completed and Planned Actions			
Fiscal Year	# Total Assets	Total GSF	Total Acres
2009	130	1,649,737	200
2010	82	1,042,397	111
2011	28	197,227	0
2011-2015*	430	5,248,110	470
Grand Total	670	8,137,471	781

Question

8. VBA (FTE): After a rocky start, the VA has begun to process claims for the post-9/11 G.I. Bill education benefits in a timely way. But last fall, the Congress passed a law changing the benefits, and you've had to make changes to the computer systems that had just been developed. It sounds like these readjustments won't be complete until the end of the year. But your FY 2012 budget proposes to reduce staffing for the Educational Benefits section of the Veterans Benefits Administration by 217 FTE. At a time when you predict a 4 percent increase in claims and you're trying to get a new computer system up and running, isn't this shortsighted?

Answer

We expect to have most of the automation to support P.L. 111-377 in place prior to the fall semester of school year 2011-2012, and therefore expect minimal impact on performance. As identified in the question, we anticipate a slight increase in claims, as well as some impact on timeliness of processing Chapter 33 claims, due to the enactment of P.L. 111-377. In order to ensure that VA effectively manages the increased workload, we now plan to retain the 530 temporary claims examiners hired with funds from the Supplemental Appropriations Act of 2008 through the end of FY 2011. Our budget request for FY 2012 also reflects the need to retain 274 of the temporary claims examiners through the end of 2012 to maintain current claims processing efficiencies.

Question

9. VHA (Dialysis Facilities): Your budget includes 24 proposed or potential dialysis facility construction projects, either in the minor construction or health care facilities accounts. This comes at a time when the VA has achieved savings by moving non-VA dialysis care reimbursements and fee care program payments to the Medicare rate. In many cases, facilities are proposed in locations like Cleveland that have dozens of existing private facilities.

- What is the reason that VA is constructing these projects rather than making use of existing facilities and providers?

Answer

The prevalence of End Stage Renal Disease (ESRD) patients requiring hemodialysis is 34 percent higher in the enrolled Veteran population than the general population. Dialysis is a service provided by VA as part of the Veterans medical benefits package, and VA provides dialysis treatment within VA or by purchasing dialysis treatments from non-VA providers when such care is unavailable internally. It is estimated 56 percent of Veterans receive treatment from non-VA dialysis centers, and this is projected to increase to 61 percent by 2015. This is a result of the older age of enrolled Veterans and the higher number of Veterans with contributing factors (heart disease, diabetes, hypertension, and obesity).

Due to the increase in the number of Veterans who require dialysis care and the increasing cost, VA developed a Dialysis Model to determine if it is more cost effective for VA to provide or purchase this care. This model was developed by engineers at the Veterans Engineering Resource Center—VISN 11 Center for Applied Systems Engineering (VA-CASE) located in Indianapolis, Indiana. The sample cost data for external dialysis services was provided by VISNs and their respective medical centers. The components of the model are included below.

The internal options are:

- Lease: Build dialysis units in space leased by VA
- Modular: Purchase modular dialysis units

- Existing Renovation: Modify existing space for dialysis units
- On-site Contract (Government owned, contractor operated): Contract the dialysis service delivery, but house the dialysis unit in VA-owned space

The **external options** for payment are:

- Centers for Medicare and Medicaid Services (CMS) rates
- Off-site contract rates
- UCR (Usual and Customary Rates)

The Model Inputs are included below:

- Total Number of Fee Dialysis Patients
- Percent of patients that would utilize internal VA dialysis services
- Number of hours that the facility is open daily
- Amortization period for startup costs in years (zero for no amortization)
- Locality Pay Increase (to account for regional salary differences)
- CMS Rates
- Off-site Contract Rates
- On-site Contract Rates
- Usual and Customary Rates (UCR)
- Annual Lease Cost (price per square foot)
- Build Costs-Lease Construction (price per square foot)
- Renovation Cost (price per square foot)
- Operating Cost (price per square foot)
- New Modular Construction (price per square foot)
- Average Travel Distance to VA Facility (number of patients at 10, 20, 30, 40, 50 miles)
- Average Travel Distance to NON-VA Facility (number of patients)

This model was applied to four VA pilot sites. Based on this model, VA determined it would enhance VA-provided dialysis care by leasing space versus building or retrofitting existing VA space.

Advantages to VA-Provided Dialysis

VA-provided dialysis treatments offer the opportunity for several advantages, including improved quality of care, increased access to care, opportunities for research, and potential cost savings.

Improved Quality of Care:

VA-provided dialysis will offer the potential for improved quality of care for patients. VA's ability to treat the entire patient at each episode offers the opportunity for improved quality of care. Current VA oversight of the quality of dialysis care Veterans receive from non-VA facilities is limited, and it is therefore difficult to guarantee VA's standard of high quality care when Veterans receive dialysis at non-VA facilities. Providing dialysis treatments with VA employees and resources will allow for direct clinical management of care and is anticipated to result in improved quality of care for a greater number of

VA patients. Additionally, providing VA dialysis will improve the continuity of health care for Veterans by enabling their dialysis care to be fully integrated with other health care services they receive at VA.

Increased Access:

When receiving care at non-VA sites, VA patients are constrained by the geographic availability and operational capacity of external providers. VA-provided dialysis will offer the opportunity for increased access. Under a service delivery method of VA-provided dialysis, VA patients will increase access to VA operated and managed dialysis services.

Opportunities for Research:

The quality of VA ESRD care is an understudied area of research, which is partly due to the lack of readily accessible patient and provider characteristics of non-VA care. As demonstrated in current dialysis research and recommendations, there is a significant need to expand dialysis research to determine the optimum treatment delivery regimen for dialysis care that decreases mortality and leads to greater patient disease-management practices. As the demand for dialysis from VA patients increases, ESRD outcomes research will become increasingly important. Increased capacity of VA dialysis services will enable VA to conduct outcomes research on a larger subset of VA patients to inform continuous improvements in delivery and outcomes of ESRD care.

Potential Cost Savings:

The combined effect of significant price increases for non-VA dialysis and corresponding growth in the number of VA patients requiring dialysis presents an opportunity for substantial cost savings with VA-provided dialysis. Actual cost savings will vary between medical centers due to the variability in costs and salaries in different geographic areas. At sites with a small number of dialysis patients, VA-provided dialysis treatment may not generate significant cost savings. The customized model will provide VA medical centers with an evidence-based tool they can utilize when evaluating the potential cost savings that will be generated through the provision of internal dialysis.

Question

- **Are you anticipating that current providers will no longer be willing to provide dialysis at the Medicare rates?**

Answer

VA is currently performing an assessment to evaluate the risk associated to Veteran access and VA costs if large provider groups decide to not accept Veterans at CMS rates. While we believe many will accept the rates and there will be little to no impact to access, we do believe that in some areas, such as rural areas, contractual agreements will be required to ensure our Veterans continue to receive dialysis services closer to home.

Question

- Do you have cost data indicating that VA can provide the service more cheaply, even when the cost of construction is factored in? Please provide a copy of the VA "make versus buy" model which we are told governs your plans on dialysis care decisions.

Answer

Information concerning "make versus buy" is provided above. Please note that VA is leasing facilities at the four pilot sites using this analysis.

Question

- Please indicate for each of the 24 projects its projected annual operating cost, its cost of construction or renovation, and the rationale for VA development of a new facility. Also provide an estimate of the average and aggregate staff costs for the new proposed facilities.

Answer

VHA was only able to identify 18 projects related to enhancing dialysis care in the FY 2012 capital budget request. Please see the attached table.



Culberson Q9d -
Dialysis Construction

Question

10. OM (SCIP): Your budget indicates that the Strategic Capital Investment Planning process consolidates all facility construction, maintenance and leasing priorities into a unified list. But leases are not included in the consolidated list provided in the congressional justification. Please provide such a consolidated list for FY 2012 and FY2013-2021.

Answer

The 2012 SCIP process, for the first time, evaluated all Major and Minor construction, Non-recurring Maintenance, and Leases using the same criteria. Leases, because they come out of operating rather than construction accounts, were presented in the 2012 budget on a separate list; however, they were evaluated and ranked based on the same criteria as all construction and NRM projects. VA is currently developing a process to further integrate leasing into the SCIP process which will be employed in the 2013 round of SCIP. The integrated FY 2013-2021 list containing major and minor construction, NRMs and leases can be found in the 2012 budget submission, Appendix volume on page 10-185. Below is a list of 2012 potential leases in priority order as found in the 2012 budget submission, Appendix on page 10-181.

Dialysis Projects Included in the FY 2012 Capital Budget Request											
FY 2012 - FY 2021											
Priority # ¹	VISN	City	St	Project Name - Short Description	Capital Program	Total Estimated Cost (\$000)	2012 Capital Projects (\$000)	Total Operating Costs (\$000) ²	Average Staffing Costs (\$000) ³	Total Aggregate Staffing (\$000) ³	New facility?
915	5	Washington	DC	Renovate C/DL for Inpatient Dialysis	NRM	2,486	Below FY 2012 funding line	\$3,100			No
451	6	Salem	VA	Relocate/Expand Renal Dialysis from B143 to available ground floor	Minor	6,600	Below FY 2012 funding line	\$4,697			No
VHA	7	Charleston	SC	Renovate/Expand Dialysis	NRM	1,325		\$981			No
VHA	8	Bay Pines	FL	Construct Audiology / Dialysis Center	Minor	9,900		\$274			No
VHA	8	Gainesville	FL	New Hemodialysis Unit	NRM	1,700		\$76 / \$1,050	8.6 FTE	\$655	Yes
VHA	10	Chicman	OH	Renal Dialysis and Dental Care Improvements	NRM	825		\$455			No
VHA	10	Cleveland ¹²	OH	Lease Free-standing Dialysis Center	Lease	3,930		\$254	20.4 FTE	\$1,563	Yes - but a relocation of existing services
VHA	12	Chicago	IL	Expand Outpatient Dialysis-Phase 1	NEM	2,000		\$1,500			No
VHA	12	Milwaukee	WI	Lease Dialysis Clinic	Lease	2,680		\$2,026	\$74 / 25 FTE	\$1,855	Yes
VHA	15	Marion	IL	Renovate B42 (Dialysis Sleep Study, Audiology)	NRM	850		\$300			No
VHA	15	Saint Louis ¹²	MO	Lease Outpatient Dialysis Center	Lease	2,085		\$299	21 FTE	\$1,698	Yes
VHA	16	Oklahoma City ⁷	OK	Relocate/Expand Dialysis	NRM	450		\$132			No
VHA	18	Albuquerque	NM	Renovate/Expand B41, B6 & C Clinics	Minor	10,000		\$1,629			No

Dialysis Projects Included in the FY 2012 Capital Budget Request

FY 2012 - FY 2021

Priority #¹

VISN

City

St

Project Name - Short Description

Capital Program

Total Estimated Cost (\$000)

2012 Capital Projects (\$000)

Total Operating Costs (\$000)²

Average Staffing Costs (\$000)³

Total Aggregate Staffing (\$000)³

New facility?

Renovate and expansion of the existing dialysis unit from the 2nd floor to the ground floor for better patient access and efficiency

Expand space for 80 beds and 100 staff, and existing building that will provide light to the entire room

This project constructs a 12,500 GSE facility for the consolidation and expansion of Audiology and Dialysis functions currently located in the main hospital building

The project will expand the current Dialysis unit within the existing main hospital. In addition to expansion, the existing space requires renovation to meet current HIPAA and JCI standards.

Relocate Outpatient and Dental Services to 1st floor addition to support the patient access

Lease to provide easily accessible outpatient dialysis services in a safe, care coordinated manner. Cleveland VAMC has nearly 200 Veterans on the Reas dialysis, with half of those in Cuyahoga County. Our clinical registries of patients with End Stage Renal Disease demonstrates that the demand for chronic dialysis services is increasing and that the current facility is inadequate.

A location adjacent to Wade Park would greatly improve the patient experience as compared to accessing care within the tertiary, acute care setting at Wade Park, where space to expand dialysis services is currently limited. The ability to offer services 6 days a week as well as early morning and late evening hours is also enhanced by operating within a freestanding environment.

Expand patient care Dialysis area and relocate to 1st floor for easy/convenient access to patients. Current size and location do not meet patient care needs

Lease for Dialysis Clinic space in the community. Currently, there is not adequate space to efficiently and safely provide dialysis care

There are very limited opportunities to build on the VA campus to accommodate expanded clinical functions

Renovate Ground floor of B-42 to include Dialysis, Sleep Study, & Audiology

Dialysis is currently one of this site's largest fee basis costs. This new leased care site will expand VA provided dialysis care for veterans. While we currently provide some dialysis capability at the John Cochran facility, we do not have enough space to expand the service on-site. Leasing an off-site facility, utilizing VA staff, will allow us to eliminate most of those fee-basis expenditures. The new facility will be located such that access to the veterans will also be increased

Relocate Dialysis to 5th floor clinic addition into space vacated by infusion clinic.

The purpose of this project is to renovate and expand quarters 2B & 2C for Surgical Clinics, Dialysis, and Biomedical Engineering.

Priority # ^{1/}	VISN	City	St	Project Name - Short Description	Capital Program	Total Estimated Cost (\$000)	2012 Capital Projects (\$000)	Total Operating Costs (\$000) ^{2/}	Average Staffing Costs (\$000) ^{3/}	Total Aggregate Staffing (\$000) ^{3/}	New facility?	Project Description and Justification
VHA	18	Albuquerque	NM	Remodel Renal Dialysis, Building 41	NRM	750		\$1,481			No	This project will primarily upgrade finishes and improve patient privacy in renal dialysis in Building 41. This project is submitted in the event the Minor project is not approved.
VHA	20	Seattle	WA	8100 FLR 4E Seismic Renovate Dialysis	NRM	3,997		\$3,652			No	Renovates approximately 11,000 sq ft for seismic and other FCA deficiencies. Renovated area will add six dialysis chairs at three units per day at 6 days per week.
354	22	San Diego	CA	Renovate Hemodialysis	NRM	7,986	Below FY 2012 funding line	\$448			No	Renovate and improve the safety and environment for hemodialysis.
249	22	West Los Angeles	CA	Build New Dialysis Building	Minor	7,145	7,145	\$3,023			No	Moves existing dialysis unit into a new, efficient, modern building.
VHA	23	Fargo ^{3/}	ND	Outpatient Dialysis	NRM	1,454			\$73.5/ 12.6 FTE	\$926	Yes	Remodel inpatient medical ward to create a 12-station outpatient chronic dialysis center. Projected workload anticipates dialysis patients within a 60-mile catchment will increase from 31 to over 100, and the number of chronic renal disease patients will increase from 240 to 410 in the next 3 years in target's catchment area.

^{1/}Projects without a priority are part of the FY 2013-2021 10-Year Capital Plan^{2/}Costs for operating costs are current fee-basis expenses^{3/}Costs are planned staffing costs upon activation of the new facility

Admin	VISN	City	State	Project Type	Project Name
VHA	2	Rochester ¹	NY	Lease	Replacement Community Based Outpatient Clinic - Rochester, NY
VHA	16	Mobile ¹	AL	Lease	Construct new Panama City CBOC
VHA	20	Walla Walla	WA	Lease	Expand Lewiston Community Based Outpatient Clinic
VHA	10	Sandusky	OH	Lease	Expand Sandusky Community-Based Outpatient Clinic
VHA	10	Painesville	OH	Lease	Expand Community Based Outpatient Clinic - Painesville
VHA	5	Martinsburg	WV	Lease	Establish Harrisonburg Community-Based Outpatient Clinic
VHA	11	Fort Wayne ¹	IN	Lease	Lease Health Care Center - Fort Wayne, IN
VHA	8	Tampa	FL	Lease	New Residential Rehabilitation Treatment Program Facility
VHA	11	South Bend ¹	IN	Lease	Lease Health Care Center - South Bend, IN
VHA	12	Madison	WI	Lease	Women Veterans Center Lease
VHA	20	White City	OR	Lease	Grants Pass West - Community Based Outpatient Clinic
VHA	21	San Jose ¹	CA	Lease	San Jose Community-Based Outpatient Clinic Lease Replacement
VHA	15	Wichita	KS	Lease	El Dorado, KS Community Based Outpatient Clinic
VHA	15	Poplar Bluff	MO	Lease	Pocahontas, AR Community Based Outpatient Clinic
VHA	5	Washington	DC	Lease	Community Based Outpatient Clinic-Relocate Charlotte Hall
VHA	17	Dallas	TX	Lease	Homeless Community Domiciliary
VHA	23	Rapid City	SD	Lease	Replace Rapid City Community-Based Outpatient Clinic
VHA	16	Springfield ¹	MI	Lease	Replace Mt. Vernon Community Based Outpatient Clinic
VHA	15	Leavenworth	KS	Lease	Platte City, MO Community-Based Outpatient Clinic
VHA	23	Iowa City	IA	Lease	Replacement Community-Based Outpatient Clinic Lease - Dubuque
VHA	17	San Antonio	TX	Lease	South Bexar Clinic Expansion (Brooks City Base)
VHA	23	Iowa City	IA	Lease	Replacement Lease Bettendorf Community Based Outpatient Clinic
VHA	21	Redwood City	CA	Lease	Redwood City Community-Based Outpatient Clinic Lease
VHA	20	Salem ¹	OR	Lease	Lease Salem Community-Based Outpatient Clinic Expansion
VHA	10	Cincinnati	OH	Lease	Establish Georgetown Community Based Outpatient Clinic
VHA	10	Columbus	OH	Lease	Lease of Admin Space
VHA	5	Washington	DC	Lease	Construct Community Resource Center

Admin	VISN	City	State	Project Type	Project Name
VHA	5	Washington	DC	Lease	Community Based Outpatient Clinic- St. Mary's County, MD
VHA	16	Little Rock	AR	Lease	Expand and consolidate Homeless program via new Lease
VHA	23	Maplewood	MN	Lease	Maplewood, MN Community-Based Outpatient Clinic
VHA	18	Santé Fe	NM	Lease	Santé Fe Community-Based Outpatient Clinic
VHA	22	San Diego	CA	Lease	Research Lease
VHA	1	West Roxbury	MA	Lease	Lease New Worcester Outpatient Clinic
VHA	18	Santé Fe	NM	Lease	Santé Fe Vet Center
VHA	19	Casper	WY	Lease	Casper CBOC Relocation
VHA	23	Hayward	WI	Lease	Hayward, WI Community-Based Outpatient Clinic
VHA	9	Memphis	TN	Lease	Community Resource and Referral Center
VHA	1	Boston	MA	Lease	Lease New Lowell Outpatient Clinic
VHA	23	Chippewa Falls	WI	Lease	Chippewa Falls, WI Community-Based Outpatient Clinic
VHA	15	Marion	IL	Lease	Chester, IL Community-Based Outpatient Clinic
VHA	15	Marion	IL	Lease	Marion, IL - Paducah, KY Annex
VHA	9	Louisville	KY	Lease	Expand DuPont Community-Based Outpatient Clinic
VHA	20	Portland	OR	Lease	Lease Portland Metro East Community-Based Outpatient Clinic Expansion
VHA	7	Columbus ¹	GA	Lease	Columbus Community-Based Outpatient Clinic Expansion
VHA	7	Birmingham	AL	Lease	Acute Inpatient Mental Health Lease
VHA	18	Albuquerque	NM	Lease	Research Cooperative Studies
VHA	4	Pittsburg	PA	Lease	Community Based Care (CBC) Office Space
VHA	18	Farmington	NM	Lease	Farmington, NM, Vet Center
VHA	17	Tyler	TX	Lease	Tyler Community Based Outpatient Clinic
VHA	17	San Antonio	TX	Lease	North Central Federal Clinic Expansion
VHA	19	Helena	MT	Lease	Helena Sleep Lab Relocation
VHA	21	Sacramento	CA	Lease	Leased Warehouse Space
VHA	12	North Chicago	IL	Lease	Expand McHenry Community-Based Outpatient Clinic
VHA	9	Louisville	KY	Lease	Administrative Lease
VHA	18	Gallup	NM	Lease	Gallup Community-Based Outpatient Clinic
VHA	3	East Orange	NJ	Lease	Replace Brick clinic space
VHA	11	Traverse City	MI	Lease	Traverse City, MI Community Based Outpatient Clinic Lease
VHA	17	Round Rock	TX	Lease	Round Rock Community-Based Outpatient Clinic

Admin	VISN	City	State	Project Type	Project Name
VHA	7	Augusta	GA	Lease	Establish Off-Site Clinic for Women Veterans
VHA	12	Iron Mountain	MI	Lease	Establish Rural Outreach Clinic
VHA	18	Albuquerque	NM	Lease	Lease Clinic Annex
VBA	-	Providence	RI	Lease	Providence VARO Relocation to New GSA Leased Space

¹This Lease requires Congressional authorization.

Question

11. OIT (Major Transformation Initiatives): Please provide a crosswalk of the sixteen Major Transformational Initiatives on p. 5A-4 of volume II of the congressional justification to the actual projects listed in the Appendix on p. 5B-1 of that volume.

Answer

Crosswalk in an Excel spreadsheet attached.



OIT Approved
Responses Crosswalk

Question

12. VBA (Fast Track Claims Processing): Do you plan to apply the Fast Track claims processing approach that is being used for Agent Orange disability claims more broadly to other types of claims?

Answer

VBA will continue to utilize technology to improve the claims process through our paperless processing initiative, the Veterans Benefits Management System. We will capitalize on the streamlined processes utilized in Fast Track and apply those to other projects and claim types. Veterans already have the ability to apply for benefits online through eBenefits (www.ebenefits.va.gov), and VBA is working to extend and improve this process and utilize the guided interview methods used in Fast Track.

Question

13. VHA/OPIA (HUD-VASH): Identify the FY 2010-2012 funding levels for the HUD-VASH program, distinguishing annual contributions from VA and HUD and the number of vouchers provided and clients placed in housing each year.

Answer

Please see the table below.

	Vouchers Provided	Veterans Placed in Housing Leased up per fiscal year (cumulative since FY 2008)*	VA Budget** (FTE)	HUD Budget (Voucher)
FY 10	Approximately 10,000 Approved	18,036 (as of Sept. 2010)	\$71M	\$75M
FY 11	0 Requested	23,011 (as of Feb. 2011)	\$151M	0
FY 12	10,000 Requested	NA	\$201M requested	\$75M requested

**"Veterans Leased Up Per fiscal year" represents cumulative data since FY 2008.

**VA funding amounts fund existing case manager FTE and new FTE

Question

14. VHA (Caregivers): Please provide updated FY 2011- 2015 estimates of the costs of the various programs authorized under the Family Caregivers Act.

Answer

Caregivers and Veterans Omnibus Health Services Act of 2010 (PL 111-163)
(All Dollars in Millions)

Title	FY 2011	FY 2012	FY 2013
Title I: Caregiver Support	\$69	\$159	\$170
Title II: Women Veterans Health Care Matters	\$18	\$26	\$34
Title III: Rural Health Improvements	\$26	\$34	\$52
Title IV: Mental Health Care Matters	\$1	\$5	\$6
Title V: Other Health Care Matters	\$47	\$51	\$51
Title VI: Department Personnel Matters	\$16	\$23	\$31
Title VII: Homeless Veterans Matters	\$0	\$0	\$0
Title VIII: Nonprofit Research and Education Corporations	\$0	\$0	\$0
Title IX: Construction and Naming Matters	\$0	\$0	\$0
Title X: Other Matters	\$3	\$3	\$3
TOTAL	\$180	\$301	\$347

The chart above provides current 2011 - 2013 estimates and reflects the Interim Final Rule published on May 5, 2011. Cost estimates for 2014 -2015 are under review.

Crosswalk of the 16 Major Initiatives to the actual projects listed on SB-1 of the VA FY2012 Budget Submission
(dollars in thousands)

Key:			
<i>Investment (Program)</i>			
<i>Project</i>			
	BY2012 DME	BY2012 OM	BY2012 Total
MI 01 (Eliminate Veteran Homelessness)	\$ 4,000	\$ 2,000	\$ 6,000
<i>Medical 21st Century Core</i>	\$ 550	\$ -	\$ 550
Homelessness (Medical Core)	\$ 550	\$ -	\$ 550
<i>Medical 21st Century Registries</i>	\$ 1,950	\$ 600	\$ 2,550
Homelessness (Registries)	\$ 1,950	\$ 600	\$ 2,550
<i>Medical Legacy</i>	\$ 1,500	\$ 1,400	\$ 2,900
Homelessness (Medical Legacy)	\$ 1,500	\$ 1,400	\$ 2,900
MI 02 (Veterans Benefits Management System (VBMS))	\$ 102,745	\$ 45,255	\$ 148,000
<i>Benefits 21st Century Paperless Delivery of Veterans Benefits</i>	\$ 84,902	\$ 35,552	\$ 120,454
VBMS	\$ 84,902	\$ 35,552	\$ 120,454
<i>Benefits IT Support</i>	\$ -	\$ 1,246	\$ 1,246
VBA & NCA Legacy Systems	\$ -	\$ 1,246	\$ 1,246
<i>Benefits Legacy VETSNET</i>	\$ 17,843	\$ 8,457	\$ 26,300
VETSNET	\$ 17,843	\$ 8,457	\$ 26,300
MI 03 (Automate GI Bill Benefits)	\$ -	\$ -	\$ -
MI 04 (Virtual Lifetime Electronic Record (VLER))	\$ 52,289	\$ 17,711	\$ 70,000
<i>Benefits Legacy Memorials Legacy Development Support</i>	\$ 4,457	\$ 1,451	\$ 5,908
Memorials Legacy Development Support	\$ 4,457	\$ 1,451	\$ 5,908
<i>Corporate 21st Century E-Gov</i>	\$ 2,091	\$ -	\$ 2,091
E-Gov	\$ 2,091	\$ -	\$ 2,091
<i>Corporate IT Support ITRM</i>	\$ 1,648	\$ -	\$ 1,648
ITRM	\$ 1,648	\$ -	\$ 1,648
<i>InterAgency 21st Century One Vet</i>	\$ 18,700	\$ 4,800	\$ 23,500
Warrior Support	\$ 18,700	\$ 4,800	\$ 23,500
<i>Interagency 21st Century Veterans Interoperability</i>	\$ 23,863	\$ 10,460	\$ 34,323
Federal Information Sharing Technologies (FIST)	\$ 19,963	\$ 10,460	\$ 30,423
VLER Services	\$ 3,900	\$ -	\$ 3,900
<i>Medical Legacy</i>	\$ 1,530	\$ 1,000	\$ 2,530
VLER (Medical Legacy)	\$ 1,530	\$ 1,000	\$ 2,530
MI 05 (Improve Veterans Mental Health)	\$ 7,384	\$ 4,616	\$ 12,000
<i>Medical 21st Century MyHealtheVet</i>	\$ 2,000	\$ 448	\$ 2,448
Mental Health (Medical MyHeV)	\$ 2,000	\$ 448	\$ 2,448

Crosswalk of the 16 Major Initiatives to the actual projects listed on SB-1 of the VA FY2012 Budget Submission
(dollars in thousands)

Key:			
Investment (Program)			
Project			
	BY2012 DME	BY2012 OM	BY2012 Total
Medical IT Support	\$ -	\$ 4,168	\$ 4,168
VHA Software License Maintenance	\$ -	\$ 4,168	\$ 4,168
Medical Legacy	\$ 5,384	\$ -	\$ 5,384
Mental Health (Medical Legacy)	\$ 5,384	\$ -	\$ 5,384
MI 06 (Veterans Relationship Management (VRM))	\$ 99,187	\$ 8,763	\$ 107,950
InterAgency 21st Century One Vet	\$ 99,187	\$ 8,763	\$ 107,950
Veterans Relationship Management	\$ 99,187	\$ 8,763	\$ 107,950
MI 07 (New Models of Health Care)	\$ 34,150	\$ 6,850	\$ 41,000
Medical 21st Century Core	\$ 2,750	\$ 750	\$ 3,500
NMOC (Medical Core)	\$ 2,750	\$ 750	\$ 3,500
Medical 21st Century MyHealtheVet	\$ 3,615	\$ 4,700	\$ 8,315
NMOC (Medical MyHeV)	\$ 3,615	\$ 4,700	\$ 8,315
Medical 21st Century TeleHealth	\$ 11,880	\$ 400	\$ 12,280
NMOC (Medical TeleHealth)	\$ 11,880	\$ 400	\$ 12,280
Medical Legacy	\$ 15,905	\$ 1,000	\$ 16,905
NMOC (Medical Legacy)	\$ 15,905	\$ 1,000	\$ 16,905
MI 08 (Experience and Access to Healthcare)	\$ 67,922	\$ 17,078	\$ 85,000
Medical 21st Century Core	\$ 42,725	\$ 9,200	\$ 51,925
Access to Care (Medical Core)	\$ 42,725	\$ 9,200	\$ 51,925
Medical 21st Century TeleHealth	\$ 4,437	\$ -	\$ 4,437
Access to Care (Medical TeleHealth)	\$ 4,437	\$ -	\$ 4,437
Medical Legacy	\$ 20,760	\$ 7,878	\$ 28,638
Access to Care (Medical Legacy)	\$ 20,760	\$ 7,878	\$ 28,638
MI 09 (Preparedness)	\$ 19,210	\$ 9,790	\$ 29,000
Enterprise IT Support	\$ 1,180	\$ 3,727	\$ 4,907
Enterprise Facility Activations	\$ 1,180	\$ 3,727	\$ 4,907
InterAgency 21st Century PIV	\$ 18,030	\$ 6,063	\$ 24,093
Safety & Security Initiative (PIV for HSPD-12)	\$ 18,030	\$ 6,063	\$ 24,093
MI 10 (Systems to Drive Performance)	\$ 5,600	\$ 2,400	\$ 8,000
Corporate 21st Century Core	\$ 2,100	\$ 2,400	\$ 4,500
STDP/EWCA (Corporate Core)	\$ 2,100	\$ 2,400	\$ 4,500
Medical Legacy	\$ 3,500	\$ -	\$ 3,500
STDP/EWCA (Medical Legacy)	\$ 3,500	\$ -	\$ 3,500

Crosswalk of the 16 Major Initiatives to the actual projects listed on SB-1 of the VA FY2012 Budget Submission
(dollars in thousands)

Key:			
Investment (Program)			
Project			
	BY2012 DME	BY2012 OM	BY2012 Total
MI 11 (Integrated Operating Model)	\$ 14,505	\$ 61,495	\$ 76,000
Corporate 21st Century Core	\$ 10,000	\$ 7,281	\$ 17,281
IOM (Corporate Core)	\$ 10,000	\$ 7,281	\$ 17,281
Corporate IT Support Enterprise Cyber Security & Privacy	\$ -	\$ 50,000	\$ 50,000
Secure VA	\$ -	\$ 50,000	\$ 50,000
Corporate IT Support ESPP	\$ 375	\$ -	\$ 375
ESPPP	\$ 375	\$ -	\$ 375
Corporate IT Support ITRM	\$ 4,000	\$ -	\$ 4,000
ITRM	\$ 4,000	\$ -	\$ 4,000
Corporate Legacy	\$ 130	\$ 125	\$ 255
Financial Management System (FMS)	\$ 130	\$ 125	\$ 255
Enterprise IT Support	\$ -	\$ 4,089	\$ 4,089
Enterprise IT Infrastructure & Platform Upgrades	\$ -	\$ 4,089	\$ 4,089
MI 12 (Human Capital Investment Plan)	\$ 11,200	\$ 9,800	\$ 21,000
Corporate 21st Century Core	\$ 11,200	\$ 9,800	\$ 21,000
Human Capital (Corporate Core)	\$ 7,550	\$ 6,430	\$ 13,980
VA Learning Management System	\$ 3,650	\$ 3,370	\$ 7,020
MI 13 (Research and Development)	\$ 20,000	\$ 10,000	\$ 30,000
Medical IT Support	\$ 20,000	\$ 10,000	\$ 30,000
VHA Research IT Support	\$ 20,000	\$ 10,000	\$ 30,000
MI 14 (Strategic Capital Investment Planning)	\$ 3,000	\$ 2,000	\$ 5,000
Corporate 21st Century Core	\$ 3,000	\$ 2,000	\$ 5,000
SCIP (Corporate Core)	\$ 3,000	\$ 2,000	\$ 5,000
MI 15 (Health Care Efficiency)	\$ 8,000	\$ -	\$ 8,000
Medical 21st Century Core	\$ 8,000	\$ -	\$ 8,000
Healthcare Efficiency (Medical Core)	\$ 8,000	\$ -	\$ 8,000
MI 16 (Health Informatics)	\$ 8,000	\$ -	\$ 8,000
Medical 21st Century Core	\$ 8,000	\$ -	\$ 8,000
Health Informatics (Medical Core)	\$ 8,000	\$ -	\$ 8,000
Totals	\$ 457,192	\$ 197,758	\$ 654,950

Question

15. OM/OALC (FTE): Provide a unified chart displaying FY 2010-2012 FTE by VA Administration or Office and the number of FTE financed by contract for those years.

Answer

While VA utilizes contractor support, all FTE reported in the budget are federal VA employees.

VA FTE	FY 2010	FY 2011	FY 2012
Medical Services	178,913	184,145	184,610
Medical Support and Compliance	42,434	44,006	44,065
Medical Facilities	23,790	24,144	24,144
VA/DoD	127	127	127
Medical Research	3,352	3,345	3,220
Canteen	3,246	3,260	3,285
Medical Programs	251,862	259,027	259,451
NCA	1,670	1,686	1,696
IT	6,853	7,518	7,527
Construction	8	4	4
VBA GOE	19,605	20,333	20,321
Staff Office (see breakout below)	2,753	3,139	3,315
IG	553	625	612
Supply	699	880	1,000
Franchise	822	1,269	1,484
Total	284,825	294,481	295,410

VA FTE Staff Office Breakout	FY 2010	FY 2011	FY 2012
Office of the Secretary	83	89	89
Board of Veterans' Appeals	549	549	544
General Counsel	744	738	732
Office of Management	267	301	316
Human Resources & Administration	549	769	810
Policy and Planning	67	103	125
Operations, Security & Preparedness	76	95	107
Public and Intergovernmental Affairs	69	90	93
Office of Congressional and Legislative Affairs	36	46	52
Office of Acquisitions, Logistics, & Construction	313	359	447
Total Staff Offices	2,753	3,139	3,315

Question

16. NCA (National Shrine Initiative) Identify the funding for the NCA National Shrine Initiative in FY 2010-2012.

Answer

The National Cemetery Administration obligated \$46 million in FY 2010 operating funds for national shrine projects to raise, realign and clean headstones and markers and repair sunken graves. The FY 2011 operating budget includes \$36.9 for these projects and the FY 2012 budget request includes \$32.9 million.

The national shrine initiative also includes projects to repair cemetery facilities and infrastructure.

From the minor construction budget, \$21.6 million was obligated in FY 2010, and \$25.3 million is planned for FY 2011. The FY 2012 budget request includes \$19.2 million. These funds are used to renovate and repair buildings and roadways.

Approximately \$3 million is obligated each year for non-recurring maintenance projects and to repair monuments and memorials at the national cemeteries.

Question

17. VBA (VR&E Counselor/Client Ratios) Identify the counselor/client caseload ratio in vocational rehabilitation and employment for FY 2010-2012.

Answer

In FY 2010, VR&E staffing averaged 774 professional counselors, with an average caseload of 136 cases per counselor. The FY2011 budget supports a professional counseling staff of 834 FTE and an average caseload per counselor of 131 cases. The FY 2012 budget request supports a professional counseling staff of 893 FTE, making the average caseload for each counselor in FY 2012 136 cases.

Question

18. OIT (VISTA) What is the total spending, by year, through FY 2010 to modernize and/or replace the VistA electronic health record? How much additional funding is budgeted for this effort in FY 2011-2015?

Answer

Actual costs are not available prior to FY06 since that was the year the IT appropriation was centralized. Actual costs for the VistA electronic health record for the period FY06-FY10 are as follows:

- FY06: \$70M
- FY07: \$188M
- FY08: \$265M
- FY09: \$234M

- FY10: \$153M

These costs include categories such as Health Data Repository, Enrollment Enhancements, Pharmacy, HealtheVet and Lab re-engineering among others.

Estimated costs for FY11 is \$173M and for FY12 is \$148M with the VistA electronic health record. The fully integrated VA/DoD electronic health record is currently under analysis for scope, cost and schedule.

Note: All financial data shown is non-pay only.

Question

19. VBA (GOE) Explain the undistributed reduction of \$185 million in General Operating Expenses on p. 4A-13 of Volume III of the FY 2012 budget justification.

Answer

\$75 million was reallocated from VBA to Information Technology. General reductions for approximately \$36 million were taken in prior year initiatives in 2012. These were either one-time requirements or initiatives capable of proceeding at a lower funding level. The remainder is due to contractor funding for exploration of alternatives to FTE to address the backlog, which is not continued in the 2012 request.

Question

20. VBA (VBMS Pilot Projects) Identify each of the current VBMS pilot projects, the questions they are designed to answer, their projected length, and results to date if available.

Answer

The Veterans Benefits Management System (VBMS) initiative involves business transformation efforts coupled with incremental technology releases to modernize the benefits adjudication process. There are three successive phases that are designed to develop and test process improvements and VBMS technology solutions in a production claims setting.

Phase 1 (November 2010-May 2011) delivers capabilities for a new graphical user interface, an electronic claims repository, and scanning solution, which integrate with existing core business applications in the current legacy platform (VETSNET). The first iteration of the software is being tested at the Providence Regional Office.

Phase 2 (May 2011- November 2011) and Phase 3 (November 2011 – May 2012) are intended to provide capability and capacity for national deployment of an end-to-end paperless claims processing system. In addition to building out the core and sustainable system, both phases will increase the number of sites, the number of users,

types of claims, and number of claims processed. National deployment is scheduled to begin in calendar year 2012.

Question

21. VBA (Veterans Employment & Training Program) Describe the major activities of the Department of Labor (DOL) Veterans Employment and Training programs and their FY 2010-2012 funding levels, and compare the DOL programs to those operated by the VA Veterans Benefits Administration.

Answer

Vocational Rehabilitation and Employment (VR&E) Service works collaboratively with the Department of Labor's (DOL), Veterans' Employment and Training Service (VETS) program (DOL-VETS). VETS offers employment and training services to eligible Veterans through two principal programs: Disabled Veterans' Outreach Program (DVOP) and Local Veterans' Employment Representatives (LVER). VR&E Service does not have information regarding the FY2010 – FY2012 funding levels for DOL-VETS.

The VR&E VetSuccess program employs over 1,100 Vocational Rehabilitation Counselors (VRCs), Employment Coordinators (ECs), and support staff nationwide. The VR&E program provides educational and vocational services to Veterans with service-connected and non-service-connected disabilities. These services include a comprehensive vocational assessment and vocational exploration, readjustment counseling, medical and mental health referrals, payment for training (including tuition, books, fees, and supplies), coordination of other VA services, supportive rehabilitation services (such as case management and follow-up), and a job-readiness assessment. The VR&E program also sponsors an initiative called the VetSuccess on Campus program that provides on-campus services to Veterans engaged in a training program and helps to coordinate and facilitate a seamless transition from military service into the on-campus environment.

VA Employment Coordinators (ECs) provide specific career-placement services to Veterans with disabilities. An EC is both an employment readiness specialist and a marketing and placement specialist. The EC performs a multitude of job duties that include job-seeking skills training; job development; outreach and marketing to non-profit, for-profit, and federal agencies; Veteran advocacy; job accommodations and assistive technology; resume development; interviewing skills training; post-placement services; placement services into non-paid work experience and on-the-job training programs; and assistance in the coordination of any VA benefits for which the Veteran may qualify. ECs utilize the VR&E VetSuccess.gov website to partner with employers in identifying qualified Veterans for hire in suitable career fields.

VR&E Service and DOL-VETS entered into a memorandum of understanding (MOU) in October of 2005. To improve vocational outcomes for vocational rehabilitation program participants, VETS and VR&E adopted a team approach to job development and placement activities. All Veterans entering a program of vocational rehabilitation are

informed of the employment assistance available through the VETS Program and are encouraged to register with the State Workforce Agency. The referral process is defined locally, as each regional office has an MOU with its State Workforce Agency. VR&E collaborates with the DVOP and LVER specialists to assure that Veterans receive the assistance they need which includes the following services; apprenticeship and on-the-job training programs, job referrals, work-specific prosthetic devices, sensory aids and other special equipment, communication with community resources, and counseling and testing services.

The successful readjustment of disabled Veterans into the civilian workforce is the mutual responsibility and concern of VR&E Headquarters and field staffs and DOL-VETS. Although the services that the DVOP Specialist, LVER and EC provide Veterans have some similarities, combining their services maximizes the employment services available to Veterans and increases the opportunities for successful placements. Both agencies are committed to working together to improve successful employment outcomes to our Nation's Veterans.

Question

22. OM (GOE – FTE) Identify the FY 2010 actual and FY 2011 projected end-of-year staffing level for each component of the General Operating Expenses account as well as the Information Technology account.

Answer

VA's 2012 Budget does not provide end-of-year staffing levels. The budget only provides employment in terms of Full-Time Equivalent (FTE). End-of-year staffing levels are managed to ensure a smooth transition to planned staffing levels in the succeeding fiscal year. Please see attachment HAC QFR # 15 for the FTE by account.

Question

23. OPP (Veterans Populations) Indicate by year the number of veterans in the "All Veterans" line displayed on p. 1F-1 of Vol. I of the FY 2012 budget justifications who saw combat.

Answer

Unfortunately, the Department does not routinely have or track information on combat Veterans.

Question

24. VHA (Million Veteran Program) Has the Million Veteran Program begun to collect genetic samples? If so, how close is the program to completion?

Answer

The Million Veteran Program (MVP) started enrolling participants for the pilot phase at our Boston site on January 14, 2011 (first sample taken), and as of March 24, 2011, we have enrolled 376 unique participants in the study. In February and March, we expanded enrollment at eight remaining Vanguard sites (West Haven, Manhattan,

Durham, Gainesville, Cleveland, Palo Alto, Seattle and Buffalo). Training for additional sites will begin in April, and actual enrollment for participants will begin in June, pending completion of training, hiring and regulatory approvals for the sites.

Question

25. OM (US Paralympics, Inc. Program) Identify FY 2010-2012 total annual VA funding for the U.S. Paralympics, inc. program, breaking out the sources of funding if it comes from more than one account.

Answer

Funding for VA's U.S. Paralympics program is requested in the Office of Public and Intergovernmental Affairs (OPIA) GOE budget. The following amounts were made available in 2010 and requested in VA's 2011 and 2012 budget:

- \$7.5 million for grants to the U.S. Olympic Committee to implement an adaptive sports program for disabled Veterans and disabled members of the Armed Forces.
- \$2 million for monthly assistance for participating members. Monthly assistance shall be equal to the monthly rehabilitation payments to Veterans paid under Chapter 31.

Question

26. VBA/OPIA (Homeless Veterans) How many homes were acquired to shelter homeless veterans in FY 2010 through the guaranteed loan program?

Answer

VA's Home Loan program offers VA-owned homes at discounted prices to eligible nonprofit organizations that agree to shelter homeless Veterans. Under this program, in fiscal year 2010, VA sold three properties to eligible non-profits.

Question

27. OIT (Title 38 Pay Authority) What would be the impact of the FY 2012 legislative proposal to extend Title 38 pay authority to information technology (IT) staff in terms of average salary and additional costs to the IT account?

Answer

It is estimated that only 25-50 FTE will be impacted by an extension of Title 38 pay authority for healthcare professional recruitment and retention to information technology staff. There will be negligible impact on average salary, and no impact regarding additional costs to the IT account. In 2012, we estimate that these two proposals will cost approximately \$10.3 million - \$6.8 million for the on-call pay for IT specialists and \$3.5 million for the recruitment and retention of medical professionals in IT. With an IT staffing level of 7,500 in 2012, the average salary would increase by less than \$1,400. The proposal for on-call pay is crucial to ensuring the support of VA's mission-critical patient care information systems are operational 24 hours a day, 7 days a week.

Additionally, the recruitment and retention of medical professionals proposal is needed to retain these leaders in their positions which will provide continuity and mission critical delivery of patient care.

Question

28. VHA (Child Care Pilot Program) What is the status of the two-year pilot program on assistance for child care for certain veterans receiving health care that was authorized in P.L. 111-163, section 205?

Answer

Section 205 of Public Law (P.L.) 111-163 requires VA to conduct a 2-year pilot program in at least three Veterans Integrated Service Networks (VISN) that offer eligible Veterans childcare when seeking a medical appointment. VA is currently working to determine how best to identify and select pilot sites and to define "primary caretaker" as provided in the legislation. We plan to initiate pilot child care projects through three VISNs later this year, with initial pilot sites becoming operational this summer.

Question

29. VHA (Rural Health Initiative) Detail the uses of the \$250 million provided in fiscal years 2009, 2010 and 2011 for the rural health initiative, identifying the year in which the funding was provided for each purpose.

Answer

VHA Rural Health Initiative Funding of \$26,784,617.40 was obligated in FY 2009, for the following purposes:

- To fund VISN Initiatives for Veterans in rural and highly rural areas
- Telehealth/Telemedicine Expansion
- Home-Based Primary Care Expansion
- Mental Health Programs
- Health Care Services Expansion
- Outreach Clinic Initiative
- Education & Training
- Other Rural Health Initiatives

VHA Rural Health Initiative Funding of \$490,230,282.86 was obligated in FY 2010, for the following purposes:

- National Telehealth/Telemedicine Expansion
- National Home-Based Primary Care Expansion
- National Mental Health Programs
- National Education & Training
- Rural Community-Based Outpatient Clinic (CBOC) Initiative
- Rural Hiring Initiative
- Rural Fee Care
- Local Telehealth/Telemedicine Expansion

- Health Care Services Expansion
- VISN Initiatives
- Local Outreach Clinic Initiative
- Local Home Based Primary Care Expansion
- Local Community Outreach
- Local Transportation Programs
- Local Education & Training
- Other Initiatives

A detailed listing of funded initiatives for FY 2011 was provided to the House and Senate Appropriations Committees on March 3, 2011. VHA Rural Health Initiative Funding of \$250,000,000 has been appropriated for the following purposes:

- National Telehealth/Telemedicine Expansion
- PL 110-387, Section 407 – Project Access Received Closer to Home (ARCH)
- Veterans Rural Resource Centers
- Teleradiology Services Sustainment
- VISN Initiatives Sustainment Including:
 - Rural CBOCs
 - Rural Women Veterans Health
 - Rural Telehealth/Telemedicine
 - Rural Home-Based Primary Care
 - Rural Outreach Clinics
 - Rural Mental Health Projects
 - Rural Behavioral Health Programs
 - Rural Homeless Programs
 - Rural Transportation Projects

[Questions for the Record for Secretary Shinseki submitted by Ranking Member Bishop follows:]

VBA (Backlog of Claims)

Question

1. Secretary Shinseki, how many pending compensation and pension claims does the VA currently have?

Answer

The Veterans Benefit Administration (VBA) has 788,950 pending compensation and pension claims as of March 25, 2011.

Question

2. Secretary Shinseki, according to testimony given by the VA Inspector General "oversight continues to identify opportunities for VBA to improve claims processing timeliness and reduce claim backlogs." Mr. Secretary has the VA followed all of the IG recommendations regarding the backlog?

Answer

VA has taken action to implement the OIG recommendations regarding the backlog referenced in the Inspector General's March 9, 2011 testimony.

In response to the OIG's September 23, 2009, *Audit of VA Regional Office Rating Claims Processing Exceeding 365 Days*, VBA took the following actions to address the OIG recommendations:

- Established timeliness goals for each claims processing phase that are consistent with VBA's strategic target of completing rating claims within 125 days,
- Revised policies to more clearly define the link between VARO workload management plans and claims processing timeliness goals and to prevent inefficient claims processing practices identified by the OIG audit,
- Linked Veteran Service Representative (VSR) production credits and timeliness goals within VSR performance standards and issued additional national and station-specific performance targets in an effort to reduce the number of claims completed in excess of the 125 days strategic target.

These actions successfully addressed the recommendations and OIG closed the report in August 2010.

In response to the OIG's February 18, 2010, *Review of New Hire Productivity and the American Recovery and Reinvestment Act Hiring Initiative*, VBA took the following actions to address the OIG recommendations:

- Developed and implemented a mechanism to track overtime hours and production on the local and national levels providing information necessary to

assess production capacity and identify potential future claims processing workforce requirements,

- Developed and deployed a mandatory training curriculum for employees temporarily promoted to supervisory positions,
- Implemented a revised Veteran Service Representative (VSR) performance plan nationwide. Under the new plan, VSRs receive credit only for performing a series of actions that will advance the claim to the next stage of the claims life cycle, the quality element was increased to align individual VSR goals with the national quality goal, and local quality reviews are now based on the same review checklist as the national quality reviews.

The American Federation of Government Employees (AFGE) issued a national grievance to VBA regarding the revised VSR performance standards. VBA is continuing to communicate with the AFGE and anticipates the grievance process will be resolved before the end of fiscal year 2011.

VA works closely with the OIG to address all audit findings and recommendations with particular attention to those aimed at improving claims processing timeliness and reducing the claim backlog.

Question

3: Mr. Secretary, we are all concerned about the backlog in disability claims. You state in your testimony that one of the highest priority goals of your agency is to eliminate the disability claims backlog by 2015 and to ensure all veterans receive a quality decision in no more than 125 days. You further state that you wish to deploy "powerful 21st century IT solutions to simplify and improve claims processing for timely and accurate decisions the first time." Can you please explain to the Subcommittee what this means and how you plan to implement it?

Answer

The Veterans Benefits Management System (VBMS) is a business transformation initiative designed to assist VA in eliminating the claims backlog. The centerpiece of VBMS is a paperless system, which will be complemented by improved business processes and workflows.

VBMS will dramatically reduce the amount of paper in the current claims process, and will employ rules-based claims development and decision recommendations where possible. Utilizing automated workflows and business rules engines will prevent common errors, thereby improving quality. Additionally, by using a services-oriented architecture and commercial off-the-shelf products, VA will be positioned to take advantage of future advances in technology developed in the marketplace to respond to the changing needs of Veterans.

There are three successive phases that are designed to develop and test process improvements and VBMS technology solutions in a production claims setting.

Phase 1 (November 2010-May 2011) delivers capabilities for a new graphical user interface, an electronic claims repository, and scanning solution, which integrate with existing core business applications in the current legacy platform (VETSNET). The first iteration of the software is being tested at the Providence Regional Office.

Phase 2 (May 2011- November 2011) and Phase 3 (November 2011 – May 2012) are intended to provide capability and capacity for national deployment of an end-to-end paperless claims processing system. In addition to building out the core and sustainable system, both phases will increase the number of sites, the number of users, types of claims, and number of claims processed. Full national deployment is scheduled to begin in calendar year 2012.

Question

4: Mr. Secretary, while progress is being made the system clearly remains overwhelmed, especially with so many more veterans coming back from Iraq and Afghanistan and with the VA now accepting older cases involving Agent Orange it can only get worse, what steps are you taking to deal with this influx of Veterans who will be relying on the system?

Answer

VA is not waiting for the completion of the pilot programs and implementation of the Veterans Benefits Management System (VBMS) to take aggressive action toward the goal of completing all claims within 125 days at 98 percent accuracy. VA's multi-tiered approach for addressing the dramatically increasing volume of incoming claims includes a number of innovations. VA deployed two rules-based calculators to streamline and improve decision quality, with more tools in the pipeline. VA is providing Veterans with improved online access to claims status information and other self-service options (such as ordering copies of discharge records) through the eBenefits portal. This increases client satisfaction while freeing VA staff to work on claims. New evidence-gathering tools are being developed, such as the Disability Benefits Questionnaires, which sharpen the focus in medical examinations to ensure all information needed to rate the claim is gathered the first time in the medical examination process and is presented succinctly. VA's Fully Developed Claims program operating in all 57 Regional Offices puts Veterans in the driver's seat for submitting claims that are ready to rate when received.

It is estimated that in late 2012, production will begin to outpace receipts. At that same time, we plan to begin the deployment phase of VBMS. VBMS will provide powerful new tools to claims examiners to boost efficiency and productivity. Gains in accuracy through rules-based processing will reduce re-work and appeals. Rules-based processing and calculator tools also speed the rating process, which will increase employee productivity and provide additional staff hours to rate other claims.

Question

5: Secretary Shinseki, one thing we all worry about is fraudulent claims, of the current claims backlog what percentage do you think are fraudulent?

Answer

VA's Office of Inspector General's (OIG) most recent Semiannual Report to Congress, issued for the period from April 1, 2010, to September 30, 2010, concentrates on benefit payments being made to ineligible individuals. During the last reporting period, the OIG opened 271 investigations regarding accounts of deceased beneficiaries, fiduciary fraud, identity theft, and Veterans or surviving spouses fraudulently receiving VA compensation or pension funds. One hundred fifty-eight defendants were charged with crimes; court-ordered payment of fines, restitution and penalties amounted to just under \$9 million. These investigations included 17 "Stolen Valor" [those who lie about military service for financial gain] cases resulting in 5 defendants being charged and a quarter of a million dollars in court-ordered payment of fines, restitution, and penalties.

Although the OIG investigates benefit payments rather than fraudulent claims, applying these numbers to VA beneficiaries would indicate that a very small percentage of claims are likely to be fraudulent. You can be assured, however, that no amount of fraud is tolerated. Cases are referred to the OIG to diligently investigate and prosecute those who defraud the government by submitting fraudulent information and documentation.

Question

6: Secretary Shinseki, in August the VA started a pilot program in Rhode Island to test a paperless system and new procedures to improve processing of Veterans' claims for disability compensation, how has that pilot progressed and are you still on track to expand that program nationwide in 2012?

Answer

The first iteration of the Veterans Benefits Management System (VBMS) software is being tested at the Providence Regional Office (RO). Claims processors at the Providence RO are using the new software to validate and harden the business requirements, as well as to generate new business requirements for future software releases. They are utilizing a new graphical user interface, electronic claims repository and scanning solution, which are integrated with existing core business applications (VETSNET) that support claims processing.

Additional development and testing will continue throughout calendar year 2011 and into 2012 at additional sites. National deployment is on track and scheduled to begin in calendar year 2012.

VBA (Post 9/11 GI Benefits Overpayments)**Question**

1: Secretary Shinseki, as you know due to a processing claim backlog the VA offered emergency payments to provide relief to veterans affected by the untimely processing of claims. What were the reasons for the claims backlog, was it that the program was so popular that all who were eligible or thought they were eligible applied for it?

Answer

Several factors influenced the delays in processing experienced in Fall 2009. The complexity of the Post-9/11 GI Bill required significant changes to business processes used for other VA education benefits, which resulted in time-consuming retraining of existing Veterans Claims Examiners (VCEs) and 760 new FTE. As a result, all processors were inexperienced in this new benefit, which impacted production. Additionally, due to the law's aggressive timeline for implementation of the Post-9/11 GI Bill by August 1, 2009, and the limited IT systems available at the time, VA was required to use primarily manual processing with interim processing "tools." Compounding the difficulties in processing claims was the fact that VA faced a workload that was largely composed of original claims, which in August 2009 required approximately 1.5 hours to process per claim. As the Post-9/11 GI Bill was a new program, all beneficiaries had to submit original claims to determine their eligibility.

The law's complex tuition and fee payment structure resulted in many schools being unable to submit tuition and fee data prior to program implementation. Some schools also held enrollment data until after the "drop/add period," which resulted in VA receiving the bulk of enrollment documents in October 2009. The combination of all of these factors led to a substantial backlog of claims in the Fall 2009 enrollment period.

To address the delays, VA instituted several streamlining procedures, increased resources devoted to Education claims processing, instituted the advanced payment initiative in October 2009, and obtained contractor support to assist in processing non-Post-9/11 GI Bill claims. As a result of these efforts, Spring 2010 timeliness improved dramatically over the Fall semester, and the advanced payment initiative was discontinued in February 2010.

Question

2: Secretary Shinseki, according to the IG report regarding Post 9/11 benefits the VA inappropriately provided 35,000 emergency payments totaling approximately \$103 million to ineligible military service members and veterans who did not participate in VA's education programs. What steps have been taken to recover this money?

Answer

All advance payments, regardless of whether or not the recipients were eligible for the payments, were put into VA's regular process for recovery of payments and debts. For recipients continuing with their education programs, the advance payments were recouped from benefits to be paid for subsequent enrollment periods. Recipients who

did not attend school or who are no longer enrolled were provided with information on how to establish repayment plans with VA's Debt Management Center. For those who do not make collection arrangements with VA, financial recovery efforts continue through administrative offset of other VA benefits, including compensation; referral to credit reporting agencies; and referral to Treasury for offset of federal payments and/or Treasury cross-servicing, which includes referral by Treasury to private collection agencies). Through March 25, 2011, VA has recovered approximately 77 percent of all advance payments issued for all education programs.

Question

3: Secretary Shinseki, in addition to those incorrect payments the VA also provided 2,700 emergency payments worth \$8 million to service members who were enrolled in VA education programs, but who did not meet VA criteria for emergency payments. My question is twofold, first why were payments made to individuals who were ineligible and secondly what steps have been taken to recover this money? To date how much money has been recovered and how much will not be recovered?

Answer

While the emergency payments were not initially meant for individuals on active duty, VA did not prevent active duty members who were enrolled in school under one of VA's education programs and in need of their VA funds to pay their tuition costs from applying for and receiving an advance payment. VA provided individuals requesting advance payment with information on eligibility, including the detail that individuals on active duty were not eligible. However, there was no mechanism in place for VA to verify eligibility when advance payment checks were issued. While we do not have specific recovery information for this active duty subset of advance payment recipients, VA has through April 19, 2011, recovered approximately 81 percent of all advance payments issued. Through the support of the Treasury offset program, VA anticipates collection of nearly the entire advance payments issued to this subset (with very limited exceptions, such as from deceased beneficiaries).

Question

4: Secretary Shinseki, as the VA rushed to plan and implement the emergency payment initiative to prevent further hardship to students affected by delays in processing claims during implementation of the Post-9/11 GI Bill, why was there no contingency plan in place for emergency payments?

Answer

Due to the law's aggressive timeline for implementation of the Post-9/11 GI Bill by August 1, 2009, and the limited IT systems available at the time, VA was required to use primarily manual processing with interim processing "tools." Under the advance payment program, VA therefore, of necessity, relied on Veterans' self-certification of their eligibility for VA education benefits and enrollment in school for the fall 2009 term. Because VA's processing systems were not designed to support the Post-9/11 GI Bill, VA did not have an automated source of data against which we could verify eligibility or

enrollment for the fall 2009 term before issuing the advance payments. Additionally, VA had not processed applications or received school enrollment information for many of the Veterans who were attending school and therefore entitled to, and in need of, advance payment funds.

Although VA began the advance pay program at the beginning of October 2009, enrollment documents for nearly 100,000 Veterans attending school under the Post-9/11 GI Bill in the fall 2009 term were received during the months of October through December and even into the spring 2010 term. To have verified eligibility prior to issuing advance payments for these Veterans would have required that we make many thousands of contacts with school officials in order to obtain enrollment information and then basically complete the processing of the Veterans' applications and enrollment documents (a process that was taking VA on average 35 days). Clearly this was not feasible if we were to provide Veterans with the funds they so urgently needed.

The contingency plan to this method was to use fully manual processing without the use of tools in the Interim Solution toolset. VA attempted to mitigate as many risks as possible by accepting applications beginning May 1, 2009, establishing the Interim Solution toolset, developing completely manual backup processing procedures, streamlining processing techniques, and hiring a substantial pool of new VCEs. The advanced payment initiative was not considered as a contingency plan because VA expected that the mitigation strategies, combined with the contingency plan of manual processing, would successfully alleviate processing and payment delays. In the months following initiation of the advance pay program, VA worked to obtain files and data from each of the four systems used in the processing of Post-9/11 GI Bill claims and bring them into its data warehouse. This enabled us to formulate queries and conduct data runs and matches to identify those advance pay recipients who clearly met the eligibility requirements and those who do not appear to have been eligible. However, this capability was not available to us when we began the advance payment program, and it essentially provided an "after-the-fact" assessment of advance pay recipients' eligibility.

Question

5: Secretary Shinseki, according to the IG report, it recommended that the Under Secretary for Benefits develop a contingency plan for future advance payments that includes clear communication on service member eligibility and controls to check for eligibility. Has the Under Secretary completed this plan and have you reviewed this plan?

Answer

In September 2009, VBA developed the recommended contingency plan. The Emergency Payments Project Plan identifies processes, timelines, tasks, and a list of participating teams, should the need arise to provide additional emergency advance payments in the education program. VA now has eligibility information available to us in the VBA data warehouse for matching purposes, as well as award and payment information for all Veterans who have received Post-9/11 GI Bill benefits since August 1, 2009. The availability of these data files would enable VA to conduct eligibility

verifications prior to issuance of advance payments, should another advance payment program be needed.

OIT (Information Technology (IT) Issues)

Question

1. Secretary Shinseki, if you combine the FY 2010 enacted to what was requested in FY 2011 and FY 2012 we are on track to invest over \$9 billion in IT, in your opinion is this money well spent?

Answer

Information Technology is critical to achieving the transformation of VA into a 21st century organization. It is worth noting that 45% of OI&T's funding goes to VA's IT infrastructure, which is one of the largest IT infrastructures within the Federal government. The Infrastructure provides the backbone necessary to meet the day to day operational needs of VA medical centers, Veteran facing systems, benefits delivery systems, memorial services, and all other IT systems supporting the department's mission.

IT is an enabler to the implementation of the VA's 16 Transformational Initiatives reflected in its Strategic Plan FY 2011-2015, which cannot be executed without newly developed IT products. These initiatives are key to improving VA's services to Veterans. IT investments have allowed us to deliver or plan for on time delivery of the following transformative programs:

- Successful, on-time delivery of the critical Chapter 33 G.I. Bill project.
- Veterans Benefits Management System (VBMS), in which IT will provide the enabling technology to break the claims backlog.
- Virtual Lifetime Electronic Health Record (VLER), in which IT will provide the systems and infrastructure needed to facilitate the rapid exchange of patient and beneficiary information between public and private partners yielding consistent access to electronic records that will enrich support for health and benefits services.
- The Blue Button program, in which IT provided the systems and information security to allow Veterans to download their personal health information from their MyHealtheVet account which will allow them to share their medical records with doctors outside the VA.
- The eBenefits portal (a joint DoD and VA service), which is evolving to a "one-stop shop" for benefit applications, benefits information and access to personal information such as official personnel military documents.
- Veterans Relationship Management (VRM), in which IT will provide the medium and capability to improve Veterans access to VA services and benefits through providing the phone, web and email systems for easier and more effective communications.

- The Pharmacy Reengineering program will replace existing pharmacy software modules with new technology that will facilitate enhanced Pharmacy services, improve customer service and enhance patient safety.

IT's successes in these and other areas demonstrate that IT plays an integral role in transforming the organization, and certainly represent money well spent.

Question

2. Secretary Shinseki, we have already seen the Post 9/11 GI benefits have problems with automation, will we see the same issues with Agent Orange Claims?

Answer

VA successfully converted all processing of new Post-9/11 GI Bill claims to the Long Term Solution (LTS) prior to the commencement of the Fall 2010 enrollment process. Since installation, processing with the new system has been nearly flawless, with no significant "bugs" encountered. The Veterans Benefits Administration claims processors like the new system and find it easy and efficient to use. By dramatically changing its development processes, adopting the Agile methodology for this project, VA also dramatically changed its system development results.

VA has made significant progress both process and technology-wise in automating the processing of Agent Orange (AO) claims through Fast Track and is on schedule according to plan. A higher degree of coordination between the integrated team members and leadership, coupled with an Agile software development approach, and tighter service level agreements (SLAs), continues to incrementally move more AO claims through the system for processing. Fast Track is also iteratively integrating with other VA and DoD systems and interfaces to achieve a higher degree of automation and accuracy. Moreover, these refined developmental processes better allow us to respond to changes in scope or requirements as a result of new legislation.

Since Fast Track deployment on Oct 29, 2010, we have received 2,657 claims submitted online by, or on behalf of, Veterans through the automated 526EZ form. VA has received an additional 12,067 hardcopy claims on 526EZ forms via mail, which have been digitized into the Fast Track system. And as of March 23, 2011 VA has digitized 22,861 AO claim documents into the Fast Track system for immediate processing.

Question

3. Secretary Shinseki, how successful has the Program Management Accountability System (PMAS) been so far and can you take a few moments to explain how PMAS works?

Answer

OI&T's Project Management Accountability System (PMAS) is designed to reduce risks; institute monitoring, controlling and reporting discipline; and establish accountability in developing VA IT projects. Introduced in July 2009, the intent of PMAS is to assess projects based on progress and delivery capability required by VA, on time

and within budget. PMAS is designed to improve IT systems delivery success by ensuring appropriate resourcing and oversight, and stopping projects that show repeated failures. PMAS works by first ensuring that projects only start once all success factors are in place. Once started, all projects utilize incremental delivery (smaller, more frequent delivery of functionality), with rigorous management to committed schedule milestones. Project managers have a direct line to the CIO to raise "red flag" issues to help avoid missing milestones. Three missed milestones causes a project to stop or pause for review before determining if the project can be successfully delivered after re-planning.

VA has 200 ongoing IT projects at any time either in development or in planning. PMAS is used to manage all IT projects. As of January 2011, VA is meeting 80% of its customer facing milestones under PMAS, a metric that would be envied by most private sector organizations. Prior to PMAS, in FY09, only 30% of all scheduled deliverables were delivered on time.

VHA/OPIA (Eliminating Veteran Homelessness)

Question

1. Secretary Shinseki, in your testimony, you say "six years ago, there were approximately 195,000 homeless Veterans on any given night; today, there are about 75,600", how do you achieve this reduction? Mr. Secretary from what era are the remaining homeless Veterans?

Answer

In the past decade, major VA homeless initiatives on outreach, treatment, residential services, and vocational rehabilitation have touched the lives of tens of thousands of Veterans. Reductions in Veteran homelessness are due in part to the effectiveness of these VA programs. VA's Homeless Providers Grant and Per Diem (GPD) Program, which began in the mid-1990s, has over 12,500 operational beds today. In FY 2010, over 17,000 Veterans were provided care in a GPD community-based program. Also in FY 2010, outreach teams from VA's Health Care for Homeless Veterans (HCHV) Program conducted more than 42,000 clinical assessments and the community-based residential treatment component of this program admitted over 3,500 homeless Veterans.

During the past three years VA has launched important initiatives such as the joint initiative between VA and the Department of Housing and Urban Development (HUD). Within HUD-VA Supportive Housing Program (VASH), VA provides case management services to Veterans experiencing homelessness, while HUD provides permanent housing choice vouchers to Veteran participants and their immediate families through its "Housing Choice" voucher program. The primary goal of HUD-VASH is to assist Veterans and their families exit homelessness and fully reintegrate back into the community of their choosing.

In FY 2010, the Health Care for Re-Entry Veterans Program and the Veterans Justice

Outreach Program continued to provide outreach and linkage to services to justice-involved Veterans at high risk of homelessness. Many of these vulnerable Veterans were diverted from homelessness and provided health care, residential, and benefits assistance. With implementation of the new prevention-focused Supportive Services for Veteran Families (SSVF) set for this year, VA will add another important program to assist those who are at greatest risk for becoming homeless. This program makes available grant funds for community providers to help Veteran families rapidly exit homelessness, or to avoid entering homelessness. In addition to providing linkage to VA health care and other services, grantee organizations will have the ability to directly address the type of emergent needs that, if unmet, can be deciding factors in a family's struggle to remain stably housed. Funds for emergency rental assistance, security and utility deposits, food and other household supplies, child care, one-time car repairs, and other needs will help to keep Veterans and their families housed – as families.

Services to homeless Veterans have been further strengthened by interagency collaborations with federal partners as well as a broad range of local community-based organizations. The FY 2009 report of VA's Community Homelessness Assessment Local Education and Networking Groups (CHALENG) Program indicates that local VA medical centers have established almost 4,000 formal and informal collaborative agreements to serve homeless Veterans.

The majority of homeless Veterans served during the post-Vietnam era. Data from *Veteran Homelessness: A Supplemental Report to the Annual Homeless Assessment Report to Congress* (2011) indicate that 136,334 homeless Veterans were sheltered in FY 2009. This does not represent the total annual count of all homeless Veterans, as some unsheltered Veterans will not seek shelter during the course of the year. Of this total, 92.5 percent were male and 7.5 percent female. The ages of these Veterans were distributed as follows:

- 18-30: 8.4 percent
- 31-50: 44.6 percent
- 51-61: 38.1 percent
- 62+: 8.9 percent

Finally, the reduction in the number of homeless Veterans over the past six years, reported first through VA's CHALENG, and now through the Veterans Supplemental Chapter to the Annual Homeless Assessment Report (AHAR), is also a result of improved methodology in counting homeless Veterans. In 2005, The Department of Housing and Urban Development (HUD) began requiring local communities' Continuums of Care to conduct point-in-time (PIT) counts of homeless Veterans. These counts began as HUD is required by the McKinney-Vento Act to produce "statistically reliable, unduplicated counts or estimates of homeless persons in sheltered and unsheltered locations at a one-day point in time." As PIT data became more accurate, they allowed local VA medical centers to use the PIT count as a baseline for an estimate of homeless Veterans. This improvement culminated this year when HUD and the VA collaborated to issue a single PIT estimate on the prevalence of homelessness

among Veterans, which indicated that 75,600 Veterans are homeless on any given night.

Question

2. Secretary Shinseki, the 2012 budget includes \$939 million to prevent and reduce homelessness among Veterans; can you explain to the committee what type of programs this funding will support?

Answer

The Department of Veterans Affairs (VA) operates the largest system of homeless treatment and assistance programs in the nation. The hallmark of VA's homeless programs is that they provide comprehensive care and benefits including medical, psychiatric, substance use, rehabilitation, dental care, and expedited claim processing for these Veterans. The following programs represent VA's homeless continuum of care. All programs in this continuum are part of VA's plan to end current Veteran homelessness and prevent Veterans from becoming homeless.

Supportive Services for Veteran Families (SSVF) Program: The SSVF Program will make available grant funds for community providers to help Veteran families rapidly exit homelessness, or to avoid entering homelessness. In addition to providing linkage to VA health care and other services, grantee organizations will have the ability to directly address the type of emergent needs that, if unmet, can be deciding factors in a family's struggle to remain stably housed. Funds for emergency rental assistance, security and utility deposits, food and other household supplies, child care, one-time car repairs, and other needs will help to keep Veterans and their families housed – as families. A Notice of Funding Availability was announced earlier this calendar year and the application period closed on March 11, 2011. VA is in the process of reviewing these applications and awarding grants. VA expects to announce awards in June 2011.

Veterans Homelessness Prevention Demonstration (VHPD) Program: The Veterans Homeless Prevention Demonstration Program (also referred to as the HUD-VA Pilot Program) is designed to explore ways for the Federal Government to offer early intervention homeless prevention, primarily to Veterans returning from wars in Iraq and Afghanistan. This demonstration program provides an opportunity to understand the unique needs of a new cohort of Veterans and will support efforts to identify, outreach, and assist them to regain and maintain housing stability. This three year HUD-VA prevention pilot is a partnership among VA, the Department of Housing and Urban Development (HUD), the Department of Labor (DOL), and local community agencies. VHPD will serve the following locations: MacDill Air Force Base in Tampa, Florida; Camp Pendleton in San Diego, California; Fort Hood in Killeen, Texas; Fort Drum in Watertown, New York; and Joint Base Lewis-McChord near Tacoma, Washington. As the lead agency, HUD is awarding grants for the provision of housing assistance and supportive services to prevent Veterans and their families from becoming homeless, or reduce the length of time Veterans and their families are homeless. HUD's Office of

Special Needs Assistance Programs (SNAPS) executed the grant agreements with the pilot site Continuum of Care grantees on February 3, 2011.

The National Call Center for Homeless Veterans (NCCHV): The NCCHV was founded to ensure that homeless Veterans or Veterans at risk for homelessness have free, 24/7 access to trained counselors. The hotline is intended to assist homeless Veterans and their families, VA medical centers, federal, state and local partners, community agencies, service providers, and others in the community. The NCCHV (1-877-4AID VET) was fully implemented on March 1, 2010. From March 1, 2010 to February 28, 2011, there were 25,771 calls to the NCCHV. Of the calls received, 20,831 callers identified as Veterans; 6,578 Veteran callers identified as being homeless; and 11,769 Veteran callers identified as being at risk of homelessness.

Veterans Justice Programs: As part of VA's Plan to End Homelessness Among Veterans, VA is focused on serving Veterans involved with the criminal justice system, who may be homeless or at risk for homelessness. Studies have shown that for adult males, incarceration is the most powerful predictor of homelessness (Burt et al., 2001). The Health Care for Reentry Veterans (HCRV) Program provides outreach and linkage to post-release services for Veterans in state and federal prisons; HCRV Specialists have provided reentry services to 24,244 reentry Veterans since FY 2008. The Veterans Justice Outreach (VJO) Program focuses on Veterans in contact with law enforcement, jails, and courts, including the rapidly expanding Veterans Treatment Courts (VTC). VJO Specialists have served a total of 8,004 justice-involved Veterans since the start of the program.

Grant and Per Diem Program (GPD): The GPD Program allows VA to award grants to community-based agencies to create transitional housing programs, and provides per diem payments to the programs to support operational costs. The purpose is to promote the development and provision of supportive housing and/or supportive services with the goal of helping homeless Veterans achieve residential stability, increase their skill levels and/or income, and obtain greater self-determination. GPD-funded projects offer communities a way to help homeless Veterans with housing and services while assisting VA medical centers by augmenting or supplementing care. The GPD Program has provided services for 98,493 unique Veterans since 1995, including 15,706 Veterans in FY 2009, over 17,000 Veterans in FY 2010, and 4,174 Veterans during the first quarter of FY 2011 (data from VA's Northeast Program Evaluation Center Annual Report).

Health Care for Homeless Veterans (HCHV): The central goal of the HCHV Program is to reduce homelessness among Veterans by conducting outreach to those who are the most vulnerable and are not currently receiving services and engaging them in treatment and rehabilitative programs. The HCHV Outreach Program has served approximately 90,237 Veterans in FY 2010 and over 36,000 Veterans during the first quarter of FY 2011.

The HCHV Contract Residential Treatment Program: The Contract Residential Treatment component of the HCHV Program ensures that Veterans with serious mental health diagnoses can be placed in community-based residential treatment programs which provide quality housing and services. HCHV provides “in place” residential treatment beds through contracts with community partners and VA outreach and clinical assessments to homeless Veterans who have serious psychiatric and substance use disorders. The HCHV Contract Residential Treatment Program has served 54,723 unique Veterans since 1987; Approximately 3,519 Veterans were served in FY 2010 and 1,592 Veterans during the first quarter of FY 2011.

Domiciliary Care for Homeless Veterans (DCHV): The DCHV Program provides time-limited residential treatment to homeless Veterans with health care and social-vocational deficits. DCHV programs provide homeless Veterans access to medical, psychiatric, and substance use disorder treatment in addition to social and vocational rehabilitation programs. The DCHV Program has served 76,289 unique Veterans since 1988; approximately 8,445 Veterans in FY 2010, and 3,267 Veterans during the first quarter of FY 2011.

Expand the Substance Use Disorder Treatment Enhancement Initiative for VA Homeless Programs: Providing access to and ongoing engagement with treatment services for substance use is critical in assisting Veterans to avoid and/or exit homelessness. VA recognizes the need to provide substance use services in the community for homeless Veterans in order to increase access to care and enhance these Veterans' chances for recovery. VA has enhanced community-based substance use services by adding Substance Use Counselors to Homeless Outreach Teams. These clinicians work *in* the community with VA HCHV outreach teams, Grant and Per Diem Providers, HUD-VASH and VA substance use treatment programs to ensure Veterans have access to ongoing treatment services.

Department of Housing and Urban Development –Veterans Affairs Supportive Housing (HUD-VASH) Program: HUD-VASH is a collaborative program between HUD and VA where eligible homeless Veterans receive VA-provided case management and supportive services to support stability and recovery from physical and mental health, substance use, and functional concerns contributing to or resulting from homelessness. Additionally, a HUD-VASH housing voucher can be used to accommodate homeless Veterans and their families. HUD has received approximately 30,000 vouchers for this program. HUD-VASH is the Nation's largest supported permanent housing initiative. As of March 30, 2011, of the approximately 30,000 vouchers authorized to HUD, there are currently 27,544 in use or assigned for use. Approximately 20,693 Veterans are currently housed/under lease, 3,836 vouchers are issued to Veterans who are actively seeking a lease, 1,868 vouchers are reserved for Veterans who are undergoing Public Housing Authority (PHA) validation, 1,147 vouchers have been reserved for Veterans who are currently in VA-funded Treatment Programs and are preparing to go to PHA, leaving only 2,406 vouchers available to be assigned to Veterans.

Homeless Veterans Dental Program (HVDP): The mission of the Homeless Veterans Dental Program is to increase the accessibility of quality dental care for homeless Veteran patients and to help assure success in VA-sponsored and VA partnership homeless rehabilitation programs throughout the United States. The HVDP provides limited outpatient benefits for a one-time course of dental care for VA health care eligible Veterans who are enrolled for at least 60 days in the following programs: GPD, DCHV, Compensated Work Therapy – Transitional Residence (CWT-TR), HCHV Contract Residential Treatment, and Community Residential Care. Since this initiative started in FY 2006, over 36,000 Veterans have received services through the program. In FY 2010, over 11,000 Veterans received dental care through the HVDP.

Homeless Veteran Supported Employment Program (HVSEP): This program will provide vocational assistance, job development and placement, and on-going employment supports designed to improve employment outcomes among homeless Veterans. VA recognizes the role of employment and sustainable household income as a major component of any plan to end homelessness among Veterans. This effort expands existing training and supports for Veterans to acquire the skills necessary to obtain and sustain employment in today's challenging economy. Vocational and employment services to homeless Veterans will be based on rapid engagement, customized job development, and competitive community placement, with on-going supports for maintaining employment.

National Homeless Registry: Although not a program itself, VA's comprehensive Homeless Registry is intended to provide up to date information about the prevalence of homelessness among Veterans and key demographics of the homeless Veteran population seen in VA homeless programs. The Registry is also intended to provide information regarding VA homeless programs, enabling VA to identify and monitor program utilization and treatment outcomes. VA is working with other federal partners to expand this capability.

The Registry includes information on over 367,230 Veterans, and includes data from 2006 to the present.

Question

3. Secretary Shinseki, in 2009 you boldly set out to end Veterans homelessness by 2015. Please explain what steps you are taking to achieve this goal and are you on track to meet this goal?

Answer

VA has made great strides in combating homelessness among Veterans. As described in our response to question 2 above, VA has a comprehensive program in place to meet our goal to eliminate Veteran homelessness by 2015. As noted, VA's plan relies significantly on the HUD-VASH program and the provision of permanent supportive housing through VA's partnership with the HUD. Additional vouchers are requested by HUD in the 2012 budget, which will provide homeless Veterans and their families with more opportunities to access permanent supportive housing and exit homelessness.

Additionally, the GPD Program's funding is capped by statute at \$150 million, which limits our ability to provide additional support through this program. In testimony before the House Veterans' Affairs Committee, Subcommittee on Health, on October 1, 2009, VA testified that it recommends that "a specific authorization funding level be dropped from the statute. This is a well-established program in VA and need not be constrained."

Finally, the relevant statute authorizes funding for the SSVF Program through the end of FY 2011. Without legislative action, grantees will receive funding under the SSVF Program for 1 year only, and no renewals or new grant awards will be possible. As the SSVF Program is one of the cornerstones of VA's Plan to End Homelessness among Veterans, its reauthorization at levels that allow for national access is critical to the success of the Plan.

If these outstanding issues cannot be resolved, VA will be significantly challenged in achieving its goal to eliminate homelessness among Veterans.

In an effort to ensure that VA is closely coordinating with community providers, the Secretary of Veterans Affairs directed each VA medical center to hold a Homeless Veteran Summit to confer with key partners (including local Public Housing Authorities, Continuums of Care, HUD, Department of Labor, State VA Departments, and other key Federal, state and local organizations) in our efforts to end homelessness among Veterans. The goal of these meetings was to determine ways to more efficiently and effectively assist homeless Veterans in accessing needed supportive services and suitable permanent housing to achieve and maintain stabilization. There were over 170 Summits held locally. These Summits have improved existing partnerships and assisted in building new collaborations.

Each VA medical center was also directed to participate in the 2011 Point-in-Time Count of the homeless held in January and in their local Continuums of Care. These directives have served to foster closer cooperation and collaboration between VA staff and community providers in both urban and rural areas. These engagements will continue and further strengthen the ability of VA and other housing and service provider partners to effectively work together to end homelessness among Veterans.

VA has also created a homeless registry that will provide a data warehouse for Veteran homeless services, identifying and monitoring the utilization and outcomes of VA-funded programs as well as capturing demographics and characteristics of homeless Veterans and those Veterans at risk for homelessness requesting services. VA and HUD are working together to integrate data collected by both agencies. This integration of data will assist VA in its national effort to identify and serve Veterans identified as homeless or at risk while monitoring program utilization with immediate reportable outcomes.

Question

4. Secretary Shinseki, the VA has partnered with HUD to form the HUD –VASH program and the FY 2012 request includes \$50.4 million for case management. Can you give us some background on this program so the Subcommittee can better understand the collaboration the VA has with HUD to address homelessness among veterans?

Answer

In 1992, VA and HUD established the HUD-VA Supported Housing (VASH) Program. Within HUD-VASH, VA provides case management services to Veterans experiencing homelessness, while HUD provides permanent housing subsidies. The primary goal of HUD-VASH is to assist Veterans and their families with exiting homelessness and fully reintegrating back into the community of their choosing. HUD-VASH was expanded under the 2008 Consolidated Appropriations Act Public Law (P.L.) 110-161, enacted December 2007, which provided \$75 million of funding for the HUD-VASH voucher program as authorized under the United States Housing Act (USHA) of 1937 section 8(o)(19). Additional funding was appropriated by Congress to HUD for fiscal years 2009 and 2010, giving HUD approximately 30,000 HUD-VASH vouchers available for use by eligible, targeted Veteran families that are homeless.

A key component of the program is VA's case management services. Case management services are designed to facilitate the Veteran's recovery goals by supporting stability in safe, decent, and affordable permanent housing of the Veterans' choice while also connecting the Veteran to treatment, vocational, and other supportive services. Funding for VA case managers is budgeted from the VA medical services appropriations. VA has funded 1,207 FTE to support the Veterans receiving services through the HUD-VASH Program.

Question

5. Secretary Shinseki, in each fiscal year 08, 09, and 10, HUD-VASH received \$75 million, adding 10,000 vouchers each year for a current total of 30,000 available vouchers. After a pause in FY 11, the President requests \$75 million in FY12 for another 10,000 vouchers. What were the reasons for the pause?

Answer

VA respectfully defers to HUD regarding vouchers.

Question

6. Secretary, can you tell me if the VA counts homeless vets in rural areas into their overall numbers? If so, what are those numbers and what process do you use to make the distinctions among the homeless population?

Answer

Estimates of Veteran homelessness are now made jointly by HUD and VA and are published in the Supplemental Chapter on Veterans to the Annual Homeless Assessment Report (AHAR). The goal of this Report is to understand the extent and

nature of homelessness among Veterans through examining their demographic characteristics. The most recent AHAR estimate (published in 2011, but based on 2009 data) is that 28 percent of all homeless Veterans were in suburban or rural areas.

The AHAR estimates are based on data collected throughout the United States by HUD with VA's support. Specifically, the AHAR draws on HUD's Homeless Management Information System (HMIS) and Point-In-Time (PIT) counts. HMIS is an electronic data collection system that stores information about persons accessing homeless services in a Continuum of Care. PIT counts are completed in every community to estimate the number and characteristics of homeless persons, both sheltered and unsheltered. To make location distinctions among the population, data is analyzed by zip code and these zip codes include principal city (largest city in each metropolitan or micropolitan statistical area), or suburban/rural identifiers.

(FY 2012 Budget Request)

Question

1. VBA Mr. Secretary, your FY 2012 request for the Veterans Benefits Administration is \$2 billion, which is an increase of \$330 million, or 19.5%, over the 2010 enacted level. With this increase you expect to hire 716 employees to bring the FTEs to 20,321.. Can you tell the Subcommittee how far these 716 new employees will go toward reducing the disability claims or are more resources needed?

Answer

VBA anticipates that the increased FTE, coupled with the resources requested for VA's multi-tiered approach for addressing the increasing volume of incoming claims, is what is necessary to increase production and put VBA on track to reach our goal of eliminating the claims backlog by 2015.

Question

2. VHA Mr. Secretary, you are requesting a Contingency Fund of \$953 million for medical care in 2012. In your testimony you state, "(t)hese contingency funds would become available for obligation if the Administration determines that additional costs, due to changes in economic conditions as estimated by VA's Enrollee Health Care Projection Model, materialize in 2012." You further state that this variable was incorporated into the model for the first time this year. Can you please elaborate on the rationale for this and its impact on veterans? In addition will this funding be released in increments or will all funds be released once it's needed?

Answer

This economic impact was incorporated into the VA's Enrollee Health Care Projection Model for the first time this year. The \$953 million contingency fund, estimated in the Model, was created to address the potential demand increase for medical care services due to changes in economic conditions. The fund will only become available for obligation if the Administration determines the anticipated changes in economic

conditions, as estimated by the Model, materialize in 2012. Some or all of the amount will be made available upon the Administration's approval using criteria such as national unemployment rates, enrollee utilization, and obligation rates for medical services. Although the health care model has proven accurate over the years, this is the first time we have used an unemployment factor in projecting resources requirements. We believe it is fiscally responsible to request these additional appropriations in a contingency fund until, and if, we determine the need materializes.

Question

3. VHA: Mr. Secretary, your request includes carryover of more than \$1 billion, which you state includes savings from operational improvements. Can you please explain to the Subcommittee what these operational improvements are?

Answer

Please see the chart below for an accounting of the estimated savings, and the descriptions that follow for further detail on each item.

<u>VHA Operational Improvements (\$M)</u>	2011	2012	2013
Fee Care Payments Consistent with Medicare.....	(\$275)	(\$315)	(\$362)
Fee Care Savings.....	(\$150)	(\$200)	(\$200)
Clinical Staff and Resource Realignment.....	(\$44)	(\$151)	(\$151)
Medical & Administrative Support Savings.....	(\$100)	(\$150)	(\$150)
Acquisition Improvements.....	(\$177)	(\$355)	(\$355)
VA Real Property Cost Savings & Innovation Plan...	\$0	(\$66)	(\$66)
Subtotal, Operational Improvements.....	(\$746)	(\$1,237)	(\$1,284)

Fee Care Payments Consistent with Medicare

Dialysis Regulation Savings and other care services are the estimated cost savings from purchasing dialysis treatments and other care from civilian providers at the Centers for Medicare & Medicaid Services rates instead of current community rates.

Fee Care Savings

Fee care savings will be generated through application of the following initiatives: use of electronic repricing tools, use of contract and blanket ordering agreements, reduction of contract hospital average daily census, reduction of duplicate payments, reduction of interest penalty payments, and increase in revenue generation through the use of automated tools.

Clinical Staff and Resource Realignment

Clinical staff and resource realignment will realize savings by converting selected physicians to non-physician providers, converting selected registered nurses to licensed practical nurses, and more appropriately aligning the required clinical skills with patient care needs.

Medical & Administrative Support Savings

These savings will be achieved by more efficiently employing resources to reduce administrative and support costs across VA's medical facilities. The intent is to invest these savings in direct patient care and thereby enable VA to provide health care services to Veterans more effectively and efficiently.

Acquisition Improvements

VA has eight ongoing initiatives. A brief description of each is as follows:

1. Consolidated Contracting – This initiative consists of multi-facility, VISN, and Regional Contracts. It also involves contracts being administered at the VHA Health Administration Center (HAC). Contract savings result from combining requirements and obtaining lower unit pricing.
2. Increasing Competition – This initiative relates to competing contracts that were formerly awarded on a sole source basis. The majority of the savings in this category come from competing requirements among Service-Disabled Veteran-Owned Small Business firms.
3. Bring Back Contracting In House – Under this initiative, VHA is bringing contracting workload back into VHA contracting offices from the Army Corps of Engineers. By bringing the workload back, VHA avoids paying the Corps of Engineers administrative charges.
4. Reverse Auction Utilities – Several VHA facilities are participating in a program administered by the General Services Administration (GSA), whereby utilities are procured using reverse auctions. This has produced savings in utility pricing.
5. Medical Surgical Product Data Bank (MED PDB/EZ) Save – Through a consolidated effort with the Department of Defense (DoD), VHA has been able to obtain visibility of the most favorable government pricing overall. This has allowed VHA to procure needed supplies at the identified lower price.
6. Reduce Contracts – This effort involves canceling or avoiding contracts by performing the required services in house.
7. Property Re-utilization – This initiative brings back the practice of considering "excess as the first source of supply." VHA has been able to avoid procurement of new equipment by reutilizing excess equipment.
8. Prime Vendor – VHA has been able to use the medical/surgical prime vendor to achieve additional price concessions. Additionally, the prime vendor also provides improved inventory management thereby eliminating the procurement of unneeded supplies.

VA Real Property Cost Savings and Innovation Plan

VA's Real Property Cost Savings and Innovation Plan includes the following initiatives for VHA:

1. Repurpose Vacant and Underutilized Assets - VA has identified 17 vacant or underutilized buildings to repurpose for homeless housing and other enhanced-use lease (EUL) initiatives.

2. Demolition and Mothballing - VA has identified 116 vacant or underutilized buildings to demolish or mothball which will reduce operating costs after the cost of demolition.
3. Energy and Sustainability - VA will achieve these savings by regionally pooling energy commodity purchasing contracts, aggressively pursuing energy and water conservation, and investing in the co-generation of electric and thermal energy on-site.
4. Procurement Savings - VA will achieve savings by engaging in the direct purchase of building supplies and equipment, and regionalizing certain building service contracts.

VHA (Joint Military/VA Medical Facilities)

Question

1. Can you recap the key issues associated with Joint facilities and a few specifics of concerning the Martin Army project?

Answer

Generally, there are two central issues that limit our ability to effectively plan, design and execute joint capital projects: misaligned planning timelines and budget cycles between VA and DoD, and the inability to combine funding to meet joint planning, design and construction requirements.

a. Misaligned planning timelines and budget cycles between the two Departments.

Often, the priorities established by the two Departments do not align directly, meaning that while one Department may consider an initiative a priority sufficient priority to warrant budget inclusion in a particular year, the other Department may have identified higher priorities for the use of its funds and is thus unable to participate in a joint facility project.

Without a joint budget mechanism to effectively plan, design and execute joint capital projects, the existing capital planning process will continue and could potentially result in excess infrastructure. Building a singular structure that would accommodate the needs of both beneficiary populations and enable an opportunity to maximize medical sharing opportunities would be the preferred result. The current budget scenario fosters missed opportunities to maximize cost and value to the Federal government.

b. Inability to combine funding to meet joint planning, design and construction requirements.

There are legal limits that impact VA and DoD's ability to support joint construction projects. For example, the ceiling for VA minor construction projects is \$10 million. If VA plans a minor construction project and DoD wants to partner in the construction, the total cost of the project cannot exceed \$10 million, even if VA's portion is less than \$10 million. For example, VA and DoD have identified areas where joint ambulatory care

facilities would serve both VA and DoD beneficiaries and offer opportunities to maximize sharing opportunities. If construction of a VA community-based outpatient clinic (CBOC) has been approved as a minor construction project, and VA's cost of construction is close to the \$10 million maximum, DoD cannot add funding to the project to build a joint clinic because the total cost would exceed VA's limit for minor construction. This situation currently exists in Panama City, Florida, where the Department of the Navy has provided land for a VA CBOC. The Navy also needs a new clinic and intends to build on the same land parcel as VA. The clinics cannot be combined because the total cost of a combined clinic would exceed VA's limit for minor construction. Furthermore, even if a project falls under the \$10 million threshold, there is no legal authority for VA to transfer funds to DoD for the construction phase of a project. Likewise, there is no legal authority for VA to accept and use funds from DoD for the construction phase of a VA project.

Focusing on the Martin Army Project, VA continues to have an active relationship with the Army at Ft. Benning; however, the timeline for the Army's planning, design, and construction of a new facility did not align with VA's timeline. We are continuing discussions with the Army and exploring all options to maintain our close relationship in this joint market.

An additional challenge facing joint facilities on military bases is that Veterans, their caregivers and visitors, as well as VA staff occasionally face challenges at the gate for entry onto military installations. This is a concern that must be addressed as VA examines where to locate VA facilities and pursue joint capital projects with Department of Defense.

HRA (Veteran Employment)

Question

1. A growing issue among Veterans is unemployment. What, if any, progress have you made over the last year working with the Department of Defense and government contractors to expand the number of employment opportunities for returning veterans?

Answer

President Obama's Executive Order 13518 signed in November 2009, established an Interagency Council on Veterans Employment designed to increase the number of Veterans in the Federal Workforce. As co-chair of the Council (along with Labor Secretary Solis) Secretary Shinseki is one of the administration's leading advocates in this area. Through his leadership, the Council (made up of each of the major departments and agencies in the Executive branch) established individual agency Veteran employment goals which each agency pledged to meet or exceed for this fiscal year. VA continues to lead all non-Defense Federal agencies in the number of Veterans in our workforce. Last year VA hired over 11,000 Veterans and recently reached a milestone in Veteran employment – over 100,000 Veterans on board.

VA's Veterans Employment Coordination Service served as the model for each Federal agency's recently established Veteran Employment program office. This team of 13 Regional Veteran Employment Coordinators leads the department's Veteran employment efforts to attract, recruit and hire Veterans in VA.
[Questions for the Record for Secretary Shinseki submitted by Congressman Carter]

VHA (Physician Shortage)

Question

1. Mr. Secretary, as you may be aware, the U.S. is currently suffering through a physician shortage estimated to be 150,000 doctors in the next 15 years, according to the Association of American Medical Colleges. What is your agency doing to address this physician shortage in the VA System and the potential subsequent lack of medical attention to our veterans?

Answer

VA is an active and engaged partner in Graduate Medical Education (GME) and is second only to the Centers for Medicare & Medicaid Services as the largest Federal funding source for residency training. VHA funding is less than 10% of Federal funding for GME. The recent Graduate Medical Education Enhancement Initiative sponsored by VHA provided funding for an additional 1500 resident slots within VHA over a 5-year period of time between 2006 and 2011.

Between 2002 and 2010, seven new medical schools have been established and 82 percent of existing medical schools have increased enrollment. According to the Association of American Medical Colleges, there will be 7,000 new medical graduates per year for the next 10 years. VA and new medical schools continue to establish affiliations, with the most recent example being an affiliation between the Orlando VA Medical Center and the University of Central Florida.

The implementation of the VHA Physician and Dentist Pay System, Public Law 108-445 (December 3, 2004), provided VA with broad flexibilities to create total compensation packages. The data below reflect the total employment of physicians and dentists over the last 4 years. As is evident, we have been successful in attracting candidates and increasing the numbers of physicians and dentists to provide medical care to Veterans.

Fiscal Year	2007	2008	2009	2010
Doctors on Board	15,993	17,294	19,822	21,213

To ensure Veterans receive all of the medical care required, VHA hires significant numbers of physician extenders such as Physician Assistants and Nurse Practitioners. A new National Recruitment program piloted in 2009-2010 has been expanded nationwide to improve recruitment of hard-to-fill physician specialty positions; VA also is hiring professional physician/health care recruiters to enhance clinical recruitment practices in each VISN. VHA has also initiated a major initiative to enhance access and care continuity through the Patient Centered Care Team (PACT) model, and recently

stood up five Centers of Excellence in Primary Care Education to enhance physician and nurse practitioner training.

VHA (Americans With Disabilities Act – Service Animals in VA Facilities)

Question

2. Mr. Secretary, while the VA is not bound by the Americans with Disabilities Act, it establishes a baseline for the standards by which disabled individuals ought to be treated. That Act requires all buildings and business to accommodate access to Service Animals assisting disabled persons. However, current VA regulations only allow access to “seeing eye dogs” and at the facility director’s discretion. Keeping in mind that the current VA regulation makes no distinction about how “seeing eye dogs” are trained, beyond issuing a temporary directive, what effort is the VA conducting toward developing and implementing long-term regulations to accommodate access to all veterans utilizing service animals regardless of how they receive the animal?

Answer

VHA approved and published a national policy on access for guide and service dogs to VA health care campuses on March 10, 2011. This is not a temporary directive. The Directive requires every facility to publish policy no later than June 30, 2011 ensuring that guide dogs and service dogs are granted access to VA properties and grounds when accompanying a disabled Veteran or member of the public.

On March 22, 2011, the Directive and a frequently asked question (FAQ) document were distributed to the VHA Network Directors, Chief Medical Officers, and Quality Management Officers. On March 25, 2011 the Directive and FAQ were announced on the VHA National Facility Directors’ Teleconference, where emphasis was placed on the requirement to publish local policy ensuring access no later than June 30, 2011. Additionally, VHA has established a multi-disciplinary workgroup that is writing regulations to support guide and service dog access.

VETERANS EXPOSED TO UNSANITARY CONDITIONS**Question**

(VHA) When the John Cochran Veterans Medical Center was closed, where were Veterans seeking care sent?

Answer

The Department of Veterans Affairs (VA) chief priority is the well being of our patients. Achieving the highest standards for safety is a critical part of realizing this priority. Initially, it is important to note that the St. Louis VA Medical Center, John Cochran (JC) Division, was never closed. During the course of a visit in March 2010, the National Infectious Diseases Program Office identified several findings in the Dental Clinic. The Acting Medical Center Director decided to temporarily close Dental Service on March 12, 2010 until the issues could be fully addressed. Oral Surgery and Dental Hygienist Clinics were reopened March 18, 2010. General Dentistry was opened on March 26, 2010. During the dental closure all other areas of the medical center remained open and fully operational. Veterans in need of urgent and emergent dental care were referred to local dental clinics at VA expense.

Surgical procedures were recently suspended at JC, at the direction of the Medical Center Director, from February 2- March 10, 2011, due to the discovery of discoloration of sterilized surgical instruments. During this time, patients who were in need of emergent surgical procedures were sent to local hospitals in the community. All other services continued as usual at the medical center.

Question

1. (VHA) While the Cochran Medical Center was closed, how much did it cost to keep the center closed?

Answer

During the temporary shutdown of the Dental Clinic, the estimated cost to send patients to community Dental providers was \$59,235. A total of 50 patients were sent to community providers.

During the June 2010 Dental Notification and Disclosure, the estimated cost was \$532,508. This cost includes the costs associated with the Notification clinic including staff, laboratory tests and other costs.

From February 2 - March 10, 2011, all surgical procedures were suspended at John Cochran Division while a problem with instrument discoloration was investigated. Below is the list of expenses incurred during the suspension of surgical procedures. Costs are provided in three categories: cost of care; cost to determine the source of discoloration; and cost to address the possible multitude of causes of the discoloration.

\$1,484,000: Approved cost of care for urgent and emergent cases
(246 surgery and 51 dental cases sent out on fee basis)

\$3,849,300: Estimated cost of care for non urgent and non emergent cases
(329 backlogged fee basis cases, including orthopedic, vascular and neurosurgery) related to closure of the operating room

\$ 76,360: Actual cost for outside testing to determine the source of discoloration

\$ 14,000: Actual cost for outside consultants to determine the source of discoloration

\$ 4,000,000: Cost of refurbishing and replacing (\$1.5M) and procuring additional backup capacity instruments (\$2.5M) to address the possible multitude of causes of the discoloration

\$ 20,000: Actual cost for Overtime (Sterile Processing Department)

\$ 9,443,660 Total

Question

2. (VHA) The incident in Miami happened in 2009 yet more notices were sent this year regarding that incident, why was there such a long delay for these notices?

Answer

In August 2010, the U.S. Attorney's office, which was gathering information related to patients who had filed tort claims on this issue, asked the Miami VA Health Care System to review a record source of log books containing information about endoscopic procedures. These log books were not reviewed in their entirety as part of the original 2009 look back because they were determined by internal and external experts to be an incomplete source of information. When reviewing the log books in August, 2010, a patient who had not been identified in the previous look backs was identified. After receiving approval in January 2011 to conduct a further review, Miami conducted an exhaustive, manual review of the log book entries for the period in question (May 2004-March 12, 2009) to ensure all possible patients were identified from this source. As a result, 12 additional Veterans were identified who had undergone endoscopic procedures at Miami and had not been previously notified. As new sources of information have been identified, Miami has pursued them to ensure all patients who may have been potentially affected are identified, notified and offered screenings, information and support.

Question

3. (VHA) How long does it normally take for the VA to get notices out to Veterans that may have been affected?

Answer

In Miami's case, once the identification and approval processes were completed in January 2011, phone calls were made to each affected Veteran. All confirmed notifications to the 12 Veterans were completed within 2 weeks. In situations where letters are sent, the letters would be sent the following day once approval is received to notify. Confirmation of receipt may take longer due to incorrect addresses on record, or inability to deliver by the US Postal Service. In these cases, phone calls or home visits are made to confirm the receipt of the notification letter.

Question

4. (OGC) Juan Rivera who has contracted HIV, has filed a \$20 million lawsuit against the VA because he believes he contracted HIV due to the use of tainted equipment, does his case have merit?

Answer

Mr. Rivera's lawsuit was settled by the United States Attorney in Miami for \$400,000 in March 2011. The United States had well-qualified experts who would have testified that Mr. Rivera did not acquire an HIV infection from VA equipment and the plaintiff had experts who would have testified to an opposite opinion. A settlement was thought to be an appropriate resolution of the lawsuit.

[Questions for the Record Submitted for by Congressman Flake]

VHA/VBA (Implementing New Benefits – Time Required)

Question

1. Last week, this subcommittee heard testimony from the VA's Deputy Inspector General, Mr. Richard Griffin, who highlighted that in administering the Post-9/11 GI Bill, \$87 million was lost as a result of incorrect emergency benefits payments. When I questioned him about this mistake, he responded that as the deadline for implementation rapidly approached, the VA wanted to err on the side of caution to make sure that veterans weren't delayed in beginning the fall semester, and, lacking sufficient time and resources to implement this enormous new benefits plan, mistakes were made.

Similarly, legislation aimed at awarding caregiver benefits to families looking after veterans wounded in Iraq and Afghanistan set a deadline for implementation that the VA did not meet, and when details of the benefit plan were revealed, it seemed no one was happy. In your testimony before the House Committee on Veterans Affairs from last month, you indicated that the VA is trying to get this right.

While I understand the sense of urgency in implementing new benefits for veterans, it seems to me that Congress isn't doing the VA any favors in requiring that these new benefits programs be implemented in such short periods of time.

- VBA: Would you agree with the assessment of the Deputy Inspector General, that there simply wasn't enough time to adequately plan for and implement this expansive new benefit program?

Answer

Yes, the complexity of the Post-9/11 GI Bill, which provides multiple payments to both schools and students, drastically differed from the ways VA previously paid education benefits. Implementation required both development of new processes and systems to pay benefits, modifications to several existing Information Technology (IT) systems integral to the adjudication process, and retraining of an entire workforce. While VA was successful in paying claims on August 1, 2009, a less aggressive timeframe would have enabled VA to develop stronger IT support, establish more comprehensive contingency plans, and avoid the significant processing delays that occurred in Fall 2009.

Question

- VHA Was the fast deadline for implementation of the caregivers benefits legislation – a mere 270 days after enactment – one of the contributing factors to the missed deadline?

Answer

The statutory timeline for implementation of the provisions of the family caregiver program required by title I of Public Law 111-163 was a challenging goal for VA. However, VA began planning for the implementation of this program since before the Caregivers and Veterans Omnibus Health Services Act of 2010 was signed into law. This work has continued throughout the time the implementation plan was under development. In the course of developing the program, VA needed to consult with a wide range of experts internal and external to the Department, develop a comprehensive implementation plan for an unprecedented program, and resolve a number of practical and legal questions. For example, VA has never provided a stipend or other payment directly to family members, and consequently needed to create an entirely new apparatus and process for delivering this benefit. VA also needed to draft regulations that would clearly define a population of Veterans consistent with the requirements of the law.

While the process has taken longer than we would have liked, VA has made significant progress in providing new benefits and services for caregivers. VA established a new Caregiver Support Line (1-855-260-3274) on February 1, 2011, and has instituted other support, training, and counseling services available to all caregivers of Veterans. VA released a request for proposals in February 2011 to assist the Department with the creation of a national training program for caregivers, as required by section 101 of PL 111-163. Each VA medical center has designated Caregiver Support Coordinators who will assist eligible Veterans and caregivers in understanding and applying for the new benefits, as well as accessing other existing support services. VA expects that full time Caregiver Support Coordinators will be in place by April 2011. VA also has a Caregiver Support Web site, www.caregiver.va.gov, which will provide general information once final regulations are published. A new Caregiver Support Web site will be launched by May 2011.

Question

- VHA/VBA: How can Congress work with the VA to ensure that situations like this are avoided in the future?

Answer

VA appreciates the opportunity to review and comment on pending legislation prior to its enactment and welcomes further opportunities to do so. We believe that an open dialogue between the Department and Congress can help both organizations develop policy that will promote the best interests of Veterans.

VA strives to meet ambitious timelines to improve the care and benefits available to Veterans, but these targets can sometimes create unrealistic expectations given the need to comply with a range of laws and policies associated with implementing legislation. In VA's experience, the regulatory process can take on average between 10 and 24 months, depending upon the type of regulation required. A full notice and comment process for regulations affords up to 8 months solely for review by the public

and the Office of Management and Budget. Regulations that have a significant impact (i.e., have an annual cost of more than \$100 million) are required by the Congressional Review Act to be subject to a 60 day delay in their effective date. These legal requirements can make meeting a statutory deadline shorter than this review period challenging, if not impossible, to meet.

Since implementation of the Post-9/11 GI Bill, Congress has held multiple hearings with VA to allow for greater information sharing and transparency, including preparation for further legislation modifying the Post-9/11 GI Bill program. VA will continue to express any concerns with proposed legislation to Congress to ensure all stakeholders have an accurate understanding of the risks and benefits of any proposed changes or new initiatives.

VHA/OPIA (Homelessness)

Question

2. One of your three priorities for transforming the VA is to eliminate veteran homelessness by 2015. In HR 1, the House eliminated \$75 million that would have been used to create 10,000 new vouchers for homeless veterans as part of the HUD-Veterans Affairs Supportive Housing program (HUD-VASH). The President did not request funds for these vouchers in FY 2011, and according to estimates, approximately 11,000 vouchers previously authorized haven't yet been used.

- The HUD-VASH program preceded your tenure as Secretary. In your view, how effective is this program?

Answer

HUD-VASH is an effective program. It is VA's only program that provides permanent supportive housing for Veterans and their families who were formerly homeless, especially those Veterans who have been living on the streets for periods greater than one year. When Veterans receive housing through HUD-VASH they are no longer homeless and they are connected to treatment, vocational, and other supportive services designed to help them to permanently escape the tragedy of homelessness.

Since 2008, HUD has issued approximately 30,000 housing choice vouchers. As of March 30, 2011, of the approximately 30,000 vouchers authorized to HUD, there are currently 27,544 in use or assigned for use. Approximately 20,693 Veterans are currently housed/under lease, 3,836 vouchers are issued to Veterans who are actively seeking a lease, 1,868 vouchers are reserved for Veterans who are undergoing Public Housing Authority (PHA) Validation, 1,147 vouchers have been reserved for Veterans who are currently in VA-funded Treatment Programs and are preparing to go to PHA, leaving only 2,406 vouchers available to be assigned to Veterans.

Increasing access to permanent supportive housing through HUD-VASH is a critical strategy for VA in its pursuit of ending Veteran homelessness. HUD-VASH is a vital program in meeting the unique needs of chronically homeless Veterans and Veterans with families.

Question

- Estimates of the number of homeless veterans vary between 75,000 and 100,000. With a number that high, why are there 11,000 vouchers that haven't yet been used?

Answer

The reports of 10,000 unused vouchers are inaccurate. As of March 30, 2011, of the approximately 30,000 vouchers authorized to HUD, there are currently 27,544 in use or assigned for use. Approximately 20,693 Veterans are currently housed/under lease, 3,836 vouchers are issued to Veterans who are actively seeking a lease, 1,868 vouchers are reserved for Veterans who are undergoing Public Housing Authority (PHA) Validation, 1,147 vouchers have been reserved for Veterans who are currently in VA-funded Treatment Programs and are preparing to go to PHA leaving only 2,406 vouchers available to be assigned to Veterans.

It is important to note and understand that these numbers are dynamic and that Veterans leased up today could not be leased up tomorrow due to "graduation" or "falling out" of the HUD-VASH Program for a variety of reasons. VA is working diligently with HUD and local Public Housing Authorities (PHAs) to ensure that Veterans receive supportive services during this process, that vouchers are assigned expeditiously, and that the maximum number of Veterans is placed into permanent housing.

VHA (Priority 8 Veterans)**Question**

3. On January 17, 2003, the Secretary of Veterans Affairs announced a temporary suspension of enrollment of veterans in the Priority 8 category. However, report language which accompanied appropriations legislation passed for Fiscal Year 2009 (PL 110-329) provided for renewed enrollment of Priority 8 veterans. Unlike previous enrollment, the language allowed enrollment of veterans "whose income exceeds the current veterans means test and geographic means test income thresholds by 10% or less."

According to CRS, "the VA has stated that in 2011 VA will further expand health care eligibility for Priority Group 8 veterans to those whose incomes exceed the geographic and VA means-test thresholds by no more than 15% compared to the levels in effect prior to expanding enrollment in 2009."

- What was the reason that the Secretary suspended enrollment of Priority 8 veterans in 2003?

Answer

VA announced its reasons for the suspension of enrollment of Priority 8 Veterans in the Federal Register on January 17, 2003 (Volume 68, Number 12, page 2670-2673). As required by P.L. 104-262, the Veterans' Health Care Eligibility Reform Act of 1996, the Secretary of Veterans Affairs must make an annual decision concerning enrollment in VA's health care system to ensure that medical services provided are both timely and

acceptable in quality. An enrollment system is necessary because the provision of VA health care is discretionary and can be provided only to the extent that appropriated resources are available for that purpose. In recognition of that fact, Congress has prioritized eligibility to enroll in the VA system by creating eight priority categories, with priority category 8 Veterans (those who do not have compensable service-connected disabilities, and whose incomes exceed geographic-means tests) having the lowest priority for enrollment. The law recognizes the higher obligation owed to Veterans requiring care for their service-connected disabilities, and to lower-income Veterans.

Since the implementation of the enrollment requirement in 1998, all Veterans seeking VA care were permitted to enroll. However, due to a tremendous growth in the number of Veterans seeking VA health care benefits in recent months, VA had been unable to provide all enrolled Veterans with appointments within a reasonable time. Many VA facilities either placed new enrollees on waiting lists or scheduled appointments so far into the future that the services could not be considered timely. The notice in the Federal Register announced the enrollment decision required by law. VA would continue to treat all Veterans enrolled in any category, and would treat new enrollees in categories 1 through 7. However, to protect the quality and improve the timeliness of care provided to Veterans in higher enrollment priority categories, VA suspended the enrollment of additional Veterans who were in the lowest statutory enrollment category (priority category 8). VA emphasized that this decision would not affect Veterans already enrolled in the VA system, nor affect eligibility for treatment of service-connected disabilities which exists independently of enrollment requirements. This enrollment decision became effective January 17, 2003.

Question

- Why is the VA considering expanding eligibility to 15% more than the thresholds in 2011?

Answer

Adjustments to the means-test income thresholds is a strategy VA considers in making its health care system accessible to more Priority 8 Veterans. The 2011 budget was based on expanding the income thresholds to 15%. However, that change will not take effect this year. Future expansions will be determined considering other priorities.

Question

- How can we be sure that by gradually increasing eligibility the VA won't overload itself and hamper its ability to provide care to the veterans currently enrolled?

Answer

Under current VA regulations (38 C.F.R. 17.36(c)), the Secretary must determine which categories of Veterans are eligible to be enrolled and notify eligible enrollees of the determination by announcing it in the Federal Register. Section 17.36(c) requires that the determination must specify the projected number of applicants for enrollment in each priority category, projected health care utilization and expenditures for Veterans in each priority category, appropriated funds and other revenue projected to be available

for enrollees, and projected total expenditures for enrollees by priority category for the fiscal year. The decision is based in large part on VA's Enrollee Health Care Projection Model, which informs the VA medical care budget, projects the number of enrolled Veterans, the health care services estimated to be sought from VA, and the expenditures associated with that utilization for 20 years. The projections are based on where enrollees live to support population-based planning. The projections also reflect the changing demographic characteristics of the enrolled Veteran population, including morbidity, and changes in the delivery and practice of health care.

[Questions for the Record submitted by Congressman Farr]

OHRM (Therapist Professional Certification Requirements)

Question

1. I commend the VA for its emphasis and aggressiveness in identifying and treating PTSD and other mental health issues among veterans. But I am concerned that qualified therapists who could be employed to assist in treating these veterans are being blocked from joining the VA because of restrictive definitions of professional certification.

In particular I worry that veterans do not have access to qualified Marriage and Family Therapists because the VA requires a degree from a specified accredited program, rather than normal industry standard accredited programs.

As I understand it, in order to be hired by the VA, an MFT must hold a master's degree in marriage and family therapy from a program approved by the Commission on Accreditation for Marriage and Family Therapy Education (COAMFTE) or have graduated from a nationally accredited program conferring a comparable mental health degree as specified in the qualification standards of those disciplines (Social Work, Psychiatric Nursing, Psychology, and Psychiatry). All additional course work taken to be accepted for MFT licensure must come from a nationally accredited program in one of the above areas.

However, most licensed marriage and family therapists graduate with degrees from regionally accredited educational programs acceptable to the U.S. Department of Education and most have degrees in the following areas: Marriage and Family Therapy, Marital and Family Therapy, or Marriage, Family and Child Counseling; Psychology: Clinical Psychology; Counseling Psychology; or Counseling with an Emphasis in Marriage and Family Therapy. Other than Psychology, the degrees indicated above are actually appropriate for other disciplines and not marriage and family therapists. Regional accrediting programs are, for example, the Western Association of Schools and Colleges and the North Central Association of Schools and Colleges.

- Why has a very limited accreditation program and degrees not intended for the MFT profession been established as the educational standard for this discipline for VA employment? OHRM

Answer

The Commission on Accreditation for Marriage and Family Therapy Education (COAMFTE) is a specialized accrediting body that accredits master's degree, doctoral degree and post-graduate degree clinical training programs in Marriage and Family Therapy (MFT) throughout the U.S. and Canada. Since 1978, the COAMFTE has been recognized by the U.S. Department of Education as the national accrediting body for the

field of Marriage and Family Therapy. Thus, the COAMFTE is not viewed as a limited accreditation program, but is considered to be a broad accreditation program. To ensure the provision of the highest quality of care, a degree in Marriage and Family Therapy from a COAMFTE accredited program is considered the educational standard. In accordance with Public Law 109-461 the VA qualification standard also recognizes individuals who are licensed as MFTs, but who possess a comparable degree in mental health (e.g., Social Work, Psychology, Psychiatric Nursing, and Psychiatry) and meet the educational requirements of that discipline (as listed in the qualification standards) as meeting the minimum educational requirement for appointment in VA. The VA qualification standard was developed by a group of highly qualified Subject Matter Experts (SME) and leadership within the VHA Office of Mental Health Services. The SMEs reviewed documentation on current industry standards and practices and included consideration of all State requirements.

Question

- Why is a degree in Marriage and Family Therapy from a regionally accredited educational program that is acceptable to the U.S. Department of Education not acceptable to the VA? OHRM

Answer

Public Law 109-461 specified that the qualifications for Marriage and Family Therapists (MFT) in VA require that applicants hold a master's degree in Marriage and Family Therapy, or a comparable degree in mental health, from a college or university approved by the Secretary. In order to ensure that MFTs have the highest level of competency, VA has adhered to the standard that a person must have a degree that is accredited by an accrediting body specific to that degree. While the U.S. Department of Education regionally accredits educational *institutions*, this standard applies to accrediting *programs*. To ensure the highest levels of competencies in providing care to our nations Veterans, VA requires individuals to have received their education from an accredited program. All other core mental health disciplines within VA must also be accredited by accrediting bodies specific to their disciplines, thus the standards for MFT graduate program accreditation are similar to and no higher than the standards for graduate program accreditation for other mental health professions in VA.

Question

- Are you aware that the VA standards for a MFT exclude a majority of the 30,000 MFTs licensed to practice in the State of California? OHRM

Answer

VA's qualification standard was developed by a group of highly qualified Subject Matter Experts and leadership from the VHA Office of Mental Health Services. During the development of the qualification standard, the licensing requirements for the State of California were reviewed. We are not aware of anything in the qualification which would preclude the appointment of Marriage and Family Therapists (MFT) in California. The law (Public Law 109-461) specified that the qualifications for MFTs in VA require applicants to hold a master's degree in Marriage and Family Therapy, or a comparable

degree in Mental Health, from a college or university approved by the Secretary. In order to ensure that MFTs have the highest level of competency, VA has adhered to the standard that a person must have a degree that is accredited by an accrediting body specific to that degree. The standards for MFT graduate program accreditation are similar to and no higher than the standards for graduate program accreditation for other Mental Health professions in VA.

VHA/OPIA (Homeless Veterans)

Question

2. The budget request includes \$393 million to prevent and reduce homelessness among Veterans, which includes expansion of existing homelessness and medical programs. This is a significant increase over current funding levels.

I would like to commend the VA for taking a comprehensive approach towards dealing with homelessness among our veterans, and for recognizing that homeless is a healthcare issue in addition to being a housing issue. However, even with the current level of funding for the existing programs, 75,600 veterans live on the streets on any given night.

- Is it a function of more money to reach more veterans, or is the requested increased to implement new programs? If so, why does the VA believe that new programs are a good investment and will reduce the number of homeless on the streets?

Answer

The budget request for FY 2012 includes an additional \$139 million to continue expanding programs to assist homeless Veterans. This funding increase is requested to continue to build upon the successful comprehensive approach VA has utilized to ending homelessness among Veterans. It is estimated that over 75,000 Veterans are homeless on any given night. VA's plan to eliminate homelessness includes developing new programs and expanding existing programs, both of which will reach more Veterans.

In FY 2011, VA is implementing new programs focused on homeless prevention. These programs are imperative to ending homelessness, and VA hopes to expand these efforts in FY 2012. These new programs will implement innovative approaches to service delivery. A key strategy in ending homelessness is preventing it. It is not enough to move Veterans out of homelessness; VA must work to keep Veterans from falling into homelessness. The threat of homelessness most often occurs when a household has insufficient resources to cover housing costs. VA's strategy to implement and enhance homeless prevention services is imperative to ending Veteran homelessness. This prevention strategy is in line with the U.S. Interagency Council on Homelessness (USICH) Federal Strategic Plan.

In recognition of this, VA is developing in FY 2011 several new programs, most notably, those that focus on prevention, substance use treatment, and vocational development. The Supportive Services for Veteran Families (SSVF) Program is a prevention initiative that will provide grants to community-based non-profit organizations to assist Veterans and their families who are homeless or at risk for homelessness. Services, provided in the community, will assist Veterans rapidly re-house, or for those threatened with homelessness, maintain current residence. The first rounds of applications are currently under review. Additional funding will allow VA to continue the development of this program in FY 2012.

VA also is implementing new initiatives designed to provide Substance Use Disorder (SUD) and Vocational Rehabilitation Services (VRS) to Veterans in the communities where they reside. SUD specialists will offer services for homeless Veterans to enhance access to care and opportunities for recovery. Based on rapid engagement, customized job development, and competitive community placement, VRS staff will provide vocational and employment services for Veterans while working collaboratively with local VA homeless programs. Funding requested for FY 2012 will further develop these initiatives to ensure that SUD case managers and VRS staff are integrated with and strategically located in the community.

The additional funding requested for FY 2012 will allow VA to continue ending homelessness among Veterans. VA is aware that a comprehensive approach to reach this goal must include the enhancement of the programs that have been successful as well as the development of innovative programs for those newly homeless, those Veterans at risk for homelessness, or those Veterans struggling with maintaining sobriety or seeking employment.

Question

- As the VA works with DoD to automatically enroll all discharged soldiers, sailors, airmen and Marines, what programs is the VA putting in place to prevent homelessness?

Answer

The previous response details new programs VA is implementing to prevent homelessness among Veterans.

VBA (Backlog of Benefits Claims)

Question

3. Your testimony states that the disability claims workload is increasing, both from returning OEF/OIF veterans as well as veterans from earlier periods. The last two Congresses have been very generous to the VA by funding 10,200 additional claims processors.

- a. Does the President's request include enough resources to handle all new claims while also diminishing the backlog?

Answer

Yes, it is estimated that in late 2012, production will begin to outpace receipts, putting VBA on track to reach our goal of eliminating the claims backlog by 2015.

Your testimony also states that the VA has recently piloted a streamlined, on-line claims application and processing system, and the VA anticipates that this system will help expedite the claims processing system.

Question

b. How much time has the pilot program shaved off the benefit processing time?

Answer

This information is not yet available. VA continues to work with its support contractor to refine the Fast Track System, including a more robust reporting functionality. The scheduled reporting enhancements will allow Fast Track to directly interface with the VBA corporate database, ensuring consistent data reporting across both systems. These enhancements will allow VA to determine the associated timeliness savings through the utilization of the Fast Track System.

Question

c. When does the VA plan to allow all claims to be submitted on-line?

Answer

Veterans already have the ability to apply for compensation and pension benefits online through VA Online Applications (VONAPP) in the eBenefits Portal. Under the Veterans Relationship Management (VRM) initiative, we are working to expand and improve this process, as well to utilize the guided interview methods used in Fast Track. In addition, the VRM initiative is working to add the functionality for uploading evidence in support of a claim in eBenefits. When deployed, the new Veterans online application will present Veterans with a guided interface similar to that commonly used in tax preparation software to complete applications for benefits. This summer Veterans with Level 2 access in eBenefits will be able to apply through this guided interface. National deployment is scheduled to begin in calendar year 2012.

VHA (Transit Benefits)**Question**

4. Active Duty military members have access to Federal Transit Benefits, which provide up to \$230 per month for public transit. However, when an active duty member becomes a veteran, she or he will lose those transit benefits.

- The VA does provide automobile and Special Adaptive Equipment Grants to qualified disabled veterans, but if a veteran does not own a car, I would like to know how the VA is handling everyday transit needs for disabled veterans.

Answer

Improved access to VA health care is a high priority for the agency. Title 38 United States Code (U.S.C.) § 111, as regulated in 38 C.F.R. §§ 70.1 – 70.50, authorizes VA to provide mileage reimbursement, special mode (ambulance, wheelchair van, etc.), and in some circumstances common carrier (bus, taxi, airplane, train, boat or ferry) transportation to certain eligible Veterans and other beneficiaries. In addition, VA can provide or reimburse for the actual cost of certain accessories of travel such as bridge, road, and tunnel tolls, and parking and airline luggage costs when supported by a receipt. The actual cost for meals, lodging or both, not to exceed 50 percent of the amount allowed for government employees, may also be provided in limited circumstances.

Understanding that the Beneficiary Travel Program (BT) does not allow VA to meet the needs of all Veterans, VA recently initiated the Veterans Transportation Service (VTS). VTS seeks to overcome barriers to access, especially for Veterans who are visually impaired, elderly, or immobilized due to disease or disability, and those living in rural and highly rural areas. VTS will increase transportation resources and options for all Veterans, but also focus on improving efficiency of existing transportation resources through use of 21st century technology including ridesharing software and global positioning system (GPS) units. The program is established at four sites and is currently being implemented at an additional 22 facilities.

In addition to the long standing collaborative effort with the Disabled American Veterans (DAV) Veterans Transportation Network that provides transport to Veterans otherwise not eligible for BT, VA is drafting regulations and procedural guidance to implement section 307 of P.L. 111-163, which authorized a program of grants for Veterans Service Organizations (VSO) to provide transportation services to highly rural Veterans. This program will allow VA to support VSO efforts to provide innovative means to transport Veterans to health care. Once the program is operational, access to VA health care will increase for certain Veterans currently experiencing barriers to VA health care due to transportation issues.

Question

- Has the VA considered directing its VISNs to coordinate transportation services with their local public transit operator and redirecting what the VA spends on current travel benefits to local public transit operators?

Answer

VA currently utilizes public and commercial transport services for both special mode (ambulance, wheelchair van, etc.) and common carrier (bus, taxi, airplane, train, boat or ferry) transportation of eligible beneficiaries. VISNs and individual health care facilities are encouraged to enter into contracts for such services whenever possible. They also have authority to arrange services on an individual basis as required, and to reimburse for transport not previously authorized in certain circumstances. Field stations are encouraged to explore all available local, regional, state and Federal transportation

resources to provide services to eligible Veterans at VA expense, as well as to assist Veterans who do not meet BT eligibility with potential transportation options.

In addition, as an agency member of United We Ride, VA is working with the Departments of Labor, Defense and Transportation (among others) on a Veterans Initiative that will make it easier for Veterans, military families, and other community members to learn about and arrange for locally available transportation services that connect them with work, education, health care and other vital services.

VBA (Military Sexual Trauma)

Question

5. Last summer the Department of Veterans Affairs made it easier for many veterans who suffer from PTSD to get the disability benefits they have earned. Unfortunately, these regulations do not apply to veterans who were sexually assaulted or harassed while in the military and then suffer from PTSD or other mental conditions. Victims of Military Sexual Trauma are still required to provide evidence the trauma occurred, even though the vast majority of rape and sexual assault in the military goes unreported, making a veteran's search for documentation extremely difficult and in many cases impossible.

Under current regulations, the VA has two different standards for service connection of the same mental illness—post traumatic stress disorder.

Why is VA making the claims process more difficult for victims of Military Sexual Trauma?

Answer

Disability claims based on post-traumatic stress disorder (PTSD) are all evaluated under the same basic guidelines. There is no double standard that creates a disadvantage for claims based on military sexual trauma (MST). Service connection for PTSD requires: (1) a current diagnosis; (2) a link, established by medical evidence, between current symptoms and an in-service stressor; and (3) credible supporting evidence that the claimed in-service stressor occurred. In general, the credible supporting evidence requirement involves obtaining sufficient objective documentation that the stressor actually occurred.

However, in certain cases, a Veteran's lay statement alone can serve as the credible evidence establishing the occurrence of the stressor. Such cases include those based on engaging in combat with the enemy, former prisoner-of-war (POW) status, and fear of hostile military or terrorist activity. But, even in these cases, there is a threshold of objective evidence that must be met before the lay statement can establish the stressor. There must be objective evidence that the Veteran did engage in combat, was a former POW, or was in a military location where fear of hostile military or terrorist activity could have occurred. This last category represents VA's recent attempt to assist Veterans who are not involved in direct combat but who serve in combat theaters and experience

a resulting fear-based stressor. The use of lay statements in these cases, relaxes, but does not eliminate, the requirement for threshold evidence of the stressor.

Claims based on MST fall within the PTSD regulatory category of in-service personal assault. As with all other PTSD claims, service connection requires a threshold of evidence that the stressor actually occurred. VA is well aware that MST involves sensitive issues where documentary evidence of the stressful event is often difficult to obtain. As a result, VA has regulatory procedures in place making it less difficult to establish the occurrence of the stressor, not more difficult. In these cases, VA will attempt to obtain evidence from non-military sources, such as local law enforcement agencies, rape crisis centers, hospitals, friends, clergy, and family members. Behavior changes, such as requests for transfers, work performance deterioration, substance abuse, episodes of depression, etc., can serve as evidence of the stressful event. If any evidence of behavioral changes is obtained, VA may schedule a medical examination with a qualified mental health professional and ask for an opinion as to whether it is at least as likely as not that the MST occurred and is causing the current PTSD symptoms. The expert opinion can then contribute to establishing service connection. The actual MST stressor need not be verified by documentary evidence.

This liberal approach to scheduling an examination based on a low threshold of initial evidence and requesting an expert medical opinion is equivalent to other types of PTSD claims where a relaxed approach allows the Veteran's lay statement to establish the occurrence of the stressor. In those cases, an initial threshold of evidence must also be met which establishes that the circumstances of service created the potential for the stressor. This initial threshold of evidence requirement applies to all PTSD claims. As a result, there is no double standard related to stressor evidence that disadvantages Veterans filing MST-related disability claims.

VHA (VA Telehealth Services)

Question

6. As technology continues to improve, I'm glad to see the VA is embracing new technology and new practices to serve veterans in their homes. This has the potential to reduce many access barriers, especially for disabled veterans and veterans in rural areas. However, I know that some of my rural constituents fall on the wrong side of the digital divide, and may not have access to some of the technology necessary to access services remotely.

- How many of the VA's telehealth services require reliable, high speed broadband services?

Answer

All of VA's telehealth services require reliable broadband services, although the degree to which individual telehealth applications depend upon these services varies, and definitions of what constitute "high-speed" broadband change over time. VA's telehealth services involve the use of information and telecommunication technologies to provide health care to Veterans in situations where patients and practitioners are separated by

geographic distance. The spectrum of telehealth services that VA offers Veterans range from ones with low telecommunications requirements (e.g. telephone landlines, requiring telecommunications connectivity of 64Kbps), to ones with high telecommunications connectivity requirements (e.g. virtual imaging applications that require telecommunications connectivity of 10 Mbps). Telephone, data, video and imaging devices used by VA to provide telehealth-based care are now predominantly supported by digital technology platforms, as the Department is replacing previous generations of analogue-based telehealth technologies. Rapid advance of this technology is making VA increasingly dependent upon sophisticated Internet protocol (IP)-based telecommunication services, ones that must be sufficient and reliable to ensure that telehealth, and other critical VA services they support, are safe, effective and sustainable.

The Federal Communications Commission (FCC) recognizes the definition of broadband as one that is evolving as information technology, telecommunications technology and the requirements of users are changing. As of 2010, FCC defines broadband as data transmission speeds of at least 4 Mbps from the Internet to a user's computer and 1 Mbps from the user's computer to the Internet.

Question

- For rural veterans without access to reliable, high speed internet, how is the VA meeting their needs?

Answer

VA is committed to ensuring that health care services are accessible to all enrolled Veterans. While 40 percent of Veterans using VA's telehealth services live in rural areas, VA understands and is aware that many rural Veterans do not have access to reliable, high speed internet and thus may not benefit from new home telehealth technologies such as secure messaging, remote monitoring, video-conferencing, and My HealtheVet. VA's Office of Rural Health (ORH) is addressing this challenge through a combination of strategic planning, collaboration, and more traditional health care delivery solutions.

ORH is updating its strategic plan to address the technological divide by conducting a baseline assessment of broadband infrastructure in rural areas that have significant numbers of Veterans. This effort is in collaboration with Federal and private partners, including the Department of Health and Human Services, the Health Resources and Services Administration, and the Indian Health Service; the National Rural Health Association; and State Offices of Rural Health. ORH anticipates providing the findings of this assessment to the Federal Communications Commission to help inform plans for broadband infrastructure investments in rural areas. ORH intends to monitor emerging external telehealth communication infrastructure resources in rural areas and advise VHA leadership and strategic planners regarding rural areas that can support expansion of telemedicine.

In addition, VA continues to support and expand traditional delivery methods to provide health care services in rural areas. In addition to VA's mileage reimbursement program, VA is performing an evaluation of an initiative to provide transportation services to rural and remote patients. This project is discussed in greater detail in VA's response to question 4 above.

ORH has also funded 52 new rural community-based outpatient clinics (CBOC) and 32 outreach clinics, and has substantially expanded the home-based primary care program to provide long-term primary and mental health care to chronically ill Veterans in their own homes. VA is also expanding the medical foster home and the Mental Health Intensive Case Management Enhanced Rural Access Network for Growth Enhancement (E-RANGE) program, which provides intensive case management services for Veterans with serious mental illness and outreach services for homeless Veterans in rural and highly rural areas.

Furthermore, VA is pursuing two options to expand access to telehealth in rural areas to meet the needs of Veterans without access to reliable, high speed internet. First, VA has located 545 of the 1,172 non-hospital sites from which VA provides care in rural or remote locations. VA is working to ensure there is adequate telecommunications connectivity to support the use of real-time clinical video-conferencing in these sites to make specialty care services locally accessible. Second, VA is working to offer a range of telecommunications modalities other than broadband, using plain old telephone (POTS), cell phones and satellites to ensure Veterans who can benefit from home telehealth services are not prevented from obtaining this care because of their inability to access high speed Internet.

[Questions for the Record submitted by Congresswomen McCollum]

OM (Facilities – Alternative Construction Methods)

Question

1. With the return of so many warriors from Afghanistan and Iraq, it is imperative that we are able to provide them with the services that will help them assimilate into civilian life. Medical clinics, dental facilities, physical rehabilitation facilities, mental health treatment facilities interim veteran housing will need to be provided in an efficient and cost effective manner. Is the VA considering embracing alternative forms of construction when appropriate to provide these facilities?

Answer

VA has a number of forms of construction that it would pursue to provide the facilities needed to better serve Veterans including those returning from Iraq and Afghanistan. One way is the traditional design-bid-build contracts, where contracts are awarded at both the design and construction stages. Another way is the design-build contract, which provides both the design and construction of the project under a single contract. For certain types of construction projects it allows for quicker completion of the project. In addition, VA acquires facilities through build-to-suit construction in which a developer constructs the facility and then leases the facility to the VA.

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2012

WEDNESDAY, APRIL 6, 2011.

ARMY HEARING

WITNESSES

**HON. KATHERINE HAMMACK, ASSISTANT SECRETARY OF THE ARMY
FOR INSTALLATIONS, ENVIRONMENT AND ENERGY
MAJOR GENERAL JAMES BOOZER, DIRECTOR OF OPERATIONS FOR
U.S. ARMY INSTALLATIONS COMMAND**

OPENING STATEMENT OF CHAIRMAN CULBERSON

Mr. CULBERSON. Good afternoon. I want to welcome everyone to today's hearing on the fiscal year 2010 military construction and family housing program for the U.S. Army.

The Army will continue to execute a drawdown of forces in Iraq, while continuing their mission in Afghanistan for a period of uncertain duration, while roughly one-third of the Army will be changing locations or consolidating commands due to BRAC and the realignment of the global defense posture.

The Army continues to execute billions of dollars in military construction and family housing to accommodate its active duty soldiers and transition the Guard and Reserve to an Operational Force, requiring major changes in the way we train, equip, and build for our citizen soldiers.

Before I formally introduce our witness, I would like to turn to our Ranking Member, Mr. Bishop, for any remarks he may like to make.

OPENING STATEMENT OF MR. BISHOP

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

I would like to also say that I am a little disappointed that General Casey was not able to attend the hearing today. As you know, this would have been his last appearance before the subcommittee. But I just want to say for the record that we all appreciate General Casey's service to our country, and we wish him well in all of his future endeavors.

While General Casey may not be here, Mr. Chairman, the Army is still represented by two very impressive witnesses, Major General Boozer and Ms. Hammack.

And I thank you both for your service to our country and for being here today. I suppose that General Casey is like Hallmark.

He cared enough to send the very best, and so we appreciate your coming.

We find ourselves at a very interesting crossroads. Fiscal year 2011, the funding is still not resolved, and in a few years the Army will begin to reduce its end strength, and the 2005 BRAC will be ending. I think that we are all concerned about what effect the delay in the fiscal year 2011 funding is having on your construction programs, and we need to get this taken care of as soon as possible.

I am interested in what actions the Army is taking to prepare for the looming draw down, which is only a few short years away. Our country is facing serious budgetary challenges, and I want to make sure that the fiscal year 2012 requests make the necessary investments for the Army going forward.

I am also concerned about the Walter Reed National Medical Military Medical Center at Bethesda, because right now it is in jeopardy of missing the September deadline. And I would like to hear what steps are being taken to make sure that this transition happens on time.

While these issues are very serious, please be assured that everybody on this committee will do everything in our power to make sure that the Army has the necessary resources to support its mission and its people.

Thank you, Mr. Chairman. And I yield back.

Mr. CULBERSON. Thank you, Mr. Bishop.

I would now like to formally introduce our witness. We are joined today by the Honorable Katherine Hammack, who is the assistant secretary of the Army for installations and environment. Ms. Hammack was appointed as assistant secretary on June 28th of 2010 and is now serving as the primary advisor to the secretary of the Army and the chief of staff of the Army on all matters involving installation policy, energy security and management.

Her responsibilities include policy and oversight of sustainability and environmental initiatives, resource management, including design, military construction and base realignment and closure. And prior to her appointment, Ms. Hammack was a leader at Ernst & Young's climate change and sustainability services practice and has over 30 years experience in energy and sustainability advisory services.

Secretary Hammack, we welcome you to the subcommittee. We look forward to hearing your testimony. And, of course, your full statement will be entered into the record without objection. And you can certainly feel free to summarize your remarks. Thank you very much for being with us today, and we thank you for your service.

STATEMENT OF HON. KATHERINE HAMMACK

Ms. HAMMACK. Certainly. Thank you very much, and I am glad to be here.

Chairman Culberson and Congressman Bishop and other members of the committee, I really want to thank you for the opportunity to talk about what the Army is doing in our military construction programs.

The investments provide our soldiers with facilities that they need in order to fight in two wars, as well as the necessary fi-

nances to complete essential Army initiatives. At the same time we are working to reduce our energy footprint and remain good stewards of the environment.

But as Congressman Bishop mentioned, we are concerned about the CR. We are unable to award construction projects requested over a year ago, projects that are needed to continue the momentum to complete our goals. Currently, there is \$1.8 billion of Army military construction projects ready to reward, pending receipt of a bill or new start authority.

IMPACTS OF THE CONTINUING RESOLUTION

These 88 projects are located in 22 different states. Bids are expiring, and project costs are increasing. Your constituents are directly impacted by our inability to award projects. Currently, \$300 million in Alaska, \$198 million in Texas, 126 million in California and 109 million in Kansas to date are on hold. These values would almost double under a yearlong CR. This work represents jobs, and I ask for your support to enact legislation so that work may begin.

FY 12 BUDGET

The fiscal year 2012 budget request of 5.3 billion is for military construction, family housing and base closure caretaker requirements. It represents 3.6 percent of the Army's total obligation authority. This request is a 33 percent reduction, a reduction of \$2.6 billion from last year's request. This decrease is attributable to completion of most of the investments and facilities necessary to support the Army's growth to 45 brigade combat teams.

With the conclusion of three of our largest initiatives, which are BRAC, Grow the Army and Global Defense Posture Realignment, the Army's focus is on barracks buyout programs and funding the remaining requirements to transform to a modular force. This includes several important stationing actions such as the standup of new combat aviation brigade.

The Army is committed to implementing efficiencies within all of its programs. As you are aware, we deferred 1.4 billion in military construction projects across fiscal years 2012 to 2016. These projects pose low to medium risk to Army readiness and will re-compete for inclusion in future programs.

We are closely examining all solutions, focusing on O&M funds to modernize and restore existing facilities in lieu of building new, wherever possible. In addition, we are reviewing facility standards and criteria to ensure that the Army is optimizing construction necessary to support as many missions.

Over the past several years, savings between budget and actual construction costs have accumulated as a result of our economic climate. We have returned almost \$1 billion to you over the past 2 years, funding you are able to redirect to other priorities. We are retaining some bid savings to use to ensure our facilities are energy efficient, some to process reprogramming actions, and some to repair storm damaged facilities.

ENERGY SECURITY

In energy Army leadership recognizes that sustainability and energy security ensure that the Army of tomorrow has the same access to energy, water, land and natural resources as the Army of today. We are focusing efforts to reduce energy use both in contingency operations and in the generating force here at home. Through more efficient structures, which would be tents in contingency operations or permanent structures here in the United States, also more efficient power generation and more efficient vehicles, we are reducing costs.

Our energy budget includes investments in energy conservation technology for new construction as well as renovations and investments in alternative energy sources. The Army's net zero strategy focuses efforts to ensure energy security and mission effectiveness. Energy security and conservation not only reduce vulnerabilities, but assure readiness by reducing impacts of disruptions on installations and surrounding communities.

The Army's environmental program needs an investment of 1.4 billion to ensure adequate environmental resources to support the mission. This funding maintains a sound environmental posture while addressing the environmental aspects of stationing actions, including base closure.

We must also address the Army's past environmental legacy, whether it is BRAC or formerly used defense sites. We are committed to meeting our legal requirements and to protecting both our natural and our cultural resources while operating in a constrained resource environment. We are on target to meet our environmental cleanup goals.

Chairman Culberson, Ranking Member Bishop and other members of the committee, I look forward to working closely with you to ensure our soldiers, civilians and our family members have the resources and the facilities necessary to perform their many missions in defense of the nation. I look forward to your questions. Thank you.

[The information follows:]

RECORD VERSION

STATEMENT BY

**THE HONORABLE KATHERINE G. HAMMACK
ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS, ENERGY, AND ENVIRONMENT)**

BEFORE THE

**SUBCOMMITTEE ON MILITARY CONSTRUCTION
AND VETERANS AFFAIRS, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES**

FIRST SESSION, 112TH CONGRESS

**FOR THE FISCAL YEAR 2012
ARMY MILITARY CONSTRUCTION
POSTURE HEARING**

APRIL 6, 2011

**NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON ARMED SERVICES**

INTRODUCTION

Good afternoon Chairman Culberson, Representative Bishop and Members of the committee. I appreciate the opportunity to explain the Army's FY2012 budget needs and requirements.

The Army's 2012 Military Construction budget request will continue to invest in facilities infrastructure required to support highly visible and synchronized initiatives of Base Realignment and Closure, growth of the force to 45 Brigade Combat Teams with an end-strength of 547,400 Soldiers, transformation to a globally postured and versatile modular force, and the Reserve Components transformation from a strategic force to an operational force. Your committee's commitment to our Soldiers, Families and Civilians and support of the Army's military construction program is deeply appreciated. The Army's strength is its Soldiers – and the Families and Army Civilians who support them. They are and will continue to be the centerpiece of our Army.

The level of investment required to complete Grow the Army (GTA) and Global Defense Posture Realignment (GDPR) and Base Realignment and Closure (BRAC) is declining and permits the Army to focus on the funding to recapitalize and modernize legacy facilities, construct new facilities to eliminate deficit requirements, such as quality of life, and complete both Permanent Party and Training Barracks buy-out programs. Continued timely and predictable funding is critical as we transition from a period of prolonged conflict to one of increased stability while continuing to focus on re-balancing the force and maintaining a combat edge developed through a decade of war.

IMPACTS OF THE CONTINUING RESOLUTION

Under the current Continuing Resolutions, the Army is unable to proceed with the military construction projects we requested over a year ago – projects that are needed to continue the momentum required to meet our goals. We have approximately \$1.5B of Army military construction projects – across all components- that are ready to award pending receipt of an Appropriations bill or new start authority. As long as new starts are prohibited, we risk increased cost to re-advertise projects, shortened construction

are prohibited, we risk increased cost to re-advertise projects, shortened construction seasons - especially in northern climates, and delays to ongoing consolidation and stationing actions. So, I strongly urge the Committee to work hard to pass the FY11 budget.

OVERVIEW

The Army's Fiscal Year (FY) 2012 President's Budget requests \$5.3 billion for Military Construction (MILCON), Army Family Housing (AFH), and BRAC, which is \$2.6 billion less or a 33 percent reduction from the FY 2011 request. This represents 3.6 percent of the total Army budget. Of the \$5.3 billion request, \$3.2 billion is for the Active Army, \$774 million is for the Army National Guard, \$281 million is for the Army Reserve, \$300 million is for BRAC, and \$682 million is for Army Family Housing. Although the overall MILCON funding level declines due to completion of BRAC construction and reduced investments in major initiatives such as GTA and GDPR, the Army continued to follow the "Pillars of Priority" in development of the FY 2012 MILCON program which supports Army Imperatives of: Sustain, Prepare, Reset and Transform.

The five pillars of priority are the foundation of the MILCON program. The pillars address all categories of facilities in the Army facilities portfolio for active and reserve component forces. The pillars are:

Global Defense Posture Realignment/Grow the Army (GDPR/GTA): GDPR construction provides facilities to ensure Army forces are properly positioned worldwide in support of the National Military Strategy. GTA supports the FY2013 Army end strength of 1,111.6K (547K Active Army, 358K Army National Guard, and 206K Army Reserve) necessary to increase Active Component dwell time to 1:2 years and Reserve Component dwell time to 1:4 years. Construction provides facilities for brigade combat teams and combat support/combat service support (CS/CSS) units activated as part of GTA. The Secretary of Defense recently announced a reduction of 27K in active Army end strength planned for 2015. Unit level details of this reduction, and therefore impacts to facilities, will not be known for some time.

Transformation: Supports the Army's transformation to a modular force, enables critical force structure initiatives and eliminates inadequate permanent party and trainee barracks. The last inadequate permanent party spaces are planned to be removed after the new barracks are fully occupied in fiscal year 2015, if we have new start authority for our FY11 projects.

Modernization: Supports ongoing investment in recapitalization of Operations infrastructure and Quality of Life facilities.

Training Support: Supports ongoing investment in modernization and revitalization of Army training ranges, training centers, and supporting infrastructure.

Strategic Readiness: Supports the modernization and recapitalization of the Army's industrial base, pre-positioned stock facilities and transportation infrastructure.

The Army is executing a tightly woven plan integrating BRAC, GDPR/GTA, and transformation to a modular force as facilitated by MILCON. The strategy includes aligning facilities to support a US based force structured as an expeditionary Army; completing facilities and moving personnel to comply with BRAC 2005 law by 2011; and completing GDPR/GTA by 2013. Facilities modernization for modular force units converted from the legacy force structure extends beyond 2016. The fiscal year 2012 MILCON request is crucial to the success of the Army's strategic imperatives to Sustain, Prepare, Reset, and Transform the force.

FISCAL YEAR 2012 BUDGET REQUEST

MILITARY CONSTRUCTION, ARMY

The Active Army FY 2012 MILCON request is for \$3,236M (for appropriation and authorization of appropriations) to support the Army Imperatives of Sustain, Prepare and Transform.

Grow the Army (\$164M/5%): The GTA request in FY 2012 funds 4 projects. The total includes \$137 million for operations facilities, \$23 million for a training barracks, and \$3.6 million for one operational support facility. These facilities are essential to support growth in the Army's combat support and combat service support force structure and establish the appropriate training support infrastructure for a 45 Brigade Combat Team Army.

Global Defense Posture Realignment (\$178M/6%): The request includes \$80 million, for barracks, an entry control point and the third phase of the drainage system at Bagram Air Base, as well \$49 million for a Brigade Complex at Fort Bragg as part of the Army Patriot units' global realignment, and \$49 million for a maintenance facility at Fort Leonard Wood.

Transformation (\$1,165M/36%): The FY 2012 request of \$639 million supports the stationing of units in support of weapons systems, Theater High Altitude Area Defense (THAAD), Joint Land Attack Cruise Missile Defense Elevated Netted Sensor (JLENS), Combat Aviation Brigades (CABs), and Enhanced Range Multipurpose (ERMP) unmanned aerial vehicle units. Another \$526 million will provide permanent operations and maintenance facilities and barracks to support the conversion of existing forces into new modular force units for the Active component. The Army strategy is to use existing facility assets to support transformation where feasible and program new construction projects when existing facilities are inadequate.

Barracks Modernization (\$296M/9%): The FY 2012 request will provide for 3,482 new permanent party barracks spaces that will meet Department of Defense "1 + 1" or equivalent standard and complete the permanent party barracks buyout program by FY2013 and beneficial occupancy by FY2015. In addition to the barracks modernization program, additional barracks projects are included in the FY2012 request that support *Grow the Army*, *Transformation*, and *Modernization* pillars. These projects are located, at Joint Base Lewis-McChord, Forts Bliss, Carson, and Knox, Germany, Honduras, and Korea. The total FY 2012 investment in permanent party barracks is \$562 million.

Training Barracks Modernization (\$59M/2%): The FY 2012 request will provide 1,140 new training barracks spaces for our Soldiers that meet applicable standards. One trainee barracks complex is at Fort Jackson. In addition to the training barracks modernization program, a second trainee barracks complex at Fort Benning is funded under the *Grow the Army* pillar. The total FY 2012 investment in training barracks is \$82 million.

Modernization: (\$685M/21%): The FY 2012 request consists of 30 projects with investments of \$258 million for operations facilities, \$321 million for operational support facilities and \$106 million for quality of life projects.

Training Support (\$340M/11%): Training Support facilities include training ranges to support multiple weapon systems, land acquisitions and other Soldier training facilities.

Strategic Readiness (\$74M/2%): FY 2012 represents the first year the Army will invest in industrial base and deployment facilities under the Strategic Readiness initiative. Prior to FY 2012, these types of facilities fell under general recapitalization and modernization of aging facilities. Five transportation infrastructure projects will be constructed to support railhead, deployment and supply operations, as well as a Maneuver Systems Sustainment Center project at Red River Army Depot.

Other Support Programs (\$275M/8%): The FY 2012 budget includes \$230 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 2012 budget requests \$25 million for oversight of host nation funded construction for all Services in Japan, Korea, and Europe. The budget request also contains \$20 million for unspecified minor construction to address unforeseen critical needs.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The Army National Guard FY 2012 MILCON request of \$774 million (for appropriation and authorization of appropriations) is focused on GTA, Modernization, Transformation, Training Support, and other support programs.

Grow the Army (\$101M/14%): The FY 2012 budget request includes \$101 million for 11 energy efficient readiness centers that will support the Army National Guard's end strength growth and ability to react to high levels of force deployment.

Modernization (\$198M/25%): The Army National Guard budget request also includes \$198 million to replace 11 obsolete, and energy inefficient readiness centers. There are five Readiness Centers and one Armed Forces Reserve Center, one Maintenance Facility, one Army Aviation Support Facility, one United States Property and Fiscal Office, and one Utilities Replacement project that will provide modernized facilities to enhance the Guard's operational readiness.

Transformation (\$198M/25%): The budget request offers the Army National Guard the opportunity to reach higher levels of readiness by equipping Army National Guard units on a comparable level with the active component. The request is comprised of ten projects which include three Tactical Unmanned Aircraft System Facilities (TUAS), five Readiness Centers, one Army Aviation Support Facility, and one Field Maintenance Shop.

Training Support (\$245M/32%): In FY 2012, the Army National Guard is requesting \$245 million for 16 projects which will support the training of its operational force. These funds will provide the facilities Soldiers require as they train, mobilize, and deploy. Included are five Operations Readiness and Training Complexes (ORTC), seven range projects, one Maneuver Area Training and Equipment Site (MATES), one railhead expansion and container facility, and two deployment processing facilities.

Other Support Programs (\$32M/4%): The FY 2012 Army National Guard budget also contains \$20 million for planning and design of future projects and \$12 million for unspecified minor military construction to address unforeseen critical needs.

MILITARY CONSTRUCTION, ARMY RESERVE

The Army Reserve FY 2012 MILCON request for \$281 million (for appropriation and authorization of appropriations) is for Modernization, Training Support, Strategic Readiness, and other support programs.

Modernization (\$216M/77%): In FY 2012, the Army Reserve will invest \$216 million in facilities that prepare our Soldiers for success in current operations. The construction of ten new Army Reserve Centers and one Armed Forces Reserve center will provide the modernized training classrooms, simulations capabilities, and maintenance platforms that support the Army Force Generation (ARFORGEN) cycle and the ability of the Army Reserve to provide trained and ready soldiers for Army missions when called.

Training Support (\$28M/10%): The budget request of \$28 million provides for three ranges that enable soldiers to hone their combat skills. It also provides for construction of the final phase of a Non-Commissioned Officer (NCO) Academy classroom/training billets complex that, when completed, will allow for a modernized training environment for training.

Strategic Readiness (\$5M/2%): The request includes \$5 million for a containerized loading facility supporting mobilization and demobilization missions of the Reserve Component.

Other Support Programs (\$32M/11%): The FY 2012 Army Reserve budget request includes \$29 million for planning and design of future year projects and \$3 million for unspecified minor military construction to address unforeseen critical needs.

ARMY FAMILY HOUSING

The Army's FY12 budget includes \$681.8 million for the Army's investment in and operation of its worldwide inventory of family housing assets. The Army relies first on the local economy to provide housing for our Soldiers. When housing on the economy is not available, the Army provides housing by various means including government-owned, privatized, and leased housing. The Army has successfully privatized 98% of its housing assets inside the United States, while overseas we primarily house Families in government-owned and leased quarters.

Residential Communities Initiative (RCI). In 1999 the Army began privatizing housing assets and RCI continues to provide quality housing which Soldiers and their Families and senior single Soldiers can proudly call home. The Army leverages 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 Family housing is in 44 locations, with a projected end state of over 85,000 homes – 98 percent of the on-post Family housing inventory inside the U.S. Initial construction and renovation investment at these 44 installations is estimated at \$12.7 billion over a three to 14-year initial development period, which includes the Army's contribution of close to \$2.0 billion. During the twelve years since 1999 through 2010, our partners have constructed over 25,000 new homes, and renovated another 19,000 homes.

The RCI program for Senior Unaccompanied Housing includes four installations for a total of 1,394 accommodations for senior single Soldiers in grade Staff Sergeant and above including officers at locations where there is a deficit of adequate accommodations off post. The four locations are Forts Irwin, Drum, Bragg, and Stewart.

AFH Construction (\$186.9M/27%): The Army's FY 2012 Family Housing Construction request is \$186.9 million (for authorization of appropriation, and appropriation) to continue our significant investment in our Soldiers and their Families.

This supports our goal to sustain government-owned housing and eliminate our remaining inadequate inventory at enduring overseas installations.

The family housing construction program includes \$76 million for traditional military construction to provide 128 new homes in Germany, and to acquire 10 acres of land in Brussels for future construction so that the Army can eliminate 7 high-cost leased homes that cost the Army over \$1 million annually. The request also includes \$103 million for improvements to 276 family homes in Germany, and \$7.9 million for planning and design.

AFH Operations (\$494.8M/73%): The Army's FY 2012 Family Housing Operations request is \$494.8 million (for appropriation and authorization of appropriations). This account provides for: Operations, Utilities, Maintenance and Repair, Leased Family housing, and management of RCI. This request supports almost 16,000 Army-owned homes, in the United States and in foreign countries, as well as almost 8,000 leased residences and provides government oversight of more than 80,000 privatized homes.

Operations (\$85.4M): 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 the AFH owned inventory.

Utilities (\$73.6M): The utilities account includes the cost of delivering heat, air conditioning, electricity, water, and wastewater support for Family housing units. The overall size of the utilities account is decreasing in proportion with the reduction in supported inventory due to RCI.

Maintenance and Repair (\$105.7M): The maintenance and repair account supports annual recurring projects to maintain and revitalize AFH 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 (\$204.4M): The leasing program is another way the Army provides adequate housing for Families. The FY 2012 budget includes funding for a total of 9,036 housing units, including 1,080 existing Section 2835 ("build-to-lease" – formerly known as 801 leases), 1,828 temporary domestic leases in the US, and 6,128 leased units overseas.

Privatization (\$25.7M): The privatization account provides operating funds for management and oversight of privatized military family housing in the RCI program. RCI costs include civilian pay, travel, and contracts for environmental and real estate functions, training, real estate and financial consultant services and oversight to monitor compliance and performance of the overall privatized housing portfolio and individual projects.

BASE REALIGNMENT AND CLOSURE

BRAC 2005

BRAC 2005 is a massive undertaking, requiring the synchronization of base closures, realignments, MILCON and renovation, unit activations and deactivations, and the flow of forces to and from current global commitments. BRAC 2005 encompassed: 102 Army recommendations; affected over 150,000 Soldiers and Civilians, and their family members; 330 construction projects, which includes 125 Armed Forces Reserve Centers; closure of 12 Active Component installations, one Army Reserve installation, 387 National Guard Readiness and Army Reserve Centers, and eight leased facilities; and over 1,100 discrete actions. BRAC 2005 established Training Centers of Excellence, Joint Bases, a Human Resources Center of Excellence, and Joint Technical and Research facilities.

While the Department is facing scheduling challenges in a few cases, we are working diligently to ensure we satisfy our BRAC legal obligations. Army Senior leaders continue to intensely manage these recommendations and are putting in place mitigation procedures to ensure we meet our legal obligations. Currently, the Army has completed 23 of 102 recommendations and awarded 327 military construction projects,

of which 154 have been completed. The Army has initiated 850 of 1,147 actions and completed 393. The Army has closed six Army installations, one Army Reserve installation, 42 Army Reserve Centers, and disposed of 19,067 acres associated with the closures. The Army is on schedule to complete the remaining 754 actions and 173 projects in accordance with the BRAC law.

The Army FY 2012 budget request for BRAC 2005 is only \$229 million. The budget request is critical to the success of the Army's BRAC 2005 initiative and does not contain funding for new construction projects. The funding request includes \$116.9 million in Operation and Maintenance (O&M) to support facility caretaker requirements. In FY 2012, the Army will continue environmental closure, cleanup and disposal of 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 \$112.3 million, which includes munitions and explosives of concern and hazardous and toxic waste restoration activities.

BRAC 95

The Army is requesting \$70.7 million in FY2012 for prior BRAC rounds. The request includes \$4.6 million for caretaking operations and program management of remaining properties and \$66.1 million for environmental restoration to address environmental restoration efforts at 280 sites at 36 prior BRAC installations. To date, the Army has spent \$3.1 billion on the BRAC environmental program for installations impacted by the previous four BRAC rounds. The Army has disposed of 177,842 acres (85 percent of the total acreage disposal requirement of 209,291 acres), with 31,448 acres remaining. As a result, the Army estimates approximately \$14.5 billion in savings through 2010 – and nearly \$1 billion in recurring, annual savings from prior BRAC rounds.

ENERGY CONSERVATION INVESTMENT PROGRAM

Army installations and facilities require secure and uninterrupted access to energy. Dependence on fossil fuels and a vulnerable electric power grid jeopardizes the security of Army installations and mission capabilities. Investment in renewable energy and energy efficient technologies will help ensure the Army can meet mission requirements today and into the future.

The Energy Conservation Investment Program (ECIP) FY 2012 program includes ten renewable energy projects and three energy conservation projects for \$51.5 million. The estimated average annual savings is projected at \$4 million dollars or 258 billion British Thermal Units (BTU). Although ECIP is an annual Defense wide appropriation (\$135M), the Army is taking a strategic look at requirements and developing an ECIP Future Years Defense Program that will provide the Army the ability to pull requirements forward should such an opportunity arise.

ENERGY SECURITY AND SUSTAINABILITY

The Army is moving forward to address the challenge of sustainability and energy security to ensure the Army of tomorrow has the same access to energy, water, land, and natural resources as the Army of today. The Army realizes that innovative, cost-effective, solutions are critical to success. Addressing these challenges is operationally necessary, fiscally prudent, and mission essential. The Army is ready to lead by example.

Drive Efficiency Across the Enterprise. The Army is working to significantly reduce requirements for natural resources, to include energy and water, both on installations at home and in our combat operations. Reducing demand through efficiency improvements is often the cheapest and fastest way to save funds and reduce dependency. The easiest gallon of fuel to secure and transport is the one that is not required. The need to reduce energy vulnerabilities and associated costs is clear, given

experiences in Iraq and Afghanistan. The approach will require a concerted effort involving a combination of new technologies, changes to user behavior, and conversion of "waste" in resource streams to energy with approaches that convert waste heat or garbage into electricity.

Build Resilience through Renewable/Alternative Energy. Army forces must still prevail, even in the face of disruptions due to enemy action, weather, shifting priorities, or energy availability. Given this, it is prudent that the Army take steps to diversify its sources of energy, particularly to include renewable and alternative sources available both here and abroad. The Army is building resilience and flexibility into force capabilities to continue operating in the face of energy disruption. These disruptions can occur at the national, regional, or local level and affect bases, weapons systems, vehicles, and Soldiers.

CONCLUSION

The Army's FY 2012 MILCON, AFH and BRAC budget requests are balanced programs that support our Soldiers, Families, and Civilians; continued re-balancing of the force; completion of BRAC 2005 by September 2011; continued support to Army transformation, GTA and GDPR initiatives, and investments in barracks buyout programs. The Army's facilities investment strategy will be accomplished through your continued commitment to timely and sustained funding of military construction, BRAC and family housing.

In closing, we would like to thank you again for the opportunity to appear before you today and for your continued support for our Soldiers, Families, and Civilians.

CONTRACTING OPPORTUNITIES

Mr. CULBERSON. Thank you very much, Madam Secretary.

And, General Boozer, we appreciate so very much your service as well, sir, and we on this committee are arm-in-arm in working, doing everything we can to make sure we get a bill done for the rest of the year for all the Federal Government, but in particular for military construction, because we understand the constraints and the problems that that is causing for every branch of our armed services and the logistical chain.

As you say, it is affecting contracts. Have you lost any contracting opportunities yet, Madam Secretary, as a result of the continuing resolution?

Ms. HAMMACK. Currently, we are having to re-compete some of them in that the bids have expired. Wherever possible, we are asking for bid extensions, and we have been granted those in several cases. But the longer it takes between the bid and the award date, the more at-risk we are to having to re-compete and to experience an increase in the budget.

Mr. CULBERSON. Can you identify for us any projects in the fiscal year 2012 request that will be delayed due to current continuing resolution?

Ms. HAMMACK. At this point I can take out for the record and come back to you with that.

[The information follows:]

No projects in the FY 12 budget request were delayed by the FY 11 CR. Planning and design funds were not impacted by the CR.

We do have projects where a Phase 1 was intended in fiscal year 2011 and a Phase 2 in fiscal year 2012 so that if we are unable to begin a project in 2011, it may delay the action in 2012.

BID SAVINGS REDUCTION

Mr. CULBERSON. The Senate-proposed yearlong continuing resolution reduced funding for the Army by 263 million for excessive bid savings, but how would this reduction affect the military construction efforts at Army installations?

Ms. HAMMACK. We have already returned, as I said, over \$1 billion in the last 2 years. As projects continue to be built, we are experiencing and continue to experience some bid savings. Some of those are needed for reprogramming efforts, whether they are actions that were unanticipated that we have some emergency need for. We do not know yet whether we will be able to return any without impact on our mission, so I don't have a number right now.

TOUR NORMALIZATION

Mr. CULBERSON. General Sharp was in to see me yesterday and talked a little bit about the expansion of the facilities in Korea to allow families to move over there for support and to encourage men and women to stay in Korea longer than a year, which, of course, helps with training.

Could you talk to us a little bit about that and about the size of that investment that ultimately would be needed if we were to extend those facilities in Korea to allow families to move in?

Senator Kirk and I talked about this yesterday on the House floor. He is very concerned, as I am, as we all are, about the cost, but we want to weigh that, of course, against the benefits to the Army and in retention and morale in keeping highly trained people there in that vitally important region of the world, which is really at the tip, those folks and our troops in Korea at the tip of the spear.

And we want to do everything we can, of course, to make sure that their morale is high, that their training is at its peak, and in order to deter the North Koreans and ensure, God forbid that there is ever a conflict, that our folks are in the best possible condition.

So talk to us a little bit about the expansion in Korea and what ultimately that might wind up costing and what are the benefits.

Ms. HAMMACK. Well, I want to first talk about consolidation, because our first phase and our current phase in Korea is one of consolidation. Over the last 5 years, we have closed 34 sites and returned 13,000 acres to the Korean government. Over the next 5 years, we plan to close another 22 sites and return another 9,000 acres to the Korean government.

So currently, our Phase 1 is one of consolidation. Currently in Korea, we have over 2,300 families. So part of the consolidation is to relocate those families to Yongsan, Camp Humphreys. Phase 2 is toward normalization, where we would allow more of the soldiers to bring their families to Korea. And I will let General Boozer talk about that little bit.

General BOOZER. Yes, Mr. Chairman. As Secretary Hammack indicated, what has been approved and what is ongoing right now in Korea on the peninsula is command sponsorship for families. That number was approved by the Army, and that is 3,740 command sponsorship families. Most of the families, and again, we are at about 2,300 right now, are already on the peninsula. And in 2012 that consolidation south to Camp Humphreys Garrison will start to take place.

And what the Army has to do is to figure out how we are going to put quality housing and services in the Humphreys area to provide for those families. And one way we are doing that is with a program that we call HHOP, which is the Humphreys Housing Opportunity Program, to construct 1,400 family housing units on the garrison at Camp Humphreys.

Mr. CULBERSON. Thank you, General.

We have been joined by our ranking member, the gentleman from Washington State, whose devotion to and support for the United States military truly has been extraordinary.

And we are honored to have you here with us, sir, and we would welcome any statement that you would want to make.

DEFENSE ACCESS ROAD PROGRAM

Mr. DICKS. Thank you, Mr. Chairman and Mr. Bishop, our new ranking member. I want to compliment you both on the job you are doing.

Let me ask you, the National Research Council Transportation Research Board did a paper on the need that the Defense Department ought to expand the Defense Access Road Program, the only program DOD has to pay for transportation infrastructure off base.

In addition, a January report by the GAO found that the Defense Access Road Program usage has been limited in part by a lack of knowledge about the program—outdated regulations and unclear guidance on how to navigate the program's complex processes. GAO also found that there needs to be greater high-level federal inter-agency coordination.

And we are very fortunate at Joint Base Lewis-McChord, to have just gotten a Combat Aviation Brigade. It is going to add another 1,400 people, and we have three Stryker Brigades. And I-5 between Tacoma and Olympia is maxed out every single day. As you know, a lot of the soldiers live off of base, so it really affects their ability to get in and out. It affects the local community.

I know we are doing some work at the new Walter Reed and at Belvoir. Tell me what you think about this Defense Access Roads Program. It has been around a long time, but apparently it isn't being used very effectively.

Ms. HAMMACK. We are looking at the DAR funding and the DAR funding criteria. It is a Department of Defense program, and so we follow guidance that comes to us from the Office of the Secretary of Defense.

The challenges are that the program was originally envisioned for rural installations where you would have a stationing action that would double the traffic on roads and intersections. And so that is some of the base criteria for a threshold for significant impact. That threshold does not apply to urbanized areas, and so we are certainly working to communicate and better evaluate the application of the DAR program.

The other problem is that it doesn't account for the tipping point effect that our growth can have on the transportation system that may already be at or over capacity. And so those—

Mr. DICKS. I think this is the perfect example of the situation at Joint Base Lewis-McChord. This is the tipping point which is when all the troops, thank God, came back. That means their families come from other parts of the country, and they are back at the base, and they are coming in and out of there.

So are you suggesting that we need to have a change in authorization language on this program in order to make it more relevant or that we should take that up with the Department of Defense or—

Ms. HAMMACK. I would not say that that is needed right now, but there needs to be probably better communication of the program and better education to the installations on how to use it. We are evaluating and working with OSD whether the criteria need some changes, and there are several discussions ongoing right now.

I was just up at JBLM about 3 weeks ago, and so we did have discussions on some of the impacts, and we did talk about DAR criteria and whether there is an opportunity for them to apply for that. I think it is something that needs ongoing discussion, and there may be some opportunities for improvement.

The challenge is, and the real concern is, at what point and how far away from the installation does the military obligation end.

Mr. DICKS. All right.

I will yield to Mr. Bishop, the ranking member.

Mr. BISHOP. Thank you very much.

While that applies to Fort Lewis, it also applies to Northern Virginia. And our ears have been burning for a while since BRAC with the increased load of traffic as a result of BRAC for Northern Virginia and what we expect to be a great increase.

Can you explain to me whether or not there is something written in the statute? You said it was designed to apply to rural roads, but was that something that the Congress wrote in there that said it applied only to rural communities? Or does it apply wherever BRAC impacts civilian communities and civilian transportation or arteries?

Ms. HAMMACK. I can get back to you with more detail on it. I do not know the specifics.

[The information follows:]

The DAR program provides the Department of Defense the means to pay its share for public highway improvements resulting from sudden or unusual defense-generated impacts regardless of location within the U.S. However, DAR eligibility criteria includes the requirement that the DoD action must result in a doubling of traffic. This criteria is more easily met in rural than urban areas. The Office of the Secretary of Defense is in the process of relooking all DAR eligibility criteria with a view to publishing an updated set of criteria.

It is my understanding that the intention, the original intention and envisioning of the DAR program was to apply to a rural area where it may be a two-lane road, and if you are doubling the amount of traffic or more on a two-lane road, then you would have a responsibility or obligation there.

Mr. BISHOP. But if you got a four-lane road and you double the amount of traffic, don't you need to increase it to eight?

Ms. HAMMACK. And those are the questions and concerns——

Mr. BISHOP. As a result of——

Ms. HAMMACK [continuing]. That need to be addressed, correct.

Mr. BISHOP. Okay. All right. So——

DAR AND BRAC PROGRAM

Mr. DICKS. Let me ask on your point. Is there a difference for a BRAC situation and the situation where the base has just had substantial growth? I mean, a BRAC is when we are usually downsizing and building new facilities, but is there a difference there?

Ms. HAMMACK. Several of the programs, the BRAC actions, did have road improvement outside the installation. BRAC——

Mr. DICKS. As part of BRAC.

Ms. HAMMACK. As part of BRAC. And for instance, one of those is at the Mark Center, where the BRAC program in and of itself had \$12 million in road construction that allowed for additional turning lanes and widening of roads. So that was part of the BRAC program.

Mr. CULBERSON. If I may, Mr. Dicks, could I follow up?

Mr. DICKS. Yes, sir.

Mr. CULBERSON. Because my good friend, Mr. Moran, we want to make sure to help. You have got a problem, sounds like, in Washington. Mr. Moran has got a bad problem we have got to help solve in his district.

Mr. DICKS. And we have got one up in Maryland, too, right at the new Walter Reed.

Mr. CULBERSON. Oh, yes.

Mr. DICKS. It is going to be a disaster.

Mr. CULBERSON. At Walter Reed. So it sounds like an answer to Mr. Dicks' question is that the BRAC statute is broad enough to allow the BRAC commission to include—when they make their recommendations, they can recommend improvements to the road net around the base.

Ms. HAMMACK. There are transportation studies that are required, and if the transportation studies so indicate that there is a need, then that became part of the BRAC program.

Mr. CULBERSON. The statute is broad enough to give them that authority.

Ms. HAMMACK. Yes.

Mr. DICKS. We will probably have to do an authorization, I would think.

Mr. CULBERSON. Yes, I think so. It is a bad problem and needs to be addressed. Forgive me. This is Mr. Bishop's time.

IMPACT OF BRAC ON COMMUNITIES

Mr. BISHOP. Thank you.

In that regard also you are prepared to talk about any BRAC-related matters, I assume.

Ms. HAMMACK. Yes, sir.

Mr. BISHOP. And one of the chronic problems that we have with BRAC is for military communities that have been plused up as a result of BRAC, the impact that it has on the local school systems, which we have been butting our heads up against the wall for now 3 or 4 years, trying to get some resolution between the Office of Adjustment—

Mr. DICKS. Economic Adjustment.

Mr. BISHOP [continuing]. The Office of Economic Adjustment, the education budget with Impact Aid, the Defense Subcommittee budget and the MILCON budget. Everybody seems to be pointing the finger the other way.

We need some strong leadership and some support from the Department of Defense, particularly with regard to BRAC and how BRAC is causing these communities to suffer particularly in these hard budget times.

DODEA SCHOOLS

Ms. HAMMACK. Sir, right now the Army—

Mr. BISHOP. We want to accommodate our young people, the children of our service members who have to go to school. We want to keep them happy.

Ms. HAMMACK. And we agree with you. It is very important that we support our families and our schools, and those are our families and the children, and those are priorities for the Army. But the Army has no specific authority nor authorization to fund or construct public schools on or off the installation.

We can identify land. We can set aside land. We could lease land to the local education authority, but we are not authorized to fund or construct schools.

Mr. BISHOP. There is clear precedent for doing that. For example, with the Kings Bay Submarine Base in Georgia, when that base

was constructed that community did not have sufficient infrastructure to support the base. And, of course, through the Office of Economic Adjustment, the Department of Defense did pour in sizable amounts of money to create that infrastructure.

Why couldn't it be done the same way for these communities that are impacted? And perhaps maybe it would require an additional authorization. I don't know. But if that is what you think we need to do, tell us, and we will go about trying to get that done. But we put language in the appropriations bill for two or three times, trying to get some reaction on it to get some kind of response, and we haven't gotten anything.

The communities are now beginning to feel the impact of thousands of children that are going to be hitting them in the Fort Benning area. They will be coming in in August, and the communities around Fort Benning and other places need to have those schools so they don't have to be in temporary classrooms.

Ms. HAMMACK. Sir, in, and I think it is the 60s or 70s, there was special authorization given to the Army or the Department of Defense to construct schools. And those are considered the DoDEA schools. And I think the Army has——

Mr. BISHOP. The what?

Ms. HAMMACK. DoDEA schools, Department of Defense——

What does it stand for?

Education Authority, or something like that. But they are generally called DoDEA schools.

General BOOZER. Activity.

Ms. HAMMACK. The Army has 122 schools on our installations. About half of those are operated by either DoDEA or the Department of Defense. The balance, 66 of them, are operated by a local education authority. So the Army allows land, but we do not have the authority right now to fund or construct, and that would have to be special legislation.

And I got passed a note. It was special legislation at Kings Bay.

Mr. BISHOP. Yes.

IMPACT AID

General BOOZER. Congressman, I can address the Impact Aid piece that you raised, too. That is another critical issue that is all related to this. I think, as you know, that is a——

Mr. BISHOP. It is after the fact. It is after the fact, though.

General BOOZER. It is, Congressman.

Mr. BISHOP. After the kids are already there, then the Impact Aid is awarded, which has already inconvenienced them and their families.

General BOOZER. Yes, sir. It is. And it is historically——

Mr. BISHOP. And it is a small amount of money. The account for Impact Aid is so tiny, and it comes out of the education budget, that it couldn't even begin to touch a fraction of the cost of satisfying the needs of these kids.

General BOOZER. Yes, Congressman. You made the point that I was going to make right there. It is woefully underfunded.

Mr. DICKS. If you would yield to me just for——

Mr. BISHOP. I would be glad to.

Mr. DICKS. We have been trying to work on this. Secretary Westphal has been involved in this. There have been studies done of the condition of the schools around the country. We have some very old ones at Joint Base Lewis-McChord that we are concerned about. There was a school at Fort Riley and many others.

And sometimes these schools are not owned by the Defense Department. As you pointed out, some of them are owned by the Department of Education, or the ones that were constructed. We talked to Westphal and to Secretary Gates about this. There is no way these school districts are going to be able to afford to do new schools at those places.

So where we are going to do this, if we are going to take care of the soldiers who are over there in combat in Afghanistan or Iraq and have their kids have a decent school to go to, it is going to have to be done by the Department of Defense.

And maybe then you can turn the schools over to the local school districts, but you can't expect them—these are very difficult budgetary times for school districts across the country—to be able to pay for new schools on defense bases.

It is just the same exact situation. We are going to have hundreds of additional students coming in because of this new Combat Aviation Brigade, which we desperately need, to do training, proper training in Fort Lewis. But we have got to figure out a way to take care of this problem so that the kids whose families are serving in the military are not given a second-class education.

We also have the problem in the Puget Sound area of the potential for a very large earthquake, and up to a magnitude 9, in fact. Mount Rainer erupts every 400 or 500 years, and this is right in the area. I would be very concerned if we had a large earthquake whether these schools would survive. They looked pretty fragile to me when I went out and visited with Congressman Smith.

So, Mr. Chairman, I just think this is one of these things that we are going to have to come to. Everybody points the finger at everybody else. Well, go see Department of Education. Well, they haven't got any money.

I mean, the people who have got the money is the Defense Department. I think Westphal and the Secretary in good faith and are concerned about this, but we have to get this into the budget and take care of this problem. Thank you.

Mr. BISHOP. Thank you very much, Mr. Chairman. I think I was—I hope I was using Mr. Dicks' time. [Laughter.]

Mr. CULBERSON. Well, one thing is, Mr. Dicks, in this committee we don't really follow a hard and fast 5-minute rule. I will make sure everybody gets a chance to ask questions, and everybody is courteous to make sure we are not stepping on other folks' time, so—

Mr. DICKS. We are going to have any time for Civil War battlefields—

Mr. CULBERSON. Yes, that is right. [Laughter.]

Historic preservation at some of these sites we see around here, absolutely.

DEPENDENTS EDUCATION

Education is really near and dear to my heart, so I just want to reiterate my strong support for what has already been said and encourage us to think about charter schools. The money that DOD is already directing to some of these bases for education, we have had great success in a lot of states with charter schools, properly run ones.

I mean, there are some out there you've got to watch closely, but by and large there are a lot of very successful programs that the private sector is able to come in and use existing dollars that DOD may already have as directed towards this that can come in and take over an old school facility or an existing building and just transform it and really give these parents a choice, an opportunity for the kids to get a first-class education.

And the other problem, for example, Fort Bliss in El Paso. And I hate to pick on El Paso, but their school district has had problems in the past, so if you are assigned to Fort Bliss and you are sort of stuck either with—I think there is a school on base, or the El Paso school district with their problem with gangs and drugs, or Socorro, which has also got problems.

So this is at the top of my list. I served on the education committee in the Texas legislature. This is one time—I never thought as a 10th amendment Jeffersonian I would ever be talking about education at the federal level—but this is absolutely vital, and I just want to express my strong support for Mr. Dicks, and Mr. Bishop on this issue. They have got my full attention and support on this, and we need to solve this.

It is just not acceptable to let these little kids have terrible educational opportunities when their mom or dads are serving their nation. This is not acceptable. We have got to get all over this.

Ms. HAMMACK. I agree with you. And again, I will reiterate that we need authorization in order to build, construct and operate schools on Army bases.

Mr. CULBERSON. Not charter schools.

Ms. HAMMACK. Charter schools, what is interesting is they are authorized and allowed in 41 states. Unfortunately, Washington State is one of those states that does not have a charter school authority.

So we have looked at the various states. Texas is one that has a very good charter schools system. That is certainly an opportunity and something that could be considered. I know that OSD has stood up a group including OSD, Department of Education and Army constituents that is looking at this right now.

Mr. CULBERSON. Again, I mean, this is anathema to me. As a 10th amendment Jeffersonian I can't believe I am saying this, but federal law does override state law, and if the base commander wants a charter school on the base in Washington State, couldn't he just order it?

I mean, if they have got the authority under federal law to bring them in, why couldn't the base commander in Mr. Dicks' district just say—

Mr. BISHOP. They can do anything they want to on the base.

Mr. CULBERSON. That is right, on the base.

Mr. DICKS. Let us take a look at that.

Mr. CULBERSON. I am ready. I would love to help you with it.

Mr. DICKS. Let me look at that.

Ms. HAMMACK. Yes, I think it needs state licensing, and it also needs authority for state funds to be directed to them and authorized to go to the school as an authorized public school.

Mr. CULBERSON. Interesting.

I will help you with it, guys.

Mr. DICKS. Thank you.

Mr. CULBERSON. Mr. Bishop.

Mr. BISHOP. My concern has to do—many of the school districts can operate. They just need additional facilities to accommodate the kids. They don't need for the Department of Defense to operate the schools. They just need the funding to get it built so that they won't have to be in temporary units.

Mr. CULBERSON. Or use existing buildings.

Mr. BISHOP. So that is what the concern is. But, I mean, this has just been kicked down the road. I was on the Defense Subcommittee. I was on Military Construction Subcommittee. This has been kicked back down the road back-and-forth, back-and-forth. And we need to bring some resolve to it, because BRAC is soon to be ending. And we have been talking about it since 2005.

ARMY END STRENGTH

Okay. Let me switch gears for a moment.

General Boozer, you know that the committee has made significant investments in Army facilities to meet the Grow the Army needs. But we know that beginning in 2015 that the Army will begin to reduce its end strength.

How much is included in your fiscal year 2012 requests for Grow the Army? And now that we know that the Army is going to reduce the end strength, is this the last year of Grow the Army projects?

And then for Ms. Hammack, is there any concern that we may have overbuilt or that we will have excess facilities due to the downsizing that will occur in 2015?

General BOOZER. Yes, sir. For Grow the Army MILCON projects, we are on track to complete all of our Grow the Army projects under that initiative in fiscal year 2013. So so we are on the downward slope for Grow the Army projects.

All of those projects, Congressman, are geared toward combat support and combat service support type units and organizations, because we completed all the builds we have in the program, all of the builds and constructions for the Brigade Combat Teams.

Mr. BISHOP. Were they constructed in anticipation of the downsizing that you are going to be accomplishing starting in 2015?

And, Ms. Hammack, will we have overbuilt?

General BOOZER. We do not think we have overbuilt, to include those projects that I just mentioned that would go into and complete the program in fiscal year 2013.

Now, we, quite frankly, Congressman, don't know what we don't know yet in terms of taking down that 27K starting in 2015. We don't know where that spread is going to occur. It clearly will occur across the force, across the Army.

I can't imagine it being targeted at specific installations, but I think we will take that 27K cut across the Army. We just don't know yet, nor have we put together a decision package for our senior leaders to lay out those types of options on how we would bring that down.

Mr. BISHOP. Let me follow that up with—maybe you might want to submit this for the record, if you don't know, because my next line of questioning was whether or not the reductions would fall proportionately on officer and enlisted ranks, if there were critical skills that would be exempted from the draw down, and what kind of adjustments, if any, would be necessary in your construction program that will result from the downsizing, and what kind of projects would we be less likely to see.

27K REDUCTION

General BOOZER. Well, Congressman, again, with the particulars of the grade structure and how we would take down and enlisted, noncommissioned officer and officer ranks associated with that 27K reduction, I would have to take that for the record, because we just don't know yet.

[The information follows:]

No decisions have been made. We do not have anything to submit, because no decisions have been made as to how we are reducing our end strength.

Mr. BISHOP. Okay. As of January of this month—of this year rather, you are at 102 percent for recruiting and you had met all of your retention goals. As of March 3rd of this year, the active Army and the Reserve were operating at or near their authorized end strength, and the Guard was experiencing an excess of strength.

Given the strong recruiting and retention that the Army has been experiencing, has this put stress on the current facilities? And does the Army construction program reflect its authorized end strength, or is its over strength factored in? You can submit that for the record, if you want to, or you can respond.

Ms. HAMMACK. No decisions have been made. We do not have anything to submit, because no decisions have been made as to how we are reducing our end strength. And because no decisions have been made, we do not know where the impact could be felt in our facilities.

Part of the decision-making will be where there are facilities that are maybe at or exceeding capacity. That could be one of the decision factors, but again, no decisions have been made on how to take it down, and those are things that are being discussed right now. And I do not have a deadline as to when the decisions will be complete.

I do also want to address your concern as to whether we have overbuilt due to downsizing. What bothers me is—

Mr. BISHOP. Due to expected downsizing.

Ms. HAMMACK. Yes, expected downsizing. Right now we have had to meet some of our increase in manpower with relocatables. And we have a lot of relocatable or temporary buildings throughout our inventory, so I do not believe we have overbuilt. And my intention is to work hard to take down and remove some of those

relocatables that use a lot of energy, that take up space, so that we can have an appropriately sized permanent structure facility.

Mr. BISHOP. Appreciate that.

Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Bishop.

At this time I recognize the gentleman from California. Mr. Farr.

Mr. FARR. Thank you very much.

Let me just ask you, Mr. Chairman. I think these questions raise the issue that we ought to have a special BRAC hearing. We had that. You were going to—you canceled it.

Mr. CULBERSON. Yes. We are indeed going to do that. I want to be sure to sit down with you, Mr. Moran, and Mr. Dicks, to visit with you in advance of that hearing and kind of think it through and map it out.

Mr. FARR. Because I have a whole bunch of questions—

Mr. CULBERSON. Absolutely. We are going to do a special BRAC hearing, yes, sir.

Mr. FARR [continuing]. On legacy bases and all kinds of stuff. So I would love to do that. And if you are going to have that hearing, I will put those off to another time.

IMPACTS OF CONTINUING RESOLUTION

Ms. Hammack, you indicated in your testimony that the CR was doing great damage to the ability to manage the MILCON construction budget. Could you tell us what the impact of the CR is on military construction projects in each of our bases here in this committee—I mean, in our districts—or if not, in the states?

Ms. HAMMACK. Yes, we can provide you with that information. [The information follows:]

The projects by district of each committee member impacted by the continuing resolution are:

TX-31—Representative Carter. Fort Hood: Urban Assault Course, \$2.5M; Battalion Complex, \$40M; Brigade Complex, \$38M; Company Operations Facility, \$4.3M.

CA-17—Representative Farr. Fort Hunter-Liggett: Hand Grenade Familiarization Range, \$1.4M; Light Demolition Range, \$2.7M; Grenade Launcher Range, \$1.4M; Camp Roberts: Combined Army Collective Training Facility, \$19M; Presidio of Monterey: General Instruction Facility, \$39M.

WA-6—Representative Dicks. Tacoma, WA: Combined Support Maintenance Shop, \$25M.

MS. HAMMACK. As I said, the state that impacted the most is Alaska. We currently have \$300 million in construction that is on hold pending award.

Mr. FARR. We don't have Alaskan member here.

Ms. HAMMACK. No, you don't.

Mr. FARR. How about somebody in this—

Ms. HAMMACK. Texas is the next biggest, with 198 million.

Mr. FARR. So what does—when you—198 million in new start construction projects, and how does the CR disrupt those?

Ms. HAMMACK. The CR means we do not have new start authority. We cannot award contracts for construction under a CR. So unless we are specifically authorized new start authority, we will remain on hold, and the increase is almost at the pace of \$100 million worth of construction every week that we delay.

Mr. FARR. And that delay, then, is those jobs go to private contractors to bid on the projects, and those are private jobs.

Ms. HAMMACK. Those are private jobs, yes, sir.

Mr. FARR. So when we really talk about the CR hurting private sector, this is probably one of the best examples of it.

Ms. HAMMACK. Absolutely. And as I said, it is \$1.8 billion in construction right now that private contractors have bid on, that they are fully designed, they are fully ready to start construction.

Mr. FARR. So they are shovel ready.

Ms. HAMMACK. They are shovel ready, yes, sir.

Mr. FARR. Okay.

Mr. CULBERSON. Mr. Farr.

Mr. FARR. If we had this authorization in the defense bill, which is the underlying package for the CR, we are going to pass a defense bill, then on top of that everything else is CR. If MILCON was part of the base defense bill, these construction projects, then you would have a statutory authority to go business as usual.

Ms. HAMMACK. Yes, sir.

Mr. FARR. But if it is just CR, even if it goes to the end of the year, will you not have the authority?

Ms. HAMMACK. We do not. We do not have the ability to award new contracts.

Mr. FARR. Wow. Mr. Chairman, maybe—we got the ranking member of the Defense Appropriations Committee here—maybe we could get an amendment for that big, big defense build on the MILCON projects.

Mr. CULBERSON. Yes.

Ms. HAMMACK. We would greatly appreciate that.

Mr. CULBERSON. If I could, be sure to clarify that as soon as we get a full-year CR, there is going to be new start authority in there. And that is, of course, what we are all working towards, is getting a full-year bill done, regular bill done for the rest of the year.

And then, finally, Mr. Farr, on Alaska, if you don't get those started pretty quickly, it is going to get cold pretty quick. When do you pretty much have to stop? You can't turn a shovel, what, after about October?

Ms. HAMMACK. Yes, if we don't start by 1 May, then we will be unable to do those projects in Alaska.

Mr. FARR. I know I am getting a lot of pressure. What is the amount in my district?

Ms. HAMMACK. Currently, in California it is 126 million, and I believe approximately 90 million of that is in your district.

Mr. FARR. A lot of jobs.

Mr. DICKS. You are on mil time.

Mr. FARR. Yes. Mr. Dicks tried to talk me out of it my freshman year, so.

Mr. BISHOP. Excuse me. Will the gentleman yield?

Can you provide that for all of us?

Ms. HAMMACK. Yes, we can.

Mr. BISHOP. All of us.

Ms. HAMMACK. We have it by state currently, and if you would like, we can break it down by installation and district.

Mr. CULBERSON. That would be helpful.

Mr. BISHOP. That would be very helpful.

Mr. CULBERSON. To everybody on the floor.

Mr. DICKS. We have got five states here. You have already mentioned two or three of them. Maybe you could just go through a list of—start with Georgia and——

Mr. BISHOP. Yes.

Ms. HAMMACK. Well, Virginia is 25 million. Georgia is 30 million. And then I think I covered Texas, California and Kansas.

Mr. DICKS. You didn't get Washington.

Ms. HAMMACK. Washington is 65 million, sir. My apologies.

Mr. DICKS. Sixty-five million?

Ms. HAMMACK. Yes, sir.

Mr. DICKS. That is a lot of money.

Mr. FARR. First time I had more than you did for it.

Ms. HAMMACK. And that is as of today, which means next week there could be more projects that have gone to bid that we have received bids on, we have made a selection of the contractor, but we are unable to award. And the number goes up every day.

BID PROCESS DURING A CONTINUING RESOLUTION

Mr. FARR. So we have made the selection of contractor. This delay is going to increase costs, isn't it?

Ms. HAMMACK. What we are doing currently is we are going back to the contractors whose bids have expired, asking for bid extensions. Some of them have given us bid extensions a couple of times already. We are finding out from some of them that they do not want to give us another bid extension. They want to re-bid, because prices have changed, and costs have increased.

Mr. FARR. So but you only have a fixed amount of money, so what are your options? You have to then put some on the chopping block? You have to reduce the scope of the project to fit the money? What do you do?

Ms. HAMMACK. An opportunity is to reduce scope is one opportunity. The other is we do have a contingency that could cover some of an increase in cost. Sometimes we have seen that the bids are coming in slightly lower than the programmed amount. So you have contingency funds there. Budgets are what were laid in place based upon a tri-service budgeting model.

Mr. FARR. If you have to re-bid, though, that starts the whole process all over again, or is the——

Ms. HAMMACK. Yes, sir. It needs to go back out to be recomputed.

Mr. FARR. It is the same time length? How many months does that take?

Ms. HAMMACK. About 2 months.

Mr. FARR. So it is going to cost us more, and we are going to get less product.

Ms. HAMMACK. Yes, sir.

Mr. DICKS. If you would yield, it is instability of the program, which is not good.

Ms. HAMMACK. Yes, sir.

Mr. FARR. Let me ask you. It is interesting, because I found in looking at the FYDP for 2012 through 2016, there are \$3 million for classrooms and the Defense Language Institute in Monterey. Boy, we need those badly. We are in World War II barracks trying

to teach with the most modern equipment in the world in hot, humid buildings.

Then there was 69 million for barracks, but then when I looked at the FYDP for this year, those projects have slipped back. Why was that? They are back now to fiscal year 2013.

Ms. HAMMACK. I would have to take a look at that and get back to you. I do not have the details with me right now.

[The information follows:]

The \$69 million Enlisted Unaccompanied Personnel Housing barracks project for the Presidio of Monterey was moved to FY15 after review of the Permanent Party (PP) and Training Barracks buyout programs. The PP Barracks buyout program fully funds all PP barracks by FY13 with beneficial occupancy by FY15; whereas, the Training Barracks buyout program fully funds all training barracks projects by FY15 with beneficial occupancy by FY17. The Presidio of Monterey barracks project is part of the Training Barracks buyout program. The project was moved to the right to accommodate additional PP barracks requirements that were previously unprogrammed.

Mr. FARR. Yes, I would like to really find out why those barracks complex got pushed back by 2 years.

When you were in my office the other day, we talked about the conditions at Camp Roberts, and I would ask your predecessors in this room and, frankly, should have asked you, because you are the one that is on top of it, and I know you are going there. In fact, we are both going to be there on Friday.

I hope that you can take a look at prioritizing. This is National Guard work, doesn't get at all the priorities and everything else here in Washington gets. But how do we prioritize this huge training base under the command of the National Guard within all the other pressures by all the services who—I mean, how do we bring this up, move it up to the attention?

CAMP ROBERTS

I would like to get for the record just so we can keep everybody's focus on this, Mr. Chairman. It would be of your interest. It was in the Sacramento Bee, right here in front of me, if I can just find it in this pile of everything, reading that "California's Guard Largest Training Facility, Camp Roberts, Steadily Deteriorates."

And they have sewer coming up through the bathroom showers and things like that. Not a good way to have men and women in training.

Ms. HAMMACK. Yes.

Mr. CULBERSON. Would you like to put that in the record?

Mr. FARR. Yes, sir.

[The information follows:]

Camp Roberts is an enduring installation for the California Army National Guard (CAARNG). The utilities infrastructure on Camp Roberts is antiquated and in much need of repair.

Immediate / emergency maintenance issues should be reported through the soldier's chain of command and the soldier's chain of command will report any and all facility deficiencies to the Camp Roberts Directorate of Logistics (DOL) / Facility Maintenance Officer (FMO). The Camp Roberts DOL / FMO will evaluate reported deficiencies and will make a determination regarding the extent of work required to mitigate / fix deficiency.

Camp Roberts is scheduled to receive in the FY12 budget a 32 million dollar utilities infrastructure upgrade project. This project is comprehensive and will provide upgrades to the following systems: electrical distribution; natural gas pipelines; domestic water distribution; domestic well house and pumps; sanitary sewer; and storm water drainage.

THE SACRAMENTO BEE sacbee.com

California Guard's largest training facility, Camp Roberts, steadily deteriorates

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CAMP ROBERTS – Most California Army National Guard members who deploy to the killing fields of Afghanistan first train here, a sprawling landscape of barracks, assault courses and firing ranges straddling San Luis Obispo and Monterey counties.

Before those soldiers encounter the depredations of war, they face the deprivations of Camp Roberts.

In Building 4001, service members routinely see raw sewage bubbling up from shower drains and toilets and spilling onto the floor, according to a February report by Sgt. Dustin Shepherd, noncommissioned officer in charge of camp operations.

Building 6038, where soldiers check in for training, recently lacked heat despite temperatures dropping to 30 degrees, and had no air conditioning for blazing summer days.

"I am literally sick over this," Shepherd wrote to superiors in a February e-mail obtained by The Bee, "and completely disgusted with the lack of soldier care."

Similar disrepair typifies much of California's largest Guard base.

Scores of buildings created as temporary structures during the urgency of World War II are still in use with jury-rigged plumbing, missing floor coverings and peeling paint. Some are falling apart.

Yet a Bee investigation found that millions of dollars in building materials, appliances and other supplies sit unused or ruined in Camp Roberts warehouses. Inventory controls are so poor, according to internal Guard reports obtained by The Bee, that officials don't know what they have or what is missing. Meanwhile, the camp routinely orders dozens of unneeded items.

The decrepitude of what Guard officials call a "State of the Art Readiness Center for Deploying Soldiers," say service members who know the camp well, stems from decades of deferred maintenance and neglect. Other state facilities – including nearby Camp San Luis Obispo, which boasts a well-appointed officers club and picturesque chapel with gazebo – have been updated and expanded.

"It's a travesty – their lack of care for soldiers," said retired Col. William Hatch, who commanded Camp Roberts from 2003 to 2004. "If we are sending them to war, we owe them the best training facilities. We owe that to the soldiers, their families and the citizens of the state of California."

Deterioration and waste

Camp Roberts' namesake is Cpl. Harold W. Roberts, a tank driver in World War I who won a Congressional Medal of Honor for valor. The camp opened in 1941. A now-shabby parade ground at its heart reflects early pride – at 1,400 yards long, it's the largest in the nation, according to the camp's official history.

Camp Roberts is by far the largest of the California Guard's three major training camps. On average more than 1,100 soldiers train here per day. Counting salaries for 560 full-time employees, modernization and federal stimulus funds, camp officials project its annual economic footprint at \$58 million.

The Guard licensed Camp Roberts in 1971 from the U.S. Army as a training site for marksmanship, tank maneuvers and other battle skills. In recent years, it has upgraded firing ranges and utilities; cleaned sewer lines; replaced roofs, siding and windows on some barracks; and enhanced a fitness room and a recreation center. Federal stimulus funds paid for \$14 million of the improvements.

Yet during a recent tour of the camp, signs of overall dilapidation were evident.

A storm had reduced terrain around some barracks to mud. Inside some buildings, linoleum floors were torn up, many walls battered and stained. Splintering handrails led upstairs, bare bulbs lighting the way. Some showers were rusted and filthy, some windows boarded up.

The camp swimming pool has been defunct for years. In a gymnasium "fight house" used to teach soldiers hand-to-hand combat, aged floor mats no longer align – a serious safety hazard.

Some employees line office doorways with sticky mousetraps in a vain effort to keep out mice.

In a recently prepared slide presentation, the camp's commander, Col. Barbara A. Nuismer, called the antiquated electrical distribution system unreliable and in some cases unsafe. She noted that some buildings lack interior wiring or fire alarms.

"Admittedly, Camp Roberts is in need of significant improvements, and our leadership will not rest until they are realized," Guard officials said in a written statement.

They called barrack upgrades a top priority, for which they were seeking \$75 million in federal funds. Even so, they said all barracks have smoke alarms and fire extinguishers, and troops housed in them patrol throughout the night, partly to watch for fires. They discounted suggestions that the camp is "overrun by mice" or "saturated by 'raw sewage.' "

Nearby, the camp ghost town features 658 long-condemned structures with collapsing walls and shattered windows that gaze blankly at passing jeeps. Signs warn of toxic contamination, such as lead, asbestos and hantavirus, an often deadly rodent-borne disease. A decaying building marked "NBC" – nuclear, biological chemical defense – and a sagging chapel serve as grim sentinels of a bygone training metropolis of the first rank.

Guard officials want to tear down the old buildings and fix two condemned bridges, they said, but lack the funds for those jobs and many others.

They said camp maintenance had been ignored by the federal government before the Guard took over. The problems are a legacy of early federal management, they said, and 40 years of Guard stewardship has not been sufficient to remedy them.

"Funding we receive has only allowed for a portion of what is needed to properly maintain the site," Guard officials wrote, "let alone bring it back from disrepair."

But a June 2010 inspection report obtained by The Bee suggests that some of the shabbiness stems from a breakdown in storing and tracking millions of dollars of supplies and tools in a row of 70-year-old, rundown warehouses where appliances and office furniture rust outside on loading docks.

The report says accounting for much of the property was impossible, in part because more than half of all contents, valued at millions of dollars, were not logged. Sorely needed building materials, worth an estimated half-million dollars, had aged past their usable life span. Sheetrock and wood doors rotted outside, according to the report, and vehicles damaged in accidents were left untouched for up to a year.

Another camp report says only one warehouse worker was employed to maintain the camp's entire inventory in buildings with jumbled shelves and leaky roofs. Even four full-time workers, the report indicated, would need more than 18 months to put the warehouses right.

Meanwhile, Camp Roberts purchased dozens of unused weed trimmers and 31 sets of 100 drill bits, the inspector indicated, "even though they have hundreds of spare bits on hand."

"If the people of the state of California knew how their tax money is being spent but then not used," the inspector wrote, "there would be an uproar."

Officials responded that the warehouse problems were overstated, and "limited manning and funding has forced us to be selective in which ills we would remedy first, but we have been neither inactive nor neglectful in that effort."

Follow the money

Camp Roberts' lowly status in the eyes of Guard leaders seemed clear in December 2003, Hatch said, when a powerful earthquake damaged camp structures, including a large warehouse and an ammunition bunker. The former commander now directs a training center for the state Emergency Management Agency.

His staff at Camp Roberts estimated \$17 million in repairs were needed. The Army Corps of Engineers conducted its own assessment and confirmed only \$4 million in damage, Hatch said.

He didn't fault those figures, he said, because "it was really hard, due to the state of degradation of Camp Roberts, to see what was really caused by the earthquake."

But the \$4 million never trickled down to Camp Roberts during Hatch's tenure. After he left in 2004, he said, he asked the new commander, Col. John Smith, whether the money had ever arrived. It hadn't.

Guard officials said \$4.7 million for quake repair was received in fiscal 2005, of which \$2 million went to Camp Roberts to fix a theater, a propane leak and sewer lines, among other problems. The rest went to Camp San Luis Obispo and other facilities.

A former director of operations at Camp Roberts, retired Lt. Col. Russell A. Smith (no relation to John Smith), attributed the camp's condition to larger, routine diversions of funds. Last week he told the California Senate Veterans Affairs Committee that, since 1989, \$550 million has been taken from funds designated for Camp Roberts to pay salaries to top Guard officers and for improvements at Camp San Luis Obispo and another base.

Guard officials called Smith's figures "egregiously inaccurate," because they exceeded the overall federal allocation for all facility improvements, and because such funds are not earmarked by facility.

This year, Camp Roberts will get nearly \$5 million from a \$12 million allotment.

The California Bureau of State Audits in recent years has issued three reports about possible diversions of funds, without directly addressing Camp Roberts. Some federal money – which comprises the vast majority of the Guard's roughly \$1 billion annual budget – might have been shifted improperly to pay employees who did not work on funded projects. Since at least 2007, auditors wrote, the Guard had not properly tracked spending for operations and maintenance, violating federal law.

Auditors repeatedly warned the Guard that it "lacked internal controls" to detect improper payments for work unrelated to the goals of the funding. The Guard promised to fix the problem by last August but has still not done so. Officials called the issue a "microaccounting" recommendation, rather than "an example of misappropriation of funds or unethical practice."

Somehow, other states have been able to improve their training sites despite similar challenges, Hatch said, adding that neglect and mismanagement have caused Camp Roberts to fall far behind. Hatch said he protested the conditions but was rebuffed without explanation.

" 'We don't have to tell you what we're doing,' " Hatch said headquarters told him when he was commander. " 'We don't have to be accountable to you.' " "

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Contact The Bee's Charles Piller (916) 321-1113.

Mr. CULBERSON. Without objection, so ordered.

Mr. FARR. And I know that the secretary is going to take care of this when she is out there on Friday.

Ms. HAMMACK. I won't say I will be able to take care of everything, but Camp Roberts is scheduled for a \$32 million utility infrastructure upgrade project. This is a training that is used regularly by the National Guard, primarily in May through August, with a group staying there from 2 to 4 weeks for training.

These are not permanent party barracks, and so we do not build them for permanent occupation. They are built as a camp. We did pull some data and take a look at the investment in sustainment, and there was about, historically, anywhere between \$5 million and \$8 million a year that is spent at the camp to work on those facilities.

In 2010 they received 8.6 million in sustainment account. They received 2.5 in MILCON and another 2.8 million. So there has been an investment just in the last 8 years of 43 million in sustainment, 10 million in MILCON, and 23 million in other—

Mr. FARR. And I am sure when you visit, as I have many times, you will ask where did that money go. I mean, one of the things they are—in the middle of the space, which is a former Army base given to the National Guard, next door to one of the Army's largest training bases, which is now under the command of the Army Reserve. Between these two bases you have got over 200,000 acres of, you know, remarkable training space.

In the middle of Camp Roberts is SATCOM, you know, the intell, everything else communications, a big, huge valley of satellites and everything. Camp Roberts does provide all the base ops for the SATCOM, and I don't think that they ever get any credit for that.

I mean, that is the problem, if you are going to eat a meal for all the workers at SATCOM or you are going to do anything, because SATCOM is just a circle out in the middle of nowhere. You drive there, and then you have to—everything else has to be done on Camp Roberts.

And I hope that you can start getting a kind of relationship between SATCOM and their ability to provide some of the support services for the base. And then we can talk more about that on Friday.

FORT ORD

Let me just—another question I have is when you were in my office—

You know, we have this crazy thing, Mr. Chairman. I think I brought it up. We have excess military property given when the BRAC closed Fort Ord, the largest training base in the United States ever to be closed. Twenty-five thousand people got up and left, just left a whole city.

And we are trying to build a veterans clinic on that land, and we have got this crazy OMB scoring that says you can't. And it is federal land. They have a federal building on it used jointly by DOD, active-duty DOD and veterans. And because of the way, its screwed up scoring, they won't allow us to go to bid on this thing.

And we talked about that. And you said you had a chance to go over and talk to OMB. What came out of that?

Ms. HAMMACK. I am going over to OMB at 4:15 today, sir.

Mr. FARR. Well, I hope I can tell you—say that you can say that the whole committee here was interested in resolving this question, because what applies to me applies to anybody. It is a circumstantial issue. It applies to everybody here. And it is just unfathomable that we can't use DOD land for DOD and veterans purposes. So you are aware of the issues, and I appreciate that.

Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Farr.

The article which Sam provided may point out here that the internal Guard reports obtained by the newspaper officials don't know what they have or don't have or what is missing. Meanwhile, the camp routinely orders dozens of unneeded items.

It is astonishing. You said there is about \$48 million been invested in this camp, and it does sound appalling. Whether a man or woman in uniform is there for a week, a month or a couple of years, they ought to be provided with adequate, certainly, you know, the best possible living conditions. This sounds appalling. It is really worth your attention.

And before I go to Mr. Moran, I want to say that he has my full support in his problem that he has got in Northern Virginia.

If I may, if you would permit me, Mr. Moran, to intrude on your time a little bit—Madam Secretary, you have got the discretion, the authority to help solve this problem. I would like to ask if you would, please, on your own, just issue an order that there will be no more than 1,000 parking spaces provided for that facility that Mr. Moran is having a problem with, please, so we don't have to do it. Otherwise, we will do it. Please.

MARK CENTER BRAC 133

Ms. HAMMACK. The Army is constructing a DOD facility that meets the parking spaces for those who will be stationed there. And so currently we are building less and have built less than the allowed amount by code. But we are intending to utilize approximately 3,500 parking spots.

Mr. CULBERSON. Well, we don't want to—we would rather you all do it on your own initiative, but he has my full support and I know the support of this committee in helping to solve a bad problem created by BRAC. So I would like to ask you, please, would you issue an order limiting the number of parking spaces and then use buses to take people in and out of there, so we don't have to do it?

Ms. HAMMACK. I can say that I would discuss it with my OSD counterpart.

Mr. CULBERSON. I will recognize Mr. Moran and acknowledge that he has indeed the full support of the Chairman and this committee in helping you solve your problem, as would any member in their district with a local issue like this.

Mr. MORAN. Thank you, Mr. Chairman.

You think that is funny, Ms. Hammack? Big smile when the chairman asked you that.

The National Academy of Sciences just issued a report that concluded that the relocation of 6,400 Department of Defense personnel under BRAC to that Mark Center in Alexandria would likely subject the 200,000 commuters that have to drive by that inter-

section to substantial new delays of an hour or more, compromise the Washington headquarters military mission, and decrease the economic competitiveness of local businesses, not to mention the quality of life of everyone who lives in the area.

That is not funny. What is your response?

Ms. HAMMACK. Currently, the Department of Defense has come up with some proposals for improvements and is looking to fund it with some of the prior year savings from the BRAC 2005 account. This does require a reprogramming action, and it is something that I think you will see a request coming through soon to mitigate some of the challenges that might occur in that area.

Mr. MORAN. When are the people moving in?

Ms. HAMMACK. Right now the building will be ready for occupancy August 9th, and that is when the first people will start moving in.

Mr. MORAN. Of this year.

Ms. HAMMACK. Yes, sir.

Mr. MORAN. And when will all 6,400 have been moved in?

Ms. HAMMACK. I do not have the schedule in front of me, but that is something we can get back to you on.

[The information follows:]

The OSD agencies occupying the facility are submitting that the data to the Washington Headquarters Services (WHS). WHS is managing the move into the Mark Center for the Department of Defense and has not finalized the schedule.

Mr. MORAN. No. You don't have any idea when they are going to be there?

Ms. HAMMACK. The OSD, the Office of the Secretary of Defense, is putting together that schedule, and I do not have it here with me.

Mr. MORAN. Will you have more than half of them moved in by the end of the year?

Ms. HAMMACK. The intent right now is to meet the BRAC deadline of September 15th, 2011. And there is work to meet that deadline. I do not know whether that means if all 6,000 will be moved in by September 15th or not.

ROAD IMPROVEMENTS STUDIES—BRAC PROJECT 133

Mr. MORAN. Bearing in mind that this is a decision that was made in 2005, 6 years ago, if you ask for this reprogramming, when will the money be made available? When will the road improvements be accomplished? And when as a result will the traffic congestion be mitigated?

Ms. HAMMACK. The schedule is entirely up to when we receive the funds and when the reprogramming effort goes forward. We are working with the Office of the Secretary of Defense on that. We hope that will come forward for authorization within the next 30 days.

Mr. MORAN. Let me get this right. So you have got 6,400 people moving into a building in September as a result of a decision that was made 6 years ago, and you haven't yet asked for reprogramming for the funds to start to address the delay that the National Academy of Sciences concluded is going to happen within a few months. That is what you are telling me.

Ms. HAMMACK. Previous transportation studies showed that the mitigation efforts that were part of the BRAC program, the 12 million I talked about earlier, would be sufficient to address any transportation challenges. It is in more recent studies that it has highlighted an additional need, and we are working to fund that.

Mr. MORAN. Do you agree with the Corps of Engineers' assessment that the intersections surrounding that Mark Center will experience failing levels of service as soon as you occupy that building?

Ms. HAMMACK. I am aware that several have been rated that, yes.

Mr. MORAN. That is not what I asked. Do you agree with that? You are saying you are aware of the study. Do you agree that that is the case that you are going to have failing levels of service?

Ms. HAMMACK. I do not know that we will have failing levels of service.

Mr. MORAN. Well, then what—

Ms. HAMMACK. I am aware of the study that if everyone came in at exactly the same time, those intersections could have failing levels of service.

Mr. MORAN. What are you doing about it? I mean, you know, you have been asked earlier about the defense access roads. Now, these are decisions that were made in 2005, 6 years ago. And you have used terms like, "well, we need better communication," "we are evaluating whether changes need to be made," "we need more discussion," "we will get back to you with more detail." I am writing down your response.

It is 6 years later. It is the 11th hour. Within months you have got more than 6,000 moving into a building. You transferred more than 20,000 people out of office space that was next to a metro station, and now you are telling us, "Well, we are getting around to asking for a reprogramming" to get money to start making the changes, which can't possibly happen until these people are moved in, can they?

TRANSPORTATION MANAGEMENT PLAN

Ms. HAMMACK. We have a transportation management plan that will address the mass commuting expectations for that facility. Some of it will be transportation—

Mr. MORAN. Let me get this right. You have got a transportation management plan that will address—

Ms. HAMMACK. The expectation that a significant amount of people—

Mr. MORAN. That will address the expectations.

Ms. HAMMACK. Currently, a high percentage, approximately 40 percent of those people who work at the Pentagon, use mass transportation. It is much higher than national averages.

Mr. MORAN. And, Mr. Chairman, let me point out that is because they are in office space next to a Metro station. That is why they use public transit. They are all being taken away from those offices, away from those Metro stations, being put in a building that doesn't have access to Metro.

Have you factored that in?

Ms. HAMMACK. Yes, we have. And it has a transportation center for buses. We will have shuttle services from Metro stations. We will have shuttle services from the Pentagon. We anticipate quite a few people will come into the Pentagon Metro station and take a shuttle bus, which goes against traffic, to get to the Mark Center.

Mr. MORAN. You could have quite a few people, but you are talking about thousands. You are still planning on occupying 3,800 parking spaces in an area that at maximum can't absorb 1,000 more vehicles, if they are spread out over a 3-hour period.

But you are here telling us this is what you are doing.

Ms. HAMMACK. Yes, sir.

Mr. MORAN. As far as I am concerned, you are whistling on the sidelines, watching a crash about to happen. And then you are going to tell us, "Well, we are evaluating it. We need more discussion." That is not the way the military should be operating.

Ms. HAMMACK. We are currently responding to a VDOT study that was completed in December 2010, which identified an increased need, which did meet the DAR criteria, which generated the request for increased funding that is currently being programmed to address some of the transportation issues.

The previous studies did not show the same level of congestion as anticipated in the most recent study.

Mr. MORAN. And that is because you did a study in concert with the developer that you kept proprietary and didn't share with the state Department of Transportation or with the city. When it was shared, and they saw the assumptions that you were working on, they realized they were faulty. It was a deficient study.

For example, they assumed that even though 90 percent of the Washington headquarters service go to work on any given day, only 75 percent are going to show up. That was an assumption in the study.

You were shown that the sequence of lights is not the way it is now. They say 30 seconds here. You assumed a study with a different sequence of lights. You assumed turning lanes that in reality can't function in the way that you have suggested turning against solid green light of traffic going east.

The state determined and the city determined the assumptions that were used were false, because you had a conclusion that the—it wasn't you yourself—but that the Army wanted. And so they came up with what was a phony transportation plan.

And finally, when we got hold of it, we could see the deficiencies in it. And now you are relying upon that as the basis for your decision-making. And I know that you are upset now that I am upset, because this is not the way we generally treat people. But we have got a disaster about to happen.

And as far as I am concerned, you couldn't care less. You are not doing anything about it. We haven't even gotten the reprogramming letter. And in a few months we are going to have chaos there.

And when the Chairman of the Appropriations Committee and the Chairman of the Defense Appropriations Subcommittee, who have to travel from the south of the Beltway to get into Washington, are stuck in an hour of delay, they are going to look around, and how could this possibly have happened?

And this is how it happens. Nothing was done until the 11th hour, and then you start thinking about it and suggest we need discussions. Maybe we need new legislation to figure out a way for Defense Access Roads money. But the reality is even if we get that money and you start construction, the construction is going to exacerbate the problem.

In my office you talked about that people—well, some people get up at 3 o'clock in the morning to get to work. What kind of impact does that have on their families when they have to go to bed at 8 o'clock? They can't spend any time with their kids, because they have got to get up at 3 o'clock to get into the Pentagon by 5 or 6 o'clock?

It is wrong.

All right. Do the short and midterm improvements that you are suggesting at some point are going to be made—does it satisfy the Defense Access Road criteria?

Ms. HAMMACK. Yes, they do.

Mr. MORAN. They do. So when will the short and midterm transportation improvements be completed?

Ms. HAMMACK. It depends upon when we get the authorization to proceed on the reprogramming issue.

Mr. MORAN. And when might you get that? What is that dependent upon? What is the first thing it is dependent upon?

Ms. HAMMACK. It is with OSD right now, and it is working its way through their system. I do not know what the timeline.

Mr. MORAN. So it is dependent upon the Department of Defense asking for it in the first place, which they haven't even asked for, have they?

Ms. HAMMACK. I believe that they are working their way through the system and the process that we are—

Mr. MORAN. Working their way through the system. This is 6 years—6 years in the making. It is about to happen. And now they are working their way through the system.

Ms. HAMMACK. Absolutely. Following the rules given to us by Congress to request a reprogramming issue.

Mr. MORAN. But it has been 6 years. Chaos is about to break loose. And DOD is still basically sitting on this reprogramming request.

Ms. HAMMACK. Considering the VDOT study was December 2010, the analysis came through, we put in the request. I will agree it is now April. I think that is something that will work its way through in the short term. I can't commit on dates, because it is not up to me. It is up to the Office of the Secretary of Defense.

Mr. MORAN. So you are implying it is VDOT's fault—

Ms. HAMMACK. Not at all.

Mr. MORAN [continuing]. That you just got the VDOT analysis. But the VDOT analysis is based upon the reality of what you are planning on doing. I don't know why it had to be up to VDOT to finally point out the fallacy of the plan you are working with.

Ms. HAMMACK. Our initial studies were based upon 2007 and 2008 data. And as time has progressed, as we have seen throughout the whole D.C. metro area, traffic has increased. The population has increased. The situation has changed, and we are responding in accordance to a changed situation.

Mr. MORAN. Well, I mean, that is what your staff may have told you, and I suppose they are content with that, because it is not going to affect them directly. But the reality is that it is not because of increased economic activity or developments that we have this problem. VDOT concluded that the transportation study you did several years ago was deficient. The analysis they did then was wrong.

What is the general suggesting?

General BOOZER. Congressman, what I was going to add to this is—and I know there are issues here that we are trying to work through.

Mr. MORAN. Oh, there are issues, General.

General BOOZER. Yes, Congressman. When the Mark Center was permitted, it was planned for an even greater density than the studies indicate. We are going to have a much lesser density than even what was permitted when we did the Mark Center.

These seven short-to-midterm fixes that we are trying to do, that the Secretary has mentioned with the reprogramming action, are going to get after the northbound I-395 on and off ramps, the Seminary Road issues that I know you are all familiar with, the Beauregard Street entries and exits. It is going to create a pedestrian bridge. Those are fairly easy fixes, once we get the funds and can move out as far as constructing.

Mr. MORAN. But, General, you haven't even asked us for the funds.

You know, Mr. Chairman, you may have detected a certain note of frustration. But I think that any of you would be experiencing a similar frustration. Two hundred thousand people is a lot of people that depend upon 395. Every one of them is going to be delayed for an interminable period of time.

Every street in that vicinity is going to go into lockdown because once people see the delay that will extend from the mixing bowl in Springfield down to Seminary Road, they are going to get off on other streets—Seminary, Beauregard, Duke Street, Van Dorn, you name it. So the place is going to become a parking lot, and it will extend for 2, maybe 3 hours.

Some of the assumptions that were made were clearly faulty. I mean, it was a rigged study—the changing the light sequence, assuming a much smaller number of people are actually going to show up to work on a given day, whatever. I can tell you about some of the other assumptions that were faulty.

One of them was the shuttles that will come from Metro stations. I went to one of the Metro stations. They assumed approximately a 20-minute shuttle. We just went on a regular morning, and it took more than 50 minutes. We sat there on the bus. We did exactly what every bus is going to do. And it was over 50 minutes.

Which means that your employees, that you have some responsibility for, are going to have to get up in the morning, drive to a parking lot, somehow get to that Metro station, then get on the bus, because Metro doesn't go to the site we are talking about. Sit on the bus. Same thing going home.

It just seems to me that the Defense Department should be a little more concerned about the number of people who are going to spend hours in their daily commute. And yet what we get, and

what I have been getting for years now, really, is this, "well, we will study it," "you know, VDOT didn't do the job," "well, we could have done more," "well, it is the city's fault," or it is somebody else's fault.

And now we are right here, 2011. They are all going to move. Nothing has changed. All 3,800 parking spaces are going to be filled. All 6,400 people are going to move there. It is being called Fort Belvoir, which it is not.

The one place you could have taken an exit ramp and emptied it out, you put a remote inspection facility for an office building. And these folks work in office buildings. They didn't have any remote inspection facility. You already got one at Fort Belvoir.

But all of these things have just been allowed to happen. That is very disappointing. And I know after this hearing you are all going to commiserate. "Oh, was he mean to me and rough and unjustified. It is not my fault. It is not your fault. It is not your fault. It is nobody's fault."

But it is going to be all our fault when this happens. We should be able to do something better than say, "I told you so." I am really disgusted at what has been allowed to happen. And now there is an inevitability to it. We can't even get language in the continuing resolution.

Mr. Chairman, I am at my wit's end on this. I guess it is fairly obvious. I am extremely disappointed with the people and decision-making capacities, because nobody stepped up. It is somebody else's fault.

Mr. BISHOP. Will the gentleman yield?

Mr. MORAN. Yes.

Mr. BISHOP. I distinctly remember when we were going through this process, both on the Defense Subcommittee and the MILCON Subcommittee back in 2004, 2005, when we were anticipating the cost of the war, the FYDP and of the modernization of the forces.

We were anticipating all of that, and we were questioning the Secretary of Defense specifically about what those additional costs would be and asking for justification of force studies that would illustrate what those costs would be. And we were assured that the costs would be minimal and that we did not need to make plans for any additional resources for the kinds of things that you are describing.

And, of course, the studies that were done at that time apparently came back with the assumptions that were made by the leadership at that time. And, of course, we predicted then that it was insufficient, and we were trying to get more accurate accounting, which we never were really able to do.

Now we find ourselves at the appointed hour, faced with the situation that we expected, that we were afraid would occur. And so I share your frustration, Mr. Moran, and I would hope that this administration at this point in time would look forward to how we can fix the problem.

Get us the information that we need. Whatever it is that you need, if you have got to do a report, send us a letter, but let us get it done.

I yield, Mr. Chair.

Mr. MORAN. Well, thank you, Mr. Bishop.

The fact is that the savings estimates were hyperinflated. The costs were deflated. If you look at the numbers now, the savings from BRAC are almost immaterial, and the trend is that it may actually cost us more money in the final analysis.

But, you know, we were told also, you will recall, the Iraq war, Mr. Wolfowitz was up here saying it is not going to cost us a dime. We are going to make it all up in oil and, yes, yes, and a trillion dollars later, yes.

Well, the last thing I said was it is somebody else's fault. That is what is going to be said by everybody. The reality is it is my fault, it is your fault, it is all our fault for not doing something about that.

I don't have anything further to say, Mr. Chairman.

Mr. CULBERSON. In this job, whenever you encounter a problem, I think it is incumbent on all of us to do the right thing for the right reasons. And the right thing in this case is to—you have the authority, you have got the discretion with the stroke of a pen to adopt the very reasonable solution that Mr. Moran has come up with.

You know, BRAC is what it is, and I want to sit down with all of you all. We are going to talk about a BRAC hearing, and let us design that very carefully and get the right folks down here as witnesses, because obviously there are some serious flaws with the BRAC process.

Any BRAC decision that would allow a catastrophe like this to go forward is obviously flawed, and we are going to have a whole hearing on this.

But, Madam Secretary, seriously, you are working on so many important things. Your responsibilities are so vital to the safety, the security, the happiness, the health of our men and women in uniform, and the scope of your responsibilities are immense. And this committee is committed to help ensure the health, safety and security of our men and women in uniform.

Do the right thing here. You are creating a huge problem. You have got a big problem with me, if you don't solve this for Mr. Moran. You have got a problem with the whole committee, because it is the right thing to do.

Transportation is another thing that is near and dear to my heart. I worked hard on it in the state legislature. My first promise to my district when I got elected was to rebuild the Katy Freeway, I-10, which you all are not familiar with, but it was an eight-lane freeway, an old interstate freeway in Houston that is the main street for West Houston that had not been rebuilt since 1969.

And when I got elected, it was eight lanes wide. We had traffic jams for hours. And I hated that freeway. Everybody hated it. And I promised to find a way to get it built in record time.

And the only way we can give people back their time is by improving transportation. And it is really one of our most precious assets. My daughter is now 14. Sam has taken great pictures of her that I will always treasure, and I, you know, bring her down here every chance I get. She is, as all our kids are our most important thing we do in life.

The only way we can give people more time with their kids is by improving transportation. And the right thing to do here is to help

Mr. Moran and adopt the very sensible solution he has proposed is to limit—with the stroke of a pen today, you can limit the number of parking spaces at that facility to a thousand. It is the right thing to do.

And in a tough situation that is going to require—all this other stuff you are talking about is going to take years to figure all that out. Building ramps, transportation improvements—that is going to take years. But you could with the stroke of a pen—you have got the authority to do so—would you please do so? Please avoid other problems in other areas.

I am brand-new to this job. You are brand-new to the job. You haven't even been here a year yet, and you walked into this hornet's nest. But you could solve it. Just do the right thing. Just listen to your heart. Would you please do the right thing for the right reasons and adopt Mr. Moran's solution to limit the parking spaces to a thousand?

I assure you I am going to find a way to do it. And you are going to cause all kinds of other problems in other areas that you don't need. Please?

Ms. HAMMACK. I think one of the things—one of the things that this committee needs to address and we all need to address is where does the military's responsibility end. And the guidance that we have been given is the DAR criteria, the defense access roads. That limits our responsibility to a certain boundary beyond the fence line.

Mr. CULBERSON. Yes, ma'am. I understand that. But here Mr. Moran has found a solution that you can do within your own authority to limit the number of parking spaces within the footprint of the facility. And that can be done right now.

You have got so much that you are responsible for. There is no need—and clearly, he has laid it out, and I understand his passion. There is nothing that will aggravate people more than being stuck in traffic. That is time lost with our sons and our daughters that you never get back. Every minute I miss with that child, I will—you never get it back.

And the right thing to do here is to adopt the solution. Don't make us impose it, because I will. We are going to find a way to do this to help him.

And they are coming in September, Jim. I didn't realize that. You got everybody showing up in September.

Mr. MORAN. Yes. Yes.

Mr. CULBERSON. Sam, did you have any other questions? I am happy to defer to you, my friend, if you want to do some follow up before you leave.

Mr. FARR. I have one question. It might be a happy question.

Mr. CULBERSON. Yes, let us have a happy question.

NET ZERO ENERGY

Mr. FARR. If you could define for the committee what the net zero base—what does that mean?

Ms. HAMMACK. Net zero means that we don't consume more energy on the base in a year than we are able to produce, so that we reduce our impact on the transmission and distribution infrastruc-

ture in the United States and we also improve our ability to respond to a national disaster, which could be grid failures.

Mr. FARR. And you are going to do that at Fort Hunter Liggett, and I would love to see the committee come out and see this. It is really a remarkable place. And if you do that at Fort Hunter Liggett, then we could do that at Camp Roberts right next door, and we could do it at other bases all over the country, couldn't?

Ms. HAMMACK. We are starting up the program, announcing those candidates April 19th, and we look forward to working with them and publicizing their efforts as they work toward net zero.

Mr. MORAN. And that net zero transportation would be really cool.

Mr. CULBERSON. A little net zero transportation, Mr. Moran, that would be good.

Please solve this.

Ms. HAMMACK. I want you to be aware that the Army is constructing the building. We are not occupying the building. It is the OSD that is occupying the building, the Office of the Secretary of Defense.

Mr. CULBERSON. You have the authority within your—it is within your discretion and within your authority to sign an order and adopt the solution Mr. Moran has proposed.

Ms. HAMMACK. I do not know that it is, but it is something I would discuss with others in the Department of Defense.

Mr. CULBERSON. And you need to do it soon, quickly.

Mr. BISHOP. She says she doesn't know if she has the authority. She doesn't know if the department has the authority.

Is that what you are saying?

Ms. HAMMACK. We are constructing the building. We are not the tenants of the building. The Army is not tenanting at all in that building.

Mr. CULBERSON. So who would have the authority to issue an order limiting the number of parking spaces, as Mr. Moran suggests?

Ms. HAMMACK. We will discuss it, but I believe that the Office of the Secretary of Defense.

Mr. CULBERSON. Would you make that request and make it urgent, because we really need this?

Mr. BISHOP. That is your boss?

Ms. HAMMACK. Well, Secretary Gates and company, yes, sir.

Mr. CULBERSON. Okay. Thank you.

Let me also—let me ask about—

We are going to stay after this, Jim. They are going to need to get this solved, because this is happening right away, and it is critical.

TEMPORARY END STRENGTH INCREASE

Let me ask about the temporary end strength increase that Secretary Gates announced in July of 2009—I want to say last year; it is already 2011—of a temporary 22,000 soldier increase in active-duty Army on top of the 65,000 soldier permanent increase.

Of these soldiers, 7,000 were integrated in 2010. If you could, talk to us a little bit about the status of the integration of the remaining soldiers. And since this is a temporary increase, when is

the Army planning to return to the congressionally approved active component end strength of 547,400?

General BOOZER. Yes, sir. You know, when Congressman Bishop was asking about the 27K, we did not speak to the 22,000 that was the temporary increase to our end strength. The Army will come down off of that 22,000 by 2013. So we will be back at 547,000 in 2013, sir.

Mr. CULBERSON. What are the current National Guard and Army Reserve end strength numbers?

General BOOZER. Sir, I don't have those available to me, but I can get those to you.

[The information follows:]

As of 6 April 2011, the National Guard end strength is 362,181 Soldiers and the Army Reserve end strength is 205,522 Soldiers.

Mr. CULBERSON. Sure, that is fine.

The increase was designed to meet a temporary challenge, which will peak in the coming year and abate over the course of the next 3 years. Are you confident this challenge will abate by the end? Is it possible that this temporary increase will become permanent?

General BOOZER. I am fairly confident, sir, that the 22K temporary is only temporary.

BOOTS ON THE GROUND AND DWELL TIME

Mr. CULBERSON. Very good, sir.

And finally, and I will yield to Mr. Bishop, your statement suggests the optimal state of the Army would be sustainable boots on the ground dwell ratio of 1:3 for the active and 1:5 reserve component. This would provide the strategic flexibility that you indicate is unavailable, given the current end strength and demands on the force.

Assuming your end strength remains the same, the Iraq draw down proceeds as planned, and troop demands for Afghanistan do not increase, when would you be able to reach the optimal state for the Army? And how would this equation change, if the 22,000 soldier temporary increase—sounds like that is going to be temporary—when would you be able to reach the optimal state for the Army?

General BOOZER. Well, sir, we believe we are going to be able to get to that 1:2 BOG:Dwell by 2012, by 2012. Now, that is a macro statement, because inside our Army we have got units like aviation units that are going to take a little while longer to get to that 1:2 dwell. Our aviation units right now are still on a 1:1, like our Combat Aviation Brigades.

I have a son serving in one of those brigades, and he has done 12 months in Afghanistan. He will be home at Fort Hunter in Savannah, Georgia, for 12 months, and we would suspect to see him back because of a low density, high requirement type of unit.

So some of those units will take a little bit longer to get to the 1:2 and then expand that to a 1:3.

Mr. CULBERSON. Very good, sir. Thank you. We will submit other questions for the record.

And let me ask Mr. Bishop if he has any other questions.

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

General Boozer, in fiscal year 2011 there is \$18 million included for a Warrior Transition Unit at Fort Eustis. Will that project still be able to be executed when the fiscal year 2011 funding is resolved, when that issue is resolved?

I have been out to the Warrior Transition Unit at Walter Reed. I think it is an excellent unit, and we have got, of course, units all over. But I really would like to know what the status is. Do we have enough of the WTUs to meet the Army's needs?

And when you started standing these units up, I have to assume that you started at bases that had high operations tempo. But tell me how did you decide—what factors went into deciding where you would put the facilities? And how many of our members—well, explain to the subcommittee exactly what the value of these facilities are, the Warrior Transition Units.

General BOOZER. Yes, sir. Of course, the Fort Eustis—sorry—the Fort Eustis WTU, I don't see it on our list right now as one being in jeopardy. But Fort Eustis WTU, as I recall, is our last WTU.

Mr. BISHOP. Yes, it was deleted from the fiscal year 2010.

General BOOZER. It is in 2011. Yes, sir. I am sorry.

Mr. BISHOP. Yes.

General BOOZER. It is in 2011. And so I don't know where we are with the award process for that particular project. But it is right now the Army's final WTU facility with the exception of one, potentially, overseas—

Mr. BISHOP. Okay. That is—

General BOOZER [continuing]. When we build the new Landstuhl replacement hospital.

Mr. BISHOP. Okay. What is the status of that one?

General BOOZER. That one is yet to be programmed.

Mr. BISHOP. Wouldn't you think that that one would be a priority, since that is the primary stopover from individuals coming back from theater in Iraq and Afghanistan?

General BOOZER. Yes, sir. It absolutely will be. But we will—

Mr. BISHOP. That should have been one of the earlier ones, wouldn't you think?

General BOOZER. Well, I guess in hindsight it should have maybe have been one of the early ones, but now we are going to build a new hospital. We have got to get the siting right for where the new hospital is. We want to make sure it is in close proximity to that new hospital, and so that is why we delayed the programming of that last WTU.

Mr. BISHOP. Okay. That makes sense.

Thank you, Mr. Chairman. That is all I have.

Mr. CULBERSON. Mr. Bishop, thank you.

I want to thank you all so very much for your testimony. I truly am looking forward to working with you. We are both brand-new to this job, and I am looking forward to do anything we can to support you, but please, please solve Mr. Moran's problem.

Thank you very much. Thank you.

[Questions for the Record submitted by Congressman Young for the Honorable Katherine Hammack and MG James Boozer follows:]

Saint Petersburg Airport

Question 1. The 1st of the 159th Army Reserve Aviation Battalion recently moved an additional company to Saint Petersburg Airport and alerted them out of cycle that they will be deploying this October. I am thankful that the Army Reserve has leased two hangers in order to facilitate training at the Airport prior to their deployment, but that is a short term solution. Has the Army Reserve looked at prioritizing the expansion of the facilities to provide adequate training and maintenance space prior to the unit's return in 2012?

Answer. The Army Reserve did look at prioritizing the expansion of the facilities at Clearwater Airport prior to the unit's return in 2012; however site constraints at the Clearwater Airport did not permit the Army Reserve to program permanent facilities in the Fiscal Year 2012 budget request. The Army Reserve, working with the United States Army Corps of Engineers, will perform an Available Site Investigation with the intent of finding a suitable site for the additional MEDEVAC Company. The current plan has the Army Reserve requesting funds for a permanent facility in two phases starting in Fiscal Year 2014.

Virtual and Mechanical Training

Question 2. Our equipment has changed significantly since 2001. Much of the equipment we have today to combat our complex enemy is highly technical and limited to the warfighters in theater. In order to address this issue, virtual and mechanical training simulators have been provided to our men and women. Currently, there are 7 fixed site and 13 mobile common drivers' trainers that provide virtual training capabilities for MRAP variants. Do you believe there is a shortfall in virtual and mechanical training complexes in garrison, specifically to train soldiers on high tech equipment or machines (i.e. MRAPs)?

Answer. The Army has, and is, fielding a variety of Live, Virtual, Constructive, and Gaming Training Aids, Devices, Simulators and Simulations (TADSS) to support its units in the Continental United States, Hawaii, Alaska, Korea, Japan, Europe, and in the Southwest Asia Theater of Operations. These TADSS support the needs of Soldiers, commanders and units. The Army believes TADSS provide what is referred to in the question as virtual and mechanical training. With regard to common driver trainers for the Mine Resistant Ambush Protected (MRAP) vehicles, the 7 fixed and 13 mobile common driver trainers cited in the question are adequate to meet the needs of the Army. The Army's intent, when fielding TADSS, is to field a complete system of systems, to include the TADSS, themselves, an appropriate facility, staff to operate and maintain the device, and other necessary installation level support, such as maintenance. Together, these capabilities are known as the Army Training Support System (TSS). The Army's overall posture with regard to fielded TADSS and TSS capabilities is good. We do not believe there is a shortfall, but additional TADSS would further enhance current capabilities.

Virtual and Mechanical Training

Question 3. Because the high tech nature and constant software update requirements of virtual simulators, do you see potential cost savings in contracting private sector for goods and services with regard to training facilities?

Answer. The Army has pursued contracting with the private sector for goods and services with regard to Training Aids, Devices, Simulators and Simulations (TADSS) and associated facilities. First, the TADSS, themselves, are procured from the private sector. Additionally, the Army has an Army-wide support contract in place to maintain fielded TADSS. This contract, known as War fighter FOCUS, has provided a significant efficiency with regard to costs to maintain TADSS. The Army is initiating a similar Training Support Services (TSS) contract which will be awarded in FY11. This contract will complement Warfighter FOCUS by providing commands and installations with a means to augment their TSS government staffs with needed expertise from the private sector.

[Questions for the Record submitted by Congressman Flake for the Honorable Katherine Hammack and MG James Boozer follows:]

School Improvements

Question 1. Legislation has passed the House of Representatives which includes a provision that would appropriate \$250 million for the Department of Defense to make improvements at local, public schools owned by state and local governments but located on military bases.

Does the Department of Defense have the authority to carry out this provision, were it to become law?

Answer. Yes, the Department of Defense has the authority to carry out the provision as laid out in the statute.

School Improvements

Question 2. How would the Department determine which schools would receive the improvements? If there is a list of schools that would receive the finding, what criteria were used in determining the schools that were put on that list?

Answer. The Office of the Secretary of Defense is still reviewing this question and will provide an update.

School Improvements

Question 3. Would this broaden the responsibilities of the Defense Department beyond where they currently lie to include providing for the upkeep — physically and financially — of all such schools located on military bases?

Answer. No, the Department of Defense (DoD) will not construct any schools where we will be responsible for any maintenance. DoD will use all funds to construct or renovate schools in support of the local education authorities.

BRAC 2005

Question 4. The latest BRAC round in 2005 is scheduled to be completed no later than September 15⁶¹ of this year. The request for military construction funding for FY 2012 is \$9.9 billion below the amount enacted in FY 2010 and \$5.2 billion below what was requested in FY 2011, with the largest portion of those reductions coming from military base closure accounts.

How close is the Army to finishing the 2005 BRAC round?

Answer. 102 Army managed recommendations containing 1,147 actions require completion to comply with BRAC law. 26 recommendations and 427 actions are complete. Six recommendations are at high risk for meeting the statutory deadline. While the Department is facing scheduling challenges in a few cases, we are working diligently to ensure we satisfy our BRAC legal obligations. Army Senior Leaders continue to intensely manage implementation of each of our Army recommendations.

BRAC 2005

Question 5. How has the lack of an operating budget for FY 2011 impacted the Army's efforts to finish these projects on time?

Answer. Currently the Army has received \$358M (35%) of the \$1,012M requested in the FY 11 President's Budget. Operating under a continuing resolution has not affected BRAC implementation to date. To comply with BRAC law, the remaining balance of requested FY 11 finding is required to purchase furniture, equipment, information technology systems and other building requirements to achieve "troop ready" status prior to receiving moving units. All FY 11 finding is required by the third quarter to ensure we are able to fund all of these remaining requirements.

BRAC 2005

Question 6. You mention in your testimony that the Army is requesting nearly \$71 million for prior BRAC rounds, the bulk of which would be for "environmental restoration." Were these additional requirements on BRAC rounds that came after completion of projects? Will we have similar requirements down the road for the 2005 BRAC round?

Answer. BRAC environmental restoration requirements are to address contamination on surplus property that will transfer outside the Federal government after closure. Under the previous four rounds of BRAC the Army had surplus acres that were heavily contaminated and much of the \$71M is to be applied for resolving those problems. New environmental restoration requirements did surface after closure but all are related to existing contamination. Under BRAC 2005, there are also environmental restoration requirements at the closing installations; however the BRAC 2005 properties are generally less contaminated than prior BRAC properties. The Army will continue to conduct environmental restoration at the BRAC 2005 properties for several years, and we are programming funds to support those efforts.

Active Duty Component Reduction

Question 7. There has been talk that in the wake of operations in Iraq and Afghanistan, the Army and the Marine Corps will reduce their active duty component. Are you incorporating this potential change into your long-term military construction plan?

Answer. Yes, the Army continues to review and analyze future force structure and operational adjustments to meet the directed 27,000 reduction in active component end-strength beginning in 2015. This reduction is conditional, based on projected demand for ground combat forces in Afghanistan, which is expected to reduce significantly by the end of 2014. Assuming the necessary conditions occur, an implementing plan will be developed and a set of options will be presented to Army Senior Leadership for decisions. No decisions have been made as to what type of units or what installations will be impacted.

Annual reconciliation of current requirements allows adjustments to be made to the military construction (MILCON) Future Year Defense Program (FYDP). Upon Army leadership approval of the end-strength reduction plan, the Army will adjust its MILCON programming as necessary.

[Questions for the Record submitted by Congressman Austria for the Honorable Katherine Hammack and MG James Boozer follows:]

Continuing Resolution (CR)

Question 1. I would like to ask you about the impacts for the current budget situation on the operations and contracting ability of the Army. With regard to the current MILCON impacts due to no new start authority, I understand that the Army currently has on hold 45 military construction projects valued at approximately \$1.063 billion and without new start authority those projects will not move forward in FY11.

In addition the Defense Agencies have not awarded 8 military construction projects in 6 states valued at approximately \$62 million, including a public safety replacement facility at the Defense Supply Center in Columbus, Ohio. I want to assure you, that giving you the new start authority and funding certainty you need to move forward on these projects is a high priority for me.

How do continuous operations under a CR affect your mission objectives? What are the short-term and long-term consequences of operating without enacted appropriations for the remainder of the fiscal year?

Answer. Continuous operation under a CR may compromise the attainment of mission objectives, as well as delaying the provision of supporting facilities for housing, training, and Quality of Life (QOL). The CR delay could result in reduced project scope or possible deferment or cancellation due to escalating costs. Postponing the award of FY11 projects has execution ripple effects through the next two years. The units intended to occupy the facilities will be delayed in moving into facilities, as opposed to originally scheduled moves. Units impacted by delayed moves will be compelled to use existing, inadequate or temporary facilities. In Alaska, if projects are not awarded in early May, they run the risk of being delayed a full year, until the next construction season.

81 projects valued at \$1,561M that are ready to award (as of 6 April 2011) will not be awarded. In the next few months, this backlog of un-awarded projects will grow. The costs of projects will increase because we have asked the contractors to hold their bids longer than normal (120 days vs. the normal 60 days). The bid risk model has changed, which prompts contractors to add factors for escalation of their direct, indirect and overhead costs. Some contractors may decide the risk is too high to bid; reduced competition often yields higher prices. Long term consequences involve interruption of the procurement process. Some contractors may not extend their bids causing the project to be re-solicited. This could also result in further delays, depending on the economic conditions in place at the time of the rebidding. The contracting processes when coupled with the program requirements, may cause projects to be down-scoped or even cancelled since they can no longer be afforded. Projects that experience cost growth could require supplemental funding to construct the planned scope.

Government Shutdown

Question 2. Yesterday, the Secretary of the Air Force said that the Air Force is in the midst of a series of strategy meeting to figure out how to function if the government shuts down. He said that it is not clear how the civilian or contractor workforce would be affected. Has the Army put together a plan to deal with a possible shutdown? If so, how will a shutdown affect our troops at home and in theatre? How will the Army civilian and contractor workforce be affected?

Answer. The Army follows guidance issued by the Office of Personnel Management and Army wide guidance received from the Office of the Assistant Secretary of Army (Manpower and Reserve Affairs) (ASA (M&RA)). The details of the government shut-down plan and the overall impact across the Army can be provided by the ASA (M&RA) upon request.

Joint Systems Manufacturing Center

Question 3. In your view, what do you see as the future role - short-term and longterm - of the Joint Systems Manufacturing Center in Lima, Ohio? Specifically, the FY2012 President's Budget request indicates a shutdown of the U.S. tank industrial base for the first time since before World War II. Can you address the effect a shutdown of the U.S. tank industrial base will have on the future of the Joint Systems Manufacturing Center in Lima?

Answer. The Army has a very deep concern for the national industrial base and is exploring all options to ensure our capabilities are able to meet National Defense requirements both now and in the future. With regards to the plant in Lima, the Army has specific reviews ongoing that are in the pre-decisional phase and will get back to the Committee once our review has been finalized.

[Questions for the Record submitted by Congressman Farr for Katherine Hammack and MG James Boozer follows:]

Pinon Canyon Maneuver Site

Question 1. Some of the most ecologically sensitive native grasslands exist in Colorado in the Pinon Canyon. Army has been trying to acquire land there to turn it into a heavy duty training ground - first looking to buy 418,000 acres, and now about 128,000 acres.

Currently Congress has statutorily banned the Army from using funds that would go toward any activity that would expand the Pinon Canyon Maneuver Site. In addition, a federal court has rejected the EIS the Army submitted under which it claimed authority to expand the PCMS boundaries.

There is still great concern that DOD money continues to be funneled to land trust organizations to purchase development rights surrounding PCMS.

Can you aver that this funding ban has not been violated, meaning no money has been spent on expansion construction or for the purpose of acquiring any interest in property that might be connected to expansion?

Answer. The Army has not spent money nor budgeted for expansion construction or for the purpose of acquiring interest in property that may be connected to expansion.

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2012

THURSDAY, MARCH 10, 2011.

NAVY AND MARINE CORPS FY 2012 BUDGET

WITNESSES

ADMIRAL GARY ROUGHHEAD, CHIEF OF NAVAL OPERATIONS

GENERAL JAMES AMOS, COMMANDANT OF THE MARINE CORPS

OPENING STATEMENT OF CHAIRMAN CULBERSON

Mr. CULBERSON. The Subcommittee of Appropriations for Military Construction and Veterans Affairs will come to order. It is a privilege to welcome everybody to this hearing today on the military construction and family housing requirements for the Navy and Marine Corps.

The total fiscal year 2012 request for the Department of the Navy military construction and family housing is \$3 billion, and this amount includes continued military construction funding at \$2.4 billion to support the growth of the Marine Corps and a Commandant's goal of eliminating inadequate barracks by 2014. For the Navy this amount includes \$1.1 billion in military construction as well as \$469 million to support family housing for both Navy and Marine Corps, and \$17.2 million for reserve component military construction.

It is also worth noting that this will be the third year of major funding for the realignment of Marine forces from Okinawa to Guam. The projects requested for this initiative total \$368 million.

Before we proceed I do want to recognize Mr. Bishop for any opening remarks he would like to make, the gentleman from Georgia.

OPENING REMARKS OF CONGRESSMAN BISHOP

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

I want to add my words of welcome to the both of you. Admiral Roughhead and General Amos, I want to thank you for your years of service to our country.

Today we find ourselves at a very interesting crossroads. The war in Iraq is winding down and Afghanistan—if the situation on the ground is good we will start to withdraw forces in July.

Both of you are in very unique situations.

Admiral, as you said a couple of days ago, everyone wants to stay in the Navy, and you are having trouble getting your end-strength goal.

And General, in a year or so you will be asked to reduce the size of the Marine Corps.

In addition, both of you are still waiting for your full fiscal year 2011 funding and further delay could put your fiscal year 2011 construction programs in jeopardy. I believe that the fiscal year 2012 budget request is a reflection of all of these changing dynamics, and so I look forward to your testimony today.

While all of this is very serious, you should be assured that everyone on this subcommittee will do everything that we can possible do to help you get through these tough times. We will do our dead level best to make sure that you and our troops and their families have everything they need to carry out the missions that we have given to them.

And with that, thank you. I yield back, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Bishop.

I will now formerly introduce our witnesses.

It is an extraordinary privilege for us to be here to help both of you and our men and women in uniform perform the difficult job that they do every day for all of us. It is a great privilege to introduce both of you.

Admiral Gary Roughead, Chief of Naval Operations, has served 37 years of active service, including six operational commands.

And I see that you are a 19th century graduate of Annapolis and became chief of naval operations on September 29th of 2007.

Admiral Roughead's previous assignment was as Commander of Fleet Forces Command, and you have also served as Deputy Commander of PACOM, Naval Chief of Legislative Affairs, commandant of the Naval Academy, and it is a real privilege to have you here with us today, sir.

I also want to introduce, before we start, General James Amos, Commandant of the Marine Corps. General Amos assumed the duties of commandant of the Marine Corps on October 22nd of 2010.

And your command tours, sir, have included Marine—Commander of the Marine Wing Support Squadron 173 from 1985 through 1986; Marine Fighter Attack Squadron 312, which is a component of Carrier Air Wing 8 aboard the USS *Theodore Roosevelt*, from 1991 to 1993.

General Amos also commanded the Marine Aircraft Group 31 from 1996 to 1998, the Third Marine Aircraft Wing in combat during Operations Iraqi Freedom I and II from 2002 to 2004, and the II Marine Expeditionary Force from 2004 to 2006.

Additionally, Admiral Roughead was assigned to NATO as Deputy Commander Naval Striking Forces of Southern Europe, based in Naples, Italy, where he commanded NATO's Kosovo Verification Center and later served as Chief of Staff for the U.S. Joint Task Force Noble Anvil during the air campaign over Serbia, and also commanded—General Amos commanded a battalion landing team in Desert Storm and is a native of Wendell, Idaho.

Admiral and General, both of your written statements will, of course, be included as a part of the record, and—but of course, please feel free to summarize your testimony for today's hearing.

It is my privilege to recognize you, and I would like to begin with Admiral Roughead.

Thank you so much, sir, for your service and your testimony here today.

Admiral ROUGHEAD. Thank you very much, sir. And Chairman Culberson, Representative Bishop, and members of the committee, I am honored to appear before you in my fourth year as the Chief of Naval Operations, representing more than 600,000 Sailors and Navy civilians operating globally. I appreciate the opportunity to testify about our Navy's shore infrastructure, which enables our operations and is vital to the quality of life and quality of work of our sailors, Navy civilians, and their families.

Your firm support has permitted us to continue to provide the shore infrastructure the Navy needs for fleet operations, warfighting capabilities, family services, and shore energy improvements. It has enabled us to add bachelors' quarters through our Homeport Ashore program, which remains on track to provide for our junior unaccompanied sailors by 2016 and to complete our efforts by the end of the year to expand childcare by 7,000 spaces in support of the family readiness we deem essential for combat readiness.

Our fiscal year 2012 budget request leverages the opportunity presented by the Secretary of Defense's initiatives to reduce excess overhead and provide well-balanced shore infrastructure investments, including 29 projects to increase warfighting and joint capabilities, enhance nuclear weapons security, support energy initiatives, and improve sailor quality of life; a slight increase over last year's request to sustain, restore, and modernize mission-critical facilities, which for us are airfields, hangars, piers, and dry docks, for barracks recapitalization, and energy efficiency upgrades, and it sustains funding for fleet operations, family programs, child development and youth services, and bachelor housing through our Base Operating Support Program.

High operational demands, rising manpower costs, and an aging fleet, however, continue to cause us to assume risk in shore readiness, specifically the sustainment, restoration, and modernization of our shore infrastructure. The continuing resolution for 2011 compounds that risk by limiting our ability to issue contracts for new construction and facility sustainment and has forced us to limit several contracts for base operating support, slow civilian hiring, and delay awards for new construction.

A year-long continuing resolution would negatively impact our ability to support our sailors, our Navy civilians, and families, and I greatly appreciate your support in passing an appropriation to address these impacts.

Our MILCON and quality of life programs demonstrate a commitment to our sailors and Navy civilians. Thank you for your continued support of our Navy's shore readiness programs and for everything you do to support the men and women of the United States Navy, our enduring global force for good.

I look forward to your questions, sir.

[Statement of Admiral Roughead follows:]

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UNTIL RELEASED BY THE HOUSE
SUBCOMMITTEE ON MILITARY CONSTRUCTION
VETERANS AFFAIRS, and RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS

STATEMENT OF

ADMIRAL GARY ROUGHEAD

CHIEF OF NAVAL OPERATIONS

BEFORE THE

SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS

10 MARCH 2011

NOT FOR PUBLICATION
UNTIL RELEASED BY THE HOUSE
SUBCOMMITTEE ON MILITARY CONSTRUCTION
VETERANS AFFAIRS, and RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS

Chairman Culberson, Representative Bishop, and esteemed members of the committee, I am honored to appear before you representing the dedicated Sailors and civilians of the United States Navy. I appreciate the opportunity to testify about our Navy's shore infrastructure, which enables our operational and combat readiness and is essential to the quality of life and quality of work for our Sailors, Navy civilians, and their families.

High operational demands, rising manpower costs, and an aging Fleet of ships and aircraft continue to cause us to take deliberate risks in shore readiness, specifically in the sustainment, restoration, and modernization of our shore infrastructure. With your unwavering support, we continue to provide the necessary shore infrastructure for our Fleet operations, combat capabilities, family services, and shore energy improvements. Your support has enabled us to increase child care spaces, add bachelors quarters through our Homeport Ashore program, and ensure nuclear weapons security. We are taking risk in other areas ashore, which will result in additional maintenance, sustainment, restoration, and modernization requirements, and higher total ownership costs over the lifecycle of our facilities. Accordingly, our future shore readiness, particularly the recapitalization of our facilities infrastructure, remains at high risk.

The Continuing Resolution (CR) for FY 2011 compounds that risk by limiting our ability to issue contracts for new construction and facilities sustainment, restoration, and modernization, and it negatively impacts our ability to support our Sailors, Navy civilians, and their families. The CR has forced us to take mitigation measures that include limiting numerous contracts for base operating support, slowing civilian hiring, and delaying award of new military construction contracts. If we are still under a CR in March, we will delay at least six Navy and Navy Reserve MILCON projects in Georgia, Hawaii, Maryland, Virginia, and Washington. If the CR lasts all year, we will have no choice but to make permanent these mitigations and others, impacting additional projects in California, Florida, Louisiana, and Rhode Island, and significantly reducing the operation, recapitalization, and sustainment of our facilities. Your support in passing an appropriation to address these impacts is appreciated greatly.

Our FY 2012 budget request deliberately targets our shore infrastructure investments to deliver greatest impact on achieving our strategic and operational objectives. Our shore investment strategy provides shore infrastructure that is properly sized and aligned to enable warfighting and Joint capabilities, minimizes the decline of critical mission-essential and quality of life infrastructure, and optimizes warfare enterprise outputs and quality of service. Our investments ashore facilitate our ability to meet Initial Operational Capability of new ships, aircraft, and systems, support our Navy's operational readiness and Combatant Commander initiatives, yields shipyard efficiencies, and enhance quality of life and quality of work for our Sailors, Navy civilians, and their families.

Our FY 2012 Military Construction (MILCON) budget requests \$1.1B for 29 projects, Planning & Design, and Unspecified Minor Construction. These investments will increase our warfighting capability, enhance nuclear weapons security, support energy initiatives, and improve Sailor quality of life. We have paused our facilities demolition program while we refine a plan that optimizes our shore footprint.

Our FY 2012 budget request includes \$2B for the sustainment, restoration, and modernization of our shore infrastructure, a slight increase over last year's request. This investment is directed toward our mission-critical facilities, including airfields, hangars, piers, dry docks, barracks recapitalization, and energy upgrades. To maximize our support for warfighting readiness and capabilities, we reduced our facilities sustainment posture to 80 percent of the Department of Defense (DOD) Facilities Sustainment Model; Joint Bases are funded to 90 percent of this model. The Naval Academy, Naval War College, and Naval Postgraduate School are funded to 100 percent of this model. We have minimized operational impacts and ensured the safety of our Sailors and civilians by prioritizing projects that address facilities with the lowest quality rating first.

I remain committed to sustaining Fleet operations, family programs, child development and youth services, and bachelor housing through our Base Operating Support (BOS) program. We fully funded joint basing standards and our shore energy program, and reduced risk in air and port operations; however, we took risk in other BOS functions, funding them at significantly lower common output levels. To maximize the impact of our BOS funding, we continue to pursue and realize more cost effective ways of providing base support functions in areas such as emergency services, installation planning and management, facility services, human resources, information technology, and administration.

MILCON Program

Of the \$1.1B in our FY 2012 MILCON budget request, \$42.5M is allocated for planning and design and \$21.5M is allocated for unspecified minor construction. We also request \$17.2M in MILCON Navy Reserve funding, including \$1.5M for planning and design and \$2M for unspecified minor construction. We continue to benefit from lower construction prices and have reduced the overall cost of our FY 2012 projects to reflect current market conditions.

Our FY 2012 MILCON program prioritizes our operational readiness for current and future mission requirements and focuses on:

- Eliminating nuclear weapons security deviations
- Enhancing capabilities to support Combatant Commander requirements
- Supporting new mission and new system requirements
- Recapitalizing critical shore infrastructure
- Improving Sailor quality of life and increasing Homeport Ashore housing
- Upgrading Mayport to be a nuclear carrier homeport
- Increasing energy security and generating energy savings

Appendix I provides a brief overview of Navy projects funded by the FY 2012 Military Construction Program. Highlights follow.

We continue to place a priority on the security of our nuclear weapons at our two Strategic Weapons Facilities, and have programmed the capital investments necessary to mitigate nuclear weapon security deviations as soon as possible. Our FY 2012 budget requests four projects that will mitigate current deviations; additionally, we are requesting the first increment of funding for construction of a second explosives handling wharf for our strategic weapons on

the West Coast. This new wharf, located at Naval Base Kitsap in Bangor, Washington, is needed to sustain our Trident D5 strategic weapons system in the Pacific and is critical to nuclear weapons surety and our national security. We are incrementally funding this \$715M project from FY 2012 through FY 2015. I request your support for this project over the next four years.

Our FY 2012 MILCON request enhances operational capabilities in Bahrain and Djibouti to support U.S. Central Command and U.S. Africa Command, respectively. As the site of our Naval Forces Central Command/U.S. Fifth Fleet headquarters, our facilities in Bahrain enable our Navy's forward maritime presence and enable rapid response to crises. I remain committed to our Navy's presence in Bahrain. Our MILCON budget includes six projects in Bahrain over the FYDP to support new facilities that enhance shore infrastructure which supports Fleet operations.

We are requesting funding for seven projects that will provide new and/or improved hangars, training, and maintenance facilities. Specifically, we are requesting \$180M in FY 2012 to support joint operations and initial operational capability requirements for P-8A, BAMS, E-2D, and MH-60R/S. These investments will ensure our shore infrastructure is ready and capable to support new ships, aircraft, and systems as they enter the Fleet.

We continue to support the recapitalization of our critical infrastructure. Our FY 2012 budget request includes \$145M for recapitalization, including the construction of a depot-level maintenance facility in Norfolk, Virginia and integrated dry dock water treatment capabilities in Bangor, Washington, and the modernization of water plant facilities in Diego Garcia.

Our Homeport Ashore initiative remains on track to provide accommodations for our junior (E1-E4) unaccompanied Sailors by 2016. Through this initiative, Navy will construct sufficient bachelor quarters for all our junior single Sailors to have berthing ashore while their ships are in homeport. Our FY 2012 budget requests funding for one bachelors quarters project in Norfolk in support of Homeport Ashore.

We continue to focus on achieving the 2010 Quadrennial Defense Review direction to upgrade the carrier port of Mayport. Much like the dispersal of West Coast aircraft carriers between California and Washington, a second homeport on the East Coast to maintain aircraft carriers is prudent in the event of a natural or man-made disaster in Hampton Roads. The dredging project funded in FY 2010 is underway and will ensure unimpeded access to Mayport. Our FY 2012 budget requests funding for the Massey Avenue corridor improvement projects. We plan to request funding for the Wharf F recapitalization in FY 2013, and the remaining projects within the FYDP, to establish Naval Station Mayport as nuclear carrier-capable homeport by 2019.

The Secretary of the Navy and I are committed to advancing our energy security. Energy is an operational imperative and I established the Navy's Task Force Energy more than two years ago to improve combat capability, assure mobility, green our footprint, increase our energy security, and meet legal mandates. We have reduced our energy use ashore by more than 14 percent since 2003 as a result of our energy efficiency efforts, which include energy efficient building upgrades, energy management systems, procurement of alternative fuel vehicles, and achievement of sustainable building standards for all new construction and major renovation projects. Our continued investments in advanced metering and energy audits will help identify

further opportunities for efficiency gains and alternative energy use. Our approach remains focused on integrating the right technology at the right time in the right place while transforming Navy culture and behavior for long term sustainability. Our FY 2012 budget requests \$1.8B across the FYDP to fund shore energy initiatives.

BRAC and Infrastructure Reduction

The Base Realignment and Closure (BRAC) legislation helps us align our infrastructure with our operational needs, take advantage of joint basing opportunities, and reduce excess and underutilized infrastructure that increases our sustainment requirements and total ownership costs. We are on schedule to achieve all statutory BRAC 2005 milestones by Sept. 15, 2011; however, we continue to experience significant challenges in relocating Navy organizations from leased facilities in the National Capital Region to DoD-owned spaces. To date, we have completed 328 of 485 realignment and closure actions and we have awarded 118 of 118 planned BRAC construction projects, totaling about \$2B. This progress represents an increase of 13 projects and about \$200M since this time last year, and includes the realignments of Joint Base Anacostia-Bolling and Joint Base Pearl Harbor-Hickam, which concluded on Oct. 1, 2010. Our FY 2012 budget requests \$26M for ongoing environmental restoration, caretaker, and property disposal costs at BRAC 2005 installations, and \$129M for environmental cleanup, caretaker operations, and property transfers for productive re-use at prior-round BRAC installations.

We suspended our demolition program starting in FY 2012 so we could develop a comprehensive plan to optimize our shore infrastructure that deliberately pursues the recapitalization of existing facilities in lieu of new footprint construction. Consolidating our facilities and divesting of excess infrastructure will allow us to reduce our footprint ashore and lower our sustainment requirements and total ownership costs.

Housing Program

Quality housing has a significant impact on Sailor retention, productivity, and individual and mission readiness. With your support, we continue to make progress in our housing program. Our FY 2012 budget request continues our commitment to improve living conditions and to provide safe, affordable, and comfortable housing for our Sailors and their families. We are pursuing a three-part housing strategy:

1. Reliance on the Private Sector: We make every effort to house our Sailors in the local community first. Proper resourcing of our Basic Allowance for Housing (BAH) ensures our Sailors have the opportunity to buy or rent homes of their choosing in the communities in which we operate and live. In FY 2010, local communities housed approximately 76 percent of our family population and 44 percent of our single Navy Sailors.

2. Public/Private Ventures (PPV): Approximately 97 percent of our family units in the United States are privatized. PPV has improved greatly the quality of housing for our Sailors and their families and it allows us to sustain these units at the lowest life-cycle cost. We continue to provide enhanced oversight of our PPV projects to ensure Navy Sailors and their families benefit from quality housing and services. Our portfolio management program collects and analyzes

financial, occupancy, construction, and resident satisfaction data to ensure our PPV projects are optimized and performing as required and the services provided meet expectations.

3. MILCON: We continue to rely on MILCON funding for bachelor and overseas family housing. We are committed to ensuring our junior single Sailors are afforded the opportunity to have housing ashore when they are in homeport through our Homeport Ashore initiative.

Our FY 2012 budget requests \$75M for family housing construction, improvements, planning, and design. We have awarded all FY 2010 overseas family housing projects and we are prepared to execute the FY 2011 projects. We are also requesting \$341M for the operation and maintenance of approximately 10,000 Navy-owned homes and 3,000 leased homes.

We have privatized approximately 97 percent of our family housing units in the U.S. and these units are considered adequate or will be adequate after the end of the initial development period; however, only 63 percent of our government-owned family housing units, most of which are overseas, are classified as "adequate" (Q1/Q2) by OSD standards. We are steadily improving the condition of our family housing units and I am committed to achieving the Secretary of Defense's goal of having 90 percent of our family housing inventory rated as "adequate". We will not meet the Secretary's timeline of 2012, but we have programmed projects across the FYDP to reach this goal by 2015. Our family housing program supports the readiness of our Naval forces by providing Sailors and their families suitable, affordable, and safe housing worldwide.

Our Public Private Venture program has been tremendously successful in leveraging public funding to generate private sector investment in family housing by a ratio of about 19:1; we have funded \$268M in family housing projects and secured \$5.2B in private sector investments. When the PPV transition is complete, we will own less than 100 homes in CONUS and Hawaii, but will retain ownership and management of all foreign assets. We continue to receive very positive feedback from our Navy families living in privatized family housing.

Our bachelor housing investments are focused on completing our Homeport Ashore program by 2016, and achieving an "adequate" (Q1/Q2) rating for 90 percent of our bachelors quarters by 2022. New barracks at Naval Base Coronado will be completed in the spring of 2012 and will provide berthing for more than 1,000 Sailors. Our FY 2012 budget requests funding for one bachelors quarters in Norfolk and we have programmed the final three Homeport Ashore construction projects in FY 2013 and FY 2014. We will not meet the Secretary of Defense's goal for achieving an adequate rating for 90 percent of our bachelors quarters by 2017; however, we are increasing our annual restoration and modernization investment to improve the condition of our Q3 and Q4 barracks from \$125M to \$195M across the FYDP, which will allow us to meet the Secretary's goal by 2022. We planned to renovate barracks during FY 2011 in Milton, FL; Atsugi, Japan; Ventura, Lemoore and San Diego CA; Whidbey Island and Bremerton, WA; and Pearl Harbor, HI; however, the CR prevents us from awarding those contracts. We will continue to follow our policy of not assigning Sailors to rooms with serious environmental, health, or safety concerns.

Construction of our Bachelor Housing PPV pilot projects in San Diego, CA, and Hampton Roads, VA is complete and these facilities are providing high-quality market-style quarters for 6,600 Sailors. Thank you for your support of these PPV pilot programs.

Family Readiness & Quality of Life

Family readiness and quality of life programs enable individual and mission readiness. We provide a network of services, programs, commands, agencies, and individuals that support and advocate for our Navy families and enhance their quality of life. Our Fleet and Family Support Centers offer Sailors and their families access to deployment support, relocation and transition assistance, personal financial management, life skills education, new parent support, family employment, sexual assault prevention and response services, and child and domestic abuse prevention and response services. We have an active ombudsmen program connects commands with Sailors and their families, and we continue to use social media and off-base sites to reach out to active duty and reserve Navy families in remote or isolated locations.

We remain committed to providing our Sailors and their families a comprehensive continuum of care that addresses all aspects of medical, physical, psychological, and family readiness. Navy Safe Harbor initiative is at the forefront of Navy's non-medical care for all seriously wounded, ill, and injured Sailors, Coast Guardsmen, and their families; and we continue to provide exceptional, individually tailored assistance to a growing enrolled population of more than 600 individuals. Our Warrior Transition Program (WTP) and Returning Warrior Workshops (RWW) are essential to our post-deployment reintegration efforts and facilitate the reintegration of deployed Sailors with his or her spouse and family.

We continue to provide high-quality childcare and developmental youth programs for Navy children six weeks to 18 years of age. These programs enable our Navy families balance competing demands of mission readiness and family responsibilities. All of our programs are operated in accordance with the Military Child Care Act and are DoD-certified and nationally accredited. By the end of this year, we will complete our efforts, started in 2006, to expand child care by 7,000 spaces; this increase in child care capacity will allow us to meet the Secretary of Defense's goal of providing childcare to meet at least 80 percent of the potential need. Our child care and youth programs are highly valued by our Sailors and their families. I thank you for your continued support of these programs.

Conclusion

You can be extremely proud of our Sailors. They are extraordinary men and women. Our naval installations are key to our warfighting readiness. Our MILCON and quality of life programs deliver flexible, agile, and scalable capabilities that support our Navy's warfighting mission and our people. Thank you for your continued support of our Navy's shore readiness programs; your unwavering commitment to our Sailors, Navy civilians, and their families; and for all you do to make our United States Navy an effective and enduring global force for good.

APPENDIX I
FY 2012 MILCON-NAVY (MCN) AND NAVY RESERVE (MCNR) PROJECTS

Combatant Commander Capabilities

\$190M for five projects supporting operational capabilities and quality of life enhancements for Africa Command, Central Command, and Transportation Command:

- Al Jufayr, Bahrain: Waterfront Development, Phase IV
 - Climate-Controlled Warehouse, Combat Vehicle Warehouse, Water Storage and Distribution System, and Fleet Recreation Facility
- Al Jufayr, Bahrain: Bachelor Quarters
- Camp Lemonnier, Djibouti: Taxiway Enhancement
- Camp Lemonnier, Djibouti: Aircraft Logistics Apron
- Camp Lemonnier, Djibouti: Bachelor Quarters

Nuclear Weapons Security

\$208M for five projects supporting enhancement of nuclear weapon security and mitigation of all nuclear weapon security deviations:

- Kitsap, WA: Explosives Handling Wharf-2 (Increment 1 of 4)
- Kitsap, WA: Explosives Handling Wharf Security Force Facility
- Kitsap, WA: Waterfront Restricted Area Vehicle Barriers
- Kings Bay, GA: Waterfront Restricted Area Land/Water Interface
- Kings Bay, GA: Crab Island Security Enclave

Mayport

\$15M for one project supporting the establishment of Naval Station Mayport as a nuclear carrier-capable homeport by 2019:

- Mayport, FL: Massey Avenue Corridor Improvements

Energy

\$195M for four projects supporting elimination of antiquated centralized steam systems and increasing operational reliability at Pacific Missile Range Facility (PMRF):

- Norfolk, VA: Decentralize Steam System
- Indian Head, MD: Decentralize Steam System
- Great Lakes, IL: Decentralize Steam System
- PMRF, HI: North Loop electrical Distribution System Replacement

Quality of Life / Bachelor Housing

\$128M for two projects supporting elimination of Homeport Ashore deficit by 2016 at Interim Assignment Policy (two Sailors per room), and recapitalization of a fitness facility. Additionally, \$99M for two Bachelor Quarters projects supporting Combatant Commander capabilities (shown above):

- Norfolk, VA: Bachelor Quarters
- Coronado, CA: Fitness Center

New Systems / New Missions

\$180M for seven projects supporting initial operational capability requirements for fixed wing and rotary aircraft and joint operations:

- Jacksonville, FL: Broad Area Maritime Surveillance Training Facility
- Jacksonville, FL: P-8A Trainer Facility
- Jacksonville, FL: P-8A Hangar Upgrades
- Coronado, CA: MH-60 R/S Maintenance Facility
- Point Mugu, CA: E-2D Aircrew Training Facility
- Patuxent River, MD: Aircraft Prototype Facility, Phase II
- Eglin AFB, FL: EOD Course Applied Instruction Facility

Infrastructure Recapitalization

\$145M for five projects supporting recapitalization efforts on Naval Shipyard maintenance facilities, a forward-deployed water plant, communication facility, and Reserve training facility:

- Norfolk, VA: Controlled Industrial Facility
- Kitsap, WA: Integrated Dry Dock Water Treatment, Phase I
- Pearl Harbor, HI: NIOC Operational Fleet Electronic Support Facility
- Diego Garcia, IO: Potable Water Plant Modernization
- Pittsburgh, PA: Armed Forces Reserve Center (MCNR)

Mr. CULBERSON. Admiral Roughead, thank you very much, sir, for your statement.

And General Amos, we are pleased to recognize you, sir.

General AMOS. Thank you, Chairman Culberson, Ranking Member Bishop, ladies and gentlemen of the committee. It is my honor to appear before you today for the first time as the Commandant of the Marine Corps to articulate what is happening with regards to the needs of our Corps today.

Today the Corps serves as America's expeditionary force in readiness, a balanced air-ground logistics team of 202,000 active, 39,000 reserve, and 35,000 civilian Marines. Our ability to serve as our nation's principle crisis response force is due in large part to this committee and Congress' continued strong support.

Today there are roughly 32,000 Marines who are deployed around the world. As we sit here, 20,000 of our young men and women are engaged in full-spectrum combat and counterinsurgency operations in Afghanistan. Forward deployed and forward engaged, we remain partnered with the United States Navy.

This past year alone our afloat forces conducted humanitarian assistance and disaster relief missions in Pakistan, Haiti, and the Philippines. They recaptured the pirated ship, Magellan Star, from its Somali pirates and partnered with allied forces in engagement missions throughout the Pacific, Latin America, Africa, and Eastern Europe.

Right now over 400 Marines from the 1st Battalion, 2nd Marine Regiment, who deployed last week from Camp Lejeune, North Carolina, within 20 hours of notification, are embarked aboard two amphibious ships with a full complement of fixed and rotary wing assets. These Marines are poised in the Mediterranean, prepared to do our nation's bidding.

As you can see, your Corps serves as a versatile middle-weight force, a crisis response force that is comfortable operating at the high and the low ends of the threat spectrum or the ambiguous areas in between.

This year's budget submission was framed by my four service-level priorities: number one, continue to provide the best-trained and equipped Marine units to Afghanistan; rebalance our Corps, posture it for the future, and aggressively experiment with and implement new capabilities and organizations; number three, better educate and train our Marines to succeed in distributed operations and increasingly complex environments; and number four, keep faith with our Marines, our sailors, and our families.

The Marine Corps maintains a commitment to facilities and infrastructure, supporting both operations and quality of life. Our military construction and family programs are important to success in achieving and sustaining our force structure and maintaining our readiness.

In keeping with our frugal nature, our fiscal year 2012 military construction budget request is \$1.4 billion, an amount half of that asked for in fiscal year 2011. With these requested funds we will provide over 800 new spaces for bachelor enlisted quarters at Quantico and at Camp Lejeune, North Carolina.

As you know, for many years we have funded only our most critical facility needs. As a result, our installations were challenged to

properly house and operate the additional forces required to meet our end-strength increase.

However, the robust funds we received from Congress since fiscal year 2007 have helped to provide new quality of life facilities to modernize our barracks, some of which were 50 years old, and to get them on par with that of the other services. We are nearing completion of this BEQ Modernization plan and require your continued support to see this priority through to completion.

Our fiscal year 2012 MILCON request also addresses much-needed aviation support facilities to keep pace with our modernization efforts, and improvements to facilities supporting quality of life, utilities, and infrastructure. Additionally, we will use monies for improvements to existing housing units and funding for the operations, maintenance, and leasing of 1,100 units worldwide and oversight of over 22,000 privatized units.

A firm believe that we educate in time of war so that we—excuse me, in time of peace so that we can win in time of war, your Corps is on a path to turn the Marine Corps University, down at Quantico, into a world-class learning institution. We have programmed approximately \$125 million in MILCON between fiscal year 2011 and 2012 for new academic facilities for the Marine Corps War College, Command and Staff College, the School of Advanced Warfighting, and the expansion of the Staff Noncommissioned Officer Academy at our main campus in Quantico, Virginia.

These funds represent a down payment on a larger commitment to double the size of the university campus and to upgrade our enlisted academies worldwide. Detailed documentation of costs associated with this critically noble effort are ongoing; however, we estimate that approximately \$400 million is needed to complete the master plan outlined in our 2006 Officer Professional Military Education study.

We are devoting more resources to our energy investment program than ever before. These funds will be used to install efficient systems and reduce overall energy consumption. Our new facilities will continue to incorporate the latest technology in energy sustainability and in efficiency.

Our nation has been at war for a decade, placing unprecedented burdens on Marines, sailors, families, wounded warriors, and the families of our fallen. They have all made tremendous sacrifices in the face of danger. We expect and demand extraordinary loyalty from our Marines and we owe them that in return.

Our Wounded Warrior Regiment continues to provide nonmedical care management services to wounded, ill, and injured Marines and their families. With the help of this committee we cut the ribbon just this past week on a 100-room wounded warrior bachelor enlisted quarters at Camp Lejeune, North Carolina.

This state-of-the-art facility serves as an anchor for two other buildings soon to be completely. Collectively they will become our first ever wounded warrior complex.

We are in the planning stages right now to improve the Marine Corps Transition Assistance Management Program. To that end, we are developing an end-to-end process improvement plan that will begin early in a Marine's career and continue through separation.

We will help Marines navigate the V.A. benefit entitlements, especially as it relates to education benefits. As we gain momentum we will continue to change the transition assistance program to a process that reintegrates Marines into the civilian sector with the knowledge, skills, and abilities to leverage and communicate their Marine Corps time and experience.

Finally, I would like to discuss what impact the current continuing resolution has had on our operations and our programs. As of today, \$567 million in military construction contracts have not been awarded. \$2.4 billion of MILCON is at risk for the remainder of this year.

These projects impact the lives of Marines and the local economies of communities around our bases and stations, given that 63,000 jobs are at stake from the Carolinas to California to Hawaii. If the continuing resolution extends throughout the entire fiscal year, 13 projects, equally 5,000 spaces within our Bachelor Enlisted Quarters Modernization program, will be impacted, an amount that would accommodate eight Marine infantry battalions.

In closing, you have my promise that these challenging times ahead the Marine Corps will only ask for what it needs, not for what it might want. We will make the hard decisions before coming to Congress and we will redouble our efforts towards our traditional culture of frugality.

As has been the case for 235 years, your Marine Corps is ready to respond when the nation calls. Once again, I thank each of you for your continued support and I am prepared to answer your questions.

[Statement of General Amos follows:]

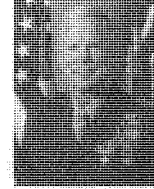
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COMMITTEE ON APPROPRIATIONS

STATEMENT OF
GENERAL JAMES F. AMOS
COMMANDANT OF THE MARINE CORPS
BEFORE THE
HOUSE SUBCOMMITTEE ON MILITARY CONSTRUCTION
AND
VETERANS AFFAIRS
COMMITTEE ON APPROPRIATIONS
ON
THE 2011 POSTURE OF THE UNITED STATES MARINE CORPS
March 10, 2011

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General James F. Amos
Commandant of the Marine Corps



On October 22, 2010 General James F. Amos assumed the duties of Commandant of the Marine Corps. General Amos was born in Wendell, Idaho and is a graduate of the University of Idaho. A Marine Aviator, General Amos has held command at all levels from Lieutenant Colonel to Lieutenant General.

General Amos' command tours have included: Marine Wing Support Squadron 173 from 1985-1986; Marine Fighter Attack Squadron 312 - a component of Carrier Air Wing 8 onboard USS Theodore Roosevelt (CVN-71) - from 1991-1993; Marine Aircraft Group 31 from 1996-1998; 3rd Marine Aircraft Wing in combat during Operations IRAQI FREEDOM I and II from 2002-2004; II Marine Expeditionary Force from 2004-2006; and Commanding General, Marine Corps Combat Development Command and Deputy Commandant, Combat Development and Integration from 2006 to July 2008. Additional operational tours have included Marine Fighter Attack Squadrons 212, 235, 232, and 122.

General Amos' staff assignments have included tours with Marine Aircraft Groups 15 and 31, the III Marine Amphibious Force, Training Squadron Seven, The Basic School, and with the MAGTF Staff Training Program. Additionally, he was assigned to NATO as Deputy Commander, Naval Striking Forces, Southern Europe, Naples Italy where he commanded NATO's Kosovo Verification Center, and later served as Chief of Staff, U.S. Joint Task Force Noble Anvil during the air campaign over Serbia. Transferred in 2000 to the Pentagon, he was assigned as Assistant Deputy Commandant for Aviation. Reassigned in December 2001, General Amos served as the Assistant Deputy Commandant for Plans, Policies and Operations, Headquarters, Marine Corps. From 2008-2010 General Amos was assigned as the 31st Assistant Commandant of the Marine Corps.

General Amos' personal decorations include the Navy Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit with Gold Star, Bronze Star, Meritorious Service Medal, Joint Service Commendation Medal, and the Navy and Marine Corps Achievement Medal.

America's Expeditionary Force in Readiness

The Marine Corps is America's Expeditionary Force in Readiness — a balanced air-ground-logistics team. We are forward-deployed and forward-engaged: shaping, training, deterring, and responding to all manner of crises and contingencies. We create options and decision space for our Nation's leaders. Alert and ready, we respond to today's crisis, with today's force ... TODAY. Responsive and scalable, we team with other services, allies and interagency partners. We enable and participate in joint and combined operations of any magnitude. A middleweight force, we are light enough to get there quickly, but heavy enough to carry the day upon arrival, and capable of operating independent of local infrastructure. We operate throughout the spectrum of threats — irregular, hybrid, conventional — or the shady areas where they overlap. Marines are ready to respond whenever the Nation calls ... wherever the President may direct.

-General James F. Amos

America's Expeditionary Force in Readiness. Today, your United States Marine Corps is foremost America's Expeditionary Force in Readiness. Established originally by an act of the Second Continental Congress on November 10, 1775, your Marine Corps has evolved over 235 years into a balanced air-ground-logistics team that is forward deployed and forward engaged: shaping, training, deterring, and responding to all manner of crises and contingencies.

Through the ongoing support of Congress and the American people, your Marine Corps is a cohesive force of 202,100 Active Duty Marines; 39,600 Selected Reserve Marines; and 35,000 Civilian Marines. At any given time, approximately 30,000 Marines are forward deployed in operations supporting our Nation's defense.¹ This year, as our Nation recognizes a decade since the tragic events of 9/11, your Marine Corps has been conducting Overseas Contingency Operations for an equal amount of time. From Task Force 58 with 4,400 Marines launching from six amphibious ships to secure critical lodgments in Afghanistan in late 2001 to our counterinsurgency efforts in the Al Anbar province of Iraq and to our current operations in the Helmand River Valley of Afghanistan, your Marines have been forward deployed in the service of our Nation.

Yet, during this time the Marine Corps has not been confined solely to major combat operations and campaigns. From our rapid response aiding fellow Americans and enabling joint and interagency relief efforts following Hurricane Katrina's floods, to our non-combatant evacuation operation of 14,000 American citizens from Lebanon in 2006, to our numerous and ongoing security cooperation missions with nations of Africa, Eastern Europe, the Pacific Rim, and Latin America, the United States Marine Corps continues to demonstrate the agility and flexibility expected of America's principal crisis response force. Over the course of the past year alone, your brave men and women who wear the Marine uniform and who bring a diversity of talent in service to our Nation, have simultaneously:

- Waged an aggressive full-spectrum counterinsurgency operation in Afghanistan while concurrently increasing combat power nearly two-fold (i.e. from 10,600 to 19,400) in accordance with the President's December 2009 Afghanistan-Pakistan strategy;

¹As of December 2010, there were approximately 20,700 Marines in Afghanistan including Marines serving in external billets (e.g. transition teams and joint/interagency support, etc.); 6,200 at sea on Marine Expeditionary Units; and 1,600 Marines engaged in various other missions, operations and exercises. The 30,000 statistic excludes over 18,000 Marines assigned to garrison locations outside the continental United States such as in Europe, the Pacific, etc.

- Successfully completed our mission in Iraq, bringing stability to Al Anbar province. This achievement was not without sacrifice and suffering in that 1,022² Marines gave their lives and 8,626 Marines were wounded in action;
- Partnered with allied forces in engagement missions throughout every Geographic Combatant Commander's Area of Responsibility;
- Conducted foreign humanitarian assistance and disaster relief missions in Pakistan, Haiti, and the Philippines;
- Participated in maritime security operations to ensure freedom of navigation along vital sea lines of communication, to include the recapture of the vessel *Magellan Star* and rescue of its crew from Somali pirates; and
- Rapidly reinforced U.S. Embassies in Port au Prince, Haiti; Conakry, Guinea; Bishkek, Kyrgyzstan; and most recently Cairo, Egypt to assist and protect diplomatic personnel amidst crises in these foreign capitals.

Their actions align with the functions of our Corps as seen in the new Department of Defense Directive 5100.01, *Functions of the Department of Defense and Its Major Components*, and are a critical link to the continued prosperity and security of our Nation and the survival of our friends, allies and partners. The performance of your Marines on the global stage adds to our storied legacy of sacrifice and success — under even the most adverse conditions — inspiring a sense of pride and confidence in the American public that their Marines are able to respond quickly, ensuring the Nation's interests will be protected.

Future Security Environment. Public law, defense policy, our doctrine and operating concepts, and the future security environment shape how we organize, train, and equip our forces. As we look ahead, we see a world of increasing instability, failed or failing states, and conflict characterized by:

- Poverty, unemployment, urbanization, overpopulation, and extremism;
- Competition for scarce natural resources; and
- Rapid proliferation of new technologies to include capabilities to disrupt cyber networks, advanced precision weaponry, and weapons of mass destruction.

These troubling socio-economic and geopolitical trends converge in the littorals — regions along the world's coastline where the sea joins with the land. The majority of the world's population lives near the sea. The trend towards accelerated birth rates in the developing world, coupled with ongoing migration from rural to urban landscapes, results in hyper-populated coastal regions, burdened by the cumulative stressors of criminality, extremism, and violence.

Littoral cities increasingly may assume what some have called feral qualities, raising the potential for conflict, providing a measure of sanctuary for our adversaries, and posing challenges to governmental sovereignty and regional security. It is in this complex environment that your United States Marine Corps will operate. We stand optimally postured to conduct a

² 1022 deaths = 851 killed in action (hostile) and 171 deceased (non-hostile).

range of operations for Joint Force commanders, bridging the gap between operations at sea and on land.

Nonetheless, we are committed to the prevention of conflict as we are to responding to it. Indeed, 21st Century security challenges require expansion of global engagement — facilitated through persistent forward naval presence — to promote collective approaches to addressing common security concerns. Accordingly, forward deployed Marine forces will increasingly conduct theater security cooperation activities and will build partnership capacity through security force assistance missions with our allies and partners around the globe. The goal of our engagement initiatives is to minimize conditions for conflict and enable host nation forces to effectively address instability as it occurs.

Role of the Marine Corps. The United States is a maritime nation with global responsibilities. With a naval tradition as the foundation of our existence, we remain firmly partnered with the U.S. Navy. Forward deployed, we retain the ability to come from the sea rapidly to conduct missions across the range of military operations. Our persistent forward presence and multi-mission capability present an unparalleled ability to rapidly project U.S. power across the global commons — land, sea, air, space, and cyber.

Amphibious forces with robust and organic logistical sustainment provide a maritime Super Power significant advantages, including the ability to overcome the tyranny of distance and to project power where there is no basing or infrastructure — a strong deterrent capability for our Nation. To Marines, ‘expeditionary’ is a state of mind that drives the way we organize our forces, train, develop and procure equipment. By definition, our role as America’s crisis response force necessitates a high state of unit readiness and an ability to sustain ourselves logistically. We must be ready to deploy today and begin operating upon arrival, even in the most austere environments. The United States Marine Corps affords the following three strategic advantages for our Nation:

- **A versatile “middleweight” capability to respond across the range of military operations.** We fill the gap in our Nation’s defense as an agile force capable of operating at the high and low ends of the threat spectrum or the indistinct areas in between.
- **An inherent speed and agility that buys time for National leaders.** Our flexibility and rapid response capability present unique opportunities to develop strategic options, shape the environment, and set conditions to deploy the full capabilities of the Joint Force and other elements of National power.
- **An enabling and partnering capability in joint and combined operations.** Our unique forward posture aboard amphibious ships, manned by well trained, uniformed sailors, positions us to be the ‘first to fight.’

USMC Priorities. My four service level priorities informed this year’s budget submission. These priorities were influenced by and derived from a number of factors to include our understanding of the 21st Century battlefield based on lessons learned over nearly a decade at war, our examination of the future security environment, our doctrine and operating concepts, and our current and future budgetary and programmatic requirements.

These priorities are aligned with the principal recommendations of the *2010 Quadrennial Defense Review*, meeting its end state of ensuring that the Marine Corps is able to “prevail in today’s wars, prevent and deter conflict, prepare to defeat adversaries and succeed in a wide range of contingencies, and preserve and enhance the All-Volunteer Force.” My priorities also support America’s four enduring strategic interests as identified in the *2010 National Security Strategy*.³ To that end, we will:

- *Continue to provide the best trained and equipped Marine units to Afghanistan;*
- *Rebalance our Corps, posture it for the future, and aggressively experiment with and implement new capabilities and organizations;*
- *Better educate and train our Marines to succeed in distributed operations and increasingly complex environments; and*
- *Keep faith with our Marines, our Sailors and our families.*

The above priorities guide my long-term plan for the Marine Corps; however, there are pressing issues facing our Corps today that give cause for concern.

- **Equipment:** Our equipment abroad and at home station has been “heavily taxed” in the nearly 10 years of constant combat operations. We require funding to reset equipment being utilized overseas and to reconstitute home-station equipment and modernize for the future. This is critical to maintaining readiness throughout the Corps.
- **The Short Take-Off and Vertical Landing F-35B Joint Strike Fighter:** The F-35B is vital to our ability to conduct combined arms operations in expeditionary environments. Continued funding and support from Congress for this program is of utmost importance.
- **Amphibious Combat Vehicle:** We will begin the development of an affordable and capable amphibious combat vehicle to replace the recently-cancelled Expeditionary Fighting Vehicle program. The capability inherent in a ship-to-shore connector is critical to our expeditionary nature, as affirmed by the Secretary of Defense.
- **End Strength:** The drawdown of our active component from 202,100 to 186,800 must be conditions-based, and only after completion of our mission in Afghanistan. We must keep faith with our Marine Corps family by allowing appropriate time and support for those departing the force and to ensure the resiliency of our units still engaged in war.
- **Family Readiness Programs:** Like our equipment, Marines and their families have been “heavily taxed” since 9/11. We will continue to fund family readiness and family support programs that are vital to the health and welfare of our entire Marine Corps family.
- **Amphibious Ships:** The Navy and Marine Corps have determined a minimum force of 33 ships represents the limit of acceptable risk in meeting the 38-ship amphibious force

³ 1) Security of the United States, its citizens, and U.S. allies and partners 2) A strong, innovative, and growing U.S. economy in an open international economic system that promotes opportunity and prosperity 3) respect for universal values at home and around the world 4) and an international order advanced by U.S. leadership that promotes peace, security, and opportunity through stronger cooperation to meet global challenges. *2010 National Security Strategy* Pg. 7.

requirement for the Assault Echelon. Marines are best postured to engage and respond to the Nation's security interests from amphibious ships.

The Marine Corps needs the continued support of Congress in confronting these critical issues and the many others discussed below. My promise to Congress is that we will do our part by continuing to be good stewards of our taxpayers' dollars.

FY 2012 Budgetary Submission. The Marine Corps maintains a longstanding tradition in the Department of Defense as being "Penny Pinchers." *A prime example of our many noteworthy cost-saving measures is our practice of units deploying to Afghanistan utilizing equipment sets maintained and repaired in country — a measure saving significant funds annually on costs associated with the cycle of deployment and redeployment.* Our institutionalized culture of frugality, streamlined business practices, lean structure, and multi-mission capability, position us as the "best value" for the defense dollar. This fiscal year we are seeking over \$40 billion⁴ to fund ongoing operations, provide quality resources for our Marines, Sailors and their families, conduct reset of equipment stressed from nearly ten years at war, and prepare our forces for future missions. *For approximately 8.5%⁵ of the annual Defense budget, the Marine Corps provides the Nation approximately 31% of its ground operating forces (Combat, Combat Support and Combat Service Support), 12% of its fixed wing tactical aircraft, and 19% of its attack helicopters.*

During these times of constrained resources, the Marine Corps remains committed to streamlining operations, identifying efficiencies, and reinvesting savings to conserve scarce public funds. At the direction of the Secretary of Defense in June 2010, the services conducted an efficiencies review and our FY12 budget is the result of a thorough study of all of our business activities. Already one of the most economical of the military services, we achieved our DoD efficiency goal. We captured overhead efficiency savings by focusing on three main efforts:

- Buying smarter through acquiring platforms more intelligently
- Streamlining our operations
- Being more efficient in the way we use, produce, and acquire energy

This effort has had a marked impact on our overall budget, allowing us to invest more in our core warfighting missions and enhancing our acquisition plans. The efficiency initiative drove adjustments to our programs and ensured restoration of funding in areas where needed most. Additionally, we used funds realized from efficiencies to support programs originally not funded. We re-invested savings into critical war fighting programs to enhance readiness. We anticipate unit equipment readiness to increase by FY14 through the purchase of additional equipment beginning in FY12. This readiness increase will allow the Marine Corps to equip, train, and prepare units earlier in the pre-deployment cycle. Other expansions that we were able to address include enhancing funding for facilities with direct operational impact, energy and water

⁴ This sum includes both "Blue in Support of Green" funding, Overseas Contingency Operation funding, and other Navy funding for USMC needs (e.g. chaplains, medical personnel, amphibious ships, etc)

⁵ Based on provisions of the FY10 National Defense Authorization and Appropriation Acts.

investments at bases and installations, command and control and logistics programs, and equipment modernization.

In addition to our frugality and aggressive pursuit of finding efficiencies to enhance our warfighting capacity inherent in our budget request, your Marine Corps remains the first and only military service whose financial statements have been deemed audit ready. We are continually striving to be good stewards of the public trust and know the on-going financial audit will serve to both strengthen our financial management practices and give us actionable business intelligence to support our decision-making process in supporting our operational forces at home, abroad and in harm's way.

Priority # 1: Continue to Provide the Best Trained and Equipped Units to Afghanistan

Operation ENDURING FREEDOM. We have made great progress in Afghanistan; this effort remains our number one priority until we attain our National objectives. At present over 20,000 Marines are deployed in Afghanistan. This mission ultimately involves almost 60,000 Marines, or just under one-third of our active duty force, factoring in deployment, redeployment, training cycles and other direct support. We will continue providing forces in Afghanistan capable of full-spectrum combat and counterinsurgency operations, while balancing our capabilities to perform what the Nation will likely ask of us in the future. We will ensure that Marines, Sailors, and the units in which they serve, receive the best possible training and equipment to succeed in the many types of missions we are conducting in this complex, dynamic environment.

Our successes within Helmand Province are paving the way for economic development and governance. Marine commanders on the ground and Afghan officials indicate that freedom of movement for the local populace has improved. Bazaars and markets are flourishing; critical infrastructure projects are underway. Today, 10 of 13 districts in Helmand Province are under the control of the Afghan central government. Daily, 135,000 children attend school, which is more than a 60 percent increase from 2008 levels. Formerly dangerous places like Marjah, Now Zad, and Garmsir, un-trafficable due to improvised explosive devices just one year ago, now have significant activity occurring in commercial centers. Yet, other challenges remain as we now seek to capitalize on our 2010 successes. We are currently expanding battle-space northward into other hostile locations such as the district of Sangin, where our forces are going “head-to-head” with Taliban resistance.

As America’s Expeditionary Force in Readiness, we are ready to execute any mission assigned in support of crisis and contingency response. In addition to our Afghanistan commitment, we continue to source forward-based and deployed forces to meet Geographic Combatant Commander requirements. In light of our operational demands, and through the support of Congress in authorizing our end strength of 202,100 active duty forces, our combat units are beginning to realize an approximate 1:2 dwell time.⁶ Other units vary at more favorable dwell time levels depending on their mission. We anticipate the 1:2 dwell ratio for combat units to remain relatively stable provided current deployed force levels are not increased; however, increased operational demands in Afghanistan or elsewhere may result in dwell times inconsistent with fostering a resilient Total Force.

Some Marines in select military occupational specialties continue to fall into what is known as a high-demand, low-density status. This is a key indicator that the combat demand for Marines with these skills does not match, or exceeds, the current manpower requirement and/or inventory. In addition, there are currently 14 of 211 occupational specialties where the on-hand number of Marines is less than 90 percent of what is required.⁷ Our recently completed force structure review addressed all these concerns. We are working actively to recruit, promote, and retain the

⁶ Infantry battalions will continue to remain just below 1:2 dwell time due to relief in place/transfer of authority requirements.

⁷ Our most stressed occupational specialties based on percentage of Marines beyond a 1:2 dwell are 1) Geographic Intelligence Specialist, 2) Imaging Analyst/Specialists, 3) Signals Collection Operator/Analyst, 4) Unmanned Aerial Systems Operator/Mechanic, and 5) European, Middle East, and Asia-Pacific Cryptologic Linguists.

right number of Marines in the right occupational specialties thus promoting resiliency of our Total Force.

Training for Full Spectrum Counter-Insurgency Operations. Our comprehensive training program conducted at our premiere desert training base in Twentynine Palms, CA, has been credited by leaders throughout the Corps with providing a dynamic environment that replicates the many tasks, challenges, and requirements required of units in a counterinsurgency setting. Our newly-instituted Infantry Immersion Trainers are realistic, reconfigurable, and provide comprehensive training environments that develop small unit tactics and individual skills for deploying infantry squads. The Infantry Immersion Trainer supports essential training such as control of supporting arms, language, improvised explosive device recognition and defeat measures, human terrain understanding and close quarters battle. Introducing battlefield effects simulators, culturally appropriate role players, and interactive avatars at the Infantry Immersion Trainers teaches Marines to make legally, morally, ethically, and tactically sound decisions under situations of great stress. It also contributes to reducing the effects of combat stress. I view this training program to be of vital importance to our Operating Forces.

Equipping for the Afghan Effort. Marine units are operating in Afghanistan with high rates of ground equipment readiness. Through the generosity of Congress, we have received funds for the rapid fielding of urgent need items in support of our Afghanistan effort. The Mine Resistant Armor Vehicle Program continues to meet urgent requirements while we actively pursue vehicle upgrades to outpace emerging threats, enhance mobility, and improve vehicle performance. We can accomplish this goal through engineering changes and capability insertions in current production, planned orders, and fielded vehicles. We have a requirement for 3,362 vehicles in the family of Mine Resistant Armor Protected vehicles, including 1,454 Mine Resistant Armor Protected All Terrain Vehicles. To date, we have fielded 1,214 Mine Resistant Armor Protected All Terrain Vehicles to our units in Afghanistan and have met the theater requirement.

To date, we have fielded 34 Assault Breacher Vehicles, five of which are in Afghanistan, to enhance the mobility of the Marine Air Ground Task Force (MAGTF). We plan to field a total of 52 Assault Breacher Vehicles. Production of the remaining eighteen vehicles remains on schedule and is fully funded with final delivery scheduled for the second quarter of FY12.

In our continuing efforts to find improvised explosive devices by all possible means, we are tripling our successful Improvised Explosive Device Dog Detection program and are also undertaking a research and development effort to train dogs with improved detection capabilities with fielding expected this fall. This year, we will have fielded 647 specially trained Labrador Retrievers who work off-leash, supporting our infantry units in ground combat operations. We also have fielded a wide array of intelligence collection sensors and analytic and processing systems to include the Multimedia Archival Analysis System, the Ground Based Observational Surveillance System, the Tactical Remote Sensor System, the Communication Emitter Sensing and Attacking System, and improvements to the Tactical Exploitation Group, to name a few.

Lastly, in December 2010, we deployed a reinforced company of 17 M1A1 Main Battle Tanks to join our efforts in Regional Command SouthWest to provide increased force protection and firepower. Today, these tanks are fully integrated with our forces operating in our most

highly-contested regions, and are rapidly proving their utility in this environment by enabling our Marines to increase operational tempo. They also demonstrate the commitment of Coalition Forces to the security of Southern Afghanistan.

Priority # 2 Rebalance the Corps, Posture for the Future, and Aggressively Experiment with and Implement New Capabilities and Organizations

Posture for the Future and Force Structure Review. The Marine Corps has deployed MAGTFs in support of irregular warfare missions such as our counterinsurgency effort in Afghanistan, humanitarian assistance and disaster relief efforts in Pakistan, Haiti, and the Philippines, and engagement missions such as our theater security cooperation exercises in support of every Geographic Combatant Commander.

Despite these and many other operational successes over the past decade, new challenges await us requiring the same spirit of innovation and institutional flexibility that have been the bedrock of our Corps for 235 years. The *2010 Quadrennial Defense Review* highlights an expanding need over the next two decades for military forces skilled at countering irregular threats,⁸ and the *2010 National Security Strategy* signals a need for increased engagement activities. Both of these thrusts necessitate Marines who are not only fighters, but also trainers, mentors, and advisors. The *2011 National Military Strategy* advances the idea that “strengthening international and regional security requires that our forces be globally available, yet regionally focused.”⁹ Likewise, Geographic Combatant Commanders have continued to register their growing need for forward-postured amphibious forces capable of conducting security cooperation, regional deterrence, and crisis response.¹⁰

This past fall, we conducted a detailed force structure review to develop the optimum mix of capabilities for our role as America’s Expeditionary Force in Readiness in the post-Afghanistan security environment. The force structure review addressed 21st Century challenges confronting our Nation and its Marine Corps, aiming to build on our historic role as the Nation’s crisis response force. The review sought to provide the “best value” in terms of capability, cost, and readiness relative to the operational requirements of our forward-engaged Geographic Combatant Commanders. The results of that effort provide for a strategically mobile, “middleweight” force optimized for forward-presence and rapid crisis response. We will be light enough to leverage the flexibility and capacity of amphibious ships, yet heavy enough to accomplish the mission when we get there. Sea-based forces, in particular, will be invaluable for discreet engagement activities, rapid crisis response, and sustainable power projection.

Our review also aimed for a force structure that provides capability and capacity across the range of military operations, while simultaneously providing for resiliency in our Total Force. With likely reductions in forward basing and strategic transportation, the importance of regionally-focused headquarters and forces, both forward-postured and immediately deployable with a minimum of strategic lift, is paramount. We have thus built a Joint Task Force capable headquarters at several Geographic Combatant Command locations. *As we aim to implement signature outcomes of the force structure review, Marines on a day-to-day basis will be forward-deployed and engaged, working closely with our joint and allied partners. When crises or*

⁸ “The wars we are fighting today and assessments of the future security environment together demand that the United States retain and enhance a whole-of-government capability to succeed in large-scale counterinsurgency, stability, and counterterrorism operations in environments ranging from densely populated urban areas and mega-cities, to remote mountains, deserts, jungles, and littoral regions.” *2010 Quadrennial Defense Review Report*, Pg 20.

⁹ *2011 National Military Strategy of the United States*, pg 10.

¹⁰ In the past 20 years, U.S. amphibious forces have responded to crises and contingencies 114 times — a response rate double that during the Cold War.

contingencies arise, these same Marines will respond — locally, regionally, or globally if necessary — to accomplish whatever mission the Nation asks of us.

To best meet Geographic Combatant Commander needs and ensure optimal configuration as America's Expeditionary Force in Readiness, we require Congressional support to reset our equipment, develop new organizational structures, and begin implementing initiatives from our force structure review. These measures ultimately will improve our ability to function within the Joint Force, execute distributed operations, command and control in complex environments, and conduct persistent engagement missions. *As we are entrusted with the resources and funding to posture ourselves for the future, we will continue to conduct responsible examination required of a disciplined force to ensure that we implement every refinement — from the smallest to the most sweeping — in a manner that provides the Nation with a lean force, capable of rapidly projecting the Nation's power and strategic influence.*

EQUIPPING

Reset of the Total Force. Resetting the Marine Corps for the future after nearly a decade at war is my number one equipping priority. This past year, we completed our mission in Iraq, effecting the retrograde of more than 25,000 Marines,¹¹ 382,000 items of equipment, 10,800 short tons of aviation support equipment, and nearly 11,000 containers from Al Anbar province via Jordan and Kuwait to the U.S. and elsewhere. This drawdown of equipment over the course of one year was a significant logistical and operational achievement. We also accomplished the rapid shift of critical equipment from Iraq to Afghanistan in support of the deployment of the 2d Marine Expeditionary Brigade. This shift of materiel within a theater of operation became one of the largest redeployments in U.S. history, both in terms of equipment moved and distances involved.

The Marine Corps is currently sourcing highly-trained and ready forces to meet global combatant commander requirements.

- *Approximately 98% of deployed units report the highest levels of readiness for their assigned mission.*

However, high deployed-unit readiness has come at the expense of home-station, non-deployed units, which have sourced organic equipment and personnel to meet the needs of our deployed forces.

- *Approximately 68% of non-deployed units report degraded levels of readiness. The largest contributing factor is equipment; approximately 37% of non-deployed forces report degraded levels of equipment supply. This lack of equipment impacts the ability of non-deployed forces to respond rapidly to other potential contingencies and represents lost core training opportunities early in the deployment cycle in preparation for Overseas Contingency Operations.*

The equipment redeployed from Iraq to Afghanistan in support of the 2009 surge included most of our deployed medium tactical fleet, the majority of our fleet of Mine Resistant Armor Protected vehicles, light armored reconnaissance vehicles, other hard-to-move equipment, and

¹¹ At present, approximately 100 Marines remain in Iraq serving in individual augment, transition team and other miscellaneous billets.

theater-specific items. While shifting this equipment directly to Afghanistan enabled the Marine Corps to meet critical operational timelines, it resulted in the deferment of previously-planned post-Operation Iraqi Freedom reset actions. These same assets comprise a significant portion of the Marine Corps' total reset liability and depot maintenance costs. Thus, a consequence of delaying reset actions on this equipment is the acceptance of considerable risk in the long-term readiness and future availability of our ground equipment. In addition, increased usage rates of our ground equipment and harsh operating environments over these many years at war have resulted in our ground equipment far exceeding planned peacetime usage rates by a factor of six.

It is vital that we reset our equipment from nearly 10 years at war to maintain the necessary levels of readiness to posture ourselves for the future.

- *We estimate the cost of reset for the Marine Corps to be \$10.6 billion. \$3.1 billion has been requested in FY-11 to reduce this liability, leaving a \$7.5 billion deficit. \$5 billion of the \$7.5 billion reset liability will be incurred upon termination of the conflict in Afghanistan. (Note: \$2.5 billion has been requested for reset in FY12. These estimates assume no reset generation beyond FY12 and thus do not include any reset requirements for FY13 and FY14.)*

This funding will support the depot-level maintenance of our Operation Enduring Freedom equipment, procurement of combat vehicles and major weapons systems, engineering equipment, ammunition expenditures, and combat losses. The reset estimate is based on current circumstances and will change as operational requirements are re-evaluated. Moreover, as long as the war continues, our costs for reset will grow accordingly.

Reconstitution of Equipment. Our experiences in combat operations over the past decade have shown us that our legacy 20th Century tables of equipment are inadequate with regard to the demands of the modern battlefield. As we move towards finalizing our force structure review by conducting a thorough Doctrine, Organization, Training, Materiel, Leadership and Education, Personnel, and Facilities assessment, we will finalize determination on the costs associated with modernization of equipment sets necessary to support our future operations.

- *However, at this time, our initial estimate of reconstituting our tables of equipment is \$5 billion, which is an amount entirely separate from our reset costs. We have begun to address our reconstitution shortfall by requesting \$253 million in FY12 for equipment procurement.*

As our force structure review is implemented, we will continue with deliberate assessments of the modernization requirements for equipment that optimizes our post-Afghanistan posture while simultaneously reinforcing our frugal and responsible roots. Our Service Reconstitution Equipment Strategy will guide the identification of emerging requirements for refining the capabilities of our status as a middleweight force, our support to the Geographic Combatant Commanders, our service level prioritization, and resource allocation.

Marine Aviation. We are transitioning our entire inventory of fixed and rotary wing aircraft to support our future force and require ongoing support from Congress for this comprehensive aviation modernization effort. The continued development and fielding of the short take-off and vertical landing (STOVL) F-35B Joint Strike Fighter remains the centerpiece of this effort. The capability inherent in a STOVL jet facilitates our maneuver warfare doctrine and fills our need

for close air support in the many austere conditions and locations where we will likely operate in the future. Around the world, there are 10 times as many 3,000-foot runways capable of handling a STOVL jet as there are 8,000-foot runways required of conventional fighter aircraft. Additionally, we maintain the organic ability to build an expeditionary 3,000-foot runway in a matter of days in support of aviation operations. The capabilities of the STOVL F-35B enable the Marine Corps to replace three legacy aircraft types — F/A-18, EA-6B, and AV-8B — which once fielded will save the Department of Defense approximately \$1 billion per year in operations and maintenance costs. *The F-35B program has made significant progress to date including 22 successful vertical landings so far this year which is more than double that achieved all last year. I am confident that we will field this aircraft in accordance with responsible timelines. This matter has my unwavering attention, and I am personally overseeing this program. With a fully-fielded fleet of F-35Bs, the Nation will maintain 22 capital ships — 11 carrier and 11 amphibious assault — with fifth generation strike assets aboard — a significant deterrent and response capability for our Nation.*

Our legacy aircraft supporting operational missions are consuming service life at a rate up to three times faster than scheduled. Averaged across our complete fleet, we are consuming aircraft service life at a rate 1.85 times faster than planned. This reality results in compressed timelines between re-work events and in earlier retirement of aircraft than originally programmed. The majority of our legacy platforms are nearing the end of their service lives, and most production lines are closed. New aircraft with low average ages and robust service life projections are the future of our aviation force and its support of Marine Corps and joint operations. As we transition to these new capabilities, we are mindful of the need to ensure a fully-integrated and networked force to provide Marine aviation to the MAGTF and the Joint Force.

We are exploring the viability of transformational platforms such as the Cargo Unmanned Aircraft System. The Cargo UAS will facilitate the delivery of logistics to remote locations when weather or threat systems preclude manned aviation sorties or overland resupply convoys.

Our new aircraft will provide increased range, speed, standoff, time on station, lift capability, and will be critical to tomorrow's MAGTF. By 2020, we will transition more than 50 percent of our aviation squadrons to new aircraft and complete fielding of the tilt-rotor MV-22 Osprey assault support aircraft and the upgraded UH-1Y Huey utility helicopter. We will field new close air support platforms such as the AH-1Z attack helicopter and the STOVL F-35B. We also will have new platforms for intelligence, surveillance and reconnaissance and an entirely new family of Unmanned Aircraft Systems. Lastly, we will introduce greater lifting power to the MAGTF with a new model of the heavy-lift CH-53 cargo helicopter.

Ground Combat and Tactical Vehicle Strategy. The priority for our Ground Combat Element is our ship to shore tactical mobility. The seamless transition of our Operating Forces from the sea to conduct sustained operations ashore, in particular to support three balanced Marine Expeditionary Brigades (i.e. two sea-based Joint Forcible Entry Marine Expeditionary Brigades reinforced by a third Maritime Prepositioning Force-based Marine Expeditionary Brigade) as well as for conducting irregular warfare missions, necessitates an appropriate mix of ground combat vehicles. We are focusing our efforts on developing and fielding a family of vehicles with a balance of performance, protection, payload, transportability, fuel efficiency, and affordability that supports the rapid concentration and dispersion of combat power, supports strategic deployment concepts and meets our world-wide operational commitments.

Our Ground Combat and Tactical Vehicle Strategy is currently in its third phase of development. Its overall goal is to field a ground combat vehicle portfolio structured to support the ground combat element. Vehicles in this portfolio include the Joint Light Tactical Vehicle, the Marine Personnel Carrier, and a new amphibious combat vehicle.

In the complex future security environment, the execution of amphibious operations requires the use of the sea as maneuver space. An amphibious combat vehicle is essential to our ability to conduct surface littoral maneuver and seamlessly project ready-to-fight Marine units from sea to land in permissive, uncertain, and hostile environments. As the Secretary of Defense affirmed earlier this year, the cancellation of the Expeditionary Fighting Vehicle is by no means a rejection of the Marine Corps amphibious assault mission.

The standing, validated requirement for, and development of, an amphibious combat vehicle will ensure we continue to develop the right platform — at the right price — to support rapid ship to shore movement. To that end, we are now pursuing an integrated new vehicle program with three components, crafted from inception for affordability and leveraging the investment made in the EFV. We intend to mitigate risks associated with a new vehicle program and to maximize value by use of an integrated acquisition portfolio approach. This approach will have three synchronized efforts:

- Acceleration of the procurement of Marine Personnel Carriers
- Investment in a service life extension program and upgrades for a portion of the existing amphibious assault vehicles
- Development of a new amphibious combat vehicle

We intend to manage these complementary capabilities, requirements and acquisitions from a portfolio perspective.

NAVY SUPPORT

The Navy Marine Corps Team. As part of the Joint Force, the Marine Corps and the Navy partner to leverage the significant advantages provided by amphibious forces — a point reinforced by joint doctrine.¹² The Navy and Marine Corps team will be postured and engaged forward to be most operationally relevant to the needs of our Nation. Together, we provide the capability for massing potent forces close to a foreign shore while maintain a diplomatically sensitive profile. And, when needed, we are able to project this power ashore across the range of military operations at a time of our Nation's choosing, collectively demonstrating the essence of naval deterrence.

¹² "Timely response to crisis situations is critical to U.S. deterrent and warfighting capabilities. The timeliness of U.S. response is a function of U.S. forward deployed forces and prepositioned forces with adequate organic movement capability...." Joint Publication 3-35, *Joint Deployment and Redeployment Operations*, 7 May 2007, pg 1-8.

Amphibious Shipping. The Marine Corps' requirement to deploy globally, rapidly respond regionally, and train locally necessitates a combination of tactical airlift, high-speed vessels, amphibious ships, maritime preposition shipping, organic tactical aviation, and strategic airlift. The inherent flexibility and utility of amphibious ships is not widely understood, as evidenced by the frequent — and erroneous — assumption that “forcible entry capabilities” alone define the requirement for amphibious ships. *The same capabilities that allow an amphibious task force to deliver and support a landing force on a hostile shore enables it to support forward engagement and crisis response. In fact the most frequent employment of amphibious forces is for steady state engagement and crisis response.* The Geographic Combatant Commanders have increased demand for forward-postured amphibious forces capable of conducting security cooperation, regional deterrence, and crisis response reflecting the operational value of amphibious forces for missions across the range of military operations.¹³ In an era of declining access and strategic uncertainty, I anticipate that this upward demand trend will continue.

Our principal contribution to U.S. Global Defense Posture is our “rotationally responsive” forces aboard amphibious ships. These forces combine the advantages of an immediate, yet temporary, presence, graduated visibility, and tailored, scalable force packages structured around the MAGTF. Rotational Amphibious Ready Groups/Marine Expeditionary Units forward deployed in three Geographic Combatant Command areas of responsibility, not only provide the capability for crisis response, but also present a means for day-to-day engagement with partner nations. Rotational forces also offer additional flexibility for decision makers in the event that forces are required to rapidly re-deploy across divergent regions and conflicts.

In January 2009, the Navy and Marine Corps agreed that the force structure requirement to support a 2.0 Marine Expeditionary Brigade lift is 38 total amphibious assault ships. In light of the fiscal constraints, the Department of the Navy agreed to sustain a minimum of 33 total amphibious ships in the assault echelon. This number gives a capability needed for steady state operations and represents the minimum number of ships needed to provide the Nation with a sea based power projection capability for full spectrum amphibious operations — including the amphibious assault echelon of two Marine Expeditionary Brigades.

The Marine Corps is committed to the spiral development of the America Class LHA (R), which is 27 percent complete. We expect the Navy to take delivery of LHA-6 in FY14 with availability to deploy beginning in FY17. In terms of LHA-7, we anticipate the contract award in late FY11 with fabrication commencing the following year. *These two ships are maximized for aviation, and I believe it is essential that a well-deck be reintroduced in LHA-8 as currently planned.* The ongoing procurement and commissioning of the final two of our planned eleven San Antonio Class LPD-17 “Common Hull Forms” is critical to providing the lift capacities and operational capabilities to support the full range of military operations up to and including forcible entry.

Maritime Prepositioning Assets. The Maritime Prepositioning Force (MPF) program exists to enable the rapid deployment and engagement of a Marine Air Ground Task Force anywhere in the world in support of our National Military Strategy. The current MPF force, which has been employed 55 times since 1985, is composed of a fleet of 16 ships divided into three Maritime Pre-Positioning Ships Squadrons located in the Mediterranean Sea, Indian Ocean (Diego Garcia),

¹³ Since 9/11 U.S. amphibious forces have responded to crises and contingencies at least fifty times, a response rate more than double that of the Cold War.

and Pacific Ocean (Guam and Saipan). With the restructure of the Maritime Prepositioning Force-Future, the Marine Corps and Navy have focused on an interim solution to enhance current MPF with three new ships to enable future sea-basing concepts. The addition of three Mobile Landing Platforms (MLP) and three T-AKE auxiliary dry cargo ships to the Maritime Prepositioning Ship Squadrons, coupled with existing Large, Medium-Speed, Roll-On, Roll-Off (LMSR) cargo ships, will enable the MPS squadrons to conduct at-sea, sea-state three, selective offload of vehicles, personnel, and equipment without complete reliance on fixed ports ashore. The introduction of MLPs, T-AKEs, and LMSRs provide the Navy and Marine Corps team a substantial step in enhancing our current sea-basing capabilities.

The Department of the Navy is currently funding the full MPF program of 16 ships through FY12; however, the DoN POM-13 places one Maritime Prepositioning Squadron (six ships) in a Reduced Operational Status beginning in FY13. We will continue to optimize the MPF program to remain responsive and relevant to Geographic Combatant Commander requirements.

Naval Surface Fire Support. The Marine Corps has an enduring requirement for fire support from naval vessels in the range of 41-63 nautical miles to support amphibious operations in the littorals. These fires are needed by tactical commanders to maneuver towards battlefield objectives once ashore, contributing to joint doctrine for assured access. They serve as a component of the balanced and complementary joint triad of fires. Yet, unlike tactical aviation and ground fire systems, naval surface fires are unique and vital for their volume, lethality, accuracy and all-weather capability.

Planned reductions in the procurement of certain naval ships along with cancellation of specific weapons programs over the past few years have led to a deficiency in systems available for naval surface fires. Completed in 2009, the Joint Expeditionary Fires Analysis of Alternatives identified the optimum U.S. Navy programs to support Marine Corps naval surface fire support requirements. This study established the baseline capabilities of the current naval surface fire support program of record (13nm projectile of the 5-inch gun and the Advance Gun System of the DDG-1000) to be insufficient in mitigating fire support gaps. The study determined that extended range 5-inch munitions would serve as a complementary alternative to the three DDG 1000s. Dramatic improvements in 5-inch projectiles can extend the naval surface fire support maximum range, across the 106 guns in the surface fleet, from 13 to 52 nautical miles with precision, high angle attack for use in operations in urban terrain, and potential effectiveness against moving targets. We also support ongoing research and development of transformational technologies like the Electro-Magnetic Rail Gun with its potential to revolutionize the reach, coverage, and responsiveness of ship-based naval gunfire to ranges in excess of 200 nautical miles.

Assured Access. We remain vigilant of burgeoning anti-access/area denial threats proliferating around the globe, particularly in the Pacific Rim. The family of guided rockets, artillery, mortars, missiles and subsurface systems like mines and quiet submarines, pose a challenge to the power projection capability of seaborne expeditionary forces and threatens DoD's ability to prevent and deter conflicts and prepare for a wide range of contingencies.

Marine Air Ground Task Forces ashore and aboard amphibious shipping will support operations to ensure the freedom of action of U.S. and Allied forces by establishing expeditionary bases and airfields or defending advance bases. Marine Short Take-off and Vertical Landing aviation assets will be of particular value in overcoming adversary anti-access and area denial capabilities

since they can operate from short or degraded airfields, can be rapidly dispersed, and can utilize both large carriers and amphibious ships for attack, maintenance, force protection, and dispersal purposes. The Joint Force Commander can leverage these unique capabilities to ensure the sea control necessary for the conduct of subsequent joint operations, whether they be power projection, forcible entry, or freedom of navigation.

In this regard, we are partnered with the joint community to develop an overarching concept to attain operational access. This year, we will employ our war-gaming capability in Expeditionary Warrior 2011 to examine operations designed to overcome anti-access challenges. We are partners with the U.S. Navy and the U.S. Air Force in the development of the Air-Sea Battle Concept aimed at integrating capabilities to defeat these advanced weapon systems in maritime areas of strategic interest. We also continue to participate in the U.S. Army's Joint Forcible Entry Warfighting Experiment, examining capabilities to conduct airborne and amphibious forcible entry operations.

PERSONNEL & ORGANIZATIONAL INITIATIVES

People. Today's Marine Corps represents less than 1/10 of 1 percent of the US population, and the individual Marine remains our most valuable asset. Our 202,100 Active Duty and 39,600 Selected Reserve end strength allow us to meet current operational commitments while promoting resiliency throughout our Total Force. In FY10 Marine Corps Recruiting Command accessed 1,703 officers (100.18 percent of the 1,700 officer goal). Our FY11 accession mission is 1,650 active duty officer accessions with the same goal projected in FY12. In terms of enlisted accessions, we are exceeding our internal quality standards of 95 percent enlisted recruits entering the Marine Corps possessing a high school diploma and 63 percent qualifying in the DoD I-III mental group categories (DoD quality standards are 90 percent and 60 percent respectively). We will achieve our mission of 31,500 enlisted active component non-prior service recruits in FY11. Enlistment Bonuses remain vital to meeting the continuing requirement for high demand skills. We are continuing to experience unprecedented retention in both first-term and career Marines.

We will continue to shape our Total Force to provide the ideal grade and military occupational specialty mix needed for sustainment. Our force structure review developed ways to increase unit readiness within our operating forces to ensure 99 percent manning of enlisted billets and 95 percent manning of officer billets. At the close of the Future Years Defense Program, we will work with the Secretary of Defense on a responsible drawdown of our end strength that is aligned with the future mission demands of a post-Operation Enduring Freedom security environment. I am determined to "keep faith" with our Marines and their families by designing and executing a responsible drawdown from our current 202,100 end strength such that we avoid reduction-in-force actions and early retirement boards.

The Marine Corps is committed to making concerted efforts to attract, mentor, and retain the most talented men and women who bring a diversity of background, culture and skill in service to our Nation. Our diversity effort is structured with the understanding that the objective of diversity is not merely to achieve representational parity, but to raise total capability through leveraging the strengths and talents of each and every Marine. The success of our pioneering Female Engagement Team program in Afghanistan, which is an offshoot of a similar effort we

employed in Iraq, is one way that the Marine Corps utilizes diversity within our ranks for operational benefit.

We are currently developing a comprehensive, Service-wide strategy on diversity, an effort facilitated through our standing Diversity Review Board and a Diversity Executive Steering Committee chartered to establish the foundations for diversity success in the Total Force. The Marine Corps has established minority officer recruiting and mentoring as the highest priority in our recruiting efforts. Along with the other Services, we have provided timely input to the Congressionally-sanctioned Military Leadership Diversity Commission and look forward to release of the Commission's final report scheduled for March 2011.

Marine Air Ground Task Force Enhancements. To further posture ourselves for the future, we are evaluating the internal workings of our MAGTFs to account for the distributed operations, decentralized command and control, dispersed forces and diffuse threats inherent on the modern battlefield. We are implementing a diverse suite of command and control systems within all elements of the MAGTF. We continue to work to build the capacity of new organizations like the Marine Corps Information Operations Center to achieve non-lethal effects in today's irregular and complex environments. We are ensuring the rapid analysis, fusion, and dissemination of intelligence down to the tactical level by continuing implementation of the Marine Corps Intelligence, Surveillance, and Reconnaissance Enterprise. We also aim to reorganize our intelligence collection and exploitation capabilities, increasing the ratio of resources to users. We will also capitalize on the capabilities of unmanned aircraft systems via an increase in capacity.

We are developing regionally-focused Marine Expeditionary Brigade command elements that are joint task force capable, with habitually aligned subordinate elements, to improve Geographic Combatant Commander effectiveness and speed of response. We have recently stood up one such element in Bahrain in support of U.S. Central Command. To better standardize operations and training for units and staff in our ground combat element, we established the Marine Corps Tactics and Operations Group, which reached full operational capability in May 2010. Among other measures, this organization's mission is to support the refinement of our doctrine, including how our infantry companies will fight in the future. Building on the successes of the Marine Corps Tactics and Operations Group for the ground combat element, we are also developing and establishing a Marine Corps Logistics Operations Group capability for the Logistics Combat Element along with reorganizing Marine Logistics Groups to establish standing Combat Logistics Battalions habitually aligned to specific Marine Expeditionary Units and infantry regiments.

Over the past decade, we have become more reliant on equipment sets resulting from the emergence of new threats, perhaps most notably the improvised explosive device. This trend has resulted in the acquisition of some resources that are incompatible with the ethos of an agile, expeditionary force. To that end, we have begun an effort known as "*Lightening the MAGTF*," a measure aimed at reducing the size, weight, and energy expenditure of our forces from the individual rifleman to wholesale components of the MAGTF.

Sustained combat operations and worldwide theater security cooperation and training commitments over the last decade point towards an essential requirement for the Marine Corps Reserve to continue focusing at the operational, rather than strategic level of warfare. Since 9/11, our Marine Corps Reserve has engaged continuously in combat operations as well as in

regional security cooperation and crisis prevention activities in support of the Geographical Combatant Commanders. This operational tempo has built a momentum among our war fighters and a depth of experience throughout the ranks that is unprecedented in generations of Marine Corps Reservists. In fact, today's Marine Corps Reserve is more highly trained, capable, and battle-tested than at any time since the Korean War.

The transition in utilization of the Marine Corps Reserve from a strategic to operational Reserve, as affirmed by our force structure review, expands our ability to perform as America's Expeditionary Force in Readiness. Sharing the culture of deployment and expeditionary mindset that has dominated Marine Corps culture, ethos and thinking since our beginning more than two centuries ago, the Marine Corps Reserve is optimally organized, equipped, and trained to perform as an operational Reserve.

Institutions for Irregular Warfare. Irregular operations (e.g. Counterinsurgency, Stability Operations, Foreign Internal Defense, Unconventional Warfare and Counterterrorism) often occur in response to crisis and are executed in austere conditions — situations often entailing employment of Marines. Our experiences countering irregular threats in “Small Wars” is a result of responding to complex crises involving a mix of security, economic, political, and social issues — usually under austere physical conditions. Our approach to irregular warfare is based on the understanding that people, ideas and organizations — not platforms and advanced technology — are the keys to success in operating in complex and irregular warfare environments. Naval forces conducting theater security operations and security force assistance to build partnership capacity also provide the Nation the potential for immediate crisis response capability and options for escalation or de-escalation. *Building on our lessons learned in Iraq and Afghanistan, we are developing options to re-organize, consolidate, and strengthen our institutions that emphasize our irregular warfare and multi-mission capability such as the Center for Advanced Operational Culture and Learning, the Security Cooperation Training and Education Center, and the Center for Irregular Warfare. The objective is to gain unity of effort, increase effectiveness and efficiency, and reduce redundant capacity.*

We established the Marine Corps Training and Advisory Group (MCTAG) within the past five years to train, equip, and deploy Marines for Security Force Assistance missions in support of Geographic Combatant Commander theater security cooperation plans. The MCTAG provides conventional training and advisor support to Host Nation Security Forces. This organization also offers planning assistance to Marine regional component commands in developing and executing partner nation training programs. The MCTAG is scheduled to reach full operating capability in September 2011 and to date has directly trained more than 180 Marines and Sailors and assisted in the training of more than 600 Marines and Sailors, who themselves have conducted in excess of 150 deployments to more than 50 countries worldwide. The MCTAG has also developed programs of instruction to train joint service advisors/trainers deploying on theater security cooperation missions as well as programs of instruction to train light infantry battalions from the Republic of Georgia in executing combat operations in Afghanistan.

Because the Marine Corps functions in an integrated fashion throughout all traditional domains — land, sea, air, and space — it is a logical step forward for us to be optimally organized, trained and equipped to operate synergistically on the modern battlefield, which now includes the cyber domain. As U.S. Cyber Command matures and sponsors initiatives to

increase cyber operational capacity, we are taking deliberate steps to build additional Marine Corps cyber capability and capacity to meet joint and service-level demands.

We see the continued development of organic cyber capabilities, capacities, and awareness as a critical element to retain speed, precision, and lethality across the entire spectrum of operations. We are working to incorporate scenarios into our exercises to increase opportunities for Marines to leverage cyber capabilities while also training Marines to operate where cyber-enabled warfighting capability may be degraded and/or contested. Additionally, we are integrating tailored cyber education into our officer and enlisted professional education programs. *We are continuing to examine our options for recruiting, training and retaining our cyber workforce. This is especially challenging given the highly specialized skill sets and the competition for such in both the Federal and Private sectors.*

Formed in 2006, Marine Special Operations Command (MARSOC) is currently conducting an internal reorganization into three mirrored battalions. Upon completion of this reorganization in FY14, Marine Special Operations Command will have one regiment consisting of three battalions, 12 companies, and 48 Marine Special Operations Teams. Since December 2009, MARSOC has maintained an enduring battalion-level Special Operations Task Force headquarters and two companies in Afghanistan along with persistent Marine Special Operations Team engagements in other high priority regions.

Since its inception, the Marine Corps has resourced Marine Special Operations Command with significant investments in military construction for training facilities, barracks and headquarters. In the near term, MARSOC will have 2,678 personnel. Our force structure review recently evaluated ways to increase the number of combat support and combat service support Marines (e.g. logisticians, intelligence personnel, etc.) enabling MARSOC's operations. I intend to add 1,001 Marines to MARSOC, which will increase its capacity by 44 percent. These Marines, who are above and beyond the planned FY14 personnel increase, will better enable it for effective special operations.

The Marine Corps serves as the Department of Defense Non-Lethal Weapons Executive Agent responsible for developing program recommendations and stimulating non-lethal weapons requirements. Non-lethal effects are part of the Department of Defense portfolio of capabilities that enhance the Joint Force Commander's ability to act in a timely manner to detect, deter, prevent, defeat, or, if necessary, mitigate the effects of an attack. Non-lethal capabilities provide the Joint Force the ability to selectively target hostile threats, covered or concealed by civilian assets, while avoiding collateral damage. Geographic Combatant Commands are registering increased demand for non-lethal weapons options to include items such as arresting nets, dazzler lasers, acoustic hailing devices, electric stun guns, blunt impact munitions, and non-lethal warning munitions. The Joint Non-Lethal Weapons Program continues to support joint and combined non-lethal weapons research, development, training and exercises in support of all Geographic Combatant Commands.

Expeditionary Energy. The Marine Corps is leading the development of expeditionary energy solutions for DoD and the Department of the Navy — reducing energy demand in our platforms and systems, increasing the use of renewable energy, and instilling an ethos of energy and water efficiency in every Marine. *Our priority is force protection — saving lives by reducing the number of Marines at risk on the road hauling fuel and water. We also aim to help Marines*

travel lighter and move faster through the reduction in size and amount of equipment and the dependence on bulk supplies.

In February 2011, we issued a “Bases to Battlefield” Expeditionary Energy Strategy Implementation Planning Guidance, which sets goals, performance metrics, and a plan for implementation by 2025. This strategy supports Congressional and Department of the Navy goals to increase energy security through the use of alternative fuels and energy efficiency. Since 2009 we have aggressively pursued renewable energy and energy efficient capabilities that will make Marine units more energy self-sufficient, and ultimately increase our combat effectiveness.

Within a year, we stood up an Experimental Forward Operating Base, sourced commercial and government technologies, trained an infantry company with renewable energy technology, and deployed them to Afghanistan in the winter of 2010 where they operated two patrol bases entirely on renewable energy. As a result, our forces required less fuel and batteries, reducing risk to Marines and saving money. This year, the Experimental Forward Operating Base will focus on the requirements of a major battlefield energy user — the Command Operations Center and the Command Element — and will evaluate a second round of energy technologies to support expeditionary operations.

In FY12 we are devoting more resources — in current programs and new areas — to build a foundation to achieve our goals for increased energy efficiency and renewable energy by 2025. As a starting point, we anticipate savings of petroleum over the Future Years Defense Program in our Overseas Contingency Operations of 100,000 to 150,000 barrels. For example this year, we are procuring mobile electric power sources to achieve 17 percent fuel efficiency using U.S. Army funded development and Marine Corps funded procurement monies. We are also fielding Enhanced Efficiency Environmental Control Units to achieve 15-30 percent power efficiency improvements.

Installation Energy. We are also devoting more resources to our Energy Investment Program than ever before. These funds will be used to implement the results of recent and ongoing energy audits at our installations; install more efficient systems and reduce overall energy consumption. Additionally, new facilities will continue to incorporate the latest energy sustainability and efficiency features. This effort aboard our installations complements our Corps-wide initiative to develop an energy ethos and culture of conservation.

TRAINING

Training MAGTFs. We are utilizing our Marine Corps Service Campaign Plan as a roadmap to strengthen and maintain our core competencies and to ensure we remain America’s Expeditionary Force in Readiness well into the future. This effort also will help synchronize our Service level security cooperation activities in support of national strategy and guide the type of training and exercises we must conduct, in particular at the Marine Expeditionary Brigade level.

Our amphibious core competency figures prominently in our Service Campaign Plan, and as a result we have undertaken an array of exercise planning in this critical skill area. We will soon be conducting a MAGTF Large Scale Exercise that will refine our capability to conduct amphibious power projection and sustained operations ashore in a joint and inter-agency

environment. In late-2010 we conducted *Exercise Bold Alligator 2011*, the first large-scale amphibious training exercise with the Navy on the East Coast in almost 10 years. This synthetic training event practiced planning for forcible entry operations against conventional and asymmetric threats and a large scale non-combatant evacuation operation. We will take lessons learned from this exercise and build upon them for the next iteration of this important exercise with the U.S. Navy scheduled in the coming year.

We are reviewing the core functions of our organizations and, where appropriate, adding irregular warfare capabilities to reflect the full spectrum of possible employment options as a core task set for the Marine Expeditionary Brigade. We view integration with other government agencies and coordination with non-government organizations as essential to our success in irregular warfare and have significantly increased interagency participation in numerous exercises and training venues such as Expeditionary Warrior-09/10, Emerald Express, Joint Urban Warrior-09, and Joint Irregular Warrior-10. We aim to capitalize on our current theater security cooperation and partnership capacity building activities with our allies and partners in all operational environments providing our National leaders with strategic options to shape outcomes, prevent and deter conflicts, strengthen "at risk" states, and deny enemy safe-havens.

Priority #3 Better Educate and Train our Marines to Succeed in Distributed Operations and Increasingly Complex Environments

Professional Military Education and Small Unit Leader Development. We are planning more investments in the education of our non-commissioned officers and junior officers, as they have assumed vastly greater responsibilities in both combat and garrison. This focus on education will better train them for decision-making during distributed operations against more diffused threats over broader areas of the battlefield. The primary initiative to address this priority is to increase markedly their opportunities to attend resident professional military education. We are currently evaluating ways to increase throughput at resident professional military education courses with options for both constrained and unconstrained manpower and resource increases. We are evaluating traditional paradigms relative to course lengths and instructional methodology, with the specific objectives of tripling throughput at the Expeditionary Warfare School (Career level) and doubling resident Command and Staff College (Intermediate Level) throughput.

These key leaders also impact unit cohesion and our overall effectiveness in combat. Introducing these leaders into a unit at the right time and stabilizing them in a life cycle continuum of a unit positively impacts a unit's effective training, performance and resiliency during pre-deployment training and post combat. These leaders are in the best position to influence our cultural ethos with its emphasis on intangible qualities such as esprit de corps, integrity, and "service to country during time of war." We are currently reviewing manpower policies and models and will ensure these key leaders are present and able to lead a cohesive unit throughout its life-cycle continuum, including rigorous pre-deployment training and post deployment actions. This effort will ready our units for any fight, whether irregular or combat.

We also intend to infuse Values Based Training, rooted in our core values of Honor, Courage and Commitment, at all levels of professional development to foster resilience and to enable effective operations, especially in complex irregular environments. *Our overall goal is to institutionalize efforts to develop more mature, educated, and capable non-commissioned officers and maneuver unit squad leaders. As these concepts mature, there will be costs in terms of military instruction and facilities for which we will require Congressional support.*

Regionalization and Specialization. The increased call for engagement, as seen in our force structure review and in strategic guidance, requires Marines with improved cultural and language skills and formal education. To develop better specialization for anticipated future missions and operating environments, we will expand our Foreign Area Officer and Regional Affairs Officer programs, as well as opportunities to send more officers through graduate level training, fellowships and research opportunities — ideas supported by findings and recommendations of the 2010 Quadrennial Defense Review and the 2010 Quadrennial Defense Review Independent Panel Report.¹⁴ This effort will extend to our "Whole of Government" approach toward irregular warfare as we seek greater exchanges and fellowships with the elements of the Interagency.

Marine Corps University. We are continuing to implement recommendations of our 2006 Officer Professional Military Education Study (*the Wilhelm Report*) and are making significant strides in terms of resources and facilities enhancing the campus of the Marine Corps University

¹⁴ 2010 Quadrennial Defense Review Report, pg 54; 2010 QDR Independent Panel Report, pgs 75-77.

(MCU). We have programmed approximately \$125 million in Military Construction between FY11-FY12 for new academic facilities for the Marine Corps War College, Command and Staff College, and the School of Advanced Warfighting. In addition, we will expand the Staff Noncommissioned Officer Academy at the main campus in Quantico. These funds represent only a down payment on a larger commitment to double the size of the University campus and to upgrade our enlisted academies world-wide. Completion of the MCU master plan will require the demolition and relocation of tenant units aboard the campus. Detailed documentation of costs associated is on-going; however, we estimate over \$400 million is needed to complete the master plan. Our ultimate goal is to develop the MCU into a premier institution with world-class faculty, facilities, students, and curricula; we will require the assistance of Congress in this goal.

Priority #4 Keep Faith with our Marines, our Sailors and our Families

Keeping Faith. We expect and demand extraordinary loyalty from our Marines — a loyalty to Country, family, and Corps. Our Nation has been at war for a decade, placing unprecedented burdens on Marines, Sailors, families, Wounded Warriors, and the families of the fallen. They have all made tremendous sacrifices in the face of danger. We owe them all a reciprocal level of loyalty. Our approach to caring for their needs is based on the same unwavering faithfulness they have demonstrated to the Marine Corps. We will ensure their needs are met during times of deployment and in garrison by providing the services, facilities, and programs to develop the strength and skills to thrive on the challenges of operational tempo. When needed, we will restore them to health. We will also transition them back to civilian life, and in the cases of our fallen Marines, we will support and protect their surviving spouses and dependents. We will do this by focusing on several areas this fiscal year.

Combat Stress, Resiliency, Medical and Mental Health Care. We continue to advocate for the highest quality medical care and facilities for our service members, retirees, and their families. To ensure the Department can continue to provide the finest health care benefits in the country to our beneficiaries, we fully support the medical efficiencies and adjustments in TRICARE included in the President's budget proposal.

The evolving security environment requires a physically and mentally resilient Marine able to endure extended exposure to ambiguous, stressful, and ever-changing situations. Young leaders find themselves on the vanguard of a protracted war, adapting to a variety of situations and scenarios. To improve their resilience, we are working aggressively and creatively to build a training continuum that better prepares them for the inevitable stress of combat operations and to equip them with the necessary skills required to cope with the challenges of life as a Marine.

Instruction founded and focused on our core values helps provide some of this resilience, especially in irregular warfare and complex environments. A program combining the “best practices” of mental, emotional and physical fitness will best instill in our Marines the resiliency needed to endure the stressors of combat and enhance their ability to perform effectively across the range of military operations. *We are developing a comprehensive program to improve the resiliency of our Marines both in garrison and in combat.*

We are partnered with the Navy to address the nation-wide dearth of qualified mental health care providers, which challenges our ability to provide care at some of our bases and stations and, in some cases, to our reservists in remote locations. During Calendar Year 2010, we saw a nearly 30 percent decrease in the number of suicides within our Total Force.¹⁵ We are too early in our suicide studies to identify what specific initiative(s) have resulted in this dramatic turnaround. However, we have implemented a number of measures on multiple fronts. Some of these include the following:

- **Evocative Peer-led Training Program:** “Never Leave a Marine Behind” suicide prevention program for non-commissioned officers and Junior Marines. We are expanding this training to include staff non-commissioned officers and commissioned officers this year.

¹⁵ CY10 suicides = 37 whereas CY09 suicides = 52.

- **DSTRESS Line Pilot Program with TRICARE West:** “By Marines-For Marines” call center designed to assist with problems at an early stage. The call center is staffed by veteran Marines, providing anonymous service to all current Marines, veteran Marines, their families and loved ones.
- **Combat and Operational Stress Control and Operational Stress Control and Readiness Teams:** Utilizing unique training programs across the Total Force and ensuring the presence of mental health professionals in front-line units as a primary prevention tool to help Marines identify and mitigate stress.
- **Marine Resilience Study to Assess Risk and Resilience:** We are participating in a longitudinal research study that will examine risk across three domains: biological, psychological and social. The outcome of this study will inform our future work in the area of building and maintain resiliency across the Corps.

We will continue advocating to the medical community for better diagnostic and increased treatment options for Marines with severe injuries including Post Traumatic Stress and Traumatic Brain Injury. In collaboration with the other services, we developed a set of events-based parameters, mandating that our leaders search out Marines who have experienced a concussive event. This measure no longer relies on identification of impacted service members solely on their willingness to seek help on their own initiative. These protocols are in place now in Afghanistan, and we are already seeing a culture change in the attitude of Marines about being treated early for a Traumatic Brain Injury.

We have established an in-theater Restoration Center that brings comprehensive concussion diagnosis and management as close to the front lines as possible to ensure that appropriate care is available as quickly as possible. We are currently developing policy and applications to track Traumatic Brain Injury from “point of injury” to “return to full duty” separately but in parallel with medical documentation. These measures will empower commanders with the information they need to monitor the health of a Marine who has suffered a concussive event and intervene appropriately for the duration of a Marine's career and long after the initial injury.”

Transition Assistance. We believe transition assistance should be a process not an event. We have established a goal to make the Marine Corps Transition Assistance Management Program more value added for our departing Marines. From 2009 to 2010, we conducted functionality assessments of the Transition Assistance Management Program and the Lifelong Learning Program and noted many deficiencies. In response, we established two Transition Assistance Operational Planning Teams in 2010 to assess existing programs. We have developed an “end to end” process improvement plan that will begin at the point of initial accession into the Marine Corps and continue through post separation. We are initiating actions and integrating existing capabilities that will most directly improve the quality of support provided to Marines within six months prior to separation and those who have been separated at least six months.

Marines have expressed a desire for assistance navigating Department of Veterans Affairs benefit processes such as in cases of enrollment for and access to education benefits. We will modify existing websites to improve access and enhance opportunity for separating Marines to speak directly to Marine Corps support personnel who are trained to remove administrative benefit processing barriers. We will improve networking opportunities to help Marines find

meaningful employment and are adapting our current job fairs to support increased networking opportunities that will allow them to meet mentors and employers.

Marines have asked for an opportunity to connect with employers and learn how to translate their intangible and tangible attributes. Our transition workshops will be overhauled to address these needs. Marines are also seeking help to simplify enrollment processes for the Post 9/11 Montgomery GI bill and to gain access to academic institutions that will provide the quality and level of business education and skills private industry demands. We have initiated a Leader-Scholar Program, which includes academic institutions who value Marines' service commitment and pledge special enrollment consideration. While the support varies from school to school, we now have 75 participating institutions with the goal of an additional 25 by the end of this year. As we gain momentum, we will continue to change the transition assistance program from its current event focus to that of a process that reintegrates Marines into the civilian sector with the knowledge, skills, and abilities to leverage and communicate their Marine Corps time and experience.

Family Readiness Programs. We increased baseline funding for family support programs beginning in FY10 to ensure appropriate wartime footing. Programs benefitting from this measure include the Unit, Personal and Family Readiness Program; Marine Corps Family Team Building Program; Exceptional Family Member Program; School Liaison Program; and other miscellaneous Marine Corps Community Services Programs supporting remote and isolated commands, deployed Marines, and independent duty Marines and families. We are currently conducting a complete review to ensure effectiveness and efficiency of these programs. Our goal is to determine where expansion may be needed to further assist our families and where programs can be streamlined to reduce redundancy.

Wounded Warrior Care. Marines continue to suffer numerous wounds, trauma, and injuries during operations in combat and during training missions. Many of these brave heroes with significant injuries are convalescing at military treatment facilities here in the National Capital Region and across our Nation at other major military treatment facilities. Our Wounded Warrior Regiment provides non-medical care management services to wounded, ill, and injured Marines and their families. The Wounded Warrior Regiment continues to improve existing programs and add new support mechanisms. We have increased support to wounded, injured, and ill reserve Marines through additional Recovery Care Coordinators, enhanced family support at military treatment facilities, and one-on-one orientation sessions. We also provide Integrated Disability Evaluation System Support through Regional Limited Duty Coordinators and Wounded Warrior Attorneys. We have also initiated a mandatory Warrior Athlete Reconditioning Program. Outreach is an important aspect of the Regiment's non-medical care delivery and management. The Sergeant Merlin German Wounded Warrior Call Center extends support to Marines and families through advocacy, resource identification and referral, information distribution, and care coordination, 24 hours a day, seven days per week.

The comprehensive care coordination provided by the Wounded Warrior Regiment throughout the phases of recovery has been highly successful. The results of internal assessments have substantiated that creation of the Wounded Warrior Regiment has had a positive impact on the support offered wounded, injured and ill Marines and families. The Marine Corps will continue to honor the commitment to our Wounded Warriors and to help them return to full duty or successfully reintegrate into their communities.

Behavioral Health Integration. Behavioral health needs since 9/11 have become increasingly complex with individuals often requiring assistance in a number of areas at one time. Marines with more than two deployments have been identified as a higher risk population. According to the Joint Mental Health Assessment Team, psychological health problems remain steady at 11 percent of Marines for the first and second deployments, but increase to 22 percent for those who have deployed three or more times. Sixty-five percent of Marines are under 25 years old. Associated with this young force are high-risk factors that include communication and coping skills, isolation, combat-related wounds and substance abuse. Drawdown of end strength following Operation ENDURING FREEDOM and return to garrison life will likely result in additional behavioral healthcare requirements as Marines redeploy and adjust to the garrison environment. We continue to move forward with our integration of prevention and intervention programs initiated in 2009. We have established a Behavioral Health Branch at our headquarters for Manpower & Reserve Affairs. Headquarters Marine Corps Health Services also has created and filled a new billet for a Director of Psychological Health.

Military Construction. The Marine Corps maintains its commitment to facilities and infrastructure supporting both operations and quality of life. Our military construction and family programs are important to success in achieving and sustaining our force structure and maintaining readiness. For many years, we funded only our most critical facility needs. As a result, our installations were challenged to properly house and operate the additional forces required to meet our planned end strength increase. Between FY07-FY10, we received \$6.9 billion in new construction and design. With this funding, we are providing new quality of life facilities, improved operational and training facilities, and more modern utility infrastructure systems.

Our FY12 military construction budget request is \$1.4 billion. With these requested funds, we will provide Bachelor Enlisted Quarters, aviation support facilities, and improvements to quality of life, utilities and infrastructure, and professional military education facilities. Additional family housing efforts in FY12 include improvements to existing housing units and funding for the operations, maintenance, and leasing of 1,100 units worldwide and oversight of 22,000 privatized units.

Conclusion

The United States Marine Corps remains the Nation's crisis response force-of-choice. Our continued success in Afghanistan and throughout the globe is made possible by the loyal sacrifice of our incredible men and women in uniform, Civilian Marines, and our Marine Corps family. The personnel, equipment, and training that have given us success over the nearly past 10 years at war has come through the ongoing support of Congress and the American people. I promise that your Marine Corps understands the value of each dollar provided and will continue to provide maximum return for every dollar spent.

In the coming year, we will begin a deliberate transformation into a force optimized for the likely threats of the next two decades. We understand and appreciate the contribution that each Marine has made for this great Nation, and we recognize the heavy burden it has placed on their loved ones. We remain "Always Faithful" to our Marine Corps family, to Congress, to our chain of command and to the American people.

Mr. CULBERSON. General Amos, Admiral Roughead, thank you so very much. Your complete statements will be entered into the record, of course, and we will want to dive into, in a minute, the effects of the continuing resolution and the urgency of Congress acting quickly to ensure that your logistical chain is not interrupted. But in light of the extraordinary depth and breadth of the experience that you both bring to the table here today and the concern that all of us have—all of our constituents have about what is going on in the Middle East I did want to ask you a little bit about—for your personal opinions about what is taking place over there.

Forty-five minutes ago the A.P. wire reported that the Saudi Kingdom has opened fire at a rally; they have begun shooting their own people in Saudi Arabia at a rally. And the French have now—Sarkozy has just formally—France has become, in a major diplomatic victory for the Libyan opposition—and this is just literally about an hour and a half old—in a major diplomatic victory for the Libyan opposition France has become the first country to formally recognize Libya's rebel leadership, pledging to exchange ambassadors between Paris and the Libyan opposition stronghold of Benghazi. And Sarkozy—President Sarkozy has asked, also—there are reports that he has authorized air strikes on the—on Gaddafi's forces.

MIDDLE EAST DEMOCRACY MOVEMENTS

Could you talk to us a little bit about—this is obviously—these are extraordinary changes taking place very rapidly. What is driving these uprisings?

I am convinced a lot of it is Facebook. I am convinced, you know, what a powerful force this is here in America; I know that is what triggered the Tea Party here. What is going on in the Middle East, and what effect is this going to have on our missions in Iraq and Afghanistan and the safety, security of our forces there, and frankly, the safety and security of our oil supplies if there is a revolution in Saudi Arabia?

Admiral ROUGHEAD. Thank you very much, Mr. Chairman. And I wasn't privy to some of these more recent announcements that you mentioned. But clearly the changes that are taking place in the Middle East I think are quite historic.

For me personally there is also a personal dimension, since my family lived there for decades. And in fact, I had the opportunity as—in my younger years to live in Libya, and I know many of the towns and cities that they are talking about.

But I think that they are triggered by the desire of people everywhere to be free, to be able to express themselves, and then clearly there are some economic issues that are an undercurrent in all of this and I think the pace and the way the changes are sweeping are clearly reshaping the Middle East. We, in the Navy and Marine Corps, know the region well. We have been operating over there—well, just refer to the Marine Corps Hymn and it gives you an idea of how long we have been operating off the coast of Libya.

But we know the region well. We have forces there. As General Amos mentioned, our amphibious ships were moved into position and the Marines joined up with them.

If you go into the Middle East, the Central Command area of operations, we have more ships there to include our aircraft carrier. That region will remain critical to our security. The oil supplies are not just important to us, but I could argue even more important to Asia, because they pull more of their energy out of the Middle East than we do.

So critical resources—we are very interested in how those changes take place. It is important that the violence not be perpetrated on the citizens of the countries.

But we also have interests there. For example, our Fifth Fleet headquarters is in Bahrain, and I am in daily contact with our commander there, and we continue to watch events and negotiations that take place in the Kingdom of Bahrain, but I can assure you that our people are safe. The families are going about their daily lives.

We are very mindful of areas that need to be avoided, but none of the animosity or frustration has been focused, targeted, or even inferred upon, or implied on our people who are there. We watch it carefully, and it clearly is a time of change.

POTENTIAL IMPACTS OF MIDDLE EAST UNREST

Mr. CULBERSON. In your opinion—and General Amos, yours as well—it appears to me, from reading all the press accounts and listening and paying attention, very widespread, spreading very rapidly, and primarily it—literally it appears to be results of social media and the ability to communicate on an individual basis immediately and transmit, of course, live pictures. I remember Ronald Reagan sent video cameras into Afghanistan; you know, now you can do it with Facebook and live transmission on services like qik.com.

But it appears to be spreading very rapidly, and very widespread, and if you could just talk to us a little bit about what—in your professional opinion, how far is this likely to go? And what could possibly the effect be on not only the safety and security of our troops overseas but on the economic security of the United States if there is a full-scale revolution over there and the oil supplies, particularly in Saudi Arabia, become endangered? What effect does that—what do you see the future looks like?

Admiral ROUGHEAD. Well, in a previous testimony this week, Mr. Chairman, I—with my experience in the Middle East one of the things I have kind of learned is not to predict the Middle East. It is a challenging area, to be sure, particularly in these times.

But I think even without an interruption in the oil flow, simply the disorder that exists—we have already seen the effect on energy prices globally. And so I think that the volatility in those prices will continue, and the more unrest and the wider that unrest spreads, I think you are going to see that volatility continue.

Mr. CULBERSON. General Amos, could you give us any guidance in your opinion, sir? Again, just personal opinion based on your experience about what the future holds and how—what the effects might be of this, and how widespread it is likely to be.

General AMOS. Chairman, I would like to just go back to—and I will come back to that in a second—I would like to go back to your concern, or your question about the safety and security of our

men and women overseas. My sense is that they are fine. We don't know this—we don't know what the future is going to hold, and I think—is absolutely correct. Very unpredictable. It is complex.

To sit down and kind of sort our way through what is happening in Libya, then what is happening in Tunisia, and then what is happening in Egypt and where it might—you know, almost every day you read the headlines and there is a—it seems as though there is another nation that is experiencing this. So it is complex. We don't know where it is going or where it will end up.

I was with Secretary Shultz—George Shultz—just a little bit ago and we were talking about the Reagan years and about the fall of the wall, and the Soviet Union. And this may very well be just the next extension of people seeking freedom that began back in the latter part of the last century. This may very well be an extension—a natural extension.

And I would agree with you. The ability to fuel this in cyberspace is unparalleled. And it is not only what we face as—or what we see today, but we also—when we are doing combat operations cyberspace is a domain that we pay very close attention to, because there are combat operations that take place in cyberspace, different than we have ever thought of before.

So it is fueled by that. There is no question about that.

Sir, I would hesitate to even predict where it is going to end up, because I do think it is complex. I do think it is a sense of people wanting their freedom, and my hope is that it settles down and we reach a point where it is a leavening effect—a leveling effect across the Middle East and things turn out in favor of a good order of discipline.

Mr. CULBERSON. I know all of us as Americans share the sentiment, and anyone on the world that are hungry for freedom and individual liberty, that is a marvelous thing and a good thing that we all support and sincerely hope that is the direction these revolutions take, and that we see a freer, fairer, more democratic structure emerge in those Middle Eastern countries that are going through this revolution.

And in watching it take place, and again, hearing your testimony confirmed that a lot of it is, you know, social media and the ability of people to transmit instantly and talk to each other in real time has had a transformation effect.

I am reminded of the last letter Thomas Jefferson ever wrote, when he was unable to attend the 50th anniversary celebration of the Declaration of Independence signing, a few weeks before his death—he died, of course, exactly July 4th at 1 o'clock in the afternoon, the exact time they presented the Declaration to the Continental Congress.

Mr. Jefferson wrote, in his last letter, he said that the Declaration and the light of science, that—he was convinced the Declaration would roll around the world and liberate people all over the planet. And he said in words that are very—I think are applicable to what we are seeing today—he said the light of science has opened the eyes of mankind, generally, to the palpable truth that half of humanity is not born with saddles on their back, nor the other half booted and spurred, ready to ride them, and that he was absolutely confident that the light of liberty would eventually free

everyone on earth. And I am convinced that social media and the Internet is absolutely going to make that possible.

POTENTIAL IRANIAN INVOLVEMENT IN MIDDLE EAST

I wanted to ask, and then talk a little—very briefly, about the effect of the C.R. on the logistics chain and the problems that you are having making sure we get our men and women properly quartered and cared for and that your warfighters, in particular, are given the support they need. But before I ask you that, I did want to ask you all very quickly about the—before I do that let me do ask you about the effect of the C.R., these continuing delays in our ability to pass an appropriations bill.

Could you talk to us a little bit about the—excuse me, I did remember what I wanted to ask you. The effect of Iran—have you detected any influence of the Iranians in some of these revolutions? To what extent can you talk to us about the Iranians' involvement in trying to stir a lot of this up?

General AMOS. Chairman, I can't speak to that. I have not seen anything that would—I mean, I read the same newspaper as I think probably everybody in this room has read, but I don't have—I haven't seen anything of evidentiary material that would indicate that.

Mr. CULBERSON. Admiral.

Admiral ROUGHEAD. And I would agree, sir. I think that, you know, there is always a great interest because of the sects that are involved that Iran would be there, but nothing—

Mr. CULBERSON. Or the Muslim Brotherhood.

Admiral ROUGHEAD. Right. But I think in the case of the Muslim Brotherhood in—

Mr. CULBERSON. Yes.

Admiral ROUGHEAD [continuing]. They are assimilating—appear to be assimilating into the evolving political structure there.

Mr. CULBERSON. So to summarize very quickly, it is your opinion this does appear to be a genuinely popular uprising that is fairly widespread, and it is a sincere effort of people to liberate themselves?

Admiral ROUGHEAD. Yes, sir.

EFFECTS OF A CONTINUING RESOLUTION

Mr. CULBERSON. That is always good news.

Very quickly, and then let me turn to Mr. Bishop, ask about the effect of these continuing resolutions on your logistics chain. If I could ask each of you, and Admiral, beginning with you, sir, talk to us about the urgency of this committee ensuring that key pieces of your military construction budget get approved as rapidly as possible and what the delays are doing to the Navy.

And then, General, if you could talk to us about those delays on behalf of the Marine Corps and your warfighting—your warfighters overseas, and so we can communicate that to our leadership and hopefully get those pieces of the bills that you would most need done quickly.

Admiral ROUGHEAD. Yes, sir. I think in the case of the continuing resolution there are several areas where it is affecting us. Clearly, with the limitations on the amount of funding and new

start authority and the ability to increase numbers over previous years—the restrictions on that—we are really hampered in the building of our future force. There is no question about that.

We cannot go forward, for example, with additional purchases of an advanced airborne early warning aircraft, guided missile destroyers, and this year we intended to build two Virginia-class submarines that are now held back by the continuing resolution.

But we also have 26 military construction projects that are likely not going to be executed if we were to go through with the full year Continuing Resolution. If we simply go to the end of time where, toward the end of March, there are six military construction projects that will not be executed.

And we also have some military construction projects that are in Bahrain, which are important for our operations there. I know that there may, at times, be some reservations about military construction overseas, but as a force that deploys and operates overseas those facilities are key to our forward operations, and in addition to the safety and security of our people. So those are some projects that are held up.

But on a personal level, we are now beginning to impact our people in very real ways. It is our desire and our policy in the Navy to inform our sailors, about 6 months before they transfer, where they are going. Because of the constraints that we have on the funding we now wait 2 months before they transfer, which means that there is, in today's economy, likely no way they are going to be able to turn a house, if they own it, or the spouse is going to be able to get a job in the new location. So we are almost forcing people—forcing families to live apart because of the constraints that we face there.

If we continue on the C.R. when it comes time to begin to put people into the war colleges and send them to the post-graduate school, and things like that, those orders are going to be held up, and what will then happen, whether it is the new construction of ships and airplanes, whether it is the new construction in military construction, or the ordering of our men and women to new assignments, all of that will then—well, we in—you know, to use a Navy term, will bow wave into the next fiscal year. So the budget that we are talking about today, we very well may have to open it up again to go in and make those adjustments because of all this stuff that we have carried over.

So on the future of the Navy, on the current operations of the Navy, and most importantly, on the lives of our people, the C.R. is having a negative effect.

General AMOS. Chairman, I would be happy to. First of all, I would like to acknowledge that the House, with passing H.R. 1, went a long ways to helping try and alleviate what is going on, and I want to thank you, on behalf of all of us, that you worked so hard to try to pull this together. And we are anxiously awaiting the mitigation and the reconciliation between the Senate and the House.

So we appreciate that. Thank you.

But today, as I had mentioned in my opening statement, we have about \$2.3 billion at risk, \$63 million—63 projects of MILCON projects—13 BEQs, 5,000 spaces. That is significant.

In the—probably about 2003, 2004, Congress turned to the Marine Corps and said, effectively, “Get your BEQs in order,” he told the Commandant, who was General Hagee at the time. Because we had been—as I said in my opening statement, not mortgaging this, but we were cutting Solomon’s baby in many different ways, trying to buy—ensure our readiness, make sure we modernized, and then the war hit.

And the bill-payer for a lot of that was the barracks that our young Marines were living in. So you could easily go to places like Camp Pendleton or Camp Lejeune and find 50-year-old barracks, in some cases no air conditioning, very little heat—pretty abysmal places—gang heads and that kind of thing.

So General Hagee set out on a path in 2003 to get the Marine Corps’ BEQs straightened out by 2012. The war broke out. We began the plus-up of the Marine Corps in 2007 and we moved the completion of that project out to 2014.

Congress has been terrific to us with giving us money for BEQs. We have spent a significant amount of money building BEQs, and if you were to go to any of our bases today they are under construction.

The reason this is critically important to us this year is this is coming close to completing that BEQ Modernization effort that Congress directed the Marine Corps to do. These 13 BEQs will house those eight infantry battalions that I talked about earlier. That is a lot of BEQ spaces for our young Marines.

MV-22 and Joint Strike Fighter facilities are not coming under contract this year, and yet we have Joint Strike Fighter airplanes arriving at Eglin Air Force Base this year. Next year we will have 14 Joint Strike Fighters—Marine Corps Joint Strike Fighters—at Yuma, Arizona. The year after that we will have another 15 coming to Buford, South Carolina.

And it takes about 2½ years to build an aircraft hangar. These Joint Strike Fighters, because of all the technology and the high classification of the systems, both external and internal to that airplane, cannot be housed in a regular hangar at Buford or Yuma or—it requires special power and it requires a security clearance, an area that is completely secure.

So we need to get started on these. We need to get them under contract this year.

So those are some of the impacts. We are also going to lose about just a little over a quarter of a billion dollars in our procurement accounts, which are—we are buying high mobility rockets right now, HIMARs, that we are shooting in Afghanistan. I checked the other day and we are down to about 27 percent of what our 100 percent requirement is that we normally keep in stock. We are down to about 27 percent.

So there are impacts to this, Chairman. And I know you are working hard on it and I want to thank this committee again for your great efforts.

Mr. CULBERSON [continuing]. Recognize that other members who are going to follow me need to go to their other hearings, and at this time I would like to recognize the gentleman from Georgia, our ranking member, Mr. Bishop.

CR IMPACTS ON MILCON

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

Gentlemen, basically what I hear you saying is that having a limited C.R.—2-week C.R.—really puts leg irons, if you will, on our military posture, on your plans, and on your ability to do what you need to do in order to further your mission and support our troops. Is that right?

General AMOS. Sir, you are 100 percent correct. In its simplest terms, if—and I know that H.R. 1 solves the MILCON—I mean, it helps the MILCON; I understand that. But if this is not settled between both the houses then we will—the likelihood of the Marine Corps ever regaining those 13 BEQs is highly unlikely.

In other words, we will not have—we can't roll that into next year. So you are 100 percent correct, sir.

Mr. BISHOP. So that will inconvenience those Marines. Of course, Marines are never inconvenienced; they are always adaptable and always ready to deal with whatever the situation requires. But our effort to accommodate them and to give them what they really need will be compromised tremendously, is what you are saying.

HOME PORT ASHORE

Let me move to your general plans for Homeport Ashore initiatives. Your current policy on barracks calls for eliminating the deficit for the E1–E4 ranks by 2016 based on a policy calling for two sailors per room with 55 square feet each of living space. Can you kind of walk us through how that program has evolved and how we went from a 2008 target date to a 2016 target date?

Admiral ROUGHEAD. Yes, sir, I can. And Homeport Ashore began essentially in 2001, when we wanted to get our more junior sailors off the ships and we set, as an objective to your point, 2008. Since that time we have been operating the Navy very hard.

We have deployed at a very significant rate. Today, for example, which is a very common day in the Navy, we have 65,000 sailors deployed, about 40 percent of our ships.

And so as we have dealt with the budgetary pressures that date continued to slide. At the time, at the beginning we also had a larger square footage objective.

When I became the CNO, knowing that we weren't on path to where we needed to be the important thing for me was to be able to get the sailors off the ships, and so I could do that faster with the 55-square foot than I could with the 90-square foot, and that is what put us on the path to get the Homeport Ashore in place by 2016. We are balancing all the other requirements at the Navy, but that is how it has played out, and I am committed to making that happen.

Mr. BISHOP. What is the unfunded deficit for the Homeport Ashore program for the barracks, in terms of spaces and in terms of dollars?

Admiral ROUGHEAD. What we have in this budget is \$81 million that will continue to drive us toward that, and at the same time we are doing the Homeport Ashore we are also trying to get ourselves up to the Q1, Q2 level in the barracks, and we are putting about \$195 million a year in the FYDP to do that, to bring us up.

One of the objectives of this year is to add some more spaces in Norfolk, Virginia, and that is what the project is this year for that.

Mr. BISHOP. But you had really said that, in the past, that you were going to have a master plan to eliminate all of the inadequate barracks by 2020, subject, of course, to funding constraints. Do you have that plan in place now?

Admiral ROUGHEAD. Yes, sir. We have laid in the funding that we believe will get us there, and it is for all of our homeports to get us there. Part of the issue that we deal with is that in some ports we are short and in some ports we are over, and so when you add the total together we are dealing with that, but we do have some imbalances in some of the home ports that we are in, so we—in some places we actually have excess in a particular port but that can't help us out in the ports that are short.

MARINE CORPS RELOCATION TO GUAM

Mr. BISHOP. Yes, I want to pass on the time to my colleagues, but I just have a couple questions for General Amos, briefly.

Sir, you have expressed, in the past, some concern about the cost of the realignment from Okinawa to Guam as well as the ability to train the forces in the Pacific. Do you currently feel that your concerns are being addressed?

REALIGNMENT OF FORCES

General AMOS. Sir, that was actually my predecessor, General Conway, that made that comment last year. I do know there is a great effort underway right now within the Department of Defense and OSD to reconcile what the real cost will be.

As you know, the total cost was forecast to be, I think, \$10.6 billion, of which our United States was \$4.2 billion. So I know there is an effort underway right now to determine what are the real costs with regards to the alignment.

Mr. BISHOP. That was an agreement that was existing, and of course, the ruling party changed in 2009, and I understand that there are some efforts to renegotiate the arrangement. Is Japan still living up to that agreement and are there environmental concerns that would present some infrastructure problems for going forward with that project right now?

General AMOS. Sir, I don't know of any environmental issues that are going to hold us back. As you remember, the original agreement between our two nations—between Japan and the United States—was signed in 2006, the agreed to implementation plan, and that is the track we are on right now, and that moves Marines up—gets them out of the southern areas of Okinawa and moves them up towards more of the central and the northern part of Okinawa, and we are still on track for that.

Mr. BISHOP. Isn't there an infrastructure problem in terms of water and sewer, waste water systems, that the island can't accommodate it currently and the EPA estimates it will be, like, \$1.3 billion to do that?

General AMOS. Sir, there is not on Okinawa, but on Guam—they are working on Guam—on Guam they are working their way through that right now and, you know, what is—again, that is part of what is the total cost—is it more than \$4.2 billion for the United

States? And I can't give you a solid answer right now because that effort is underway as we speak.

Mr. BISHOP. So that means that your target is probably—the 2014 goal is probably not really realistic?

General AMOS. Well, sir, as you remember, the construction was supposed to start. It is all triggered with what happens on Okinawa. Is the Futenma replacement facility built? The landfill has not been signed by the Governor of Okinawa yet.

We were supposed to have begun construction in 2007 and complete by 2014. It would appear that since that has not happened that the situation is certainly pressurized, and I would hesitate to even predict, but it is certainly pressurized by the fact that we have not begun construction yet and it is 2011.

Mr. CULBERSON. Thank you, Mr. Bishop.

I recognize the gentleman from Texas, Mr. Carter.

MAYPORT MILCON PROJECTS

Mr. CARTER. Thank you, Mr. Chairman.

And welcome to both of you. We are really proud to have you here and proud of what you do for our country. Thank you for what you do.

Admiral Roughead, last time we met we have talked a lot about the transition of Naval Station Mayport into a nuclear capable home port, and a GAO—and the rest was made by the Navy and kind of a built-out schedule—GAO reported recently that, or stated that the Navy's estimate for the one-time military construction cost could be as low as \$259 million down from the Navy's original estimate of \$536 million. We have already seen the first two Mayport projects, dredging and pier upgrades, come in approximately 20 percent under budget.

Last year we had a conversation with Mr. Crenshaw and this subcommittee where you stated the only reason these projects were spread out over 6 years was because of budgetary constraints. Considering we continue to struggle with fiscal year 2011 budget and Secretary Gates expressed his concern about operating under a C.R. for the remainder of the year, can I suspect that this remains true that you feel like you need to spread it out over 6 years?

Admiral ROUGHEAD. I think as we look at the costs—you know, my—we are always looking at where we can make adjustments in our military construction—there is no question that the continuing resolution could affect what monies may be available for the future. But I think the plan that we have laid in is a viable one; if circumstances were to change and opportunities were to present themselves we might be able to make some adjustments, but the C.R. is not helping us out in that regard.

Mr. CARTER. And in fact, we were discussing whether we have a long-range C.R. or a short-range C.R., the truth is a C.R. is a problem, period, for the Department of Defense, at least according to what they tell us. Your contract authority, the way you basically handle your logistics and your contracting, we need an appropriations bill for defense, is what we need to get done. Would you agree with me on that?

Admiral ROUGHEAD. Wholeheartedly, sir.

Mr. CARTER. Yes. I think where I come from we agree on that, too.

You know, I wanted to tell you about something we did at Fort Hood that might be helpful as you look down the road and try to deal with Mayport. We were able to combine basically two phases on a hospital build that had been planned to do in Phase 1, Phase 2, and we were able to combine two phases simultaneously, and we have already estimated that this saves several hundred million dollars by the fact that we can get everybody to work at once.

And I don't know the layout that you are dealing with or whatever, but I would at least make a suggestion that it is working for us at Fort Hood, and so maybe the Navy ought to look into whether combining phases might not only speed the project along, but more importantly, utilize the construction people at multiple locations on the site, which is something that generally happens when you are building a big operation—

Admiral ROUGHHEAD. Yes, sir. I will definitely look into that, sir, because, you know, we—I have seen in, for example, in another shipyard that we have in the Navy if we combine two phases and do them simultaneously we avoid three phases and \$8 million.

GUAM INFRASTRUCTURE

Mr. CARTER. You save a bunch of money.

Admiral ROUGHHEAD. But I will definitely—that.

Mr. CARTER. And General, just real quickly, because I know we have got time constraints and my time is about to run out, I have heard at least a conversation with our senator from Texas—one of our senators from Texas—that they are concerned about that you—that may have actually construction logistic issues besides the fact that you have got infrastructure issues on Guam. Have you all done studies on the difficulty of getting materials and people on the site when construction begins and done any creative thinking on that?

General AMOS. Sir, we absolutely have. We started that probably in earnest I would say probably about a year ago, maybe a little bit more than a year ago, and it became a function of capacity. It was realized just how much construction can take place. What is the throughput? What is the capacity of the workforce on Guam to accommodate the construction?

And there was an effort to identify where are the construction workers going to live? And you know, where will they go home to at night? And where will they bathe? And how will they be fed?

So all that has been looked at. There are some gross figures for that right now, but as I said to Congressman Bishop, they are working the details of that right now. That becomes part of, "Okay, what is the real cost of Guam?"

But, sir, they are. It becomes a physics thing. It is time and space and capacity.

Mr. CARTER. No criticism of Guam, but I have been to Guam and it is kind of out in the middle of nowhere, so I very much appreciate those issues and congratulate you on forward planning.

Thank you, Mr. Chairman.

FAMILY HOUSING, CHILDCARE AND SCHOOLS

Mr. CULBERSON. Thank you, Mr. Carter.

Ms. McCollum.

Ms. MCCOLLUM. Thank you—

I want to ask about family housing. You touched on it a little bit, that family housing—some of it is on base; some of it is off base. I understand the satisfaction, from what I heard from the gentleman from the Navy last week who was here from the inspector general—excuse me, he was reporting on the Navy—was saying that there is a lot of satisfaction with off-base housing. And so if you could comment on that a little bit.

Schools—and are you involved in Impact Aid and following what happens with that with the schools at the school districts where there are military families—that they receive some federal dollars? That hasn't been raised for a long time and any comments you might have on school and schooling.

And I never thought—Mr. Jones, who works with me, is a Marine Corps brat, and I am an Air Force brat—our mothers would never—couldn't dream of us having a discussion with the two distinguished gentlemen about childcare at the time that they moved us all around the country and the world. So with childcare slots are you pretty much—again, is that on base, off base? Because the federal childcare right here, right now, if one of our staff is even thinking of getting pregnant they often put themselves on the list so that they are available for childcare.

So if you could just kind of talk about daily life on base, off base, and what some of your—what do you see in the future for these two services that you are representing? Because things have changed a lot in 20, 30, and even 10 years with family life.

Admiral ROUGHEAD. Yes, ma'am. And thank you for your interest in our families.

I maintain that our sailors have never lived as well as they live today, thanks to the support of this committee and the Congress. There are many reasons for that. One is the compensation that our sailors receive.

But more importantly, it is what has been provided for them. If a young family or even a young sailor wants to invest and—in their own home we encourage that. But in our Fleet and Family Service centers we have financial counselors to make sure that they are making those investments wisely.

In fact, I have been very pleased with how responsible every—our sailors have been in these economic times during a period when there were very attractive financial constructs being presented that later on turned out to be less than attractive. But our sailors have made wise investments and so they have bought into, you know, the American dream, if you will.

But the biggest thing, I think, that has changed the quality of life for our families, particularly those that live on base, is the public-private housing venture. The quality of the homes, the care with which those homes are maintained, and the promptness with which they are maintained has been absolutely extraordinary.

And, you know, I go back to my early days in the Navy and it would have been unheard of to be able to walk into a sailor's home

today and see the size, the quality, and just how modern things are. So that has really changed how our sailors live. And we have also used a couple of pilot programs to do two pilot programs for single sailors in the public-private venture, and they are absolutely extraordinary facilities as well.

In the area of childcare, we—as we close out this year we will have added another 7,000 spaces for childcare. When you go to those facilities they are extremely well-designed, well-staffed.

One of the things that we are finding, because of the pace with which we are operating and more of our families having to be dual-income families, that we are having to expand the after-hour and kind of the pre-hour, and even 24-hour childcare, because, you know, no longer does a young family have the luxury of saying, “Well, I have to leave work early today so I can go pick my child up.” They may not have a job the next day if they do that too often.

So we have put a lot of effort into that and I think we are in great shape with respect to childcare. Wait lists are down and we are meeting the targets that have been set for us. So quality of life is great.

The other area I would say we have made some great progress in are in our naval hospitals. The medical care that we enjoy is extraordinary. And so the quality of life for our people, from compensation to where they live to where their children are taken care of is the best I have ever seen.

With regard to Impact Aid, I know that is an issue from time to time but it is not something that has come up frequently recently. But I will take that for the record and get back to you on that.

General AMOS. Ma’am, the housing situation for us in the Marine Corps is just exactly what—it mirrors what the CNO has said. I have never seen anything as nice.

You don’t have to travel any further south than about 28 miles on—south on I-95 to go to the Marine Corps base at Quantico, and they replaced, I think, 440 of the old units that I grew up in, and there is not an old one down there. They are beautiful townhomes. We would buy these things if we had enough money privately to be able to do this.

So about 99 percent—I was just looking at my list of figures—99 percent of CONUS base—continental United States base—housing—military housing for the Marine Corps is privatized. We have three kinds of housing. We move out in town and we rent or we buy in town; then we have the privatized housing, which is a public-private venture; and then we have some government housing.

Where I live at Marine Barracks Washington at 8th & I is government housing. Iwakuni—Marine Corps Air Station Iwakuni—is government housing. But they are very few and far between. And I tell you, the folks that are in them absolutely love them.

I think we are doing the right thing on that. We have very, very few inadequate houses. I mean, the number is down, like in the single percentile, and we are fixing those or tearing them down.

Childcare: We have—as a result of 9 and 10 years of war and the graciousness of Congress we have built an awful lot of childcare centers. I can come back to you and tell you precisely how many, but in the last—between last year, 2010, and this year, 2011, we will have built six brand new childcare centers.

I cut the ribbon on one at Twentynine Palms not too long ago and it is absolutely beautiful. It is a recognition that, just as Admiral Roughead said, we have dual-income families.

We suffer or we work our way through the same challenges of keeping them open, coming open early, staying late. But I will tell you that we do one other thing in some of the areas where we—even though we have built, I think—my guess is we have probably doubled the amount of childcare centers at Camp Pendleton, the same thing at Miramar.

It is not enough. Truth of the matter is we are probably 80 percent of need across the Marine Corps.

But there is recognition that in some cases, like Camp Pendleton and at Miramar, there are off-base childcare centers that perform just fine. In many cases they are very close to where the family lives.

We subsidize those. So in other words, we pay a subsidy so that that military member—that Marine—doesn't have to pay beyond a certain amount. We pay a certain amount and then if they want a more robust childcare then they pay above that. But we go to great lengths to try to accommodate that.

Ms. MCCOLLUM. Thank you.

Mr. Chair, you started off by saying things are changing today, you know, by the hour.

And General Amos, in your testimony you made a critical statement. You said that you believe that Congress—I am paraphrasing. I took from this that you need to believe that Congress needs to hear loud and clear.

On page two of your testimony and I quote and you say, "As we look ahead we see a world of increasing instability, failed or falling states, and conflict characterized by poverty, unemployment, urbanization, overpopulation, and extremism, and competition for scarce resources." And you go on to make other great points.

DEVELOPMENT AID VS MILITARY AID

But my time being limited, I just came back from Yemen. I spoke at the war college there a couple of weeks ago. And all those things are just ready to go one way or the other in Yemen—either opportunities for freedom or an opportunity for chaos like we won't know in the—especially with Somalia. And, you know, that whole thing about Barbary pirates that might not be put to rest.

So my question is, one of the things that we struggle with as appropriators is—I served on the Foreign and State Operations Appropriations for a while, and the House right now is focused on cutting investments that alleviate poverty, that work towards agriculture development, voluntary family planning, water and sanitation in many of these Middle East countries. And I would like to have you address all of us just a little bit about what your statements and how you feel that we need to hear loud and clear that the military thinks that development aid should try to be used before military aid and we put a soldier in harm's way.

General AMOS. Congresswoman, I spent—thank you for the question. I had a little bit of an advantage when we wrote that. I spent a year and a half working very diligently to try to determine what we thought the future security environment was going to be.

There is a lot more detail behind that. I mean, almost months and months and months of travel and talking to folks to determine what we thought the world would look like for the next 2 decades. And so what you have are the wave tops.

I believe it. I think if you look at Europe, Europe is a declining population—the central part of Europe. And yet you look at any of the areas around the littoral areas that the naval forces operate on there is a growth in population, a growth of young men, predominantly.

There will be areas where there will be unemployment. There will be states that are trying to control their borders and will be struggling to do so. There will be groups of people that will have state-like weapons, and I think you saw that with Hezbollah several years ago and you see it today.

So that is the world we are going to operate in, and I think I would echo the recent comments by our Secretary of Defense when he said, be careful as we apply and we step forward to apply military power. The interesting thing is that from the military side of the house we are probably the most conservative with regards to when the application of military power is applied.

So I will tell you, each case is different. Each country, each nation will require different aspects of help.

But I am in complete agreement with you. I think we just—we need to proceed carefully.

And there is recognition that there is help that the military can give in the future in many of these kinds of cases. It can be medical; it can be dental; it can be training—just training forces to protect their own nation, what we call foreign internal defense. So there are things that we can do to help nations begin to recognize their own sense of stability in the future.

Mr. CULBERSON. Thank you.

As I understood Ms. McCollum's questions it is—of course, I think everyone agrees it is always better to try diplomacy, and to the extent that American foreign aid can alleviate misery overseas that is always a noble, good cause. I have personally found, through experience with an organization in Houston started by a friend, Malcom Morris, at Stewart Title, Living Water—profound effects of clean drinking water, to the extent that you all's subcommittee that—can focus on providing clean drinking water to these desperately poor communities, it is transformational—liberates women, kids, and does more, probably, to fight AIDS and disease than almost anything else we can do. And the bad guys—it is very difficult for them to steal it.

So I look forward to working with you on that, Ms. McCollum. Something I strongly support is doing as much clean drinking water as we can.

In an environment, though, however—the reason for the C.R. is, of course—I want to make sure we clarify for the record—the reason for the C.R. is a very profound and sincere difference of opinion based on core principle from—those of us in the new majority are deeply and profoundly concerned, were hired by the voters in this last election to try to get spending under control and control the debt. So we will do our very best.

And I think this committee is different, however. All of us in this committee work arm-in-arm without regard to party to ensure that we are giving our men and women in uniform the safest, securest living quarters, the very best possible health care, to make sure that your logistical chain is not interrupted.

So I know we will all be working—all of us in this committee—to help persuade our leadership to—if we are going to continue the CCRs at least break out our piece of the bill and get you the help that you need to make sure that there are no air bubbles in that logistics chain to our men and women on the front lines and that you get the BEQs taken care of, General, and that you get your critical needs taken care of in the Navy as well.

SHIPBUILDING AND MULTIYEAR PROCUREMENTS

It is distressing to hear, Admiral, that our ability to build two Virginia-class submarines per year is threatened by the continuation of C.R.s when the Chinese are building so many subs, and as vital as submarines are.

Admiral ROUGHEAD. Yes, sir. And I would also add that not only is the ability to build the two submarines a year threatened by the C.R. but it will tend to unravel a multiyear procurement that would enable a much better price across several years.

Mr. CULBERSON. Well, we will all be working to try to get our piece of the bill done in a permanent way as soon as possible.

I want to recognize at this time the gentleman from Ohio, Mr. Austria.

OPERATION AND CONTRACTING UNDER A CR

Mr. AUSTRIA. Thank you, Mr. Chairman.

And General Amos and—excuse me—Admiral Roughead, thank you for your service to our country. Thank you for being here.

I would also like to just echo what the chairman just said. I appreciate you commenting today about the impacts of the current C.R. on the operation and contracting ability of the Navy and the Marine Corps. It is critical that we get either a defense appropriations bill, in my opinion, or some type of C.R. that includes the language, General, that you made reference to in H.R. 1 to be able to proceed with the new start ability.

EFV CANCELLATION

Just to kind of feed on what the Chairman just said, in Ohio, Admiral, I know—you know, one of the areas that is impacted is the ability to be able to service and purchase warships, and in Ohio we have 160 submarine industrial base suppliers who employ highly skilled wage manufacturing workers. And I am sure with the Marine Corps it is the same thing.

And my fear is that if these workers cannot continue to work that, you know, they could be laid off, seek employment elsewhere, and because they are highly skilled it would be very difficult to rehire such employees on the civilian side. So I want to also just put my two cents in saying that I do—I also believe that it is a high priority that we give DOD the new start authority needed to con-

tinue important programs and projects that are vital to our national security and local economies.

Let me move over—let me start, General Amos, with you on the Marine Corps side, because one of the issues that have come up, and there has been confusion, I think, in Congress as well regarding the amphibious assault vehicle. General, when the Marine Corps' budget was released less than a month ago the Marine Corps official that was making the presentation said that the initial operating capability, the IOC, for the new amphibious vehicle, known as the amphibious combat vehicle, will be in the year 2024.

And I know you stated that you intend to end this program as well, but also I believe I read somewhere where you also wanted to drive a prototype of this vehicle during your tenure as commandant. And so there has been some confusion as far as statements that have been made by the Marine Corps, at least in some of the members of Congress' eyes, and there are concerns as to what direction we are really headed over the—in the future of replacing the 40-year-old amphibious assault vehicle. So if you could comment on that I would appreciate it very much, and help clarify—

General AMOS. I appreciate the opportunity, and I apologize for any confusion. I think I will clear it up here.

I recommended to the Secretary of the Navy and the Secretary of Defense late last fall that we cancel the Expeditionary Fighting Vehicle program. I did that because the cost was onerous.

I get asked often what has changed. General Amos, did you just wake up one morning and figure out that it was expensive? No, actually I became the Commandant of the Marine Corps on October 22nd and I am responsible for the fiscal readiness, the combat readiness of the Marine Corps, and the fiscal stability of our Corps.

So I took a look at the cost of the program. I took a look at the operations and maintenance cost that was projected in the future. And then I took a look at things like reset, things that we have appeared before other committees and said, "We have a \$10.6 billion bill when we come out of Afghanistan to reset the Marine Corps," and that is just to take the equipment and fix it and get it renewed.

I have got a \$5 billion bill just to reconstitute the Marine Corps, to get the whole Marine Corps back up to its—so I looked at all of that and then I looked at the 2½ decade-old Expeditionary Fighting Vehicle program and I said, "This is a bad business deal."

Mr. AUSTRIA. And how much money has been invested in that? How much—

General AMOS. We have \$3.2 billion in that program, and I regret—and I am embarrassed to tell you that. I am well aware of that. We will not lose all of that because the capabilities and the knowledge points and all that has gone into the development of that vehicle for the last 2½ decades will apply. Some of that—not all of it, but some of it—will apply to where we are headed.

But that vehicle was not going to be fully operational capable until 2026, so that was going to be a 4-decade-old program that was going to break the back of the Marine Corps financially. So I recommended to the Secretary of Defense; the Secretary of the Navy agreed. The program has been terminated.

And so where are we today? This gets to the—my tenure as the Commandant, and if left to the acquisition timeline that would—what I would call standard timeline, then the new amphibious combat vehicle, the replacement of what I am talking—of the one we just cancelled—would be out there a long ways away. And I threaten to throw something that anybody that is in my staff that says, “Sir, this is not going to IOC until the 2020-something-or-other,” and I say, “Wrong.”

I have got 3½ years left as the Commandant. I think we have a good model with the MRAP program, the way that the acquisition community turned on its head to change the way we do business.

Now, we went at that pretty aggressively and that was very expensive. I think we can take a little bit more measured approach. But my sense is this, Congressman, and I have the support of the Secretary of Defense and the Secretary of the Navy and all the acquisition folks—excuse me, the AT&L folks and ASN-RDA, research and development, that we will push the acquisition timeline on this thing.

We will take something probably a little bit more measured than the MRAP, but way, way more aggressive than the current acquisition cycle. I told them that I wanted to have a vehicle—I wanted to have a program of record in 3½ years when I give this job up that I can touch and that I can get in the vehicle and I can drive it into the water, and that is the direction I am going. This program is going to be personally micromanaged by the highest level of the Marine Corps.

Mr. AUSTRIA. General, I think the concern that we have, or some of us have, is that you are doing away with a program without a firm—or a replacement for the 40-year-old vehicle that is in place right now. And unless I misunderstood you, unless you have a firm plan or a new project in place, you know, that is one of the concerns that we have is a lot of money has been invested and a lot of time has been invested in—

General AMOS. I do understand that, Congressman. It became a function of, when do you do this? When do I try to get myself back to being solvent in my budget process?

So we put out a—what we call a request for information out to industry about 4 weeks ago, and it went out saying, “This is what we are looking for. Will you come back to us, industry”—we gave industry 60 days to come back and say, “This is the art of the possible.”

Industry comes back and does this. We also have a parallel effort going on with a couple of significant engineering universities in our country to talk about physics of what we are looking for. So all that will come to bear probably in about the next 4 weeks, and then we are going to sit down and put out what we call—we will refine the requirements; we are not going to admire that. That will take less than 60 days.

And then we are going to put those out in what we call an RFP, a request for proposal. And that begins the official process.

We are going to accelerate this, Congressman. I guess in 3½ years you will give me a letter grade on how we have done, but this is very, very important to me.

Mr. AUSTRIA. General, I appreciate that and I certainly want to talk some more about that with you and your staff if I could.

F-35 ENGINES

But because of limited time, Admiral, I would like to ask one more question of—another controversial issue with the F-35s. You know, it has been stated by the U.S. Navy and Department of Defense officials that over the past few budget cycles, by having two competing engines of the F-35 that require two sets of everything—things like two different sets of spare parts, two different sets of shipping containers, different tools, dual training maintainers, et cetera—and Admiral, I know you have argued in the past that keeping two engines for the F-35 in the decks of aircraft carriers would not be advisable as space is at a premium, I think is the words that you used, and therefore you could—you were opposed to the one-engine camp—or it put you in that camp of one engine.

But I think when I look—when we—when I look at this and I look back to the early days of Operation Freedom—Enduring Freedom in 2001 the Navy was responsible for maintaining, I believe, nine different type model series engines that could be utilized on a carrier, and all these engines required its own set of unique support equipment—hand tools, intermediate level maintenance, known as I-level training. It was very cumbersome, and I think that argument would make sense for the legacy aircraft, but I would look at the F-35 a little bit different now that you are responsible only for maintaining five different type model series engines, that now the F-35 is—you have the interchangeable engines that enjoy 100 percent—and I—commonality, and hand tools, and support equipment, and shipping containers.

And so I want, you know, just to get your thoughts and your—when you make—when some are making that comparison with the F-135 and F-136 being interchangeable.

Mr. CULBERSON. If I could very quickly—forgive me for interrupting—we are going to vote probably between 3:15 and 3:30. There is a whole series of votes. So in the interest of time I will not do any follow-up questions; I will submit all those for the record.

So if y'all could just keep your answers as brief as you could and we will move right on to try to give everybody a chance to ask questions before the vote series starts and before the first vote ends, I hope.

Admiral ROUGHEAD. Yes, sir. And the additional engines that are one the aircraft carrier, for every air frame we carry one type of engine. The F-35 would be different; we have two.

So the numbers of airplanes and types of airplanes are different that we carry on the carrier. They are not all going to be F-35s. So having the two engines, two support structures for one particular airplane is just—is not where we want to be, particularly engines of the size that we are talking about here.

And it is just a much leaner process for the way that we operate our naval air force and the way we go to sea. And it is not just on the aircraft carriers, but it is on our large amphibious ships as well.

Mr. AUSTRIA. Yes.

And I will yield back because of time. Thank you—

Mr. CULBERSON. Thank you very much.

And, I believe, Mr. Farr.

Mr. FARR. Thank you very much, Mr. Chairman. I just want to take one issue of a point you said: I don't think the voters sent us here to put the nation at risk. And these 2-week C.R.s—and I am very proud that both of you commented on how risky it is for us to run a nation 2 weeks at a time with no certainty as to future ability to commit anything, and I hope that this is the last 2-week C.R. we ever see in our lifetime.

NPS CENTER FOR CROSS-CULTURAL EDUCATION

I do have a very serious question, and I want to know—and I have great appreciation for both of you, being great leaders in your field and it is just a privilege to have you both here. But I have a very serious question of General Amos.

What year did you graduate from Carmel High School and was it your class that lost the football streak—winning streak that my class started and nobody ever lost a game until—class came along?

General AMOS. Congressman, I have pictures of us carrying out the shoe over there at Pacific Grove and dragging it over to Carmel where our championship team went undefeated. By the way, they just did it again last year.

Mr. FARR. That is right. And you and I were there. What year did you graduate?

General AMOS. Sir, if I tell you that everyone is going to think, "How did you become the Commandant? You are so old." 1964.

Mr. FARR. Well, I am a couple years—you and I were in school together.

Mr. MORAN. This is so important we have got it on the record, you know? [Laughter.]

Mr. FARR. Look, don't underestimate the power of our community. We have, out of that community, Leon Panetta at CIA, General Amos in the Marine Corps, Sam Farr in Congress, Barbara Menic, head of USGS, and Ben Jealous, president of the NAACP. Not good for a small—not bad for a small little community.

Anyway, General, I really appreciate your comments in your record about seeing the world of increasing instability and pointing out its poverty, unemployment, and all those things that I was in the Peace Corps trying to solve. But I wonder, have you been to the Naval Postgraduate School and seen what they are doing in the area there on the Center for Cross-Cultural Education?

General AMOS. Congressman, I was out at the PG school here—this was probably just before Christmas, about a month and a half, 2 months after I became the Commandant, and I made that trip for two reasons: one, as I was preparing for this job I—taking a look at the environment we were actually going to operate in and it became clear to me that we needed more foreign area officers, we needed more regional area officers, we needed more folks with language expertise. That is one piece of it.

And then I wanted to take a look at the Postgraduate School and then what their graduate—what the Master's Degree educations were focused in. Because my sense was that we are repeating what

we had done the year before. And so I have not been to that specific piece of the Postgraduate School but I am a fan of it. We are working through it now.

Mr. FARR. Well, what I would like you to do is, you have created—the Marine Corps has created the Center for Advanced Operational Cultural Language—for Learning. The Naval Postgraduate School has its center there also. And we need to have more collaboration between NPS—and in fact, they were ahead of the Marine Corps in creating this.

But I think it would—the collaboration would—between NPS and the CAOCL would safeguard your resources and ensure that, you know, that you get the best bang for the buck. Both training centers are excellent, but we want to leverage the regional expertise that you have at NPS.

By the way, for this committee you—we do construction of language buildings at the Defense Language Institute, and just as a commentary, the Commandant of the—command of that school has always told me that the Marine Corps is the first to send soldiers there for a new language, and they are really—the Marine Corps is very language-sensitive and I am glad that we have such a great institution to train them. It is a Defense Language Institute so every service sends people there.

General Amos, I also—a question, actually, for Admiral Roughhead.

The Center for Stabilization and Reconstruction—it is a remarkable center because it brings together the nongovernmental agencies and other civilian types—U.N. and State Department USAID. And I wondered—the Navy had sent officers there to get a Master's Degree, and this is the only place in the world you can get this kind of a Master's Degree. As long as we are doing counterinsurgency and trying to get very smart about this stuff I think you are setting that up at the school was a wise decision.

But this program has never been POMed; it has always had to be earmarked. And I wondered in—whether it can get around to being POMed. And a lot of the money coming for it is coming from third party supporters, from people who take these short courses.

And do you think that it is—I know we are in tough budget situation, but this is—in light of Commander Amos' comments about how we need to—this is what we are looking at in the instability of the world that these trainings teach us how to stabilize and to reconstruct. When will the Navy create a subspecialty code designation for stabilization and reconstruction so that the clear positions can be achieved in this area?

Admiral ROUGHHEAD. Yes, sir. One of the things I am quite proud of is the increase that we put into our foreign area officer program. We are taking it to 400 officers. This year I named the first flag officer foreign area officer, which I think is important for the viability of that community so that we can have leadership and community management.

We find value in our foreign area officers being able to take the courses that are there. That said, much of what we do as FAOs, as we call them, is not necessarily in the reconstruction process itself, so I think there is a lot of value—

Mr. FARR. But that is a different program at NPS. The FAO program is phenomenal and you are doing a great job with that and—

Admiral ROUGHEAD. But my point being is that I think that that institution, as you said, is much sought after by other agencies and I would like to look at ways to fund it with a combination of resources from all the other activities that are using it.

Mr. FARR. Well, I think if we can get it into—one of the differences here is this specialized training in stability ops is that we don't have MOSs for them, and it is very difficult to take people—and I have talked to so many soldiers and airmen and Marines in theater who tell me they would love to go back. They have now had this cross-cultural experience; they really want to make a career of this.

But they tell them, come back and get a Master's Degree at the Naval Postgraduate School—where do they go after that? There is no real—the closest thing is an FAO and this is not an FAO's position so much, because these people are in the field and the FAOs are in the embassy.

And I think it is—you have both pointed out the necessity to us to get a lot smarter in this area. You have got the programs but you haven't POMed them or you haven't found titles or—MOSs for people with those credentials.

Admiral ROUGHEAD. Yes, sir. And I would say that most of our billets in the Navy are really at sea. And while I think there is a great awareness of the need for those sorts of dimensions of it for us in the Navy to have reconstruction experts, I would submit that that is more the purview of the ground forces, where they operate in country, as opposed to the Navy, which is primarily at sea.

Mr. FARR. Well, in all due respect, I mean, you do—you just commented on the FAO program, and I was just telling you the value of that program. A bunch of us were in Indonesia 2 weeks ago today on the USS *Reuben James*, which was in the Port of Jakarta, and just the day before two officers had arrived from the Naval Postgraduate School, and I just went up and they were just—they couldn't speak enough of the training they got there. It was the best thing that ever happened in their careers.

And what you see is that there is a keen interest in this but still in big Navy and big Marine Corps we have not given these people the—what does MOS stand for—military occupational specialty.

Admiral ROUGHEAD. Yes, sir. And I think as we—as I look at the specialties that we generate in the Navy, the military operational specialty for onshore reconstruction is not necessarily a field where the Navy will find itself habitually employed. I think there are facets of it, clearly, that our foreign area officers and even regional experts may need to have, but to have the MOS for the Navy I would submit that that falls more under the purview of the ground force.

Mr. FARR. And yet in your testimony you listed areas of specialty missions that you need on ground for—that even though it is a—the school is governed by, or under your premise it teaches all the services—

Admiral ROUGHEAD. Yes, sir, and—

Mr. FARR [continuing]. Marines, and others are at the school.

Admiral ROUGHEAD. But I think there is a difference between an MOS and then knowledge in the various areas. And then the question is where do we spread our scarce resources?

Mr. FARR. Okay. Well, I am going to pursue this. We will do it perhaps in my office. Because I really do think that both of you have pointed out that we are in an increasingly instable world, and the problem is that Americans are so isolated in their ability to understand languages and cultures—and culture understanding is absolutely critical. As we know, we have done a lot of dumb things overseas just because we were so unaware of cultural values.

And the more we can train the forces that are going to be there on the ground and are trying to stabilize, and—I know, you know, 10 years ago—not even that—8 years ago you would have never—people in this Congress would have criticized anybody in the military for trying to stability ops because they would say, “Oh, that is nation-building.”

But we have moved beyond that and we realize that is security. That is security. That is what you leave behind.

And we can get into these countries but we have a hell of a job getting out. And you two do a great job in the services of doing the military stuff really well. This is a new frontier, and I think that we need to develop the skills for the new frontier and put them in people in uniform.

So I will continue to hack away at this.

Admiral ROUGHEAD. Yes, sir.

Mr. CULBERSON. Thank you, Mr. Farr.

NNMC-WALTER REED CONSOLIDATION

Let me recognize the gentleman from Virginia, Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

First of all, the National Naval Medical Center—premier military hospital in the world. It has undergone enormous transformation. It is relevant to our military construction appropriations bill.

Are you copacetic about what is going to happen in September of this year when it is supposed to open up and everybody is supposed to sing Kumbaya and work with Walter Reed and navigate the transportation situation?

Admiral ROUGHEAD. I give great credit to those who have been involved in bringing the project together. We will complete the requirements that BRAC has set forth. And I see the staff coming together as we speak, and Bethesda or the new Walter Reed will be ready to take care of patients then, sir.

Mr. MORAN. You think so? Well, let's hope so. Let's hope that you are right, Admiral.

SEXUAL ASSAULT PREVENTION PROGRAMS

General Amos, I want to congratulate you on the number of—the decline in the number of reported sexual assaults last year. According to the data that was given to my office the number of incidents declined from 331 in 2009 to 310 in 2010.

But the data is somewhat puzzling. The number of restricted reports, which allows a victim to disclose the details of the assault confidentially and doesn't trigger an official investigation, nearly doubled; the number of unrestricted reports, which does trigger a

formal investigation, actually declined by nearly 17 percent, from roughly 300 to 250.

My fear is that our Marines are suppressing reporting sexual assaults to their superiors and are otherwise avoiding the formal investigation process. I think maybe we could get some comment from you briefly on how the Marine Corps is handling cases of sexual assault and reassure this committee that our Marines are not afraid to report these incidents up the chain of command.

General AMOS. I was encouraged by the decline of the unrestricted reports. I want to be clear to the committee that one sexual assault is one too many. That is our goal, to get to zero sexual assaults.

This is a systemic issue across the United States of America; it is just not within the military. But we own our backyards and we are responsible for it, and we are going to try—we are working very, very hard to reduce this down to zero.

I don't have the—it would just be surmising why the restricted reports increased. I will tell you that my sense is, and what I am hearing from feedback for our I.G.—inspector generals that go out and talk to our Marines out in the fleet—is that they are more comfortable in coming forward when an incident happens.

My sense also is that oftentimes—and this is predominantly our females, although there are males that are sexually assaulted—are willing now to report the issue or report the incident or the crime, which is a—I think is a good sign.

In other words, they have confidence in the leadership that they can come forward. They just don't want this to become public knowledge. That is my sense.

Mr. MORAN. Yes. That is my sense, too. It raised a bit of suspicion when the restricted cases are going up, the unrestricted cases are going down. You figure, well, the word passes, let's restrict the investigation and then we will come forward.

So I understand that. And as long as you are cognizant of that, because to some extent that is a—you know, that is a problem.

General AMOS. I am. And if I could just pile on here and not drag this out, but to think that—another thing that just really stood out to me, about 2009 we began an aggressive—we, the Department of the Navy—began aggressive training our prosecuting attorneys, training our investigating—and it takes a unique skill set to ensure that you do this thing the right way.

SUICIDE PREVENTION PROGRAMS

And just looking at the 2009—if you take a look at the court marshals and non-judicial punishments and the other administrative actions and discharges, in fiscal year 2009 we had 49. In 2010—in fiscal year 2010—we had 154. So a 300 percent, I guess, improvement, or—

Mr. MORAN. Well, in the—

General AMOS [continuing]. To protect our young Marines.

Mr. MORAN. That is very good.

The last question is—and I think you might expect this because we have talked about this before—is suicides. And both in the Navy and the Marine Corps the highest number of suicides was in 2009. There has been some improvement since then, but—of

course, the Marine Corps is a lot smaller than the Navy and the Marine Corps has a disproportionate number of suicides, as I know you are very aware of and concerned about, General.

It did spike at 52, which is just about the number that the Navy had, 46. I think it would be useful to get your response on the record with regard to suicides, both before, during, and after deployment. So perhaps both of you might respond for a bit and that would conclude my question.

Admiral ROUGHEAD. If I could, thank you, sir. In 2009 we had 46; in 2010 we dropped down to 38 because of intervention. But I will also tell you that this past month, February, we had the worst month we have ever recorded, so—

Mr. MORAN. Oh, you did? Oh.

Admiral ROUGHEAD. But ours are not tied to deployment. Ours are more a matter of personal problems. And the commonality that exists is a personal problem, you mix alcohol, and you put a gun in the room, and the risk of suicide goes up.

Our process—we are stressing the importance of intervention, the importance of detecting changes and then not simply standing by and questioning whether there is a change but actually going to a supervisor, going to the individual. And we are not taking our eye off this one.

Mr. MORAN. Good. Thank you, Admiral.

General.

General AMOS. Congressman, you are absolutely right. In 2009 the 52 took our breath away. We went after this aggressively as a leadership issue, and last year we were at 37. Now, that is a significant decrease.

We are not happy at 37. It is like sexual assaults—one is too many. But this is leadership at the noncommissioned officer level and the junior officer level and we are going after it aggressively.

I echo what CNO said. It is typically—the factors are a relationship issue, a legal issue, you throw some alcohol or some drugs in there and then all of a sudden you have got the recipe for a disaster.

Mr. MORAN. And it is almost always they are shooting themselves—usually a gun?

General AMOS. Well, for us it is—I mean, I have got the exact numbers of how many people take their lives by guns and hanging and this kind of thing, but it is not always a gun for us. But we handle guns; that is our nature in the Marine Corps, so Marines are comfortable with that.

But I will tell you that we are making great progress on this fight. And right now today we are fewer today than we were last year at this same date. So I am encouraged.

Mr. MORAN. Good.

Mr. Chairman, we have got a vote on. Thank you for the opportunity to ask these questions.

These are two—I mean, I know all of us have said it. We all think that these are two remarkable men who lead our Navy and Marine Corps. We are blessed.

Thank you.

Mr. CULBERSON. And important questions, Mr. Moran.

We thank you both for your service, and it is a source of great pride for us to be able to support you. I know in the interest of time, because we are in the last 5 minutes of—4 minutes of this vote, I am going to submit all my questions for the record.

Mr. Bishop, any further questions?

Mr. BISHOP. Same here. We will submit our questions for the record.

Mr. CULBERSON. Again, thank you very much, Admiral Roughead, General Amos, for your service. It is our privilege to help you, and I know this entire committee is committed to ensure that your piece of the—that the military construction piece of this bill get done as soon as possible so we can get you out of the C.R., we hope, ASAP.

[Questions for the Record submitted by Chairman Culberson for General Amos follows:]

Guam and Realignment of Marines from Okinawa

Question 1. Last year, General Conway expressed some serious concern about both the cost of the realignment from Okinawa to Guam, as well as the ability to properly train your forces in the Pacific. General Amos, do you feel that concerns about the relocation are being addressed?

Answer. There is currently an effort underway within the Department of Defense and OSD to reconcile what the real cost will be. As you know, the total cost was forecast to be, \$10.6 billion, of which the United States share was \$4.2 billion.

Guam and Realignment of Marines from Okinawa

Question 2. General, do you believe that the timeline for the relocation can be achieved?

Answer. (CMC stated response) Construction was supposed to start but it all depends on what happens on Okinawa. Is the Futenma replacement facility built? The landfill has not been signed by the governor of Okinawa yet.

Construction was supposed to begin in 2007 and be completed by 2014. Since that has not happened, the situation is certainly pressurized by the fact that we have not begun construction yet and it's 2011.

Guam and Realignment of Marines from Okinawa

Question 3. What issues would not allow the relocation to occur?

Answer. The relocation is contingent upon tangible progress towards the completion of the Futenma Replacement Facility.

The May 28, 2010, Joint Statement of the U.S. — Japan Security Consultative Committee, signed by Secretary of State Clinton and Secretary of Defense Gates "reaffirmed that, as provided for in the Guam Agreement of February 17, 2009, the relocation of approximately 8,000 III Marine Expeditionary Force (MEF) personnel and their approximately 9,000 dependents from Okinawa to Guam is dependent on tangible progress toward the completion of the replacement facility. The relocation to Guam will realize the consolidation and return of most of the facilities south of Kadena."

Guam and Realignment of Marines from Okinawa

Question 4. Does the current construction plan for Guam fulfill the increased demand associated with USMC aviation?

Answer. Yes. The Guam Joint Military Master Plan includes planned Marine Corps aviation MILCON requirements on Guam.

Guam and Realignment of Marines from Okinawa

Question 5. The Quadrennial Defense Review (QDR) makes numerous references to the need to increase the "resiliency" of U.S. bases overseas, including the "hardening" of key facilities. The Air Force includes funding in unspecified "resiliency" measures in Guam; however, the Navy does not appear to make any similar commitment for Guam. What, if any, will be the impact of this QDR policy on the construction in Guam, both for the realignment and non-realignment Navy and Marine Corps MILCON projects?

Answer. The Department of the Navy (DON) does not have a "resiliency" and "hardening" policy. DON is developing a policy that will cover more than "resiliency" and "hardening" of facilities.

The USMC Realignment projects on Guam have been scoped and priced based on the Unified Facilities Criteria (UFC) 4-010-01 Department of Defense Minimum Antiterrorism Standards For Buildings and on the MCON/MCNR Project Cost Development & Review Guidelines - September 2010. UFC Design Strategies for the facilities and exterior sites include maximizing building standoff distances, minimizing hazardous flying debris, providing effective building layouts, limiting airborne contamination, providing mass notification, and facilitating future upgrades. According to the MCON/MCNR Project Cost Development & Review Guidelines, an ATFP outside cost is part of the supporting facilities while the inside ATFP cost is determined as one percent of the construction costs for low-rise or 2.5 percent for high-rise buildings. If conventional construction stand-off distances cannot be achieved, an additional "ATFP Premium" cost item is included for building hardening or enhancements.

Once DON issues policy related to "resiliency" and "hardening", the actual impacts to construction on Guam would most likely yield higher construction costs.

Futenma Replacement Facility

Question 6. The U.S. has consistently taken the position that the realignment in Okinawa is contingent on progress toward the Futenma Replacement Facility, currently planned for Camp Schwab. Some people on the Japanese side have suggested that the Futenma Replacement Facility could be moved off of Okinawa or even out of Japan entirely. Is there an operational requirement for the Marine Corps to have an air station on Okinawa?

Answer. Yes. The Aviation Combat Element (ACE) is a critical doctrinal component of the Marine Air Ground Task Force (MAGTF) on Okinawa. All MAGTF components must plan, train and operate together as a team to maintain readiness and the ability to respond to humanitarian assistance and disaster relief missions and other contingencies in the region.

Futenma Replacement Facility

Question 7. What would be the impact if this activity were moved to mainland Japan, or to the area of Guam?

Answer. There are no US Government plans to move the Futenma Replacement Facility off Okinawa.

Family Housing

Question 8. The Department of Defense shifted its definition of inadequate family housing from one based on the amount of needed repairs to one based on a condition quality rating. How has this affected your number of homes classified as inadequate, as well as your timetable for eliminating inadequate housing?

Answer. This has not affected either the number of Marine Corps homes classified as inadequate or the timetable for eliminating the inadequate housing. For all the homes identified inadequate based on condition quality rating, the amount of repairs required to restore the unit to a Q1 rating also exceeded the threshold for inadequacy under the old definition. Additionally, there were no homes that exceeded the old level of repair threshold that did not receive an inadequate quality condition rating of at least Q3.

Question 9. In your testimony you discuss the three-part housing strategy that the Navy is pursuing. Can you explain this strategy and how it differs from previous your previous housing strategy?

Answer. Our strategy has not changed. As in past years, our family housing strategy consists of the following 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 97% of the Marine Corps world-wide family housing inventory is privatized. Maintaining an adequate rental stream from BAH is essential to the continued successful operations, maintenance and long-term recapitalization of our privatized family housing inventory.

Military Construction. 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.

For the Marine Corps, our budget requests \$26M for the revitalization of 76 homes in Iwakuni, Japan.

Question 10. Is your budget request of \$75 million for family housing construction adequate to continue to address improvements that need to be made to Navy housing to raise the current "Q" rating?

Answer. Navy question to answer.

Post-Afghanistan Security Environment

Question 11. This past fall the Marine Corps conducted a detailed force structure review to develop a mix of capabilities for the Marine Corps' role in Post-Afghanistan security environment. Can you inform the Committee what challenges confront the Marine Corps and what the review revealed?

Answer. The environment has changed dramatically in the last two decades, shifting from a competition between superpowers to a world of increasing instability and conflict, characterized by poverty, competition for resources, urbanization, overpopulation and extremism. Failed states or those that cannot adequately govern their territory can become safe havens for terrorist, insurgent and criminal groups that threaten the U.S. and our allies. Characterized by inherently unpredictable hybrid threats that combine irregular and conventional capabilities in a highly lethal manner, this environment demands a flexible, adaptable, and versatile military force that is ready and capable of being forward-deployed and forward-engaged, building partnerships, and immediately responding to crises or contingencies. Responding to a wide range of crises in a timely manner will require regionally-focused headquarters and forces that are both forward-postured and immediately deployable with a minimum of strategic lift. Sea-based forces, in particular, will be invaluable for discreet engagement activities, rapid crisis response, and sustainable power projection.

Addressing these challenges, the 21st century Marine Corps' force structure must provide a strategically mobile, *middleweight force* optimized for rapid crisis response and forward-presence. It must be light enough to leverage the flexibility and capacity of amphibious shipping, yet heavy enough to accomplish the mission. Larger than special operations forces, but lighter and more expeditionary than conventional Army units, we must be able to engage and respond quickly — often from the sea — with enough force to carry the day upon arrival.

The imperative for the Marine Corps is to preserve capabilities developed since 9/11, expand our engagement efforts, respond to crisis, and still be able to project power for the most dangerous threat scenarios. To that end we will accept a degree of risk by reducing our active component capacity for conducting multiple, major sustained operations ashore, relying on an "operationalized" reserve component to mitigate that risk. Of necessity, our force structure represents many judiciously considered factors and makes pragmatic trade-offs in capabilities and capacities to achieve a posture that creates opportunity and provides an operational stance that enables flexibility and rapid response. The resulting force structure described in this report:

- reduces the end strength of the active component of the Marine Corps from 202,000 to approximately 186,800 following the completion of Marine Corps operations in Afghanistan;

- provides a force optimized for forward-presence, which facilitates both ongoing engagement activities and rapid crisis response;
- provides readiness for immediate deployment and employment;
- re-shapes organizations, capabilities, and capacities to increase aggregate utility and flexibility across the range of military operations;
- properly balances critical capabilities and enablers;
- creates an operationalized reserve component without any reductions in reserve force structure; and
- creates opportunity for more closely integrated operations with our Navy, Special Operations, and inter-agency partners.

Post-Afghanistan Security Environment

Question 12. What military construction unfunded requirements were identified?

Answer. A thorough doctrine, organization, training, materiel, leadership, education, personnel facilities, and cost review and assessment is currently being conducted in order to finalize the Force Structure Review and determine if there are any unfunded military construction requirements.

Energy Programs

Question 13. General Amos, in your testimony, you too said that the Marines were investing "more resources than ever before" in energy efficiency programs, including an experimental forward operating base run entirely on renewable energy. In the 2011 RAND study, the author states that *"any concepts that require delivery of a carbon containing feedstock appear to place a logistical and operational burden on forward-based tactical units that would be well beyond that associated with delivery of finished fuels"*.

Answer. Our objective in driving energy efficiency in our battlefield operations is to reduce the burden, of 'liquid logistics' on our forces, making them lighter and faster. Whether the fuel is fossil fuel, or alternative liquid fuel, we want to reduce the burden on our Marines.

In our experience, locally sourced alternative fuel has potential to offset demand for petroleum at the tactical level. Reduced demand for fuels that must be trucked to the battlefield means fewer convoys, and fewer Marines at risk on the road

Late last year, we began experimenting with biofuel on a small scale to run power generators at Camp Leatherneck in Afghanistan. We used a common Afghan resource—cotton oil—combined with JP-8. Early results show that it can reduce the Marines need for imported fuel by 20%, and reduce costs, while simultaneously demonstrating to the Afghans that they can power their own economy with fuel grown indigenously. This project has run its course and has provided lessons learned.

Question 14. In your experience with the forward operating base, did the conversion to alternative energy and the additional training required by Marines to operate the equipment mean that these energy independent FOB's would be impractical on a larger scale?

Answer. Over the last year, through our Experimental Forward Operating Base process, we've evaluated capabilities at Twentynine Palms, and then on the battlefield in Afghanistan with India Co. 3rd Battalion, 5th Marine Regiment. The capabilities that we fielded —small scale solar solutions; man portable solar battery rechargers, hybrid-solar generators, plus energy efficient lighting and shelters—proved easy to employ. While it is critical to train Marines on new equipment prior to sending it forward, this equipment required minimal additional training. Feedback from Marines is that these systems _____ the GREENS (300W continuous power solar), SPACES (man portable solar battery recharger), LED lights, and tent liners—are easy to use, and relative to gas generators, low maintenance.

Most of the systems we evaluated are targeted to support the requirements of patrol and Company-level operations. They have helped our Marines operate lighter, and with less reliance on resupply. This experience has shown us that these systems are indeed practical, and moreover, enhance our capabilities.

Our forces today are widely dispersed across the battle space; a Company today may cover an area of even 50 square miles or more, manning multiple out posts. By reducing the demand for fuel and batteries at these bases, we reduce mission risk, and increase commander's options. We are now looking at deploying these solutions broadly to our small FOBs over the coming months.

[Questions for the Record submitted by Chairman Culberson for ADM Roughead follows:]

Navy Barracks — Homeport Ashore Evolution

Question 1. The Navy's current policy on barracks calls for eliminating the Homeport Ashore deficit for the E1 -E4 ranks by 2016, with 2 sailors per room, each with 55 square feet of living space. Initially, Navy aimed at eliminating the deficit for the E1 -E3 ranks with the FY08 program. Also, at 55 square feet, this policy does not meet the DOD standard of 90 square feet. Can you walk us through how the Homeport Ashore program has evolved, and how the Navy went from a 2008 target date to a 2016 target date?

Answer. The Homeport Ashore (HPA) program was initially established in 2000 to provide housing ashore for all our junior sea duty Sailors by 2008. Subsequently, Navy rebalanced risk in our budget to prioritize funding for warfighting readiness and adjusted our Homeport Ashore goal accordingly to provide housing ashore at the Interim Assignment Policy standard (55 square feet per person) by 2016.

Navy Barracks — Eliminate Inadequate Barracks

Question 2. The Navy's current policy on barracks calls for eliminating the Homeport Ashore deficit for the E 1-E4 ranks by 2016, with 2 sailors per room, each with 55 square feet of living space. Initially, Navy aimed at eliminating the deficit for the E1-E3 ranks with the FY08 program. Also, at 55 square feet, this policy does not meet the DOD standard of 90 square feet.

What is the Navy going to do about barracks across the board? During last year's hearing you stated that you expected to put together a master plan to eliminate inadequate barracks by 2020, subject to funding constraints. Do you have such a plan now? What are your known finding constraints?

Answer. Our FY12 unaccompanied housing program is focused on completing Homeport Ashore by 2016, and achieving an "adequate" (Q1/Q2) rating for 90 percent of our bachelors quarters by 2022. In support of Homeport Ashore, our FY 2012 budget requests funding for one bachelors quarters in Norfolk and we have programmed the final three Homeport Ashore construction projects in FY 2013 and FY 2014. Our FY 2012 budget also increases our investment in improving the condition of our barracks from \$125M to \$195M annually through the FYDP. This investment reflects the transition Navy made in PB 12 from eliminating Q4 barracks by 2020 to supporting OSD's goal of attaining 90 percent "adequate" (Q1/Q2) barracks. We will not meet the Secretary of Defense's goal for achieving an adequate rating for 90 percent of our bachelors quarters by 2017; however, our investment strategy will allow us to meet the Secretary's goal by 2022. We continue the development of a detailed master plan in support of our unaccompanied housing program for future budget cycles.

Family Housing Strategy

Question 3. The Department of Defense shifted its definition of inadequate family housing from one based on the amount of needed repairs to one based on a condition quality rating. In your testimony you discuss the three-part housing strategy that the Navy is pursuing. Can you explain this strategy and how it differs from your previous housing strategy?

Answer. The Navy has relied on a three-part housing strategy for a number of years. This strategy prioritizes housing options as follows:

1. Reliance on the Private Sector
2. Public Private Venture
3. Military Construction

We make every effort to house our Sailors in the local community first. We conduct Housing Requirements Market Analyses in communities near our installations to identify the availability of safe, suitable, and affordable housing for our Sailors and their families. Where the community is unable to support the housing needs of our force in CONUS and Hawaii, we look to our Public-Private Venture partners to provide housing; we have privatized approximately 97 percent of our family housing units in the U.S. We rely on MILCON finding for bachelor and overseas family housing.

QDR Impact on Guam and Realignment of Marines from Okinawa

Question 4. The Quadrennial Defense Review (QDR) makes numerous references to the need to increase the "resiliency" of U.S. bases overseas, including the "hardening" of key facilities. The Air Force includes funding in unspecified "resiliency" measures in Guam; however, the Navy does not appear to make any similar commitment for Guam. What, if any, will be the impact of this QDR policy on the construction in Guam, both for the realignment and non-realignment Navy and Marine Corps MILCON projects?

Answer. The QDR directed an increase to the resiliency of U.S. forward posture and base infrastructure by a variety of means. The Navy's two MILCON projects in the PB12 FYDP (CVN Capable Wharf and X-Ray Wharf) will provide supporting infrastructure that directly enhances operational capabilities of U.S. forces in the Pacific. While these two pier projects cannot be hardened in the same manner as a hanger facility, they will be designed to include seismic and anti-terrorism/force protection criteria as well as utility system resiliency.

Navy Barracks — Homeport Ashore Unfunded Deficit

Question 5. The Navy's current policy on barracks calls for eliminating the Homeport Ashore deficit for the E 1-E4 ranks by 2016, with 2 sailors per room, each with 55 square feet of living space. Initially, Navy aimed at eliminating the deficit for the E1-E3 ranks with the FY08 program. Also, at 55 square feet, this policy does not meet the DOD standard of 90 square feet. What is the outstanding, unfunded deficit for Homeport Ashore barracks, both in spaces and dollar terms?

Answer. All of our remaining Homeport Ashore (HPA) projects have been programmed in the PB12 FYDP. In FY12, FY13 and FY14, we will fund \$304M to eliminate the remaining 2,872 spaces at an Interim Assignment Policy standard.

Navy Barracks — Facility Sustainment Rate

Question 6. The Navy's current policy on barracks calls for eliminating the Homeport Ashore deficit for the E1 -E4 ranks by 2016, with 2 sailors per room, each with 55 square feet of living space. Initially, Navy aimed at eliminating the deficit for the E1-E3 ranks with the FY08 program. Also, at 55 square feet, this policy does not meet the DOD standard of 90 square feet. What is the Navy's current facility sustainment rate?

Answer. In FY12, Navy funded facility sustainment to 80 percent of the Office of the Secretary of Defense (OSD) Facilities Sustainment Model. Although the overall facility sustainment rate is 80 percent, the sustainment rates for individual categories of facilities vary.

Current Mission Infrastructure Risk

Question 7. When we look at your overall MILCON request, one thing stands out. A large portion of your budget is devoted to supporting the combatant commanders overseas, accommodating new systems, eliminating "deviations" in nuclear weapons security according to the new standards, and Homeport Ashore. The upshot is that only 17 percent of your MILCON request is addressed to new starts meeting "Other Navy Priorities" — in other words, MILCON to bolster your existing shore-based infrastructure and the missions it supports. Are you taking a risk in your "current mission" infrastructure?

Answer. We balance risk across the Navy to provide the most capability within fiscal constraints. We continue to provide the necessary shore infrastructure for Fleet operations, and our FY12 MILCON request makes targeted investments to increase warfighting capability, enhance nuclear weapons security, support energy initiatives, and improve Sailor quality of life. We are taking risk in other areas ashore, which will result in additional maintenance, sustainment, restoration, and modernization requirements, and higher total ownership costs over the lifecycle of our facilities. Accordingly, our future shore readiness; particularly the recapitalization of our facilities infrastructure, remains at high risk

Navy - Current Mission Infrastructure Risk Offset

Question 8. When we look at your overall MILCON request, one thing stands out. A large portion of your budget is devoted to supporting the combatant commanders overseas, accommodating new systems, eliminating "deviations" in nuclear weapons security according to the new standards, and Homeport Ashore. The upshot is that only 17 percent of your MILCON request is addressed to new starts meeting "Other Navy Priorities" — in other words, MILCON to bolster your existing shore-based infrastructure and the missions it supports. Are you offsetting this risk with an increase in facility sustainment, restoration and modernization accounts?

Answer. We balance risk across the Navy to provide the most capability within fiscal constraints. Our FY12 budget request includes \$2B for the sustainment, restoration, and modernization of our shore infrastructure. While this represents a slight increase over last year's request, we took deliberate risk in our facilities sustainment posture, funding facility sustainment to 80 percent of the Office of the Secretary of Defense (OSD) Facilities Sustainment Model, to maximize our support for warfighting readiness and capabilities. We have minimized operational impacts and ensured the safety of our Sailors and civilians by prioritizing projects that address facilities with the lowest quality rating first.

The Navy Energy Program Goals

Question 9. The Navy has some robust shore energy goals in the next five years to include improve energy security by identifying shore energy supply infrastructure vulnerabilities. Can you inform the Committee what other types of energy goals the Navy is aiming towards?

Answer. Navy's PB-12 shore energy goals are to reduce consumption 50 percent by 2020 (per square foot on 2003 legal baseline), while providing reliable, redundant, and resilient energy to Navy Tier I/II Critical Assets by 2020.

Achieving these goals for consumption reduction and critical asset energy security will position the Navy to:

- (0 Most efficiently achieve SECNAV Energy Goals for Alternative Energy Ashore and Net-Zero Installations
 - Achieve regulatory compliance for Shore Energy and water management
 - Reduce Navy's Scope 1 and 2 Green House Gas emissions 34 percent by 2020 (on 2008 baseline) in accordance with OSD's goals under Executive Order 13514
 - Enable vital support from mission critical facilities, despite potential man-made or natural impediments to grid energy supplies

The Navy Energy Program Deployable Energy Strategies

Question 10. The Navy has some robust shore energy goals in the next five years to include improve energy security by identifying shore energy supply infrastructure vulnerabilities. What are the strategic details of the program? Please provide some examples of deployable energy strategies.

Answer. The Navy's Shore Energy Strategy is to ensure energy security and regulatory compliance through three key, deployable components:

Efficiency First

- Increase the energy efficiency of current facilities and utility systems as the most cost-effective way to reduce energy consumption and increase impact of current and future renewable energy generation sources
Invest in energy management systems and personnel to provide leaders with building-level transparency of energy consumption to further drive efficiency beyond infrastructure related improvements

Renewable energy and sustainability

- Integrate mission-compatible and cost-effective renewable energy systems
- Ensure all new construction and major renovation projects meet High Performance and Sustainable Building Design and Construction standards (Leadership in Energy and Environmental Design (LEEDS) or equivalent)

Transform the Navy Culture and Behavior

- Evolve Navy Energy Culture by directly utilizing enabling technologies, like advanced meters and annual energy audits, to link consumption to behavior at the individual, command and functional levels

The Navy Energy Program Success

Question 11. The Navy has some robust shore energy goals in the next five years to include improve energy security by identifying shore energy supply infrastructure vulnerabilities. What successes has the Navy already been able to achieve?

Answer. Through prior-year MILCON and third-party financing, the Navy has achieved a 15.8 percent reduction in its energy intensity (consumption per square foot) since 2003; Some specific successes are noted below.

1. The Navy leverages programs like the OSD Energy Conservation Investment Program (ECIP (MILCON)) to invest over \$20M annually into viable renewable energy and efficiency projects
 - Prior year ECIP projects featured photovoltaic electricity, solar pool and domestic water heating, Ground Source Heat Pumps (GSHP), boiler heat recovery upgrades, control system improvements, as well as facility energy and water efficiency improvements. Each project must have a positive lifecycle return on investment.
 - The current ECIP projects under design and construction include wind turbines at Pacific Beach (NAVSTA Everett) and San Nicholas Island (SNI). The SNI turbine projects will feature the latest Office of Naval Research energy storage technology to enable increased energy security and reduced reliance on barge-delivered diesel to complete the mission.
2. The Navy utilizes Energy Savings Performance Contracts (ESPCs), such as the NAS Oceana Efficiency Projects, which replaced fossil fuel consumption with renewable energy, put 42 buildings on ground source or sanitation line geothermal resources, and closed two base steam plants. The specific accomplishments of the NAS Oceana Efficiency Projects are:
 - Oceana I: saves 55,360 Million British Thermal Units (MBTUs) per year and placed 470,000 square feet of buildings onto Ground Source Heat Pump (GSHP) systems.
 - Dam Neck Annex: saves 244K MBTU/year by utilizing seasonal heating and cooling from the Hampton Roads Sanitation Division (HRSD) Atlantic Treatment Plant effluent; thus providing GSHP systems without drilling and reducing HRSD's effluent temperature gradient to the Atlantic Ocean.
 - Oceana II: saves 155,950 MBTU/year and 19,574 kilo-gallons in water annually.

Although scheduled to complete in June 2011. It recently opened six months early.

Energy Program — RAND Study

Question 12. Admiral Roughead, in your submitted testimony, you spoke to the energy efficiency initiatives that the Navy is pursuing for the future. In a 2011 RAND Corporation study said that *"the bio-fuels pursued by the Navy could not be made commercially viable in the short term and would not reduce emissions from current levels."* Additionally, the report stated that the *"Department of Defense consumes more fuel than any other federal agency, but military fuel demand is only a very small fraction of civilian demand, and civilian demand is what drives competition, innovation, and production."* The federal government only accounts for 2% of the nation's energy use, the Department of Defense accounts for 98% of that. What incentive is there, then, to spend money on energy efficiency initiatives that ultimately don't look to have any tangible impact on both our Country's energy use and the Department of the Navy's energy use?

Answer. The RAND Corporation study accurately states that the Department of the Navy's switch to biofuels, in and of itself, will not reduce the nation's total energy consumption by a significant margin. The Department of the Navy should nonetheless pursue energy efficiency initiatives and the use of alternative fuels in order to achieve significant cost savings, guarantee energy supply and reduce operational risk.

Benefits of our approach include:

- **Cost savings.** Increasing our use of alternative energy sources helps us achieve a level of protection from energy price volatility. For every \$10 increase in the cost of a barrel of oil, the Navy spends an additional \$300 million dollars a year. Operating more efficiently saves money by reducing the amount we spend for fuel. Savings can be reinvested to strengthen combat capability. The cheapest barrel of fuel afloat or kilowatt-hour ashore is the one we will never use.
- **Guaranteed Supply.** Our reliance on energy can be exploited by potential adversaries. Efficiency and alternatives may be our best countermeasure. Energy efficiency increases our mission effectiveness by expanding our range and endurance, and reducing our need for logistics support. Efficiency improvements minimize operational risks of that logistics tether, saving time, money, and lives. Alternative fuels provide the Navy an 'off-ramp from petroleum,' mitigating the risk to a volatile and ever more expensive petroleum market.

- **Early Adopter of Technologies.** The military has often led in the development of new technologies where there was a compelling military use, even if the civilian use was ultimately greater (ex. GPS, the Internet). The operational use of alternative fuels by the Department of the Navy will be hastened by collaborating with federal agencies and private industry at every step of the research, development, and certification process. The alternative fuel program establishes the Department of the Navy as an early adopter for investors in a nascent industry that could significantly enhance energy security, and thereby national security, in the mid- to long-term.
- **Fossil Fuel Dependence.** The Navy recognizes that our dependence on fossil fuels and foreign sources of oil makes us more susceptible to price shocks, supply shocks, natural and man-made disasters, and political unrest in countries far from our shores.
- **Combat Capability.** Making our ships and aircraft more efficient improves their fuel economy. We can increase the days between refueling for our ships, improving their security and combat capability. We can also extend the range of our aircraft strike missions, allowing us to launch our aircraft farther away from combat areas. Increasing our efficiency and the diversity in our sources of fuel improves our combat capability strategically and tactically.

Inadequate Family Housing

Question 13. The Department of Defense shifted its definition of inadequate family housing from one based on the amount of needed repairs to one based on a condition quality rating. How has this affected your number of homes classified as inadequate, as well as your timetable for eliminating inadequate housing?

Answer. Prior to the change in the definition of inadequate family housing, the Navy had less than 800 housing units classified as inadequate, and was on track to meet OSD's requirement of 90 percent adequate family housing by 2012. When the definition changed approximately 2,900 additional units were classified as inadequate (Q3/Q4), for a total of 3,700 units at the end of FY10. Navy's FY12 FYDP provides funding to meet OSD's requirement of 90 percent adequate (Q1/Q2) family housing by 2015.

Family Housing Budget Request

Question 14. The Department of Defense shifted its definition of inadequate family housing from one based on the amount of needed repairs to one based on a condition quality rating. Is your budget request of \$75 million for family housing construction adequate to continue to address improvements that need to be made to Navy housing to raise the current "Q" rating?

Answer. Yes. Our FY12 budget provides funding to reduce our "inadequate" (Q3/Q4) family housing inventory from 36 percent to 10 percent of government-owned units by 2015, without displacing families. Our family housing program continues to provide Sailors and their families suitable, affordable, and safe environments in community, privatized, or Navy-owned housing.

[Questions for the Record submitted by Congressman Flake for ADM
Roughead follows:]

Earmarks

Question 1. As you may know, Congress has sworn off earmarks for at least the next two years. Will this change the way the Navy and Marine Corps prioritize their military construction projects?

Answer. No. The Department of the Navy will continue to use its existing approach to developing its MILCON program. All funded projects are valid requirements deliberately programmed within fiscal controls.

[Questions for the Record submitted by Congressman Flake for General Amos follows:]

Earmarks

Question 1. As you may know, Congress has sworn off earmarks for at least the next two years. Will this change the way the Navy and Marine Corps prioritize their military construction projects?

Answer. No. The Navy and Marine Corps will continue to prioritize military construction projects on the basis of infrastructure requirements given available resources.

Earmarks

Question 2. There has been a lot of discussion on reducing the level of active duty forces, and beginning in 2015, the Marine Corps is expected to begin drawing down its active duty component by *as much as* 20,000.

What impact will this have on the Marine Corps' current and future military construction program?

Answer. At this time, we do not anticipate any changes to our current MILCON projects. Once decisions are approved on future force structure, we will reassess our facility requirements and make adjustments as necessary. End strength decisions will guide future plans to remove facilities reaching their designed service life from existing inventory allowing the Marine Corps to realize savings in sustainment costs.

Although the Force Structure Review detailed recommendations are not complete, the FY2012 Military Construction program is consistent with a planned force of 186,800 or 202,000 as the projects address either long-standing facilities and infrastructure requirements/plans or new programs not impacted by a reduction in force.

Earmarks

Question 3. Recent news reports have highlighted a request made by General Petraeus, echoed by Secretary Gates, to reprogram hundreds of millions of dollars appropriated for Humvees to purchase systems to enhance intelligence capabilities on the battlefield in Afghanistan. However, concerns about this request have been raised because it appears the Marine Corps is potentially interested in procuring a new Humvee with expanded capabilities.

Could Congress approve the reprogramming of funds, while also leaving the door open for the Marines to purchase Humvees with expanded capacity in the future?

Answer. Thank you for your continued support in assisting the Marine Corps to ensure that we have funding aligned where we need it. The reprogramming in question (PA 11-10) addresses a number of urgent needs for forces in Afghanistan. One portion of the reprogramming sought to provide funds to develop a Wide Focal Plane Array Camera that the Marine Corps is developing for our Shadow unmanned aircraft. As originally written, this initiative was funded using the HMMWV funding in question. Due to the urgency of this request the Marine Corps has worked with OSD to identify alternate sources of funds that would be amenable to the defense committees.

Earmarks

Question 4. It has been reported that Congress may approve the majority of funds to be reprogrammed, while retaining the remainder so that any of the armed services can procure Humvees with expanded capabilities. But the Marine Corps' request for information *is* not a request for funds - would these funds simply remain available until they were requested to procure the Humvees?

Answer. The Marine Corps is considering a HMMWV Recapitalization and Modernization Program which will improve the performance of the current USMC fleet of HMMWVs, currently comprised of A2 and Expanded Capacity Vehicles (ECV), allowing them to be utilized in current and future combat operations. A Request For Information (RFI) was released to industry to seek information from industry sources that would be capable of performing HMMWV sustainment and payload/protection/mobility upgrades. The intent of the program is to use a systems approach to improve crew survivability, retain payload capacity, restore automotive and mobility performance, and improve reliability of the fleet. However, the HMMWV funding in the reprogramming is excess to any currently known USMC HMMWV requirements.

[Questions for the Record submitted by Congressman Yoder for General Amos follows:]

Marine Data Center — Kansas City (KCITC)

Question 1. What are the plans regarding the lease on the building currently housing the Marine Data Center (KCITC) located at the Kansas City, Missouri Bannister Federal Complex?

Answer. We are currently leasing space in the Kansas City Bannister Federal Complex and working with the General Services Administration to renew our lease which expires in September)12. We anticipate extending the lease through September 2017. This will allow us enough time to develop a long-term solution, obtain necessary funding, and execute a decision.

Marine Data Center — Kansas City (KCITC)

Question 2. Why are the Marines considering moving the data center to another location?

Answer. We are exploring various options for acquiring suitable facilities to permanently support Marine Corps information technology organizations. It is uncertain at this time whether the current interim facility is suitable as a permanent solution to our facility needs.

Marine Data Center — Kansas City (KCITC)

Question3. What factors will be taken into consideration when deciding the future location? Will cost be a factor?

Answer. Cost, while significant, is not the single most important consideration. The ability to retain and recruit qualified information technology personnel is equally important. Other factors taken into consideration include facility cost, workforce relocation and transition costs, and suitability of the facility to meet information technology security and force protection requirements.

Marine Data Center — Kansas City (KCITC)

Question 4. Will the process be transparent and allow for local stakeholders to participate in the discussion?

Answer. The public and local stakeholders will be afforded an opportunity to participate in and provide their views and comments.

Marine Data Center – Kansas City (KCITC)

Question 5. What will the decision process look like?

Answer. Senior Marine Corps leadership will be presented with recommended options and the best option that meets mission and cost factors will be selected. Currently, requirements are under review internally and are expected to be presented for consideration to the Marine Corps leadership by spring 2012.

[Questions for the Record submitted by Congressman Nunnelee for General Amos follows:]

Energy

Question 1. In your testimony, you discuss the Marine Corps being more efficient in how you use, produce, and acquire energy - could you discuss this in more detail?

Answer. I recently signed our Expeditionary Energy Strategy and Implementation Plan which calls on the Marine Corps to increase our energy efficiency on the battlefield by 50%, and cut in half the fuel used per Marine per day by the year 2025. To achieve our 'efficiency' goals, we are pursuing three courses of action: increase energy efficiency in our equipment, systems and platforms; increase the use of renewable energy to make our operations more self sufficient, and finally to change the way we think about energy—to value it as a critical combat enabler in the way we man, train and equip our forces.

Changing our mindset about energy central to our strategy—we know that technology solutions alone will not get us to where we need to be. Our approach is to look across the organization—the DOTMLPF spectrum—to identify areas for change, be it Doctrine, Organization, Training, Materiel, Leadership, Personnel, and/or Facilities. Concurrent with the development of our strategy, we are preparing the formal requirements documents to define the capabilities we need to increase our efficiency across this spectrum. This report is due out in the coming months.

With regard to the equipment we buy, we are defining new requirements to demand greater energy efficiency and performance, along with our combat effective capabilities. We are updating existing requirements to affect near term purchases and to push efficiency into our legacy systems. For example, we have driven efficiency through the following: Statement of Need For LED Lights; Statement of Need for Shelter Liners; Statement of Need for 500kW Micro-Grid; Statement of Need to Operate GENSET on Vegetable Oil; Urgent Statement of Need for SPACES Improvements and Increase Numbers.

We are also developing an Energy Performance Key Performance Parameter to drive efficiencies into our acquisitions. Notably, we issued the GBOSS Capability Development Document Energy Efficiency Key Performance Parameter.

Our investments in current programs and new areas put us on track to achieve our energy efficiency goals for 2025. As a starting point, we anticipate an Overseas Contingency Operations (OCO) savings of 100,000 to 150,000 BBLS of petroleum over the FYDP.

- o Implementing mobile electric power sources to achieve 17% fuel efficiency improvement, beginning in 2010 (Army funded development/USMC funded procurement)
- o Fielding Enhanced Efficiency Environmental Control Units (E3CU) to achieve 10-30% power efficiency improvement, beginning in 2012. Next generation family of ECUs will begin entering service in 2014.

- Implementing deployable renewable energy alternative modules and ground renewable expeditionary energy systems (*SPACES and GREENS and On-Board Vehicle Power*)
- Implementing improved environmental control units in vehicles and trailers (e.g. *MRAPs/LAVs*)
- Developing hybridization and other fuel economy improvement ECPs for MTRVs to reduce the total ownership cost.

Looking at the long term, we aim to be the leader in expeditionary energy capabilities for the US military. Current Science & Technology investments, via the Office of Naval Research (ONR), and the Marine Corps Warfighting Laboratory (MCWL), to drive future capabilities include:

- Improved power density in battery, chargers, and power adaptors for highly mobile forces.
- Advanced integrated solutions for electrical power generation and distribution.
- Lightweight Power Systems for Dismounted Marine Squad Applications.

USMC Barracks

Question 2. Renovated barracks greatly improve the overall quality of life for those enlisted personnel- what is the Marine Corps doing in terms of barracks renovations?

Answer. The FY12 budget continues our push to eliminate Marine Corps BEQ space deficits. The BEQ initiative is made up of two main pillars: (1) elimination of our space deficit and (2) elimination of the inadequate and substandard spaces.

- Inadequate barracks are eliminated and replaced via the Military Construction program and through Sustainment / Restoration / Modernization projects.
- Substandard barracks are repaired and modernized to an adequate condition via Operations and Maintenance funds.
- To keep new BEQ's from deteriorating, the Marine Corps is committed to funding whole room barracks furnishings on a seven-year replacement cycle, and prioritizing barracks repair projects to minimize the backlog of repairs.
- The Marine Corps has consistently sought to fund 90% of the sustainment requirement for barracks per the DoD Facility Sustainment Model; actual funding during prior years has exceeded this percentage. The Marine Corps goal is to achieve a 2+0 standard for E1-E5 bachelor Marines by FY 2014.

[Questions for the Record submitted by Ranking Member Congressman Bishop for General Amos follows:]

Guam and Realignment of Marines from Okinawa

Question 1. General Amos, in the past, you expressed some serious concern about both the cost of the realignment from Okinawa to Guam, as well as your ability to properly train your forces in the Pacific. Do you feel that your concerns are being addressed?

Answer. (CMC Stated response) Sir, that was actually my predecessor, General Conway, who (Lade that comment last year. I do know there's a great effort underway right now within the Department of Defense and OSD to reconcile what the real cost will be. As you know, the total cost was forecast to be, \$10.6 billion, of which the United States share was \$4.2 billion.

Guam and Realignment of Marines from Okinawa

Question 2. General Amos, as you know the ruling party changed in 2009 and many were concerned that Japan would seek to re-negotiate the agreement. Is Japan still living up to their agreement?

Answer. The original agreement between Japan and the United States was signed in 2006, so we are on that track now to move Marines out of the southern areas of Okinawa and moves them up towards more of the central and the northern part of Okinawa.

Guam and Realignment of Marines from Okinawa

Question 3. General Amos, the Environmental Protection Agency (EPA) estimates a \$1.3 billion requirement for short term (5 years) repairs and improvements to Guam's water and wastewater systems. What is the state of infrastructure on Guam now?

Answer. (CMC. Stated response) On Guam they're working their way through that right now and again, that's part of the total cost -- is it more than \$4 2 billion for the United States and I can't give you a solid answer right now because that effort's underway as we speak.

Guam and Realignment of Marines from Okinawa

Question 4. General Amos, the 2014 goal seems even more unrealistic now; will we see that goal slip?

Answer. Construction was supposed to start but it all depends on what happens on Okinawa Is the Futenma replacement facility built? The landfill has not been signed by the governor of Okinawa yet.

Construction was supposed to start in 2007 and be completed by 2014. It would appear that since that has not happened, the situation is certainly pressurized by the fact that we have not begun construction yet and it's 2011.

Futenma Replacement Facility

Question 5. General Amos, the U S has consistently taken the position that the realignment in Okinawa is contingent on progress toward the Futenma Replacement Facility, currently planned for Camp Schwab. Some people on the Japanese side have suggested that the Futenma Replacement Facility could be moved off of Okinawa or even out of Japan entirely. In your estimation, why does the Marine Corps need an air station on Okinawa?

Answer. Yes. The Aviation Combat Element (ACE) is a critical doctrinal component of the Marine Air Ground Task Force (MAGTF) on Okinawa. All MAGTF components must plan, train and operate together as a team to maintain readiness and the ability to respond to humanitarian assistance and disaster relief missions and other contingencies in the region.

Futenma Replacement Facility

Question 6. What would be the impact if this were moved to mainland Japan, or to the area of Guam?

Answer. There are no US Government plans to move the Futenma Replacement Facility off Okinawa.

Futenma Replacement Facility

Question 7. A few news reports have noted that Secretary Gates hopes for a resolution on this issue in the spring, what are your thoughts on a resolution?

Answer. The Marine Corps supports the 2006 Roadmap for Realignment. A resolution on the Futenma Replacement Facility would be well received.

Questions for the Record submitted by Ranking Member Congressman Bishop for ADM
Roughead follows:]

Walter Reed (BRAC) Status

Question 1. Admiral, as you know BRAC recommendation 169 mandated the Walter Reed and Bethesda facilities be consolidated into one location. What is the current status of this project?

Answer. The missions presently performed at Walter Reed Army Medical Center will transfer to Walter Reed National Military Medical Center (WRNMMC) on the campus of the National Naval Medical Center, Bethesda, and Fort Belvoir Community Hospital, both of which are scheduled to achieve Full Operational Capability on 15 September 2011. Additional information on the status of this project is most appropriately answered by the Department of Defense's lead activity for this project, Joint Task Force Medical — National Capital Region (JTFCAPMED)

WRNMMC Operations

Question 2. Admiral, can you explain what operations will be supported at the new WRNMMC so the new members of the subcommittee can get an idea how large this move is?

Answer. Specific information on the transition of the new Walter Reed National Military Medical Center (WRNMMC) onboard the campus of the National Naval Medical Center, Bethesda is most appropriately answered by the Department of Defense's lead activity, Joint Task Force Medical — National Capital Region (JTF CAPMED) For the Navy, a successful transition includes the closure of WRAMC and the assimilation of military and civilian WRAMC personnel, Wounded Warriors, families, and support personnel into Fort Belvoir Community Hospital and WRNMMC in a fashion that allows for the continuous, safe, and best practice operation of patient care and Wounded Warrior support.

Walter Reed (BRAC) Relocation Impact

Question 3. Admiral, are there any concerns regarding the impact this relocation could have on the local community?

Answer. The local community, and the Environmental Impact Statement (EIS) we conducted for this project, identified vehicular and pedestrian traffic as a potential concern. The President's FY 2011 BRAC budget request included \$20 million for a Defense Access Roads Project to improve pedestrian access between the installation and the local Metro station. The Navy has been cooperating with county and state transportation agencies and other Federal agencies in the identification of other transportation-related improvements. Additional information on the status of this project is most appropriately answered by the Department of Defense's lead activity for this project, Joint Task Force Medical — National Capital Region (JTF CAPMED).

Walter Reed (MAC) Relocation Service Coordination

Question 4. Admiral, how much coordination has there been between the services during this consolidation?

Answer. Navy is working diligently with the Army, the Marine Corps, and DoD's lead activity, Joint Task Force Medical — National Capital Region (JTF CAPMED) to ensure the successful transition of the new Walter Reed National Military Medical Center (WRNMMC) onboard the campus of the National Naval Medical Center, Bethesda.

Guam and Realignment of Marines from Okinawa

Question 5. Admiral, the QDR makes numerous references to the need to increase the "resiliency" of U.S. bases overseas, including the "hardening" of key facilities. Has the QDR policy had an effect on the construction in Guam?

Answer. The QDR directed an increase to the resiliency of U.S. forward posture and base infrastructure by a variety of means. The Navy's two MILCON projects in the PB12 FYDP (CVN Capable Wharf and X-Ray Wharf) will provide supporting infrastructure that directly enhances operational capabilities of U.S. forces in the Pacific. While these two pier projects cannot be hardened in the same manner as a hanger facility, they will be designed to include seismic and anti-terrorism/force protection criteria as well as utility system resiliency.

Guam and Realignment of Marines from Okinawa Effect on Navy

Question 6. Admiral, what effect will the Guam move have on the Navy?

Answer. The realignment of Marines to Guam has no known impact to Navy infrastructure at this time.

There are currently two wharf improvement projects authorized and/or underway that will provide essential infrastructure on Guam for amphibious and combat logistics force ships that enable Marine Corps operational capability. Additionally, the Navy has two Guam MILCON projects in the PB12 FYDP: CVN Capable Wharf and X-Ray Wharf. While these projects are not directly related to the Agreed Implementation Plan between the U S and Japan, the Navy is ready to support the Marine Corps upon relocation to Guam.

Homeport Ashore Initiative

Question 7. Admiral, your current policy on barracks calls for eliminating the Homeport Ashore deficit for the E 1- E4 ranks by 2016, based on a policy calling for 2 sailors per room, each with 55 square feet of living space. Can you walk us through how the Homeport Ashore program has evolved, and how we went from a 2008 target date to a 2016 target date?

Answer. The Homeport Ashore (HPA) program was initially established in 2000 to provide housing ashore for all our junior sea duty Sailors by 2008. Subsequently, Navy rebalanced risk in our budget to prioritize funding for warfighting readiness and adjusted our Homeport Ashore goal accordingly to provide housing ashore at the Interim Assignment Policy standard (55 square feet per person) by 2016.

Homeport Ashore Initiative

Question 8. Admiral, how does the increased end strength of the Navy affect the 2016 target?

Answer. The Navy considered end strength levels in developing the Homeport Ashore Program, and there is no impact to our Homeport Ashore targets.

Homeport Ashore Initiative

Question 9. Admiral, what is the outstanding, unfunded deficit for Homeport Ashore barracks, both in spaces and dollar terms?

Answer. All of our remaining Homeport Ashore (HPA) projects have been programmed in the PB12 FYDP. In FY12, FY13 and FY14, we will fund \$304M to eliminate the remaining 2,872 spaces at an Interim Assignment Policy standard.

Homeport Ashore Initiative

Question10. Admiral, has the Navy come up with a "final" assignment policy to replace the "interim" one?

Answer. The interim assignment policy remains in effect. We are currently working on a final assignment policy to inform our future budget cycle.

Homeport Ashore Initiative

Question 11. Admiral, what is the Navy going to do about barracks across the board? You have said in the past that you expected to put together a master plan to eliminate inadequate barracks by 2020, subject to funding constraints. Do you have such a plan now?

Answer. Our FY12 unaccompanied housing program is focused on completing Homeport Ashore by 2016, and achieving an "adequate" (Q1/Q2) rating for 90 percent of our bachelors quarters by 2022. In support of Homeport Ashore, our FY 2012 budget requests funding for one bachelors quarters in Norfolk and we have programmed the final three Homeport Ashore construction projects in FY 2013 and FY 2014. Our FY 2012 budget also increases our investment in improving the condition of our barracks from \$125M to \$195M annually through the FYDP. This investment reflects the transition Navy made in PB12 from eliminating Q4 barracks by 2020 to supporting OSD's goal of attaining 90 percent "adequate" (Q1/Q2) barracks. We will not meet the Secretary of Defense's goal for achieving an adequate rating for 90 percent of our bachelors quarters by 2017; however, our investment strategy will allow us to meet the Secretary's goal by 2022. We continue the development of a detailed master plan in support of our unaccompanied housing program for future budget cycles.

Mayport CVN Homeport Initiative

Question 12. Admiral, the cost to move an aircraft carrier from Hampton Roads to Florida could be far less than the Navy has estimated. According to the Government Accountability Office, taxpayers would have to spend \$258.7 million to \$356 million in one-time costs to base a nuclear-powered aircraft carrier at Mayport. The Navy's estimate was \$537 million, can you explain the difference?

Answer. The major difference between the Navy and GAO estimates is related to the MILCON projects for the Controlled Industrial Facility and Ship Maintenance Facility. Navy's overall MILCON estimate for the two projects was \$296M, compared to GAO's estimate of \$58M to \$154M. The Navy's estimate used different factors for local and national market conditions, evolved forced protection standards, sustainable design requirements, and new construction features, such as hurricane design considerations. Differences between Navy and GAO will be resolved in the coming years as design efforts are completed for the Controlled Industrial Facility and Ship Maintenance Facility, and as project cost estimates are refined for budget year programming.

Mayport CVN Homeport Initiative

Question 13. Admiral, as you know, the Hampton Roads community is very upset that they will be losing a carrier, is anything being done to help the Hampton Roads community with this loss?

Answer. There are no plans to compensate the Hampton Roads community for potential carrier movements. As the largest naval base complex on the East Coast, the Hampton Roads community is essential to long-term Navy force posture and will remain home to a very large Navy population.

Mayport CVN Homeport Initiative

Question 14. Admiral, some people believe the benefits of a second East Coast port are overstated, and the Navy should spend limited taxpayers' money on higher priorities. Can you explain what the benefits of having a carrier in Florida are?

Answer. Strategic dispersal of our aircraft carriers increases our operational flexibility and mitigates the risk posed by man-made or natural disasters to our these forces and our critical nuclear training and maintenance infrastructure. Without a second East Coast carrier homeport, our six Atlantic Fleet carriers would have to transit at least 12,700 nm to the West Coast around South America to access nuclear-capable maintenance and training facilities should a catastrophic event occur in Hampton Roads. The decision to upgrade Naval Station Mayport's conventional carrier capable operational, maintenance, and support facilities to support our nuclear aircraft carriers will mitigate risk and ensure the Navy can meet its national defense obligations should Hampton Roads be disrupted.

Mayport CVN Homeport Initiative

Question 15. Admiral, construction at Mayport will be ongoing for the next 5 years. Is that enough time to get everything down there ready?

Answer. Yes. The dredging project authorized, appropriated, and awarded in FY 2010 is underway and will ensure unimpeded access to Mayport. Our FY 2012 budget requests finding for the Massey Avenue corridor improvements. We plan to request funding for the Wharf F recapitalization in FY 2013, and the remaining three MILCON projects, plus associated Planning and Design finds, are programmed to enable homeporting in 2019.

Mayport CVN Homeport Initiative

Question 16. Admiral, have there been any talks with the community in Mayport regarding improvements off base to support the influx of sailors?

Answer. Yes. Naval Station Mayport and the City of Atlantic Beach are in the initial stages of developing a study on the community support that would be required should the number of Sailors stationed in Mayport increase. The City has willingly taken the lead on this effort to look at the businesses, schools, and housing infrastructure necessary to support the Naval Station. Additionally, the Naval Station has an active public outreach program led by a Public Affairs and Community Planning and Liaison Team. The team is involved in studies of local transportation and infrastructure, and they have briefed local Community Planning/Advisory Committees and local City/County Planning, Growth and Development Organizations. Navy is actively involved in the Mayport community as it prepares to upgrade Mayport to a nuclear carrier homeport.

[Questions for the Record submitted by Congressman Farr for ADM Roughead follows:]

Center for Stabilization and Reconstruction Funding

Question 1. I'm pleased to hear that you have an Admiral on your staff dedicated to international engagement and that he recently organized a conference to better connect the Navy to humanitarian NGOs.

As was discussed at the hearing, the Center for Stabilization and Reconstruction Studies (CSRS) at NPS is the only classroom in the country whose students are a mix of military members from all the services, government officials; and civilians from NGOs and IGOs. Navy participation represents more than 10 percent of the nearly 1200 students who have attended and benefited from these short courses. CSRS could be the gateway to connecting the Navy with NGO humanitarian community since this community is an active participant in CSRS short courses. Please identify the source of resources being allocated for the NGO humanitarian initiative and how much of that funding could be directed to CSRS to assist with this initiative?

Answer. Navy headquarter's resources are not allocated toward Navy-NGO humanitarian initiatives. Accordingly, there is no funding that could be redirected to CSRS. Navy has participated in three annual Navy-NGO Conferences held at facilities that were provided free of charge. Additionally, Navy participates in a bi-monthly civilian-military working group at the United States Institute of Peace.

Regional Education for Non-FAOs

Question 2. I want to compliment the Navy for doing a great job educating Navy Foreign Area Officers (FAOs) at NPS. And I was pleased to learn at the hearing that the number of Navy F AOs will be increasing. As you know, Navy FAOs benefit from both NPS regional affairs degree programs as well as from the advanced FAO course, the Joint FAO Skills Sustainment Pilot Program. But many Navy officers who are not FAOs are deeply involved in matters relating to security cooperation and engagement planning as staff officers at the regional combatant commands and the Navy component commands. Regional experts in the National Security Affairs Department at NPS are eminently capable of preparing these officers for their regionally-focused duties. Why doesn't the Navy send these officers to NPS -- if not for a full- length degree program, then for a shorter period of study -- in order to best prepare them for these important duties?

Answer. Navy sends a significant number of non-FAOs to regional education programs to meet validated requirements. As of the second quarter Academic Year 2011, Navy has approximately 90 officers enrolled in resident, graduate education in the National Security Affairs Department at NPS. More than 70 of these officers are not FAOs. That graduate education will serve these officers and our nation well while serving in assignments at Regional Combatant Commands, Navy Component Commands, and Headquarters Staffs.

[Questions for the Record submitted by Congressman Farr for General Amos follows:]

Cross Cultural Education:

Question 1. You were clearly familiar with the quality education going on at the Naval Postgraduate School, so I'm wondering why in this constrained resource environment, you are not pursuing more collaboration between NPS and the Center for Advanced Operational Culture Learning (CAOCL) which also strives to provide cross-cultural competence for deployed Marines. Collaboration between NPS and CAOCL would safeguard USMC resources and ensure CAOCL delivers the highest quality product possible to Marines deploying for combat operations. Please tell how you intend to leverage the regional expertise at NPS -- expertise that predates the creation of CAOCL -- to support CAOCL activities?

Answer. CAOCL has had an established relationship with the Naval Postgraduate School since inception. The relationship began with the hiring of CAOCL's first Deputy Director from the ITS National Security Affairs faculty. Since this hiring in 2006, CAOCL continues to see tremendous value in their connection to several Departments, Centers and faculty of NPS, particularly in the National Security Affairs department. CAOCL utilizes the Marine Corps' Foreign Area Officers (FAO) and Regional Affairs Officers (RAO), who are predominantly graduates of NPS, as force multipliers to CAOCL's mission. Within CAOCL, these FAOs and RAOs form the core of the active duty Marine staff. These officers have an excellent appreciation for the regional expertise resident at NPS, and they evaluate each CAOCL training and education project for the possibility of benefit from NPS collaboration. In addition, CAOCL leverages FAOs and RAOs assigned around the world to fill critical subject matter expertise, teaching and training roles in support of preparation for Marine Corps global deployments; most recently, CAOCL capitalized on FAOs and RAOs in coordinating training for several III Marine Expeditionary Force units deploying for missions throughout Southeast Asia.

CAOCL and NPS currently partner in several areas:

- Partnership with the Program for Culture and Conflict. Two of the most well-received and highly sought products created and published by CAOCL are its *Operational Culture for Deploying Personnel—Afghanistan* and *Operational Pashtunwali* which were created in collaboration with the NPS Program for Culture and Conflict and its team of researchers. These two products are currently being updated for republication this summer, and CAOCL has made funding available to the Program for Culture and Conflict to contribute to this task.

time, CAOCL has continued to work with the Global Center's staff, participate in meetings and conferences, and work closely with consortium members.

- Collaboration with National Security Affairs Faculty. CAOCL continues to collaborate and "tap" into the NPS faculty in support of Operating Force requirements that lend themselves toward the unique capabilities that are present on the staff at NPS.

- Conferences and Working Groups. CAOCL personnel attend conferences, addressing topics of regional concern, hosted by NPS, with the most recent example being a NATO Building Integrity Conference in February 2011. CAOCL, along with other Marine Corps organizations, routinely extend invitations to NPS faculty to participate and speak at conferences, training events and other venues.

- NPS researchers send a weekly compendium of useful, current sources regarding regional and cultural issues to the CAOCL staff; this material contributes to the creation and revision of CAOCL pre-deployment training products for the General Purpose Force.

We believe that the relationship between CAOCL and NPS is both strong and synergistic. The relationship brings together the strengths of both organizations in a mutually supporting manner. Most importantly, because the relationship leverages the best from both organizations, the Marine on the ground, regardless of where he or she is deployed, is provided the best training and education available in the art of operational culture.

Master's Degree in Stabilization and Reconstruction

Question 3. The National Security Affairs Department at NPS offers a Master's degree program in Stabilization and Reconstruction. Over a three year period starting in 2008 the Navy sent 13 officers to NPS to study in this curriculum. But the Navy decided last year to stop sending its officers to study in this degree program. Considering S&R is a core DOD mission, per Directive 3000.05, this decision is puzzling. Why did the Navy and Marine Corps decide to stop sending its Navy and Marine Corps leaders to NPS to study this highly relevant subject?

Answer. The National Security Studies — Stabilization and Reconstruction curriculum was established in 2006 in anticipation of Fleet requirements for billets with this particular education. However, since then, there have been no Fleet or Navy staff requirements for officers with a Master's degree in Stabilization and Reconstruction. A recently completed review of all officer billets confirmed the absence of a requirement for this highly-focused curriculum. NPS continues to offer Stabilization and Reconstruction courses and officers enrolled at NPS can take S&R courses as part of regionally-focused National Security Studies programs, for which the Navy does have broad requirements. S&R courses are also open to officers of other Services who attend NPS.

Master's Degree in Stabilization and Reconstruction

Question 2. The National Security Affairs Department at NPS offers a Master's degree program in Stabilization and Reconstruction. Over a three year period starting in 2008 the Navy sent 13 officers to NPS to study in this curriculum But the Navy decided last year to stop sending its officers to study in this degree program. Considering S&R is a core DOD mission, per Directive 3000.05, this decision is puzzling. Why did the Navy and Marine Corps decide to stop sending its Navy and Marine Corps leaders to NPS to study this highly relevant subject?

Answer. The Marine Corps does not have a requirement for Stabilization and Reconstruction nor is it a part of the Marine Corps Table of Organization, therefore does not send officers to seek this degree. The Marine Corps has a requirement for, and sends officers to get, Masters Degrees in International Studies to become Foreign Area Officers and Regional Area Officers.

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2012

THURSDAY, APRIL 7, 2011.

AIR FORCE

WITNESSES

GENERAL NORTON A. SCHWARTZ, CHIEF OF STAFF, UNITED STATES AIR FORCE

MAJOR GENERAL TIMOTHY A. BYERS, THE CIVIL ENGINEER, UNITED STATES AIR FORCE

CULBERSON OPENING STATEMENT

Mr. CULBERSON. The Appropriation Subcommittee on Military Construction, Veterans Affairs, and Related Agencies will come to order, and we want to welcome everybody to today's hearing on the fiscal year 2012 request for military construction and family housing for the United States Air Force. And we have a number of issues to cover today, but before we begin I would like to recognize our distinguished ranking member from Georgia, Mr. Bishop.

Mr. BISHOP. Thank you very much, Mr. Chairman. It has been a busy week for the subcommittee, so I will be brief. General Schwartz, thank you for your service to our country and for being here today. Like all of the services that have already come before us, we know that your fiscal year 2011 program is up in the air and we need to finish the fiscal year 2011 budget as soon as possible to make sure you can execute the fiscal year 2011 program.

General, please know that I am very concerned about what effect the delay in the fiscal year 2011 funding is having on your construction programs and I am committed to getting the CR passed as soon as possible.

Moving on to 2012, I was pleased to see that the Air Force request makes strong investments in training and quality of life initiatives for airmen and their families. I have also some questions though regarding Guam. You see, sometimes it seems we hear more about the relocation of Marines to Guam and overlook the fact the Air Force is already there.

Finally, I would like to hear your thoughts on Strategic Command. As you know, we are making significant investment in Offutt, and I want to make sure that this project does not constitute a waste of taxpayers dollars. As I have said to the other services, our subcommittee wants to be helpful to all of your needs, and we thank you for being here and look forward to your testimony.

Mr. Chairman, I yield back.

Mr. CULBERSON. Thank you. Thank you, Mr. Bishop. I would like to now formally recognize and welcome to the committee General Norton Schwartz, who is the Chief of Staff of the U.S. Air Force. We are delighted to have you with us, General. You are making your third appearance I see before the subcommittee, and have been Chief of Staff of the Air Force since August 2008, Sir, and we thank you for your service to the country, thirty-six years of service. After graduating the Air Force Academy in 1973, I see here, Sir, that you previously served as Commander of U.S. Transportation Command and have had commands and assignments including Director of the Joint Staff, Commander of the 11th Air Force, the Deputy Commander in Chief of Special Operations Command, and Commander of the 16th Operations Wing, and have served as a command pilot with more than 4,400 hours of flight time in C-130s, MH-53s and MH-60s and served as well in Desert Shield and Desert Storm.

I also want to note that seated at the table with General Schwartz is Major General Timothy Byers, the Air Force Civil Engineer. We thank you both for joining us, but above all thank you for your service to our Nation. We look forward to your testimony and of course, General, your written statement will be entered into the record without objection, and we look forward to hearing you summarize your testimony this morning, sir.

Thank you.

GENERAL SCHWARTZ OPENING STATEMENT

General SCHWARTZ. Thank you, Mr. Chairman, Congressman Bishop, and members of the Committee. Thanks for your support of our Airmen and their families. It is my distinct privilege, along with Tim Byers, to represent them here today before you. Our Airmen continue to inspire us with their dedication and service, quietly and proudly serving alongside their joint and interagency teammates.

The President's budget request for fiscal year 2012 includes \$2 billion for military construction, military family housing, and Base Realignment and Closure (BRAC).

In the course of building this request, we applied asset management principles to fund our sustainment priorities, keeping our facilities well maintained, and ensuring maximum efficiency without compromising effectiveness of our installations or operations. The \$1.4 billion for military construction constitutes the largest portion of this request. In fully appreciating the ongoing and extraordinary budget pressures, we will ensure that new construction is aligned with weapon system deliveries, strategic basing initiatives, and the top operational priorities of Air Force and the Combatant Commanders.

AIR SPACE

With more than 36,000 Airmen deployed around the world, including nearly 2,900 civil engineers, your Air Force remains a trusted and reliable Joint partner, providing vital air space and cyber capabilities that are respected by friends and potential foes

around the world. Also in direct support of combatant commander requirements are 57,000 total force Airmen (Active, Air National Guard, and Air Force Reserve) who are presently garrisoned overseas, as well as over 200,000 Airmen who from their stateside bases directly contribute to global missions.

Therefore, this budget request invests \$373 million in improvement and new construction projects from Nevada to Nebraska to Guam—that enable direct Air Force contributions to today’s fight. And because Airmen act every day on behalf of the American people, stewards of the Nation’s trust and defender of her security, caring for our Airmen and their families remains a top service priority.

QUALITY OF LIFE

In our ongoing efforts to provide quality of life for them, nearly \$500 million will be used to support housing privatization in the United States and sustain and maintain our housing overseas. Included in this request is \$85 million to improve nearly 1,400 homes in Japan and in the United Kingdom and an additional \$405 million to fund operations, maintenance, utilities, leases, and to provide oversight of privatized units for the family housing program.

For our unaccompanied Airmen we request \$190 million, sir, to invest in seven dormitory projects, keeping us on track to meet our goal of eliminating inadequate housing for unaccompanied Airmen by 2017. We are also supporting our Joint base partners in Alaska, in Texas and Virginia with construction of 3 dormitories worth \$193 million.

And, for the children of our service men and women, we continue to work toward consistent standards of care at installations around the world—from bases and major metropolitan areas to those in more remote locations and those overseas. The American Recovery and Reinvestment Act allowed us to allocate \$80 million to eight new child development centers. This year, we have only one requirement for a child development center, and that is at Holloman Air Force Base in New Mexico—an \$11 million project that will move our Airmen’s children out of substandard, temporary facilities.

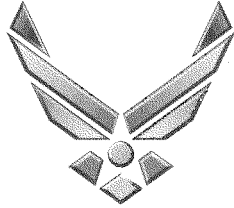
LEGACY BRAC ACTIONS

Finally, we request more than \$126 million to continue completing our legacy BRAC actions at our 28 former bases and to perform program management, environmental restoration, and property disposal at the locations that were in fact closed in BRAC 2005. We are on track to fully implement all of the BRAC 2005 recommendations by the mandated September 2011 deadline.

Mr. Chairman and committee members, our fiscal year 2012 budget request balances, in my view, warfighter requirements, recapitalization efforts, new mission beddowns, and quality of life requirements, and it remains aligned with our most fundamental priorities. Your Air Force remains committed to providing Global Vigilance, Reach, and Power for America’s requirements today and for her challenges tomorrow.

We thank you for your continued efforts on behalf of the United States Air Force for our Airmen and certainly for their families. I look forward to your questions, sir. Thank you.
[The information follows:]

United States Air Force



Presentation

Before the House Appropriations
Committee, Subcommittee on Military
Construction and Veterans Affairs

Air Force Fiscal Year 2012 Military Construction, Housing, and BRAC Programs

Witness Statement of
General Norton A. Schwartz
Chief of Staff, United States Air Force

April 7, 2011

Not for publication until released by the House Appropriations
Committee, Subcommittee on Military Construction and Veterans Affairs

Air Force FY 2012 Military Construction, Housing, and BRAC Programs

April 7, 2011



BIOGRAPHY



UNITED STATES AIR FORCE

GENERAL NORTON A. SCHWARTZ

Gen. Norton A. Schwartz is Chief of Staff of the U.S. Air Force, Washington, D.C. As Chief, he serves as the senior uniformed Air Force officer responsible for the organization, training and equipping of 680,000 active-duty, Guard, Reserve and civilian forces serving in the United States and overseas. As a member of the Joint Chiefs of Staff, the general and other service chiefs function as military advisers to the Secretary of Defense, National Security Council and the President.

General Schwartz graduated from the U.S. Air Force Academy in 1973. He is an alumnus of the National War College, a member of the Council on Foreign Relations, and a 1994 Fellow of Massachusetts Institute of Technology's Seminar XXI. He has served as Commander of the Special Operations Command-Pacific, as well as Alaskan Command, Alaskan North American Aerospace Defense Command Region, and the 11th Air Force. Prior to assuming his current position, General Schwartz was Commander, U.S. Transportation Command and served as the single manager for global air, land and sea transportation for the Department of Defense.



General Schwartz is a command pilot with more than 4,400 flying hours in a variety of aircraft. He participated as a crewmember in the 1975 airlift evacuation of Saigon, and in 1991 served as Chief of Staff of the Joint Special Operations Task Force for Northern Iraq in operations Desert Shield and Desert Storm. In 1997, he led the Joint Task Force that prepared for the noncombatant evacuation of U.S. citizens in Cambodia.

EDUCATION

1973 Bachelor's degree in political science and international affairs, U.S. Air Force Academy, Colorado Springs, Colo.

1977 Squadron Officer School, Maxwell AFB, Ala.

1983 Master's degree in business administration, Central Michigan University, Mount Pleasant

1984 Armed Forces Staff College, Norfolk, Va.

1989 National War College, Fort Lesley J. McNair, Washington, D.C.

1994 Fellow, Seminar XXI, Massachusetts Institute of Technology, Cambridge

Air Force FY 2012 Military Construction, Housing, and BRAC Programs

April 7, 2011

ASSIGNMENTS

1. August 1973 - September 1974, student, undergraduate pilot training, Laughlin AFB, Texas
2. October 1974 - January 1975, student, C-130 initial qualification training, Little Rock AFB, Ark.
3. February 1975 - October 1977, C-130E aircraft commander, 776th and 21st tactical airlift squadrons, Clark Air Base, Philippines
4. October 1977 - December 1977, student, Squadron Officer School, Maxwell AFB, Ala.
5. December 1977 - October 1979, C-130E/H flight examiner, 61st Tactical Airlift Squadron, Little Rock AFB, Ark.
6. October 1979 - November 1980, intern, Air Staff Training Program, Office of the Deputy Chief of Staff for Plans, Operations and Readiness, Headquarters U.S. Air Force, Washington, D.C.
7. November 1980 - July 1983, MC-130E flight examiner, 8th Special Operations Squadron, Hurlburt Field, Fla.
8. July 1983 - January 1984, student, Armed Forces Staff College, Norfolk, Va.
9. January 1984 - April 1986, action officer, Directorate of Plans, Office of the Deputy Chief of Staff for Plans and Operations, Headquarters U.S. Air Force, Washington, D.C.
10. May 1986 - June 1988, Commander, 36th Tactical Airlift Squadron, McChord AFB, Wash.
11. August 1988 - June 1989, student, National War College, Fort Lesley J. McNair, Washington, D.C.
12. July 1989 - July 1991, Director of Plans and Policy, Special Operations Command Europe, Patch Barracks, Stuttgart-Vaihingen, Germany
13. August 1991 - May 1993, Deputy Commander for Operations and Commander, 1st Special Operations Group, Hurlburt Field, Fla.
14. May 1993 - May 1995, Deputy Director of Operations, later, Deputy Director of Forces, Office of the Deputy Chief of Staff for Plans and Operations, Headquarters U.S. Air Force, Washington, D.C.
15. June 1995 - May 1997, Commander, 16th Special Operations Wing, Hurlburt Field, Fla.
16. June 1997 - October 1998, Commander, Special Operations Command, Pacific, Camp H.M. Smith, Hawaii
17. October 1998 - January 2000, Director of Strategic Planning, Deputy Chief of Staff for Plans and Programs, Headquarters U.S. Air Force, Washington, D.C.
18. January 2000 - September 2000, Deputy Commander in Chief, U.S. Special Operations Command, MacDill AFB, Fla.
19. September 2000 - October 2002, Commander, Alaskan Command, Alaskan North American Aerospace Defense Command Region and 11th Air Force, Elmendorf AFB, Alaska
20. October 2002 - October 2004, Director for Operations, the Joint Staff, Washington, D.C.
21. October 2004 - August 2005, Director, the Joint Staff, Washington, D. C.
22. September 2005 - August 2008, Commander, U.S. Transportation Command, Scott AFB, Ill.
23. August 2008 - present, Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.

SUMMARY OF JOINT ASSIGNMENTS

1. July 1989 - July 1991, Director of Plans and Policy, Special Operations Command Europe, Patch Barracks, Stuttgart-Vaihingen, Germany, as a colonel
2. June 1997 - October 1998, Commander, Special Operations Command, Pacific, Camp H.M. Smith, Hawaii, as a brigadier general
3. January 2000 - September 2000, Deputy Commander in Chief, U.S. Special Operations Command, MacDill AFB, Fla., as a lieutenant general
4. September 2000 - October 2002, Commander, Alaskan Command, Alaskan North American Aerospace Defense Command Region and 11th Air Force, Elmendorf AFB, Alaska, as a lieutenant general
5. October 2002 - October 2004, Director for Operations, the Joint Staff, Washington, D.C., as a lieutenant general
6. October 2004 - August 2005, Director, the Joint Staff, Washington, D. C., as a lieutenant general
7. September 2005 - August 2008, Commander, U.S. Transportation Command, Scott AFB, Ill., as a general

FLIGHT INFORMATION

Rating: Command pilot
Flight hours: More than 4,400

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Aircraft flown: C-130E/H, MC-130E/H/P, HC-130, AC-130H/U, YMC-130, MH-53 and MH-60

MAJOR AWARDS AND DECORATIONS

Defense Distinguished Service Medal with two oak leaf clusters
Distinguished Service Medal
Defense Superior Service Medal with oak leaf cluster
Legion of Merit with two oak leaf clusters
Defense Meritorious Service Medal
Meritorious Service Medal with two oak leaf clusters
Air Force Commendation Medal with oak leaf cluster
Army Commendation Medal

EFFECTIVE DATES OF PROMOTION

Second Lieutenant June 6, 1973
First Lieutenant June 6, 1975
Captain June 6, 1977
Major Nov. 1, 1982
Lieutenant Colonel March 1, 1985
Colonel Feb. 1, 1991
Brigadier General Jan. 1, 1996
Major General March 4, 1999
Lieutenant General Jan. 18, 2000
General Oct. 1, 2005

(Current as of August 2009)

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Introduction

The United States faces diverse and complex security challenges that require us to respond with a range of agile and flexible capabilities. From the ongoing conflicts in Afghanistan and Iraq, to potential confrontation with aggressive state and non-state actors, to providing humanitarian assistance around the world, the United States Air Force continues to provide capabilities across the range of potential military operations. As part of this effort, we must ensure that we have appropriately-sized and efficient infrastructure that enables our Total Force Airmen—our most valuable resource—to perform their duties and maximize Air Force contributions to the Joint team, while ensuring responsible stewardship of materiel and financial resources. We therefore structured our resource choices by balancing them across the near- and long-term.

Over the last year, the Air Force has striven to deliver trademark effectiveness in the most efficient way possible. We are focused on five priorities, which serve as a framework for this testimony: (1) continue to strengthen the nuclear enterprise; (2) partner with the Joint and Coalition team to win today's fight; (3) develop and care for our Airmen and their families; (4) modernize our air, space, and cyber inventories, organizations, and training; and (5) recapture acquisition excellence.

Overview

Our Fiscal Year 2012 President's Budget Request contains \$2 billion for military construction, military family housing, and Base Realignment and Closure (BRAC). The \$1.4 billion military construction request represents an increase of \$97 million over Fiscal Year 2011, allowing us to invest responsibly in the top priorities of the Air Force and our combatant commanders, as we continue to contend with budgetary pressures. This request also ensures that new construction is aligned with weapon system deliveries and strategic basing initiatives. In addition, we continue our efforts to provide quality housing for Airmen and their families by dedicating nearly \$500 million to sustaining and modernizing overseas housing, and supporting housing privatization in the United States. Our unaccompanied Airmen remain a top priority; correspondingly, we request \$190 million to invest in dormitories, keeping us on track to meet our goal of eliminating inadequate housing for unaccompanied Airmen by 2017. Finally, we

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also request \$126 million to continue completing our legacy BRAC programs and environmental clean-up.

In the course of building the Fiscal Year 2012 budget request, we applied asset management principles to ensure maximum efficiency in today's fiscally constrained environment, without compromising the effectiveness of our installations, as they are the platforms from which we fly and fight. This was accomplished through the judicious funding of our sustainment priorities—for example, spending money in the right place at the right time to keep our facilities well maintained—and using military construction to recapitalize existing facilities first, as a preferred alternative to growing our footprint.

Continue to Strengthen the Nuclear Enterprise

Since its inception, the Air Force has served as a proud and disciplined steward of a large portion of the Nation's nuclear arsenal. We steadfastly secure and sustain these nuclear weapons to deter potential adversaries and to assure our partners that we are a reliable force, providing global stability. Continuing to strengthen excellence, precision, reliability, accountability, compliance, and stewardship within the nuclear enterprise remains the Air Force's number one priority. While we have made progress in this area, we will take additional necessary and appropriate steps in the Fiscal Year 2012 budget request to continue to strengthen and improve this core function.

Air Force Global Strike Command achieved full operational capability on September 30, 2010, completing the move of all Air Force nuclear-capable bombers and Intercontinental Ballistic Missiles under one major command. In addition to ensuring that our organizations and human resource plans support this mission, we are also concentrating on the infrastructure and facilities that are crucial to our success. Air Force civil engineers have conducted enterprise-wide facility assessments, and subsequently have concluded that a significant portion of the existing infrastructure will require modernization or complete replacement in the years ahead. Our Fiscal Year 2012 budget request begins to address these issues with \$75.6 million in military construction for the nuclear enterprise, including a B-52 maintenance dock at Minot AFB, North Dakota, and an addition to the Air Force Nuclear Weapons Center at Kirtland AFB, New Mexico. These and similar projects in the years to come will ensure maximum effectiveness for one of the Air Force's most important missions.

Partner with the Joint and Coalition Team to Win Today's Fight

Our Air Force continues to project air, space, and cyber power to great effect in our conflicts in Afghanistan and Iraq, with Airmen making incredible contributions every day. We currently have more than 36,000 Airmen deployed, including nearly 2,900 Air Force civil engineers. Nearly half of these engineers are filling Joint Expeditionary Taskings, serving shoulder-to-shoulder with our Army, Marine, Navy, and Coast Guard teammates. Due to their wide array of skills, our Air Force Rapid Engineer Deployable Heavy Operational and Repair Squadron Engineers (RED HORSE) and our Prime Base Engineer Emergency Force (Prime BEEF) personnel are in high demand in several theaters of operation.

In addition to funding programs that support our Airmen, our Fiscal Year 2012 budget request invests \$366 million in projects that directly contribute to today's fight. Examples include:

- *Projects supporting our combatant commanders that will greatly enhance ongoing operations.* These include the recapitalization of Headquarters, United States Strategic Command at Offutt AFB, Nebraska, and a new air freight terminal complex at Andersen AFB, Guam.
- *New facilities for operations and mission support.* A new air support operations facility at Fort Riley, Kansas, will further our efforts to support Joint Terminal Attack Control specialists as they partner with ground forces to integrate air and surface power in Iraq, Afghanistan, and elsewhere. Additionally, we are strengthening communications capabilities of combatant commanders, with a SATCOM relay in Naval Air Station Sigonella, Italy, and a communications and network control center at Nellis AFB, Nevada.
- *Improvements at Andersen AFB, Guam.* Three projects continue to support the "Guam Strike" initiative, consolidating operational capability for fighter and bomber operations at the base.

Develop and Care for Airmen and Their Families

The all-volunteer force provides the foundation for our flexibility and agility. Our Fiscal Year 2012 budget request reflects a commitment to providing first-class housing, while focusing

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on training and education, and striving to improve the overall quality of life for our Airmen and their families.

The finest Airmen in the world deserve suitable facilities, and our Fiscal Year 2012 budget request supports that goal. We aim to build upon the foundation that was laid during the Year of the Air Force family, and utilize new data such as our 2010 Dormitory Master Plan, to ensure that we allocate taxpayer dollars effectively to our most pressing requirements.

Billeting

With the fourth phase of the Blatchford-Preston Complex at Al Udeid AB, Qatar, we continue our efforts to provide quality housing for our Airmen deployed to the U.S. Central Command area of responsibility. This \$37 million project will build two dormitories, raising the billeting capacity there to 3,332 rooms.

Dormitories

Housing for our unaccompanied Airmen remains a top priority, and our Dormitory Master Plan provides valuable insight into how to maximize the return from our investment. Our Fiscal Year 2012 budget request includes seven dormitory projects totaling \$190 million. These include dorms at Travis AFB, California; Osan AB, Korea; Eielson AFB, Alaska; Minot AFB, North Dakota; Ramstein AB, Germany; Thule AB, Greenland; and Cannon AFB, New Mexico. This investment keeps us on track to meet our 2017 goal of providing adequate housing for all unaccompanied Airmen. We are also supporting our partners at Joint Base Elmendorf, Alaska; Joint Base San Antonio, Texas; and Joint Base Langley-Eustis, Virginia, with the construction of three dormitories worth \$193 million. These projects represent the last of the joint base military construction funds that were transferred to the Air Force.

Training and Education

The most professional junior enlisted Airmen in the world develop into the world's best non-commissioned officers because of the investments that we make in their education, starting from the day that they enlist. We have two projects in this year's program, totaling \$78 million: (1) the fourth phase of the Basic Military Training Complex at Lackland AFB, Texas, and (2) an education center at Vandenberg AFB, California.

Military Family Housing

With continued investment to develop thriving housing communities, we maintain our commitment to caring for our Air Force family. Our Fiscal Year 2012 budget request for

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military family housing is nearly \$500 million. Included in this request is \$85 million to improve nearly 1,400 homes in Japan and the United Kingdom, and an additional \$405 million to fund operations, maintenance, utilities, and leases, and to provide oversight of privatized units for the family housing program.

Central to the success of our housing initiatives is housing privatization that leverages \$423 million into \$6.5 billion in private sector financing. At the start of Fiscal Year 2012, we will have 47,700 privatized units, increasing to 52,500 by January 2012, when 100 percent of our family housing in the United States will be privatized.

Child Development Centers

The final component of caring for Airmen and their families is ensuring that the children of our service men and women receive consistent standard of care at installations around the world, from bases in major metropolitan areas, to those in remote locations, to those overseas. The American Recovery and Restoration Act allowed us to allocate \$80 million for eight new child development centers, to help ensure that our force has adequate child care capacity. This year, we have only one requirement for a child development center, at Holloman AFB, New Mexico. This \$11 million project will get our Airmen's children out of substandard temporary facilities.

Modernize our Air, Space, and Cyberspace Inventories, Organizations, and Training

Modernizing our force to prepare for a wide range of future contingencies requires a significant investment. For Fiscal Year 2012, a key focus area is enabling the beddown of several new weapon systems. Therefore, we are requesting \$233 million for a variety of military construction projects, including:

- *Five projects to bed down our newest fighter, the F-35.* This includes the F-35 development, test, and evaluation mission at Nellis AFB, Nevada; the second training location at Luke AFB, Arizona; and the first operational unit at Hill AFB, Utah.
- *Three projects supporting our HC/EC/C-130J fleet.* These projects include a joint use fuel cell at Davis-Monthan AFB, Arizona, and flight simulators at Davis-Monthan and Pope Field, North Carolina.

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- *Three projects supporting the Pacific Regional Training Center at Andersen AFB, Guam.* This requirement was driven by the re-location of the 554th RED HORSE from Korea to Guam in 2007, along with an increased need for expeditionary training in the Pacific.
- *Other projects.* These will support diverse mission areas, including C-5 training, F-22 support, the F-16 beddown at Holloman AFB, New Mexico, as well as support activities at Barksdale AFB, Louisiana; Fairchild AFB, Washington; the United States Air Force Academy, Colorado; and Cannon AFB, New Mexico.

Recapture Acquisition Excellence

The Air Force continues its efforts to optimize the effective use of taxpayer resources in the acquisition of goods and services. By focusing on asset management principles, we are building a culture that supports the warfighter by delivering the right products and services on time, within budget, and in compliance with all applicable laws, policies, and regulations. Where possible, we seek strategic sourcing opportunities to maximize the use of available dollars, pursuing ways to leverage our size as we purchase common commodities and services to be used across our extended enterprise. Our engineering and contracting communities continue to partner on efforts to transform the processes that support Air Force installation-related acquisition.

Other Programs of Note***Base Realignment and Closure Actions***

Completing Air Force BRAC actions remains a priority for the Air Force and Department of Defense. The Fiscal Year 2012 budget request includes \$123.5 million for legacy BRAC actions at our 28 remaining former bases, and \$1.97 million to perform program management, environmental restoration, and property disposal at locations that were closed in BRAC 2005. The Air Force is on track to fully implement all BRAC 2005 recommendations by the mandated September 2011 deadline.

Joint Basing

The Air Force remains committed to maximizing installation efficiency and warfighting capability, while saving taxpayer resources. The Air Force has equity in 10 of the 12 joint bases, and is the lead Service for 6 of the 12. All 12 bases achieved full operating capability on

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October 1, 2010. We anticipate that the derived benefits from consolidation will yield efficiencies and cost savings.

Energy

The Air Force energy vision is to reduce demand through conservation and efficiency, increase supply through alternative energy sources, and create a culture where all Airmen make energy a consideration in everything that they do. In pursuit of this vision, the Air Force continues as a Federal energy-conscious leader by advancing energy awareness. Key components of the Air Force strategy include coordinating efforts that aim to minimize energy costs, leveraging proven technology in conservation measures and renewable energy development, while matching reliability of the national electric grid system and resilience of Air Force critical mission assets. These efforts effectively reduce dependence on commercial supply and delivery systems, and enhance energy security for the Air Force. The Air Force is committed to reducing its greenhouse gas emissions and carbon footprint by reducing its consumption of fossil fuels, both directly by vehicles and facilities, and indirectly through fossil fuel-generated electricity from the national electric grids. In Fiscal Year 2012, we will continue our energy conservation efforts, which have already reduced facility energy use nearly 15 percent from 2003 levels. In Fiscal Year 2010, we exceeded our goals and produced or procured nearly 7 percent of our total facility energy from renewable sources, and we continued to lead the Department of Defense as the number one purchaser of renewable energy for the fifth year in a row.

Conclusion

The Air Force remains a trusted and reliable Joint partner. We are “all in” to provide air, space, and cyber capabilities to our combatant commanders as they face myriad short- and long-term security challenges in their areas of responsibility. Nearly two-thirds of the men and women serving in our Air Force today, from installations all over the world, are actively supporting combatant commanders in their missions across the full spectrum of military operations.

Our Fiscal Year 2012 budget request balances warfighter requirements, recapitalization efforts, new mission beddowns, and quality of life requirements. It remains aligned with the fundamental priorities of our Air Force: (1) continue to strengthen the nuclear enterprise; (2) partner with the Joint and Coalition team to win today’s fight; (3) develop and care for our

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Airmen and their families; (4) modernize our air, space, and cyber inventories, organizations, and training; and (5) recapture acquisition excellence. In addition to being committed to providing and maintaining effective infrastructure—efficiently and appropriately sized to support our missions and priorities—we are also committed to ensuring that we continue to care for our Total Force Airmen and their families. This includes making good on our promise to provide attractive dormitories and housing, with a focused determination to eliminate inadequate housing for all by 2017.

Finally, we remain committed to ensuring the judicious and responsible use of taxpayer resources with every decision we make. In so doing, we remain focused on efficiencies that allow our trademark delivery of effective air, space, and cyber power, while ensuring maximum utility from every dollar spent.

QUALITY OF SCHOOLS

Mr. CULBERSON. General, thank you very much for your testimony, and there are a number of areas I want to ask you about, but one that is particularly near and dear to my heart that I want to ask you about is the quality of the schools provided to our families on bases around the country and around the world. Again, I am new to the position, but I discovered very rapidly it is pretty spotty. I mean, it depends on where you are assigned, what base you get sent to. If you are on a base in a part of the country with great neighborhood schools, you are in good shape, you have got a Department of Defense (DOD) school on base.

Could you talk to me about any concerns you have, sir, are there any bases in particular around the country that we need to be paying attention to, trying to help those servicemen and women make sure that their kids have got good schools? I am particularly interested in the ability for base commanders to create charter schools in order to give families a choice between either a DOD school, a neighborhood school operated or run by the State, or a charter school on base.

General SCHWARTZ. Mr. Chairman, there are three tiers to this question. One is that there is in fact only one Domestic Dependent Elementary and Secondary School (DDESS) operated school in the continental United States on an AirForce installation, and that is at Maxwell Air Force Base in Alabama, and that school goes back to 1963 when it was established.

The remaining schools, which are about 150 schools on some 28 installations around the United States, are community schools that happen to reside on the Air Force bases. We think that is a very important thing. It is a major factor in our ability to have thriving communities on our installations. Parents like having schools on the installation. There is greater participation by parents in those schools, which is important to educational outcomes. That is one aspect.

Mr. CULBERSON. Excuse me, sir, for interrupting but when you say community schools—

General SCHWARTZ. They are run by the local school districts, but they reside on the military installation.

Mr. CULBERSON. You say about 150 of those around the country.

General SCHWARTZ. Correct.

Mr. CULBERSON. All right, Sir.

CHARTER SCHOOL INITIATIVE

General SCHWARTZ. The next tier is the charter school initiative. We have two charter schools currently up and running, one at Davis-Monthan Air Force Base in Arizona and the other one at Vandenberg Air Force Base in California. There are two more that are standing up, one at Little Rock Air Force Base in Arkansas and now also at Joint Base Andrews just nearby in Maryland, and those are additional efforts again for us to assure that we have quality education for our military children and another avenue to work. And so there are four at the moment, and two of which are currently operating, the other two will be full up in the not too distant future, and we will see how this unfolds as we go forward. We

certainly favor charter schools where we can make the arrangements, and so on, with the supervising school districts.

Mr. CULBERSON. Are these——

DEFINITION OF CHARTER SCHOOLS

Ms. MCCOLLUM. Mr. Chair, could I get your definition and could I get their definition of charter school because it is different in each one of the States. Some are public chartered of the public school district, some are private chartered, some are for-profit. So can I get a definition of what we are talking about so I understand the answer better?

Mr. CULBERSON. Sure. Actually, General, Ms. McCollum brings up a good point and that is that there are a lot of differences between charter schools, depending on who is operating them and we would like to know. These that you mentioned, who runs them and how are they set up and who funds them, where are they located?

General SCHWARTZ. With your permission, we will be happy to provide the actual agency that operates the schools. We have that data, I don't have that off the top of my head. I would be happy to provide that for the record.

Ms. MCCOLLUM. And Mr. Chair, General, if you please, within these charter schools I know in the public schools which collocate on bases you go with the standards in evidence that the State has selected.

General SCHWARTZ. Yes.

Ms. MCCOLLUM. Because there is no Federal right now high bar that everybody achieves. Could you also let us know at these charters, I am assuming that you are following the State guidelines for Leave No Child Left Behind, but if you could include that, too, that would be helpful. Thank you.

General SCHWARTZ. Yes, ma'am, we will be happy to do that, and you are correct.

Ms. MCCOLLUM. Thank you, Mr. Chair.

[The information follows:]

SCHOOLS ON AIR FORCE INSTALLATIONS

The charter school on Joint Base Andrews, MD will be operated by Imagine Schools charter management organization. For school year 2011/12, it will serve grades K-4 with a new grade added each year through the 8th grade. There will be 12 classrooms for the first year with 24 classrooms in the permanent facility, and 260 students projected at full capacity. In Maryland, charter schools are operated by the local district. In this case, Prince George's County provides funding.

The charter school on Little Rock Air Force Base, AR will be operated by Lighthouse Academies, Inc., a charter school management organization. The school will serve grades 5 through 8. Current pre-enrollment stands at 160 students with capacity for 175 students. The initiative was started by a group of Jacksonville, Arkansas community leaders interested in offering expanded, more responsive educational opportunities for local community and Little Rock Air Force Base families of middle school students. Lighthouse Academies, Inc. maintains a focus on an arts-infused curriculum. The school is funded by a state per pupil allotment. Donations from the Hunt Family Foundation and Pinnacle Foundation (privatized housing corporations) were received for renovation of the school facility which was previously the base conference center.

The charter school on Davis-Monthan Air Force Base, AZ is operated by Daisy Education Corporation, Tucson, AZ, and managed by Sonoran Science Academy. The charter was signed by the State Board of Education, and the base wing commander signed a property lease to the Daisy Education Corporation. Currently the school operates grades 6-9 but plans to expand to include grades 10-12. The school serv-

ices 159 students. The educational focus is a college preparation curriculum with a liberal arts foundation that includes an emphasis on science and math. The school facility was formerly operated by the Tucson Unified School District and the charter school company is responsible for all upgrades, remodels, and maintenance of the school.

The charter school on Vandenberg Air Force Base, CA is operated by the Manzanita Education Alliance Board which consists of community members and parents of students. Manzanita Charter School is a public school for students in grades K-6 with a current enrollment of 370 students and an emphasis on early literacy, Spanish immersion and gifted and talented students. It is publicly funded by the state and the federal government. The Manzanita Charter School facility was formerly a Lompoc Unified School District elementary school, and the school buildings are leased from the Lompoc Unified School District.

Mr. CULBERSON. Certainly. It is a good point. I will ask each one the services to provide it to us. Again being new to this, I was astonished to discover how difficult it was for some; for example, Fort Bliss is the one who brought it to my attention. The El Paso school districts made improvements but they have really have problems. And I have had complaints from servicemen and women who were assigned to Fort Bliss and they had to choose between going to the Secora School District, El Paso. There just are not a lot of choices. And education has sort of been near and dear to my heart when I was in the State legislature. I care a lot about it and it is so vital.

Ms. MCCOLLUM. Mr. Chair, if I could.

Mr. CULBERSON. Sure.

IMPACT AID

Ms. MCCOLLUM. And it has been a long time since I was in grade school, but my sister was born when we were at Wright-Patterson, my brother was born when we were at Wichita Falls. So I got bounced around, sometimes a couple different schools in a year. So I get this and as a former student I really appreciate your interest in this. But we should also find out what is going on with impact aid, because part of the reason why a lot of these school districts struggle and can't give the excellence in education and can't give the extra support, whether it is counseling, transportation to the bases, is because we have fallen so far behind in our impact aid support for our military children. So this means a lot to me personally to hear you talk about this.

Mr. CULBERSON. Me, too. It really matters. And if there was some other way to get at it too, the charter schools is just one of many options.

Ms. MCCOLLUM. Oh, yeah.

Mr. CULBERSON. Betty, I look forward to working with you on this.

Mr. Bishop, why don't we just send a letter to each of the branches and ask for an inventory and let us know where the charters are currently operated, what any restrictions prevent you from opening charters and the standards that Ms. McCollum refers to, are they following State curriculum guidelines, testing standards, how are they funded, where are they set up. I would really like all of us to know as much as possible about the lay of the land currently and why, for example are there only—in the beginning, General, you said, I thought, one at Maxwell and then you said there are four others. There are two that are open now, Davis-Monthan air Force Base and Vandenberg Air Force Base, and two others

about to open at Little Rock Air Force Base and Joint Base Andrews.

What is the difference between the one at Maxwell and these other four?

General SCHWARTZ. The school at Maxwell Air Force Base is not a charter school. That is a DDESS school.

Mr. CULBERSON. Oh, excuse me, operated by the local school district, gotcha.

General SCHWARTZ. Actually that is a DOD school.

Mr. CULBERSON. Is the DOD school, okay.

General SCHWARTZ. There is only one on a stateside air Force installation. There are actually 50 or so outside the United States, not surprisingly. But it is the one Air Force DOD school in the Conus. And it goes back to 1963 when it was originally established.

Mr. CULBERSON. Betty, it may be worthwhile for us actually to have a whole set once we get through the initial slug of our hearings, Mr. Bishop, if it is okay with you once we kind of catch our breath to have a separate hearing just on what kind of education units are we offering our families.

Ms. MCCOLLUM. Mr. Chair, I think that is great. I think we should also. I know that this is something, and I say this with great gentleness to the other side of the family—I am not going say the other side of the aisle—the other side of the family here.

Mr. CULBERSON. That is kind of nice.

Ms. MCCOLLUM. When it comes to having standards, because when you are a military brat and you shuffle around from not only school district to school district, but State to State, and everybody has a different set of standards, you are ahead in reading, then you are behind in math. You are here in science and somebody else is in science. And I tell you, it is another barrier for learning, but it is also another opportunity, I would say, because you learn how to eat lunch in the lunchroom alone.

INTERSTATE COMPACT

General SCHWARTZ. I would just mention, Ma'am, if I may, Mr. Chairman, that one of the initiatives that has come underway, it is known as the Interstate Compact and it was championed beyond by the Military Childhood Education Coalition. This includes agreements by the States to acknowledge and recognize the credentials offered by other States. So for example, if someone moved from Texas to Virginia that if a child took State history in Texas he or she would not have to take State history again in Virginia, and that the credentials, the course work, etc. that met the standards in Texas would be looked on favorably for acceptance in Virginia. That sort of reciprocity from State to State, given that we have a very mobile population, is quite important.

Mr. CULBERSON. Sure. It is the one area, Ms. McCollum, that you would actually get me as a really serious 10th amendment Jeffersonian to actually say there is a need for uniform standards for reciprocity around the country. I can't believe as a Federal Congressman I am talking about education, but this is really, really important.

Ms. MCCOLLUM. That is why I know the Texas State song.

Mr. CULBERSON. Do you? Because you were there.

Ms. MCCOLLUM. Texas, our Texas. All hail the mighty State. Texas, our Texas. So wonderful, so great. I won't get into the Iowa State song.

Mr. CULBERSON. Thank you very much and maybe I will pass to Mr. Bishop right now. I recognize Mr. Bishop. Thank you.

GOVERNMENT SHUTDOWN

Mr. BISHOP. Thank you very much, Mr. Chairman. Let me just, as you know, I have a significant military population in my district with the Marine Corps Logistics Base and with Fort Benning for the Army. In fact, many members on this subcommittee do, Mr. Dicks, Judge Carter, Mr. Farr all have a military presence in their districts, and we all have numerous constituents, both military and civilian, who are really concerned about the possibility of a government shutdown.

So if you are able to answer, how would a shutdown affect the military facilities over which you have responsibility?

General SCHWARTZ. Sir, we hope not only that the Congress will pass a Continuing Resolution (CR), a temporary CR if that is part of a package, but more importantly that you complete an appropriations bill for defense for 2011, we need that. From the military construction point of view, for example, we currently have 44 projects which have been held in abeyance that will increase as we get closer to the end of the year to 75. But we are currently \$650 million worth of work that is held in abeyance because we do not have an appropriation.

In mission-related activity, there are 34 engine overhauls we are not going to be able to do as of today. That will probably increase. There is roughly an equal number of aircraft depot maintenance cycles that will not occur.

This is not a trivial matter. The absence of an appropriation is not a small thing. And if in fact we progress to a shutdown here over the weekend, there will be very significant disruptions. There is no question about it.

Now essential functions that will be manned by uniformed military will continue, but it will be disruptive and it is certainly our recommendation that the Congress act to avoid that.

GUAM STRIKE

Mr. BISHOP. Thank you, sir. Let me move to your discussion of Guam, Guam Strike. Sometimes, as I indicated in my opening statement, when it comes to Guam we only think about the Marine relocation. Where are you in military construction (MILCON) plans at Guam and to what extent do complications of working out agreements with the Japanese impact the timing of your Air Force MILCON?

The Air Force has described MILCON in Guam as late to need with an estimated remaining requirements of \$2½ billion. How will your ability to stand up the Air Force capabilities on Guam to be affected by the Navy-Marine buildup on the island?

And also tell me about the labor force on Guam, whether or not it is big enough to handle both the Air Force's and the Marine Corps construction needs? Will you need to get your construction

done before construction related to the relocation of the Marines has started?

General SCHWARTZ. Sir—I am sorry, forgive me.

Mr. BISHOP. I got two more parts to that question since you are going to be responding. The QDR makes numerous references to the need for increasing the resiliency at overseas bases, including hardening of key infrastructure. What kind of construction do you think will be needed to improve resiliency? And when will you be able to give us a broader estimate of the cost and locations of where this will be required? And will the infrastructure problems on Guam affect your Air Force MILCON?

General SCHWARTZ. Sir, a quick summary of the 2012 program. We have about \$147 million for three major projects in Guam, specifically at Andersen Air Force Base. It is a munitions facility, an aircraft rinse and wash facility, and also a fuel maintenance facility. These are the kinds of things we need to operate a major air-drome like Andersen Air Force Base and particularly one that is in a tropical area. Those projects are independent of the Marine beddown in Guam, and in fact they will precede that, if it occurs, by a significant amount of time. And so there is no risk to those projects with respect to capacity on the island to execute construction and so on. With respect to—

Mr. BISHOP. You will be going ahead?

General SCHWARTZ. Yes. They are paced well ahead of the anticipated buildup associated with the beddown of the Marines.

Now there is a piece of the Marine relocation which does involve Guam and it is on the north side—I should say involves Andersen Air Force Base, and it is on the north side of the field which would provide the beddown for their aviation elements. That is not an Air Force project, that would be a joint project, but it would entail Andersen, but that is again decoupled, separated from the Air Force base.

Mr. BISHOP. You would finish your construction there and then they would have to come in and they would start construction there. Wouldn't that impact your operations?

General SCHWARTZ. Not on the north side of the field. We can keep the field open and maintain tempo based on the construction that would occur on the other side of the field.

HARDENING INFRASTRUCTURE

With respect to your question on hardening, we are doing two things in that respect. Certainly there is some hardening occurring at Andersen, that includes both facilities and, importantly, utilities, fuel for example, making sure that we have some redundancy and resilience in the fuel supplies for Andersen Air Force Base.

DISPERSAL INITIATIVE

In addition to hardening, there is also a dispersal initiative underway which involves moving, creating opportunities at outlying locations around Guam where we could perhaps relocate assets in time of conflict. So once again it is not all concentrated at Andersen Air Force Base.

So we have both of those efforts underway to the tune of \$25 million, I think, should we get an appropriation in 2011 and a similar

amount in 2012. That is our effort with respect to Guam Strike. Clearly it is important for the country to have a place, a sovereign location where we can put Air Force assets that can reach out to deter others in the region, in the Asia Pacific region, and Guam clearly is a key location in that respect.

Mr. BISHOP. The infrastructure problems there are severe enough to cause you difficulty in executing and completing your construction program.

General SCHWARTZ. I would again say, Tim, feel free to add in. I would say, Sir, for our needs, for the Andersen Air Force Base needs, that my sense is the capacity is there. I am not prepared to address the needs for the larger construction program that would involve relocating the Marines, and I would recommend deferring that to the Marines and the Navy since they are the experts.

General BYERS. Sir, thank you for the opportunity. Looking at the infrastructure concerns related to the limitations on this small island, we really look at the power capacity, the water capacity, the availability of labor as you talked about and of course the materials and the logistics infrastructure to support that construction.

When I was the Pacific Air force civil engineer back in 2003–2005 and as we started planning Guam ISR/strike initiatives, one of the first things we did was work with private industry in Guam to see what local capabilities they had along those areas. From a construction perspective, they could execute about 500 million a year from construction and contracts perspective before we start getting into some labor issues and really start taxing the infrastructure, other concerns involved the schools as well for the other off-base infrastructure and the medical programs. But for the construction programs that we have in place, we are comfortable that the infrastructure will support all those projects. It will be a little more taxing with the larger Marine effort.

Mr. BISHOP. Thank you. I yield back.

Mr. CULBERSON. Thank you, Mr. Bishop. Let me recognize the gentleman from Ohio, Mr. Austria.

Mr. AUSTRIA. Thank you, Mr. Chairman. And let me first thank you, General Schwartz, for your service and leadership to our country. It is good to see you again. Thank you for the trips you have made to my district at Wright-Patterson Air Force Base. And, General Byers, thank you for your service and leadership to the Air Force as well. I appreciate you both being here.

CRS AND THE BUDGET

I think you have kind of touched on my first question, and that was the CRs and the budgets, if there was a government shutdown the impact that that was going to have on the Air Force and our men and women serving in the Air Force. As well I would like to expand that to our civilians. I know at Wright-Patterson Air Force Base, the largest single site employer in the State of Ohio, for example, one of the largest Air Force Bases, that will impact our civilians tremendously, and we are hearing from our defense contractors as well. You mention that there was 44 projects already that have been delayed because of not having that new start contract authority, as many as 75 if we continue through. If you could com-

ment on that and maybe expand into directly how that is impacting our men and women serving in the Air Force as well as civilians.

General SCHWARTZ. Sir, I think the key thing is that we have the potential, it is already less than ideal, we are halfway through the fiscal year, but we are going to create a bow wave that will be difficult to digest as we go forward if we don't act now. In the case of Wright-Patterson Air Force Base, which is a largely civilian employee population of the Air Force, there will be high numbers of furloughs because many will not be considered essential or, in the accepted jargon, excepted during a shutdown period.

MILITARY CONSTRUCTION SIDE

On the military construction side it is about \$650 million that is currently in jeopardy. If we go through the entire year, it will be a billion. So it is real money. And I think that the real concern is that the longer this continues, the larger the bow wave into 2012 gets. And we are trying to put together the 2013 program now and we are not sure what the 2011 baseline is and how it ricochets on to the 2012. This is serious business in my view, sir.

Mr. AUSTRIA. And who determines who is essential personnel? I went over and I visited the base, talked to some of the commanders over there and obviously representing that base and having it part of my district and largely civilian, they are asking me as a Congressman what happens if we shutdown government? Who determines or how do you define essential personnel?

General SCHWARTZ. Commanders and supervisors determine who is essential to maintain the minimum essential functions, either from a base protection fire security, and program point of view. For example, we are supporting operational missions in Japan, certainly in Iraq and Afghanistan and into the lesser extent and recently in Libya, those things that are directly tied with ongoing mission requirements are legitimate things to be excepted from the shutdown, whether that be military or civilian. And certainly there will be limitations on things as what might seem as trivial as communications, that the judgment is that the use of cell phones or computers during a shutdown for those who were not excepted has the potential of being an anti-deficiency event.

So again, these are serious issues and we are trying to be very meticulous and scrupulous about deciding who is truly excepted, mission essential, and who is not.

Mr. AUSTRIA. Let me ask you, General, without a defense appropriations bill and if we were to have a government shutdown tomorrow, how does that—you mentioned your 2005 BRAC and you are still meeting those requirements of 2011, future budgets, you know, those BRAC projects, is that or how is that impacted by not having a defense appropriation bill in 2011?

General SCHWARTZ. If we have a year long CR, sir, we won't be able to make payroll in September. What that will require us to do is to reprogram dollars from investment accounts to pay payroll in September. And the consequence of that again ricochets forward, and there are numerous contracts, wideband global system satellite is the case in point, we cannot scale up the production of MQ-9 Reaper aircraft. We were going to move from 24 to 48 aircraft, we are stuck at the 24 level. The point is that we are in this mode

where it is uncertain what is going to happen in 2011, as a result 2012 may result in having to do an amended budget, and then 2013, which is currently in preparation, is equally ill-defined.

So my point is if there is a way for us to attain in the very near term an appropriation, it would certainly ease the anxiety in the force, both military and civilian, and it would enable us to manage to a much better degree.

MANNING LEVELS FOR FIREFIGHTERS

Mr. AUSTRIA. Mr. Chairman, I had one last question because our firefighters ask me this and, General Byers, I would like to direct it maybe toward you, and I thank you again for joining us. It is concerning the manning levels for firefighters at Air Force installations, and I understand that Program Budget Decision (PBD) 720 significantly reduced the number of firefighters in the Air Force. The number given to me was approximately 902 firefighter positions. At the time since PBD-720 was issued further Air Force policies stipulates that if you have one structural fire vehicle, for example, and one aircraft rescues vehicle housed at the same station, you can only provide one staff for that vehicle, one staffer that will cover each vehicle is my understanding.

My concern is, number one, are we in compliance with what the Department of Defense had put in place and, more importantly, is the safety for both the structure, fires and aircraft mishaps and obviously the safety of our men and women?

General BYERS. Thanks, Mr. Congressman, I would like to address that. The Program Budget Decision 720 was to look at efficiencies and how we do operations, so as we looked at civil engineering processes and capabilities, one of the things we looked at was fire protection. When you look at the fire protection the way we were organized in the past we used a risk avoidance philosophy versus a risk management philosophy. In other words, we manned for every type of vehicle that was out there for 24/7. As we went through the data over 5 years of information and saw where the incidents happened, in more than 132,000 incidents we did not have two major incidents at one time. For example, if you respond to an aircraft crash rescue, did you have the same thing happen as an infrastructure fire. We looked at all that data.

Then we went back to the DOD instructions we also looked at the National Fire Protection Association standards. In the DOD instructions, that you have specifically referenced, we are in compliance. In paragraph 5 it talks about how you can assume manning for one incident at one time. It also stipulates that you have to put out policy to do that. And so at our installations today, at our fire departments, we have equipment sets for structural fires and for crash rescue as well as for Hazardous material (HAZMAT) response and other capabilities.

We are authorized by the DOD instructions and through National Fire Protection Association (NFPA) standards to singly man one incident, but we cross train them, and then we cross staff them, depending on the incident. And so the firefighter also as the incident commander has the authority to call in other people in the unlikely chance, as supported by historical data that you have two

incidents at once. He can call in folks who are off duty at that particular time.

So I believe we are in compliance with DOD instructions sir, and I believe we have put out the policy to ensure that we have the right men and equipment for all the type of capabilities that our firefighters have to do.

Mr. AUSTRIA. I want to make sure of that. For example, because in our case I appreciate what the firefighters do at Wright-Patterson Air Force Base. They help local communities around. They are also trying to ensure the safety of the men and women who are serving on the base. But I want to make sure that we are in compliance with the Department of Defense, with DOD. So we are talking about the same areas 6055.6 and that that is—you are confident in all areas of command that we are in that compliance?

General BYERS. Yes, Mr. Congressman.

Mr. AUSTRIA. Thank you. Thank you, Mr. Chairman.

Mr. CULBERSON. Our hearing is going to be a little abbreviated. I understand there is a vote at 11:15. We will be voting on the rule for the CR and then moving into debate on it and therefore we can't meet while we are debating on the floor. So I will submit a lot of my questions for the record. I want to make sure everybody on the record has plenty of time to ask questions. The gentlelady from Minnesota.

EDUCATION

Ms. MCCOLLUM. Thank you, Mr. Chair. I have a couple of questions about the shutdown, but first I want to talk a little bit about page 9 of your testimony, kind of going back to education. Maybe we can add this to what the chairman wants to work on into the future.

The Recovery Act allowed the Air Force to allocate \$80 million for eight new child development centers. In your testimony you talked about how some of the Airmen's children are in substandard temporary facilities. Could you maybe kind of piggyback in, because we were talking about K-12, the importance of having childcare and some of the other child support systems on base, and then I have another question.

General SCHWARTZ. Sure. At the end of 2012, assuming the appropriations follow suit, we will essentially buy out the known demand for child care spaces. The last element, the last, as I mentioned, was at Holloman Air Force Base in New Mexico. We will have sufficient capacity Air Force wide to accommodate the current load of children who need childcare.

With respect to youngsters and teens, we have on our installations, Ma'am, the youth centers, and they provide a range of services from enrichment activities, academic assistance, and instructional classes to social, recreational and sports activities. That is a professionally executed task by our force support squadrons on each of the installations. The fundamental purpose again is to make sure that the youngsters have opportunities to learn life-skills and build resilience for future success and to make again these communities whole with respect to activities for families.

So I think childcare is part of that, the education is certainly part of that, after school hours enrichment activities is a big piece of that for families as well.

AVAILABLE CHILDCARE

Ms. MCCOLLUM. Well, thank you. And just a quick comment on that, anybody who has ever—and I was a stay at home full time mom, but my sister wasn't and I have some dear friends who haven't been, waiting to get into a childcare slot is next to impossible. Sometimes you have to plan your pregnancy 2 or 3 years in advance if you really want to get your child some place, I am hearing from friends, and they are really not joking about that all that much anymore. So having base available childcare is really important.

And then, you know, trying to go from Girl Scout troop to Girl Scout troop is pretty tough when you are moving around all the time, too. These after school youth programs are really important. And I just think it helps the Airman the soldier, the marine, the sailor be able to be more focused when those support systems are there.

So General, thank you for your leadership on this.

General SCHWARTZ. One addition, Ma'am, of course this is a team sport and everybody contributes here. In terms of capacity, it not only includes the dedicated childcare centers, but it also includes in-home childcare that is inspected, certified, and many in-home providers on the installation provide as well.

ENERGY

Ms. MCCOLLUM. I would like to ask a quick question about energy. You are being very visionary, I think, and part of our national strategy of reducing energy independence. Could you maybe just elaborate a little more on what we should be looking at to help you with your commitment for not only efficiency, but conservation with what you can do on base?

General SCHWARTZ. There are two pieces to this. We are the largest consumer of hydrocarbons in the Department of Defense, the Air Force. And so on the operational side of things, we have gone to some considerable lengths to test and validate the capabilities of our aircraft to operate on nontraditional fuels, blended fuels, either coal derived, or natural gas derived, or in some cases even biomass derived kinds of fuels. We know we can do this, but the Air Force, and I think this applies to the Department of Defense as well, does not wish to become a producer. We want to be a consumer, and we would be a considerable consumer, but I think it is still an issue of the business case in finding investment and commercial producers who are willing to offer alternative fuels in quantity.

That is something that I think is an important thing for the Congress to address, to look at, to facilitate if possible, to lessen our requirements for oil from other sources.

In addition, the other half of this is installations and reducing our energy consumption on installations, and we had considerable success in that regard, in the double digits since 2005, in terms of pushing down our energy consumption. Costs are increasing, but the quantity is decreasing.

One example, at Nellis Air Force Base in Nevada we have the largest solar array in the Department of Defense. It sources 25 percent of the base use of electricity on any given day. So now you might not be able to do that in Virginia what you can do in Nevada, but the bottom line is that there clearly are renewables that make sense in different parts of the country and we are pursuing that aggressively.

Ms. MCCOLLUM. Mr. Chair, I think when we look at Guam and shipping everything in, that that is something that we need to be visionary on because a couple of dollars invested now in reducing energy independence and more self-sufficiency on the Guam base will save taxpayers dollars far, far out into the future.

I did have a couple questions about the shutdown, but let me just ask this. Nonessential military employees would be affected by a shutdown, essential military employees would not be affected by a shutdown; is that not correct?

General SCHWARTZ. That is correct.

Ms. MCCOLLUM. And that is true in the Department of Justice and that is true in the FAA and everything else. Thank you.

Mr. CULBERSON. I am not sure if Congressmen are considered essential or not. I don't know whether or not—I am sure that we are.

Another one of my great passions is nanotechnology and one great way to improve the efficiency immediately of solar cells is to use carbon nanotubes. And the Air Force is doing great research using not just Rice University, which I am proud to represent, they are the world leader in carbon nanotube technology, but MIT, Stanford. There are great universities around the country doing this work.

I want to recognize the gentleman from Arizona, Mr. Flake.

Mr. FLAKE. After that shameless plug for Texas schools.

Ms. MCCOLLUM. They are okay.

Mr. CULBERSON. One or two.

Mr. FLAKE. General, is the Air Force going to be finishing the 2005 BRAC round on time?

General SCHWARTZ. Yes, sir, by the September 2011 mandate.

Mr. FLAKE. Now you have asked for environmental remediation funds. Was that something that was not known initially or why is that being asked for now?

General SCHWARTZ. Sir, that is part of the program. This was phased in and General Byers can elaborate, but this was in the plan and simply part of that which came late in the window as opposed to up front.

Mr. FLAKE. Okay. Go ahead.

General BYERS. That is correct. Requested funding is for the long-term cleanup at the different BRAC locations and sites. Not only is it the immediate cleanup, but it is also for the long-term monitoring that has to be done, and so all those dollars had to be programmed in for the long term.

UNEXPLODED ORDNANCE

Mr. FLAKE. There was a case I think out at the former Williams Air Force Base where there was some unexploded ordnance around they are still having issues with, and those who have purchased some of those lands have had a real hard time getting somebody

to take responsibility for it or to get some kind of resolution. I am told that they have even said we will pay for it, just let us go in and do it, and haven't even been allowed to do so. Are there issues ongoing with private land holders that have taken this that haven't been willing to go in and deal with this?

General BYERS. Congressman, if I could I would like to take that for the record and get back to you. I don't have the details on that. [The information follows:]

UNEXPLODED ORDNANCE AT FORMER WILLIAMS AFB, AZ

The Air Force is not aware of any unexploded ordnance issues associated with transferred or private property at the former Williams Air Force Base, Arizona nor have we been contacted by any private parties. Currently, we are conducting a munitions clearance on a portion of the base which is still Air Force retained property. A very small amount of explosive material was identified and removed from this Air Force property during the clearance activity. Final clearance of this three-acre area is on-going. Showing an abundance of caution, we conducted clearance surveys on portions of adjacent private properties. The surveys showed no indication that these private properties were impacted by unexploded ordnance or related debris.

Mr. FLAKE. I would like to follow up, if I could, because it has been an issue there in my district.

With regard to the shutdown, I understand the difficulties with procurement and whatever else, and dislocations and whatever else. Will it actually add cost?

General SCHWARTZ. Sir, absolutely. I mean we had pricing agreements for programs with numerous offerers and contractors, and when those pricing agreements expire you would have to renegotiate, and it is most unlikely that the price will decline, you know, when those pricing agreements expire.

Mr. FLAKE. Thank you.

Mr. CULBERSON. Thank you, Mr. Flake. I want to recognize the gentleman from Mississippi, Mr. Nunnelee. We are at a little bit of an abbreviated schedule, because we are going to vote at about 11:15, and then we have got to conclude the hearing because it is on the CR.

WELL-TRAINED YOUNG AVIATORS

Mr. NUNNELEE. Thank you for being here. I represent north Mississippi, that includes Columbus Air Force Base. So obviously I have an interest in making sure we have well-trained young aviators be a part of the Air Force of the future. Just want to make sure as you deal with looking forward in terms of realignment capacity, are the existing facilities at Columbus Air Force Base what you need and are they up to speed?

General SCHWARTZ. They are, sir. And we don't foresee a reduction in the need for undergraduate pilot training capacity as we look into the future.

Mr. NUNNELEE. We have got some impressive young men and women coming through that facility.

General SCHWARTZ. More impressive than we ever were.

Mr. NUNNELEE. Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Nunnelee.

Mr. Bishop.

OFFUTT AIR FORCE BASE

Mr. BISHOP. Thank you very much. General, to recapitalize the U.S. Strategic Command facilities at Offutt in Nebraska you budgeted \$30 million to begin planning a design on the project in fiscal year 2011. And you expect to begin construction in fiscal year 2012.

Has the delay in the fiscal year 2011 funding caused any significant problems for this project? Given the pressures of the—that is the first question—then given the pressures on the Air Force MILCON budget and the Federal budget overall, why is it important to embark on this very costly project at this time?

And then the question is whether or not the Air Force is eating the cost of this project within the MILCON program or are you getting extra money since it is a combatant command requirement?

General SCHWARTZ. Congressman, let me take the last two questions, and then General Byers will talk about the 2011 and 2012 relationship. Building 500 at Offutt Air Force Base, the former home of the Strategic Air Command, is 57 years old. In short, this is the facility that was designed in an analog age, and the missions assigned to strategic command now, which includes cyber among others, nuclear missions, and digital missions.

And so the building wasn't designed, it didn't have the infrastructure, the cooling, the electrical capacity to do the current mission. We expect that the current building population of 3,600 is going to grow to 3,900 over the next couple of years. We need more capacity; we need information that will support modern IT.

And finally, we encountered a major flooding event in Building 500 which essentially took the command down. They had to relocate to an alternate facility because the flooding in the basement knocked out generator capacity, cooling capacity and so on.

Mr. BISHOP. I would like to think it was not taken down, it was just—

General SCHWARTZ. Well, in other words, there were power and cooling issues associated with the IT and so they had to relocate. There was continuity of operations.

Mr. BISHOP. Thank you.

General SCHWARTZ. But it gives you a sense of the fragility of this facility, and it is not inexpensive. It is a \$564 million project which would be funded over 3 years in 2012, 2013 and 2014. It has been scrutinized by many very carefully. It does come out of Air Force Total Obligational Authority (TOA). We are not getting help from others, but the bottom line is I have come to the conclusion that General Bob Kehler out there and his team needs a facility to do its mission, and it is not Building 500 of 57 years vintage.

Mr. BISHOP. The \$6 million worth of repairs since 2009 were the result of the flooding that you described.

General SCHWARTZ. Right.

Mr. BISHOP. Those are the emergency fixes?

General SCHWARTZ. Right.

Mr. BISHOP. Okay. Will you be able to recapitalize the old building? If so, how much will it cost to do that?

General SCHWARTZ. The plan is to use Building 500 in a strictly administrative capacity such that there will be no command and control requirements from the facility, no major communications

other than commercial, which is within the capacity of the building. What will happen elsewhere on Offutt Air Force Base is those administrative functions that will collapse into Building 500 will allow us to move out of older facilities and demolish those facilities and reduce the energy footprint. There is a logic to this process, sir.

Mr. BISHOP. There is a cost savings ultimately projected.

DORMITORY PROGRAM

Let me move to the dormitory master plan. Last year you said that Air Force plans to centralize management of the dormitory program which will relieve the major commands of making the decision whether to put forward the dormitories as a priority.

Did the Air Force follow through on these plans, and what has been the impact on the prioritization and funding for the dormitory program?

General BYERS. Mr. Congressman, if I could take that. Yes, we did centralize the military construction (MILCON) process as well as we also have dormitory focus funds and our own program as well. We centralized that. We have gone across the Air Force in 2008 to update our dorm master plan. We are currently executing our 2010 dormitory master plan today to make sure it is current and updated, that we have properly identified and assessed those facilities so they are adequate and we ensure that throughout the Air Force we know which is the worst and which is the very best. This year in our Fiscal Year 2012 budget request, as General Schwartz talked about, we will be funding seven of those dormitories off the top of the list, and we will do the same for 2013, and we are on track to meet our 2017 goal.

Mr. BISHOP. That will keep you on track.

General BYERS. Yes, sir.

Mr. BISHOP. Is there anything that we need to do in addition to help you meet that goal?

General BYERS. Sir, I would say appropriate the fiscal year 2011 and 2012 budget, sir.

Mr. BISHOP. Thank you, that has all I have.

Mr. CULBERSON. Thank you very much, Mr. Bishop. I assure you we are working arm in arm to do everything we can to get this settled, done, not just a CR, but a full-year bill. I will submit most of these questions for the record regarding the dormitories, I see \$190 million I think you are asking for, to build seven dormitories. Will that get you to your reach, allow you to reach your target for 2017 in getting your housing built out?

General BYERS. Yes, sir. To be accurate, from our dormitory master plan in '08, we had 65 that were inadequate. At the end of this year, assuming Fiscal Year 2011 appropriations, we will be down to 30; and that will keep us on track to meet our 2017 goal.

Mr. CULBERSON. That is for unaccompanied airmen.

Family housing, where are you on family housing, both that provided by the government or the Air Force and private housing?

General SCHWARTZ. We will have, in 2012, the entire U.S. domestic family housing population privatized. We are currently, if I am not mistaken, at around 47,000 privatized units; and that will increase when we get done to somewhat over 52,000. It is very interesting, sir. The satisfaction rates of our people who live in the

privatized homes rides around the 80 percent category, whereas the satisfactory rate of those who reside in government homes is somewhere down in the 70s. There is a sizable percentage difference in satisfaction between privatized and government, which is clearly related to modern facilities with modern accoutrements and so on.

Mr. CULBERSON. General, I will submit some of these others for the record, again because we are about to vote, and we will have to conclude the hearing as soon as that vote begins.

[Questions for the Record submitted by Chairman Culberson for General Schwartz follows:]

GUAM

The Air Force FY 2012 budget submission contains \$147.2 million for three projects for requirements associated with the Air Force Strike/ISR Task Force on Guam. The Air Force is already describing Guam MILCON as “late to need”, with an estimated remaining requirement of \$2.5 billion.

Question 1. How will your ability to stand up the Air Force capabilities on Guam be affected by the Navy-Marine Corps buildup on the island?

Answer. We do not expect our stand up of capabilities to be significantly affected by the Navy-Marine Corps buildup on Guam. We have been in close coordination with the other Services through the Joint Guam Program Office and our Air Force construction requirements have been accounted for in the overall Guam construction planning.

GUAM

The Quadrennial Defense Review report makes numerous references to the need to increase “resiliency” at overseas bases, including the “hardening” of key infrastructure.

Question 2. What type of construction do you think will be needed to improve “resiliency”, and when will you be able to give us a broader estimate of the cost and the locations where this will be required?

Answer. Resiliency, broadly defined, could be any of a variety of measures: constructing a “thicker”, more hardened facility; providing redundancy in utility lines; or even dispersing functions to other locations. At present, there are ongoing Department of Defense and U.S. Pacific Command resiliency and dispersal studies that will determine the Air Force hardening requirements on Guam. (The Air Force cannot speak to any other studies being done by the other Services.) There is \$25 million in the Fiscal Year 2011 budget to study an OSD-approved new start Hardened Installation Protection for Persistent Operations Joint Capability Technology Demonstration, focusing on hardening facilities against new threats. Partly due to delays in receiving this Fiscal Year 2011 appropriated funding, it is unlikely that these studies will be complete before mid-2012, at the earliest.

STRATEGIC BASING PROCESS

Air Force developed a “Strategic Basing Process” to help it make rational decisions about where to base new aircraft and other force structure.

Question 3. Why did the Air Force determine it needed such a process? What was the problem with the previous method of making basing decisions?

Answer. Prior to 2009, Air Force basing responsibilities and authorities were spread across multiple Headquarters Air Force and Secretary of the Air Force functions, and execution was decentralized. Early in 2009, work began to identify a transparent, repeatable, and defensible strategic basing process with clearly defined roles and responsibilities. The result was a centralized basing decision-making process with a governance structure. Since then, the Air Force has applied the new process to over 140 basing actions.

Mr. CULBERSON. In the fiscal year 2012 budget——

I do want to make sure Mr. Carter gets a chance to ask questions, so I am going to yield to him so he gets a chance to visit with you.

Judge, when you get settled.

Mr. CARTER. Just one second.

Mr. CULBERSON. General, I do want to explore with you—about having your folks get ready to talk to us about the schooling that is available. That is something that is really, really important.

CREATING CHARTER SCHOOLS

I understand a base commander has got authority—while the judge is getting ready, let me just clarify this—each base commander has authority on their own initiative to authorize and create a charter school on the base. I think that is true of the other services. Is that true of the Air Force?

General SCHWARTZ. It is. It requires higher level buy-in.

Mr. CULBERSON. Sure.

General SCHWARTZ. But the installation commanders certainly have authority to seek out, to posture for approval at higher levels.

Mr. CULBERSON. The reason I asked, it does not sound like it needs much statutory law change from Congress. You have got the authority you need. You might need a nudge from this committee, but you have the authority that you need.

Judge, I want to make sure that you get time to ask questions. I would be happy to recognize the gentleman from Texas.

Mr. CARTER. I apologize for being late, but great minds work the same way and all of our chairmen scheduled their hearings at the same time. I have to make two today.

Welcome. Thank you, and I am proud to have the Air Force here today.

PRIVATIZING FAMILY HOUSING

The Air Force fiscal year 2012 budget proposes to privatize existing family housing at several Air Force bases, and we have had great experience at Fort Hood on privatization. Has the Air Force encountered any problems in privatizing family housing and what will be the impact on local communities of privatizing? Have you done some examination of that?

General SCHWARTZ. Our experience has generally been positive. Some of the early efforts—we got better as we went long, and we learned about how to team with the builders and the folks that do the property management better. Some of the early projects did not succeed, and we have had to go back and change it and fix it. But those of recent vintage are, in fact, as I mentioned to the Chairman earlier, the satisfaction rate in privatized housing is higher than that which was in government homes. Not a surprise.

There is some difference in the level of satisfaction for certain of the property management firms. Some are better than others; and we are working at our level to interact with senior management as well to make sure that they have a customer-oriented focus, which is vitally important.

Go ahead, sir.

General BYERS. You also mentioned about off base. One of the first things we do is we do a housing requirements market analysis to be sure we know what type of housing is available in the community. Off base first is kind of the philosophy. And so we right-size the amount of housing that we have on the installation so that

we go to the right amount so we can complement the on-base and off-base and be part of the community.

Mr. CARTER. That is good.

RECEIVING FAIR SHARE OF MILCON FUNDING

Another question: Are the Air National Guard and Air Force Reserves receiving their fair share of MILCON funding? How do large States like Texas compare with smaller States? Are projects doled out according to assets and need or evenly spread out so that every State gets something?

General SCHWARTZ. There is not enough money to do the latter. We have to pick the priority items. But the metrics that we follow to make sure that we are not shorting any of the components is plant replacement value.

In the case of the Air National Guard, they have 9 percent of the plant replacement value; and in the 2012 proposal they will get 14 percent of the available dollars. So they are ahead of the curve.

With respect to the Air Force Reserve, they have 4 percent of the plant replacement value and get 4 percent of the available dollars.

So this was not the case last year, Congressman. The numbers were not quite as favorable, and we made an assurance to the leadership of the Subcommittee at the time that we would address that, and we feel like we have this year.

Mr. CARTER. Well, thank you. Because both of those components are very important, at least in our State. We want to make sure that they get the resources necessary.

Thank you, Mr. Chairman.

General SCHWARTZ. It is a team sport, for sure, Congressman.

Mr. CULBERSON. Yes, sir?

Mr. BISHOP. Could I follow up on one of the questions Mr. Carter asked with regard to the privatized housing?

LESSONS LEARNED

You said that at the early starts you had some fits and starts, and I believe one of those was at Moody Air Force Base down in Georgia. Can you tell the committee what lessons were learned from that experience and how you are avoiding whatever those problems were that developed there?

General SCHWARTZ. I think assuring the financial capacity and stability of an offeror is a key factor, and we are wiser about how to go about doing that than we were in the early days.

In addition, related to what General Byers said, we overbuilt in a couple of the places. We weren't conservative enough in terms of establishing what was the right number. And so we have taken—part of the adjustments we have made is we are not overbuilding. We are probably underbuilding a little bit in order to make sure that our occupancy rates are sufficiently high that the cash flow works.

Mr. BISHOP. That wasn't the problem at Moody Air Force Base though, was it?

General SCHWARTZ. No, what happened at Moody Air Force Base was that the offeror went out of business. They couldn't deliver on the contract. At Moody Air Force Base, it was a case where this particular contractor did not have their stuff together and it turned

out did not have the financial depth to carry through. We had to let them go; and it took us a little while, as you well know, sir, to bundle another proposal in a way that would deliver homes.

Mr. BISHOP. They left a lot of subcontractors and suppliers in the area sort of without payment, and that created some hardship for a while.

But thank you for addressing those.

Mr. CULBERSON. Thank you, Mr. Bishop.

General, in addition to helping when we zero in on the education opportunities provided to our men and women in uniform on bases, I would also like a chance to visit with some of your folks in more detail, perhaps come by my office. I do want to get out and visit your offices at the Pentagon on this green energy stuff that we are spending a lot of money on. I really want to go over that with a fine tooth comb with you and make sure we are not wasting money.

And you mentioned a business case. You all are still searching to try to find a business case. We are living on borrowed money, so we have to make sure that we are only spending money on things that you can make a valid business case for.

F-35

I wanted to also ask, General, about the F-35. The fiscal 2012 budget request includes \$55.1 million for construction associated with the bed-down of the F-35 Joint Strike Fighter which completes the requirement with five projects at Nellis, Luke, and Hill Air Force Bases. There have been delays, of course, associated with the F-35 acquisition schedule. Do you still require your full fiscal year 2012 MILCON request for the F-35?

General SCHWARTZ. Yes, sir. We are working closely with our acquisition folks to understand the exact delivery of each tail that we are going to get. With the current information that we have, we are not early to need on the MILCON projects identified in the President's budget for fiscal year 2012.

Mr. CULBERSON. As I learn more about the work that all of you do and the work of this subcommittee, it strikes me that this may be one area where we may need to throw this out as food for thought and explore this with you further and you, Mr. Bishop. MILCON may be one of those areas where we need to consider a 2-year budget cycle.

It has got to be just driving you nuts. It is just so frustrating for all of these huge projects, and particularly for everything that you have got on your plate, for you to have to worry about the CR and whether or not we get it done and some slowdown or screw up. And the Senate is so dysfunctional anyway, no matter who is in charge. They never seem to get their work done. That is something else for the longer term that I would like to explore with you.

I know NASA needs to be on longer than these—they build giant rockets. They build these big, massive engineering projects. It seems to me it is just illogical to have them on 1-year cycles.

How will the changes in the F-35 delivery schedule affect the delivery of aircraft to the three specified locations in your request for this year?

General SCHWARTZ. Sir, there was a reduction in the profile from somewhere around 170 aircraft to about 120, and so there is a less

aggressive production program in order to reduce what we call concurrency in the program. That is a test program that overlaps with production to a greater degree.

So we will have airplanes at those installations. The question is whether and when we can declare initial operational capability. In other words, will we have the Block 3 software and initial testing complete to be able to certify that the airplanes can go operational? That is still not quite firm.

We thought we would be able to declare initial operational capabilities in April of 2016. It is going to be later than that, maybe late in the year in 2017, primarily because of software development issues.

The airplane itself, the airframe itself is, for us—that is, the conventional takeoff version, the A model—is performing actually quite well. But integrating all the capabilities onto the aircraft, weapon delivery capabilities and so on, is the current pacing item.

Mr. CULBERSON. One of the questions we have is why does the Air Force believe it is necessary to request your MILCON fiscal year 2011 for to-be-determined locations, as opposed to specific locations?

General SCHWARTZ. What we want to do, sir, we have a strategic basing process, and we want to make sure that we make decisions on where weapons systems go at the time that you have to do that and with the latest information. So the nuance on TBD was that we knew that we needed to have the dollars available and authorized and appropriated. But the question about which installation gets it wasn't synced with the budgetary timeline. And so in order to accommodate that we went with the to-be-determined on the budgetary timeline. And we will announce, as we have, where the aircraft goes. There will be congressional—certainly the delegations will be involved and so on and so forth.

STRATEGIC BASING PROCESS

Mr. CULBERSON. I understand, also, General, that the Air Force is going through a major review of your entire MILCON program in anticipation of your fiscal year 2012 budget submission and that you developed a strategic basing process to help the Air Force decide where to base new aircraft and build out your force structure. Can you talk about why you made those changes? What was wrong with your previous method of basing decisions? Just talk to us about the rationale for all of that.

General SCHWARTZ. What happened, sir, is that we made some decisions earlier in the decade that were early to need. And it turned out that circumstances changed, and having announced bed-downs before we were really ready to commit to those bed-downs created expectations, disappointment, turmoil that really did not serve anybody very well.

And so what we wanted to do is to make sure that when we announce a bed-down you could take it to the bank, and so this process that we have now assures that we can do that. That if we say that the F-35s are going to go to Hill Air Force Base, when we have, that the delegation from Utah can rely on that commitment forever. That is the effort that we have under way. We don't want

to decide before we can make that solemn commitment, and the new process allows us to do that.

Mr. CULBERSON. We are about to vote, General. I will submit some of the other questions for the record.

[Questions for the Record submitted by Chairman Culberson for General Schwartz follows:]

STRATEGIC BASING PROCESS

Question. What are the major basing actions that need to be decided in the near future?

Answer. The Air Force Strategic Basing process is being used to increase our remotely piloted aircraft combat air patrol number to 65 by the end of Fiscal Year 2013. The Air Force is currently conducting environmental analyses for the basing of the first two F-35 operational bases and the first F-35 pilot training center location. Additional operational and training locations will be vetted through this process at the appropriate time. We have just begun the process to base the Air Force's newest tanker aircraft, the KC-46A, a process which will take a number of years. Other major basing actions in the near future include Light Mobility Aircraft, Light Attack/Armed Reconnaissance, and the C-27J.

CURRENT MISSION MILCON

Last year you testified that the Air Force was going through a major review of your MILCON program in anticipation of this FY 2012 budget submission.

Question 5. Can you tell the Committee what substantial changes in the funding profile for MILCON are in this fiscal year's budget and FYDP?

Answer. In response to previous-year budget pressures and their effect on the military construction program, the Air Force significantly overhauled the way it built its military construction request for Fiscal Year 2012. The new strategy involves the use of a centralized model which scores projects based on factors important to the Air Force as a whole, then prioritizes new and current mission needs in a single "1-n" list of most-dear to least-dear Total Force military construction. Using this model, the Air Force worked to develop a program for Fiscal Year 2012 which would renew focus on some of the areas General Schwartz mentioned in his testimony last year—replacement of Tier 1 dorms (and other Airman and Family quality of life issues), facilities for key new mission beddowns, improved emphasis on current mission funding (after years of "risk in infrastructure"), and Component equity.

Our Fiscal Year 2012 military construction request includes a \$97 million increase over the Fiscal Year 2011 President's Budget request and funds eight dormitories, a number of projects supporting new mission beddown and realignment, ten current mission/recapitalization projects, and provides plant replacement value-based Component equity. The program also provides substantial support to combatant commanders' highest priorities, maintains emphasis on Global Posture, and builds three joint base barracks. Additionally, across the Future Years Defense Program, the Air Force has preserved its intent to fund all Tier 1 and deficit dormitories by 2017; in general will continue to fund its most critical new mission military construction (preventing late-to-need beddown and/or mission stoppage); and will maintain Component equity. In the balance, however, Air Force military construction investment in current mission/recapitalization continues to be relatively low across the Future Years Defense Program (with greater funding levels seen in the out-years). A model-driven, comprehensive list of Total Force priorities ensures that when funds are available the Air Force can quickly provide additional projects on a "worst-first" basis, and the Air Force also continues to evaluate ways in which it can supplement military construction with (for instance) operations and maintenance "focus funds" for repair, sustainment, restoration and modernization to decrease "risk in infrastructure" in today's fiscal environment.

Mr. CULBERSON. Mr. Bishop, any other questions?

Mr. BISHOP. No further, Mr. Chairman.

Mr. CULBERSON. Mr. Nunnelee.

ENERGY SAVINGS

Mr. NUNNELEE. Just a brief set of questions. I want to follow up with questions for the record.

I walked in as you were talking about energy savings. I do also serve on the Energy and Water Subcommittee of this Appropriation Committee. As our Nation is struggling with trying to find ways to become energy independent I think it is a twofold effort we have to have. One, we have to have more domestic energy exploration and, at the same time, we also have to use new technologies to deal on the consumption side. That is what you were talking about. And I may very well submit further questions for the record.

But I think that particularly domestic military construction is an excellent place for our Nation to involve, utilize, and showcase new technologies in saving energy; and I would just really like to hear your thoughts on that subject.

General SCHWARTZ. General Byers will elaborate, but we agree with you; and the Leadership in Energy and Environmental Design (LEED) standards for energy efficiency in construction, we are committed to that.

Please elaborate.

General BYERS. Yes, sir. As a matter of fact, we have had several industry days to go out to leverage and see what industry had to offer, and we were teamed with several of them on a lot of new technologies, whether it is the photo voltaic (PV) side, wind, biomass, waste energy, photo voltaic roofs, and landfill gases. And so as we start looking at what is the most efficient way—return on investment of our taxpayer dollars to provide energy, that is when we are starting to make decisions. But we are definitely leveraging industry to do that.

Mr. NUNNELEE. Thank you for your interest in that.

Thank you, Mr. Chairman.

Mr. CULBERSON. Mr. Bishop, you are done?
Judge?

LEVEL OF FUNDING

I did want to ask about the level of funding for the Air National Guard and the Air Force Reserve. While we have a minute and on the record, talk to us about why the Guard and MILCON request is \$116 million, which is a decrease over last year's request, but it is only about half of what was funded in fiscal year 2010, and the Reserve request is only \$33.6 million and contains one project. Could you talk and assure the committee that the Guard and Reserve are receiving an adequate level of MILCON support and why the significant reductions?

General SCHWARTZ. I will ask General Byers to talk to the specific numbers, but the reality is that the numbers this year are better than the numbers last year. And if there is contention on that, we need to resolve that with you, Mr. Chairman.

The bottom line is that, again, on the metric that I depend on, which is the amount of dollars allocated versus the plant replacement value, where both the Air National Guard certainly is sound and the Air Force Reserve was equal, 4 percent versus 4 percent, I think that last year there was an underfunding scenario which

came as a result of balancing the books at the end of the budget development process. And I feel like we have fulfilled our commitment to correct that deficiency from last year; and we would be happy to work with the staff, Sir, to make sure that there is a common understanding of what we did.

Mr. CULBERSON. Thank you very much, General. I deeply appreciate your service to the Nation.

Are there any other areas that you want to make sure that you bring to the committee's attention before we conclude?

General SCHWARTZ. No, Sir. It has been a pleasure to testify today, Sir. Again, thank you and the subcommittee, for making our installations wonderful places to live and work.

Mr. CULBERSON. We thank you so much for your service and your testimony today, Sir; and the hearing is adjourned.

[Questions for the Record submitted by Congressman Austria for General Schwartz follows:]

WRIGHT-PATTERSON AFB MILCON

As you know, Wright-Patterson Air Force Base—which is one of the largest, most diverse bases in the Air Force—is in my district. The airfield pavement at Wright-Patterson is over 60 years old and a 2009 Pavement Condition Index survey rated the primary runway unsatisfactory and taxiways poor. These deteriorated conditions have led to a closure and restrictions for the runway and taxiways. As a result, in October 2010, the runway at one of the largest and most diverse Air Force bases was closed to fighters and as these deteriorated conditions continue to increase, safety risks for airfield operations increase. I have been told that a \$138 million runway replacement is needed as a long-term fix and that in the short term \$11 million is needed for an overlay project.

My understanding is that Wright-Patterson has programmed the \$11 million overlay project and that AFMC has endorsed that full \$138 million replacement airfield initiative to be funded through MILCON.

Question 1. Do you know how the \$11 million overlay project is being funded?

Answer. Air Force Materiel Command Civil Engineering (CE) has requested the Air Force Civil Engineer Support Agency (AFCESA) to provide funding for the \$11 million overlay project from their airfield pavement focus fund set-aside at the beginning of Fiscal Year 2012. Should AFCESA not be able to obtain funding, this project will be a high funding priority for AFMC CE. AFMC CE will try and fund this from either end of Fiscal Year 2011 funding or Fiscal Year 2012 funding. Fiscal Year 2011 funding will be used if it is known prior to the end of Fiscal Year 2011 that AFCESA will not have Fiscal Year 2012 funding.

Question 2. Is the Air Force funding the \$11 million overlay project, or are you requiring Wright-Patterson to find the funds out of their budget? My concern is that if the Air Force is not helping fund the project that it will be very hard to absorb the \$11 million locally and the project will be further delayed.

Answer. The 88th Air Base Wing Commander has prioritized the \$11 million overlay project as her number one priority for Fiscal Year 2011 year-end operations and maintenance sustainment funding from Air Force Materiel Command. Air Force Materiel Command is posturing this project to be ready for funding from one of two sources; either from the Air Force Civil Engineer Support Agency (AFCESA) airfield funding in Fiscal Year 2012 or from AFMC Fiscal Year 2011 year-end funding. At this time, it is unknown if AFCESA will be able to provide airfield focus funds in Fiscal Year 2012. In the event funding does not become available from either of these sources, this project will be a high funding priority for AFMC CE in Fiscal Year 2012.

Question 3. Can you tell me where the \$138 million replacement airfield initiative is in the FYDP?

Answer. This project was not supported during the Air Force military construction program because it is predominantly repair-class work. As such, it is not included in the President's Budget request as military construction, but instead is currently being reprogrammed into multiple operations and maintenance repair projects to be executed as funding allows. There may be a military construction requirement to extend the short runway allowing airfield operations to continue while

the center section of the main runway is being repaired, but these details are still in the planning stage.

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2012

WEDNESDAY, MARCH 2, 2011.

U.S. CENTRAL COMMAND

WITNESS

GENERAL JAMES N. MATTIS, COMMANDER, U.S. CENTRAL COMMAND

Mr. CULBERSON [presiding]. The Appropriations Subcommittee on Military Construction and the Veterans Administration will come to order.

It is our great privilege today to welcome General Mattis, the commander of CENTCOM, the leader of our war efforts overseas. General, it is an extraordinary privilege for us to work in support of you and our armed forces. Our men and women in uniform are a source of the greatest pride, and it is a wonderful job that we are entrusted with.

It is a privilege to serve as Chairman of this committee, to work alongside so many great members of the Congress. I am particularly pleased to have my good friend, Sanford Bishop, join me as the Ranking Member of this committee. And I would like to welcome every one of you here, but you especially, General.

And, Mr. Bishop, I would like to turn to you, sir, for any opening statements you would like to make.

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

Our congratulations to you, your first hearing.

Mr. CULBERSON. Thank you, sir.

Mr. BISHOP. And I also want to extend a welcome to General Mattis for being here. I think this is his first appearance before this subcommittee since you assumed your command of CENTCOM. And so we are looking forward to your testimony and to the subsequent question-and-answer session.

General, you have been in command of CENTCOM now since August, of 2010. But your experience of 39 years in the Marine Corps certainly is a valuable asset.

We are pleased to have the benefit of that experience and expertise, particularly as our country is facing some serious issues in CENTCOM's area of responsibility. In CENTCOM's AOR, we are currently winding down operations in Iraq, and we hope to have all of the troops withdrawn from Iraq by the end of this calendar year.

In July of this year, we hope to start the withdrawal of troops from Afghanistan and to start transition responsibilities of security to the Afghan people. In addition to these two wars, which alone

I am sure will take up a lot of your time and resources, there have been a number of protests that have taken place—that are now taking place throughout the region. And I am sure that those raise some concerns for you. And when you factor in piracy and the lack of a fiscal year 2012 funding vehicle, your plate is full, I know.

So the issues before you are difficult, but I want to assure you that this committee will do all that we can to help you deal with these issues. And, again, thank you for being here. And we look forward to your testimony.

Mr. CULBERSON. Thank you, Mr. Bishop.

OPENING STATEMENTS

I will now formally introduce our witness, General Mattis. It is a great privilege to have you here with us today, sir. You have been a—you are actually an Iraq veteran, and your service to the country just means a great deal to us, sir. We are immensely proud to have you here.

You, as Sanford has said, have headed the Joint Forces Command since 2007, and you bring a great deal of experience and knowledge to the job, and we welcome your testimony today, sir, and to learn how this subcommittee and the Congress can help you and our men and women in uniform do their job safely and securely and to provide you all the logistical support you need, sir, to succeed in your mission. And we look forward to your testimony. Thank you.

General MATTIS. Mr. Chairman, thank you.

Congressman Bishop, distinguished members of the committee, I appreciate the opportunity to discuss the posture and priorities of U.S. Central Command.

Sir, I have submitted a written statement and request it be accepted into the record.

Mr. CULBERSON. Without objection, sir, your statement will be entered into the record in its entirety.

OPENING STATEMENT

General MATTIS. Thank you. And thank you for supporting our troops and their families who carry the brunt of the physical and emotional burden of this 10th year of war.

Our forces today are among the most dedicated and skilled professionals I have served alongside in my 39 years in uniform, and they constitute a national treasure. I also recognize the commitment and sacrifice of our international partners, who operate with us from the waters off Somalia to the mountains of Afghanistan, where the largest warfighting coalition in recent history is engaged with troops from 49 nations, united in the fight against our common enemy.

Before commenting on the critical role of this committee in enabling our warfighters downrange, I will share my views of our operations and the larger strategic context within which we conduct them. The strategic landscape of the broader Middle East has been altered by recent events in Tunisia, Egypt, Libya, and elsewhere. We see pressure on government institutions from the aspirations of people who are seeking improved economic and social conditions.

Young people born in the information age are exchanging ideas in real time.

While the long-term impact of this unrest is unknown, it presents as many opportunities as it does challenges. The challenges that we are seeing will manifest differently in each country. People are seeking their rights and, for the most part, doing so peacefully and bravely. It is too early to tell how this will all turn out. It is important that we work today with the people and the governments throughout the region to open up opportunities. We don't want to see this change slide into a new form of authoritarianism.

So while there is both opportunity and danger, it requires unrelenting engagement by our nation. The central challenge for us, I believe, is how to make common cause with our friends throughout the region.

There is one clear lesson that we can draw from the dramatic changes underway. Now more than ever, we must remain strongly engaged with our military partners in this region. While we recognize that each country is different, we remain committed to strengthening our military bonds and advancing our mutual interests in peace and opportunity for all.

Notably in Egypt, we have clearly seen the benefit of mature military-to-military relationships. The Egyptian armed forces continue to demonstrate exceptional discipline and restraint under trying circumstances. As Admiral Mullen recently noted, our assistance has helped the Egyptian military become the professional force that it is today, just as our military has learned a great deal from our Egyptian counterparts who have contributed a stabilizing influence in this time of transition.

Of course, we cannot achieve our broader objectives in the region through military means alone. Our efforts require coordination and a spirit of collaboration between our highly integrated civilian and military teams. Our civilian colleagues, they, too, need your full support, even in this difficult fiscal environment. They need it to undertake their essential role in today's complex environment. I would note that robust resourcing for the State Department's mission is one of the best investments for reducing the need for employing our military forces.

Together, our military leaders and our diplomats not only represent a symbol of America's enduring commitment to the region, but they also build trust through partnerships that have an important stabilizing effect when trouble looms.

AFGHANISTAN STATUS

CENTCOM's main effort is in Afghanistan, where along with our Afghan and coalition partners, we are making undeniable progress, though some of our gains remain fragile and reversible. Al Qaida, for example, in the border region between Afghanistan and Pakistan is under the most pressure they have experienced since 2001. Over this past year, our enemies have lost leaders, they have lost battle space, maneuver room, and the initiative. And the enemy's strategy has been undercut by the clear commitment of the international community and the Afghan government to begin this summer a process of fully transitioning responsibility to Afghanistan lead by 2014.

I support the ongoing analysis of further growth for the Afghan national security forces. Their growth in numbers and capability has been one of our greatest successes this last year. The range of additional growth is being considered by the president. While the improving quality and combat performance by the Afghan security forces is impressive, we are seeing the enemy's worst nightmare coming of age.

This transition process will start with a limited conditions-based withdrawal this year. This is because our overall campaign is on track in Afghanistan. Our successes, as General Petraeus has stated, entailed hard fighting and tough losses. And there will be tough fighting ahead, as the enemy tries this spring to regain the initiative.

Finally, we must also redouble our efforts to address challenges in the areas of government and development.

PAKISTAN STATUS

Turning now to Pakistan, we are strengthening and deepening our security partnership with Islamabad, even as we work to overcome years of mistrust and misunderstanding on both sides. As you know, the Pakistanis have shifted a quarter of their army—140,000 troops—to their western border, and we are now conducting hammer-and-anvil operations in close coordination with them on opposite sides of the border.

Pakistan's military has conducted significant counterinsurgency operations and in the past decade has suffered 2,757 men killed, 8,549 wounded, while also responding to urgent humanitarian needs following the devastating floods last year. Their military has been sorely tested, even as we recognize that we don't see eye to eye on all issues.

IRAQ STATUS

In Iraq, we are helping a new, more stable country emerge in a turbulent region. Our commitment there is transitioning from a military- to a civilian-led effort. I will note that the transition underway in Iraq has been enabled in large part thanks to the vital commitment and support of Congress for our troops on the ground. And I want to personally offer my thanks to you for that support.

As we transition to civilian lead in Iraq, it is essential that the State Department be sufficiently resourced to solidify relationships between the U.S. and Iraq in the future. At Central Command, we need congressional authorities that enable us to continue advising, training and equipping our Iraqi partners through our new Office of Security Cooperation—Iraq.

Looking ahead, we will redeploy our military forces from Iraq this year, unless asked to stay by the Iraqi government and the U.S. government concurs. I anticipate, however, that Al Qaida in Iraq, plus Iranian-sponsored proxies, will execute sensational attacks against us and the Iraqi people in the coming months.

IRAN STATUS

Next is Iran. The greatest threat to long-term regional security is a defiant Iran in its current state. We are countering their ma-

lign activities of the regime, while bolstering relationships with our partners. Iran continues to rebuff international efforts for engagement, coerce its own population, and pursue activities disruptive to regional peace and stability, including supplying arms to militant proxies in Afghanistan and Iraq and supporting Hezbollah in Lebanon.

But for the vibrant people of Iran, the regime is no giant. The regime's actions have thrown the economy into disarray, destroyed rapport with the bulk of the world, and spread hate and discontent across the region, steadily eroding any international support the regime could once muster.

Despite the shrinking stature of the regime, I have no reason for optimism about Iran's pursuit of nuclear weapons capability, growing ballistic missile arsenal, and present destabilizing course.

REGIONAL UPDATE

Across the region, we are disrupting Al Qaida and other violent extremist organizations. We are actively focused on the threat of extremism in Yemen, especially Al Qaida in the Arabian Peninsula, the group that has twice attempted to attack our homeland in recent years. With our international partners, our special operations forces are putting our most violent enemies and related networks under increasingly intense pressure.

At the same time, the populace-inspired changes that are taking place across the region undercut the message of Al Qaida and other extremist groups, highlighting the bankrupt philosophies of terrorists who use violence and contribute nothing but mayhem to the innocent. In direct repudiation to violent extremists, young folks today have achieved more change in 10 weeks than 10 years of Al Qaida's murderous campaigns.

So that is a snapshot of our major ongoing operations. We are focused on a number of other important mission areas, as well, to include countering piracy. There can be no more stark reminder about the need for more proactive diplomatic, legal and military efforts against pirates than the brutal murder of four Americans by pirates this past week.

This is a defining moment for the people of the region and, by extension, a critical moment for U.S. Central Command to remain engaged with our partners and to clear away obstacles to peace and prosperity.

On that note, while Israel and the Palestinian territories are not in my assigned theater, lack of progress toward a comprehensive Middle East peace affects U.S. and Central Command security interests in the region. I believe the only reliable path to lasting peace in this region is a viable two-state solution between Israel and Palestine.

This issue is exploited by our adversaries in the region and is used as a recruiting tool for extremist groups. The lack of progress also creates friction with regional partners and creates regional challenges for advancing our interests by marginalizing the moderate voices in the region.

By contrast, substantial progress on the peace process would improve our opportunities to work with our regional partners and to support multilateral security efforts.

Without the support of this committee at home and across the CENTCOM region, we could not undertake our critically important operations. Your support for our warfighters on the battlefield provides them with the tools and training they need to accomplish their challenging missions. We also appreciate your continued focus on the security, safety, and readiness of our troops and veterans.

I will now describe the regional force posture and then comment in some detail on our military construction requests in the baseline and overseas contingency budgets. I will also highlight the risk that we assume if we do not execute these projects, because I recognize the fiscal challenges facing our country.

In the big picture, our force posture is designed to ensure we are militarily ready to execute operations and provide options so that we can sufficiently respond to contingencies on a moment's notice. CENTCOM operations depend on robust, theater-wide support network comprised of essential infrastructure for global access, for power protection, sustainment of our forces, and protection of our forces in theater.

AFGHANISTAN COSTS

Logistic preparations such as the committee has supported in the past provides us the operational capability—a shock absorber, so to speak—when surprises occur. We must also use our facilities wisely, remaining judicious with our footprint and creating efficiencies, however possible, within our larger force structure.

We conduct our operations in concert with our host nation partners. As we seek to reassure our friends in the region, we must also remain attuned to their concerns and sensitivities. Importantly, we have seen the long-term value of building partner capacity through training, equipping, exchanges, and exercises. These are all activities that improve interoperability, mature partner forces, and ultimately reduce the need for heavy U.S. troop commitments.

We continue to look for ways to cost share with our partners to reduce our in-theater land-based force presence by leveraging maritime and out-of-theater response forces and to limit the size of our steady-state force posture in theater by obtaining secured access with our friends.

Based on the principles I have just described, our request in the annual baseline and overseas contingency operations budgets are as follows. Our baseline request for fiscal year 2011 and 2012 include MILCON projects in Afghanistan, Bahrain, and Qatar. In Afghanistan, our focus is on improved entry control points, utilities and electrical infrastructure, and a joint defense operations center at Bagram Air Base. These funded enhancements will ensure force protection, adequate working space, safe working conditions, and improved effectiveness in our command and control.

Absent upgrades at Bagram, our expeditionary base defense operation facilities will remain disparate, cramped, and worn out. In Bahrain, to support our maritime assets, we are focused on a waterfront development project and apron extension at Sheik Isa Air Base, bolstering a key location.

In Qatar, our request enables us to upgrade field-expedient facilities that have exceeded their lifespan and are too costly to sustain with ad hoc measures.

[The information follows:]

STATEMENT OF
GENERAL JAMES N. MATTIS, UNITED STATES MARINE CORPS
COMMANDER
U.S. CENTRAL COMMAND
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE –
MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES
SUBCOMMITTEE
ON
THE POSTURE OF U.S. CENTRAL COMMAND
2 MAR 2011

I. Introduction

A Command at War: U.S. Central Command (CENTCOM) oversees operations alongside our allies, partners, and friends in a critically important region of the world. CENTCOM is engaged throughout the greater Middle East and South Central Asia across the full spectrum of warfare, standing against violent aggression and the tyranny of militant extremists, while contributing to the broader conditions for peace, stability, and prosperity.

Recognizing our Troops, Civilians, and Partners: Our troops and their families carry the brunt of physical and emotional burdens in this tenth year of war. Today, over 200,000 American troops and tens of thousands of civilians are deployed to the CENTCOM AOR. These men and women – all volunteers, no less – defend our freedoms with great courage in the face of a murderous enemy on harsh terrain. And our troops stand together with tens of thousands of our international partners, conducting coalition operations from the waters off Somalia to the mountains of Afghanistan, where the largest war-fighting coalition in recent history is engaged.

Operating in a Dynamic Region: The CENTCOM AOR is more dynamic than I have seen it since first serving there in 1979. Across our theater, we are required to maintain a degree of military flexibility such as we have seldom seen before. At the same time, given the financial realities in Washington, we require ourselves to exercise the utmost degree of stewardship over every penny we spend. To operate in this context

successfully, we seek to build strong military-to-military relationships with our partners, recognizing that CENTCOM's actions represent a tangible signal of America's continued, long-term commitment to the security and prosperity of this area.

Throughout the region, we see institutions of government responding to the aspirations of youthful populations. As the people in the region have made their voices heard, regional militaries have so far demonstrated their professionalism, exercising a capability that did not arise by accident or overnight. The strong security relationship between the U.S. and our partners is decades in the making and has helped them become the professional forces they are today – and in the process made our forces better as well. While we seek to understand the unique circumstances that our partners confront, CENTCOM remains committed to supporting the efforts of our military counterparts and to strengthening the security partnerships that have proven critical during this period of political unrest. We do this first by listening, learning, and understanding, and continue by engaging with our partners based on mutual respect and shared interests.

Our Mission: Overall, amidst these conditions, we remain committed to carry out our mission:

With our national and international partners, CENTCOM promotes security cooperation among nations; responds to crises; deters or defeats state and non-state aggression; supports development and, when

necessary, reconstruction in order to establish the conditions for regional security, stability, and prosperity.

Snapshot of Operations: Our main effort is Afghanistan – and progress there is indisputable, even if some of our success is fragile and reversible. We and our North Atlantic Treaty Organization (NATO) and coalition partners are conducting a comprehensive yet focused counterinsurgency campaign to ensure Afghanistan does not once again become a sanctuary for transnational extremists. Our forces are part of a 49-nation international coalition, led by the NATO International Security Assistance Force (ISAF), and united behind President Karzai’s goal of transitioning the lead of security tasks from the international community to Afghan security forces by the end of 2014. In full partnership with the Afghan government, we are inflicting unprecedented damage on al-Qaeda (AQ) and associated extremist groups – a reality recently affirmed by President Obama’s Afghanistan-Pakistan Annual Review. Moreover, we confound our enemies by demonstrating our unambiguous commitment to our long-term strategic partnership with Afghanistan.

Meanwhile, in Pakistan, we continue supporting Pakistan’s military efforts against extremists operating from and threatening that country and Afghanistan, while contributing to the broader U.S. goal of growing our strategic partnership with Islamabad. The recent U.S.-Pakistan Strategic Dialogue and a number of development assistance programs sponsored by the Department of State are good examples of how the U.S. is attempting to build trust with the Pakistani people and government.

In Iraq, following seven years of hard fought gains, we are drawing down our troops as we transition full security responsibilities to our Iraqi partners. The enemy in Iraq is capable of dramatic attacks but has proven unable to muster a significant threat to the Iraqi government. In coordination with the U.S. Department of State, CENTCOM is standing up the Office of Security Cooperation-Iraq to conduct sustained security assistance and cooperation activities with the government of Iraq. We are planning an organization manned and positioned to support the long-term U.S. objectives in Iraq as determined by the Iraqi and American governments, in order to best advance our civilian-led relationship for the future.

In the broader CENTCOM region, our forces are conducting a theater-wide campaign alongside our partners in pursuit of AQ and its extremist allies. Meanwhile, we remain continuously poised and postured to respond to crises and to conduct contingency operations, while continuing to forge partnerships in the region and increase the security capacity of our partners. We continue to rely on our capable and flexible amphibious forces. For example, over a 36 hour period last September, the 15th Marine Expeditionary Unit delivered aid to the flood-ravaged people of Pakistan, provided close air support from the skies over Afghanistan, and rescued pirated crews in the Gulf of Aden. Three months later, two-thirds of our Marines Expeditionary Unit deployed to Afghanistan on three day's notice.

I. Overview of the CENTCOM AOR

A. Nature of the AOR

The CENTCOM AOR is comprised of 20 countries spanning over four million square miles in three diverse sub-regions from Egypt and the Levant, to the Arabian Peninsula (including the Gulf nations), and Central and South Asia. These regions are home to a half-billion people practicing all of the world's major religions and speaking more than 18 major languages. Several countries with economic challenges have burgeoning populations – 184 million people in Pakistan, 80 million in Egypt, and 77 million in Iran. In 12 of the 20 countries in the region, 30 or more percent of the population is between the ages of 15 and 24 (at 39 percent, Yemen ranks at the top in this category). In most of those countries, another 30 percent of the overall population is under 15. This youth bulge represents tomorrow's future leadership and the region's greatest challenge in terms of education, employment and expectations.

The CENTCOM AOR is a region of rich history, distinct culture, and great potential, encompassing the proud traditions of a wide variety of ethnic groups, including: Arab, Azeri, Baluch, Gilaki, Hazara, Kurd, Lur, Mazandarani, Qashqai, Pashtun, Persian, Talysh, Turkmen, and Uzbek, among others. The AOR contains more than half of the world's proven oil reserves and nearly half of its natural gas. As a result, the region contains some of the world's busiest trading routes linking Europe, Africa, and East Asia to the Gulf. This trade is essential to continued global economic prosperity and growth. The region's trading routes contain three of the world's major maritime choke points,

including the Strait of Hormuz, the Suez Canal, and the Bab al Mandeb Strait joining the Red Sea to the Gulf of Aden. But while the region contains abundant energy resources, supplies of water and the availability of arable land are limited and increasingly scarce.

B. External Influences on the CENTCOM AOR

The region retains its historical tradition as a social, economic, and cultural crossroads, attracting nations and non-state actors seeking to advance their interests and influence regional events. Among a host of external influences on the CENTCOM AOR, the most significant include:

- **Middle East Peace:** Lack of progress in achieving comprehensive Middle East peace affects U.S. and CENTCOM security interests in the region. It is one of many issues that is exploited by our adversaries in the region and is used as a recruiting tool for extremist groups. The lack of progress also creates friction with regional partners and creates political challenges for advancing our interests by marginalizing moderate voices in the region. As Secretary Gates noted in July 2010, “the lack of progress in the peace process has provided political ammunition to our adversaries in the Middle East and in the region, and...progress in this arena will enable us not only to perhaps get others to support the peace process, but also support us in our efforts to try and impose effective sanctions against Iran.” In December 2010, Secretary Clinton observed “the conflict between Israel and Palestine and between Israel and its Arab neighbors is a source of tension and an obstacle to prosperity and opportunity for

all of the people in the region.” By contrast, substantive progress on Middle East peace would improve CENTCOM’s opportunities to work with our regional partners and support multilateral security efforts. Speaking about the need for Middle East peace at the Manama Dialogue in December 2010, King Abdullah of Jordan observed “Our region will not enjoy security and stability unless we solve the Palestinian-Israeli conflict, and Arabs and Israelis find peace. The stakes are high. As a solution continues to elude us, faith in negotiations, as the only path to peace and justice, is eroding. And if hope is killed, radical forces will prevail. The region will sink into more vicious warfare and instability...threatening security far beyond the borders of the Middle East.”

- **Bordering Powers.** China, Russia, Turkey, and India – each of which lie outside but border the CENTCOM region – represent four great gravitational forces influencing various countries in the AOR. China pursues its many energy-related interests throughout the region, extending influence from its traditional partnership with Pakistan, to a \$3.5B investment in Afghanistan’s Aynak Copper Mine, to building pipelines for oil and gas from Kazakhstan to Turkmenistan. Chinese activities in the region may begin to compete with the regional interests of Russia, which maintains a network of security, economic, and social ties with Central Asian nations and beyond. India’s influence impacts the strategic calculations of Pakistan and, to some extent, virtually every other country in the CENTCOM AOR. Turkey increasingly asserts its interests in the region in keeping with its emergence as a considerable force within the international

community. All four of these nations have unique relations with Iran, affecting the international approach to the Iranian situation. We remain attentive to these dynamics as we seek to ensure that we work effectively across U.S. government and Combatant Command seams to improve our unity of effort.

- **Somalia.** State failure in Somalia has enabled extremist and criminal elements to proliferate and spread northward into the Horn of Africa and Yemen and other areas of the CENTCOM AOR. At the same time, widespread poverty in Somalia creates incentives for young men to pursue the lucrative enterprise of piracy. Additionally, lack of governance permits extremists to freely migrate to Yemen, providing opportunities to al-Qaeda in the Arabian Peninsula (AQAP). In the past year, the Somalia-based terrorist group al-Shabaab successfully maintained control of most of southern Somalia and radicalized factions of this group have sought alignment with AQ in the Arabian Peninsula and in Pakistan.

C. U.S. Interests in the Region

Given the centrality and volatility of the CENTCOM AOR, the U.S. and nations around the world retain significant interests in the region. Among others, significant U.S. interests in the region include:

- Security of U.S. citizens and the U.S. homeland
- Regional stability
- Promotion of effective and legitimate governance, human rights, the rule of law, and sustained economic growth and opportunity, and

- Free flow of commerce and trade within the region, through strategic maritime chokepoints, and via land-based trade routes to international markets

D. Threats to U.S. Interests in the Region

Violence, instability, and underdevelopment represent the primary threats to U.S. interests in the region. Some areas face uneven or even dismal economic development, often coupled with endemic corruption. Social and economic friction have led to or exacerbated a number of deep-rooted and long-standing disputes over territory, resources, and power, many of which remain unresolved due to a lack of adequate security arrangements on the local or national level. Some areas will face increasing competition for food, water, mineral deposits, oil, and other natural resources. The region is also defined by tensions and sectarian rivalries between many ethnic, tribal, and religious groups. Such conditions create the potential for broader violence, particularly in the absence of effective governance and indigenous security forces, ultimately giving rise to violent extremist organizations that have attacked us and our friends. We have seen the dangers present within a security vacuum, where institutions fail to facilitate mediation, partnership-building, and open dialogue between feuding groups, or to put down violent extremists.

E. Connecting Our Strategic Challenges

The challenges of the CENTCOM AOR are inextricably linked and mutually reinforcing – and thus cannot be treated separately. We have seen a symbiosis, for example, between extremist groups and other factions that, in aggregate, tend to strengthen each other and

which, if left unchecked, tend to threaten wider areas of territory and the stability of civilian governments. Areas in the CENTCOM region, especially those with a rapidly expanding population of youth, are left vulnerable to (and often become the victim of) a worsening spiral of conditions, whereby young people forego meager, but legitimate opportunities for employment and turn, instead, to a range of criminal activities, including piracy, arms smuggling, human trafficking, and narcotics – fueling violent extremist organizations bent on destroying the lives of innocent people. State and non-state actors operating with malign intent can readily exploit such conditions, with the most dangerous scenarios involving a mix of insufficient governance, weapons proliferation – especially Weapons of Mass Destruction (WMD) – the influence of hostile states, and the free flow of extremist elements across national borders as well as free range in cyberspace. In some cases, disenchantment with globalization’s efforts coupled with a desire to belong to a movement with a clarion call of purpose can provide the excitement for young men (and increasingly women) to take on a violent role in an extremist organization.

II. Principal Tasks

In light of these many challenges, we continuously assess our strategic and operational approaches in order to achieve our desired national interests of security, stability, and prosperity in the CENTCOM AOR. CENTCOM is focused on the following tasks:

- Supporting the Mission in Afghanistan
- Partnering with Pakistan
- Countering the Destabilizing Activities of Iran

- Enabling Transition in Iraq
- Strengthening Partnerships in Central Asia
- Building Partner Capacity and Pursuing Cooperative Activities
- Disrupting Violent Extremist Organizations
- Combating Weapons of Mass Destruction
- Countering Piracy

Supporting the Mission in Afghanistan

Instability in Afghanistan and Pakistan: Afghanistan and Pakistan are inextricably linked, connected by a porous border region historically providing free movement and safe haven to groups traversing the Durand Line. The senior leadership of AQ and associated extremists groups – groups that are intent on carrying out attacks on innocent civilians worldwide – plan, prepare, and direct operations from this region, making it of critical interest to the security of the U.S. and our allies. Currently AQ in the border region is under the most intense pressure they have experienced since 2001.

A Clear Objective and a Sound Strategy: With our NATO and coalition partners, we are working to achieve our core goal of preventing Afghanistan from once again becoming a sanctuary for al-Qaeda and associated transnational extremist groups. President Obama's Afghanistan-Pakistan Annual Review affirmed the core elements of our strategy in Afghanistan, the first imperative of which is to improve the overall security environment and to reduce violence levels in Afghanistan. After regaining the initiative from the

enemy, our forces act as a bulwark behind which the Afghan National Security Forces (ANSF) and the roots of Afghan governance can grow.

Aiming Toward a Common Strategic Vision: Our military objectives and strategy in Afghanistan support the developing strategic vision between the political leadership of the U.S. and Afghanistan, as reflected in Vice President Biden's comments alongside President Karzai in January: "It is not our intention to govern or to nation-build. As President Karzai often points out, this is the responsibility of the Afghan people, and they are fully capable of it. We stand ready to help you in that effort. And we will continue to stand ready to help you in that effort after 2014." Success in Afghanistan is an Afghan security force able to protect the people with a government that meets the needs of the people and prevents safe haven for international terrorists.

The Campaign Plan: We have increased efforts in virtually every facet of the comprehensive yet focused civil-military campaign in Afghanistan. As one part of that effort, we have executed an unprecedented pace of counterterrorist operations to capture or kill insurgents using enhanced intelligence largely enabled by conventional ground forces. Our efforts range from major combat operations (in Helmand and elsewhere, for example), special mission unit operations allowing no safe haven to the enemy, and concurrent bottom-up and top-down initiatives (exemplified by expanding village stability operations).

The breadth of our current operations squelches the enemy's ability to recuperate and threaten the Afghan people. Our forces have partnered with the Afghan security forces to increase their capabilities; to expand border security; to conduct robust detainee operations and rule of law activities; to address and counter corruption by working with the Afghan government to target criminal patronage networks; and to interdict the flow of illegal weapons and narcotics to deny criminals and insurgent groups a critical source of their operational revenue. We are capitalizing on our expanded security footprint in the winter months to retain the initiative, suffocate the enemy, and increase momentum into the start of the traditional fighting season. Ultimately, we are working to create an Afghanistan that is hostile to our enemies and denies them the support of the population, making it untenable for insurgents to return from their winter safe havens. This is the essence of counterinsurgency operations. While we will face tough fighting this spring, the enemy's situation continues to worsen day-by-day.

The Right Inputs: The overall international effort in Afghanistan has transformed from an economy of force mission 3 years ago to a focused and reinforced civil-military counterinsurgency campaign, largely assuming its full strength in September of 2010. U.S., Coalition, and partner nations have worked hard to apply the right mix of organizations, approach, and resources in Afghanistan. Last year at this time, we had less than 270,000 American, coalition and Afghan forces on the ground in Afghanistan. This year, we have more than 370,000 total security forces (American, coalition and Afghan) in the fight, and 109,000 Afghan security forces are projected to be added by this time next year. Beyond the additional organizations put in place on the ground in Afghanistan,

the Pentagon's Joint Staff Pakistan Afghanistan Coordination Cell and CENTCOM's Afghanistan Pakistan Center of Excellence are better organizing our resources at home and providing mission-critical reach-back support to deployed forces. The CENTCOM Center of Excellence will provide the cadre of regional experts for the long haul as we transfer to Afghan lead in 2014 and commit to a long-term partnership with Afghanistan and Pakistan.

Enemy Violence and Coalition Progress: Despite the enemy's efforts to disrupt progress in Afghanistan, we have achieved the major military objectives we set out to accomplish in 2010 and made considerable progress with respect to governance and development. As Secretary Gates noted after his December 2010 trip to Afghanistan: "The bottom line is that in the last 12 months, we have come a long way. Frankly, progress—even in the last few months—has exceeded my expectations." We recognize, however, that progress and violence coexist in this type of war. Our enemies continue to conduct attacks heavily focused on non-combatants and to intimidate the population and maintain relevancy, albeit decreasing, in newly-cleared areas. And enemy-initiated violence is increasingly localized. From November 2010 until 31 January 2011, 57 percent of the violence in Afghanistan has been concentrated in 12 of 401 districts. Notably, the key districts of Maiwand in Kandahar Province and Lashkar Gah in Helmand Province – which are critical to our efforts to link the Helmand and Kandahar security bubbles – are no longer among the top-12 most violent districts. The elevated levels of violence is less a reflection of increased insurgent capability and more the result of increased Afghan and ISAF operations in areas previously considered insurgent

strongholds. The enemy is not adapting well to this development. While we make progress, our enemies continue to make grievous mistakes, to include: purposefully killing innocent Afghans; leaders fleeing into Pakistan and leaving subordinates to fight; and killing nearly 5,000 Afghans in the first ten months of 2010 (more than three quarters of all civilian casualties in that period). We highlight the ruthless actions of the enemy, and in recent months Afghan leaders and human rights groups have stepped forward to condemn insurgent-initiated violence.

Road to Transition in 2014: We and our North Atlantic Treaty Organization (NATO) and other Coalition and ANSF partners are improving security for the Afghan population, increasing the size and quality of the ANSF, and supporting efforts to improve governance and development throughout Afghanistan. At last November's NATO Summit in Lisbon, we undercut a key pillar of the Taliban's strategy by affirming the long-term resolve of the U.S. and international community to accomplish the mission in Afghanistan. We are united in support of President Karzai's goal of Afghan forces assuming security responsibilities from the international community by the end of 2014. In partnership with the Afghan government, we are working toward President Obama's goal of beginning a drawdown of U.S. forces from Afghanistan beginning in July of this year at a pace determined by conditions on the ground. The process for identifying, assessing, and transitioning areas of Afghanistan is based on recommendations from the Joint Afghan-NATO *Inteqal* (Transition) Board (JANIB) to the Government of Afghanistan. ISAF is working closely with JANIB as we begin the process of transition and methodically move forward in our campaign.

ANSF Support: Most importantly in the security arena, our investment in the ANSF is working and the growth of the force is on track. The remarkable quantity growth of ANSF (rising by an unprecedented 70,000 personnel while facing a determined enemy) is now being matched by quality improvements in the force. NATO Training Mission-Afghanistan is supporting the efforts of the Afghan government to build leaders at all levels, to increase literacy, and to improve capability and training capacity. Combined, these programs increase the quality of the force, ultimately helping to reduce attrition, enhance recruitment, and contribute to sustainability. Meanwhile, we are helping the ANSF to overcome remaining challenges in the recruitment of medical staff and other enablers, as well as increasing the participation of females and recruiting more southern Pashtuns. In league with Admiral Stavridis (Commander, U.S. European Command and Supreme Allied Commander Europe), we are trying to reduce our shortage of trainers.

ANSF in the Lead: The ANSF is increasingly in the lead of operations in many areas of Afghanistan. In southern Afghanistan, the ANSF took the lead in mid-2010 for an operation in Malajat, Kandahar City – with support from ISAF for additional combat power, close air support and other enablers – resulting in the capture or killing of several dozen insurgents and the establishment of a new model for Afghan-led operations. The ANSF also provided well over half of the combat power for the latter phases of Operation Hamkari, clearing the insurgency’s most vital safe havens in southern Afghanistan. In northern Afghanistan, Afghan National Army and Police conducted joint operations throughout December 2010 with ISAF forces in northern Balkh Province, and Afghan

National Police have demonstrated considerable capacity by capturing insurgents and discovering caches of weapons in U.S.-Afghan partnered operations in Kunduz Province. Additionally, ANSF now leads security efforts in 14 of 15 of Kabul's districts, and have executed coordinated security plans for several events, including the June Consultative Peace Jirga, the July Kabul conference, August Independence Day events and the January seating of the Parliament all without incident, at odds with the insurgents' claims that it would seek to disrupt them.

Local Security Initiatives: Beyond national level security efforts, the Afghan government has steadily expanded the local security initiatives designed to squeeze extremist elements from their traditional safe havens and cut off their lines of communication. Clearing operations in key terrain districts have shifted operational-level momentum and altered village-level calculus in remote areas. Local elders in dozens of villages throughout Afghanistan have conducted jirgas to assume increased responsibility for their own security, and U.S. and coalition forces have supported the Ministry of Interior's efforts to fortify Afghan villages. The Afghan Local Police (ALP) program represents one of the most promising endeavors to wrest local areas from insurgent influence. The ALP and other Village Stability Operation initiatives work from the bottom-up and the top-down, connecting the support of local communities with the capacity of the central government and coalition partnerships. The Taliban has revealed their concerns that the ALP represents a direct threat to their existence and operational ability. Today, there are a total of 63 ALP sites – 24 of which the Ministry of Interior has site validated – and approximately 4,000 ALP are now assigned. These local efforts

buttress security in areas with limited ANSF presence, complementing the progress made elsewhere (and in ALP locations) by conventional ISAF and ANSF. Given the initial success of the ALP program, the Ministry of Interior wants to increase the program beyond the current projected number of 10,000 with our reinforced special operations forces providing oversight and mentoring.

Popular Support: Since 2003, AQ and the Taliban have tried with some success to expand their strength and influence in much of the country. In 2010, coalition and Afghan forces applied additional resources in all aspects of the campaign to change the security landscape in much of the country. As security improves in key areas and we are better able to protect the people, Afghanistan's population has increasingly supported efforts to bring development and basic services to their areas. In recent months, in particular, Afghan security forces have assumed more of the load in the fight, village elders have encouraged young men to join the Afghan police, and insurgents in several areas have begun to put down their weapons and integrate into society. Reintegration efforts are bearing fruit due to the concerted effort of the Afghan government both at the local and national level and the support of coalition forces (aided, of course, by the momentum in our campaign). In terms of reconciliation, the process is led by Afghans, with ISAF partnering with ANSF to set security conditions and dash the enemy's hopes of victory. These are progressive steps toward building irreversible momentum in our overall campaign.

Rule of Law Progress: Unlike our enemies, we continue to support the legitimate efforts of the Afghan government to improve the Rule of Law for Afghanistan's more than 29 million inhabitants. U.S. Forces-Afghanistan's Joint Task Force / Combined Interagency Task Force 435 and our Afghan partners have achieved considerable progress in the last year: transferring detainees to the state-of-the-art detention facility in Parwan; implementing transparent and robust internment processes; strengthening judicial guarantees for detainees; and expanding robust reintegration programs that include literacy and vocational training. Moreover, we have established robust efforts to combat corruption at all levels, even as we implement best practices to reduce the challenge of corruption in contracting and in every aspect of our campaign.

Infrastructure Initiatives: We are also pursuing infrastructure initiatives – for example, building roads, rail, and installing electrical grids and transmission lines – to capitalize on Afghanistan's potential as a Central Asian economic hub. A regional transport network facilitates the creation of private sector jobs and provides additional incentives for reconcilable elements of the insurgency to abandon the fight. Ultimately, such economic development reduces the need for U.S. forces and underpins long-term transition activities and is fundamental to a sound counterinsurgency campaign.

Congressional Support: Congressional leadership continues to play a critical role in enabling our efforts in Afghanistan, including the Afghanistan Security Forces Fund (ASFF), the Commander's Emergency Response Program (CERP), the authorization of an infrastructure program, and the Afghanistan Reintegration Program (ARP). Above all,

we rely on the ASFF to enable the eventual full transition of security tasks to a robust, trained ANSF capable of preventing the resurgence of insurgent safe havens in Afghanistan. In terms of the CERP, our Commanders on the ground continually comment that the CERP funds are invaluable in carrying out operations toward our strategic objectives in Afghanistan, undercutting the enemy's information operations and legitimacy. In 2010, CERP funded more than 8,300 projects, including, for example, transportation initiatives to improve freedom of movement throughout Afghanistan; agriculture production across Afghanistan involving the repair and improvement of irrigation canals and wells and providing farmers with higher-quality seeds and fertilizers; education projects such as the services of more than 200 local Afghan education outreach coordinators; and water and sanitation projects to install three high-production groundwater wells that will increase the accessibility of potable water to over 850,000 Afghans in Kandahar City. Apart from CERP, the new Afghanistan infrastructure program enables us to work together with the U.S. State Department to undertake high-priority infrastructure projects to address critical needs for Afghan security, governance, and development. The Afghanistan Infrastructure Fund will be the vehicle for the Defense Department's contribution to this integrated program. To enable our reintegration efforts, we continue to execute the ARP using funds in support for the government of Afghanistan's Peace and Reintegration Program.

Challenges Ahead: Much work remains to achieve our goals in Afghanistan. We face a resilient and determined enemy. The U.S. and the international community are positioned to favorably influence reform and synchronize Rule of Law development to

counter corruption within the Afghan government. Despite considerable progress in many areas in 2010, we recognize that there will be hard work ahead as we continue to fight along with our Afghan partners. But, by progressively and steadily executing our sound and validated strategy, I believe we can set the conditions to succeed in Afghanistan.

Partnering with Pakistan

Strategic Partnership: We recognize, of course, that any solution in Afghanistan must address the regional context. CENTCOM supports President Obama's goal of strengthening the U.S.-Pakistan strategic partnership through nascent yet improving military-to-military cooperation with Pakistan. And as Secretary Clinton and other leadership has noted, we must concentrate on the efforts Pakistan is taking. They have made very significant moves for going after the terrorist within their own country.

Over the past year, CENTCOM has strengthened and deepened our security cooperation with Pakistan by supporting our counterparts through CENTCOM's Office of Defense Representative-Pakistan (ODRP). ODRP is focused on assisting Pakistan's counterinsurgency efforts and this past year, led the U.S. interagency effort to provide disaster relief and Humanitarian Assistance to areas affected by the flooding. Additionally, in support of our long-term partnership with Pakistan, the CENTCOM Center of Excellence continues to deploy subject matter experts and provide unique

reach-back support to ODRP and Special Operations Command-Pakistan (Forward) in order to deepen analysis and to provide greater interagency fidelity on critical issues.

Threats in Pakistan: The potential for instability in Pakistan and the free movement of extremists in the Afghanistan-Pakistan border region continue to pose a serious threat to regional and global security. Pakistan's tribal areas remain the principal sanctuary for al-Qaeda and a safe haven for other extremist groups, enabling them to threaten the population and coalition forces in Afghanistan, the people and government in Pakistan, and US and Western interests globally. The Afghanistan-Pakistan region also faces significant humanitarian concerns, including refugees and Internally Displaced Persons (IDPs) from decades of conflict. Additionally, roughly three million Afghan refugees still live in Pakistan, having been displaced by the Russian invasion into Afghanistan thirty years ago.

U.S. Humanitarian Assistance: Last summer's historic flooding in Pakistan was devastating – effectively equivalent in scope to flooding the entire East Coast of the United States. The U.S. responded to the floods by providing historic levels of Humanitarian Assistance. In all, U.S. rotary and fixed wing aircraft transported more than 40,000 displaced persons and delivered more than 26 million pounds of aid supplies to the people of Pakistan. U.S. helicopters flew more than 5,000 flight hours during the relief operation. The U.S. government provided Zodiac boat kits to the Pakistan Military for use in rescue operations, and provided eight 50 meter bridges to replace bridges swept away by the floods.

U.S. Support to Pakistan Military: On the security front, continued U.S. assistance is critical to enabling Pakistan to conduct effective counterinsurgency operations. Our forces carry out important partnership and engagement activities in support of the Pakistan military's improving counterinsurgency capabilities. As one important example, ODRP supports Pakistan's Frontier Scouts by providing training support and enabling further counterinsurgency operations. U.S. personnel also assist in the procurement of materials and equipment needed to build infrastructure in support of education, power, and food.

Pakistan Operations and Sacrifice: Pakistan's military has made impressive strides in combating militants in the FATA, while dealing with the effects of large-scale flooding that devastated much of the country. Over the last year, the enemy has lost battlespace to the Pakistan military's sustained efforts to move against the enemy strongholds. Pakistan's military has suffered more than 2,500 casualties (enduring more than 500 personnel killed in action and more than 2000 wounded in action) since the start of offensive operations against extremist elements in the KPak and the FATA. Since June 2009, the Pakistan Military has been involved in nearly continuous operations against militants in the KPak and the FATA. In total, the Pakistan Military has deployed upwards of 140,000 troops along Pakistan's western border with Afghanistan, a significant portion of which were drawn from Pakistan's border with India.

Regional Context: Our efforts to support Pakistan fit well within the broader regional context. We recognize that Pakistan's long-standing tensions with India are an important part of Pakistan's strategic decision-making calculus and military force posture. However, the presence of extremist sanctuaries in Pakistan significantly impacts our progress in Afghanistan, and with the Pakistan military's help we are taking important steps to improve cross-border operations. To address existing challenges along the Afghanistan-Pakistan border, coordination between ISAF, Afghan security forces, and the Pakistan Military continues to improve, especially in the area of Intelligence, Surveillance and Reconnaissance (ISR). In Regional Command East, we are planning coordinated operations with the Pakistan Military. The Pakistan Military recently began clearing insurgent safe havens in Mohmand Agency across the border from Kunar Province – where insurgents have initiated a number of attacks to undermine recent security gains in Afghanistan. While Pakistan's operations are acting as the "hammer" on their side of the border, combined Afghan and ISAF forces are poised to defeat displaced insurgents, acting as the "anvil." Afghan Border Police and other combined security forces are manning outposts along the border and armed drones and close combat aviation are monitoring previously-identified mountain passes that insurgents will likely use as they seek sanctuary in Afghanistan.

Congressional Support: Multi-year security assistance is critical to our efforts in Pakistan. We appreciate continued Congressional support for the Pakistan Counterinsurgency Capabilities Fund, which serves as a key enabler of the Pakistan's military operations against extremists. The fund also provides for a range of partnership

activities with potentially transformational long-term effects on our relationship with Pakistan if they can be sustained.

Countering Iran's Destabilizing Activities

Iran's Destabilizing Activities: In view of Iran's destabilizing behavior and its persistent pursuit of a nuclear weapons capability, the Iranian regime's current stance represents the greatest long-term threat to the region. Iran continues to rebuff efforts for engagement, further alienating and isolating itself from much of the rest of the region and from much of the international community. The actions of Iran's leadership squander the potential of its own educated populace and sacrifice the free exchange of ideas for the short-sighted interest of preserving an increasingly harsh and oppressive regime. Recently, Tehran equated the Egyptian protests to the 1979 Islamic Revolution in Iran, making a fanciful and wholly false connection.

The Iranian regime relies on the Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF) to extend influence and create instability across the region through persuasion, coercion, aggression, and targeted messaging. In fact, Iran continues to fund, arm, train, and equip a network of agents, surrogates, and proxies in Iraq, Lebanon, Syria, Gaza, Afghanistan and elsewhere across the region. In the pivotal region of the Levant, Iran seeks to expand its influence, in part by enabling Lebanese Hezbollah and Hamas in order to weaken legitimate governance, limit economic development, and undermine security partnerships. Additionally, Iran delivers weapons and provides military training

to surrogates in an effort to target Israel (a nation Iran's leadership have vowed to destroy) and undercut the Middle East Peace Process. Of urgent concern, the IRGC-QF continues to equip militants in Iraq and Afghanistan that attack U.S. and coalition forces and undermine stability and governance in each of these countries. The recent January 2011 large caliber improvised rocket assisted mortar (IRAM) attack against U.S. forces in Iraq demonstrated Iran's malicious intent, and ability to escalate violence when they desire.

Iran's Pursuit of Nuclear and Ballistic Missile Weapons: In spite of a fourth round of United Nations sponsored sanctions, Iran appears determined to mature its nuclear weapons program – an ambition that could lead to the proliferation of illicit nuclear materials and spark a nuclear arms race in the region. Admiral Mullen reinforced this point in December 2010, observing: “I see Iran continuing on this path to develop nuclear weapons, and I believe that developing and achieving that goal would be very destabilizing to the region.” Iran also continues to expand and improve its arsenal of over 2,200 ballistic missiles and long-range rockets, and of approximately 225 fixed and mobile launchers, making it the largest ballistic missile and long-range rocket force in the Middle East. Iran can use these ballistic missiles and rockets, combined with increasing naval capabilities, to threaten global commerce.

Countering Destabilizing Iranian Activities and Keeping Peace with our Partners:

Firmly nested within the broader approach of the U. S. government toward Iran, CENTCOM is committed to countering Iran's destabilizing and coercive activities by building confidence with our partners in the region. As one example, we are working

together with our Gulf Cooperation Council partners and other nations to advance Integrated Air and Missile Defense. We also conduct activities to reassure our friends in the region that we are with them, preclude conflict, and deter Iran's destabilizing activities, while at the same time standing ready to conduct contingency operations.

Enabling Transition in Iraq

Looking Ahead in Iraq: The year ahead in Iraq presents a significant opportunity for the U.S. to solidify our long-term support to this keystone of regional stability. Our continued investment in Iraq is critical at this juncture, especially given the significant commitment we have made in lives and treasure. Now is not the time to be penny wise and pound foolish with respect to our mission in Iraq. Nested firmly inside the State Department's vision for an enduring U.S.-Iraq strategic partnership, CENTCOM is setting conditions to build on the shared sacrifices between our countries.

The Situation in Iraq: Iraq faces lingering ethnic and sectarian mistrust, tensions between political parties, and strained governmental capacity to provide basic services. Al-Qaeda in Iraq (AQI) remains committed to undermining the Iraqi government and is capable of carrying out orchestrated, high profile attacks. Likewise, Iranian-inspired and equipped proxies continue to be a threat to Iraqi security and governance. While the security situation in Iraq is vastly improved since the peak of sectarian violence there in mid-2007 (violence is currently at all-time lowest levels since 2003), Iraq continues to face significant political, economic, and security challenges. Over the coming year,

several factors will determine Iraq's strategic direction, including the continuing development of Iraqi Security Forces (ISF), the effectiveness of the nascent governing coalition, and the degree to which the country is influenced by Iran and threatened by AQI and Shi'a militia elements.

United States Forces-Iraq: From now until the end of this year, United States Forces-Iraq (USF-I) is continuing to partner with ISF during this historic period of transition. USF-I is undertaking a range of activities, foremost among these strengthening the ISF, transitioning security-related activities to Iraq and the U.S. interagency, and contributing to border management and ministerial development.

Establishing OSC-I: Through USF-I and in partnership with the Embassy country team, we are planning the initial stand-up of the Office of Security Cooperation-Iraq (OSC-I) in June of this year and expect it to be fully operational by this October. OSC-I is the cornerstone of our long-term mission to build partner capacity with the ISF. Additionally, the OSC-I will ensure the continuation of the military-to-military relationships that advise, train, and assist Iraqi Security Forces.

Iraq's Regional Integration: Iraq is now at a crossroads, poised to emerge as a positive force for the region after posing security challenges for its neighbors in past decades. Baghdad's selection as the location to host the Arab League Summit is a significant testament to Iraq's re-emergence in the region. Iraq also accepted Egypt's invitation to participate as an observer in CENTCOM's largest exercise, BRIGHT STAR. Jordan has

also exerted considerable positive influence in Iraq, training over 1,500 Iraqi Army officers, a number of Iraqi Air Force pilots, and posting a Jordanian defense attaché in Baghdad, in addition to hosting a program to provide extensive training to Iraqi police. Additionally, Jordan, Saudi Arabia, and Kuwait have aided the economic reintegration of Iraq into commercial activity and regularly scheduled transportation networks. Finally, the United Arab Emirates have trained Iraqi police officers in a joint program with Japan and Germany.

Iraq's constructive integration into the region will also help blunt destabilizing Iranian influence. If left vulnerable to Tehran's meddling, Iraq's sovereign future would be imperiled. At the same time that Iran reconstructs shrines, provides electrical power, and constructs schools and clinics in Iraq, Iran also undermines Iraqi political processes, facilitates violence against innocent Iraqi civilians, and provides lethal support to extremist groups targeting U.S. forces. For the U.S. and the international community, a sovereign Iraq under a stable and inclusive government is fundamental to regional stability.

Congressional Support: The support of Congress is critical to facilitating an effective transition in Iraq and in setting the conditions for an enduring U.S.-Iraq partnership. We seek Congressional support in obtaining the appropriate authorities in FY11 to begin immediate facility and site work for the OSC-I to reach full operating capability by October 2011. This is an area of critical need as we work to meet our aggressive timelines. The Iraqi Security Forces Fund critically enables Iraq to set a foundation for

its internal and external defense capabilities and provides Iraqi Minister of Interior police forces the training and equipment necessary to maintain internal security without assistance from the Ministry of Defense. Additionally, the ISFF enables Iraqi Army counterinsurgency capabilities and enhances cooperation between the government of Iraq and Kurdish police forces to ensure the consistency of police training and equipment standards throughout Iraq.

Strengthening Central Asian Partnerships

In Central Asia, CENTCOM is committed to strengthening relationships based on those shared interests and goals that we have in common with the Central Asian States of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. While our nations seek to improve broader economic conditions, CENTCOM is working with our partners to address the migration of extremists in certain areas of Central Asia and to counter the trade of illicit narcotics and human trafficking. Often these activities are interrelated.

Northern Distribution Network: Over the past two years, the development of a robust transportation network has been the most expansive area of cooperation with our Central Asian partners. Our collective agreements with Kyrgyzstan, Kazakhstan, Uzbekistan, and Tajikistan together constitute a logistical system termed the Northern Distribution Network (NDN) used to supply coalition operations in Afghanistan and taking pressure off the Pakistan lines of supply. This diverse network supports the transit of about half of all sustainment cargo to Afghanistan using a variety of sea, air, and land routes. The

remaining supplies are flown directly into Afghanistan, trans-shipped from sealift to airlift, or arrive via surface routes through Pakistan. Ultimately, the development and expansion of the NDN and its associated infrastructure will facilitate long-term economic growth in the region, representing a new opportunity for export of Central and South Asia raw materials and exchange of goods in the international marketplace.

Enhancing the Northern Distribution Network: Future NDN efforts are centered on partnering with certain countries to permit two-way flow of all types of wheeled vehicles and associated repair parts, and to increase shipment of cargo already permitted on the NDN (such as building materials). In terms of airlift, Manas Transit Center in Kyrgyzstan is a key Central Asian location that supports aerial refueling and passenger transit missions.

Building Partner Capacity and Pursuing Cooperative Activities

Cooperation Based on Shared Interests: The investment we make in our military-to-military engagement to build the capabilities of our partner nation's security forces is a critical component of the whole-of-government efforts in the region. These cost-effective efforts properly place security responsibilities in the hands of other sovereign governments and help to prevent conflicts and instability. With a long-term perspective, CENTCOM carries out partnership activities designed to build strong security capacity and relationships with our friends in the region.

Training: CENTCOM's training and exchanges with our partners are critical to our regional cooperation. CENTCOM has spearheaded the establishment of several Training Centers of Excellence hosted in partner nations, providing world-class mission-specific training for our allies and partners. Existing Centers of Excellence include an Air Warfare Center and an Integrated Air and Missile Defense Center in the United Arab Emirates (UAE); the King Abdullah Special Operations Training Center in Jordan; a NATO Partnership for Peace Combat Engineering and INTERPOL Counter Narcotics Center hosted in Kazakhstan; and an extensive array of associations with the other countries' Professional Military Education programs. Developing Centers include a NAVCENT Maritime Center hosted in Bahrain; a new Explosives Ordinance Disposal school with future Center of Excellence in Saudi Arabia; a proposed Near East South Asia (NESA) branch Center of Excellence in Bahrain; and the Gulf Region Communications, Computer, Command, and Control (C4) Center of Excellence hosted by the Bahraini Minister of Communications.

Exchanges: CENTCOM manages and conducts focused engagement programs with specific partner nations located throughout the AOR in support of the CENTCOM Theater Security Cooperation Plan. The objective is to understand our friend's views and to strengthen relationships and regional organizations to defeat violent extremist networks or situations that threaten the security interests of the region and the U.S. This includes capacity building. Additionally, CENTCOM Headquarters in Tampa, FL is host to over 193 coalition partners from 58 allied nations who make significant contributions

to our efforts, and receive invaluable experience interacting with both US forces and our allies.

Equipping: We also provide equipment and security assistance to our regional partners. These activities are among the most important practical steps we can take to demonstrate CENTCOM's enduring commitment to our partners – and to enable interoperable forces in the fight. I ask for continued congressional support of these efforts, including Global Train and Equip, as well as the many security assistance programs managed by the Department of State, including Foreign Military Financing, Foreign Military Sales, and IMET program. As Admiral Mullen noted in his testimony, our security assistance authorities are inflexible, and process are too cumbersome to effectively address today's security challenges in a timely manner. We encourage ongoing efforts to streamline the Foreign Military Financing process in order to cement training and sustainment relations with our critical partners. Accomplishing our mission at CENTCOM requires that we demonstrate our responsiveness to the requests of our partners when we alone should not carry the increasing costs of defending the international order.

Exercises: The final pillar of CENTCOM's partnership activities is our military exercise program. Exercises bolster interoperability between our forces and those of our partners. Each year, our Component Commands conducts more than 50 exercises with our partner nations in the region, including five overseen by CENTCOM Component Commands.

The Long-Term Value of our Exercise Program: The Combatant Commanders

Exercise and Engagement program provides critical support to CENTCOM joint training support, exercise and engagement requirements in support of national-level strategic priorities, readiness, and building partnerships within the AOR. Since the beginning of our operations in Afghanistan in 2001, CENTCOM has seen reductions in our exercise program due to ongoing combat operations within the AOR. As combat operations are completed or reduced, restoring sufficient funding levels is critical to support engagement activities with our partners. Without restored funding levels, CENTCOM could lose the advantages gained from a robust exercise engagement program, affecting future access and presence within the AOR and our Theater Security Cooperation Plan. In the interim, we will work imaginatively to make the best use of our exercise budget.

Disrupting Violent Extremist Organizations across the Region

Terrorists in False Religious Garb: The CENTCOM AOR is home to numerous violent extremist organizations (VEOs) comprising a network that, in its own right, represents a considerable threat to the U.S. homeland, U.S. and Western interests, and our allies in the region. The most significant of these is AQ. AQ seeks to impose its morally bankrupt ideology worldwide, and has regional affiliates across the Arabian Peninsula, in Iraq, the Maghreb, and in Somalia (al-Shabaab), with associates including Tehrik-e Taliban Pakistan (TTP), the Afghanistan Taliban, and Lashkar-e-Tayyiba (LeT). The growing cross-organizational cooperation between VEOs replicates mafia syndicates. The

organizational success of VEOs is frequently abetted by operating with near impunity in cyberspace.

Attacking VEOs: Along with our interagency and regional partners, CENTCOM continues to develop and implement theater-wide responses in the cyber and physical domains to disrupt and degrade militant networks. Over the past year, interagency efforts have resulted in designating al-Qaeda in the Arabian Peninsula (AQAP) and TTP as foreign terrorist organizations, obtaining a number of Treasury designations, Justice Department arrest warrants, Interpol notices, and placing over 100 individuals and entities on the U.S. Department of Commerce Denial List. Thanks to Congressional funding, the Defense Department Rewards Program has been used by commanders in Iraq and Afghanistan in Fiscal Year 2010 to capture more than 700 high-value individuals, insurgents and terrorists.

Preventing Security Vacuums: In the long-term, CENTCOM is working as a part of an integrated civil-military effort to prevent security vacuums that foment extremism and provide sanctuary to VEOs.

In Yemen, we have forged a tight bond between CENTCOM and our Embassy team in Sana'a to address the heightened threat of AQAP through long-term counterterrorism capacity-building. AQAP cemented its role as a viable and enduring threat to the U.S. Homeland by following-up the failed attempt to bomb Northwest Airlines flight 253 on 25 December 2009 with the "printer cartridge" parcel bomb plot in late October 2010.

Radical cleric Anwar al-Aulaqi publicly spearheads AQAP's campaign against the West, most notably by creating *Inspire* magazine in an effort to encourage Western-based Muslims and enable "lone wolf" style attacks.

In Lebanon, the Lebanese Armed Forces (LAF) has had to navigate a challenging environment in which it does not yet have the monopoly of violence in much of the country. Our assistance has had substantive impact on the ground to include helping the LAF deploy four brigades to the south since 2006 in support of UNHCR 1701 – taking up space where Hezbollah had been. Additionally we have increased the capacity of the LAF Special Operations Forces that won a hard fought battle in 2007 against the al-Qaeda affiliated Fatah al-Islam movement in the Nahr al-Bared Palestinian refugee camp in Northern Lebanon. The LAF sustained almost 200 killed and 2000 wounded in this operation. We value our close relationship with the Lebanese Armed Forces officer corps based on mutual respect and confidence. We continue to monitor the government formation process in Lebanon and will need to examine the final composition, policies, and behaviors of the next government before making any decisions regarding our relationship, including security assistance, while recognizing that continued engagement with the LAF is an important step in securing its status as an apolitical, non-sectarian, and professional organization.

In Syria, the regime's continuing support for terrorist organizations prevents CENTCOM from developing a military-to-military relationship and limits the scope of U.S. engagement. Consequently, we view the recent return of a U.S. Ambassador to

Damascus as a vital piece of our regional security architecture. We stand ready to support Ambassador Ford's diplomatic efforts to produce a more constructive relationship with Syria however we can, and we urge the Senate to confirm his nomination so that he may continue his important work beyond 2011.

Across the region, Theater Security Cooperation activities work against the ability of Iran and extremist elements to destabilize the region. Absent these programs, there is an increasing potential for security vacuums to arise and open the door to greater influence from Iran or violent actors. Our cooperative efforts with regional partners are essential to the long-term effort to address these threats.

Countering the Enemy's Use of the Information Environment: Our enemies are using every available lever of the information environment to promulgate and reinforce their ideology – and, in league with our interagency partners, CENTCOM is committed to countering the efforts of our adversaries. Our enemies operate within cyberspace (and its associated relevant physical infrastructure) to plan, coordinate, recruit, train, equip, execute and garner support for operations against the U.S., its allies and interests. The recruitment of Umar Farouk Abdulmutallab, the unsuccessful Christmas Day Bomber, demonstrates our adversaries' ability to reach across borders, promote their narrative, and defy traditional military constructs to achieve their objectives. Clearly, in the information age, our military must adapt to this new domain of warfare. We ask for the support of Congress to fund our programs that attempt to counter the enemy in the information domain, just as we need funding to disrupt violent extremists in the physical domain.

CENTCOM Activities in the Information Environment: Consistent with the guidance provided by Secretary Gates last December, we conduct Operation Earnest Voice (OEV), which synchronizes and oversees all of our Information Operations activities. OEV seeks to disrupt recruitment and training of suicide bombers; deny safe havens for our adversaries; and counter extremist ideology and propaganda. Full funding of OEV supports all activities associated with degrading the enemy narrative, including web engagement and web-based product distribution capabilities. The effective engagement of our enemies in cyberspace requires the ability for us to conduct a full-spectrum of traditional military activities against them in that domain, including all aspects of Information Operations and Strategic Communication. We coordinate with the Joint Staff, the Interagency, the Intelligence Community, and our coalition partners to examine the adversary's use of cyberspace and identify techniques, tactics and procedures we can use to counter the adversary in the cyber domain.

Combating Weapons of Mass Destruction (WMD)

Risk of WMD: At CENTCOM, we recognize the serious risk and potentially devastating ramifications of a terrorist group, violent extremist organization, or state actor acquiring, proliferating, or using WMD. The nexus between extremist groups, malign state actors, and WMD remains a critical concern throughout the AOR and presents a clear danger to our partners, allies, and the U.S. homeland. CENTCOM remains vigilant in executing

the nonproliferation, counter proliferation, and foreign consequence management pillars of America's National Strategy for Combating WMD.

Countering Proliferation and Combating WMD: Countering the proliferation of WMD-related material is a fundamental aspect of CENTCOM's overall efforts to combat WMD. In concert with our regional partners, CENTCOM is involved with the interagency effort to curtail the ability of adversaries to finance the acquisition of WMD-related items and to deny malign actors the ability to transport suspect dual-use materials across national borders. To this end, CENTCOM plays a key role in containing Iran's evident drive for nuclear weapons in violation of the Nuclear Non Proliferation Treaty by actively enforcing United Nations Security Council Resolutions that sanction the Iranian regime. CENTCOM also supports the interdiction and counter proliferation framework under the Proliferation Security Initiative (PSI). CENTCOM's mainstay program for Combating WMD engagement is the Cooperative Defense Program (CDP). The CDP provides a series of bilateral and multilateral engagement activities to improve U.S. and partner nation interoperability while strengthening partner nations' combating WMD capabilities.

Countering Piracy

The Real and Growing Threat of Piracy: Somali-based pirates continue to prey upon international shipping in the Gulf of Aden, Red Sea, and on the high seas well into the Indian Ocean. Pirates are using previously captured vessels as mother ships to conduct successful attacks as far as 1400 nautical miles from the Somali coast. The number of

successful pirate attacks has risen from 42 in 2008, to 51 in 2009, to 68 in 2010. Pirates now hold nearly 700 hostages for ransom. Multi-million dollar per ship ransoms ensure piracy remains a lucrative for pirates and others involved in this criminal enterprise.

A Model for International Cooperation: CENTCOM works with international partners to help patrol the region and to work with interagency partners to gain the prosecution of captured pirates (though we currently lack an international legal framework to detain and prosecute pirates). Piracy is a threat to all, and has promoted international military cooperation that serves as a model for cooperation in other areas. We acknowledge, however, that military action is only one part of the solution, but an essential element nonetheless. NAVCENT coordinates the efforts of over 25 contributing nations to combat piracy at sea and coordinates with European Union Task Force ATALANTA and NATO Standing Naval Maritime Group in Operation OCEAN SHIELD. Pakistan is currently in command of Combined Task Force 151, the international coalition to combat piracy. NAVCENT also hosts a monthly Shared Awareness and De-confliction (SHADE) conference in Bahrain to foster multi-national cooperation and to encourage maritime industry to adopt best practices to defend vessels against piracy. In addition to Coalition, NATO, and EU representation, the conferences also include civilian maritime organizations, and delegates from China, Russia, Japan, and India.

III. Strategic Approach

Many of our challenges are interconnected and require comprehensive long-term solutions, prompting us to adopt an overall approach that is cooperative, integrated, and enduring. As we undertake a diverse range of operations and activities, three principles guide our efforts:

Adopting Cooperative Approaches by Partnering Based on Shared Interests: First, we must adopt cooperative approaches to solving shared challenges. America's strength and security depends on our ability to help our friends in the region defend themselves, underscoring the importance of CENTCOM's initiatives to build partner capacity and pursue bilateral and multilateral initiatives. Starting from our shared interests, we must capitalize on the comparative advantages of all participating nations – for instance, by taking advantage of unique geography or specialized capability. Ideally, such efforts would combine the political, economic, and security spheres of those who choose to participate, strengthening the whole to be greater than the sum of the parts. Our efforts to develop effective solutions for Integrated Air and Missile Defense in the Gulf Region represent a significant example of the kind of cooperative efforts that are necessary to deter and defeat our common threats. As mentioned above, the international coalition to counter piracy in the Somali Basin is a model for multilateral cooperation in the region that not only addresses piracy but also offers opportunities for engagement in other areas.

Our ability to cooperate with our partners depends to a great extent on trust. As a consequence of the confidential diplomatic and military reporting made public by Wikileaks, we must patiently strengthen trust with our partners over time. We are up

front with our partners about this episode – which has informed our enemies about supportive leaders as well as our tactics, techniques, and procedures. We remain committed, as ever, to forthright communication in pursuit of our shared objectives. We are reinforcing our efforts to ensure the security of our communications and focusing on enhancing mutually reinforcing objectives with allies and partners.

Integrating Our Efforts by Implementing Civil-Military Solutions: Second, the wars we are fighting today require intensively integrated, comprehensive approaches from the highest to the lowest levels, embracing diplomatic, information, military and economics in an interwoven effort that builds synergy. Promoting security and stability in the CENTCOM AOR cannot be achieved through military means alone. We must therefore look beyond just the traditional application of military power and integrate all elements of national power to address our many challenges. CENTCOM's experience has shown that military might alone is not sufficient to deal with the challenges we confront along with our partners. Diplomacy and Development are just as vital as Defense in securing our national interests. CENTCOM support efforts to address the underlying conditions of instability that fuel current conflicts. Successful application of these instruments of national power, in turn, depends on our ability to achieve harmony within our civil-military relationships. As such, it is a security concern for us when diplomatic posts go unfilled in the region.

The overlapping forces at work in the CENTCOM AOR – those originating from within and outside the region – require exceptional cross-Combatant Command cooperation and

coordination. We have achieved progress across AOR geographic seams, exemplified by cooperation with PACOM on matters dealing with China and India and cooperation with EUCOM on Russia, Turkey, and the MEPP. CENTCOM and PACOM regularly synchronize efforts to combat mutual challenges such as piracy, proliferation of WMD, and support to countering violent extremist organizations. Additionally, we continue to work closely with AFRICOM to address the state-failure in Somalia, as well as share critical assets to meet time-critical force requirements. Together we have established a counter-piracy Joint Operating Area in the Somali Basin. We team with U.S. Cyber Command to support global relationships in cyberspace and U.S. Northern Command to protect U.S. borders and domestic security. In all, the cross-Combatant Command effort is going very well.

Supporting Enduring Solutions by Demonstrating Long-term Commitment: Finally, our approach to the region must be enduring. Following through with our long-term commitments in the AOR improves the depth, breadth and quality of our relationships in the region and increases the likelihood of cooperation at the outset. In this region of the world, we are judged by our actions, not words. Individual instances of demonstrated trustworthiness on our part resonate throughout the region for decades. Enduring solutions to the problems that we face also depend on stability, steady economic growth and development in governance. To that end, CENTCOM supports our partners' long-term efforts to grow economically and to develop effective and legitimate institutions of government.

V. Resourcing the Fight

Beyond the critical funding authorities highlighted above, accomplishing our mission requires that we fully and efficiently resource the following critical enablers. We appreciate Congressional support to provide our warfighters on the battlefield with the tools they need to accomplish their challenging missions. As we adapt to a thinking adversary, we recognize the need to accelerate our acquisition processes to enable us to out-maneuver our enemies. We also recognize the obligation to be good stewards of our nation's monetary resources. CENTCOM has established stringent control mechanisms to execute our fiscal authorities and to apply the most effective oversight possible of all of our programs.

Intelligence, Surveillance, and Reconnaissance

An Indispensable Tool: There is a considerable and justifiable appetite for ISR capabilities in the CENTCOM AOR. In Afghanistan, persistent ISR capabilities represent one of the most important and effective force multipliers and contribute directly to protecting our troops from the threat of Improvised Explosive Devices through ISR. In cooperation with the ISR Task Force, we have augmented ISAF forces with a greatly increased capability to counter the Taliban and understand the environment in which we operate. Additionally, as we drawdown our forces from Iraq, we are adjusting the apportionment of ISR in a measured way to ensure that we retain adequate capability to support our force in Iraq while we provide the necessary resources to Afghanistan and

elsewhere. We continue to refine our ability to fully integrate U.S. and coalition ISR to deny transnational extremist organizations safe haven, training bases, or staging areas to conduct attacks.

Enhancing ISR Capabilities: We greatly appreciate the support of Congress and the Under Secretary of Defense for Acquisitions and Technology in meeting the ongoing demand for more rapidly delivered ISR collection, exploitation, and dissemination capabilities. Interrelated with our ISR needs, we recognize a need to further enhance integration and synergy between aviation and ground elements that is critical to Combat Air Support and counterinsurgency doctrine. We support a limited objective experiment to refine the requirement for a manned, armed ISR asset attuned to the unique challenges of counterinsurgency in Afghanistan. Continued investments in ISR technology, infrastructure, architecture, tools, and personnel (particularly trained ISR managers) help us to build on the significant gains we have achieved in the CENTCOM AOR – and enable us to use the arsenal of ISR capabilities currently in the field.

Critical Intelligence Capabilities: Human intelligence and counterintelligence are just as important as technical solutions to remotely gather intelligence, especially in the conduct of operations in wars among the people. Such intelligence activities are inherently government functions that require a long lead time to develop. CENTCOM is posturing for sustained application of our human intelligence capabilities to afford us insights into adversary plans and intentions. CENTCOM is posturing for sustained application of our human intelligence capabilities to afford us insights into adversary plans and intentions.

We are also reshaping our counterintelligence forces to face threats from hostile foreign intelligence services and VEOs that employ sophisticated cyber techniques and trusted insiders to penetrate our networks and compromise our operations.

Improving Force Protection and Countering Improvised Explosive Devices (IEDs)

The Enemy's Weapon of Choice: Now and for the foreseeable future, the enemy is using Improvised Explosive Devices (IEDs) to kill and maim our troops. These devices remain the greatest risk facing U.S. and Coalition forces deployed to Afghanistan and Iraq, as well as a threat to U.S. interests and regional stability throughout the CENTCOM area of responsibility. In Afghanistan, IED attacks account for more than 60 percent of the U.S. and Coalition force casualties, though IED casualties have steadily decreased over the past six months. The flow of lethal aid, migration of IED technology and materials, and development of new tactics techniques and procedures represents a global threat. Homemade explosives, which now account for an estimated 85% of all IEDs, coupled with the proliferation of commercially available IED materials and commercial grade explosives make them relatively cheap and easy to build and employ.

Ongoing Interagency C-IED Efforts: CENTCOM counters the threat of IEDs by working together with all Services and the Joint IED Defeat Organization (JIEDDO). The Services continue to equip U.S. and coalition forces with the latest technology to mitigate and defeat IEDs. Thanks to Congress and the Department of Defense, CENTCOM and our national and international partners have delivered and fielded an

unprecedented number of Mine Resistant Ambush Protected family of vehicles throughout Afghanistan. These vehicles have proven critical to safeguarding the tactical mobility of our warriors in harm's way. CENTCOM, in conjunction with the C-IED Senior Integration Group, and JIEDDO have recently fielded a variety of C-IED enablers that have proven to save lives on the battlefield. As a result, we are finding and clearing more IEDs in Iraq and Afghanistan – at a rate above 60 percent for the last 12 months and 70 percent over the last quarter of 2010. These improvements are due in part to more tips from the population, better tactics, and additional enablers, including the effective use of additional ISR provided by the Services to counter this threat.

Attacking the Network: We are going after the entire IED network and insurgent supply lines. Many of our recent successes have come in the use of persistent systems emplaced throughout significant threat areas to help develop insights into the local area. We are concurrently protecting the force using trained dogs, mine rollers, jammers, and handheld devices; the Marines in southern Afghanistan now employ nearly one dog per squad, and soon we will have more than 200 working dogs in Afghanistan. Along with the Services, JIEDDO, and academia we will continue to do everything in our power to ensure our service members and coalition partners have the best technology and training available to defeat the IED threat.

Supporting Additional C-IED Efforts: We continue to call on the defense industry to provide innovative solutions to counter the threat of IEDs. Critical airlift and airdrop sorties dramatically reduce the number of service members exposed to the IED threat. In

fact, the number of pounds of supplies airdropped in Afghanistan has doubled every year since 2005, with an astonishing recovery rate of better than 98 percent. Not all critical movements can be completed by air however. We ask that Congress continue to fund those organizations that provide research and development for the evolution of new and existing counter-IED systems and technologies, especially in areas of pre-detonation, IED stand-off detection, and non-lethal weapons to deny the enemy the ability to deliver or emplace IEDs. We also ask that Congress provide the flexibility to rapidly and proactively counter new, emerging, and future threats that are either present on the battle field or potential threats that represent vulnerability and would be difficult to counter.

Unity of Command and Control of C5 Networks

Coalition, Command, Control, Communications and Computer (C5) networks that meet the challenging demands of our troops in theater are essential to CENTCOM. Currently, the command and control of networks available to our deployed forces is divided among Services, Agencies and Combatant Commands, resulting in degraded and delayed actions that have allowed our adversaries to exploit this fundamental cyber shortfall for too long. One bright network spot, however, is the Afghan Mission Network, which enables US and Coalition forces and civilians to remain connected and synchronized on the battlefield and linked to supporting assets throughout the world. We seek Congressional support to enable effective integration and extension of networks to wherever we fight, from maritime environments to the aerial layer and over rugged mountainous terrain.

VI. Conclusion

In closing, we greatly appreciate the support of Congress on behalf of America's military personnel serving in the CENTCOM region. The stalwart Americans in today's force have been fighting two wars for nearly ten years in the CENTCOM AOR. With remarkable spirit, they look beyond the ambiguity and longevity of today's complex, demanding operations and answer their country's call. Their courage, character and commitment in the face of repeated deployments are inspiring. As their Commander, I am proud to serve alongside them. Thank you very much for your unflagging support of our troops in harm's way and their families here at home.

Mr. CULBERSON. General? Forgive me, sir, for interrupting, but they have called three votes. And if we could, sir, I would like to turn the gavel over to Chairman Young, and Mr. Bishop has agreed to stay so that all of us can go up and vote and come back. And then when they start the second votes we can go vote and come back. But that would allow Mr. Young to go catch the tail end of this vote, and then he will just stay up there, so that that minimizes his movement back and forth.

So if I could, General Mattis, please continue.

And, Chairman Young, it is a privilege, sir, to pass the gavel to you, sir.

Mr. YOUNG. [presiding]. Well, Mr. Chairman, thank you very much for the confidence in allowing me to chair your subcommittee. [Laughter].

This room looks familiar to Mr. Dicks and I, because this is also where our Defense subcommittee meets.

But, General, number one, thank you for being here. And thank you for being willing to assume the responsibilities that go along with your assignment at Central Command. And I would have to say that, as I very often do, I am so proud to represent the part of the world where Central Command is headquartered. And I know that you do an awful lot of your work all over the world—well, most parts of the world, but your headquarters is in my neighborhood.

And yesterday—or earlier this week, you had assisted me in having a briefing for Ambassador Sembler. Ambassador Sembler had been President Bush 41's ambassador to Australia, but most lately, he was the Bush 43 ambassador to Italy. And so he had an opportunity to meet with General Jones and go through his briefings, which was very impressive to them, and to meet with the Italian senior national representative, General Marchio.

And I just—they asked me to say in their behalf, thank you very much for making that happen. And I would just say that we always—well we can't do earmarks these days. We did a few earmarks for Central Command and Special Operations Command in the earlier days, but this year we are not doing earmarks. So if you have a problem, we will have to find a way to work around it. But we are fairly good at that.

So thank you for being here. Thank you for assuming that tremendous responsibility.

And I would yield to Mr. Bishop.

Mr. BISHOP. Thank you very much—thank you very much, Mr. Young.

Of course, I have enjoyed serving with you under your leadership. And this has, in fact, been a very, very bipartisan committee. And even though you spend the bulk of your time with the Defense Subcommittee, you always remember the MILCON Subcommittee. And you come, and you are as faithful an attendee as any other member, even though you no longer chair the subcommittee. So we appreciate you very much.

Mr. YOUNG. Well, we still wish you were there.

Mr. BISHOP. Thank you, sir.

AFGHANISTAN MILITARY CONSTRUCTION COSTS

General Mattis, the amounts that were appropriated or requested for MILCON in Afghanistan have ramped up dramatically during the past few years. In the fiscal year 2011 baseline request, there were 10 projects. And for overseas contingency operations, there were 55 projects.

I am sure that all of those are in limbo right now due to the fiscal year 2011 funding not being resolved, but for the fiscal year 2012 request, there are only three for Afghanistan, and no funds have been requested for OCO.

I assume that the reason for this sharp decline is because our focus will be on maintaining infrastructure and not building it. Would you agree that that is the reason? And is the proposed July withdrawal from Afghanistan having an effect on military construction dollars, as well?

General MATTIS. Thank you for the question. Two points, sir. First of all, yes, we will be engaged much more in maintaining than building. As you know, we have surged, and we built the infrastructure to absorb that surge. However, in the dynamics of an enemy that has proven to be quite resilient, I want to personally ensure that anything we come and ask for is relevant to this changing battlefield.

I am not going to ask for it in the hope that somehow I will get it, whether I need it or not. I want to ensure it is—it is rigorously reviewed. That way, when I come to you with a request, I can justify right down to the penny what I am asking for, sir. And I have not yet gotten to that point.

Mr. BISHOP. Sir, just to follow up, how much have we actually spent in military construction since 2001 in Afghanistan?

General MATTIS. Sir, I am going to have to take that for the record. I want to give you an accurate answer. I can't even give you a good ballpark right now on that. But I will get back to you, sir. [The information follows:]

According to our records, the U.S. has invested \$4.76 Billion in Afghanistan from FY04–FY10. There was no MILCON prior to FY04 or after FY09 in Iraq.

Mr. BISHOP. All right. In the President's West Point speech on December 1st of 2009, he said that we would begin the transfer of our forces out of Afghanistan in July of 2011. He then went on to say, "Just as we have done in Iraq, we will execute this transition responsibly, taking into account conditions on the ground."

TRANSITION OF FACILITIES

Can you lay out for us what actions will be taken with regard to the facilities that the committee has funded over the past several years and what steps will be taken in the fiscal year 2012 budget to continue this transition?

General MATTIS. Sir, the transition, as the president pointed out, will be conditions-based. We have very strict conditions we are going to meet. Then we have overwatch conditions, which will include your specific question about the facilities. Those over-watch conditions will ensure we don't have a reverse of the transition.

We know now that, when we transition one of the provinces, a district, the enemy will target it and try to come in and take it

apart. So we have overwatch—both operational and more logistic overwatch—that will ensure that this transition is irreversible when we do it. I think that answers your question, sir.

Mr. BISHOP. What are you going to do—what are we going to do with the facilities that we have actually constructed?

General MATTIS. Right. In the case of the facilities, they will be turned over, sir, to the Afghans. They will remain there.

Mr. BISHOP. Okay. Do we expect to get compensation for that, or is it going to be gratis?

General MATTIS. I believe it is going to have to be gratis, sir. Right now, Afghanistan, as you know, is recovering from around \$250 billion worth of destruction over 30 years, by IMF estimates. And we are basically getting the country back on its feet here, sir.

Mr. BISHOP. Thank you, sir. I am going to have to excuse myself for a moment and run up and vote. I thank you very much.

Mr. CULBERSON [presiding]. Thank you. Thank you, Mr. Bishop.

We are going to have another couple of votes, General. And as those votes occur, we can each just go up and vote, come back because we are so close. I will pass the gavel to one of my Republican colleagues, as I have to step out very briefly. And we will just rotate in and out, sir.

If I could, I wanted to be also sure to recognize and ask our Ranking Member, Mr. Dicks, to please make a statement. It is a privilege to serve with you, Mr. Dicks. And I want to—

Mr. DICKS. I would just like to ask a couple questions, if I could, very briefly.

Mr. CULBERSON. Certainly, yes, sir.

Mr. DICKS. Well, thank you.

STATUS OF FORCES AGREEMENT

And, General, it is good to see you again. I enjoyed our meeting last year, I think it was. And we have been through—we go down to 50,000 in August 2010, August of 2010 in Iraq. And under the Status of Forces Agreement, we are supposed to be out of there by December 31, 2011, this year. But there has been a lot written by experts saying that that may change. What is your take on that?

General MATTIS. Thank you, sir. The agreement that was entered into by President Bush is that we would remove all of our troops by December of this year, absent any new agreement. That agreement would have to take a request by the government of Iraq. It would have to be agreed upon by our commander-in-chief.

And right now, we are executing the plan for withdrawal of our troops, absent a small number, what is called an Office of Security Cooperation-Iraq, which would do some degree of mentoring, of training. It is a very small office, probably around less than 200 uniformed and about 600 contractors.

Mr. DICKS. Is there any intent to—I mean, does this include special forces, as well? Or can we talk about that here?

General MATTIS. This is all of us. All of us are coming out, sir.

Mr. DICKS. Everything?

General MATTIS. Everything, absent a new agreement.

FACILITIES IN IRAQ

Mr. DICKS [continuing]. A new agreement. Now, you talked about the facilities in Afghanistan. What will happen to the facilities that we have built in Iraq? Will those be turned over to the Iraqis?

General MATTIS. They have been. We have turned bases over, and they will continue to be turned over, yes, sir.

Mr. DICKS. Now, you have been—you are familiar with—with what the State Department is doing. Apparently they are having a major build-up of—and will bring in some security forces of their own, I guess, contractors. Can you describe to the committee what that will look like?

General MATTIS. I don't believe all the details are sufficiently fleshed out. However—

Mr. DICKS. Give us a general picture.

TRANSFER TO DEPARTMENT OF STATE LEAD

General MATTIS. In general, what we are going to is from a military-led effort to a civilian-led. The civilian-led will be by Department of State. It will have an embassy. It will have a certain number, still to be determined, outlying stations, the normal kind of conflict that extend our access and influence. Each of those would be built to provide the representational nature, the civilian nature of a relationship by some military, you know, kind of camp, that sort of thing.

Mr. DICKS. Would—and I assume—the training effort, then, will be accomplished. Are we already done with the training effort? Have we got to the numbers for the army and the police that we had planned on?

General MATTIS. The numbers are there. There will still be loose ends, specifically in matters of intelligence, intelligence fusion, air sovereignty, and maintenance logistics. Those three areas we know there will still be maturation that needs to occur. So if we are not there, we will be leaving some loose ends for them.

Mr. DICKS. Will we have contractors? Will U.S. contractors or other contractors from either Iraq or from other countries in the region—will they be utilized to help train the Iraqis on these issues that you just mentioned?

General MATTIS. Because the government, after that close election, took much longer to get seated than we expected, and the minister of interior, minister of defense in charge of the police and the military are not yet in position, Congressman, we do not have all the fidelity on what they are willing to ask for and what they are willing to host. Until we get their requests, I am going to give you an incomplete answer.

Right now, we expect to have around 100 to 200 uniformed personnel and around 600 contractors who would do some of what you are talking about. I will tell you that will not be a sufficient number to address all the loose ends.

Mr. DICKS. It won't be?

General MATTIS. It will not be.

Mr. DICKS. That is the present understanding; that could change. And they could hire contractors themselves, right, I mean, to bring in?

General MATTIS. They could. Some of these skill sets are found probably uniquely in the U.S. military, frankly.

Mr. DICKS. Yes.

Thank you, Mr. Chairman. I appreciate the courtesy.

Mr. CULBERSON. Of course. There are no party distinctions on this committee. We are, all of us, arm in arm in support of the work that you do, sir. And we will be, as I said, going in and out during this series of votes.

General Mattis, to follow up on a couple of questions that Mr. Bishop and Mr. Dicks have asked—and, obviously, the facilities, the physical structure will be turned over to the Afghans and the Iraqis. What about the equipment? What is happening to all the equipment that the United States has brought into these countries?

General MATTIS. If it is not equipment that has been bought or issued to the Iraqis, we bring it all out. Frankly, I can get the troops out very easily.

The equipment is the tough part. It takes a lot of planning. When we came down from 120,000 to 50,000, it was the equipment that took most of the heavy lifting. So we are quite capable of moving the equipment out. I am very confident that, if we are told to remove it all, we will do so. We will not leave it behind, because we are incapable.

AFGHAN POLICE FORCE

Mr. CULBERSON. When we leave Iraq, when we ultimately leave Afghanistan, we are leaving in charge, obviously, the military forces in both of those countries, but also police force plays a vital role, I know, in preserving law and order in those countries. The literacy rate—I have seen in one report in the Afghan police force, there was a test apparently administered to about 7,000 new recruits to the Afghan police force. And the literacy rate was under 3 percent.

AFGHAN AND IRAQI POLICE FORCE READINESS

Could you talk to us about the capability of the Afghan police force and, for that matter, also the Iraqi police force and their readiness of their military in both of those countries to pick up the burden that we must inevitably leave to them?

Because I think all Americans want to see us out as soon as we can, but we want to make sure that we are leaving behind a stable situation in both countries so we don't have to send our young men and women back into harm's way.

General MATTIS. Sir, in Iraq, the army and the police are relatively literate. In many cases, they are high school, college graduates. Different situation. With the exception of what I mentioned earlier about some intel skills, logistics, and air sovereignty, keeping—they don't have an air force yet, Iraq is in pretty good shape with their military.

We saw this day with a lot of demonstrations. I think it was the 26th of February. And the Iraqi security forces performed pretty well. Now, Prime Minister Maliki is still going to investigate every demonstrator or person who died that day and determine just what happened.

So I am not here to tell you I have complete understanding of it. But if that was a test of the Iraqi military, they did pretty well.
 Mr. CULBERSON. What triggered that event? And could you talk to us a little bit more about it?

POLICE FORCE CULTURE

General MATTIS. Well, this is the—I think it is part of these winds of change that are sweeping through the Middle East. It was primarily a lack of government services, of electricity, of job opportunities, the kind of things that governments are supposed to deliver to their people and the frustration there.

So in Iraq, it is one issue. But every country's military and its police force reflects that culture.

In Afghanistan, it is not as good a situation in the sense of the literacy and the capability of the force. You have 30 years of warfare. And you have, under the Taliban, during the years they were in charge, they destroyed schools, they didn't build a single school. The illiteracy problem is significant.

It is actually one of the recruiting tools for the Afghan army and Afghan police. You can come in and you can learn how to count and how to do—how to read and this sort of thing. So we actually draw people into the service.

But, believe it or not, we try to get them up to a first-grade level of literacy and, for their leaders, up to a third-grade level. And we are going to continue to improve this.

But it is reflective of a society that had been turned upside-down and gutted by years of war, especially by the Taliban, who would permit no girls to go to school, would permit only rudimentary schooling. And it was a very limited—it was not really a truly academic kind of education they were supportive of. So we are now having to deal with the outcome of people who grew up during those years.

HANDLING OF RESPONSIBILITIES

Mr. CULBERSON. How confident are you that they will—and talk to us about Afghanistan and Iraq—how confident are you that they are going to be able to handle the responsibility, once U.S. troops are out, and maintain peace and security in those two countries?

General MATTIS. I am very confident that we can be successful.

Mr. CULBERSON. In both countries?

General MATTIS. I think we have a good—you know, sir, it is hard forecasting things, especially about the future. In Iraq, we are leaving a country that is much more open. It has had democratic elections. That doesn't make a democracy, but it is starting in the right direction. The government that has been stood up is an inclusive government, including people from all parts—major parts of the society, Kurd, Sunni, Shia. I think it is on the right track.

Really, there are a lot of choices the Iraqi people have to make if they want to sustain their country as a modern country.

BREAK FOR VOTE

Mr. CULBERSON. We are going to—I think some of the members may wait. Forgive me, sir. I didn't know the mike was on.

You might want to wait, guys, until the very tail end of the vote, and I will try to alert you.

Why don't you let us know, Tim? There is about 2 minutes left. Give us time to zoom up, then catch the beginning of the next vote and come back.

Mr. DICKS. Second vote.

Mr. CULBERSON. Second vote. Did you do the—you did the first vote? Okay. We are all good.

What is that? There is a total of three votes. So Mr. Dicks is right. Catch the tail end of this next vote, and be there for the start of the next one. And we will all—we will come back, sir, and we can finish up.

And we will be following a rough 5-minute rule, but obviously within the bounds of courtesy and common sense. Obviously, we are not going to cut anybody off exactly at 5 minutes. And we will follow—we got a little broken up here at the beginning.

But, of course, I will start the questioning, turn it over to my good friend, Mr. Bishop. Obviously, always recognize our Ranking Member, and Mr. Young is the Chairman of the Defense Subcommittee, men we respect and admire a great deal, sir, whose experience is welcome on this committee.

MAINTAINING PEACE AND SECURITY

But talk to us, if you could, sir—if you could, finish elaborating on the ability of Afghanistan versus Iraq to maintain peace and security, and how stable are the governments? How confident can our constituents be that, once we leave, those two countries are going to remain stable, secure and safe and we are not going to have to go back in there?

General MATTIS. Well, sir, my point would be, I don't think we are going to pull out. While we will certainly reduce our military and it will become a much more stable country as we beat the enemy back, we are not going to abandon this country. There will be a continued dialogue. There will probably be continued advisers at some level and exchanges of officers.

Mr. CULBERSON. In both? Are you talking about both or just Iraq or Afghanistan?

General MATTIS. Well, right now, just Afghanistan.

Mr. CULBERSON. All right, sir.

General MATTIS. With Iraq, we have to see what their government is going to ask us to do in the future. Right now, we are on an exit strategy there that would bring us all out.

But I think that what we are trying to leave behind are forces that can ethically employ force under civilian control in both countries to ensure that they can maintain stability in a very unstable part of the world.

Mr. CULBERSON. Thank you, General. And I will have some more questions.

Let me turn it over at this time to Mr. Bishop.

Mr. BISHOP. Thank you very much.

Mr. FARR.

Mr. FARR. How much time do we have before we vote? We will have another round, I think.

DRAWDOWN OF AFGHANISTAN

Thank you very much, General, for being here. I am very interested in following up on essentially your predecessor, General Petraeus', concept of a whole-of-government approach to fully integrate our military and non-military efforts and those of our allies and partners in trying to meet our deadlines. And I do—how many troops do we have now—do we have there now in Afghanistan? Yes, sir?

General MATTIS. About 100,000 troops—

Mr. FARR. And so, in 3 years, we are going to be down to zip?

General MATTIS. Our plan right now is to have the Afghans in the lead. I think we will still—based on what the president said—maintain some military there, probably in an advisory role.

PARTNERSHIP CAPACITIES

Mr. FARR. How many do you need in advisory role, do you think, just roughly?

General MATTIS. Sir, I would have no confidence in giving you a specific number now—

Mr. FARR. Okay. What is the total investment we have done in infrastructure for Afghanistan? What is the investment in infrastructure the military has put into Afghanistan?

General MATTIS. I will have to get—take that for the record, sir. You mean from 2001 forward?

Mr. FARR. Yes, sir.

General MATTIS. Okay, I will take that for the record.

[The information follows:]

Infrastructure projects in Afghanistan have been funded through the Commanders Emergency Response Program (CERP). CERP projects are reported and tracked using OSD's guidance for CERP Categories, which have changed and become more precisely defined since the program began in FY2004. The CERP categories do not segregate Infrastructure costs; therefore, we estimated the amount below using six categories that include the preponderance of Infrastructure costs: Agriculture, Irrigation, Electricity, Humanitarian Assistance/Reconstruction, Telecommunications, Transportation, Water and Sanitation. The costs in these six categories include both infrastructure and non-infrastructure costs. For example, water and sanitation category includes construction of wells and flood prevention measures as well as canal cleaning efforts. Of the total \$1.7B spent on CERP funding, we estimate about \$1.3 billion was spent on infrastructure.

Mr. FARR. And when I come back—and you can start thinking about this question is—I am really interested in how you get from here to the end game in 2014 of building the capacities, both in Iraq and whatever other nongovernmental organizations they have, both building the capacities and understanding language and culture, which I am very keen on, because I represent the Defense Language Institute, and doing the work that the Naval Postgraduate School is doing on stabilization and reconstruction. I won't ask those right now; I am going to go up and vote.

Mr. CULBERSON. What we may do, General—and, Sam, in order to have Mr. Farr's questions answered, because—if we could, sir—I think we just will adjourn very briefly. Let's go up and finish the voting.

General, we will catch the tail end of this vote, vote the very beginning of the next one, and come right back, sir. If you will excuse

us, that may be the simplest way to do this and minimize any interruptions to your testimony.

Could we just stand adjourned briefly, until we get finished with these votes. Thank you.

[Recess.]

Mr. YODER [presiding]. General, we are going to go ahead and get started again. And I will yield to Mr. Farr. And he can restate his question and continue. Thank you, sir.

Mr. FARR. Thank you, Mr. Chairman.

FOREIGN AREA OFFICERS

General, what I am interested in, frankly, is—I am interested in building capacity, but I think what I am trying to get at is that what—we are really trying to increase the Foreign Area Officers program in this country. And some of that training is done out at the Naval Postgraduate School.

And with—the question really goes to the need in theater to have people that are competent in language and areas in culture studies. And the fact that we have trained a lot of the FAOs, but only 23 percent of the FAOs are filling non-coded billets. I mean, there are too many of them that are trained, but not doing their job. And I wondered if you could tell me how many FAOs are serving in the region. Do you think we need more? And would you make that—and support making the FAO program permanent?

General MATTIS. Point I would make is that language and culture skills in this kind of war are as important or more important than any technical skills. And FAOs are critical here. They are certainly more—FAOs—Centers of Excellence—key enablers—the point I would make is that FAOs alone who are invaluable are not sufficient.

And you have your units broken up into 15-men squads—so the FAOs are more of a—element of a more culturally and language-capable force that has got to be—rising tide—everybody in this key area.

It is also important, though, that FAOs be kept competitive for promotion and assignments more broadly, because many of—go into these fields, but they don't want to be confined to that the rest of their time in the service.

And for them to remain competitive, they are going to have to be given more opportunities, go back to school, broaden themselves, be in command billets, and bring that priority they bring—to the whole institution—

Mr. FARR. But I think my question really goes that we really probably have a need for more FAO billets. I mean, in essence, they are equal to an ambassador. And as in the State Department, you come—you serve and come back to Washington and do other skill development and language training, it seems to me we are short-changing the use and need for FAOs. You are right. They are not just the language trainers at the small-unit session. They are much more of a command position.

But it is—with all the responsibilities in the Middle East, it seems to me—and all the specialties in the Middle East, with contractors and so on, that these are really key type of—excuse me—used to make these—that—and I think you are responding to my

point, is that they really are necessary. But I guess the question goes—we need more of them, and we need more of them in theater.

General MATTIS. We do. Yes, sir.

SKILL SETS IN THE MILITARY

Mr. FARR. All right. Because the follow-up question is then going to be then, how do we use that kind of skill set in the military to work ourselves out of a job? That will be the next round.

Oh, foreign area officers, but essentially they are co-equal to an ambassador in their training and—the State Department, and sometimes better linguists than the ambassadors, usually better.

General MATTIS. Yes, sir. Well, we need more of them, sir. It is just the demands for this military to be ready not just for the current fight, but for the next fight. And, frankly, we are going to need FAOs wherever we fight next, too, and they may be different cultural and language skills than we have now.

I think we are going to have to start in our recruiting effort of officers actually recruiting people out of the colleges who have these language skills and have these cultural backgrounds based on their major field of study. We can reward—you know, institutions get the behavior, they reward. If we tell our recruiters that if we bring in someone like this, they get accelerated promotions, specific assignments, school, education guarantees, there is a way we can actually build this cohort and be in a much better position than we were, for example, in 2001, when this broke out.

Mr. FARR. Thank you. I will take—I have some other questions in the next round.

Mr. CULBERSON [presiding]. Sure, thank you, Mr. Farr.

I will turn next to Mr. Yoder. We will recognize members in the order in which they come to the hearing. And, again, we will follow really a rough 5-minute rule for all the members, but we are not going to hold to it hard and fast. Thank you.

Mr. YODER. Thank you, Mr. Chairman.

General, thanks for being here today. Appreciate the opportunity to start a little dialogue with you. I am one of the new members of Congress and a new member of this committee, and so you will bear with me as maybe I ask some rudimentary questions.

But I hear a lot of discussion about the cost of the action in the Middle East, particularly Iraq and Afghanistan war. And there has been some discussion in events I have been to, as both a candidate and as a new member of Congress, related to those costs and whether they are on the books or off the books and that sort of dialogue.

MILITARY COSTS

And I wondered if you could share with me if we have determined what the expenses have been since 2003, I guess, or whenever we started both of these military activities.

General MATTIS. Sir, I would have to go and do some research to get you a whole answer and an accurate answer. Are you referring just to military costs alone?

Mr. YODER. Well, that would be a good start. I guess the total cost would probably be what taxpayers are most concerned about, in terms of what this has cost taxpayers over a period of time.

General MATTIS. Okay, sir. I will have to do some research.

Mr. YODER. Would you? Thank you.

General MATTIS. Yes, no problem. And I will get back to you in writing so you have something to refer to.

[The information follows:]

According to the Department of Defense Quarterly Cost of War Report, through December 2010, \$676.2B has been spent in Operation Iraqi Freedom/New Dawn and \$261.3B in Operation Enduring Freedom for Afghanistan since September 11, 2001.

FACILITIES TURNOVER

Mr. YODER. Thank you, sir. And then the next question relates to, I guess, the same issue, but there were some understanding—as I was a citizen watching these things unfold years ago, recollect some discussion—and we were talking about facilities that are staying in Iraq and Afghanistan, that there was going to be some sort of payback scenario that—when we went into Iraq. Was there any sort of agreement or understanding regarding the expenses or costs that the Iraqi government would reimburse the United States government?

General MATTIS. There is not at this time. We are turning over those facilities as part of our transition plan to them, one by one. I think we have turned over about 430 so far.

By and large, these are facilities that we have built for our use. Many of them are what we would call temporary, in terms of expeditionary kind of camps, but some of them are much more substantial buildings that we needed, for example, for headquarters and that sort of thing, where you needed a certain level of protection, as well.

So we used them. As we transition that area, the Iraqi forces came in, took them over. We continued mentoring them. They eventually took over completely, and we pulled our troops out, which permitted us to then turn over all responsibilities.

We took out our own equipment. We didn't leave any communications gear. We didn't leave our vehicles, for example. But we turned over the hard facilities to the Iraqis.

Mr. YODER. So when—in all of the security services that the federal government has provided, the facilities that are being left, any of the benefit in terms of our action in any of these two nations, there has never been any discussion or negotiation related to the cost of repairing and rebuilding?

I guess I recollect through the news some discussion of, you know, oil reserves or there was going to be some assistance to help pay—defray the costs of rebuilding Iraq, in particular. And I guess is that—is there any accuracy to that? And what is the history on those discussions?

[The information follows:]

Since 2008 the Government of Iraq (GOI) has complemented U.S. appropriated Commander's Emergency Response Program (CERP) funding through a program referred to as I-CERP. GOI provided I-CERP funds to U.S. Commanders to execute while Iraqi military personnel observed so as gain the expertise in managing their own reconstruction program. As of 7 March 11, approximately \$246M of I-CERP funds have been executed. The GOI presently operates its own reconstruction programs.

The U.S. Forces in Iraq (USF-I) have also worked case-by-case cost sharing between Iraq Security Forces Fund (ISFF) and Ministry of Defense and Interior

(MOD/MOD funds for military capabilities to improve the Iraq Security Forces (ISF). This has resulted in the GOI paying about 72% of the costs on the implemented cases with a projection of about 96% for pending cases. The GOI has also covered the operating costs for the ISF, including salaries and billeting.

General MATTIS. I will confirm this to you, as well, but I am not aware of any. But I need to confirm that to you.

Mr. YODER. And is there a reason that we have never gone down that road? Is that diplomatically difficult to do? Would it be rejected by the host nations?

General MATTIS. There was a great deal, as you know, of damage done during the war. We built what we needed for our use. And as we pull out, I think we did not bring it up more as a matter of transition. You are now taking this over; you are going to have to maintain it, provide security; we will mentor you for a while and eventually even those people come out. I think it has to do with the leaving the country in better shape.

NO TROOP WITHDRAWAL

Mr. YODER. Okay. And then last question. I know my time is probably running short here. Just understanding the dialogue earlier, there was discussion about the December 2011 troop withdrawal, and that is for Iraq. And then in Afghanistan, there is no deadline, in terms of troop withdrawal. Is that correct?

General MATTIS. In Afghanistan, we will start in July of this year with a conditions-based withdrawal. At the NATO conference in Lisbon, we agreed that we would stand by—we, NATO, the troop-contributing nations, 49 nations altogether, including Afghanistan—would stand by them until the end of 2014, at which time the lead for all security is in their hands. We will actually start that. We will announce it on March 21st, the initial transition. We will start executing it this summer.

We will then announce some more areas that we are going to transition. And we will probably still be in an advising role after 2014. We will have a State Department relationship after 2014. The international community is committed to not turning its back after 2014. But our military commitment would be significantly reduced over these coming years.

EXIT STRATEGY

Mr. YODER. And then, in both of these areas, there has been continual discussion, I think, both in this building and around the country related to sort of line-in-the-sand timelines versus accomplishment of mission. I feel like I hear this conversation a lot, of we need to finish the mission versus having a timeline. And that is just a debate that I am sure intelligent minds disagree on.

My question for you would be, how do we know in either of these areas when we have accomplished our mission?

General MATTIS. How will we know—

Mr. YODER. How do we know—besides just setting a timeline, saying, “We are leaving on December 1st no matter what,” how do we know beyond that when we have accomplished the mission in both Iraq and Afghanistan? People ask me this at town hall meetings. You know, what are we trying to accomplish? And when do we know whether we are going to accomplish it?

General MATTIS. We have a strategy which we reviewed with the President in December. I was part of that review. We are very confident the strategy is on track.

We have conditions for the transitioning, and we are confident right now that those conditions are correct and will show success. In this kind of war, it doesn't come on 1 day. It is one district at a time, one province at a time.

So we know where we are going with this. We have both counter-terrorism and counterinsurgency efforts underway. And it is a three-pronged attack. One is the military, which you are very familiar with and you read about in the paper. There is also a civilian effort that is very much linked to the military effort.

Above that, based on the success on the battlefield and the improvement in local governance, is a diplomatic effort for reconciliation. That is where all wars eventually come to an end. If we militarily can destroy the enemy's hopes of success, you will see more of their young men integrating, reintegrating. You will see reconciliation options for our diplomats go up as an enemy realizes we can't win, they are not going away, we might as well make peace.

So that is how you will see this mature. It will not be with a great, big—on 1 day, we will all wake up, and we will have taken the enemy's capital, and our flag will be flying over it. It is not that kind of a war, sir—

Mr. YODER. Yes, that does help. So it is less of an objective criteria and more of a subjective opinion, in terms of whether we feel based upon the totality of the circumstances and whether we feel we have accomplished enough, that it is stable enough to depart. It is not a level that we can mark and say there is a certain amount of troops that are ready, there is a certain amount of attacks that have occurred. If we can get it under a certain number, then we feel like—there is no objective criteria like that.

It is simply a subjective determination based upon your leadership and others? And I don't mean that in a negative way. I am trying to understand how we make these decisions.

General MATTIS. There is both an objective—there is both a quantifiable measure and a non-quantifiable. In war, what often counts most is what is most difficult to count. That is really the point you are making, and I agree with it.

But at the same time, when you look at the number of IEDs that are turned in to us by the locals who realize now we are going to stay there and they can turn them over to us so that we don't point out where they are at so they don't get killed for doing so, then you start looking at the quantifiable numbers of IED strikes that go down, for example, and you are able to sense the more important piece, and that is the confidence of the people, that they now can side with us without worry that they are going to end up dead because they did so.

So it is a combination of quantifiable and non-quantifiable factors that have to be brought together in what we call the art and science of war. In counterinsurgency, it is maddeningly complex, I will tell you.

Mr. YODER. Well—

Mr. CULBERSON. Certainly, we will come back—

Mr. YODER. I will reserve it for the next round, but thank you for the time.

Mr. CULBERSON. Sure. We will absolutely come back. I want to make sure we give everybody an opportunity to ask questions.

And if I could move to the gentleman from Virginia, Mr. Moran?

CONTRACTOR POLICY

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

I want to ask you about contractor preference policy, but first let me clear up something. We have been asked from a number of sources about the situation with regard to the fuel that we are bringing into Afghanistan, particularly, but we had a similar situation to some extent in Iraq. So much of it is missing. It either goes on the black market. It is pilfered away or whatever. And it, in some cases, winds up in the hands of the Taliban.

Are you at all involved in that? Or is that exclusively—at Defense Logistics Agency?

General MATTIS. Mr. Moran, we are significantly involved in it. It is a very high-priority issue. There are a number of aspects to it, and you have hit on one of the most critical ones.

Mr. MORAN. Would you have any rough estimate of how much fuel we are losing in just the process of transporting and then getting it where it needs to be gotten? Some of it is a result of the lack of facilities along the way where we can store it. But, of course, most of it is logistics, and the lack of security in the process of transporting it to the battlefield.

General MATTIS. I believe on fuel, sir, it is less than 1 percent we are losing to enemy action, attacks, burning up tankers, and any other kind of pilferage. But right now, we have a spotlight—as a matter of fact, we call it Task Force Spotlight—actually looking at some of this. That one has to do with any of the private security companies that may be in cahoots with these kind of people.

We also have a number of other efforts underway right now, looking at the contractors, Task Force 2010. We actually look at each contractor and make sure we are not contracting with a bunch of crooks.

Mr. MORAN. Right.

General MATTIS. But there are efforts that go along the entire chain of supply, from purchase to transport, monitoring it, delivery, distribution, as we try to maintain absolute control over this. It is not always easy, as you understand, but it is a main effort of ours right now.

Mr. MORAN. Well, thank you, General Mattis. So your sense is that our soldiers are not involved in the pilfering or the black market. It is probably private security contractors that have seen an opportunity and seized it?

General MATTIS. Yes, sir. I am not saying—

Mr. MORAN. I don't want to put words in your mouth, but, yes.

General MATTIS [continuing]. We are pure, but if we find a criminal in our ranks, we hold them accountable. That is not a significant issue. That is not defining the problem. The problem is this distribution line which is so long and vulnerable—

Mr. MORAN. That is right.

General MATTIS [continuing]. That we have tightened it up significantly.

Mr. MORAN. And we may be contracting with the wrong people, who are exploiting the situation.

General MATTIS. I am pretty confident on that one, sir, that we have cleaned up our act on that one, because now we have been doing it long enough, we know who are the good guys and who are the bad guys.

CONSTRUCTION INDUSTRY

Mr. MORAN. Good, good. Now, what I want to focus on particularly, General, the construction industry. Last year, the unemployment rate within the construction industry was 27 percent. It has gotten a little better now.

But when you consider the fact that we are doing so much construction over in Iraq and now especially in Afghanistan, you would think, well, this is a great opportunity for our construction firms. We don't have construction here. For gosh sakes, the taxpayer is paying for all kinds of construction over there. Maybe we could use them over there.

But when you talk to the construction industry, most of them say they don't consider overseas MILCON contracting to be a competitive marketplace. Some of the Virginia-based contractors, for example, refer to fly-by-night contractors that perform very poorly, but are able consistently to undercut American bids.

I am going to talk for a couple minutes while you find the right place there in your notes, General.

But in 1984—and this is something I know that the chairman is interested in—the Congress established an American preference policy. It gave American firms a 20 percent price preference when competing against foreign firms for U.S.-funded—only for U.S.-funded military construction projects above \$1 million. They put it in the Pacific region.

And the reason we did that was because American firms couldn't compete against the foreign firms who didn't have to pay individual and corporate U.S. income taxes, they didn't have to comply with the labor laws, the environmental laws. They don't have to have the bonding.

And perhaps even the biggest issue was, our firms don't engage in the kind of unethical practices that a lot of the contractors that were operating in Iraq and apparently are operating in Afghanistan were doing.

So to create a more level playing field, we expanded this price preference to MILCON projects—this was in 1998—that were bordering the Persian Gulf, the Arabian Sea, Iran, Iraq, Kuwait, Oman, Pakistan, Saudi Arabia, and the Emirates. It has been extended every year in our bill, Section 112 of the MILCON bill.

The issue here, though—and we put language in last year to make sure that it covered Afghanistan. But, of course, it was in the MILCON appropriations bill, and those died—I guess I shouldn't—I don't know whether it is a quick death or a slow death, but they all died.

So this is an opportunity to ask you, how competitive are American firms when they have to deal with foreign firms who don't

have to abide by anywhere near the kinds of restrictions that we demand of our firms? And, of course, we are only talking about U.S. taxpayers' money being used for these construction projects.

General MATTIS. Congressman, I am going to have to get back to you. I am not sufficiently aware of the legislation, frankly. And I need to get—I need to read it and see what we have done about it.

[The information follows:]

Extending the U.S. company preference for MILCON contracts to the CENTCOM AOR could increase costs by up to 20%, delay the timelines for projects, and degrade our campaign objectives in Afghanistan. Offering a preference to U.S. firms reduces competition which can drive costs upward. Following the proposed language could create situations where the most technically proficient companies with the lowest price do not win contract award. In addition, extending the U.S. company preference for MILCON contracts would be contrary to the ISAF campaign objectives as stated in GEN Petraeus' Counterinsurgency Contracting Guidance issued on 08 September 2010. This guidance emphasizes the importance of maximizing the use of Afghan-owned companies to support economic growth, stability and capacity development, in order to build the conditions for departure of our forces.

Mr. MORAN. Okay, well—

General MATTIS. But I will get you an answer. I know that in many cases we are trying to use foreign firms, for example, in Afghanistan, because the more we can get their economy going and get them involved with this, frankly, the sooner we can turn this whole thing over to them.

But your point is valid. And, frankly, I am prepared to—

Mr. MORAN. Well, this policy is exactly what we have been told. The problem is that now that we have been there for a decade, the—so many of the buildings that we contracted with these foreign firms to build, they have fallen down. They don't know how to make cement. They don't seem to—I mean, the schools have fallen down. The health facilities have fallen down. Public buildings that we paid very substantial amounts of funds for, they are just falling down. They have to be rebuilt.

So I understand it is important to use indigenous labor and to train them in the process. On the other hand, we don't want to be building buildings that don't last because we don't have the kind of skill set that American firms would be able to provide.

General MATTIS. Yes, sir. I am with you 100 percent. I will tell you that the ones we are building more recently, we know our contractors now. We know which ones are the kind that you just mentioned. And we have ones now who can actually deliver. And I have been in some of the buildings, and you would be proud that we spent the money and got a good return.

But the more important one is this price preference that I am not ready to answer right now, but I will get you an answer.

Mr. MORAN. I would appreciate you looking into that. Thank you very much, General.

Thank you, Chairman.

Mr. CULBERSON. Thank you.

Mr. Moran, if I—reminded when you were talking about the field pilfering, of the Battle of San Jacinto, when the Texans captured about 11,000 silver Spanish dollars. And when they captured Santa Anna and the first time Sam Houston had them counted, there were 11,000. The second time they counted, about 10,000. And they

counted them again, there were about 9,000. And Sam Houston said, "You boys better quit counting. We are going to run out of money."

I am also intrigued, very quickly—before I turn to Mr. Austria—because I am fascinated to hear that there is actually a built-in—Jim, he said 1984, U.S. firms were given about a 20 percent price preference to compensate for the cost of taxes, regulation, bonding, et cetera, the U.S. tax burden. Is that number adjusted over time? Has it just been a fixed 20 percent all these years?

Mr. MORAN. I don't think so. And that only applied to the Pacific. Mr. CULBERSON. And now it has expanded?

CONTRACTS

Mr. MORAN. Well, that is what we were trying to do, to expand it so that it would include Afghanistan. A lot of contractors in Iraq and Afghanistan found they just weren't able to compete. And it does fall into MILCON, so it is something I would like to look into.

Mr. CULBERSON. Absolutely. But I am also intrigued and wanted to follow up on—the number hadn't changed all these years. It has been 20 percent. I would love to find out what the actual cost of doing business is for the U.S.—the cost of the tax burden? As a free-market, fiscal conservative, it is nice to know there is a market—there is an indicator out there we could use of indicating that maybe we do need to cut taxes and reduce the regulatory burden on U.S. companies.

Mr. Austria—let me recognize the gentleman from Ohio.

Mr. AUSTRIA. Thank you, Mr. Chairman.

And, General, thank you for your service to our country. And thank you for being here at this committee today.

Let me, if I could, just maybe follow up a little bit on what Mr. Moran was talking about, when we are talking about American contractors or foreign contractors. Obviously, you have to have some cooperation with the government. Could you update us on as far as cooperation with the government and being able to accomplish your missions and working with the current government in Afghanistan?

General MATTIS. Thank you, sir. We have a—you will read about tensions between us, but they should not mask overwhelmingly the amount of shared ground we have between General Petraeus, our ambassador, Ambassador Eikenberry, and President Karzai.

He is president, elected president of a sovereign nation. Sometimes his interests cause him to speak out on issues that are challenging for us, because we don't see everything eye to eye. But on the big issues about how do we protect the Afghan people, how do we support governance, how do we develop government services, how do we get the economic activities going, anti-corruption, he works with us on anti-corruption efforts.

So we have a very heavily shared burden here. And he is a partner, is the way I would characterize it.

AFGHAN ARMY STRENGTH

Mr. AUSTRIA. That is good to know, General, because my visit last year to Afghanistan, I had an opportunity to meet with President Karzai and General McChrystal at the time. I guess I walked

away with maybe a different impression after I met with the president, but it is good to hear that he is working with you, with anti-corruption, and working with you—let me ask you about the Afghan army, as far as how they are progressing, because it always makes me nervous when we are talking about a withdrawal and we put a timeframe in there of 2014, what we are leaving behind and who we are leaving behind and whether or not they are prepared to be able to defend themselves against the Taliban or whoever it might be from the outside.

Can you update us on how that is coming along, as far as working with the Afghan army, and how—I guess, how they progressed as far as being able to defend themselves?

General MATTIS. This last year, sir, has been the growth of the Afghan army in numbers, but it is now accompanied for the first time by an increase in quality. And we see the quality in training statistics, marksmanship, map reading, reading itself, this sort of thing, as well as combat performance.

So over the last year, they have exceeded the numeric standard that we set that we wanted to grow to. And they are showing themselves as willing to fight. Their casualty rate shows they are in the fight, both the Afghan army and the Afghan police.

As far as their preparation to take over, this will be one district at a time, one province at a time. It is from the ground up. Minister of Defense Wardak, the minister who has been in charge of this growth, is a very committed general. I have known him for many years. He fought against the Soviets. He knows how to fight. He knows how to create an army. And he is also confident that it will be in position to take on this responsibility.

Two things going on, one, the enemy being beaten down in capability, and then maybe of their young men now dissatisfied that their leaders sit safe over in some hole in Pakistan, while they are told to stay and fight. And on the other hand, we have the increasing capability that we are seeing of his own army. So you have the enemy's capability going down, the Afghan army's capability going up.

PAKISTAN TALIBAN

Mr. AUSTRIA. And I appreciate that. And I will save some of my questions—follow-up question to that for a second round, but—for the next round. But let me—you brought up Pakistan. As far as, you know, there has been a lot—there has been considerable changes in Pakistan, in particular regard to the Pakistani Taliban.

Are we meeting our objectives there? And what are the obstacles that you are faced with, if you are able to talk about those with Pakistan?

General MATTIS. I think the only thing more difficult than fighting a war without allies is fighting one with allies. We do not always—we do not always see things eye to eye, sir.

But that said, Pakistan has shifted 140,000 men, a quarter of their army, up into the high country against our common enemy. They have sustained now for 24 months, including through record-breaking snows last winter, horrible floods that drew many of them off for flood relief, they have maintained for 24 months an offense. They have—thousands of troops, many of them junior officers,

which has to do with the aggressiveness of the unit. That is where you will pick up that you have an aggressive force in the field; you will lose junior officers, because it is the nature of fighting when you go offensive. And they are managing to maintain this offensive.

Now, it is not perfect, but there are no perfect solutions in a real war. They are not moving against all the enemy, but they are very, very stretched. And so long as we recognize that, whether we agree or disagree, they see many of their strategic security interests at risk along the Indian border, then we can understand better the situation they have on the other border, including with terrorist organizations, some of which at least in the past our country also dealt with against the Soviets.

So it is a very complex situation in what for me in 39 years is the toughest terrain I have ever operated in. So it is not an easy situation. It is no perfect solution. But there is a lot that they are doing in our best interests.

FORCE STRENGTH

Mr. AUSTRIA. And, Mr. Chairman, one last question. I would be remiss if I didn't ask this question, how are our men and women doing? How are the troops doing morale-wise, personnel-wise?

You mentioned also—you made a comment that we may not have enough personnel there. I don't know if you are referring to civilian contractors or military. But, you know, I want to make sure that our men and women have the equipment, the resources, and enough folks over there to help them to accomplish their mission.

General MATTIS. Yes, sir. If I said that, I misspoke.

Mr. AUSTRIA. Okay, I apologize.

General MATTIS. General Petraeus knows if he asks for something, I will represent it straight to the secretary of defense. How are they doing? When you look at the re-enlistment rates of the units that do most of the fighting—these are the Army and Marine units, the ones that are taking 85 percent, 95 percent, of the casualties—those re-enlistment rates say a lot.

I joined the Marine Corps in 1969. At that time, there was always talk about the generals saying that there is a light at the end of the tunnel, we are winning, but down at the sergeants' and lieutenants' level, they didn't say that.

What is interesting today is, it is the generals who say, yes, we have success, but it is reversible, you know, trying to be very, very accurate in terms of not giving false expectations. But you go down to the sergeant, the corporal, the lieutenant, the captain level, and they see success, they see progress.

It is a complete reversal of what I grew up with when I was a young officer in the Marines. I think that it is very hard to counter what an NCO sees in his area. Now, he only sees his local area. But when you combine the re-enlistment rate with what we hear from the people in the fight, then they are doing a magnificent job. And this is 10 years of war; this is 10 years of going out on patrols, of some grievous casualties that we have sustained. And, frankly, they are an inspiration to be around. Their morale is very high.

Mr. AUSTRIA. Thank you, General.

Thank you, Mr. Chairman.

CONTINUING RESOLUTION

Mr. CULBERSON. Thank you. It is very encouraging to hear, General.

Before Mr. Moran leaves, I know one thing that all of us in this committee are committed to do is to make sure those men and women have everything they need to succeed in that logistical chain.

I wanted to ask everybody on the committee, before you leave, Jim, we should all be talking to the leadership on both sides to try to ensure—General, I know you are going to give us a list—I had asked earlier before we started—of your top priority projects that are hung up because we keep going through these C.R. cycles. And we are going to get another C.R. here shortly, and I would hope all of us on the committee will encourage the leadership to act.

General, if you will get us a list in priority order of what you have to have and want to ensure that that logistical chain is secure, give us that priority list. And let's all, all of us, work the leadership to be sure we get as many of those in the next C.R. as we can.

[The information follows:]

As you know, operating under a continuing resolution presents problems for our military construction by not allowing new starts. Your efforts to help fund our top ten projects will better allow us to support our troops in Afghanistan.

From our requested 64 military construction projects in FY11, our top ten are highlighted below. All are Army OCO requested projects for Afghanistan.

Priority & Project Title	PA Mil	Base
1. Rotary Wing Parking	35.0	Bastion
2. Rotary Wing Apron	44.0	Dwyer
3. SOF Parking Apron	15.0	Shank
4. Rotary Wing Parking Taxiway, Ph2	24.0	Tarin Kowt
5. Ammunition Supply Point	23.0	Shank
6. SOF Joint Operations Center	9.2	Kandahar
7. Command & Control Facility	13.6	Bastion
8. Command & Control Facility	5.2	Kandahar
9. Command & Control Facility	13.6	Bagram
10. C-IED Task Force Compound	24.0	Bagram

Mr. CULBERSON. Thank you.

General MATTIS. Thank you, sir.

Mr. CULBERSON. Thank you, General.

Thank you, Jim.

And if I could turn it over to the gentlelady from Minnesota?

Ms. MCCOLLUM. Thank you.

Two things before I go on to my questions. This is what happens when you kind of sit here for a long time. You hear things. You know, I am glad you brought up about the construction standards. I really am, Mr. Moran. Because when I served in another capacity on the Appropriations Committee, it was state and foreign ops and on government reform and oversight. And I will tell you, some of the things that we saw that had to do with basic life, health and safety, and a soldier from Minnesota who was electrocuted taking a shower, were unconscionable, they were wrong. And the military has moved swiftly to address those.

But I think when you see problems like that, you should be open and forthright and forthcoming with them. You know, people un-

derstand sometimes with the best of intentions, you have somebody who didn't live up to the obligation and the contract. And I think exposing those problems and bringing them forward and letting us know is a way in which we can work together on that.

And then, you know, Pakistan is very tricky. It is very tricky when the governor of one of the providences is murdered for saying that religion should be tolerated. And just this morning or yesterday, another high-ranking Pakistani official was literally gunned down and assassinated for also saying there should be religious tolerance.

So you are dealing with multiple, multiple fronts in this. And I have met with many of the Pakistani military, and they are first rate, and they are great allies, and they want to work with us, but there is a lot of other dynamics going on within their military and within their political sphere right now that puts what was the joint mission, I think, at possible risk and always has to be reassessed.

I would like to—I just came back from speaking at the Defense University Project in Yemen 2 weeks ago. And so I would like to kind the talk—having been in the area, I would like to talk about some of the construction that is going on, on and around there.

So there are two projects for 2012 that are in here. And so I am just going to kind of rapid-fire a couple of questions, and I can go back, but then kind of—because I think they will kind of all wrap around for you to probably make one statement and then maybe give some specifics.

CONSTRUCTION IN CENTCOM AOR

So my questions would be, do you have any concerns about the protesting that is going around in Bahrain in the area? And is that going to cause problems, especially with the waterfront development project that you have requested? You know, are we going to be able to keep to a construction schedule? Are you already writing contingencies in? So if you could talk about that a little bit.

And then, if you do have to write into contingencies in that for ongoing projects—and there is a project in Egypt right now that protest is delaying on some contract solicitation—and if this happens in Bahrain, what happens with your budget? Will you have to come back? Will you have to adjust? Will you be looking at shaving off other projects?

Have you had—maybe you haven't had an opportunity right now with everything happening so fast to even have these discussions. And if they are taking place, we would like to be part of it so that we—when you come to us, we are aware of what we need to do. So, you know, what are the consequences if these projects are delayed in this fiscal year?

And then, we do have some facilities in the Middle East. And, you know, can you talk about potential threats or threats to personnel in these areas and what maybe you have had to do to protect property, as well as I know you are going to always make sure that military, as well as civilian, attachments are well taken care of?

So kind of your assessment, including—and you mentioned piracy in your statement. Yemen, if it becomes failed—and I have no reason to suspect that it will become a failed state, but it is one

of those states that could tip either way. Piracy. What happens to our assets there? What becomes your role in there? And are you having conversations with E.U. counterparts? Because we can't afford to fit the bill all by ourselves to keep shipping lanes open for what is a world shipping traffic area.

General MATTIS. Thank you, ma'am.

On your first point about be open if we have a problem with a contractor, I couldn't agree more. We will make certain that we are open with you if we find that we have a problem or someone has been electrocuted or something, one of these things that we have seen happen.

As far as the projects, let me just run—and kind of juxtapose against the protests and the public demonstrations.

Ms. MCCOLLUM. Maybe this is something that the chair finds, you know, we can watch as it evolves. Thank you. Thank you, General. Excuse me.

General MATTIS. Yes, ma'am. Let's just take each country differently, because every country, as you know, will manifest differently here.

BAHRAIN

Bahrain is a fascinating example. Since 1948, it has been the home of our Mideast fleet, our Fifth Fleet. And there my sailors, by and large, live out in town, believe it or not, in housing, local housing. They drive to work.

From the government and from the protestors, there is no anti-American feeling. It is interesting to watch. The DOD school, where kids from the royal family, the international community, our military kids go to school, I think was closed 1 day, and the rest of the time it has been open. The children go to school each day.

I know if you read the news back here, you would imagine that the place is almost in flames. The fact is, the crown prince has been given the authority by the king to engage with these people. And nobody is talking about our sailors leaving. We have not restricted those who live off base from going home.

So as far as protection of facilities, we maintain the usual, as you know, quite alert sort of protection of our assets anywhere in the Middle East, but nothing extraordinary has been necessary. And so far, we have detected no threat.

Now, we are not naive, and we recognize that Iran will take advantage of any situation. But it is rubbish to think that Iran has had anything to do with most of these protests. These protests are young people bravely and peacefully going about what they think is a search for more rights. And so far, that has not manifested in an anti-American way in Bahrain.

YEMEN

In Yemen, I saw one note this morning in the open press where somebody was saying that the Zionists or the Israelis and the Americans are fomenting the protests. That is another fantasy by someone.

But, again, there does not appear to be at this time any anti-American feeling among the protestors. That said, there is an Al Qaida in the Arabian Peninsula operating there. You know that the

committee has given us money for certain facilities that we would build there to help the counterterrorism forces. Those activities, I believe, are on hold right now, ma'am, because the government is distracted by everything that is going on in their country.

So it is having an impact on us, but it is not one of threat. Obviously, you are not questioning, but your observation that there is the potential for larger problems if the Yemen government collapses, I think, is a valid observation. And we are watching it. I don't anticipate it at this point, but at the same time, we will have to just watch and see how this reveals itself.

But in each—my point is that in each country, we have to watch and see how these movements go forward. The one thing we want to guard against, I think, is this sliding into the wrong people's hands, where it goes into a new form of authoritarianism vice, moving towards true reform. And we are not naive about that, especially with Iran across the water, for example, for many of these areas and the mischief they will try to create.

A point I would make is, it is going to take relentless engagement by us. We must not back off. America does not have the luxury of ignoring this vital region.

Ms. MCCOLLUM. I agree. I missed 40 votes to go speak. I wasn't going to cancel after the prime minister was coming here.

General MATTIS. Yes, ma'am.

Ms. MCCOLLUM. I agree.

General MATTIS. I hope that addresses some of your question there?

Ms. MCCOLLUM. Yes, if it—

General MATTIS. Did I miss anything?

Ms. MCCOLLUM. No, I think you did. You are being guardedly optimistic and putting what should be on hold on hold. And right now, you are just day-to-day doing an intelligence assessment as to what to do. So, thank you.

IRAN

On page 28 of your testimony—the copy that I have is page 28, anyways—it starts out with countering, disabling Iran activities, and I just want to talk about one thing that—this is the first time I had heard of it, and maybe you could elaborate just a little bit on it.

For one example, we are working together with our Gulf Cooperation Council partners and other nations to advance an integrated air missile defense. Is that going to require a construction of any kind? What type of air missile defense are you referring to there?

General MATTIS. Right. It has to do with maritime assets.

Ms. MCCOLLUM. Maritime.

General MATTIS. And it has to do with Patriot missiles. There are minor constructions. You know, it is a mobile system, in the sense it can move into an area and then be moved to another area, although generally, when we move it into certain areas and have protected areas on the ground—our forces, for example—we don't move it much once we get it into place.

But it is relatively minor construction, mostly environmental support for the troops assigned there, some kind of barracks capa-

bility, for example. Those are oftentimes still an expeditionary kind of shelters, not in permanent shelters.

Ms. MCCOLLUM. Okay, thank you. And I wish for you and those under your command a safe journey home.

Mr. CULBERSON. Thank you very much.

And I recognize the gentleman from Mississippi.

MILITARY RETURN HOME

Mr. NUNNELEE. Thank you, Mr. Chairman.

I feel a lot like Mr. Yoder. I am new and asking a lot of simple questions, but I guess that is the way we learn, so I appreciate the tolerance.

But, Mr. Chairman, my first question wasn't simple, because I think you must have looked at my notepad, with the observation you just made about the continuing resolution and the resources that you might need. So I will skip that.

My next one, my sense is that the war in Iraq and Afghanistan is the first major war that our nation has fought possibly since the American Revolution that has been fought predominantly with citizen soldiers. And we have mobilized men and women from small towns around America, and they volunteered to do their duty.

And my second sense is that we have done an excellent job of preparing these citizen-soldiers and sailors and airmen, et cetera, to become warriors. But I am not so sure we have done equally as good a job of preparing those warriors to transition back into civilian life.

And so I guess my first question is, is my sense anywhere near accurate? And maybe expand. As I see it, previously, when those would come home from war, they would come home to a full-time military installation. They would be under the watchful eye of a commander. And, first of all, we would be observing the need for any physical or mental follow-up health care they would need, whereas now they are coming back to small-town America. And on paper, those services might be available, but in reality, they are much more difficult to access.

So now, is my sense anywhere near accurate?

General MATTIS. Sir, in my duties, of course, I remain focused on a rather problematic part of the world. But at the same time, many of the young men leaving active duty get back in touch with me, from colleges, from where they are working.

So I would tell you that many of the programs are very good. I have anecdotal evidence from these guys that they are taking advantage of their education benefits and their job benefits and this sort of thing. But I don't think I would characterize it as a poor job on the transition.

At the same time, a force that is so engaged with focus on the mission and rotating back and forth there could have a loss of focus on this piece of the supporting effort as they go out.

But I am not probably the best witness to answer that question. The Joint Chiefs, the service chiefs, Army, Navy, Air Force, Marines, can probably give you a more accurate bit of feedback.

The feedback I get is not fully negative, though, I can assure you. But I read enough in the newspapers that I would share some of your concerns.

MIDDLE EAST

Mr. NUNNELEE. On another direction, we have seen over the last—responsibility—self-determination. And what in your opinion—United States of America—Middle East—take a more active role—

General MATTIS. It is a key question, because we deal with reality out there. I maintain very good military-to-military relations. But you are asking a broader question. What is America's role? And I think we must stay engaged with both the people and the governments in those areas and look for common cause amongst our friends.

The self-determination, I think there is a song from my younger days, people everywhere just want to be free. I think we all remember it. I hate to put it that way, but I think that probably pretty much sums it up.

At the same time, it would be wrong to look at all of these nations and say that they are all the same. Bahrain, the king came in, in 1999 and he was known as a reformer king. Now, whether or not that reform has moved fast enough or deeply enough is a legitimate question for the people of Bahrain.

And I would say also the people—the thugs in Tehran don't need to get involved in this discussion and should probably stay out of it. Let the people of Bahrain settle this.

And the same goes throughout the region, wherever you go. Each nation has its own pedigree. Oman, where the sultan took over 40 years ago in a bloodless coup, was rated number one by the United Nations out of 130 in human development. This does not match any of our images of some kind of dictatorship who is simply out of touch with his people. That is not what is going on there.

So understanding each nation's situation and ensuring that we stay true to our own beliefs, true to our own values, but at the same time, we don't try to drop our values onto another nation in a way that is not consistent with their own situation.

Unapologetic about our values, engage with the people and the governments, and help them find their own path forward, I think is the way I would characterize our role.

Mr. NUNNELEE. Thank you—

Mr. CULBERSON. Thank you. I'm reminded of my hero, Thomas Jefferson, in the last letter he ever wrote—just a few weeks before his death, in declining health—he was so ill, he couldn't attend the 50th anniversary celebration of the signing of the Declaration of Independence. The day on which he died, exactly at the stroke of 1 o'clock, he willed himself to live until 1 o'clock, which is the exact moment that he and the committee presented the declaration to the Continental Congress.

Mr. Jefferson said that the light of science has opened the eyes of mankind to the palpable truth that half of humanity was not born booted and spurred, nor the other half with saddles on their back to be ridden, and that the light of freedom that the United States has ignited will continue, in his mind, to roll around the world and bring down tyranny and dictatorships wherever they were.

And we are seeing that today. And when I get to my round of questioning—I am going to turn to Mr. Farr—as Mr. Farr and I know all the members here, I have been just charmed with Facebook. I finally went over to an iPhone. I am convinced Mr. Jefferson was right in that Facebook in particular and social media is what is spurring that light of freedom that Mr. Jefferson saw in 1826 is carrying on today.

Mr. FARR.

Mr. FARR. I wonder how he would have reacted to a C.R. [Laughter].

Mr. FLAKE. Excuse me. Are we on the second round or the first round?

Mr. CULBERSON. Oh, I have to alternate. I have to alternate, Jeff. I am coming right back to the gentleman from Arizona, but first I have to go to Mr. Farr next.

Mr. FLAKE. Thank you.

Mr. FARR. Thank you, Mr. Chairman.

General, I am just curious—there is a lot of concern here by each one of us, as we represent our districts, about how we are able to fulfill the needs of our states and districts. How much money has been allocated, in your testimony, for the CERP funding, the Commander's Emergency Response Program?

You point out what they have done with it, but you don't point out how much money they have at their disposal, the walk-around money. You know the answer to that?

General MATTIS. No, sir. I will have to get you—you want it in Iraq and Afghanistan?

Mr. FARR. Afghanistan.

General MATTIS. Afghanistan, I think right now——

Mr. FARR. In your testimony——

General MATTIS [continuing]. We are at \$400 million, plus I am asking for \$150 million. That is for 2011, sir.

AFGHANISTAN

Mr. FARR. So half a billion dollars of walk-around money for a country with a small population. I imagine our governors would like to have some of that. You point out in your testimony, you funded 8,300 projects. That is more than all the earmarks that Congress ever made, and we eliminated those, and those went into Afghanistan to transportation initiatives, agriculture production, repair improvement of irrigation canals, wells, and providing farmers with high-quality seeds and fertilizers, education projects, sanitation projects, three high-production ground wells, et cetera.

That is beautiful infrastructure, and it is built by—I imagine a lot of it is built by American contractors? Or are you building that yourselves? Is this Army Corps?

General MATTIS. No, sir, it is generally built by contractors.

Mr. FARR. Okay. And we are going to leave all that behind, right? I mean, that is all turned over to them at no cost. I think what I am—what we hear in our districts, why there is so much concern for Afghanistan, there is still support there, but it is waning, because we have been, you know, in country for 10 years, longer than any other war. We seem to just—doing a lot for that

country, but not building its own capacity. I thought your talk about our military-to-military was very encouraging.

How about the civil-military dialogue in Afghanistan? We are going to turn this all over to a civilian command in country. You sound as if there is still going to be a lot of civilians there, State Department and so on, USAID. It concerns me, because it doesn't really sound like we are able to work ourselves out of a job, even though we are going to build good infrastructure for them.

And I just don't know how long the political support for Afghanistan can go on. It is going to go on for at least 3 more years. As you say, we have 100-and-some-odd-thousand troops still there.

But what are we doing to really empower and engage and build that civilian capacity? What kind of capacity-building are we concentrated on, other than doing this infrastructure construction for them? And those, by the way, are being done by Americans, too. I mean, I don't know how we build their capacity to contract work if our American contractors are doing it all.

General MATTIS. Yes, sir. I realize the costs of this war are significant. And we have been at it for a long time, although it is really only in the last 2 years, year-and-a-half, that we have really focused on it and brought in the number of troops and the resources, civilian and military, that we needed there.

Mr. FARR. So the prior administration didn't do anything in Afghanistan?

General MATTIS. It is not that we didn't do anything, but we were engaged heavily in Iraq. We had a significant effort going on in Afghanistan, but, for example, we have added 60-some-thousand troops in the last 2 years. And those 60,000 troops have made a noticeable difference.

More importantly, we have added significant numbers of civilians. So what we are doing right now to work ourselves out of a job recognizes that we will not abandon this country. We will continue to have a relationship with them, unlike what we did after we beat the Soviets—or after they beat the Soviets there with our help, where we basically just walked away.

We will remain engaged. And we are working with their institutions, where actually we have mentors working alongside them to teach them how to deliver a budget and spend the money. There are people helping them learn how to give contracts for extraction industries, gold mines, that sort of thing from the country, so they can start getting some economic development, and also, obviously, some income for their government.

But it is a top-down and it is a bottom-up effort. For those who are going in at the bottom who are going to be district governors, mayors, this sort of thing, we have courses going on. And we say, if you go to this course, instead of getting paid—I am not sure what it is—\$90 a month, you get paid \$250 a month. So people want to go to the course. The course teaches them how you deliver government services to people.

This is a society, as you know, that was completely upended by the Soviet invasion and a country that was never a threat to anybody became a breeding ground for terrorists that attacked our country. This is part of how we regain that country's balance so it is never again that sort of an effort.

REGIONAL UPDATE

Mr. FARR. Yes, well, it is also a country with one of the poorest in the world, with the least educated, and an incredibly high population of young people, just like throughout the Middle East. I am just wondering whether that 3-year timeline you can—we are doing enough to work ourselves out of a job. That is really the assessment of our capacity and capability of doing that.

And I have always been curious about that, because I think we get into these things, and we can get in, because we are the best in the world at getting in, but we get stuck, and we have a heck of a time ever getting out, because we don't know how to do that post-construction after stabilization.

General MATTIS. I think what we will see is a decreasing military commitment over these next 3 years. It won't be a significant drop initially. It will be a number that we start taking down in July. And then you will see an increasing commitment of people like teachers, people who can get government commerce, get the government to support commerce and this sort of thing. You will see it shift gradually to a more civilian-led effort that I think addresses the kind of roots to the economic and government development that is needed.

TRANSITION

Mr. FARR. And when can we expect the tipping point on that?

General MATTIS. Well, sir, I deal with a fundamentally unpredictable situation. But I think what you will see—

Mr. FARR. But you have a 3-year timeline now.

General MATTIS. But that 3-year timeline is for transitioning of security leadership. In other words, Afghan army, Afghan police will be in charge of all security efforts throughout the country in 3 years. Do I think that is achievable? Absolutely.

But that isn't the whole story. That is the security effort which must always lead the efforts toward economic and government reform at the lowest level, the level that really impacts people's lives. And that cannot start or at least cannot start with very much vigor until you have blunted the enemy, checkmated the enemy, and bluntly destroyed them in that area.

That is done by going after the irreconcilables, the true terrorists, the ones who are committed, and making it so it is very intolerable for the reconcilables to stay with our enemy. And this is what you saw in Iraq, where people were saying we can never win, and then all of a sudden, over a period of about a year-and-a-half, you saw the Iraqi people turn against the enemy.

At that point, it wasn't that they loved us. They just realized who were the good guys and who were the bad guys. So in this kind of war, that is how these wars are won, when the will of the people shifts against that enemy. I think when you get to that point, there is a lot more reason for optimism that you will see the kind of improvements that you are directing your questions to.

Mr. FARR. Well, thank you. And I appreciate that.

Mr. Chairman, I would just like the record to note that it—with walk-around money in Afghanistan, they can do 8,300 projects. It

would be nice to have some walk-around money in the appropriations process so we can stabilize our states.

Mr. CULBERSON. Thank you, Mr. Farr.

There was about 8 minutes left in the first vote when I left the floor. There is a debate on a motion to recommit and then two more votes.

So I will recognize the gentleman from Arizona.

Mr. FLAKE. I will try to get this before I have to go vote.

Thank you, General, for being here. I just had a question on—and this is similar to what has been asked a couple of times before, so I apologize. But on page 14 of the statement, you quote Vice President Biden saying it is not our intention to govern or to nation-build.

And I just am having a hard time distinguishing the difference between what you call the whole-of-government approach in support of the counterinsurgency plan and nation-building. I just—if you could give just a very brief difference between nation-building and what we are doing.

REBUILDING AFGHANISTAN

General MATTIS. It is not a clear line of demarcation, and there are times when you could say that one would fall under one or the other. Bottom line is, the Afghan people have to build their own nation. We can enable. We can support. Right now, we have to do a lot of fighting to protect the people and to nurture that army and that police force so they can do it for themselves.

But at the same time, you can't have people who have no fresh-water because their infrastructure has been destroyed in 30 years of war—you can't expect them to be supportive of us if we are not doing the basic things that allow them to survive with some degree of quality of life.

And so we do what is necessary to take away the enemy's narrative. We are not rebuilding the country. That is something the International Monetary Fund is helping on. World Bank is providing a lot of this money. The United Nations is working on this, broader issue than ours.

Mr. FLAKE. Just very quickly, before I have to go, I am concerned sometimes that we don't believe our own counterinsurgency plan. In the other committee that I used to serve on, Government Reform, the National Security Subcommittee there, we conducted a study on the host nation trucking program there. It represents about 15 percent of the Afghan economy. We are essentially paying the Afghans to protect our supply lines. We don't have the force structure to do it. I think it was said the Soviets spent about 75 percent of their force structure just protecting their supply lines. I understand we can't do that.

But the problem, it seems to me, is that a counterinsurgency relies on us standing up a government and having respect for that government and no parallel lines of authority. But we are funding the average \$1,500 per truck route basically for protection money. That money goes to warlords and others that is essentially a parallel power structure.

And we seem to be making no headway at all, in my view, in changing that approach. When will we change that? Because that

seems to me to be completely counter to the philosophy of counter-insurgency, true counterinsurgency.

General MATTIS. Yes, I would agree with you, but we are making—I would agree with you that it is counter to our approach, but we are making progress.

Mr. FLAKE. Where?

General MATTIS. Private security companies have been turned off. They have been shut down. And a year from now, I think it is going to be a challenge, because some of them have been very helpful. They are not all owned by warlords and this sort of thing. They have actually helped protect projects and roads in places where we just don't want to string our troops out and leave them there all day. We want them up as maneuver troops, as you know.

Mr. FLAKE. What percentage of our supply lines are—our area between bases and forward operating bases do we protect our own movement of goods? Because my understanding is, anywhere outside of a military base, basically, it is Afghans protecting us.

General MATTIS. Well, we move—a lot of our troops for re-supply missions are actually conducting those. And they don't rely at all on the Afghans—

Mr. FLAKE. So the movement of gasoline or whatever else—

General MATTIS. Ammunition, food, just the normal patrols that go back and forth that also carry logistics supplies to the outlying bases, these are done by our troops. As a matter of fact, it is—

Mr. FLAKE. What percentage roughly?

General MATTIS. I have no idea, sir. I will have to—I am not sure how you would even define this. Let me try and get you an answer on it.

[The information follows:]

We do not protect supply lines in the traditional sense of the word, as in a linear battlefield where units are assigned responsibility to protect a supply line. Protection is primarily of the entity moving on the route, not the route itself. Security of contracted logistics convoys is the responsibility of the contracted carrier, and protection of military forces is provided by the military. There are a few limited areas where a route has had such a degree of enemy activity that they have been supported with combat outposts manned by military force, but this is a very small portion of all the routes in Afghanistan. There are no portions of routes where the security has been contracted to private security firms.

Mr. FLAKE. Okay. That would be good. Thank you.

And I apologize for having to run and vote, but thank you for your testimony. Thank you for what you are doing. I really appreciate it.

Mr. CULBERSON. Thank you.

General, we want to submit any additional questions in writing, which you can then respond to in writing. I deeply appreciate, as we all do, your service. We all have great admiration for you, sir, and the men and women under your command. And we want to do everything we can to make sure they have all the support that they need.

I want to remind our members the next hearing will be March 9th at 2 p.m. with Richard Griffin, the Deputy Inspector General of Veterans Affairs in HT-2 of the Capitol.

General, thank you again. The committee stands adjourned.

[Questions for the Record submitted by Chairman Culberson for General James N. Mattis follows:]

Overseas Contingency Operations (OCO) Military Construction

Question 1. The fiscal year 2011 budget is currently under a short-term continuing resolution. How is this impacting your fiscal year 2011 budget request of \$1.2 billion?

Answer. We cannot award any of the 49 projects in the AOR which were authorized in the FY 11 NDAA. These projects are critical to sustaining current operations and will replace aged infrastructure to ensure mission readiness, provide adequate force protection, support the health and welfare of our troops, and more specifically support responsible transition in Afghanistan.

Overseas Contingency Operations (OCO) Military Construction

Question 2. Have you established any contingency plans or used any of your authorities, specifically Contingency Construction Authority (CCA), to ensure there are no gaps in the needs in your Area of Responsibility (AOR) for construction?

Answer. Yes. If we have no appropriation by June 2011, we will consider (as a last resort) using Contingency Construction Authority (CCA) to address our top priority projects. Use of CCA to address these known requirements limits our flexibility to address unknown emergent projects. Since CCA is funded via Operations and Maintenance (O&M) from the services, this would also degrade O&M funding in the AOR. Additionally, CCA is limited to \$300M for the CENTCOM AOR and the Horn of Africa region.

Overseas Contingency Operations (OCO) Military Construction

Question 3. Understanding there area total of six projects in the FY 2012 baseline budget request totaling \$217 million, can you explain what factors went into reducing OCO request from \$1.2 billion in FY 2011 to zero or no funding FY 2012?

Answer. With the FY11 request, we are completing the key infrastructure required at our hubs to sustain operations in Afghanistan. As we transition the security mission to Afghan lead, our priority is to provide adequate facilities and camps to their forces. We will request CCA authorization in FY12 and beyond to address emergent requirements for our forces.

Overseas Contingency Operations (OCO) Military Construction

Question 4. As a result of the continuing resolution and no funding requested in fiscal year 2012, are there any of your emergency military construction authorities that you would foresee needing to be adjusted or increased, specifically CCA?

Answer. We expect to request CCA support until ongoing operations have concluded. We believe that CCA support in line with the historical norm (\$500 million) will provide adequate flexibility for the CENTCOM AOR.

Drawdown in Iraq

Question 5. The latest plan was to remove all "combat" forces from Iraq by August 31, 2010 while only, leaving 50,000 troops. What is our current posture in Iraq?

Answer. Slightly less than 50,000 U.S. troops currently support the Iraqi Security Forces in an advisory role.

Drawdown in Iraq

Question 6. There are an increasing number of observers who claim that U.S. forces will not be out of Iraq after December 31, 2011, as stipulated by the Status of Forces Agreement. Are there any scenarios under which that might be the case?

Answer. We are on track to remove forces from Iraq by 1 January 2012 and will support civilian-led efforts through the Office of Security Cooperation — Iraq. If the Government of Iraq requests U.S. forces remain to assist Iraqi Security Forces after December 31, 2011, and the U.S. Government agrees to such a request, the U.S. military has the capability to assist.

Drawdown in Iraq

Question 7. What challenges do you face meeting this requirement - i.e. United States' relationship with other countries in the Area of Responsibility, logistical issues or funding requirements?

Answer. We face numerous challenges to complete drawdown from Iraq but we believe we are on track. Logistically, we must transfer 74 bases to the Iraqi Government while also moving 1.58 million pieces of equipment and safely re-deploying nearly 50,000 personnel. While conducting the drawdown, we will continue to reassure our partners of U.S. resolve in countering malign influence and violent extremist organizations that threaten regional stability. The Office of Security Cooperation-Iraq (OSC-I) will enable our enduring partnership with Iraq. Fully funding the OSC-I (to ensure we reach final operating condition) prior to the drawdown is vital. OSC-I will enable a seamless transition in the advising, training, and equipping of Iraqi forces and will sustain our hard won gains in Iraq.

Drawdown in Iraq

Question 8. What is your vision for a post-Iraq force posture for the U.S. in the Persian Gulf? Are the nations of the Gulf supportive of a continuing U S military presence in the region?

Answer. Our requirements will drive our posture needs. Force presence, especially ground presence, will reduce over time as we transition in Iraq. We will still have several challenges and threats within the region that will require a responsive posture to include access, infrastructure, and some limited force presence. Where possible, we will meet operational requirements using maritime and air forces, prepositioned equipment, and out of theater response forces. The in-theater force presence is designed to reassure our regional partners of the commitment of the U.S. to the region, as well as deter and counter adversaries as we balance any regional sensitivity to our presence. Many of our regional partners are supportive of a tailored U.S. presence as a sign of our commitment and we continue to work closely with them to achieve the right balance. We also work closely with our partners to achieve our bilateral security interests and develop the additional flexibility to respond rapidly to support our requirements.

Force Posture and Drawdown in Afghanistan

Military construction in Afghanistan was mainly in the areas of Bagram, Kandahar, and Kabul. In fiscal year 2011 we saw funds being requested for bases all over the country and because military construction requires 18 or more months to be completed, CENTCOM's force posture must now think beyond the present situation to two or three years from now.

Question 9. What is the current level of U.S. forces, and separately the total of allied forces, in Afghanistan?

Answer. The current level of U.S. forces in Afghanistan is approximately 101,000. The total number of allied forces is approximately 44,000.

Force Posture and Drawdown in Afghanistan

Question 10. What are the other conditions that you will be looking at in making your recommendations on future troop levels, and their geographic arrangement, to the chain of command?

Answer. The conditions for transition and troop level requirements are closely linked to the capacity of Afghan National Security Forces (ANSF) to shoulder additional security tasks with less assistance from International Security Assistance Forces (ISAF). We are focused on improving security to the point that the population can pursue routine daily activities. Helping local governance meet the needs of the people buttresses the effort to establish security, ultimately reducing the need for ISAF assistance. The geographic arrangement of forces will directly reflect and respond to the dynamics of the transition process.

Force Posture and Drawdown in Afghanistan

Question 11. With the fiscal year 2012 budget request for Overseas Contingency Operations is zero, what is the operational plan for the other countries where previously contingency funds have been programmed and obligated for construction projects in previous budget submissions?

Answer. We submit contingency military construction (MILCON) requests for projects that support Operation Enduring Freedom (OEF) and baseline requests for projects that support our enduring missions that we expect to continue after OEF. We will continue to submit requests in the baseline budget for infrastructure requirements that improve our operational capability so that we are adequately postured for future challenges.

Force Posture and Drawdown in Afghanistan

Question 12. Is there a similar post-surge posture plan for Afghanistan as there was with Iraq? Please explain.

Answer. The plan and any drawdown of U.S. and NATO forces within Afghanistan will be based on the ability to transition security to Afghan forces. The transition process relies on an assessment of the capacity of Afghan National Security Force (ANSF); the security of the population; and the development of local governance. Based on this assessment and conditions on the ground, ISAF will "thin out" forces throughout the process of transition.

This is a conditions-based process, starting at the district level and progressing up to the province level. At this point it would be premature to predict how many and how quickly U.S. forces can drawdown. We continually reassess the resources we have in theater in order to ensure that we maintain the right inputs. This is similar to the post-surge plan in Iraq, but each operation is unique.

Detainee Operations in Afghanistan and Iraq

Question 13. How many detainee facilities does the U.S. currently operate in Afghanistan? In Iraq?

Answer. The U.S. currently operates one detention facility in Afghanistan and one facility in Iraq. In addition, the U.S. maintains temporary holding areas in Afghanistan and in Iraq to screen detainees taken from the field.

Detainee Operations in Afghanistan and Iraq

Question 14. Which ones are slated to be turned over to Afghan control?

Answer. The detention facility in Parwan, the only U.S. detention facility in Afghanistan, will be turned over to Afghan control. A time for that transition has yet to be determined.

Detainee Operations in Afghanistan and Iraq

Question 15. Which ones are slated to be turned over to Iraq by the end of the Strategic Forces Agreement (SOFA) on December 31, 2011?

Answer. USF-I plans to turn over Camp Cropper, the last remaining U S controlled detention facility, in July 2011.

[Questions for the Record submitted by Ranking Member Congressman Bishop for General James N. Mattis follows:]

FY 2012 BUDGET REQUEST

Question 1. The amounts appropriated or requested for military construction in Afghanistan have ramped up dramatically during the past few years. In the FY 2011 baseline request there were 10 projects and for Overseas Contingency Operations (OCO) there were 55 projects, I am sure all are in limbo right now due to FY 2011 funding not being resolved, however for the FY 2012 request there are only 3 for Afghanistan and no funds have been requested for OCO. I assume the reason for this sharp decline is because our focus will be on maintaining infrastructure not building it, would you agree that is that reason?

Answer. Yes. With the FY2011 request, we are completing the key infrastructure required at our hubs to sustain operations in Afghanistan. As we transition the security mission to Afghans, we will focus on providing adequate facilities and camps for their forces.

FY 2012 BUDGET REQUEST

Question 2. Is the proposed July withdrawal from Afghanistan having an effect on military construction dollars as well?

Answer. Yes. The FY11 request is focused on completing the infrastructure required at key hubs to enable us to sustain operations through a transition of security responsibility. Though there is no FY12 OCO request, we will request CCA authorization in FY12 and beyond to address emergent requirements for our forces.

FY 2012 BUDGET REQUEST

Question 3. General Mattis, since 2001 how much, in construction dollars, have been spent in Afghanistan?

Answer. The U.S. has invested approximately \$4.76 billion in military construction (MILCON) in Afghanistan from FY2004 - FY2010. There was no MILCON in Afghanistan prior to FY2004.

FY 2012 BUDGET REQUEST

Question 4. General, in the President's West Point speech on December 1, 2009, he stated that we would "begin the transfer of our forces out of Afghanistan in July 2011." He then went on to say, "Just as we have done in Iraq, we will execute this transition responsibly, taking into account conditions on the ground." Please explain what actions will be taken with regard to the facilities this committee has funded over the past several years and what steps will be taken in FY 2012 to continue this transition?

Answer. Military construction (MILCON) facilities built in Iraq were generally funded with Contingency Construction Authority (CCA) for operational requirements of a temporary nature. As we continue to transition bases to the Government of Iraq, those facilities are transferred as well. We report these base transfers to Congress on a quarterly basis along with the investment cost of infrastructure improvements left behind. Although very small in scope, we have already identified facilities and bases to transition in Afghanistan. We expect the transfer of bases and facilities to be similar to what we have done in Iraq.

FY 2012 BUDGET REQUEST

Question 5. General Mattis, there are two projects requested in FY 2012 at Manama, Bahrain, do you have any concerns that the protesting in Bahrain will cause problems with the construction schedule of these projects?

Answer. To date, there have not been any work stoppages in our construction projects in Bahrain due to the protests. We continue to monitor the situation and should the situation degrade, project schedules could potentially be impacted.

FY 2012 BUDGET REQUEST

Question 6. Have these protests affected ongoing projects, for example in Egypt, protesting delayed contract solicitation, has anything like this happened in Bahrain?

Answer. The protests have not affected ongoing projects in Bahrain.

FY 2012 BUDGET REQUEST

Question 7. General Mattis, are there any specific threats towards our facilities or personnel in Bahrain?

Answer. There are no current, specific, or identified threats to U.S. facilities or personnel in Bahrain. CENTCOM's 5th Fleet in Bahrain and the Naval Criminal Investigative Service report that our facilities have not been the site of demonstrations and are not the subject of specific threats by protestors or opposition groups.

FY 2012 BUDGET REQUEST

Question 8. What steps have been taken to protect personnel and property?

Answer. U.S. forces located in Bahrain have maintained continual awareness of the situation and have taken prudent measures to secure Department of Defense personnel and property at all times. Throughout the entire crisis, U.S. Forces in Bahrain have remained in close coordination with the Department of State regarding the steps and measures needed to ensure the protection of all U.S. personnel and property. In addition, U.S. Forces in Bahrain continue to coordinate with Bahraini Defense Forces.

LACK OF FY 2011 FUNDING

Question 9. General Mattis, DOD has numerous authorities that enable you to get the ball rolling on construction projects, yet it appears that CENTCOM has yet to use any of these resources, at what point will you take advantage of these authorities?

Answer. If we have no FY11 appropriations by June 2011, we will consider (as a last resort) using Contingency Construction Authority (CCA) to address our top priority projects. Use of CCA to address these known requirements limits our flexibility to address emergent projects. Since CCA is funded via Operations and Maintenance (O&M) from the services, this would also degrade the ability to fund O&M requirements in the AOR. CCA is limited to \$300M for the CENTCOM AOR and the Horn of Africa region.

LACK OF FY 2011 FUNDING

Question 10. General Mattis, as we all know military construction timelines are slow to respond to changes in a combat environment and with the delay of FY 2011 funding, some of these projects may be rendered unnecessary by changing conditions on the ground. As you know, since FY 2004, DOD has had "Contingency Construction Authority" which allows the use of O&M funds to handle unforeseen, out-of-cycle military construction requirements in Iraq, Afghanistan, and elsewhere within the CENTCOM AOR. Would it be helpful to you if Congress gave you CCA-like flexibility in the use of military construction funds within the theater?

Answer. Yes, having this flexibility would permit CENTCOM to initiate emergent military construction projects needed ahead of the normal appropriation process and substantially reduce project delivery timelines.

LACK OF FY 2011 FUNDING

Question 11. If Congress were to provide with you theater military construction funding according to the broad facility categories used in the C-1 Construction Exhibit, rather than a line-item, project-by-project appropriation, would that provide an adequate degree of flexibility?

Answer. Yes, having this flexibility would permit CENTCOM to shift military construction project funding based on the dynamic operational environment and would substantially reduce project delivery timelines.

LACK OF FY 2011 FUNDING

Question 12. General Mattis, are there any projects in FY 2011 that are no longer needed?

Answer:

Answer. They have all been validated by USFOR-A and CENTCOM.

DRAWDOWN IN IRAQ

Question 13. The President removed all "combat" forces from Iraq in August of last year, leaving 50,000 troops. What will our posture in Iraq look like at the end of 2011?

Answer. We are currently on track to remove remaining forces from Iraq by 1 January 2012. United States Forces — Iraq (USF-I) will transfer responsibility for military cooperation activities to the Office of Security Cooperation — Iraq (OSC-I) under Title 22 authorities in support of State Department led efforts. OSC-I will continue to assist the Iraqi security forces with training and equipping programs, established under USF-I, contributing to a mutually beneficial bilateral security relationship with the Government of Iraq.

DRAWDOWN IN IRAQ

Question 14. There are an increasing number of observers who claim that U.S. forces will not be out of Iraq after December 31, 2011, as stipulated by the Status of Forces Agreement. Are there any scenarios under which that might be the case?

Answer. We are currently on track to remove forces from Iraq by 1 January 2012 in support of civilian-led efforts through the Office of Security — Iraq. If the Government of Iraq requests U.S. forces remain to assist Iraqi Security Forces after December 31, 2011, and the U.S. Government agrees to any request, the U.S. military has the capability to assist.

DRAWDOWN IN IRAQ

Question 15. What is your vision for a post-Iraq force posture for the U.S. in the Persian Gulf and what will happen to facilities in Iraq?

Answer. We need an enduring military capability to execute operations and provide options to regional contingencies in the Gulf. To do this, CENTCOM depends on robust, theater-wide support networks comprised of essential infrastructure for global access, power projection, sustainment of forces, and protection of forces in theater. We will reshape U.S. force presence to meet long term requirements such as countering the de-stabilizing activities of Iran and developing partner nation security forces.

In support of DoD's effort to establish a global posture that meets future operational requirements, we submit a Theater Posture Plan annually to OSD and to the Joint Staff. This plan provides the vision for development of posture over the long term. Key elements of this proposed posture development are included in the annual OSD Report to Congress on Global Posture.

We expect any U.S. military presence in Iraq after December 31, 2011 to consist of a small staff organized under the Office of Security Cooperation-Iraq (OSC-I). The OSC-I mission will be to conduct sustained security assistance and cooperation activities with the Government of Iraq to support long term U.S. objectives. Regarding the facilities in Iraq, we continue to turn over bases to the Iraqis, with the exception of those planned for use by either the U.S. Embassy and/or OSC-I personnel.

DETAINEE OPERATIONS

Question 16. How many detainee facilities does the U.S. currently operate in Afghanistan, and which ones are slated to be turned over to Afghan control in the near future?

Answer. The U.S. currently operates one detention facility in Afghanistan and temporary holding areas to screen detainees taken from the field. The detention facility in Parwan will be turned over to Afghan control. A time for that transition has yet to be determined.

DETAINEE OPERATIONS

Question 17. How have plans for Guantanamo Bay affected plans to turn these facilities over to Afghan control?

Answer. Plans for Guantanamo Bay have not affected plans to turn over facilities in Afghanistan.

[Questions for the Record submitted by Congressman Flake for General James N. Mattis follows:]

The report found that subcontractors hired by HNT to provide security to the transportation convoys were "warlords, strongmen, commanders, and militia leaders who compete with the Afghan central government for power and authority." Providing funding to such individuals is clearly at odds with our objective in Afghanistan to empower a central Afghan government.

Question 1. What percentage of the US supply chain in Afghanistan is delivered in-country using local companies? Of these deliveries, what percentage of the security provided is performed by entities outside of the International Security Assistance Force? Has there been any improvement in the outsourcing of security to guard these convoys since the report of June 2010? What efforts is the Department of Defense making to ensure that funds from the HNT contract do not wind up in the hands of the very adversaries the military is trying to defeat?

Answer 2. CENTCOM Joint Theater Support Contracting Command awards the Host Nation Trucking (HNT) suite of contracts. Local companies execute 100 percent of these contracts.

For HNT missions, entities outside the International Security Assistance Force provide security (e.g. Private Security Contractors — PSCs) approximately 75-80 percent of the time. The United States military provides security on the remaining HNT missions.

We have improved the outsourcing of security to guard HNT convoys since the June 2010 report. Before an HNT prime contractor can subcontract with any PSC, the PSC must be licensed by the Afghan Government and approved by a vetting cell within the ISAF Joint Command. Additionally, Task Force 2010 provides a recommendation based on their financial investigations of the companies.

Currently HNT contracts are being re-competed and the follow-on contracts are scheduled to begin performance 1 August 2011. In crafting the new contracts, the USG interagency has taken every opportunity to use the lessons learned from HNT and incorporate improved processes and oversight. More than 30 improvements or lessons learned from the HNT contracts have been incorporated into the new contracts. One of the major improvements of the new contracts is the payment in Afghan currency. Afghan dollars are much more difficult than U.S. dollars to convert into a usable currency outside of Afghanistan and therefore, less likely to be given to, or accepted by, our adversaries. Additionally, the USG will make the final determination as to whether or not any particular PSC can work on the new contracts.

[Questions for the Record submitted by Congressman Farr for General James N. Mattis follows:]

Question 1. How many contractors are working on Afghanistan?

Answer 2. As of 4 January 2011 census data, there were 87,483 Department of Defense contractors working in Afghanistan. The next quarterly census data is due to Office of Secretary of Defense on 08 April 2011.

Question 2. Please describe your integrated military civilian planning process in Afghanistan, and how and when DOD will transition to USG civilian presence in Afghanistan.

Answer. The integrated civilian-military planning process in Afghanistan is focused on supporting transition. A Joint Afghan-North Atlantic Treaty Organization Integral Board (JANIB) provides a forum for civilian-military transition planning. The JANIB will assess province readiness to transition and administrative processes. The *Integral* (Dad for "Transition") process is comprised of three phases: Phase I: Initiation; Phase II: Implementation; and Phase III: Monitoring Process.

- Phase I is the process to determine readiness for nomination of a province or area of government for transition based on achieving capacity in security, governance, and development. After assessment data collection, JANIB will submit recommendations to the Afghan Cabinet for approval. JANIB employs the Provincial Development Committee (PDC) to draft an Action Support Plan. Finally, the Afghan Government will announce the identified provinces for transition.

- Phase II is a four stage process to establish milestones, outcomes, and timelines for transition that includes: transition of Provincial Reconstruction Team (PRT) leadership from military to civilian; PRT coordination with PDC; Afghan National Security Forces (ANSF)/International Security Assistance Forces (ISAF) relationship transitioning to a mentor and liaison role; transitioning justice and public services; international funding funneled through central budget; and progressive ISAF reduction. This phase culminates with complete transition to Afghan planning, conduct, and control of security, governance, and development.

- In Phase III, the JANIB certifies the completion of the implementation with updates from the PDC. In the end, the Government of the Islamic Republic of Afghanistan (GIROA) is fully responsible for internal and external security, rule of law, the preservation of constitutional rights, and the facilitation and growth of a stable economic environment.

Recommendations for the Department of Defense transition to an enhanced United States Government civilian presence in Afghanistan are currently under consideration in consultation with the GIROA.

Question 3. What kind of coordination is there between your CERP project and USAID projects?

Answer. Theater-based CERP Program Managers are developing stronger relationships and better communication channels with their unit staff members, including USAID representatives. For significant infrastructure and development projects, the justification for an urgent, humanitarian need is carefully evaluated by these managers in order to differentiate the proposed CERP project from projects more suitable for execution by other agencies, such as USAID. To gain the most positive results and ensure effective synchronization, military project managers at the lowest levels (e.g. District Support Teams and Battalion Task Forces) are coordinating with USAID Field Program Officers working in the District Support Teams and working in Provincial Reconstruction Teams to ensure correct agency ownership is chosen. Additionally, CERP projects are documented in the Combined Information Data Network Exchange (CIDNE) database.

Coordination is further enhanced by a USAID representative sitting on the USFOR-A CERP Review Board, as a voting member. Similarly, a USAID representative is embedded within Afghanistan Regional Commands (RCs) and these representatives review all projects at that level prior to approval. This USAID representation usually provides subject matter expertise on Rule of Law, Education, Agriculture, and some Infrastructure CERP projects and allows the opportunity to deconflict projects between organizations. The Afghanistan Power Initiatives also illustrates procedures that our project management team brings to the table such as transparency, coordination of projects, as well as ensuring projects are directly tied to the counterinsurgency (COIN) objectives. Although these projects now fall under the new Afghanistan Infrastructure Program (and the attendant Afghanistan Infrastructure Fund), the coordination illustrates the symbiotic planning in our whole of government approach with regard to the CIV-MIL Campaign Plan.

Question 4. What kind of cultural expertise and foreign language training do CENTCOM troops have to conduct these "nation building" missions.

Answer. CENTCOM requires military members deploying to Afghanistan to receive Afghan culture and language (Dari or Pashtu) training through web-based classes or through packaged briefings and training. Members going to Iraq are required to receive Arabic culture and language (Egyptian or Iraqi dialects) training, as well as appropriate culture and language classes for other assigned destinations.

In addition, each service has specific requirements with regard to Language, Regional Expertise, and Culture (LREC) training. As an example, the Department of the Army requires all soldiers deploying to Afghanistan and Iraq to complete online language and culture training. Additionally, at least one leader per platoon is required to develop measurable, language proficiency.

Question 5. Is there mil to mil dialogue ongoing with all the allies in the Middle East region?

Answer. CENTCOM maintains a robust program of mil-to-mil dialogue with our Middle East regional partners. Our military attaches and our security cooperation offices execute day-to-day contact with our military partners. In some countries (Saudi Arabia, Egypt, Kuwait, and United Arab Emirates), CENTCOM maintains permanent security cooperation missions led by general officers.

Our forces in Kuwait, Bahrain, and Qatar also interact regularly with host nation officials. Such interaction critically enables the CENTCOM mission and supports U.S. strategic objectives.

Additionally, CENTCOM participates in regularly scheduled strategic dialogues with our partner nations. Some of these dialogues are conducted at the Under-Secretary of Defense level, while others are conducted solely between our joint military staffs.

Finally, CENTCOM senior leadership conducts regular key leader engagements with political and military leadership in each of our area of responsibility countries.

Question 6. What about civ to mil dialogue in the region?

Answer. The ongoing civil-military exchange between the USG interagency and our regional partners is essential to our efforts to promote progress and stability in the CENTCOM AOR.

THURSDAY, MARCH 31, 2011.

U.S. EUROPEAN COMMAND

WITNESSES

**ADMIRAL JAMES G. STAVRIDIS, UNITED STATES NAVY, COMMANDER,
UNITED STATES EUROPEAN COMMAND**

**REAR ADMIRAL WILLIAM "ANDY" BROWN, DIRECTOR OF LOGISTICS,
U.S. EUROPEAN COMMAND**

OPENING STATEMENT

Mr. CULBERSON. Good morning. The Appropriations Subcommittee on Military Construction and Veterans Affairs will come to order.

It is a great privilege to welcome you here this morning, Admiral. Thank you so very much for your service, sir.

We are continuing today a discussion of the Quadrennial Defense Review decision on whether or not to retain four Army brigades and combat teams in Europe as well as a Corps headquarters. And a SCIF I also understand is also part of the discussion. The Army would like to build their own SCIF as well.

The 2004 Global Defense Posture Review called for reducing our Armed Forces in Europe to two brigades and returning those units to the United States, to include the headquarters both the First Armored and the First Infantry Divisions. This decision, which required billions in infrastructure and additional costs, has been partially reversed by the QDR, pending some additional reviews.

The previous commander of European Command, General Craddock, began raising concerns about this drawdown back in 2007. This led to a postponement of the final brigade relocation from 2011 to 2013, creating an opportunity to review this plan during the QDR process; and this leads us to our hearing today.

The Secretary of Defense plans shortly to announce his decision on the final outcome of the relocation of the Brigade Combat Teams from Europe to the United States, with completion of additional reviews by the Department. My instinctive reaction as a fiscal conservative and in order to I think not only save money but it also makes sense, and certainly we hope to have one of those brigades in Texas at Fort Bliss, is to bring two of them home. I look forward to exploring that further with you today, sir.

We have this and a lot of other issues to address today. We are delighted to have you. But, above all, we want to thank you for your service to our Nation, Admiral.

And I am pleased to recognize at this time our ranking member, Mr. Bishop of Georgia.

OPENING STATEMENT OF MR. BISHOP

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

Admiral, after I left our conversation a couple weeks ago regarding all the different issues that you face, I found great comfort in knowing that you are there to handle these issues. I think the intellect, the integrity, the experience of knowledge and history that you bring to your current position is invaluable; and we thank you for your service.

I look forward to discussing the improvements to the medical facilities in Germany with you today. As you know, Germany, of course, is the first stop for our servicemembers that are wounded in Iraq and Afghanistan; and in many cases the treatment that they receive in Germany has a direct effect on their ability to recover once they get home. So I would like to know how the renovations will improve the care, and I want to make sure that you have all of the resources that you need to make the health care facility there a world-class facility.

I am also interested in what you are doing to improve the schools in your area of responsibility. Sometimes we forget that our servicemembers are also mothers and fathers, who have the same worries as the civilians when it comes to educating the kids. So when servicemembers with children get new orders, one of their first questions is how are the schools. In the last year, you kind of painted a grim picture when you were before us regarding the condition of the Department of Defense education activity schools in Europe. And of course I know that we have done some substantial renovations over there, but I want to make sure that we solve the problems. Because the last thing our servicemembers need to worry about is whether their children are getting a quality education.

We have got some important issues to cover and of course we thank you for being here this morning. We look forward to your testimony and subsequent questions and answers.

OPENING STATEMENT OF ADMIRAL STAVRIDIS

Admiral STAVRIDIS. Thank you.

Mr. Chairman, may I just open with a quick statement?

Mr. CULBERSON. Yes, sir. Of course. And then your full statement will be entered into the record.

Admiral STAVRIDIS. Okay. Thank you, sir.

First of all, I want to thank the committee for taking the time to hold this hearing and take a moment to listen and to have a conversation about military construction in Europe.

We are very fortunate to have today Admiral Andy Brown, who is my—we call him J4. He is the man who works military construction directly. So we have real expertise at the table. I will try and give you kind of a macro level view; and, as we get into any details, Andy is here to kind of help us out.

What we do in U.S. European Command is really three things. We do military operations; we do partnerships with our European allies and friends, 51 nations in U.S. European Command; and we also do a great deal with the interagency. All of that is done by people, and so today my real focus is on the topics that both the

chairman and the ranking member have mentioned, which are doing the right thing and taking care of our people.

At the same time, we want to do that in a way that is smart and responsive to the American taxpayer. And that means we have to consolidate, we have to look for efficiencies, we have to be smart about what we attempt to do even as we do the right thing for our people.

I will be glad to talk about any of the projects we have under way, but I just want to kind of draw a line under two of them, both of which were mentioned by the chairman and the ranking member.

The first is the new hospital at Landstuhl, and I am a believer in that project. I think we have got it sized about right, and I can talk more about that.

And the second are the schools. And the ranking member is exactly right. Anytime any of us as parents get ready to move, the first question we ask is how are the schools. In fact, I was just talking to the chairman a moment ago about driving our daughters to school. Nothing is more important in a parent's life than that.

So I do have progress to report on schools, Ranking Member; and I think that, again, with the help of this committee, we are moving in the right direction. The trajectory is right on improving the Q-ratings, as we call them, in many of the schools in Europe. So we are moving in the right direction working together.

With that, I would like to stop and turn it over to the committee so we can get into the questions and answers here.

[The information follows:]

HOUSE APPROPRIATIONS COMMITTEE

Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies

TESTIMONY OF

ADMIRAL JAMES G. STAVRIDIS, UNITED STATES NAVY
COMMANDER, UNITED STATES EUROPEAN COMMAND
BEFORE THE 112TH CONGRESS, 2011



United States
European Command
"Stronger Together"

INTRODUCTION

Mr. Chairman, Ranking Member, and distinguished Members of the Committee, I would like to thank you for the opportunity to appear before you today to share with you the successes achieved and the challenges being faced by the men and women of both the United States European Command and the North Atlantic Treaty Organization's (NATO) Allied Command Operations since I last appeared before you. I have now been at the helm of these Commands for almost two years and am happy to report we continue to make progress and develop stronger partnerships for our shared security. The most important activities and initiatives contained in these pages are those in which we work together with our allies and partners to build capacity to ensure U.S. security in the European theater and, thus, defend our homeland forward.

The United States and Europe are inextricably linked—politically as allies and partners in diplomacy. Additionally, the European Union and U.S. economies account for about half the global economy. The two economies are interdependent to a high degree. The United States and the European Union are each other's top trading partners. In 2009, the European Union exported \$280 billion in goods to the United States, and imported \$220 billion in goods from the United States.

The most important ties for our command, of course, are those between our militaries. U.S. military traditions grew out of European ones. We have learned from each other, often in



European immigrants entering the U.S. through Ellis Island

the demanding circumstances of combat, and we have consistently found ways to become partners and then allies. For the greater part of a century, U.S. soldiers have shared battlefields with their European counterparts – from the Argonne Forest to the sands of Normandy to the mountains of Afghanistan. With respect to mutual and global security perspectives, Europeans are superb partners.

MISSION & VISION

The mission of the U.S. European Command is to conduct military operations, international military engagement, and interagency partnering to enhance transatlantic security and defend the United States forward.

We strive to be an agile security organization able to conduct full spectrum activities as part of whole of government solutions to secure enduring stability in Europe and Eurasia.

- Our area of focus covers roughly one-fifth of the planet, including all of Europe, large portions of Asia, parts of the Middle East and the Arctic and Atlantic Oceans.
- We are responsible for U.S. military relations with NATO and 51 countries on two continents with a total population of close to one billion people.
- We direct the operation of more than 80,000 military personnel across 10.7 million square miles of land and 13 million square miles of ocean.
- We are responsible for maintaining the quality of life, including health care and schools, for approximately 130,000 Department of Defense family members living in Europe.

European Command

Mission

U.S. European Command conducts military operations, international military engagement and interagency partnering to enhance transatlantic security and defend the homeland forward.

Vision

An agile security organization with a “whole of government” approach seeking to support enduring stability and peace in Europe and Eurasia.

Themes

- Ready forces provide regional security.
- Mutual security challenges require cooperative solutions.
- EUCOM is committed to enduring partnerships.

Motto

“Stronger Together”

Progress

U.S. European Command has achieved progress through proactive initiatives and by responding to challenges and opportunities that arose over the past year.

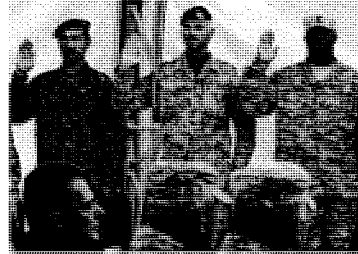
European Command's Support to International Security Assistance Force (ISAF) in Afghanistan. European Command's activities to support ISAF operations are extensive and effective. At any given time, approximately 80% of the non-U.S. countries deployed to Afghanistan are from the European theater. EUCOM's support to ISAF is largely focused on preparing these partner nations for deployment to Afghanistan. This includes dispatching mobile planning teams to assess partner nation equipment and training requirements and working with the country to develop a comprehensive pre-deployment plan.

These requirements may include provision of equipment such as up-armored high mobility multipurpose wheeled vehicles (HMMWV) and mine-resistant ambush protected vehicles (MRAP), and pre-deployment training to counter improvised explosive devices, build Observer Mentor Liaison Teams, and provide Expeditionary Intelligence Training courses tailored to the complex Afghan counterinsurgency environment. The Command also works closely with our partner nations to fill critical National Training Mission-Afghanistan training requirements.



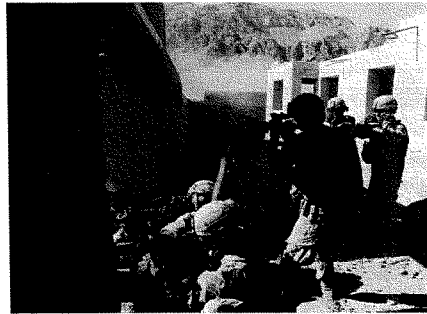
Combat training for Afghan National Security Forces

In quantitative terms, since I last appeared before this committee, European Command has dispatched over 20 mobile planning teams and conducted three Observer Mentor Liaison Team rotations at the Joint Multinational Readiness Center, which included 16 countries and 1,045 personnel and conducted eight Expeditionary Intelligence Training courses in which we have trained 230 personnel from



International Security Assistance Force non-commissioned officers (NCO) raise their right hands and repeat the charge of the NCO during an NCO induction ceremony in Afghanistan

14 countries. We have also trained over 1,860 soldiers from 15 countries to counter the threats posed by improvised explosive devices, and trained two Polish Brigades and two Georgian battalions for deployment to Afghanistan. On the logistics side, we have moved 487 tons of



U.S. Army Soldiers from the 173rd Airborne Brigade Combat Team get ready to engage enemy combatants

equipment through Europe to Afghanistan over the Northern Distribution Network. In FY10, we coordinated use of the Department of Defense Lift and Sustain Program to provide non-reimbursable air and sealift to move 14,897 passengers and 4,206 tons of cargo for 13 contributing nations, who would have otherwise been unable to move equipment and personnel to Afghanistan. Also, we are able to support partner movements through our active involvement in two major European military transportation consortiums. U.S. European Command also coordinates and schedules the United States' allocation of 1,000 flight hours in

the Heavy Airlift Wing (HAW), comprised of three cooperatively shared Hungarian registered and certified C-17 aircraft.

Counter-Improvised Explosive Device Training. A growth area for European Command this fiscal year is counter-improvised explosive device training, where we plan to train as many as 5,000 partner nation soldiers during this fiscal year.

Assuring Access. U.S. European Command plays a critical role in assuring that the United States continues to enjoy access within and beyond European Command's area of focus. Our mature basing footprint includes several locations that are used in support of U.S. Transportation Command's en-route strategy which has proven to be vital in supporting recent operations in Afghanistan and Iraq. Well-established relationships with partner nations further complement our access capability.

Multi-National Joint and Interagency Exercises. The most intensive form of peacetime interaction with our allies and partners occurs in the conduct of joint exercises. European Command maintained a robust bilateral and multilateral exercise program last year, executing 33 major exercises involving nearly 50,000 U.S., allied, and partner nation personnel from 40 nations. The exercises focused on preparing partner nations for ongoing coalition operations including the International Security Assistance Force (ISAF) in Afghanistan, enhancing NATO interoperability, and improving our military capability and interoperability with Israel.

Exercises in the Baltics, Balkans, and Caucasus. In support of NATO, European Command provided forces for nine NATO and NATO Partnership for Peace events in the Baltics. United States Naval Forces Europe also executed Exercise BALTIC OPERATIONS, a long-standing multinational maritime exercise which included 12 nations focused on maritime interdiction

and amphibious interoperability. Addressing the Balkans, two major exercises, IMMEDIATE RESPONSE 10 and COMBINED ENDEAVOR 10, bolstered partner capabilities and eased regional tensions. Of particular note, European Command conducted JACKAL STONE 10, a Field Training Exercise in Poland and numerous other locations throughout the world, in cooperation with Special Operations Command. This event involved more than seven nations and approximately 1,100 partner nation Special Operation Forces personnel. JACKAL STONE, along with other Special Operations exercises and Joint Combined Exchange Training events in over 25 countries, directly supports U.S. and partner Special Operations Forces' readiness and capabilities for U.S., NATO, and European Union missions ranging from counter terrorism to high-intensity conflict.

ARCTIC ZEPHYR. ARCTIC ZEPHYR is a multi-phased exercise, convening initially as a table-top event and projected ultimately to culminate in a multinational search-and-rescue field exercise. In support of U.S. policy and strategy on Arctic issues, the long term goals of ARCTIC ZEPHYR are to maintain an understanding of the legal, commercial, and political ramifications of the changing Arctic environment and to strengthen relationships with other Arctic nations. This is one of the areas where European Command finds common ground and opportunities for cooperation with Russia.

AUSTERE CHALLENGE. U.S. European Command Headquarters continues to successfully execute the AUSTERE CHALLENGE exercise series, the premier joint force headquarters exercise in the European theater. AUSTERE CHALLENGE 10 forged ahead into new territory when it expanded to train two Joint Task Force Headquarters simultaneously while incorporating a French-led Joint Force Air Component as well as French and Polish

Brigade Headquarters response cells, all firsts in European theater training. The benefits of combined, multiple Joint Task Force exercises are clear: challenge the Headquarters and component staffs; reinforce the U.S. position of seeking multi-national solutions; train as we fight; and identify the strengths and limitations of U.S. and coalition interoperability capabilities.

A major advance during AUSTERE CHALLENGE 10 was the establishment of an enduring computer network for future training events and real world operations. European Command planners identified and established the Battlefield Information Collection and Exploitation System as the most capable network for expansion to support Coalition Task Force operations with NATO partners. More importantly, this system is being used at the Joint Multinational Training Center at Grafenwoehr, Germany, by U.S. and coalition forces preparing for deployment to Afghanistan.

AUSTERE CHALLENGE 11 will venture back into the full spectrum, major combat operations arena. Participation will expand outside the theater and there will be a heavy focus on operating in the challenging cyberspace. The 34th Infantry Division Headquarters, from the Minnesota Army National Guard, will provide the Combined/Joint Force Land Component Commander, and French and Polish Land Forces will participate for a second year to operate as Mechanized Brigade Headquarters response cells. We continue building partner capacity by soliciting participation from partner nations around the European theater.

COMBINED ENDEAVOR. During COMBINED ENDEAVOR 10, our premier communications and electronics interoperability exercise, delegates came together from 40 nations (24 NATO and 16 Partnership for Peace countries) to strengthen partnerships, increase communication interoperability, and enhance the capabilities and capacities of partner nations.



American and Italian technicians work to establish network connections during exercise Combined Endeavor 2010

This marked COMBINED ENDEAVOR's 16th year building partnerships and featured the participation of Iraq and Afghanistan as observer nations. Both nations committed to increased involvement and a dedication to interoperability between their national forces and NATO/Partnership for Peace nations.

COMBINED ENDEAVOR continues to build bridges across Europe and Eurasia and supported the preparation of coalition forces for regional and global operations. In particular, Canada and the United Kingdom tested and trained on the command and control systems they will be using during their upcoming deployments to Afghanistan, and validated operational functionality and interoperability with the same partners with whom they will operate downrange.

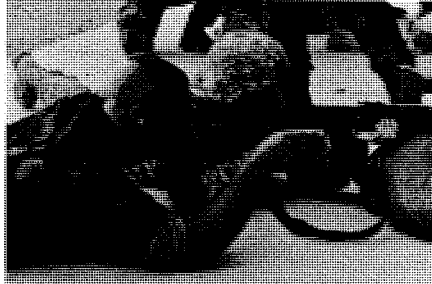
Additionally, two new training events were incorporated into COMBINED ENDEAVOR. CYBER ENDEAVOR leveraged the 102d Information Warfare Squadron, from the Rhode Island Air National Guard, to focus on improving the information assurance competencies and network defenses of our European partners, while SHAPE held Exercise STEADFAST COBALT to focus on command, control, communications, and computers in preparation for NATO Response Force deployment and to maximize interoperability with other European nations.

FLEXIBLE LEADER. This year's FLEXIBLE LEADER table-top exercise and senior leader seminar leveraged lessons learned from the Haitian earthquake disaster, and helped validate newly revised plans which European Command planners have written for comparable contingencies. Extensive representation was present from several U.S. Embassy staffs, other U.S.

government agencies, and European Command's Service components. FLEXIBLE LEADER highlighted the extensive work and progress that has been accomplished in foreign consequence management and humanitarian assistance planning, and also identified many courses of action that will improve European Command's ability to respond to a crisis situation quickly and effectively.

Patriots to Poland. As stated in the August 2008 Declaration on Strategic Cooperation, and in an effort to strengthen the important strategic partnership between the Republic of Poland and the United States, the U.S. performs quarterly rotations of Patriot Batteries to Poland, enhancing U.S.-Poland air and missile defense cooperation. These rotations continue to familiarize Polish Armed Forces with the Patriot Missile System and have permitted U.S. Forces to share related tactics, techniques, and procedures on missile defense. Of benefit to both U.S. and Polish forces, U.S. Patriot crews have improved their individual tasks and crew drills including operations during deployment, rail activities, and missile transport, storage, and security. Since May 2010, there have been three rotations to Poland for training and exercise purposes only. Although initially focused on one location—Morąg, Poland—the last rotation took place in Toruń, Poland. A fourth deployment is currently underway.

State Partnership Program. The State Partnership Program accounts for 45% of European Command's military-to-military engagement. Founded in 1993, the State Partnership Program was originally designed to link National Guard states and territories with former Soviet bloc countries for the purpose of fostering mutual interests and establishing long-term relationships across all levels of society. European Command currently benefits from twenty-one partnerships, we are currently finalizing the protocols for a State Partnership Program with Kosovo, and there



Hungarian army Sgt. Major Laszlo Pasztercsak instructs U.S. Army Sgt. Mika Putz, of Bismarck, N.D., in the use of the AK63D rifle during a State Partnership Program multinational marksmanship event at Camp Bondsteel

is potential for one or two more partnerships over the next couple years. The true value of this program is the enduring relationships that have been built over time, as many of European Command's state partnerships are approaching their twenty-year anniversaries. Perhaps the greatest example of how critical these relationships are is that, in 2010, National Guard personnel deployed to Afghanistan

together with five partner nations as members of Observer Mentor Liaison Teams and other forces training and fighting side-by-side.

European Command Organization. U.S. European Command Headquarters takes a "whole of society" approach to maintaining security and stability while shaping existing structures to adjust to the security environment. These changes will be accompanied by a 15% manpower reduction as we eliminate lower priority missions and identify missions in which European Command can prudently accept additional risk. At the same time, we are increasing emphasis on emerging mission sets such as ballistic missile defense, military partnering, counter-trafficking, and cyberspace. To further embrace a "whole of society" approach to the security environment, the Command is expanding its J9 directorate to focus on interagency partnering and the use of whole of government/society solutions to strategic challenges. Additionally, European Command has internally resourced a J7 directorate to provide independent assessments and analyses of strategic and operational processes and products. The Command has also internally resourced a Joint Interagency Counter-Trafficking Center (JICTC)-Europe to focus on the critical counter-trafficking mission across the theater.

We have also established a Military Partnering Center of Excellence to accelerate our efforts to expand the Command's international military partnering engagement activities. The Center will be a virtual, web-based partnering hub for U.S. and European partners to share best practices and lessons learned through military partnering collaboration, networking, and information sharing. The Center will reside on a public web portal linked to existing Department of Defense centers of excellence, most notably the Center for Disaster Management and Humanitarian Assistance, as well as to educational and partnering organizations like the George C. Marshall Center in Garmisch, Germany. We plan to have the Center fully operational by Summer 2011.

Russia Fire Fighting. U.S. European Command also continues to stand ready to provide theater-wide rapid response capabilities for Humanitarian Assistance and Disaster Response missions. This past August, under conditions of severe drought and in the midst of one of the hottest summers on record, a series of destructive wildfires broke out across Russia, prompting President Medvedev to declare a state of emergency in several areas. In response to Russia's request, and in coordination with the U.S. Department of State, EUCOM planners, logisticians, and airmen rapidly identified and airlifted over 36 tons of valuable firefighting supplies and equipment on four U.S. Air Forces in Europe C-130 cargo aircraft to assist Russia in their emergent response to this destructive event. It is precisely this kind of rapid and agile response capability—to a neighboring nation in need—that illustrates the "Smart Power" combination of military capacity and in-stride diplomacy uniquely available to the nation's leadership from its overseas Combatant Commands.

Israel Fire Fighting. Similarly, this past December, a series of wildfires broke out across Israel threatening to engulf lives, homes, critical infrastructure, and valuable natural resources. At Israel's request, and in coordination with the State Department, European Command planners, logisticians, and operators rapidly dispatched five C-130 cargo planes loaded with 60 tons of critical fire-retardant materials necessary to extinguish the blaze. This effort—led by U.S. Air Forces in Europe—played an important role in the international response to Israel in its time of need, and supported our enduring mission to support and promote regional stability and security. It serves as yet another example of our ability to work together to support each other in times of crisis, demonstrating the value of cooperation among neighbors, allies, and partners, as well as the enduring strength of the U.S.-Israeli relationship.

Efficiencies. While striving to achieve our mission and vision, we are very mindful of today's economic realities. This is why, in support of the Secretary of Defense Efficiencies Initiative, European Command has taken concrete steps to streamline our operations and move toward a more efficient and effective organization. The Command will retain traditional J-staff codes because of their applicability across the Defense Department. However, we are also executing an internal staff rebalance without incurring any growth and leading to a 15% decrease in required manning and budget. We have been taking a close look at all permanent billets and essential mission sets to ensure proper alignment and distribution of resources, and are actively seeking areas where efficiencies may be gained.

"We must find ways to operate government more efficiently and at a lower cost to taxpayers. Secretary Gates understands the tough economic and fiscal situation facing our nation and I support his efforts in doing everything possible to make every tax-payer dollar count."

Sen. John McCain, Senate Armed Services Committee hearing on DOD efficiencies initiatives, September 2010

We have focused our mission sets to accommodate our envisioned security environment, based on an analysis of strategic guidance, to include the Unified Command Plan, the Joint Strategic Capabilities Plan, and the Global Employment of the Force. Areas in which we believe we can harvest efficiencies, either through the focusing of missions or by willingness to prudently accept increased mission risk include: personnel management; General/Flag Officer and Senior Executive Service numbers and seniority; General/Flag Officer support; information technology; experimentation; planning, programming, and budgeting system participation; intelligence support; and logistics support. All decisions will be made with careful consideration of their effect on mission readiness.

EUCOM Components

Except when conducting joint operations or participating in joint exercises, European Command forces are assigned to, trained, and equipped by our Service-specific headquarters. U.S. Army in Europe (USAREUR), U.S. Marine Forces Europe (MARFOREUR), U.S. Naval Forces Europe (NAVEUR), U.S. Air Forces in Europe (USAFE), and Special Operations Command Europe (SOCEUR) provide the forces for all military-to-military engagements with our partner nations, provide a deterrence function in the region, and serve as deployable units for contingency operations. Understanding these commands is the key to understanding European Command, as they conduct the majority of our day-to-day activities.



U.S. Army in Europe
Heidelberg, Germany

Introduction and Overview. With 42,000 active-duty and reserve service members operating from six enduring Army communities, the U.S. Army in Europe serves as the key coordinator of activities by theater-assigned and rotational ground forces. The integration of these forces across the full spectrum of operations places responsibilities on the Army in Europe ranging from the tactical and operational to the strategic level. With V Corps' intermediate tactical headquarters capability deployed in support of International Security Assistance Force (ISAF) efforts in Afghanistan, the Army in Europe directly oversees capacity building activities throughout European Command's area of focus, including efforts in support of U.S. Africa Command. It also maintains critical logistical lead component duties in support of NATO's Kosovo operations. The Army in Europe translates strategic directives from the Command and the Department of the Army into executable tactical orders for subordinate units, including planning for and executing key tasks in support of our European partners and Israel.

Under these circumstances, the Army in Europe provides key tactical and operational forces, to include full spectrum combat units and strategic enablers, for global employment. As the U.S. military land component provider on the continent, the Army in Europe leads the ground effort in building partner capacity in support of global requirements. These efforts continue to be instrumental in supporting the ISAF Commander's requirement for improving the effectiveness of coalition ground force deployments, by training and preparing U.S. and European forces for operations in Iraq and Afghanistan.

Major Accomplishments. With over 25% of its assigned forces deployed in support of operations in Iraq and Afghanistan, the Army in Europe continued to support the Secretary of Defense's commitment to improving the capacity of coalition partners and allies by conducting a robust training and exercise program designed to build partner capacity and increase coalition interoperability.

Building Partner Capacity. In 2010, the Army in Europe provided 755 soldiers from ten nations with life-saving drivers' training on Mine Resistant Ambush Protected (MRAP) vehicles. It trained an additional 422 soldiers from nine nations to counter improvised explosive devices. Supporting U.S. national security objectives, this training enabled the Command to prepare full-spectrum capable forces for global employment while improving partners' and allies' survivability and effectiveness during deployments. Additionally, in support of the ISAF Commander's top priority to train Afghan soldiers and police, the Army in Europe trained 50 Operational Mentor-Liaison Teams (OMLT) and Police Mentor-Liaison Teams (POMLT) for deployment to Afghanistan.

Critically, the U.S. Army in Europe has worked to advance defense institutional transformation. One example of this was its assistance to Romania in the development of the country's tactical, operational, and strategic military doctrine. The Army in Europe also promoted U.S./partner interoperability through its joint exercises and exchange programs, recently having conducted leader exchange programs with Israel in the areas of aviation, ground maneuver, training, reconnaissance, and military intelligence. Additionally, the Army in Europe enhanced capacity for maintaining regional stability—evidenced by its support to Poland—executing the first three Patriots-to-Poland rotations.



Croatian and Minnesota National Guard soldiers prepare to clear a room during an Operational Mentoring and Liaison Team training exercise at the Joint Multinational Readiness Center

Both on and off the continent, the Army in Europe planned for and exercised ground capabilities to support key NATO partners and Israel in defending against potential threats. It has worked with Israel to significantly improve their ballistic missile early warning capability and has enhanced bilateral air and missile

defense training exercises in coordination with

our partner. In addition to this assurance to allies and deterrence of potential aggressors, its ability to provide foreign consequence management and foreign humanitarian assistance ensured that the Army in Europe was, and continues to remain, prepared to support the United States' Article IV and V commitments to our NATO partners. Finally, as part of the larger U.S. efforts to reset our relations with Russia, U.S. Army in Europe included Russian military leaders as observers for three major exercises.

Exercises. Exercises continue to enhance the pre-deployment training of U.S. and coalition forces for current contingency operations, and serve to prepare these same forces for future coalition operations. This past year, the U.S. Army in Europe participated in 21 major exercises (including three mission rehearsal exercises) conducted in 11 countries with 28 participating nations. Among these exercises was JUNIPER FALCON 11, an Israeli-led Joint Task Force-level exercise focused on improving Israeli Defense Force command and control and logistical capacity. Supporting America's continuing partnership with Turkey, COOPERATIVE RESOLVE 10 was a battalion-level Command Post Exercise conducted in Turkey meant to

enhance interoperability. As a final highlight, RAPID TRIDENT 10 was a peacekeeping exercise involving 16 countries conducted in Ukraine to support its NATO interoperability goals through NATO's Annual National Program.

Humanitarian Assistance. As part of our Humanitarian Assistance program, the Command also provided enabling support to U.S. Africa Command for MEDFLAG 10, a medical skills exchange exercise conducted in the Democratic Republic of Congo by U.S. and African militaries.

Way Ahead. The U.S. Army in Europe will provide combat power to support global operations while at the same time continuing to build partner capacity. Together, these efforts will help advance the long-term process of defense institutional transformation of U.S. partners and allies. As the Army in Europe trains and prepares for deployment alongside coalition partners in the coming year, it will continue to foster the residual effects of increased training effectiveness among friendly militaries—from improvement in counterinsurgency operations and incorporation of interagency concerns, to the updating of U.S./NATO interoperability doctrine. Specifically, in support of the President's introduction of the European Phased Adaptive Approach, the U.S. Army in Europe will train with and provide assistance to European forces to ensure their ability to defend against ballistic missile threats. As part of a separate mission, the U.S. Army in Europe will provide similar assistance to Israel through bilateral agreements. As a whole, the engagements by the Army in Europe will continue to focus on improving relations, enhancing interoperability, focusing on mission success of both in- and out-of-area operations, and ensuring access to facilities and infrastructure throughout the theater.

"Where possible, our strategy is to employ indirect approaches – primarily through building the capacity of partner governments and their security forces."

Secretary of Defense Robert Gates

Marine Forces Europe
Stuttgart, Germany

Introduction and Overview. In 2010, Marine Forces Europe, with approximately 150 personnel assigned, focused on building partner capacity through combined activities and utilizing expeditionary forces to reassure allies, deter potential adversaries, and remain ready to respond rapidly to crises in the region. The U.S. Marine Corps' expeditionary nature drives Marine Forces Europe to a primary orientation on security cooperation activities with our newest NATO allies and partners in the Caucasus, Black Sea, Balkan, and Baltic regions.

Major Accomplishments. With only a small service component headquarters, Marine Forces Europe very effectively leveraged the capabilities of the Marine Corps in support of European Command objectives. Marine Forces Europe's activities focused on building partner capacity to contribute to collective security in Europe and out-of-area operations, such as support to the International Security Assistance Force, through targeted security cooperation and combined exercises.

Building Partner Capacity. Georgia Deployment Program—International Security Assistance Force: This U.S. Marine Corps-led joint program is successfully training and deploying Georgian infantry battalions to fight alongside NATO forces in the volatile Helmand Province in Afghanistan. Through an intense partnering concept with the Marines, the Georgian Armed Forces have significantly increased their institutional capacity to plan and conduct training for units preparing to operate in a full spectrum counter-insurgency environment.

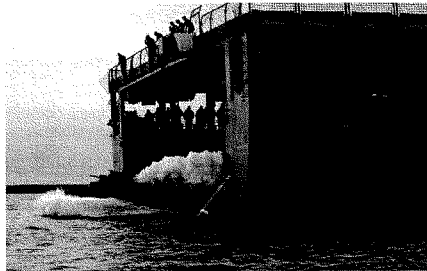
USMC Black Sea Rotational Force: During the summer of 2009, the U.S. Marine Corps provided a Special Purpose Marine Air—Ground Task Force to conduct security cooperation in support of European Command's theater objectives. Forward deployed and operating out of the temporary Task Force East facilities at MK Airfield in Romania and the Novo Selo Training

Area in Bulgaria, the Black Sea Rotational Force conducted numerous and diverse targeted multi-national security cooperation activities with 12 partner and allied nations in the Black Sea, Balkans, and Caucasus regions to enhance partner military capabilities, expand U.S. and NATO access to strategic regions, and promote regional stability.

Exercises. In 2010, Marine Forces Europe, in coordination with U.S. Naval Forces Europe, effectively reassured allies and deterred potential adversaries by exercising combined maritime expeditionary capabilities and improving European Command's and NATO's ability to rapidly deploy and assemble expeditionary forces in the region during several historic exercises. In total, Marine Forces Europe participated in 13 exercises to include joint, multilateral, and bilateral exercises in 2010.

COLD RESPONSE 10 was a Norwegian-hosted 14-nation exercise conducted north of the Arctic Circle and focused on maritime/amphibious operations and interoperability. U.S. Marines, under the Tactical Control of the United Kingdom's 45 Commando Battalion of the Royal Marines and embarked on Her Netherlands Majesty's Ship Johan De Witt, participated in a brigade-sized beach assault.

As part of BALTIC OPERATIONS 10, U.S. Marine and U.S. Navy forces, along with our Baltic State allies, conducted both a Maritime-Prepositioning Force offload and onward movement of combat equipment in Ventspils, Latvia, and a combined amphibious landing in Estonia during this European Command-sponsored Partnership for Peace Exercise. The overwhelmingly positive response



U.S. Marines amphibious assault vehicles embarked aboard the USS Gunston Hall (LSD 44) depart the well deck during the start of a simulated amphibious assault. The combined U.S., Estonian amphibious landing was part of a demonstration of the interoperability between the two forces.

by our Baltic allies once again validated the unique and critical role of Maritime-Prepositioning Forces' ability to rapidly respond to crises and support our allies.

Humanitarian Assistance. As part of the Marine Corps Prepositioning Program—Norway, Marine Forces Europe works with the Norwegian Defense Staff, European Command, and Headquarters, U.S. Marine Corps, to develop and refine plans that enhance access to prepositioned equipment ashore for U.S./NATO operations and crisis response, Theater Security Cooperation, and Humanitarian Assistance/Disaster Relief.

Way Ahead. Although it achieved successes with its current force posture, Marine Forces Europe will continue to seek greater Amphibious Ready Group/Marine Expeditionary Unit presence to satisfy the consistent demand by global core partners such as the United Kingdom and France for bilateral combined-arms and amphibious training. This type of training has largely been absent in the European Command theater since 2003. Resuming a sustained presence in the European Command region would serve to deter adversaries and assure allies and partners of our commitment to stability in Europe.

Marine Forces Europe will continue to build partner capacity in theater through ongoing support to the Georgia Deployment Program-International Security Assistance Force and the Black Sea Rotational Force, deploying in 2011 to support scheduled engagement and security cooperation activities with 14 partner nations. The Black Sea Rotational Force is expanding its activities to include preparing partner nations for deployment to Afghanistan and conducting Non-Commissioned Officer development.

U.S. Naval Forces Europe
Naples, Italy

Introduction and Overview. With approximately 8,000 active-duty and reserve services members operating from four main installations supporting rotational air, surface, submarine and expeditionary forces, U.S. Naval Forces Europe conducts the full range of maritime operations and Theater Security Cooperation in concert with NATO, coalition, joint, interagency and other partners in Europe. Naval Forces Europe continues to perform Navy Component Commander functions which support day-to-day fleet operations and Joint Maritime Commander/Joint Task Force Commander missions in support of European Command. Its presence not only strengthens relationships with enduring allies, it also develops maritime capabilities with emerging partners, particularly in the European Command's southern and eastern regions. Naval Forces Europe is enhancing maritime security in these regions through the development of maritime domain awareness, trained professionals, maritime infrastructure, response capabilities, regional integration, and a comprehensive approach for planning and execution.

Major Accomplishments. In 2010, Naval Forces Europe met all warfighter mission requirements and maintained certification as Joint Force Maritime Component Commander, Europe. Additionally, the component focused energy and resources on Theater Security Cooperation activities to enhance interoperability between allies and the maritime capabilities of partner nations. These activities developed partner capacity through multiple events, exercises, and operations in order to promote maritime domain awareness, security, and sea control. Always ready to respond to crises in the European theater, Naval Forces Europe also contributed to global efforts, such as Operation Enduring Freedom and anti-piracy operations off the coast

of Africa by delivering trained forces, strengthening international relations, and increasing the efficiency of our interactions with our allies and partners.

Theater Submarine Operations. The stable presence and patrolling of U.S. Submarine Forces in the European theater defends U.S. national security forward, even as it enhances the security of our allies and key partners. Our submariners are engaging in vital missions that contribute directly to European Command's core missions of transatlantic security and building partnership capacity. U.S. submariners have fully leveraged deployment time in theater, honing their skills and contributing to the Command's capacity to conduct critical intelligence, surveillance, and reconnaissance operations, anti-submarine and anti-surface warfare, undersea dominance, close proximity strike, high-value unit protection, and free and unfettered access to the vital sea lines of communication. In building our partners' capacity, European Command has also facilitated the participation of Allied submarines, submariners, and associated staff in a vigorous series of theater Anti-Submarine Warfare exercises with U.S. submarines, exercises that all parties have leveraged to improve their warfighting proficiency and – importantly – their interoperability.

These factors and opportunities are increasingly important as we observe a highly capable Russian submarine fleet whose pace, scope, and sophistication have risen dramatically in recent years. The Russian Navy has four new classes of submarines in development or near delivery. The next-generation KILO-class submarine—the ST. PETERSBURG class—is nearing completion. Available for export, it represents a significant improvement in both capability and quieting. The European Command area of focus is also the stage for the most sensitive Russian submarine operations and advanced weapons testing. Just this past October, Russian submarines



Members of the visit, board, search, and seizure team from the guided-missile destroyer USS Forrest Sherman (DDG 98) return to Forrest Sherman after participating in a boarding training exercise during BALTIC OPERATIONS

successfully fired three submarine-launched ballistic missiles over a period of two days. These operations reveal a renewed Russian focus on the undersea arena.

Intelligence, Surveillance and Reconnaissance. Naval Forces Europe expanded European Command's intelligence, surveillance and reconnaissance in support of allies through Operation NOMAD SHADOW, Operation SPRING OFFENSIVE, and the first-ever ship-based Unmanned Aerial Vehicle missions in the Black Sea. It also expanded the capability of naval bases in Rota, Spain, and Sigonella, Italy, to support intelligence, surveillance, and reconnaissance assets in support of both the European

and Africa Commands.

Building Partner Capacity. Partnership and security cooperation events conducted by Naval Forces Europe include:

Eurasia Partnership Capstone. Naval Forces Europe's flagship initiative throughout the Black and Caspian Sea regions was designed to integrate disparate regional efforts by all maritime partners into a global maritime partnership for Eurasia. This year's October event drew 110 senior enlisted and junior officer attendees from nine partner nations: Azerbaijan; Bulgaria; Georgia; Greece; Lithuania; Malta; Poland; Romania; and Ukraine. Courses were held at the Maltese Navy Training Facilities. Topics included: maritime interdiction operations; visit, board, search, and seizure procedures; search and rescue procedures; maritime law; and environmental protection.

USNS GRAPPLE. In August, a Navy auxiliary salvage ship and embedded Mobile Diving and Salvage Company removed and scuttled six sunken and decaying patrol boats in Sarandë, Albania. These boats were towed to another location near the harbor and used to make an artificial reef, which is expected to boost the local economy through tourism. More importantly, the pier at the auxiliary naval base is now clear and can be handed over for use by the local fishing fleet, reducing unnecessary defense overhead involved with support of this area.

Exercises. In 2010, Naval Forces Europe participated in nine Joint Chiefs of Staff exercises and numerous NATO and European Command exercises. BALTIC OPERATIONS 10 involved 11 European and NATO nations (including Russia), 32 ships, 200 vehicles, and over 3,000 personnel across a 1,000-square kilometer operating area in the Baltic Sea region. This annual exercise promotes mutual understanding, cooperation, confidence, and interoperability among forces and personnel of participating nations. SEA BREEZE 10 was co-hosted by Ukraine and the United States, involving 11 European nations, 24 ships, 13 aircraft, and over 2000 personnel across the Black Sea and Ukraine. This exercise enhanced the maritime capability of Black Sea and Partnership for Peace nations by exercising collective maritime safety, security, and stability actions. BREEZE 10 was co-hosted by the Bulgarian Navy, involved six European nations, and culminated in the NATO Response Force certification of Bulgarian and Romanian ships.

Humanitarian Assistance. Naval Forces Europe provided platforms, personnel, and resources to support Humanitarian Assistance/Disaster Relief for Russian wildfires, the Ethiopian Airlines crash off the coast of Lebanon, and flooding in Portugal and Albania. The U.S. Navy routinely provides foreign humanitarian assistance in times of crisis, in cooperation and collaboration with many nations around the world.

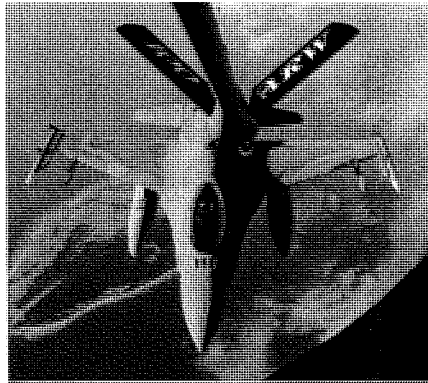
Way Ahead. While responding to crises in the European theater will take precedence over all other activities in 2011, Naval Forces Europe will also continue to build the maritime capacity of our allies, as well as new and emerging partners in a cost-effective and responsible manner with the desire of advancing all parties toward full interoperability and participation with our forces. Naval Forces Europe will continue to improve information assurance and cyber system security of Command and Control/Information Systems. Interoperability with NATO Allies and achievement of NATO standards by new NATO partners, including preparing STRIKFORNATO for the NATO Response Force 2012 rotation, will be important goals. The ballistic missile defense capability, both afloat and ashore, will continue to develop and expand. Our forces will focus on the priorities of maritime safety, security, cooperation, and crisis response with the overall goal of advancing U.S. interests in the region.

U.S. Air Forces in Europe
Ramstein Air Base, Germany

Introduction and Overview. With just under 26,000 active-duty, guard, and reserve service members operating from five main operating bases supporting nine wings and many geographically separated locations, U.S. Air Forces in Europe is a key force provider of forward-based, full-spectrum airpower in support of European Command and Defense Department objectives. This posture enables simultaneous support to ongoing global operations, ensures global strategic access, assures allies, deters aggression, and remains the key to building partnerships.

Major Accomplishments. During 2010, Air Forces in Europe supported ongoing contingency operations and worked daily with our NATO allies and partners to ensure security in the European theater and defend our homeland forward. Supporting contingency operations, 2,800 Air Forces in Europe personnel were deployed at any given time throughout 2010. In Afghanistan, our fighters flew 23,500 combat hours, representing 39% of the total U.S. Air Force fighter hours flown. In addition, one of two Control and Reporting Centers assigned to Air Forces in Europe was continuously deployed, providing constant air battle management and control. We contributed vital data links for world-wide communications, unmanned aerial system command and control, intelligence collection, and space operations. U.S. Air Forces in Europe supported the treatment and movement of over 12,000 patients to and from Landstuhl Regional Medical Center. Finally, Air Forces in Europe continued to maintain critical en route infrastructure. This system of bases supported global air operations to three geographic combatant command theaters and smooth transit of over two-thirds of air mobility missions.

Supporting contingency operations at the same rate as U.S.-based forces, Air Forces in Europe simultaneously conducted European Command operational requirements. In addition



A Polish Air Force F-16 receives fuel from a US Air Force KC-135 over the skies of Latvia during a NATO Baltic Air Sovereignty Training event

to flying Combat Air Patrols in support of NATO's Baltic Air Policing mission, Air Forces in Europe continue to conduct intelligence, surveillance, and reconnaissance missions in the greater Levant region, as well as participate in the Georgia Deployment Program.

In support of the Phased Adaptive

Approach for Missile Defense in Europe, U.S.

Air Forces in Europe led a U.S. and NATO

Ballistic Missile Defense Task Force. This Task Force developed a concept of operations which significantly contributed to NATO's recent decision to adopt this critical mission. U.S. Air Forces in Europe began laying the foundation for ballistic missile defense integrated command and control architecture in line with NATO Summit agreements, and led U.S. and NATO data-sharing integration efforts, which resulted in the development of clear strategic ballistic missile defense requirements and a demonstrated capability to exchange information between U.S. and NATO systems.

Building Partner Capacity. When not supporting combat operations, U.S. Air Forces in Europe units serve in a permanent role of building partnerships and partner capacity. In 2010, Air Forces in Europe conducted 767 building partnership engagements with 39 participant nations. Two-thirds of these events contributed to partner interoperability for Afghanistan

operations. Nearly 100 events in the Baltics, Poland, Bulgaria, and Romania focused on interoperability of NATO standards and equipment. As a result, these particular events fostered effective mobility operations and ensured strategic access to ranges, airspace, and airfields.

In Poland, Air Forces in Europe units helped develop capability to deploy and employ Polish F-16 and C-130 aircraft. Air Forces in Europe conducted numerous tactical exchanges with Polish F-16 and C-130 pilots, providing training in all manner of combat and air mobility operations. As a result of these efforts, the Polish Air Force is advancing towards its goal of passing its first NATO Tactical Evaluation in 2011.

In Romania, U.S. Air Forces in Europe units assisted Romanian units across the full spectrum of air mobility operations. Both nations jointly exercised tactics and procedures to improve airfield planning and operations, combat search and rescue, and aircrew management procedures to improve Romanian air capabilities. As a result, the Romanian military is now a self-deployable force using its C-130s to move to, and conduct operations in, Afghanistan.

Our engagement efforts also highlight the intrinsic value of non-commissioned officer development. Each of our in-country engagements highlights the need for empowered junior officers and non-commissioned officers, who serve as the backbone of effective military operations.

These efforts serve to improve the defensive development of our allies and partners, and directly improve interoperability of forces engaged in combat. U.S. Air Forces in Europe trained with 28 nations to provide over 100 Joint Terminal Attack Controllers, highly-trained Airmen providing the key link between airborne assets and supported ground combat units. As a result, Joint Terminal Attack Controllers from 15 nations now fight alongside their American

counterparts in Afghanistan. Furthermore, training at U.S. Air Forces in Europe's Warrior Preparation Center provides tangible and continued assurance of the U.S. commitment to allied security while developing capabilities actively employed in International Security Assistance Force operations.

Exercises. In 2010, U.S. Air Forces in Europe participated in 60 Joint Chiefs of Staff, NATO, and European Command exercises. Ten nations, including Armenia, Azerbaijan, Georgia, Macedonia, Serbia and Ukraine, exercised to develop peace support operations, provide medical training, and foster interoperability. Likewise, 40 nations from North America, Europe, and the Middle East exercised to improve computer network and communication capabilities necessary for effective responses to natural disasters. During Exercise BRILLIANT ARDENT, 60 aircraft from six nations, operating from bases in Germany, the Czech Republic, France, Poland, and the United Kingdom, validated the responsiveness and capabilities of the NATO Response Force.

Humanitarian Assistance. U.S. Air Forces in Europe answered the call for assistance several times in 2010 with humanitarian airlift. This summer, we delivered over 36 tons of equipment to fight wildfires in Russia. In December, we airlifted 60 tons of fire retardant materials for wildfire relief near Haifa, Israel. In one of our building partnership capacity success stories, the Heavy Airlift Wing at Papa Air Base, Hungary, executed several humanitarian relief missions. During Operation UNIFIED RESPONSE, Heavy Airlift Wing C-17s delivered 34 Swedish aid workers and 135 tons of aid to Haiti. In July, following the devastating flooding in Pakistan, the Heavy Airlift Wing delivered over 42 tons of medical supplies to Karachi, Pakistan. In April, the Wing repatriated the remains of the victims from the Polish air tragedy near Smolensk, Russia. Through continued training and commitment, the 12 nations of the C-17 Heavy Airlift Wing flew over 2,800 mishap-free hours in its second year of existence.

Way Ahead. As we move forward into 2011, U.S. Air Forces in Europe will continue its focus on operating efficiently and effectively, maximizing its strategic location to support current operations while simultaneously expanding its building partnership portfolio. The Command will continue to support the President's Phased Adaptive Approach for Missile Defense in Europe. Working closely with NATO, Air Forces in Europe will deliver an Operational Level Concept, develop requirements for effective information sharing with allies, and establish the necessary venues for effective education and training in this mission area critical for the security of the United States, our allies, and partners.

U.S. Special Operations Command Europe
Stuttgart, Germany

Introduction and Overview. Special Operations Command Europe is a joint command comprised of more than 1,500 active-duty and reserve personnel operating from two main forward-deployed locations: Stuttgart, Germany and Mildenhall, England. It has three assigned components: 1st Battalion, 10th Special Forces Group (Airborne); Naval Special Warfare Unit-2; and the 352d Special Operations Group. Special Operations Command Europe continues to contribute significantly to the development of partner special operations forces and stands ready to defend against transnational threats and rapidly respond to unforeseen contingencies within the European theater.

Major Accomplishments. In 2010, Special Operations Command Europe remained heavily engaged, conducting 25 joint combined exchange training events, six bilateral training activities, 46 Partnership Development Program events, and two bilateral counter-narcoterrorism training events. The Command augmented this effort with numerous key leader engagements and staff visits to further develop partner special operations forces' organizational, institutional, and staff capabilities. Finally, Special Operations Command Europe deployed special operations forces company-sized elements to both Afghanistan and Iraq, as well as smaller Joint Planning and Advisory Teams and staff augmentation to support partner special operations forces in Afghanistan. Focus areas for 2010 included building partnerships, supporting operations in Afghanistan, and countering transnational threats, all of which directly support European Command's core mission of international military and interagency partnering to enhance transatlantic security and defend the homeland forward.

Building Partner Capacity. The Command's effort to build partnerships focused on enhancing allied and partner special operations forces' interoperability and validating capabilities through the Partner Development Program and multilateral special operations exercises. The Partner Development Program is focused on training partner and allied special operations forces in military assistance operations and is a proven strategy for building the capacity of allied and partner special operations forces capacity, primarily for the International Security Assistance Force. With adequate sustainment, it will also provide long-term special operations forces' capacity for future conflicts and out-of-area operations. Since its inception in 2007, and its initial funding as a program of record in 2009, European special operations forces' participation in the International Security Assistance Force has increased nearly 500%. Poland, Romania, Hungary, Lithuania, and the Czech Republic have increased their investment and commitment of special operations forces in Afghanistan with exceptional results. With military assistance being the primary special operations mission in Afghanistan today, and the continued focus on developing Afghan security forces, participation in this program will likely remain an important mission in the future.

Over the past year, the Partner Development Program has also focused on increasing collective special operations force rotary-wing aviation capacity among our allies and partners. Special operations force rotary-wing assets, deployed in support of the International Security Assistance Force, will continue to be a high-demand requirement for future contingency operations. Training allied and partner aircrews and helping to upgrade their airframes, such as the MI-17, is an efficient solution for increasing rotary-wing capacity and capability to

support contingency operations. For example, the cost to upgrade five MI-17s and train the crews and maintenance personnel to the basic standard required to support special operations forces is roughly equal to the cost of one new U.S. CH-47G helicopter, not including training or maintenance. Additional helicopter capacity is not only efficient; it also decreases the deaths and serious injuries caused by improvised explosive devices, by limiting road movements and increasing medical evacuation capacity. Thus, additional helicopter capacity could lead to potential increased troop contributions among these nations.

While successful, the Partner Development Program has not reached its full potential. The program is hampered by cumbersome resourcing processes. Lack of focused special operations forces resourcing to create a strategic capability makes it difficult to build enduring special operations forces capacity.

Exercises. Special Operations Command Europe supported the annual international theater-wide special operations forces capstone exercise, JACKAL STONE 10. This year's exercise was hosted by Poland and Lithuania and brought together approximately 1,100 special operations forces service members from seven nations: Poland, Lithuania, Ukraine, Latvia, Croatia, Romania, and the United States. As a key element of the Partnership Development Program, JACKAL STONE provides special operations forces the opportunity to train together and build mutual respect while sharing doctrinal concepts, training concepts, and various tactics, techniques, and procedures.



Coalition special forces wait for the MH-47G Chinook to land so they can extract their high value target during the opening ceremony for Jackal Stone 10

Support Operations in Afghanistan. Since 2007, Special Operations Command Europe has supported the International Security Assistance Force through the continued deployment of a U.S. Army Special Forces Company and three U.S. Navy SEAL Joint Planning and Advisory Teams, which deploy and operate with our partner special operations forces. We also continue to provide staff officers as rotational augmentees to the NATO Special Operations Forces Fusion Cell, a strategic element for building interoperability among partner special operations forces.

Way Ahead. Looking to 2011 and beyond, Special Operations Command Europe will continue to increase allied and partner special operations forces' capabilities and capacity, both on the ground and in the air. It will seek to increase strategic understanding and partnerships as the European Distributed Special Operations Forces Network develops. Special Operations Command Europe will also continue its close partnership with the NATO Special Operations Headquarters and its International Security Assistance Force partners. Support and enablement of International Security Assistance Force's special operations forces will continue to be a high priority, as will efforts to counter transnational threats in order to protect our homeland.

CHALLENGES & OPPORTUNITIES

In a theater as large and dynamic as U.S. European Command's, the opportunities to initiate positive change are abundant, as are the ways in which security can regress unless we remain alert and attentive to negative trends. Every challenge in the region presents an opportunity for engagement and cooperation.

Afghanistan. Of the 49 nations besides the United States that have contributed 45,000 forces to the International Security Assistance Force, approximately 80% of them (37 nations) come from the European theater. Together, these 37 nations have contributed nearly a third of the military personnel serving in Afghanistan. And they have suffered, with hundreds killed in action. Supporting the International Security Assistance Force has given European Command the opportunity to deepen its relationships with our allies and partners, using our expertise and experience to inculcate an expeditionary mindset and train deploying partner nation forces in irregular warfare.

The contributions and sacrifice of Eurasian and European nations in Afghanistan have demonstrated the credibility, legitimacy, and effectiveness of our international military cooperation. The scale of allied and partner force contributions to the International Security Assistance Force has allowed the hand-over of significant responsibility for regional operations to coalition partners. NATO's Operational Mentoring and Liaison Team program directly supports the development of the Afghan National Army, and the Police Operational Mentoring

"Having Afghans lead these operations is the Taliban's worst nightmare, because it gives the lie to the Taliban propaganda that portrays Western troops as hostile occupiers. Afghans themselves will be more effective than our troops in winning the trust of the Afghan people."

Sen. Carl Levin, Chairman of the Senate Armed Services Committee, at the Council on Foreign Relations, October 2010

and Liaison Teams program supports the expansion of the Afghan National Police. Under these programs, European allies and partners are currently providing approximately 50% of the number of teams required to train Afghanistan's security forces.

Additionally, at any point in time, there are approximately 10,000 U.S. personnel, assigned to European Command, that are deployed to Afghanistan making vital contributions on a daily basis. However, within the European theater itself, European Command's focus is to support other nations as they seek to contribute to security and stability efforts in Afghanistan.

Many nations are making particularly large force contributions and have suffered high casualty rates relative to their populations. Our partners understand the importance of this mission, and they are willing to send their sons and daughters in harm's way alongside our own to bring peace, security, and prosperity to the people of Afghanistan. Within the European theater itself, European Command lends whatever support it can to these nations as they seek to contribute to security and stability efforts in Afghanistan. Within the framework of contributing to international efforts in Afghanistan, and within the boundaries and authorities set by law, regulation, and international agreements, this support involves providing training, equipment, logistical assistance, and personnel augmentation.

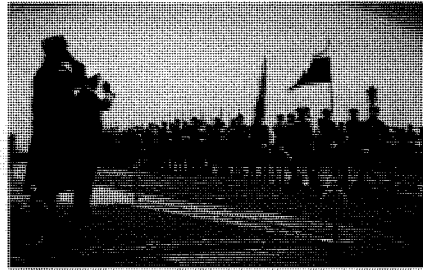
The Balkans. The United States' continuing support to NATO's Kosovo Force and Operation JOINT GUARDIAN helps maintain stability in Kosovo and advances security progress alongside our NATO and European Union partners. European Command has participated in NATO operations in Kosovo since 1999. European Command supports Kosovo Force through our land component, U.S. Army in Europe, and leverages National Guard Bureau forces to source mentors and advisors for Task Force Falcon (Multinational Task Force-East),

Regional Mentoring and Liaison Teams, NATO Training Teams, and elements of the Kosovo Force Headquarters, as well as to augment the Kosovo Force Military-Civilian Advisory Division. NATO presence was reduced from a peak of 14,000 in 1999 to 10,000 in January 2010, when it began reductions to a strength of 5,000. Kosovo remains stable and secure, as demonstrated in the peaceful conduct of elections in December 2010.

European Command has played a significant role in Bosnia's progress since the 1995 implementation of the Dayton Accords. At the height of Operation JOINT ENDEAVOR in 1996, more than 20,000 U.S. service members served in Bosnia. The September 2009 deactivation of Task Force Dayton, the last U.S. entity operating in Bosnia, marked a significant milestone for European Command. Less than forty U.S. personnel now remain in Bosnia assigned to the NATO Headquarters-Sarajevo and the United States Balkans National Support Element. European Command continues building partnership capacity with Bosnia through focused security cooperation initiatives, to include International Military Education and Training, Foreign Military Financing, and the State Partnership Program with Maryland's Army National Guard.

In a show of its increasing capacity, Bosnia assumed a key leadership role during European Command's 2009 COMBINED ENDEAVOR exercise, involving 40 countries and 1,200 personnel. European Command remains focused on Bosnia's defense reform efforts and its entry into NATO, so that Bosnia can finally prosper, contribute more fully to coalition operations, and complete its path to Euro-Atlantic integration. Due to progress made, Bosnia was able to consistently contribute to the coalition efforts in Iraq between 2005 and 2008, and now has over 50 personnel deployed to ISAF. Despite some remaining challenges, we have achieved quite a lot given what was happening in Bosnia just 15 years ago.

Russia. The complexities of establishing and maintaining a military-to-military relationship with Russia are many. On one hand, there are many areas of potential cooperation and partnership, including Afghanistan, arms control, counterterrorism, counter-piracy, counter-narcotics, and missile defense. Continued open dialogue can lead to additional opportunities for cooperation and openness, such as European Command's response to assist Russia during last year's wildfires. On the



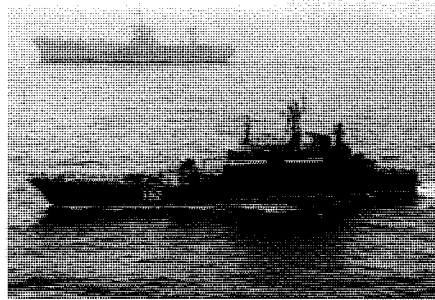
Admiral James Stavrois, USN, addressing the Russian General Ceremony in Moscow, Russia.

other hand, some of our allies and friends in the region remain concerned about Russian actions, including the conflict in Georgia in the summer of 2008 and Russia's continuing suspension of implementation of the Conventional Armed Forces in Europe (CFE) Treaty.

Working with Russia is about balance and seeking to find the potential for cooperation, while maintaining an open and honest dialogue about all aspects of our relationship, including where we disagree. While a great deal of engagement with Russia is handled by either the State Department, in the diplomatic realm; or directly by the Joint Staff and the Office of the Secretary of Defense, we at European Command are ready to pursue military-to-military communication, engagement, and even joint training and operations with Russia, where and when appropriate.

In 2009, for example, European Command authored a framework document to resume military-to-military cooperation with Russia in an equal, pragmatic, transparent, and mutually beneficial manner. The framework not only addresses crisis response and consequence management operations, but also seeks to promote interaction and ensure mutual support in

conducting counterterrorism and counter-piracy operations; peacekeeping missions; ballistic missile defense; and search and rescue. This framework document, signed by the Chairman of the Joint Chiefs of Staff and the Russian Chief of Defense at the 2009 Presidential Summit in Moscow, began to rebuild a structure for our bilateral defense



Russian amphibious ship, the RFS Kaliningrad, sailing alongside the USS Mount Whitney as part of the BALTIC OPERATIONS exercises in the Baltic Sea

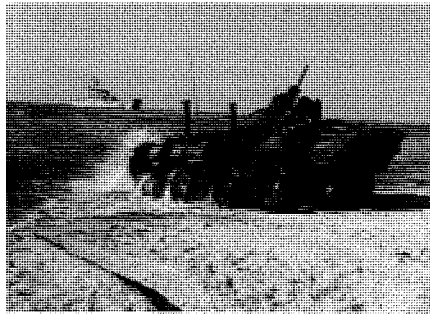
relationship that allows wide-ranging and candid engagement on all issues of concern. This effort is then supported by European Command's lead in developing the annual military-to-military work plan, which defines the events and activities that we aim to accomplish together over the next year.

In working the bilateral military-to-military relationship with Russia, however, European Command will work with NATO and other partners to implement an integrated and inclusive security cooperation architecture beneficial to all participants that does not come at the expense of our allies and partners.

Israel. The political/military environment in which Israel exists is volatile and uncertain. Israel faces frequently voiced threats from Hezbollah, Hamas, Iran, and others in the region. Iran's aggressiveness and negative rhetoric could also pose serious security challenges to the region broadly, to the United States, and to other allies. In addition, conflicts such as the Lebanese conflict of 2006, the Gaza hostilities of 2008, or the cross-border shooting in August 2010 with Lebanon, could erupt at any moment. Conflict could result from instigation by Iran or its proxies, notably Hezbollah, or from miscalculation.

European Command's engagement with Israel continues to strengthen our relationship with this key regional ally. We conduct multiple Headquarters and Component-level theater security cooperation events annually with Israel and chair four bilateral, biennial conferences spanning planning, logistics, exercises, and interoperability. The United States and Israel routinely conduct training exercises that build partnership and work toward regional stability. This exercise portfolio includes eight major recurring exercises. The continued success of the exercise program improves interoperability, understanding, and cooperation between the Israeli Defense Force and U.S. military forces. European Command leadership and staff maintain uniquely strong, recurring, personal, and direct relationships with their counterparts in the Israel Defense Force.

Turkey. Turkey remains a strong ally and partner in the region and continues to grow in importance in the Middle East and Eurasia regions. Turkey will continue to play an important role in the fight against extremism, maintaining regional security and access, deterring common threats, and supporting NATO out-of-area operations, such as those in Afghanistan and Kosovo. As our presence in Iraq draws down, Turkey's concern with possible volatility on their border



Ukrainian marine 1st and 2nd divisions stormed the beaches of Tenrda island from amphibious assault ships and helicopters to simulate landing on an island over run by pirates during a combined and joint maritime exercise in the Black Sea

may grow, driving them to play a larger role in regional stability. We have continued to develop new and productive ways to increase our engagement with Turkey in military-to-military areas, and as part of U.S. interagency efforts to help this important and centrally-located ally face the challenges posed by 21st century threats.

As part of that effort, Special Operations Command Europe continues to engage in a highly productive program of tactical exchanges and training events with Turkish Special Forces, and has focused part of this outreach program to develop, enhance, and convey lessons learned by U.S. Special Operations Forces over the past eight years in the effective fusion of intelligence, operations, and interagency coordination.

Also this year, European Command initiated Exercise COOPERATIVE RESOLVE, a new bilateral exercise between U.S. Army in Europe forces and Turkey Land Forces Command, focused at the battalion-level to share best practices and emerging concepts for command post operations, command and control functions, and other associated tactics, training, and procedures.

On another front, European Command's new Joint Interagency Counter-Trafficking Center (JICTC)-Europe, an information-sharing, internally-resourced collaborative enterprise, is working closely with our Turkish partners to assist and enhance the capabilities of Turkish agencies to combat illicit trafficking and terrorism, two often-interrelated and interdependent activities that threaten the security of our partners, our theater, and our homeland.

Finally, European Command continues its highly successful Turkish/U.S. officer exchange program in which each country selects a group of promising, young field-grade officers for travel and exposure to each other's military headquarters and facilities, building vital relationships on a personal level that will continue to pay dividends as these officers progress to higher ranks and greater levels of responsibility.

Terrorism in Europe. Our contribution to the ever-evolving fight against transnational and indigenous terrorism continues to be one focused on intelligence sharing and partner-building. Across Europe, the threat of terrorist attack and the presence of terrorist support networks remains a serious concern. Violent-minded extremists seek to exploit vulnerabilities to radicalize local populations and logistically support jihadist war-zones such as Iraq and Afghanistan. The European continent remains a priority target for directed attacks from al-Qaida and allied terrorist groups who believe that lethal attacks will weaken the resolve of our partner nations to continue supporting the International Security Assistance Force.

The terrorist attack in Stockholm on December 11, 2010 and the late-December arrests of terrorist suspects in the United Kingdom and Denmark, among others, are indicative of a continuing threat.

The threat from al-Qaida associated elements remains high, particularly in Germany, Denmark, France, the United Kingdom, and Belgium. Notably a recent study by the Danish Institute for International Studies found that between 2004 and 2008, 84% of terrorists detained in Europe had a Western upbringing, and only 28% had links to foreign militant groups. This is indicative of the rise of “home-grown”, self-motivated terrorists who, despite their exposure to Western values, chose to learn jihad over the internet and act without direct guidance by al-Qaida senior leadership.

European countries continue to improve their capacity to counter the terrorist threat by strengthening counterterrorism legislation, expanding international cooperation, and successfully prosecuting and jailing terrorist actors. To support this progress, European Command increases intelligence sharing at every opportunity. For instance, one of our projects disseminates

evidence and information obtained by coalition allies on the ground in Iraq and Afghanistan to International Criminal Police Organization (INTERPOL) member countries' police forces worldwide in order to strengthen their counterterrorism efforts. This project has assisted investigations in more than 70 countries.

Ballistic Missile Threat. There is an existing and expanding threat from ballistic missiles to the European Command's area of focus. The continued development of missile technologies by states such as Iran and Syria, coupled with the transfer of rocket and missile capabilities and technologies to non-state actors such as Hizbollah, present the most significant combination of capability and intent into realized threat to European Command's interests in Europe and the Levant. Iran in particular, with its growing inventory of ballistic missiles, views its conventionally armed missiles as an integral part of its strategy to deter, intimidate and retaliate against forces in the Middle East, Southeastern Europe, and Central Asia.

Combating Weapons of Mass Destruction (WMD). Nuclear weapons in the hands of a terrorist or violent extremist would represent a grave threat to the United States and our allies. The threat of a deliberate attack with a biological weapon, or the spread of nuclear weapons programs are threats that have far-reaching, destabilizing consequences. Al-Qaida and other groups aspire to incorporate weapons of mass destruction into their attacks. Special nuclear materials and the majority of the world's nuclear weapons are located in the European Command area of focus.

To succeed in preventing the spread of weapons of mass destruction and their precursor materials, we must pursue a vigorous, comprehensive strategy sustained by a whole-of-government approach and strong international partnerships. The security of the weapons and

these materials is a significant aspect of the Command's efforts to counter WMD. We must support partner and allied efforts to build capacity that detects and interdicts the movement of WMD materials, facilitates information-sharing arrangements, and, if an attack occurs, ensures a swift effective response that includes consequence management. Recent concerns over attacks in Europe truly underscore the importance of working with our partners and allies to prevent a catastrophic attack involving weapons of mass destruction on their soil and our homeland.

"Whether it is ensuring our capabilities for strategic missile defense, which provides assurance to allies and deterrence to adversaries, or making the necessary investments in defending against cyber attacks; we must be able to look towards the future and see likely security challenges that we will face and meet them head on."

Chairman Howard P. "Buck" McKeon, House Committee on Armed Services

Cyber Security. Cyber security is a vital function for European Command, and we have made progress in securing our part of cyberspace during the past year. We have joined the efforts of other combatant commands, including the leadership of the U.S. Strategic Command and its sub-unified command, U.S. Cyber Command. The establishment of U.S. Cyber Command is a great step forward for the Department and all combatant commands. We are exploring the paths to more closely fuse our internal efforts in cyberspace, and have named a Cyber Integrator on our Headquarters Staff to build on our established Cyber Fusion Center. As the number and sophistication of attempts to penetrate our network increase daily, we must continue to meet that threat with innovation and expertise because we cannot afford more manpower.

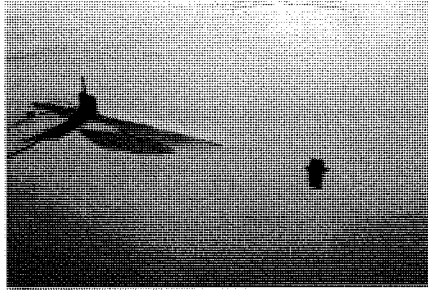
As we gain operational experience in cyberspace, we look for opportunities to provide bridges between industry, academia, government, and our military partners with the goal of increasing mutual awareness and security. There are many challenges in this new domain and

several of our friends throughout Europe have been the subject of cyber harassment (disruption of cyberspace functions) coincident with international disputes. As we look for answers and solutions to the evolving challenges in cyberspace, we synchronize frequently with our partners at various exercises and conferences, to include Exercise COMBINED ENDEAVOR 10, which brought together forty nations focused on enhancing common awareness, building common understanding, and developing operational trust, as well as a 2011 European Cyber Conference Symposium hosted at the George C. Marshall European Center for Security Studies. We have several other visits and exercises planned in 2011.

As we move forward, we are looking to leverage our existing European Union and NATO relationships in concert with the newly formed U.S. Cyber Command to increase our shared security. With NATO's desire to develop an infrastructure to meet the cyber security threat with a coordinated combined response, we are moving forward now to lay the groundwork for what we anticipate will be our role in this combined action.

The Arctic. The Arctic maritime domain is changing, and nations are responding by enacting policies to address anticipated challenges in the region. From environmental impacts to commercial enterprise, the prospect of unprecedented access to natural resources and Northern shipping routes has raised related security concerns. Promoting regional stability in the Arctic is European Command's primary objective for the Arctic. This is best accomplished through the use of open international forums to ensure stable, predictable management of the Arctic area.

In areas of safety, security, resource management, and conflict resolution, we support multinational governance and the international rule of law. Development of peaceful and successful maritime domain awareness is essential, not only to the security of the region, but



U.S. Submarine surfacing in the Arctic

also to the safety of the mariners, workers, and tourists who will populate this vast expanse.

European Command is committed to a future that includes collaboration with our partners, NATO members, and Russia on international search and rescue exercises, Arctic training, and transparent operations and diplomacy that fully

respect territorial claims.

Addressing environmental security in the Arctic region will require close cooperation with a wide range of Arctic stakeholders. Of particular note, we see Russia as a key potential partner in this area; one with substantial capabilities to respond to unforeseen emergencies and a clear willingness to protect the region from environmental disasters. We look forward to working with Russia and our other Arctic partners as we seek areas of mutual interest.

Energy Security. Our strategic national interests are served by fostering global economic development. A growing and open global economy enables the growth of the American economy, and that growth forms the backbone of our national security. Most of our major European partners are heavily dependent upon foreign energy sources for their oil and natural gas. This reliance can have a destabilizing effect on European economic development. Russia is one of the most important suppliers of crude oil and natural gas to Europe, accounting for 33% of oil imports and 40% of gas imports (87% for Italy; 81% for Spain; 61% for Germany; and 51% for France). Russia's energy leverage represents a key factor in European and Eurasian energy security. Europe will continue to need Russian energy, as supplies from Russia are useful

alternatives to reliance on the Persian Gulf for hydrocarbons and the pipeline infrastructure to transport it is already in place.

European Command supports State Department objectives regarding European energy security, and we work with our interagency partners, NATO allies, and partner nations to support these objectives: diversification of energy transportation routes in Europe; greater intra-Europe integration of existing supply systems; the development of new, renewable, and alternative energy sources in Eurasia; and demand-side efforts to promote energy efficiency. Within European Command, we are proposing a joint concept for energy security to achieve these same objectives, ensure access, and decrease vulnerabilities within our own forces. Our J9 Interagency Partnering Directorate continues to employ a whole-of-government approach to collaborate with our partners and like-minded allies to develop frameworks for addressing major energy security issues.

"Our relationship with our European allies remains the cornerstone for U.S. engagement with the world and a catalyst for international action."

National Strategy, May 2010

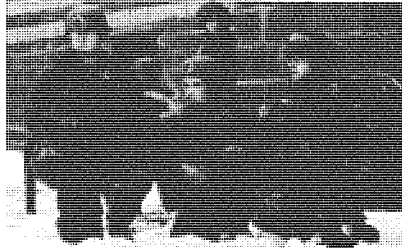
INITIATIVES

Effective pursuit of U.S., allied, and partner interests depends ultimately on our ability to innovate and find new and better ways of achieving our objectives.

Support to NATO, especially in Afghanistan. Today, European Command's largest contributions to support NATO lie in our efforts to train and equip partner nations to deploy alongside our own troops in Afghanistan. We have multiple lines of effort to support these activities.

Joint Multi-National Readiness Center. The Joint Multi-National Readiness Center supports European Command and Central Command operations by providing pre-deployment training to Europe-based U.S. forces and NATO Operational Mentoring and Liaison Teams slated for deployment to Afghanistan. Currently, the Center provides enduring observer/controller support to the United States Security Coordinator Israel to train the Palestinian National Security Forces. Joint Multi-National Readiness Center observer/controllers were also instrumental in the successful pre-deployment training of the Jordanian 2nd Ranger Battalion for operations in support of Afghanistan's national elections. We have trained almost 4,000 soldiers to date and, through these efforts, European Command has enabled partner nations to make significant contributions to operations in Afghanistan.

Georgia Deployment Program-International Security Assistance Force. Marine Forces Europe directly supports the Republic of Georgia's two-year program to deploy Georgian forces alongside U.S. Marine Forces to Afghanistan. The Georgia Deployment Program-International Security Assistance Force will deploy four rotations of a Georgian battalion with a Marine Corps Marine Expeditionary Brigade to Afghanistan. As capabilities improve, Georgian forces



Georgian soldiers from the 31st Battalion establish security during a cordon and search scenario as they train for an upcoming deployment in support of International Security Assistance Forces in Afghanistan

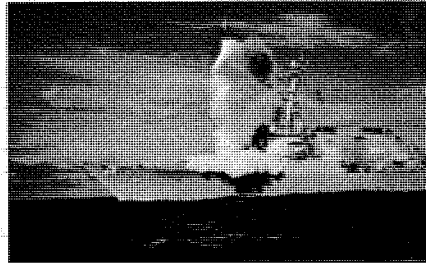
will be able to operate independently. By using Georgian shadow instructors, Marine Forces Europe will create a Georgian training group that will largely take over the Partnership Training Program by their fourth rotation. Over this past year, this program trained two battalions that deployed to Afghanistan.

Interoperability. EUCOM has significantly enhanced the ability to communicate with NATO and NATO member nations at the SECRET level. The U.S. Battlefield Information Collection and Exploitation System (BICES) network is used for planning, exercising, and operating with our NATO partners in this theater. We exercised that capability in AUSTERE CHALLENGE 10, JACKAL STONE 10, and a NATO Cyber Defense Exercise. As we leverage these opportunities to hone our ability to work together, we will continue to determine the capability requirements and develop the tactics, techniques, and procedures to ensure that U.S. BICES meets our NATO interoperability needs.

In another area, the United States became a full participating member in the Military Engineering Center of Excellence. Through this body, our engineers have the opportunity to develop interoperability and relationships with engineer forces at all levels of command. We are able to provide expertise to other NATO countries and help them prepare for NATO operations. Through these engagements, our nation also benefits by learning new engineering methods, and gains access to the resources of the Center of Excellence.

Ballistic Missile Defense. The concentrated efforts by our adversaries to illicitly procure ballistic missile technology, develop increasingly sophisticated missiles, and actively refine their abilities to employ those missiles against friends and allies have not abated.

As we work to provide defenses for our deployed forces, families, friends and allies, European Command continues the extensive and active cooperation necessary to implement the European Phased Adaptive Approach (EPAA) to Missile Defense. Together with our partners in the Department of State,



A Standard Missile - 3 (SM-3) is launched from the USS Hopper (DDG 70) in a Missile Defense Agency (MDA) test in conjunction with the U.S. Navy

Department of Defense, Missile Defense Agency, and many others we are fully supporting the coordinated international engagement of the United States.

Our coordinated efforts are bearing fruit, with NATO declaring at the Lisbon Summit that it will develop a missile defense capability to provide full coverage and protection for all NATO European populations, territory, and forces. NATO reiterated its longstanding invitation for Russia to cooperate with the Alliance in this endeavor. We are also working with Poland and Romania who have agreed to host elements of our missile defense systems. As part of these efforts, European Command is working with both the Missile Defense Agency and the Commander, Naval Installations Command, to ensure that facility infrastructure will be ready to go when the system is activated.

In order to provide for Communication, Collaboration, Coordination and, potentially, Command and Control of U.S. and NATO Missile Defense forces, European Command's J6

directorates have aggressively deployed U.S. BICES (NATO SECRET) workstations throughout European Command's Headquarters and our Service components. These workstations are supported by theater collaboration services for secure voice, chat, and information-sharing as well as the Battle Command Systems—providing U.S. and NATO forces with all the tools necessary to execute this mission successfully. This spring, European Command will add U.S. ships afloat to the U.S. BICES architecture, further integrating our sensors, shooters and platforms within theater.

At the same time, European Command is preparing for the arrival of the initial assets that will operationalize the European Phased Adaptive Approach. As we work together with our partners and allies to field an operational capability this year, I maintain my firm belief that the capabilities delivered will serve as a catalyst to develop a cooperative solution with our allies and partners in the region.

Joint Interagency Counter Trafficking Center. This past August, European Command stood up the Joint Interagency Counter Trafficking Center (JICTC) to support interagency efforts across the theater to counter the growing transnational trafficking threat. Transnational trafficking is a multi-faceted U.S. national security concern which has potential to undermine U.S. and international efforts to protect public health and ensure regional security. Transnational organized criminal activity contributes to weakening the rule of law, and fosters other forms of illicit activity such as terrorism, insurgency, organized crime, weapons trafficking, money laundering, human trafficking and piracy. Left unchecked, this activity can continue to spread and metastasize, threatening the stability and legitimacy of key states, as well as the U.S. homeland.

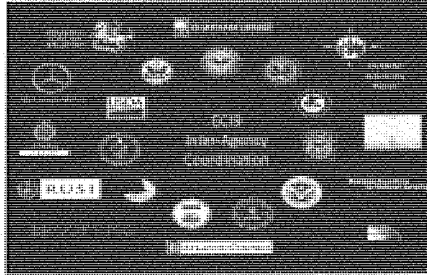
European Command's trafficking center will complement the State Department's interagency programs and assist the international community and European national efforts to build self-sufficient border management skills, competencies, and capacity among partner nations. The vision is that we will stand up a truly international, interagency organization focused on counter-trafficking. Though loosely modeled on Joint Interagency Task Force (JIATF)-South in Key West, our trafficking center will have important differences. Unlike JIATF-South, the Joint Interagency Counter-Trafficking Center will not directly participate in detection, monitoring, and interdiction operations on land or at sea. Instead, it will provide depth and capacity to our interagency partners and, by doing so, will provide another layer to regional security and the defense of our homeland. European Command is also leveraging opportunities to link U.S. Government agencies through information systems by building a common, user-friendly information technology portfolio that facilitates information-sharing and cross-cooperation. We are developing agreements on information-sharing standards with partner military, police, and civilian organizations to support counter-trafficking and exploitation activities. Our main focus will initially be on counter-narcotics, but will ultimately integrate other aspects of the transnational trafficking threat. No additional resources are needed to stand up the JICTC, and we plan to be fully operational by September 2011.

Whole-of-Government/Whole-of-Society Approach. Interagency partnering remains the heart of the enterprise for this Command, and is critical to how we approach security challenges in our theater. Building on the interagency cooperation that presently exists at our U.S. Embassy Country Teams, we have also grown the interagency presence at European Command to best effect interagency collaboration at the regional/operational level.

Since I last addressed you, we have welcomed additional representatives to European Command Headquarters from U.S. Customs and Border Protection, the Department of Energy, and the Department of Justice's Drug Enforcement Administration who wish to coordinate their activities with the U.S. military. This is in addition to representatives already in place at the headquarters from the Department of State, Department of the Treasury, Federal Bureau of Investigation, and Immigration and Customs Enforcement. Additionally, we are actively working with the U.S. Agency for International Development to once again secure their representation at European Command. Finally, the Department of Justice will soon add their prosecutorial and rule of law expertise to our team as, together, we seek to build partner capacity in Europe and Eurasia and, in so doing, better defend our homeland forward.

We have also introduced the U.S. Department of State Coordinator for Reconstruction and Stabilization (S/CRS) into our COMBINED ENDEAVOR exercise. This infusion of interagency participation facilitates cross-cooperation, coordination, and information sharing between the Departments of Defense and State in the context of whole-of-government operations within the European theater. This reinforces the Command's commitment to building stronger partner capacity, not only among our internal U.S. government agencies, but also with NATO and European partner government agencies as well. We look to integrate with both U.S. interagency organizations and those of NATO and our partner nations by coupling the U.S. whole-of-government approach with the comprehensive approach functions of our partners.

We have also established a J9 Interagency Partnering Directorate, the first new directorate at European Command since 1967. In addition to working with interagency partners, it also engages and collaborates with international and non-governmental organizations, academia,



Interagency, academic, public, and private partners of the U.S. European Command

the private sector, think tanks, and military academic organizations. In the private sector, for example, we have gained many new insights by partnering with numerous organizations. As part of our efforts to engage leading European professionals, we have instituted the

European Partnership Program to both listen

to European business professionals and leaders and to speak directly to them about our mission in Europe and Eurasia. In addition, our new Academic Outreach function has leveraged the knowledge and fresh thinking of military and civilian academic institutions to help us in our military planning processes.

Public Private Cooperation. European Command has begun work to leverage the expertise and other assets of the private sector to achieve its objectives as well as support the efforts of NATO Allied Command Operations. We are currently working with private businesses as well as non-profit non-governmental entities. For example, in collaboration with Central Command, we organized a public-private workshop on further development of the Northern Distribution Network and the potential for building a “silk road,” or commercial transportation network for commerce between Europe and Eurasia through Afghanistan. The participants included officials from the U.S. Transportation Command, Defense Logistics Agency, U.S. Central Command, U.S. Agency for International Development, the Asian Development Bank, the International Road Union, the National Defense Transportation Association, and other business executives, who agreed on recommendations for further action on

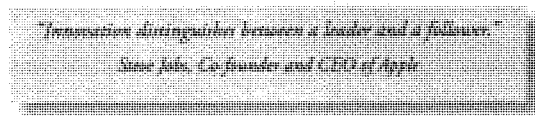
developing and implementing a silk road strategy as a component of the U.S. transition strategy for Afghanistan. We are also looking at ways to incorporate this kind of collaboration for issues like cyber security, assessments, and humanitarian assistance.

Humanitarian Assistance Programs. European Command's Humanitarian Assistance programs directly benefit the nations where they are executed, and consist of: the Humanitarian and Civic Assistance Program; the Humanitarian Assistance-Other Program; and the Humanitarian Assistance Program-Excess Property. Projects funded through these resources complement U.S. Agency for International Development efforts, enhance regional security cooperation, and advance U.S. interests throughout the region. They also bolster a country's own capability to respond to disasters, thereby diminishing the need for future U.S. involvement, and provide an example of the value of a military in times of peace.

While the European Command Humanitarian Assistance budget is relatively small, it has a disproportionately high and positive impact. Last year, the command executed \$17 million in Humanitarian Assistance Project funding for 145 security assistance related projects across 18 countries. One example of a Humanitarian Assistance project that was carried out in an interagency and public-private manner to gain efficiencies and maximize impact was our contribution to a nursing school in Georgia. We contributed through training to the construction of the facility, while Emory University staffed it and the U.S. Agency for International Development equipped it.

Another example was European Command's partnership with the U.S. Agency for International Development, an engaged non-governmental organization, and the Albanian Ministry of Health in an integrated effort to establish telemedicine capabilities throughout

Albania. This past December, six of 14 telemedicine centers were connected to enhance basic health care, disaster management and emergency response across the country. While European Command training assisted in renovation of the facilities, the impact of the combined effort provides a higher level of health care and continued medical education nationwide.



Innovation. Implementing new ideas and innovations is vital to achieving success in today's complex and adaptive security environment. Indeed, success may well be determined in our labs, think tanks, and centers of innovation. The original discovery, development, and rapid implementation of technology and ideas are imperative for staying ahead of our adversaries who are continuously adapting and innovating as well.

Acting as a catalyst and accelerant, and working in close collaboration with the Office of the Secretary of Defense, the Services, the U.S. Interagency, industry, and our partner nations, our Innovation Cell has achieved tangible results in furthering unique and innovative technologies. Results include discovery and enhancement of a unique human detection technology, a cross-domain solution for collaboration with our allies, and acceleration of a system to support space-based wireless internet access to remote regions. Each of these successes has been achieved by partnering with and leveraging the unique technologies of our allies. The Command has enabled access and connected unique partner nation technologies to counter improvised explosive devices, piracy, and smuggling. Future innovative projects planned are in the realm of information technologies to support population-centric counterinsurgency tools.



The Rosetta Stone and books that U.S. European Command has featured in its Command reading list, a project designed to enhance cultural understanding

Cultural Understanding and Language Study.

I have often talked about the power that comes from understanding a country's culture. At European Command, we are always trying to find ways to increase our understanding of European culture throughout our organization as we continue the important work of building and strengthening our relationships with partner

nations. One example is our Next Generation Advisory Panel, a body of up-and-coming civilian leaders from several European countries with whom we engage on a regular basis to seek their unique perspective on a variety of issues. Another is our Notable Author Series, which brings prolific writers and thinkers to the Command whose books add important historical context into an open forum for engagement and discussion with our staff. Our Academic Outreach Division recently brought an expert on Russian and Central European security issues to the Command as part of the European Command Forum for International Affairs Speaker Series. Additionally, European Command's Strategic Languages Program has joined our headquarters in Stuttgart with the Defense Language Institute in order to provide foreign language training for our staff members.

OUR MOST IMPORTANT RESOURCE

None of the activities described in these pages would be possible without the people that make up U.S. European Command. We have a responsibility to our people and their families to ensure the readiness and health of our force and provide quality of life support to the families. Being stationed overseas presents unique challenges and opportunities for our force. Maintaining a balanced and efficient overseas force posture, however, is critical to the defense of the United States.

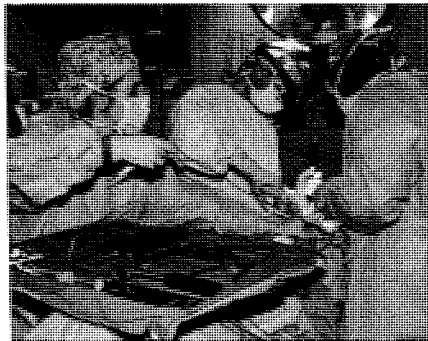
Deployment, Behavioral Health, and Compassionate Fatigue and Family Support.

Protracted combat operations and multiple deployments have, as you know, placed significant stress on our service members and their families. Several organizations and studies within the Department have identified an urgent need for sustained behavioral health services to support these warriors and their family members. As we continue to maintain mission readiness, it is imperative that our dedicated military men and women, and their families, have access to these vital programs and services without stovepipes in a stigma-free environment. A 360-degree review of these programs, with an analysis of the connection between at-risk indicators and catalysts, is needed to eliminate gaps in support. The goal is alignment of focused caregiver teams with corresponding indicator data systems to ensure the health of our force and family. We will also continue to work with the Office of the Secretary of Defense to develop a working definition for resilience, while determining initial measures for baseline assessments to address at-risk indicators.

Additionally, we must also care for our vital caregiver teams. Last year, I testified on the state of European Command's community caregivers, who themselves have shown signs

of stress, burn-out, and compassion fatigue. At that time, I briefed you on our comprehensive compassion fatigue program, entitled “Providing Outreach While Enhancing Readiness—Caring for the Caregiver,” which focuses on providing caregivers with tools and strategies to prevent and mitigate the risk of stress, burn-out, and compassion fatigue. 2010 was the first year of execution for this initiative; one we plan to continue and one that is showing promising results. Lastly, we continue to support ongoing efforts to improve complex care management and the medical portion of the disability evaluation process, which will result in improvement of wounded, ill, and injured warrior benefits.

Theater Infrastructure. Thanks to strong and continued Congressional support, previous annual military construction authorizations and appropriations have enabled European Command to address a balanced mix of our most pressing mission, mission support, quality of life, and housing requirements. The goal of our fiscal year 2012 military construction program is to support ongoing force posture initiatives, consolidation efforts, and infrastructure recapitalization projects including the Kaiserslautern Military Community (KMC) Medical



A surgical team from Landstuhl Regional Medical Center, Germany, operates on a Soldier injured in combat operations

Facilities Recapitalization and Consolidation project. As always, when there are opportunities to leverage NATO common funded investments, we do so. And where required, we pre-finance our projects to reserve a future opportunity to recapture a portion of our investments through the NATO Security Investment Program. At enduring locations,

we continue to sustain and recapitalize our infrastructure through responsible use of both the Sustainment, Restoration, and Modernization program and the military construction program. At non-enduring locations, we are optimizing use of all available resources to ensure these installations remain fully mission effective until the installations are removed from the inventory. To that end, European Command's footprint currently includes approximately 350 distinct real estate sites (ranging in size from small unmanned communication sites to Ramstein Air Base), which collectively make up the present Command footprint, down from 1,200 during the Cold War. Anticipated changes, some of which are planned within enduring installations, will result in the return of approximately 100 of these sites to host nations soon. We are constantly reviewing requirements across the current and new mission, quality of life, and agency portfolios to work towards joint solutions where appropriate. European Command's future requirements will appear in our Theater Posture Plan and military construction requests. The sites are all tax and rent free and receive much host nation support.

We are pleased that the Department of Defense Education Activity (DoDEA) is planning and executing a \$2.1 billion investment into DoDEA's Europe school infrastructure that has been in need of support for many years. Many of our schools are converted barracks from the 1950's and will benefit tremendously from this investment. At the end of this seven-year program, all failed or failing infrastructure will be recapitalized, providing concrete proof of our priority to take care of our people and their families. Additionally, we will continue to address and pursue improvements to our military family housing and barracks/dormitories in the 2012 military construction program to improve the living conditions of our families.

Force Posture. The presence of U.S. forces in the European theater serves many important functions. It fosters relationships and deepens partnerships with individual countries as well as an entire region of significant importance to U.S. global strategic interests, as evidenced by the overwhelming number of ISAF troop-contributing nations that come from this theater. This continuous presence and partnership allows European Command to train alongside our allies and partners to build their capacity as well as our own, and increase interoperability. U.S. forces stationed in Europe today act to assure our allies even as they deter and dissuade our adversaries, and are the most visible indication of the ongoing U.S. commitment to the NATO Alliance. European Command's footprint also enables the projection of U.S. power globally. Sites and installations in Europe provide superb power projection facilities for the support of coalition operations and overseas contingency operations.

As we consider U.S. presence overseas, we must consider the security environment in which we are currently operating. As the post-Cold War security environment changed, the size of our forces saw a corresponding change. The number of active-duty U.S. personnel in Europe has gone from over 400,000 during the Cold War to approximately 80,000 today. With ongoing activities in Afghanistan and Iraq, we assess that we should maintain our asset levels to maintain our current levels of effort in the immediate future, to include deployment rotations and partner training schedules. As our engagement requirements change, we will also look to adjust our asset levels. As the Secretary of Defense has said, "Based on our review, it is clear we have excess force structure in Europe. We are looking closely at alternative courses of action, but none would be implemented before 2015 or without consulting our NATO allies." In doing so, we not only look at pure numbers of troops when examining force posture, but also at capabilities and force

mix. As the mission in Afghanistan begins to draw down, we may begin to reduce in the area of combat troops. However, as our ballistic missile defense mission develops in the near future, we will also evaluate the force posture needs associated with that growing mission.

There are five significant force posture initiatives that European Command is undertaking to support building the capability and capacity of partner nations in Europe, increase expeditionary capability from Europe, support other combatant commands, and achieve basing efficiencies.

The first initiative is in direct support of the EPAA. The EPAA is the U.S. voluntary national contribution to NATO missile defense. This will be an integral component of NATO's mission to provide full protection and coverage for all NATO European populations, territory, and forces as well as enhance the defense of the U.S. homeland.

The second initiative is an Unmanned Aerial Systems Center of Excellence at Naval Air Station Sigonella, Italy. The synergistic impact of combining U.S. Air Force Global Hawks, U.S. Navy Broad Area Maritime Surveillance, and NATO Alliance Ground Surveillance unmanned aerial systems programs at one location within close proximity to three geographic combatant commands is a prime example of how the European Command is maximizing our efficiency within the European Theater.

The third initiative is the timely stationing of the Joint Strike Fighter into theater. The proper timing of the Joint Strike Fighter bed-down ensures that the U.S. maintains its leadership role within the NATO Alliance.

The fourth initiative is developing a U.S. Transportation Command requirement for a Black Sea/Caucasus en-route location to further U.S. expeditionary capability. The European

Command will meet this requirement while maximizing our basing efficiencies.

The final initiative, is providing direct support to U.S. Africa Command, which is located in Europe. The European Command, because of our global strategic location, is properly positioned for other combatant commands and interagency partners to leverage our resources.

We consider it our responsibility to maximize efficiency in the theater.

NATO/SHAPE

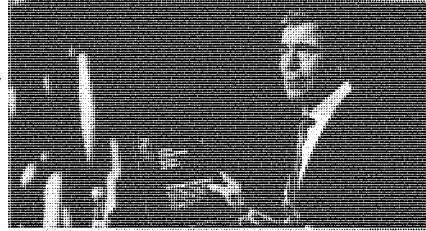
"Europe and North America have known more than six decades of peace and stability. But this has not come for free. It has required political vision and courage. It has required an enormous, sustained investment – in both political and financial terms – to defend not just our territories, but also our values. And it has required – above all – strong transatlantic solidarity."

NATO Secretary General Anders Fogh Rasmussen. Speech given at NATO Lisbon Summit, November 2010

NATO has been the anchor of Trans-Atlantic security for more than 60 years, ensuring the security of its members, enhancing peace and stability throughout Europe, and countering threats across the globe. In November of 2010, the Heads of State and Government of the Alliance approved a new NATO Strategic Concept at the Lisbon Summit and mandated a series of actions to modernize and enhance the Alliance's capability to address the complex challenges of this era. The Summit was a pivotal event in the Alliance's history, framing its future and demonstrating the political will of its members to strengthen our individual and collective readiness and capabilities for the full range of security challenges.

New Strategic Concept. NATO's new Strategic Concept, the first in ten years, is titled "Active Engagement, Modern Defense". The Strategic Concept reconfirmed the bond between all members to defend one another against attack, including against new threats to the safety of our populations. It committed the Alliance to prevent crises, manage conflicts, and stabilize post-conflict situations, including by working more closely with our international partners, most importantly the United Nations and the European Union (EU). It offers NATO's partners around the globe more political engagement with the Alliance, and a substantial role in shaping the NATO-led operations to which they contribute. It restates the Alliance's firm commitment to keep the door to NATO open to all European democracies that meet the standards of

membership, because enlargement contributes to the goal of a Europe whole, free and at peace. The Strategic Concept also commits NATO to continuous reform towards a more effective, efficient, and flexible Alliance. The Strategic Concept reaffirms the fundamental purpose of



NATO Secretary General Anders Fogh Rasmussen unveiling the new Strategic Concept at the NATO Lisbon Summit

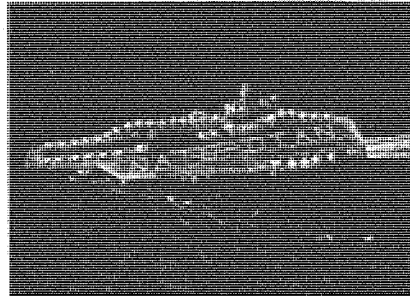
the NATO Alliance and defines three core tasks for the Alliance: Collective Defense; Security through Crisis Management; and Cooperative Security through Partnership.

Collective Defense. On Collective Defense, the new Strategic Concept reaffirms the Alliance's core mission of mutual defense as set out in Article V of the Washington Treaty. This Article V commitment remains firm and binding. NATO will deter and defend against any threat of aggression, and against emerging security challenges where they threaten the fundamental security of individual Allies or the Alliance as a whole. The Strategic Concept mandates the maintenance of Alliance Deterrence, based on an appropriate mix of nuclear and conventional capabilities, and reaffirms deterrence as a core element of our overall strategy. The Alliance also agreed to pursue missile defense as a core element of Alliance defense and deterrence.

Crisis Management. Concerning Crisis Management, the new Strategic Concept commits the Alliance's unique and robust set of political and military capabilities to address the full spectrum of crises—before, during, and after conflicts. It recognizes that crises and conflicts beyond NATO's borders can pose a direct threat to the security of Alliance territory and populations. The Strategic Concept and the Lisbon Summit Declaration highlight the importance of a "Comprehensive Approach to Crisis Management."

NATO will engage, where possible and when necessary, to prevent crises, manage crises, stabilize post-conflict situations and support reconstruction. NATO will actively employ an appropriate mix of political and military tools to help manage developing crises that have the potential to affect Alliance security before they escalate into conflicts, to stop ongoing conflicts where they affect Alliance security, and to help consolidate stability in post-conflict situations where that contributes to Euro-Atlantic security.

A modernized and comprehensive approach to crisis management will involve engaging actively with other international actors before, during, and after crises to encourage collaborative analysis, planning, and conduct of crisis management activities. It also requires a capability to monitor and analyze the international environment to anticipate crises and, where appropriate, take active steps to prevent them from becoming larger conflicts. The role accorded to Crisis Management in the Strategic Concept also reaffirms NATO's unique and essential role as a transatlantic forum for consultations on all matters that affect the territorial integrity, political independence, and security of its members as set out in Article IV of the Washington Treaty.



The USS Dwight D. Eisenhower Carrier Strike Group crew spells out NATO on the deck

Cooperative Security and Partnership. With respect to Cooperative Security and Partnership, NATO's new strategic concept recognizes that the Alliance is affected by, and can affect, political and security developments beyond its borders. This concept mandates NATO to engage actively to enhance international security: through partnership with relevant countries

and other international organizations; by contributing actively to arms control, non-proliferation and disarmament; and by keeping the door to membership in the Alliance open to all European democracies that meet NATO's standards. In particular, the Strategic Concept highlights the importance of enhancing collaboration with the European Union and United Nations. It also stresses the priority accorded to forging a true, strategic partnership with Russia. In particular, the Alliance will pursue cooperation with Russia in the sphere of Missile Defense as well as enhance our cooperation in counter-piracy, counter-narcotics, counter-terrorism, and ongoing International Security Assistance Force operations.

In Lisbon, the NATO Heads of State and Government Summit Declaration contained many taskings related to implementing, or operationalizing, the new Strategic Concept. In particular, Crisis Management, Comprehensive Approach, Partnership, and Missile Defense will be focus areas for NATO Headquarters, Allied Command Operations, and Allied Command Transformation. The Lisbon Summit also tasked continued reforms for NATO in many spheres related to reducing costs and delivering efficiencies and effectiveness. NATO will continue to implement these important Lisbon decisions simultaneously and we will continue to conduct operations of high importance to our collective security.

"All of the things that we've been working on for the last two years came to fruition in an extraordinary way in Lisbon."

Secretary of Defense Robert Gates, November 2010

NATO-European Union Relations. The European Union is another potential partner for NATO in its Comprehensive Approach and, although slight, some progress has been made in the areas of cooperation and coordination between these two entities. In land operations, tactical

coordination continues and, in Afghanistan in particular, there has been a growing willingness on both sides (International Security Assistance Force and European Union Police Mission Afghanistan) to coordinate efforts. This will hopefully lead to a more complementary approach, combining resources and capabilities to build Afghan National Security Forces' capacity. In the fight against piracy, NATO and the European Union have agreed to share tactical information for increased situational awareness and synergy. There have been other examples of tactical cooperation such as a recent incident during which an EU ship refuelled a NATO ship at sea. This common use of logistics support is an area that offers potential for further cooperation between the European Union and NATO.

Afghanistan. NATO's operation in Afghanistan continues to provide the Alliance a catalyst for change to ensure timely and relevant support to our combat forces. America's Allies in NATO have shared the risks, costs, and burdens of this mission from the beginning. They have contributed to the International Security Assistance Force and the Afghan National Security Forces and have made significant non-military contributions as well.

The situation in Afghanistan today is complicated and deeply challenging, as external



Afghan National Police and Afghan National Army personnel receive technical training on night vision goggles and thermal cameras by a Turkish officer

pressures are balanced with internal recovery from 30 years of warfare. As we proceed in this campaign, the successful transition of security responsibilities remains the key issue. Much has been achieved in the past 12-18 months. The troop surge of 30,000 U.S. and 10,000 allied troops has had a significant impact on the ground,

especially in southern Afghanistan. More importantly, the restructuring of the headquarters, including the activation of the ISAF Joint Command and NATO Training Mission-Afghanistan, have provided the ISAF Commander the leadership capacity to implement a counterinsurgency campaign focused on securing the Afghan population, developing the Afghan National Security Forces, and engaging the Afghan Government as a catalyst of change. We have largely halted the expansion of the insurgency, and are beginning to show signs of progress toward Afghan security self-reliance. These strategy reviews and increased attention on Afghanistan are welcomed by our allies and partners as we move forward. Our allies have already contributed a great deal to this war, fighting, bleeding, and dying side-by-side with our own troops.

There are four areas in which we must succeed in order to win in Afghanistan, and some progress has been made across all four. The first is to achieve synergy between our civilian and military efforts. To help accomplish this, NATO has reinforced the Senior Civilian Representative position with Ambassador Mark Sedwill. His efforts, in parallel with the United Nations Assistance Mission in Afghanistan, have shown exceptional progress in governance and development. Ambassador Sedwill and his team are providing the necessary balance to the military work being done by General David Petraeus, the Commander of U.S. and NATO forces in Afghanistan. The Senior Civilian Representative's efforts cannot be taken in isolation. Additional civilian expertise is still required to mentor, coach, and guide the Afghan government to take active visible steps to show that it is stamping out corruption, improving efficiency, and delivering necessary services to its people effectively.

The second area critical to the Afghanistan counterinsurgency effort is that the Afghans themselves must be at the center of this effort. In this aspect, the restructuring of the headquarters and the Senior Civilian Representative have provided the leadership capacity to engage appropriate Afghan leaders and move towards independence. The Afghan people, through village and district elders and shuras, have begun to assume responsibility for the well-being of their country and are showing growing confidence in their own government's ability to provide basic security and services without corruption and tribal favoritism.

A third important key to success in Afghanistan is effective strategic communication. A continuous flow of information that serves to bolster our actions is essential to assuring the Afghans, as well as our enemies, that the United States and our allies are committed to a secure and stable Afghanistan. We have work to do, but are improving.

Fourth and finally, as has been reaffirmed time after time by the Alliance, the most important role that the military can play in Afghanistan is to increase the size and capability of the Afghan National Security Forces (ANSF) through training and mentoring so that they may be able to take lead responsibility for securing their country. This is—and remains—the top resourcing priority in Afghanistan. Although the progress of NATO Training Mission – Afghanistan (NTM-A) and the increase in capacity and capability of the ANSF has been described as miraculous, trainers and mentors are still needed. Progress has been exceptional. And watching the enthusiasm as record numbers of recruits train at the Kabul Military Training Center definitely perpetuates optimism.

Recent polls have shown positive indications that progress is being made in Afghanistan. Almost 60% of Afghans believe their country is heading in the right direction.¹ Afghans are 83% confident that the Afghan National Army can provide security in their area and 75% confident in the Afghan National Police². Thousands of insurgents are being captured or killed and hundreds of improvised explosive devices have been recovered. These are all indicators that validate our effort to put the Afghan people at the center of the equation in Afghanistan. We need to continue giving the Afghan people hope that they are not destined to live under the yoke of tyranny, and offer them every opportunity to live in a future Afghanistan worthy of their sacrifices.

Kosovo. Today, approximately 8,000 troops, including 800 MS soldiers, from NATO's Kosovo Force are deployed in Kosovo, working alongside local authorities to increase self-reliance in a multi-ethnic environment. The Allies decision to continue force reductions while developing internal security forces is the best declaration of this safe and secure environment. Operations remains challenging as tensions have potential to flare quickly but, by March 2011, planned force levels will be reduced to about 5,000 as five sites of historical and political importance have already transferred from Allied security to local authorities without incident. Following Kosovo's declaration of independence in February 2008, the Alliance reaffirmed that the Kosovo Force shall remain in Kosovo on the basis of United Nations Security Council Resolution 1244. NATO and the Kosovo Force will continue to work with the authorities and assist the United Nations, European Union, and other international actors, as appropriate, to support the further development of a stable, democratic, multi-ethnic, and peaceful Kosovo.

¹ The Brookings Institution, The Afghanistan Index, <http://www.brookings.edu/foreign-policy/afghanistan-index.aspx>, 31 August 2010, 36.

² The International Council on Security and Development (ICoSD), Afghanistan: The Relationship Gap, July 2010, 14.

NATO and Iraq. At the Istanbul Summit in June 2004, the Allies agreed to be part of the international effort to help Iraq establish effective and accountable security forces. The outcome was the creation of the NATO Training Mission in Iraq (NTM-I), which to date has trained over 14,000 Iraqi security sector personnel. NTM-I is involved in police training, establishing and mentoring Iraq's military academies, and facilitating substantial equipment donations and regular out-of-country training hosted by NATO Allies. All NATO Allies contribute to the training effort through deployment of trainers, provision of equipment, or NATO's financial contribution. The Government of Iraq regularly praises NTM-I, and continues to request its continuation and expansion.

ACTIVE ENDEAVOR. Under Operation ACTIVE ENDEAVOR, NATO ships are patrolling the Mediterranean and monitoring shipping to help detect, deter, and protect against terrorist activity. The operation evolved from NATO's immediate response to the terrorist attacks against the United States on September 11, 2001, and, in view of its success, is continuing. As the Alliance has refined its counter-terrorism role in the intervening years, the experience that NATO has accrued in ACTIVE ENDEAVOR has given the Alliance unparalleled expertise in the deterrence of maritime terrorist activity in the Mediterranean Sea. NATO forces have hailed over 100,000 merchant vessels and boarded 155 suspect ships.

By conducting these maritime operations against terrorist activity, NATO's presence in these waters has benefited all shipping through the Straits of Gibraltar. Moreover, this operation is also enabling NATO to strengthen its relations with partner countries, especially those participating in the Alliance's Mediterranean Dialogue.

Supporting the African Union. Well beyond the Euro-Atlantic region, the Alliance continues to support the African Union in its peacekeeping missions on the African continent. Since June 2007, NATO has assisted the African Union Mission in Somalia (AMISOM) by providing airlift support for African Union peacekeepers. Following renewed African Union requests, the North Atlantic Council has agreed to extend its support by periods of six months on several occasions. NATO also continues to work with the African Union in identifying further areas where NATO could support the African Standby Force. NATO's continuing support to the African Union is a testament to the Alliance's commitment to building partnerships and supporting peacekeeping and humanitarian efforts beyond the Euro-Atlantic region.

OCEAN SHIELD. Building on previous counter-piracy missions conducted by NATO beginning in 2008 to protect World Food Program deliveries, Operation OCEAN SHIELD is focusing on at-sea counter-piracy operations off the Horn of Africa. Approved in August 2009 by the North Atlantic Council, the current operation, working with almost 40 ships from allies and partners in the context of the Contact Group on Piracy off the Coast of Somalia, continues to contribute to international efforts to combat area piracy. This operation challenges normal



Danish warship, HDMS Esbern Snare, stops and boards a suspected pirate vessel in the Gulf of Aden as part of Operation OCEAN SHIELD

paradigms, with information-sharing and coordination as the keys to success. These operating forces, from four different task forces under different mandates, have had an impact coordinating efforts through NATO's shared awareness and de-confliction efforts. These efforts, along with the commercial shipping industry's strong encouragement of best

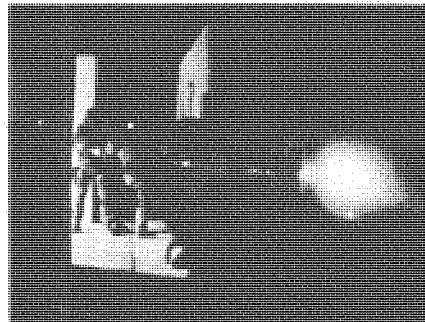
management practices, have forced changes in the way the pirates operate; they have adapted by moving farther out into the Indian Ocean, and we must adapt accordingly. Although piracy in

the Gulf of Aden has been somewhat reduced, the overall number of hijackings has increased, as have the number of hostages held by the pirates. It is clear that, a longer-term strategy to build regional counter-piracy capacity is required, including clarification in international law of jurisdiction for pirates apprehended in international waters, as well as responsibility for their trial and incarceration if found guilty. This is under discussion among the allies.

NATO Special Operations Forces. The U.S.-led NATO Special Operations Forces (SOF) Coordination Centre was officially rechristened and activated as the NATO Special Operations Headquarters in November 2010. The NATO Special Operations Headquarters, projected to be fully operational in 2012, has already had a significant impact coordinating, supporting, training, and enabling functions for NATO SOF, and it continues to develop Alliance crisis response options. The evolution of this headquarters will better synchronize special operations forces across the Alliance, enhance NATO SOF unity of effort, and provide Allied special operation forces with a multi-national out-of-area command and control capability.

The NATO Special Operations Headquarters Communications Network underpins allied and partner SOF collaboration by providing an unprecedented vehicle for command, control, communications, and intelligence-sharing for networked operations. The Headquarters' Special Operations Forces Fusion Cell, in Kabul, Afghanistan, demonstrates this operational

impact among allied and partner special operations forces. This stakeholder-run enterprise, manned by 40 personnel from 11 nations and several agencies, focuses on garnering information from a multitude of allied and partner sources, and fusing that information with operational



NATO SOF Forces conduct nighttime training

requirements to produce and disseminate actionable intelligence to ISAF SOF Special Operations Task Groups and our Afghan partners.

The NATO Special Operations Headquarters is building enduring operational capabilities, collaborative policies and procedures, and networked command, control, and communications mechanisms among NATO special operations forces. Collaborative training and exercises reinforce this framework to ensure allied and partner special operations forces are interoperable in order to operate more effectively in designated combined operations well into the future.

NATO Non-Commissioned Officer Initiatives. The first ever NATO Non-Commissioned Officer Bilateral Strategic Command Strategy and Recommended Non-Commissioned Officer Guidelines was published in October 2010. This first examination of Alliance-wide Non-Commissioned Officer Corps utilization defines critical gaps based on listed assumptions and implications, and delivers recommendations on how best to address them. It also outlines desired leadership qualities required in a multi-national environment, addresses NATO non-commissioned officer education, and explores the use of Command Senior Enlisted Leaders to assist the Commander in the professional development of the Non-Commissioned Officer Corps in order to better meet the demands of working in the NATO Alliance. Additionally, our Command's Senior Enlisted Leaders have led NATO efforts to assist partner nations with Non-Commissioned Officer reform in several countries this year through their involvement with initial assessments. We are working to tie these NATO initiatives into European Command's theater campaign plan to assist our partners with their Non-Commissioned Officer transformation. We believe these efforts will result in the more effective use of the Non-Commissioned Officer Corps—an essential component to achieving success in a multi-national environment.

CONCLUSION

"This reflects an enduring truth of American foreign policy – our relationship with our European allies and partners is the cornerstone of our engagement with the world, and a catalyst for global cooperation. ... Neither Europe nor the United States can confront the challenges of our time without the other."

President Barack Obama, New York Times, November 2010

The Soldiers, Sailors, Airmen, Marines, and Civilians of European Command and Allied Command Operations contribute to our national security everyday through their professional engagement with our allies and partners across the European theater. As we look forward to continued success, I ask for your continued support of these extraordinary men and women and their families to ensure they receive the care and benefits they deserve.

Operationally, we will continue to seek and use flexible authorities and funding mechanisms to build the capacity of those partner nations willing to contribute to current operations. This has become increasingly important because of the surge of activities in Afghanistan and the need to get our allies and partners more involved. Your continued support for authorities like NDAA Section 1206, Foreign Military Financing, the International Military Education and Training program, and Coalition Readiness Support Program has been pivotal in addressing our strategic needs in the European theater, not only for partner-nation forces deploying to Afghanistan, but for all of our other allies to help build partner capacity. These programs allow us to provide them with equipment and training necessary to achieve interoperability with our own forces, and better prepare them to handle the responsibilities to which they commit their forces.

Furthermore, our efforts to fulfill this short-term task of building enduring capability are vital to ensuring the long-term stability and security of Europe. In addition to increasing the contributions of our allies and partners to operations outside Europe, building partner

capacity allows us to make significant progress toward achieving European Command's strategic objectives. For example, we have been able to conduct security sector reform assessments in Albania, an interagency effort critical to integrating Balkan countries into the European community. We also have numerous programs targeted at countering the proliferation of weapons of mass destruction throughout the theater such as the Proliferation Security Initiative and the Global Initiative to Combat Nuclear Terrorism. But we cannot stop there. We are also supportive of efforts to pool State and Defense resources for the purpose of funding more robust, comprehensive security sector assistance programs to respond to emergent challenges and opportunities, as originally proposed by Secretary Gates. This would greatly aid our efforts to ensure interoperable, deployable NATO forces. Realizing the vision of the Lisbon Summit, a NATO with robust interoperable Article V and expeditionary capabilities requires U.S. support with training and equipment for newer NATO allies and partners. With greater flexibility, these authorities can achieve greater strategic goals in support of our theater and national objectives.

European Command and Allied Command Operations continue to serve as a transatlantic bridge that unites the United States and our partners in Europe. We are building and strengthening relations with our European partners that will help ensure the security of the United States at home and abroad. As President Barack Obama said at the recent NATO Summit, "Our relationship with our European allies and partners is the cornerstone of our engagement with the world, and a catalyst for global cooperation." Indeed, we are truly

"STRONGER TOGETHER".



TROOPS IN EUROPE

Mr. CULBERSON. Thank you very much, Admiral. We genuinely value and appreciate your service. It means a great deal. Thank you, sir.

I would like to talk about whether or not we keep the four Brigade Combat Teams in Europe or move to two. Could you just talk to us a little bit about that? And let me just leave it sort of an open-ended question rather than specific and have you share, if you would, with us your opinion based on your own experience as to whether or not we need to bring two of those home.

Admiral STAVRIDIS. Sure. You outlined the history of this quite well, sir. As you will recall, we had back in 2004 a decision that was focused on coming down from four to two. I would like to just kind of take the history back a little further than that so we can have a context.

And the context would be going back about 20 years ago we actually had 400,000 U.S. troops in Europe, 400,000 U.S. troops in Europe. Today, we are down to about 80,000. So we have reduced about 75 percent. About 20 years ago, we had about 1,400 installations of various sizes. We have driven that down to about 350. Many of those are very tiny. We are down to really 17 main operating bases. So there has been about a 75, 80 percent decline over the last 20 years. I think it is important to hold that thought in mind as we look at this.

As you correctly said, Chairman, the events in Europe, notably the Russian-Georgian conflict, caused everyone to pause on the four to two. And that illuminates one of the real reasons for the force structure in Europe, which is reassurance of our allies. It is deterrence. It is military operations. And here I would underline the fact that out of Europe today of the 80,000 troops we have 12,000 troops forward deployed in Afghanistan today from U.S. European Command. Most of two brigades are forward right now.

Finally, there is a real value in that training that goes on with our allies and friends. So there is I think real value in maintaining an appropriately sized presence in Europe.

So within that 80,000 kind of number, the question becomes should we reduce from four to three or two? And so where we are in the process, Chairman, Ranking Member, members, is after the QDR the Department did a very extensive study of this and looked at the pros and cons of two, three, and four and kind of lined them up also with the global context.

And I do not want to get ahead of Secretary Gates, who is going to announce the final decision, but I want to assure you that my voice was heard in this, that as I laid out pros and cons of each of these, my belief is that we can take a reduction of some kind in Europe, and I think that is appropriate. As to where exactly that comes out in terms of numbers of brigades or other elements is still in the final stages of decision, and we will hear that shortly.

Mr. CULBERSON. What is your personal opinion, though, as to what the appropriate level of reduction should be?

Admiral STAVRIDIS. My personal opinion would be something in the range of, I would say, 5 to 10 percent is appropriate. And, in

fact, I will give you an example that I can talk about, because it is not up for decision right now.

We are reducing U.S. European Command staff in headquarters structure by between 10 and 15 percent, trying to find efficiencies. We are reducing our numbers of flag and general officers by 15 percent, and we are reducing not only the numbers but also the number of stars that are over there. So, overall, the Department is working very hard to make sensible reductions.

Again, the final decision is up with Secretary Gates; and I think he will be prepared to announce that I think fairly soon.

If I may, one final thing.

Mr. CULBERSON. Yes, sir.

Admiral STAVRIDIS. He has commented, sir, that he is also taking into account the views of our allies as well and that these cuts will be phased in over time in a sensible way looking at events.

NATIONAL DEBT AND TROOPS STATIONED OVERSEAS

Mr. CULBERSON. All of us on this committee, and of course the Congress, are utterly committed to supporting our military in any way that we can, but we also have to remember something really critical for all of us to remember in every decision we make is that America's mortgage payment exceeds our income. And I do not play favorites. I voted against every major spending initiative that President Bush proposed.

I represent his parents. Barbara Bush still gives me—I mean, they are wonderful people. I love them dearly. But, you know, I fought him on Ramos and Compean, the two Border Patrol agents he threw in prison.

But it has really taken off under this President and the previous Speaker. So that we are at the point now, Admiral, where if you count—I think this is a great way to think about it, is actually the simplest way I found to explain to people. If you think of our mortgage payment as a Nation as Medicare, Medicaid, Social Security, our benefits to veterans, and interest on the national debt, the mortgage payment is about 104 percent of our national income. At the stroke of midnight on the first day of the fiscal year, we are already \$105 billion in debt at the stroke of midnight. So every dollar we spend all year long is borrowed.

Admiral STAVRIDIS. Sure.

Mr. CULBERSON. Which is terrifying. And we borrow it from the Communist Chinese, primarily, and sovereign wealth funds in the Middle East who are not our friends. And God bless you guys. We are going to get you all the support and help that we can, but we are really in a critical situation. The \$100 billion that the House is trying to cut, even if we did that, would only get us up to midnight. So we are urgently looking for ways to make sure that we are obviously protecting the strategic interests of the United States.

A real concern that we are in Libya right now. I do not think the President even bothered to call the Speaker, as far as I can tell, and check with the Congress before he did it; and he committed our young men and women and put their lives at risk. But we want to be very careful with these precious tax dollars that our kids—

my daughter, whom I dropped off at school this morning—is going to have to pay back.

So is it prudent to have four combat brigade teams in Europe at a time when we are living on borrowed money? And the threat is not as it has been in the past. I am a student of history and recall from my study of Russian history they have always had this sort of a long tradition in Russia of kind of a paranoid obsession with having buffer states around the Russian empire going way, way, way back.

Talk to us about the threat from the Russians. How did the Caucasus change? The thinking of the Pentagon on the threat that our allies face in Europe. And what size force, in your personal opinion—you say a 5 to 10 percent reduction, based on the threat that our allies face. What is the threat our allies face, and what threat do our troops face in Europe today with the changing situation in Russia?

I do not think those guys are our friends, either. I found out the other day that the Russians are actually custom designing a container—they are actually advertising a container, and I would be interested if you can confirm this, but I got it from a very reliable source, that the Russians have actually built a container that looks exactly like a shipping container. It is designed to be put on a ship, and then the walls drop away, and it contains a mobile missile launcher. Which is, of course, the classic scenario for how a terrorist would attack the United States. They would park it right off the coast on a container ship, and the Russians are apparently actually building one. So these guys are not our friends, I understand.

Talk to us, if you could, with that in mind, sir. Help educate us. Talk to the committee about what we are as a Nation facing as a threat from the Russians in Europe.

Admiral STAVRIDIS. Well, I think if I could slightly broaden the question—

Mr. CULBERSON. Yes, sir.

Admiral STAVRIDIS [continuing]. And address, of course, your specific point, the fundamental question is, why Europe? Why are we in Europe? Why do we still have troops in Europe? And, therefore, what is the threat?

U.S. EUROPEAN POLICY

I would start by saying that the Europeans are with us in a wide variety of operations overseas today, for example, Afghanistan. We have 98,000 U.S. troops in Afghanistan. There are 45,000 non-U.S. troops in Afghanistan. So for every two of our soldiers one of our allies is over there with us.

And in terms of casualties, we have lost, tragically, about 1,400 of our young men and women in Afghanistan. So, two to one, you would expect the allies would have lost 700. The allies have lost about 900. They are actually taking casualties at a higher percentage rate than we are. When I look at that, it is part of the rationale—

Hello, sir.

Mr. CARTER. Hello.

Admiral STAVRIDIS [continuing]. Part of the rationale for why Europe. Because these are strong partners with whom we have very historic ties.

Now, in terms of the threats, I would not look in isolation at any threat. I would rather start by talking about transnational threats, the threat of terror. The threat in Europe alone, last year there were 300 kinetic terrorist incidents.

Mr. CULBERSON. How many?

Admiral STAVRIDIS. Three hundred kinetic terrorist incidents.

Mr. CULBERSON. What is kinetic?

Admiral STAVRIDIS. Bombs, shooting, assaults, an actual something that causes injury or death or damage.

Mr. CULBERSON. And that is over the last year around the world?

Admiral STAVRIDIS. No, sir, that is in Europe.

Mr. CULBERSON. Just in Europe?

Admiral STAVRIDIS. It is a pretty extraordinary number when you think here in the United States we had zero.

Mr. CULBERSON. Of those 300, how many were initiated by Muslim terrorists?

Admiral STAVRIDIS. Probably two-thirds, most of them coming up through the Caucasuses.

Mr. CULBERSON. Okay. Two-thirds. Who were the other third?

Admiral STAVRIDIS. Basque terrorists, separatist movements in other parts of Europe.

Mr. CULBERSON. Okay.

Admiral STAVRIDIS. So, overall, that transnational threat I think is very significant.

Secondly, we have the events that we see right now that are tied to that terrorism in places like Afghanistan. That is why we are in Afghanistan, to ensure it does not become a base for those kind of operations. And, again, our European allies are very much engaged with us there.

And then, thirdly, we have this idea of collective defense of Europe. At the moment in terms of Russia, I do not see the possibility of a Russian attack on Europe. Quite the contrary, I think Russia is in a period of consolidation inside their own borders. I think there are probably more instances of cooperation with Russia than there were 2 or 3 years ago.

Mr. CULBERSON. Okay.

Admiral STAVRIDIS. That is part of the reason why I think it does make geostrategic sense to reduce the U.S. military footprint somewhat in Europe.

Mr. CULBERSON. What is the state of the Russian military today?

Admiral STAVRIDIS. I would love to talk about that.

Mr. CULBERSON. I remember as a kid growing up and going to college in the 1980s really paying attention to this. Apparently, a lot of it was a Potemkin village. And the Russian Navy, talk to us about the navy and the scale of their strategic forces and what kind of forces do they have deployed? Tanks were very, very real obviously. They had a huge—

Admiral STAVRIDIS. Huge inventory at one time.

Mr. CULBERSON. Where were they, say, in the 1980s and then where are they today?

RUSSIAN MILITARY

Admiral STAVRIDIS. In the 1980s, the Russian military was somewhere north of—depending on how you sort of scored the Warsaw Pact and the allies that were operating with the Soviet Union, so let's look at that in the aggregate—probably somewhere around 4 million troops. Today, it is down to about 1.2 million, and they are further consolidating and reducing, and I think they will be down toward about a million troops by 2012.

So they are restructuring. They are cutting loose about 200,000 officers out of their ranks. They are modernizing, but they are doing it very selectively. They are looking at their Naval forces and their strategic rocket forces as they call them, the intercontinental ballistic missiles. They are reducing conventional footprint, and they are also restructuring how they operate from a division-based structure to a brigade-based structure.

So, again, because of those reforms and because of that kind of turbulence within the Russian military, I think it does argue for the sensibility of some level of reduction in U.S. troops in Europe.

Mr. CULBERSON. What is the quality of their strategic forces, their missiles?

Admiral STAVRIDIS. They are quite capable. Quite capable. Comparable to ours.

Mr. CULBERSON. Okay. What about their navy?

Admiral STAVRIDIS. Their navy has some strengths and some weaknesses. They are particularly strong in submarine operations. They have a very capable submarine fleet, and they have very capable cruise missiles. They are not as capable as we are at naval aviation at sea. They do not operate the high-end aircraft carriers that we do, but their navy is a very capable blue water high seas fleet.

Mr. CULBERSON. My impression, and it seems to be accurate, is that both the Chinese and the Russians are really putting a lot of emphasis on their submarine forces.

Admiral STAVRIDIS. They are. That is correct, sir.

Mr. CULBERSON. And yet we continue to only build, and it took a lot to do it, only two Virginia class subs a year, which I think is a terrible mistake. And we need to crank it up. We need to make sure we are doing at least two, and I would like to see us do more. I am partial to the Navy, anyway. But I mean we really have I think, among all of the assets at our disposal, the submarines have got to be the most powerful and effective deterrent that we have in our arsenal.

Admiral STAVRIDIS. Well, they have operated both in a deterrent way. And let's take Libya as an example. We fired 93 cruise missiles from U.S. Navy submarines over the last 10 days.

Mr. CULBERSON. The submariners tell me that the only time they have ever been found in war games—and correct me if I am wrong, but I am getting this from every submarine captain I talk to. Submarines have never lost a war game ever with the targets on the surface unless they make them tie a can to their tail.

Admiral STAVRIDIS. You have been talking to submariners. I am a destroyer officer, and I hunt submarines for a living, and I can give you some good examples of finding U.S. submarines.

Mr. CULBERSON. Without cans tied to their tail.

Admiral STAVRIDIS. Without cans tied to their tail. But I will tell you that our submariners are the best in the world.

Mr. CULBERSON. God bless all of you guys.

Admiral STAVRIDIS. I am in complete agreement on that.

Mr. CULBERSON. I have taken a lot of time. Let me be sure to recognize my ranking member, and I will come back.

Admiral STAVRIDIS. Sure.

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

And, Admiral Stavridis, the FYDP includes \$1.2 billion to replace the current Landstuhl with the first increment being requested in 2012.

Admiral STAVRIDIS. Yes, sir.

Mr. BISHOP. Can you give the committee some background on the project, since many of our members are new to military construction? And tell us about the activities that are going to be consolidated with this new construction.

MILITARY CONSTRUCTION FOR LANDSTUHL HOSPITAL

Admiral STAVRIDIS. Okay. Yes, sir.

The new facility will replace two existing ones. So it is very much a consolidation. And several of you have been through Landstuhl and seen it. It is dated. It is a 1950s kind of project. It is, in my view, substandard for the care for both our wounded warriors who are passing through but also the 250,000 potential patients that are around if you count family members and retirees and so forth.

It will replace the old Landstuhl and the Air Force with a fairly significant clinic. Those two will be consolidated together. And the project will be funded over, if you approve it, a 4-year period, starting next year with \$71 million which does the horizontal clearing and prepares for the vertical construction, which would then follow on. So it is a 4-year project, consolidates aged Army and Air Force facilities, and will create a top-of-the-line but not gold-plated facility. I think it is the right level of care for our families and, above all, for our active duty troops.

Mr. BISHOP. What about the embarkation point—

Admiral STAVRIDIS. Yeah.

Mr. BISHOP [continuing]. For I guess it is between Ramstein and Landstuhl.

Admiral STAVRIDIS. It is. It would be perfectly suited. It would be right off the flight line so that we could have the most rapid care for our folks coming in and out. Very important aspect of it.

Mr. BISHOP. Okay. Budget documents say it will be a world-class hospital. Are you using the new standards developed at the new Walter Reed as a benchmark? Was there any collaboration with Walter Reed during the planning and design phase?

Admiral STAVRIDIS. Yes, sir. The phrase “world-class standard” is something that comes out of the TRICARE management agency. It is phrasing that they use. And I want to emphasize that it will be world class, but it is very much not a gold-plated facility. And we have looked very hard at what Walter Reed did here and drawn those lessons.

I think Andy specifically worked that piece, if I could. Andy, you want to say a word?

Admiral BROWN. Sir, we are at about 5 percent design right now. So we are getting into the details. We have had over several hundred people working every aspect, from the clinical side to the engineering side, to come up with the right size of hospital. It is basically going to have, if approved, would have one additional operating room than we currently have and a few more beds than we have right now to bring it up to the current standards.

The other thing that will be added would be beds for the mental health side of the house that—

Mr. BISHOP. PTSD.

Admiral STAVRIDIS. Exactly. So PTSD and TBI, traumatic brain injury, which is really something that we are coming to grips with now.

Admiral BROWN. So, basically, it is a little bit smaller in terms of rooms and operating rooms, but the size, the square foot size to bring it to the current standards makes it a little bit bigger from a square footage standpoint.

Mr. BISHOP. Did the force posture in Europe and your projected force posture affect the size and the capabilities in the design phase? Because you indicated a few moments ago that you expect there to be a reduction in our footprint there. So with the smaller square footage, if you will, fewer operating rooms, that anticipates that you will have a smaller, a reduced footprint.

Admiral STAVRIDIS. It does. We worked very hard to balance this and, again, get the best value for our taxpayers.

Mr. BISHOP. Okay. A few weeks ago when we talked in my office you mentioned that this project was very, very important to you. Would you say that this is EUCOM's number one priority?

EUROPEAN ALLIES' BUDGETS

Admiral STAVRIDIS. Yes, sir, this is my top priority.

Mr. BISHOP. Thank you, Mr. Chairman.

Mr. CULBERSON. I recognize the gentleman from Arizona, Mr. Flake.

Mr. FLAKE. Thank you.

We share an Arizona connection. He went to high school there.

With regard to you talking about drawdown in Europe, between 5 and 10 percent perhaps, at what point could we draw down without our European allies becoming concerned? Is there a tipping point where they are concerned about the drawdown, or are they okay with whatever we do?

Admiral STAVRIDIS. I think at this moment, having kind of generally consulted with the 28 chiefs of defense, the opposite numbers of Admiral Mike Mullen, our chairman, I have gone around and had this conversation with each of them, they are comfortable and recognize the realities that we are facing. And let's face it, they are facing the same kind of budgetary challenges in their own nations.

So I do not know that there is one tipping point, because the view varies, sir, from Eastern Europeans, who are much more attached to a U.S. physical presence in Europe, to a much more relaxed view when you get to Western Europe with our French and our British allies. So I would be hard pressed to say this exact point. But as a general proposition my sense is they will be com-

fortable with some reduction in the footprint. So those consultations will be and are in progress to ensure that we get that right.

Mr. FLAKE. We have been in Europe with a big presence, as you mentioned, for a long while now, decades and decades. With the conflicts that we have that are staged in some sense out of Europe, European Command, Afghanistan, being in Central Asia or the Middle East, this latest conflict in Libya, what are we learning that is instructive moving ahead in terms of our command structure there? And, obviously, when we are dealing with NATO, that is what it is. But what have we learned in terms of how that infrastructure and command structure needs to change to deal with the new realities?

Admiral STAVRIDIS. Sir, first of all, to summarize, we have learned a great deal since 9/11, I think all of us, about security; and that is very much reflected in how we are approaching U.S. European Command and also how NATO is viewing itself.

If I could, let me start with NATO. NATO's strategic concept looking forward focuses on a range of new threats, including ballistic missiles, cyber, transnational terrorism, as well as the kind of conflicts that we are engaged in today in Afghanistan and Libya, which are high-to-medium-end conventional conflicts. So it requires, instead of the Cold War model of large, heavy footprints and heavy armor and artillery division and corps-size structures, we need a military and a security dimension that is more flexible. So these Brigade Combat Teams make much more sense that is capable of operating in a cyber environment, because we depend so much on that. That has the ability to defend itself against everything from cruise missiles to infiltrating terrorists. So it means better intelligence, surveillance, reconnaissance.

And then, finally, I would say that it is crucial that in everything we do we understand that it is not just going to be the military that approaches these problems. We have to work in the inter-agency setting. And, if I could, I will give you an example. It would be narcotics.

Now, we tend to think of narcotics as kind of a police problem. But taking Afghanistan as an example, the poppy, and therefore the opium and the heroin that is produced there, supplies addicts all over Europe and Russia and here in the United States. But in addition to that human cost and that police cost, the funding from that goes back to finance these terrorist groups, hundreds of millions of dollars.

So we, the military, have to work with the DEA and with State Department and indeed with AID. Because part of the solution set here is farmers not growing poppy but growing legitimate crops. Now that is not our job in the military. But we all have to work together on a problem set like that.

So in addition to all the military things we have to do, we also have to be more capable at operating in this kind of interagency environment in this 21st century.

So those are some of the things we are learning and we have learned and are trying to build into our approach at U.S. European Command and also at NATO.

Mr. FLAKE. Thanks.

Mr. CULBERSON. Recognize the gentleman from Ohio, Mr. Austria.

MORALE

Mr. AUSTRIA. Thank you, Mr. Chairman.

Admiral, thanks for being here and thank you for your service to our country. We appreciate it very much.

First of all, let me just ask how is the morale of our men and women serving in the military, as well as their families? And also maybe extending that as far as the infrastructure as far as buildings and so forth.

Admiral STAVRIDIS. Thanks for asking that.

The morale overall in the U.S. military is good, and I would say my metric for that is recruitment. We are continuing to hit all of our recruiting goals, even though we are in the middle of active combat. Retention is very strong.

Now, there are always going to be pockets where we should focus more. Kind of our junior officers and our senior enlisted are areas that we really want to keep focusing on, and Congress has been very generous in helping us create incentive programs that do that.

But, Congressman, overall I think as I go around U.S. European Command, as I go around my troops in NATO and in Afghanistan, I am flying down to Naples, Italy, next week to see our troops that are involved in this Libyan operation, morale is high. People believe in the mission. And if I could, I think our troops would tell you that our Congress and what you do to support our military is well known and well appreciated; and it is part of why morale, in my view, is indeed high in the military.

Mr. AUSTRIA. And I appreciate that, Admiral.

Let me ask you then as far as our partnership with NATO and just kind of follow up on Mr. Flake, some of his questions.

Admiral STAVRIDIS. Sure.

Mr. AUSTRIA. For this committee, could you maybe tell us how that has changed or developed over the years? I think there has been this perception in the past that we are, I think it has been described as that center pillar of NATO, and it has been all about around the United States. We are now being told that that balance has changed, that our European allies are playing a major part now as far as NATO and that partnership.

Admiral STAVRIDIS. Yes, sir. A couple of numbers to put to that. One I always try and highlight is gross domestic product, GDP. The GDP of the United States hovers kind of around \$14 trillion a year. Europe's GDP is right about that level, about \$14 trillion or so. So, together, \$28 to \$30 trillion. But about a one-to-one ratio between the United States and our European partners. So that is kind of reason number one I think that we want to continue to be involved. There are great resources here that we can share together.

Secondly, our European allies, as we have come together in post-9/11, we of course know all about 9/11 here in the United States. But in Europe they remember as well the Madrid train bombing, the London subway bombings. These were horrific events that on a per capita basis were in many cases close to the size of 9/11 here. So that has brought us together.

And that brings me to the third point, which is active operations. And again looking at Afghanistan today as an example, 98,000 U.S. troops, 45,000 non-U.S. troops. It is a very significant contribution. And look at the command of that operation. Of course, we all know General David Petraeus, doing a great job, he is an American. His deputy is a British officer, three-star British officer. His chief of staff is French. Of his five area commanders, three of them are Europeans: a German in the north, an Italian in the west, and a Turk who commands the area around Kabul.

LIBYAN OPERATION

In the Libyan operation that is unfolding, of the 40 admirals and generals that are running that operation, five, six of them are from the United States. The other ones are allies.

The ships that are involved in the Libyan operation today, there is about 40 ships out there, about 12 from the United States, the bulk of them obviously from our European partners in NATO. Air strikes, U.S. has done about 60 percent, but I think that number is going to go down as we see the U.S. focus on enabler operations and our allies step up.

So when I look at those three things, resources, the shared bond in this very chaotic 21st century, and, thirdly, active operations where we go together, I am very comfortable with NATO as an entity in how it is working.

OPERATIONS UNDER A CONTINUING RESOLUTION

Mr. AUSTRIA. Finally, one last question, if I could just ask, as far as what we are going through right now, the impact of the current budget environment here in D.C., how is that impacting our military? How does continuous operations under a continuing resolution affect your mission objectives? What are the short-term and long-term consequences of continuous operation under a short-term CR and the impact that it is having overall?

Admiral STAVRIDIS. Sure.

Again, I want to start by saying "thank you" to the Congress, because this Congress is very generous to the U.S. military. And when you look at the overall gross domestic product and the percentage that is devoted to defense, the United States can stand very tall among all its allies in that regard; and I often talk to our European allies about the need for Europeans to put a higher percentage of GDP into defense.

In terms, sir, of your specific question about life under a continuing resolution, it is hard for us, just as it is for everybody. And I would say the three major challenges for us are that we cannot start some of our new MILCON projects—

Mr. AUSTRIA. Can you give us an understanding of the magnitude of that?

Admiral STAVRIDIS. I can. We have two that I would particularly highlight that I am concerned about in that regard. One is a C2 facility at Wiesbaden, and the other is the completion of a consolidation project in Italy. So those two are a challenge for us. And those are actually in progress, and so that would be a very significant impact.

And then it will delay starts for three others: the consolidated intel center, as well as a barracks work, and then, most importantly to me, some of our school projects. So there is kind of a package of construction that is held off or interrupted as a result of this, and I would say that is the top concern that I have about it.

And then just stepping back and more generally speaking, the effect on our civilian workforce, because they would be put in an unpaid furlough status. It is a tough overhang on our civilians, and I can see that wearing on them a little bit. And of course it would also constrict our ability to use our contractors, who are very important to us. So it is a challenge.

I always say what you all do up here is hard work, and I know it is hard, and I am not trying to be critical at all. I just want to give you a sense of what it is. Because, overall, again, the Congress is very generous to the Department of Defense.

Mr. AUSTRIA. Thank you, Admiral. Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you very much.

I believe Mr. Carter is next. Recognize the gentleman from Texas, Mr. Carter.

Admiral STAVRIDIS. Sir, good to see you.

Mr. CARTER. Admiral, I am sorry I was a little late. I had to make a speech commending the retiring of the Commander in Chief of the Army, and so that took my time. I apologize. I have to apologize.

MILITARY HOUSING

Let me start off by telling you I guess 2, 3 years ago this committee took a trip over, and we were in Germany, and we looked at some enlisted housing in Germany. And I will never forget it. You know, it is the human element that you have to think about. We met with a young wife of a soldier with two I would call stroller-age children who was coming back from shopping. And we watched her have to carry, you know, the groceries three stories up, put them in her apartment, come back down, get one child up, leave that child in the apartment, go back down and get the other child in the stroller up. And, you know, we did not have to be told why she was not happy with the housing she was in. We just watched her do that, and we talked to her about it.

What is the situation on the housing for our military in general over there? That really was a pretty onerous task just to go shopping.

Mr. CULBERSON. Oh, yeah.

Mr. CARTER. And that was decent housing, but it was very inconvenient housing. I think you know the age housing I am talking about.

Admiral STAVRIDIS. We do, yes, sir. I would say the good news is it is improving. And, again, with the support of this committee, we have seen progress.

On the budget that is in front of you, we have a couple of projects that are exactly that, family housing replacement in Vilseck, a whole neighborhood. It is to address those exact kinds of things. And, sir, we worked very closely with the committee to kind of space it and make sure it is done in a logical fashion. And it is also

part of our consolidation of our Army facilities, moving out of some of those older facilities and then building smartly where we can.

And, if I could, it is also our single soldiers in particular who are over there, as well as our airmen, who are also in some cases in housing that is below the one plus one standard that we seek for our single soldiers and airmen as well.

So, Congressman, I deeply appreciate your taking a look at it. That means a lot.

While we are on that subject, always, always open for visits to have folks come over and take a look. And it is also, I like to add, a good stopping point if you are going in or out of Afghanistan. Stopping in Europe is very sensible. We can tailor that trip for you to allow you to really see the good progress that is being made. The budget that is in front of you I think addresses those kind of concerns very well.

Mr. CARTER. And on the same sort of issue, you have been working in the area of public-private partnerships in Europe.

Admiral STAVRIDIS. Yes, sir.

PRIVATE PARTNERSHIPS

Mr. CARTER. I represent Fort Hood, and we know how successful public-private partnerships have been for Fort Hood. Can you give us some enlightenment about how the work you are doing with private partnerships are going in Europe and what lessons we are learning from that?

Admiral STAVRIDIS. Yeah. They are going very well. And of course there is always the complication of doing this in an international environment. But, again, the good news is Europe is obviously a very advanced society with legal norms, standard, laws. So we have to be careful as we work in that international environment. But from all that I can see, the private-public units are a success.

I was just visiting one down in Sigonella in Italy, on the island of Sicily. We do them in and around the European theater, and it is an area that I think makes sense not only in the United States but also in our contacts in Europe.

Mr. CARTER. We actually visited in Sicily on that same trip.

You talked about NATO. I have got to ask another question. I asked this question on a trip with a different committee to Norway of a member of NATO. And I said, if you had to put fighting—emphasize the word fighting—combat brigades into an action, and we will use the example as Libya, because we are saying no American boots on the ground, how many fighting combat brigades could you count on from our European partners, excluding the British? And the answer was two, one French, one Polish. Has that changed?

You know, I am not an old military man, but I talked to lots of them. And they all tell you that you can sure mess people up with air power, but ultimately you stop wars with soldiers taking the guns out of the hands of the enemy.

Admiral STAVRIDIS. Yeah.

Mr. CARTER. If our soldiers are not going in there and our Marines are not going in there, then whose will be? Because, ultimately, that probably will be what is required.

Admiral STAVRIDIS. Leaving Libya aside, just as a general question of European ground capabilities I would say it is higher than simply two brigades. And I point to Afghanistan today, where there is Romanian battalions, there is Georgian battalions, there are significant standing French forces. The Germans are there in 5,000.

Mr. CARTER. The Germans do not fight.

Admiral STAVRIDIS. The Germans will—

Mr. CARTER. Unless they are fired upon.

Admiral STAVRIDIS. They are in their own tough environment up in Mazar. It is not as demanding a combat environment as other parts around Afghanistan. That is certainly true. But, overall, Congressman, I think our allies have a reasonable ground capability. The Dutch have very capable ground troops.

Mr. CARTER. That is true. That is true.

Admiral STAVRIDIS. The Italians are doing very good work in western Afghanistan today. So I would say it is higher than two, but it certainly does not compare to U.S. capabilities, and that is part of why we need to be in the lead.

Mr. CARTER. I will not use Libya, because that is getting into the politics. But the reality is some instance like that, where our position is going to be air power and Naval power, offshore naval power only, no boots on the ground, and a NATO commanded and driven operation, we have to be able to depend on the NATO allies to put boots on the ground if boots are required.

Admiral STAVRIDIS. Certainly all of us working together, bringing different capabilities is how we try and do work there today.

I agree completely. I talked about Afghanistan, 98,000 U.S., about 45,000 non-U.S. troops there. It is a significant number.

Just another example would be the Balkans. When I came on this job, we, NATO, had 15,000 troops in the Balkans, of which only about 1,400 were from the United States. The rest were Europeans. Again, not a high intensity combat environment. But the ability to put standing formations, Europeans have that capability. It really does become a political question and a question of whether the political will is there. But in terms of capability, the Europeans bring quite a bit to the table.

Mr. CARTER. The political will is my concern.

Admiral STAVRIDIS. I understand.

Mr. CARTER. I was in with General Thurman in Baghdad, and we talked about our NATO allies over there. And some of it was very difficult for our troops because of the nature of their political instructions that they were getting from the people back home. They served some purposes. Sometimes we had to have people protecting them so they could serve those purposes.

Admiral STAVRIDIS. I think there has been improvement in that in Afghanistan.

Mr. CARTER. That is good.

Admiral STAVRIDIS. I think on your next trip to Afghanistan, if you were to talk to General Petraeus, he would give pretty high marks to the Europeans that he is fighting alongside. And he would be the best source.

Mr. CARTER. Well, I plan to go over there this spring.

Admiral STAVRIDIS. Yes, sir. That would be terrific. Ask him that question.

Mr. CARTER. I will.

Admiral STAVRIDIS. I think you will feel some comfort.

Mr. CULBERSON. Thank you, sir.

DOD SCHOOLS

Mr. Bishop.

Mr. BISHOP. Thank you very much.

Admiral Stavridis, recently we have heard a lot of concerns about the age and the condition of the DoD schools. The Department has a plan to recapitalize more than half of the DoD schools worldwide by 2015. Are you satisfied with the level of effort that is being put into the schools in your area of responsibility?

Admiral STAVRIDIS. Yes, sir, I am. Again, I thank the committee here. When I came last year I was more concerned than I am today. One of the reasons is we have been able in the last year to use our sustainment, restoration, and modernization funds to improve the so-called Q ratings, the quality ratings of almost half of the schools in Europe. We have 35,000 children in those schools. They are my top priority in terms of human resources, and I am very thankful to the committee for its support.

We are in the middle now, or kind of the beginning part of the unfolding of the DoDEA recapitalization. And, again, I would very much ask the support of the committee. Again, my top priority is the hospital, and my next priority are these schools.

Mr. BISHOP. Last year you told us that you were a little disturbed because many of the schools in Europe had a Q3 or Q4 rating.

Admiral STAVRIDIS. Exactly.

Mr. BISHOP. Has any progress been made in that in improving the schools that you have found?

Admiral STAVRIDIS. Yes, sir. We have raised the Q rating in 41 schools. And that is, again, a tribute to the funding we have received from the committee; and I thank you for it.

Mr. BISHOP. Has the delay in the fiscal year 2011 funding stalled your progress there in improving schools?

Admiral STAVRIDIS. It will very much delay us if it goes on much longer. We have these three school replacement projects that are tied to that. And, unfortunately, as you know, if we slip a year and cannot start those, then it will turn out to be a 2-year delay, because we will need to kind of feather them in with the other work that we are doing down range. So I am concerned about that.

Mr. BISHOP. You asked for \$283 million in fiscal year 2012 for the schools in Europe, your area of responsibility.

Admiral STAVRIDIS. Right.

Mr. BISHOP. Do you feel like that is sufficient?

Admiral STAVRIDIS. I do, yes, sir. I support that.

Mr. BISHOP. How long do you think it will take to get the schools to a state of good repair?

Admiral STAVRIDIS. Well, as a general rule, we always try and keep construction in a 2-year window. So as we start on each school, I would expect it will be 1 to 2 years as we unfold. And I am satisfied with that.

Mr. BISHOP. Anything else that we can do to try to help?

Admiral STAVRIDIS. Sir, again, the budget that is in front of you is I think very much an accurate reflection of taking care of our people, as we have talked about, and also providing us the operational platform that we need to continue that.

CONTRIBUTIONS TO EUROPEAN OPERATIONS

Mr. BISHOP. We have experienced, obviously, an economic recession here in the United States. But Europe has also received some tough times, some challenges with their economy. What has the impact of the decline in the European economy had on their contributions to European operations, including NATO?

Admiral STAVRIDIS. In my mind, it is a concern that Europeans are, as a general proposition, are not meeting the NATO goal of 2 percent of GDP devoted to defense. I think that is a very sensible level. Here in the United States we spend more than that, more than the 2 percent goal. And of the 28 NATO allies, only a handful are currently meeting that. So it is an area that I always—

Mr. BISHOP. The larger or the smaller allies?

Admiral STAVRIDIS. It really varies. Small allies like Estonia are meeting the goal. Our large allies like Great Britain and France are meeting the goal. And medium-sized allies like Greece and Turkey are meeting the goal.

ALLIED CONTRIBUTIONS

Mr. BISHOP. Who is not meeting the goal?

Admiral STAVRIDIS. Pretty much everybody else is below 2 percent, unfortunately. So this is an area that I am very critical of our partners on.

Mr. CULBERSON. That is a great question. If I may?

Mr. BISHOP. Yeah.

Mr. CULBERSON. The only NATO allies that are meeting the 2 percent goal are?

Admiral STAVRIDIS. I will check myself and send it to you. But, in broad numbers, it is Estonia, Greece, Turkey, Great Britain, France; and there might be one or two others. And I will get you those exactly.

But this is something that I criticize the allies for. You will often hear me talk about the contributions of our allies, and it is very important. But this is an area that I am critical of the allies and will continue to be. So thank you for raising that.

[The information follows:]

Per the 10 Mar 2011 NATO Communique, PR/CP (2011) 027, the following NATO Partners meet or exceed the two percent of GDP defense expenditure commitment (based on current price):

- Albania 2.0%
- France 2.0%
- Greece 2.9%
- United Kingdom 2.7%
- United States 4.0%

The following NATO Partners are just below the two percent commitment:

- Estonia 1.8%
- Norway 1.9%
- Turkey 1.9%

Mr. BISHOP. Yes, sir. I was going to ask you what percentage shortfall are you experiencing as a result of those who are not meeting the obligations?

Admiral STAVRIDIS. Well, it is hard to quantify that. I would say that within NATO—

Mr. BISHOP. Can you do it in terms of dollars? Can you quantify it?

Admiral STAVRIDIS. Let me take that one back and see if I can get you an accurate one, but I will I have give you an intuition. I will say it is always a challenge around NATO to ensure that we have all the resources we need for the pooled projects that we work on together, things like flying NATO AWACs, the new NATO air-ground system. This is like the Global Hawk. Our cyber efforts.

Each of the nations is supposed to contribute to these, and they are doing it, but it is difficult and challenging, and it requires an awful lot of persuasion. So we have not experienced shortfalls yet, but I am concerned about it as I see, in my view, the tendency for defense budgets in Europe to be flat or even decline in the future. And I will get back to you.

[The information follows:]

There is no perfect correlation between nations' spending from their gross national product (GDP) on defense and their contribution to NATO. Some nations spend more than 2% of GDP on their own defense, and yet their contribution to NATO is minimal. On the other hand, some nations spend less than 2% of GDP on defense and contribute significantly to NATO. How much a nation spends on defense or how much it spends on NATO capabilities is a political issue within each nation.

Mr. BISHOP. We are expecting ours to be flat and decline to some extent.

Admiral STAVRIDIS. Of course.

Mr. BISHOP. And I am anxious to know how that will impact you if they are not maintaining their obligations and we are going to be flat. We are not going to be able to assume any extra responsibility. How is that going to impact the effectiveness of your operations over there in EUCOM?

Admiral STAVRIDIS. I think it is going to present some challenges in the time ahead.

Again, I do not think this is a this year or next year or even the next year kind of challenge. It is that long-term decrement in capability that I think we will see because of not investing in the kind of high-tech things that make us most effective together as an alliance. So yellow light flashing.

Mr. BISHOP. Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Bishop.

Admiral, it is my understanding that over the years there has not been a sufficient investment in Europe to support four combat brigades in terms of infrastructure and housing and the things that this committee has responsibility for. What additional level of funding would be necessary in order to fully support four combat brigades?

Admiral STAVRIDIS. Andy is the expert here. Correct me if I am wrong, but I think the budget in front would allow us to continue to operate at four or three or two.

Admiral BROWN. Yes, sir.

ENDURING LOCATIONS MILITARY CONSTRUCTION

Admiral STAVRIDIS. There might be some additional savings.

Admiral BROWN. The request that we have here before you, sir, is for our enduring sites. So we are not asking for any projects that would be to a site that might close due to a BCT going home or whatever. So enduring sites is one of the messages. And if we stick to the plan that we have in 2011, 2012, 2013, 2014, et cetera, we will be making steady progress. Because we cannot execute it all in one year, so we need to parse it out, if you will. And I think the plan that we have is solid. And as you support it, we will be able to execute. It will definitely raise the quality of life through the hospital and through the family housing.

Mr. CULBERSON. I understand also the Army wants to build a SCIF as well of their own. Could you talk to us a little bit more about that?

Admiral BROWN. That is in the 2011 budget, and that is part of the consolidation effort in the Wiesbaden area. Right now, that SCIF is operating in a site that is 35, 40 minutes away from Wiesbaden; and it is an old site, built in the 1950s. It needs to be rebuilt, and they want to do it as part of the consolidation. So there is a savings that they will be able to close that other site. So that is the last unit that is in that site; and we will be able to close that base, turn it back over to the Germans.

Mr. CULBERSON. So it will not simply be an Army SCIF. It is one that will be used by the combatant commander?

Admiral BROWN. It is an Army-centric—

Mr. CULBERSON. So it would be exclusively Army?

Admiral BROWN. Yes, sir. That is the way they operate. Each service has an intel—

Admiral STAVRIDIS. Though I would not want to imply that if the Air Force had a need to use it or the Navy or anybody else—

[The information follows:]

While the primary agency will be the U.S. Army, other agencies will use the facility as well.

The SCIF requirement is primarily driven by U.S. Army Europe intelligence missions; however, the new facility will also host personnel from a variety of other U.S. agencies conducting theater intelligence missions in support of EUCOM and AFRICOM and national intelligence missions in support of the Departments of Defense, State, Treasury, and Energy. The new SCIF will enable consolidation of the Army's multi-discipline intelligence hub in Europe with National Signals Intelligence capabilities to enable enhanced regional coverage of theater and national intelligence missions. Locating the Consolidated Intelligence Center (CIC) overseas at Wiesbaden Army Air Field will enable tenant organizations to leverage existing communication nodes and networks, partnerships, and exchanges to support ongoing counter terrorism and contingency efforts.

Admiral BROWN. Or even EUCOM gets information from it.

Admiral STAVRIDIS. Exactly. It is not as though it is just the Army and no one else can come in here. But it is focused, sir, primarily on the Army because of the centrality of it for U.S. Army Europe.

QDR

Mr. CULBERSON. The QDR report implicitly criticizes the 2004 Global Defense Posture Review for going too far in reducing forward station forces and stated in part that we cannot simply surge trust and relationships on demand. In response last year to a com-

mittee question, General Craddock said that the 2004 review was not fundamentally flawed, but he did state that it was based on geostrategic assumptions that had been invalidated by recent events, including in the Caucuses. If you could, talk to me a little bit more what in your opinion did the 2004 review get wrong?

Admiral STAVRIDIS. I hesitate to kind of put myself in the shoes of someone in 2004. So the way I would categorize it is pretty much as General Craddock said. In 2004, the trend line was toward a very pacific, very calm situation in Europe itself. By 2008, the level of transnational threat in the Caucasus, the conflict between Georgia and Russia had changed the security landscape. So I think it was appropriate to turn the corner, if you will, and relook at that. And I think that that is the reflection of what you are seeing there.

Mr. CULBERSON. If you could also, Admiral, talk to us a little bit about the scope of our involvement in Libya today. What are the scope of the operations? Who is involved? And what do you anticipate in the weeks and months ahead?

Admiral STAVRIDIS. Sure. Again, my role here in the Libyan operation is as the commander of U.S. European Command on the U.S. side. And there I am moving EUCOM forces forward to operate with the coalition under General Carter Ham, who is the AFRICOM commander. That has been our role. And we have had about 3,500 of our airmen and 350 of our navy aviators involved and of our airplanes involved in it. And it has been very successfully executed by AFRICOM. We are the supporting commander in that one.

LIBYA

In terms of NATO, I am the allied commander for NATO. And as of yesterday and today, we transitioned from a U.S.-led operation in a coalition setting to an official NATO operation. So, in that sense, I become the strategic commander for that. The operational commander is vested in a three-star Canadian officer who is in Naples, Italy, who is off to a terrific start. He has got an Italian three-star maritime commander, and his air commander is a three-star U.S. officer with a three-star French deputy. So it now becomes a very internationalized command and control structure.

Mr. CULBERSON. What is the mission? What is the goal? What are you all being told?

Admiral STAVRIDIS. Our military mission is humanitarian, delivery of humanitarian goods, making sure that the people have access to food and water. More importantly from a military perspective, it is an arms embargo to make sure that weapons do not flow into Libya that could fall into Qadhafi's hands, a no-fly zone, which is to ensure that Qadhafi cannot use his air assets against the civilian population. And then, fourthly, protecting the people of Libya. We are authorized to take all means necessary to ensure that Colonel Qadhafi cannot attack his own people and kill them. So that is the mission we have.

Mr. CULBERSON. How long do you anticipate the operation going? What is the scope of our involvement now? Strictly air and missile resources today? And how do you expect it to evolve?

Admiral STAVRIDIS. To date, the U.S. involvement has been a handful of ships, some of which, including the submarines as I

mentioned earlier, launched 220 cruise missiles. We have had about 150 aircraft involved operating from European bases. And, in very round numbers, the U.S. has conducted about 60 percent of the sorties, the allies have done about 40 percent, total sorties, and the strike sorties have been about 50-50 between the U.S. and the coalition.

I would expect in the weeks ahead that the allies will do more of the strike sorties and the U.S. will fly more of what we call enablers, which is refueling missions, surveillance, intelligence, search and rescue, that kind of thing. So you are going to see it go from about a 60-40 U.S. effort to 50-50, 60-40 non-U.S. as we move forward. As far as how long, very hard to say. I know you can appreciate that.

Mr. CULBERSON. Sure. What are you all planning for?

Admiral STAVRIDIS. Well, technically the operations order that NATO is operating under is for 3 months; and then it obviously can be renewed on demand. But I think it is very clear that it is just too soon to say how long the campaign will go on at this point. As you appreciate, events are changing literally hour by hour in terms of where is the front line. We just saw the defection of probably the second senior official in the Qadhafi government. Things are changing very rapidly. So it is hard to predict.

Mr. CULBERSON. How much longer before we expect to see ground troops of any kind involved?

Admiral STAVRIDIS. I personally, as I look at the scenario, I do not see an expectation for ground troops. In fact, the mission I have been given specifically prohibits the use of an occupation force on the ground.

Mr. CULBERSON. That was the answer I was hoping for. Sort of a leading question, but I was hoping to get that answer.

We have been joined by the gentleman from Mississippi. I want to be sure to recognize him and give you some time, sir.

Mr. NUNNELEE. At this point, I just want to listen and get up to speed.

Mr. CULBERSON. That is fine, sir. We are delighted to have you.

We, of course, in the Congress are very concerned. And, as Mr. Carter said, we obviously do not want to draw you into any political discussion on this, but I know a lot of my colleagues share my concern that there is no obvious that I can tell strategic national interest to the United States at stake. There was no consultation with Congress. We are sort of a little exercised about this whole thing, putting our young men and women at risk in an area where there is no discernible national security interest. Not a whole lot of planning, as far as we can tell from the White House, went into this. Is there an exit strategy?

Admiral STAVRIDIS. Sir, I think those questions would be best addressed to Admiral Mullen and Secretary Gates, who are on the Hill today; and they are briefing in open session literally right now.

Mr. CULBERSON. Anybody, please. I welcome questions.

Mr. FLAKE. In regard to areas of your jurisdiction then on kind of the management of the NATO partisanship, Steve touched on it, some of our partners seem more reluctant than we are to engage in this mission. How is that going to in fact evolve?

Admiral STAVRIDIS. It is an excellent question. If you look at the spectrum of NATO nations, I would say that, as you would probably anticipate, it runs from some nations that lean very far forward, France and Great Britain. France launched the first strikes. They have contributed a great deal in the air campaign, the Brits right behind them.

I think at the other end of the spectrum, Germany is less inclined to be involved and is leaning back from the operation.

Turkey is kind of in the middle. They are very involved in the arms embargo piece and very involved in the air-to-air side of the no-fly zone but have indicated that they would prefer not to be in strike operations.

So there is a spectrum. But as I look across the alliance, there is solidarity on the four key missions that I have just mentioned. There is full access to all of our bases. There is, as I mentioned, an international command structure that is, of the 40 admirals and generals, only five or six from the United States. So the alliance is standing together on this.

Although, as you point out, some of the nations are leaning a little further back and some are a little more forward; and that is typical in a NATO operation. It was that way in the Balkans 10 years ago. It is somewhat that way in Afghanistan, although in Afghanistan I feel everybody is very in it together. On this one, I think, again, events are changing very quickly, and we need to manage the alliance through this.

Mr. CULBERSON. How are our troops in the field identifying who our, quote, friends are that we are helping?

Admiral STAVRIDIS. Using intelligence and particularly signals intelligence.

Mr. CULBERSON. What are we looking for? Who are we helping?

Admiral STAVRIDIS. Well, we are learning a lot more about the people. Everybody I can see in the opposition, in reading the intelligence I see, are good, responsible, courageous people who are taking on a dictator because they seek real democracy in Libya.

Mr. CULBERSON. And, obviously, that is a noble, good thing. I have seen reports that there are al Qaeda fighters among these rebels. Talk to us about that. Based on information that you have got, what percentage of the rebels have connections to al Qaeda or other terrorist organizations?

Admiral STAVRIDIS. I think it is more of an aspiration on the part of al Qaeda. I see no direct indications that would lead me to give a percentage at all. I think we are in the process of learning more.

Mr. CULBERSON. I had seen a report that in eastern Libya some of the fighters there—they have actually recruited fighters to send to Iraq and then brought them back from Iraq to fight in this. Is that accurate?

Admiral STAVRIDIS. Sir, I do not know. But I will tell you what, I will go back to the Department of Defense and get you a classified assessment of this exact question.

[The information follows:]

As I promised during the hearing, I have passed this request for information on to the Joint Staff's Office of Legislative Affairs for a more thorough and up to date response.

Mr. CULBERSON. Okay. Well, obviously, it is a real concern to our constituents and obviously to all of us.

ISRAEL

Let me go to Mr. Farr in a moment and ask about Israel.

Talk to us about your posture and how U.S. forces in Europe are poised to protect Israel. That is one of our Nation's most sacred moral, spiritual, and legal obligations is to preserve, protect, and defend Israel.

Admiral STAVRIDIS. Thank you. Yes, sir.

Mr. CULBERSON. And all of us are very passionate about Israel. I want to make sure they are shielded and protected in this very, very dangerous time.

Admiral STAVRIDIS. Yes, sir. Israel is one of the nations with whom we have our strongest military to military relationship of all the 51 countries in U.S. European Command.

I speak frequently with the chief of defense there, a good personal friend, Lieutenant General Benny Gantz. Just on the phone with him a week ago, making sure that he and I see the world the same.

As you know, we support Israel across the spectrum of military operations. We have extremely robust intelligence sharing, weapons exchange information. We train together. I went last summer for a big missile defense exercise in Israel. It is in every way a robust, rich, and very, as you say, a very, very important relationship for us. And Israel is a nation I spend a lot of time focused on.

Mr. CULBERSON. My impression has been the Israelis have always—any military action taken has been in response to attacks, or maybe a few instances where they actually see an attack forming. One of my Israeli friends pointed out to me if the Arab countries laid down their weapons, there would be peace. If Israel laid down their weapons, there would be no Israel. Fairly accurate?

Admiral STAVRIDIS. I have heard that line.

Mr. CULBERSON. Is that about right?

Admiral STAVRIDIS. I think that Israel, unfortunately, lives in a very tough neighborhood.

Mr. CULBERSON. As Texans, we are partial to them. You know, they have got their own Alamo. They are freedom-loving people that created a nation deep in hostile territory surrounded by people that wanted to kill them all, and they love freedom and are armed to the teeth. So we cannot help but love them in Texas.

I want to make sure to recognize my good friend, Mr. Farr, whose knowledge and expertise on this committee is something we all—I mean very seriously, Sam, we hold this good man in high regard and rely on his good advice and judgment regularly. So, Sam, we welcome you and recognize the gentleman from California.

Mr. FARR. Thank you very much.

I am sorry that I was late, and I appreciate those nice comments, Mr. Chairman. But I have learned I have just been sitting here longer than anybody else. You know the old adage that the mind cannot comprehend what the seat cannot endure. So I am not sure that I know anything more than anybody else.

Thank you very much for being here. I am a big fan of your leadership and the collaboration efforts. I think you have done it more than anybody else in uniform. I think you are a model of inter-

agency cooperation, and your leadership has provided that. I really support that.

MILITARY CONSTRUCTION

I want to bring home, back to MILCON. I represent the naval post-graduate school, which I am a huge fan of. I hope someday we can get our committee to come out. We have a lot of military kind of specialty ops that are going on. We have the naval post-graduate school managed by the Navy, but it essentially services all of the military and civilians. Because the Center for Homeland Security has developed a master's degree program there for civilians. And we do not have anything like it in the United States, anywhere in the world. We have foreign officers studying there from all over the world.

So one of the programs within that school is a program called the Center for Stabilization and Reconstruction and for several years has provided education to hundreds of servicemembers who attend workshops alongside representatives of NGOs, IGOs, civilian, and government agencies. And I think some EUCOM staff have attended workshops conducted in this program.

Admiral STAVRIDIS. Yes.

Mr. FARR. And I just wondered whether, as you innovate EUCOM, could you consider providing support to the Center for Stabilization and Reconstruction so it can create additional training opportunities to develop your staff? They have got some experience now. They have been around for half a decade or more.

Admiral STAVRIDIS. They do. And as you mentioned, sir, we enjoy a very good relationship with the post-graduate school in general. You mentioned the Center for Reconstruction. We are also very involved with the Public Affairs and Strategic Communications Center out there, which is exceptional, as well as the International Relations Group. I go out there once or twice a year because of that international environment. And as you know, but I will mention it for the others on the committee, in that same area is the Defense Language Institute, which is devoted obviously to the study of language, which, I think, is an extremely important capability. And so Congressman, in all those areas, there is great synergy between U.S. European Command in that area.

Mr. FARR. What we are lacking is, because we have a lot of officers, particularly these young officers that have been assigned to Iraq and Afghanistan, what they do is they develop this sort of new awareness of cross-cultural divides.

Admiral STAVRIDIS. Right.

Mr. FARR. And they are very interested in how do we, and I think this is really challenging, I mean, I came at it, my service was in the piece Corps, by sort of being dumped in a foreign culture and being a minority for the first time in my life in another land, and then learn learning from the bottoms up, living without water and lights and wondering whether you could survive, and then learning the language, and then learning cultural values that are totally different than mine and things like that. It just was incredible. And if they had any programs that would have allowed me to take that new-found excitement about cross-cultural learning, I really would have gone into it. I went into politics instead.

Admiral STAVRIDIS. I think it is a very powerful thought to gain experience from other cultures through language and with language. And the way we are using cultural training at the moment for many of our deployers from the post-graduate school is bringing out small teams who can educate groups of sailors and soldiers in the cultural aspects. And that often excites them to the degree that they then want to study a language. These things fit together.

Mr. FARR. To the members of the committee, we have set up an R step program, which essentially the Naval forces, as they are about to deploy, when a ship comes to shore, it is not just a few sailors getting off a ship, it is a whole city that all of a sudden is like a cruise ship that is going to invade town. But they are young, they are not necessarily aware of cultural sensitivities and things like that. And you have done a lot of sort of ugly American—

R STEP EDUCATION AND TRAINING

Admiral STAVRIDIS. Exactly.

Mr. FARR [continuing]. Leave a bad taste in people's minds after our men and women in uniform leave town. And now we are able to go aboard ship and give them a whole kind of a—it is voluntary, but people really want to know where are you landing and what is the history here and what is our American interests and so on? And here are things to be careful about as you go ashore. And I think—I would hope that we also, that as China continues to expand its influence and projects in Africa, it would be prudent for the R step education and training for Navy units operating in the Gulf and Guyana and AFRICOM to also start using those units.

Admiral STAVRIDIS. I agree. And also on the Latin America, I think a passion you and I share, is another area that that could benefit from the R step.

Mr. FARR. Well, I am pleased that you are interested. And hopefully, you can incorporate those training programs for your staff and for more of the collaborative that you are putting together. Because I do think it is a great asset that this country has, and we ought to be utilizing it even moreso. Just what I would like do, maybe you can do this, because of your leadership, what is lacking in all the services, and Admiral Mullen recognizes this, is that the only thing the military has that is in this kind of cross-cultural training is foreign area officers, FAOs. The Army has the best training of all.

EUROPEAN COMMAND MIDDLE EAST CONCERNS

Admiral STAVRIDIS. Yes, they do.

Mr. FARR. They essentially are our military equivalent of an ambassador, you know, that kind of status and learning. And they are assigned to embassies. What is missing, though, is the sort of the side of the reconstruction and stabilization, which is a little bit different. That is sort of grassroots economic development, how do you stabilize agrarian societies like Afghanistan? How do you get people out in the field? You know, one is more of a State Department role, the FAO, and we do not have MOS for this sort of new need, for this career that has developed. And I would hope that you could push to create career paths in the Pentagon bureaucracy that

would allow it. Because they want to go there and get a master's degree, but they are saying why should I get this.

There is no assignment for me after I get out. One of the big things that I hope that we in Congress would look at is we train people awfully well in the military, but we do not necessarily use them for the training we give them. We teach them how to speak Dari and Pashtun, and then assign them somewhere else. You know, it is just a total loss of that 2 years of language study.

Admiral STAVRIDIS. Right. This is an area that all the services are working very hard to create retouring ability. And you mentioned Dari and Pashto. We have actually created a program called the Afghan hands, as in, you know, he is an old hand, she is an old hand. The Afghan hands are officers who will, in fact, recycle through Afghan because of their language skills. And you mentioned the Army. The Army is very good at this. In Latin America, for example, they have a long history of having officers who have served there and then come back again and again and develop not only the language skills but the culture, the connections, and all of that.

So we are getting better at it. But you are right to highlight this as something the Department needs to be pushed. Last thought. I will tell who is very good at this at times is our Guard forces, who have the ability, because they have this great package of civilian skills, that can often translate into new ways of doing business. They are more flexible in a lot of ways.

So I am working with the head of the National Guard Bureau, General Craig McKinley, who many of you know, to explore whether that would be an area that might be worth developing.

Mr. FARR. Thank you very much. I appreciate that and look forward to working with you to help pursue it on the next round. I am sorry I took so much time, Mr. Chairman.

Mr. CULBERSON. Not at all. Sam, that is fine. Do you have any questions? Mr. Austria.

IRAN AND ISRAEL

Mr. AUSTRIA. Mr. Chairman, just if I could, Admiral, just two follow-ups real quick. You brought up Israel, which is very important to me, and I wanted to talk a little bit more about that. With everything that is going on in Libya, and Egypt, and Yemen, Iran, I want to make sure we are not losing focus of Iran, what is going on with Iran towards Israel. And I would like to get your thoughts on that and what is being done.

Admiral STAVRIDIS. Sure.

Mr. AUSTRIA. Has any of this, as far as the developments in Libya, Syria, Yemen, Bahrain, Egypt, and other countries in that region, have they changed your mission at all with the European Command?

Admiral STAVRIDIS. We continue to watch Iran very closely, even from U.S. European Command, because of our relationship with Israel, because Iran has repeatedly stated their desire to attack Israel. And secondly, because of the growing ballistic missile threat from Iran. At the moment, the Iranians have developed this Ashura missile. It has a range of 1,300 miles. It can reach out, obviously, to Israel, but also to many European capitals. And so we

are working very hard on ballistic missile defense systems to ensure that we do not leave open the alliance.

And of course, over time, I think we need to watch the development of weapons of mass destruction. This is why the sanctions against Iran are so important at this point in time.

So, no, we have not lost focus on Iran. We see Iran not only through the prism of U.S. security interests, but also the threat it poses to Israel, one of our closest allies. And then finally to the support that Iran gives to Hezbollah, which is the terrorist organization embedded in Lebanon, which also threatens Israel. So we are focused on it. It absolutely is an area to keep watching.

PALESTINIANS AND PEACE TALKS

Mr. AUSTRIA. And I thank you for that. One other area with the Palestinians. And I join my colleague, Congressman Rothman, we have a letter being circulated to the President, asking for him to try to help put more pressure on the Palestinians to come to the table to reenter those peace talks with Israel. Do you see any progress there or what—can you give us a briefing on what is the situation with the Palestinians?

Admiral STAVRIDIS. Well, at the moment, unfortunately, the Middle East peace process is, I would say, static. I do not see openings at the moment. I think the Israelis are in a little bit of a retrenchment moment as they look at a significant change in the government in Egypt for starters. And they are also watching with concern all of the instability in the neighborhood. So I think at the moment, as a result the peace process is in a static moment while events unfold. And like everyone, I am hopeful over time that this problem can be solved. But I think at the moment I would put it in the category of watchful waiting as we see events around the world.

Mr. AUSTRIA. Are we going to need to put pressure at some point on the Palestinians to come back to the table?

Admiral STAVRIDIS. I think at some point we will need to work with both sides in this debate. And of course, the Palestinians have intergovernmental problems of their own. As a people, they are divided between the West Bank and the Gaza, and it is extremely complicated politics in the Palestinian side as well. So at the moment, I would say we have to let larger events around the near Middle East settle before we can engage in any new initiatives in that region.

Mr. AUSTRIA. Thank you, Admiral. Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you. Sam, do you have any further questions?

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM

Mr. FARR. Yeah, I have a couple of them. Thank you, Mr. Chairman. I think, and I hope my colleagues agree, that IMET, the International Military Education and Training program, is one of the most successful national security programs in our toolbox. Military leaders like yourself I know recognize the value of (IMET) International Military Educational Training, strongly endorse the program. And I think it is key to fostering really strong mil-to-mil and even civilian-to-mil relationships that serve both U.S. national

security interests and foreign policy goals. The Naval post-graduate school participates in the IMET and the E-IMET. And I am wondering how you can draw on the resources that that school offers for you in theater.

Admiral STAVRIDIS. First of all, let me just make a general comment about IMET, and say that let's take the situation in Egypt. If we had not had a strong IMET program over the last several decades, we would not have had the military to military connectivity that I think was very helpful in moving toward a peaceful resolution in that situation.

Clearly, the post-graduate school, because of its internationalism and the number of Nations that are represented there at any given time is a very rich field for IMET. And I would say the real plus of it is that you get them while they are very young. As you know, the age of the population there are young officers, 28, 32, 33 years old, so you get that young lieutenant or that young captain flowing through there. And that is the person who 20 years later is going to be leading their military.

Mr. FARR. We had a young officer there, or young leader from Jordan who took the short course there, who had his family in Monterey, bought the biggest boat we have ever seen in the harbor, and he ended up becoming King of Jordan, King Abdullah. And every year he comes back to the Naval post-graduate school and celebrates his studies there. And he told me when he gave his speech to the Joint Session of Congress that Monterey was his favorite place in the United States, both him and his wife. So it has had lasting—what about can we do more to get more IMET funding? We have funded it at \$109 million a year. We have Mr. Moran, the big defense approps guy, here. With the critical need for these kind of mil-to-mil and civil-to-mil relationships, particularly, as you pointed out in your theater, what can we do to get an increase in IMET and E-IMET funding?

Admiral STAVRIDIS. Well, again, as a geographic combatant commander from Europe, I very much support IMET. And you will continue to draw strong support from the uniform military on IMET because of the long-term benefits we just talked about. So I am a strong proponent.

Mr. FARR. But what can we do to get DoD to ask for more money, or OMB, or whatever the process is? It seems to me this is important to the Secretary of State as much as it is to the Secretary of Defense.

Admiral STAVRIDIS. Well, part of the process is what we are doing right now, is having this conversation, this dialogue. And it reenergizes me to go back and create that demand signal.

Mr. FARR. Do you think it should be on the defense budget? You know, it is paid for out of the State Department budget.

Admiral STAVRIDIS. It is. I think that is actually the right place to put it. I think State Department, because it kind of crosses the lines, and it really is—it is a military component of the overall diplomatic relationship between Nations. And therefore, I think it is probably right invested in State. But all of us on the uniform side, we would advocate for additional resources for State in order to do it, because it creates situations down range that we do not have to go into military operations.

Mr. FARR. Well, an ounce of prevention is always best. This is my last question. I read that you brought the State coordinator for reconstruction and stabilization to your Combined Endeavor exercise.

Admiral STAVRIDIS. Yes.

Mr. FARR. What role were they—that is kind of interesting to have them planning. What do they do for you?

Admiral STAVRIDIS. Combined Endeavor is a large command and control exercise. And so what we found increasingly in operations in the world today is that it is insufficient to communicate only with military to military. You have got to be able to reach across interagency boundaries and communicate with interagency partners. And so we encouraged a lot of our interagency partners—he was the most senior—to come and be part of the exercise so that we could ensure that we were able to connect system to system, person to person, and satellite to satellite.

NAVY HUMANITARIAN OPERATIONS

Mr. FARR. It seems that you have got a lot of unique capabilities of the Navy bringing humanitarian operations. Are you being able to also transfer that to civilian actors in theater?

Admiral STAVRIDIS. Yes. I will give you an example. I was using the hospital ship Comfort down in Latin America, manned up by a military-civilian crew, loaded with volunteers, largely from non-governmental organizations, as well as medical professionals, as well as some State Department people to handle the diplomatic piece of this. It really is a good example of what we are trying to do in the Combined Endeavor exercise, which is to have the ability to go across the interagency to create effects that over time enhance the security of the United States.

Mr. FARR. Is the Navy ahead of the other agencies in doing that?

Admiral STAVRIDIS. I think each are trying to get at it in their own way. And so I would say the Navy has a positive program in that regard. I think the Army has done very, very good work in this region as well. Take Afghanistan as an example. They worked very, very hard to bring together the interagency application of effect there. So I think each of the services are onto this and working it.

Mr. FARR. Thank you. Thank you, Mr. Chairman.

Mr. CARTER [presiding]. Mr. Nunnelee.

Mr. NUNNELEE. Thanks, Mr. Chairman. Your testimony talked about terrorism. If you would just assess what you see as the risk of a terrorist-directed attack on our military installations in the European theater and outside of Afghanistan and Iraq. That would be the first part of the question. The second part is the risk of terrorist attack against military personnel in those theaters outside of the installation. And then the third part is the risk of terrorist attack on the U.S. mainland originating and being executed out of European theater. And what are we doing to deal with those risks?

Admiral STAVRIDIS. Thank you, sir. I would say the risk to our facilities in Europe is moderate. I worry about it. Europe, as I mentioned earlier, last year had 300 kinetic terrorist incidents occur, so that the capability to undertake a mission like that in Europe is certainly present.

In terms of military personnel, I worry also, I call it moderate. Several weeks ago, we had a group of our young Air Force enlisted men who were on a bus outside of an airport in Germany, and a lone gunman stormed the bus and shot two of them.

So I worry about that as well. And I worry particularly about areas around our bases where there are long lines to get on the base, and it creates a line of cars where there are Americans in the cars and so forth. And then thirdly, in terms of an attack on the U.S. mainland emanating from Europe, I worry about that as well, although I think we could look at other spots around the world, notably Afghanistan, from which that kind of motive and opportunity could exist. But certainly using Europe as a pass-through zone, as was done on 9/11, I think is a possibility. What we are doing about it goes back to what Representative Farr was talking about is working this as an interagency problem. Where we fail in counterterrorism so often is where we have stovepipes, and the intelligence agencies are looking at this, and the police are looking at that, and the DEA is looking at this, and the military is looking at that. We are trying to kind of bring all that together in a way that allows us to see patterns to get ahead of threats.

And then so often in overseas you have to then work with host nations. And that is a complexity of its own. But I would argue that NATO at least provides a structure for doing that, because we are already in an embedded partnership. So that would be my response.

Mr. NUNNELEE. Do you feel that Congress has given you the resources you need to provide the security on those military installations so that our fighting men and women have a safe place to go in a foreign land? Or is there something we are not doing that we need to be doing?

Admiral STAVRIDIS. No, sir. I am very satisfied with the support from this committee in particular, the subcommittee in military construction, the funds that you provided us that allowed us to harden and protect our bases. I am very satisfied. Thank you for asking, sir.

Mr. NUNNELEE. Thank you.

Mr. CULBERSON [presiding]. Thank you. Recognize the gentleman from Virginia, Mr. Moran.

EUROPEAN ALLIES' ROLE IN LIBYA

Mr. MORAN. Thank you very much Mr. Chairman. If these questions have been asked, I was up in a Defense Appropriations hearing on the Air Force procurement, I am sorry. But I wanted to ask about our European allies' role in Libya. Has that been fully explored?

Admiral STAVRIDIS. Yes, sir.

Mr. MORAN. It was?

Admiral STAVRIDIS. Yes, sir. Although I can give you a quick snapshot.

Mr. MORAN. Okay. Well, let me give you a specific question then.

Admiral STAVRIDIS. Oh, sure. Yes, sir.

Mr. MORAN. What are your expectations and contingency plans for the next few weeks and months with respect to EUCOM's support to NATO's mission in Libya?

Admiral STAVRIDIS. Sir, I anticipate that the U.S. level of activity is going to diminish and the allied level of activity is going to rise.

Mr. MORAN. The principal allies that you expect to kind of take this over?

Admiral STAVRIDIS. It will be done under a NATO hat, but the Nations that are really leaning forward on this are the French, the British, the Italians, the Greeks, the Spanish, the Dutch. The Turks are very strong in the arms embargo. It is a pretty strong—

Mr. MORAN. And they have the logistical capability to pick that up?

Admiral STAVRIDIS. Yes, sir. Because they are working together, which is really one of the benefits of the NATO piece of this.

Mr. MORAN. Okay. Very good. Now, it is a concern when we see what is happening with regard to our European allies' budgets.

Admiral STAVRIDIS. Yes, sir.

Mr. MORAN. We know that defense is going to get hit. It has already gotten hit. It is probably going to get hit further over the next 2 or 3 years. Can you give us a sense of what that means in terms of our mission in Afghanistan, and where you worry we might fall short in being able to fully pursue?

Admiral STAVRIDIS. Yes, sir. First of all, you are exactly right. I often criticize our European allies because they are not meeting the NATO goal that we have all agreed to of 2 percent for defense spending. And downward pressure I think will continue there just like it will here. In terms of Afghanistan, I think that as we do the transition to the Afghan lead and we start to draw forces down, I think we will be able to keep that in balance. And all of the European allies, sir, I think would tell you that their top operational priority is Afghanistan. So I think we will continue to get a pretty reasonable level of support in Afghanistan from the allies.

Mr. MORAN. Thank you. Do you have an operational role in cyber activities, the Cyber Command?

Admiral STAVRIDIS. Sir, I would not call it an operational role. But I enjoy a very warm relationship, both command to command with CYBERCOM, and also just personally with Keith Alexander. And partly that is because Europe is, outside of the United States, the most sophisticated cyber-based society, taken collectively. So Keith and I work very closely on projects that try to connect the allies so we can work together to improve cyber. It is a top priority of mine.

Mr. MORAN. Well, in that regard, it has been reported that a number of our allies in the EUCOM area of responsibility have been subject to sophisticated cyber attacks—

CYBER DEFENSE

Admiral STAVRIDIS. Yes.

Mr. MORAN [continuing]. In conjunction with these regional conflicts. Do you think that they are prepared to deal with that, or are we going to have to come in and help them to a much greater extent than we are?

Admiral STAVRIDIS. I think this one really is a very much a 50-50 partnership. They are very sophisticated and have real capability. And we are trying to get this under a NATO hat by standing

up a Center for Cyber Defense. And we are putting in Estonia, because they are one of the Nations that suffered a cyber attack. And again, this is an area where we are ahead, but I think this is an area where we can benefit from what they know. They will certainly benefit from what we know. And I think this is an area of real partnership going ahead.

Mr. MORAN. Thank you. Have we used any cyber warfare in Libya if you can answer? This is unclassified, is not it?

Admiral STAVRIDIS. It is unclassified.

Mr. MORAN. Then only answer what you can.

Admiral STAVRIDIS. Not to my knowledge at this point.

Mr. MORAN. Okay. Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Moran. I remembered something I really wanted to ask you about, Admiral. It is kind of my intention, and I read press accounts and photographs, I am not sure the Members are aware of it, that there is a container sitting on a dock in Genoa, Italy, that has got a cobalt 60 dirty bomb in it apparently that has set off all the reactors. I have seen a press account in a commercial shipping magazine that shows a photograph. And it has got a lot of discussion from officials in the port at Genoa that they have a container that has set off all the radiation detectors. It looks like it has got cobalt 60 in it. And they feel like it is a dirty bomb. And they have surrounded it.

I saw a photograph with other containers. It is set out way out on the end of the pier at Genoa, and surrounded by containers full of concrete and rock because nobody knows what to do with it. Is that accurate? What is that?

Admiral STAVRIDIS. Sir, I will find out and get back to you.

[The information follows:]

(U//FOUO) **Discovery.** On 20 July 2010, a radioactive source of cobalt-60 (⁶⁰Co), was detected in a 20 foot container of scrap metal onboard a ship at the Genoa Harbor, Italy, according to Italian press reporting and an International Atomic Energy Agency (IAEA) Illicit Trafficking Database (ITD) notification. The ⁶⁰Co source was detected during a routine search using hand-held equipment and the container was subsequently moved to an isolated section of the port.

(U//FOUO) **Origin.** According to Italian press, a company in the United Arab Emirates that retrieves material from abandoned industrial sites sold approximately 18 tons of copper to a Genoa-based company (SIGIMET SURL). The copper was loaded in port Jeddah, Saudi Arabia, onboard MSC *Jenny*—inaccurately reported in the press as MSC *Malaga*. On 13 July 2010, MSC *Jenny* arrived in Gioia Tauro Calabria, Italy, where the container was unloaded, and then loaded back onto ship, which then sailed to Genoa's "Voltri Terminal Europe" on 14 July 2010.

(U//FOUO) **Assessment.** There is no indication the ⁶⁰Co source was intended for use in a radiological dispersal device (RDD). The IAEA rated the ⁶⁰Co source as Category 3 Dangerous to the person. Further, the U.S. Nuclear Regulatory Commission indicates Category 3 radioactive sources would not pose a significant health or safety risk if used in an RDD.

(UNFOUO) The Lawrence Livermore National Laboratory and DIA believe the incident involves a discarded ⁶⁰Co source inadvertently mixed with scrap metal and likely does not involve the illicit trafficking of radioactive material, as no additional information indicates an intent to sell the ⁶⁰Co source. According to the IAEA ITD, investigations are ongoing to determine: the entities involved, origin of material, the facility which the material came from, and confirm the destination or intended destination of the material. We are unable to determine the status of these alleged investigations.

Mr. CULBERSON. You are not familiar with it?

Admiral STAVRIDIS. I generally heard a report.

Mr. CULBERSON. You have heard about it?

Admiral STAVRIDIS. Not to the degree of specificity that you just mentioned. So let me pulse into that and get back to you on that.

Mr. CULBERSON. But you are aware that there was a container that set off radiation detectors in Genoa?

Admiral STAVRIDIS. I cannot say that, no.

Mr. CULBERSON. You heard something about it?

Admiral STAVRIDIS. A general sense, yeah. And I will find out more and get back to you.

Mr. CULBERSON. It is a source of concern, I know Mr. Moran raised on the cyber issue, but also the threat of attacks coming from shipping containers coming over here. Because that is a real, real source of concern.

Admiral STAVRIDIS. Yes, sir.

Mr. CULBERSON. I have not yet been overseas. In 10 years I have been here, I have strenuously avoided trips.

Mr. MORAN. You got to put a CODEL together for us. There is some beautiful European bases over there.

Mr. CULBERSON. It is a vital part of the job. I do really need to come and see you.

Admiral STAVRIDIS. Come and see us.

Mr. CULBERSON. There is nothing to compare with actually getting to go see.

Mr. FARR. Take us all with you when you go.

Mr. CULBERSON. I have plenty of frequent flyer miles now.

Admiral STAVRIDIS. I would say come and visit some of our wounded warriors at Landstuhl and see this hospital project.

Mr. CULBERSON. Why don't we do that, guys. There will be other trips we will do, but I would like to do it, if I could, in August, actually.

Admiral STAVRIDIS. That would be fine. We will make it happen.

Mr. CULBERSON. If that works. Because that is a whole month we are off.

Admiral STAVRIDIS. Sure. That will be great.

Mr. CULBERSON. We will put together a trip to get a chance to come out and see firsthand.

Admiral STAVRIDIS. That would be great.

Mr. CULBERSON. And thank all those men and women that are out there under your command and keeping us all free.

Admiral STAVRIDIS. Sir, if I could just close, again, by saying thank you to the Congress. And not just for the financial support that you give us, but this is hard work up here. It is hard work to be a Congressman. It is hard to be a staffer. I know you work long hours. And you are serving the country just like we are. Thank you.

Mr. CULBERSON. Well, it is a great privilege. The only hard part of this job is raising the money, which I just hate. I would rather have my teeth pulled. I know we all feel the same way about that. But what a joy it is to help you, sir, and help all our young men and women in uniform. It is a source of great pride for all of us. We work arm in arm in this committee. There are no party distinctions here. We are proud to help you. Thank you for your service. The hearing is adjourned.

[Questions for the Record submitted by Congressman Young for ADM Stavridis follows:]

Question 1. European Command has been and continues to be strategic to our relationship with our Western allies and vital to our sustainment efforts in Iraq and Afghanistan. Can you discuss how, despite restructuring the command and basing, you will be able to continue to maintain the current level of commitment to our allies and support for our current conflicts in Libya, Iraq and Afghanistan?

Answer. Restructuring the command and consolidating our basing are designed to generate efficiencies that will enable us to maintain our ability to engage our allies and support current operations in Libya, Iraq, and Afghanistan. They are consistent with the Secretary of Defense's efficiencies initiative to reduce overhead costs and free up additional resources for operational requirements. As announced by the Department of Defense on 8 April 2011, EUCOM will retain four forward-stationed BCTs until 2015. This will enable EUCOM to continue supporting ongoing operations at the same level until operations in Afghanistan wind down. The retention of three BCTs in Europe after 2015 and other complementary posture changes will better position EUCOM to fulfill commitments to NATO allies and the requirements of 21st century defense and deterrence.

Question 2. Recently, 2 airmen were killed at a German airport transiting from Frankfurt to Ramstein Air Base. This act of terrorism clearly demonstrates the high risk that our Servicemembers face even in our allied countries. Are there any force protection issues that you are concerned with regarding the bases in Europe and do you need any funding to emplace additional operating procedures to ensure our men and women are not exposed to undue risk while not on the military bases?

Answer: There are multiple force protection issues that concern EUCOM in regards to our personnel and bases in Europe. One such issue was brought to the forefront in the Frankfurt Airport attack. We are consolidating the information on how much it will cost to go to an indigenous vehicle fleet that blends in with the local vehicle traffic and has local, host nation style license plates.

Another issue is the choke-point effect that occurs at each of the access points to our installations. This presents a target for anyone with the will to attack Americans, and provides an opportunity to attack in a location where the victims will not be able to easily escape. One solution to this is to right-size our contract security guard workforce to help reduce traffic queues at our installation access control points and to ensure our smaller locations are properly controlled.

We are constantly reviewing our procedures, and working with our host-nation partners, the Department of State, and each of our service components. We have implemented many procedures to better mitigate the vulnerabilities of our men and women while they are outside of our military bases, to include reducing uniform wear when off military installations.

[Questions for the Record submitted by Congressman Flake for ADM Stavridis follows:]

Afghanistan

With respect to Afghanistan, you say in your remarks that, "we have largely halted the expansion of the insurgency, and are beginning to show signs of progress toward Afghan security self-reliance.

Question 1. Winters in Afghanistan often drive the insurgents into hiding, as they are ill-equipped to deal with the harsh weather. Do you anticipate the insurgency to return this spring? If so, will the progress you said we've made be sufficient enough to prevent us from losing ground?

Answer. The progress made during the 2009-2010 fighting season is sufficient to prevent us from losing ground during 2011. However, maintaining those gains will require significant effort. Last year, the Taliban lost some of their most important and long-standing safe havens, notably those areas around Panjwai in Kandahar and Central Helmand. This spring they will fight to recover these areas. Thus far this spring, there has been a small uptick in violence, and it should accelerate mid-May after the poppy harvest ends.

Force Drawdown in Europe

In your prepared testimony, you say that "as our engagement requirements [in Iraq and Afghanistan] change, we will also look to adjust our asset levels." You then quote Secretary Gates as saying, "based on our review, it is clear we have excess force structure in Europe. We are looking closely at alternative courses of action..."

Question 2. Given the level of support EUCOM forces provide to our allies in the region who are contributing to the war effort in Afghanistan, how will US the withdrawal from Iraq at the end of this year affect EUCOM support to our allies?

Answer. As part of the global pool of U.S. forces, EUCOM forces have deployed to support operations in Iraq. The withdrawal of U.S. forces from Iraq should reduce the overall demand on U.S. military forces, including EUCOM forces. Although EUCOM forces may still be called upon to support other operations, this reduced demand for forces should create opportunities to increase our military engagement with our allies in Europe.

As announced by the Department of Defense on 8 April 2011, EUCOM will retain four forward-stationed BCTs until 2015. This will enable EUCOM to continue supporting ongoing operations at the same level until operations in Afghanistan wind down. The retention of three BCTs in Europe after 2015 and other complementary posture changes will better position EUCOM to fulfill commitments to NATO allies and the requirements of 21st century defense and deterrence.

Force Drawdown in Europe

Question 3. How would a larger realignment of forces in Europe be perceived by our NATO allies?

Answer. On 8 April 2011, the Department of Defense announced the President's decision to revise the 2004 plan to withdraw two of the four brigade combat teams (BCTs) from Europe and instead retain three BCTs in Europe. The three forward-stationed BCTs will be complemented by other enhancements, including forward deployment of Aegis ships, land-based missile defense systems, forward stationing of special operations aircraft, and a permanent aviation detachment in Poland.

NATO allies were consulted about these potential changes prior to the President's decision and the overall reception was positive. We are just beginning to hear the reactions of our NATO allies to the formal announcement. Their reaction so far has been supportive, with our allies expressing appreciation for the process of consultation that preceded the decision.

WEDNESDAY, MARCH 30, 2011.

QUALITY OF LIFE IN THE MILITARY

WITNESSES

**CMSAF JAMES A. ROY, CHIEF MASTER SERGEANT OF THE AIR FORCE
SERGEANT MAJOR RAYMOND F. CHANDLER, III, SERGEANT MAJOR OF
THE ARMY
SERGEANT MAJOR CARLTON W. KENT, SERGEANT MAJOR OF THE MA-
RINE CORPS
MASTER CHIEF PETTY OFFICER RICK WEST, MASTER CHIEF PETTY
OFFICER OF THE NAVY**

OPENING REMARKS OF CHAIRMAN CULBERSON

Mr. CULBERSON. The Appropriations subcommittee on Military Construction and Veterans Affairs will come to order.

It is a great privilege to have with us today the top enlisted—the senior enlisted members of every branch of the military with us today. Really, truly, quality of life is in my mind, and I know Mr. Bishop's as well as every member of this committee, the quality of life for our men and women in uniform is our highest priority, and it is a great privilege to have each one of you with us here today to help us understand how we in the Congress can better provide for not only for the comfort of our men and women in uniform, but for their health care, and for the day-to-day issues that confront their lives. There is no better witnesses we could have in front of us than you here today, gentlemen. We thank you very much for it.

We are just finishing a series of votes, and there is also a briefing going on that has been scheduled—a classified briefing on this unexpected operation in Libya that is going to go on during this hearing, so Members may be coming and going as we go forward.

But I would like to recognize our ranking member Mr. Bishop from Georgia, a State near and dear to Texans. We work arm in arm on this committee in doing everything we can together to make sure that you and the men and women that you represent have everything that you need to do your job.

Mr. Bishop.

OPENING STATEMENT OF MR. BISHOP

Mr. BISHOP. Thank you very much for yielding, Mr. Chairman. I always look forward to this hearing because these individuals always give us the best picture of what those on the front lines are dealing with.

We talk a lot about facilities, equipment and strategy, but it is the men and women, like the ones sitting in front of us today, that really make our military what it is today. I will say again that our service members make our military great, and it is our responsi-

bility to make sure that they are taken care of, and that is exactly why we started the Military Family Caucus so we can better address the issues that these gentlemen will raise today.

In all of your testimony, you raise great issues from recruiting and retention to child care. And I want you to all use this as an opportunity to tell us exactly what we have gotten right and what we need to improve in order to ease the burden that is placed on our service members and their families.

Just last month I held two town hall meetings in my district with service members and their families, and I heard directly from soldiers and their spouses about the unique challenges that they face.

So let us not forget that when a service member deploys, he or she is not the only one that is sacrificing for the Nation. In fact, many spouses, both male and female, manage the household by themselves, and in some cases a relative has to step in to help when both parents are deployed. So, as I have said and will continue to say, I want to make sure that we are doing enough to help our service members, because the last thing they need is to have to worry about what is going on back home when they are away at war.

Finally, I just want you to know that as issues arise, don't hesitate to let our subcommittee know what help you may need. I know that all we want to do is be helpful in any possible way that we can. So I thank you for your service and look forward to your testimony.

I yield back, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Bishop.

Again, it is a great privilege to have each one of you with us today. We are very, very pleased to have Sergeant Major Raymond Chandler of the Army, Sergeant Major Chandler has 30 years of service to our country and has served in all tank crewmen positions, and multiple tours and duty as a troop squadron and regimental master gunner.

We are delighted to have you with us here today, sir.

I also want to be sure to welcome Master Chief Petty Officer of the Navy, Rick West. Master Chief West also is a returning witness to the committee, and succeeded Master Chief Campa on December 12, 2008; has 28 years of service in the Navy straight out of high school in 1981, I see, sir, and is a submariner.

My grandfather was in the Navy. I love all you guys, but I do—my heart beats a little faster with the Navy, I can't help it, and the submariners in particular. I love the submariners. I have a lot of great admiration for all of you guys. And I am delighted to see, Master Chief West, that you served as a submariner, and then your service included you were on the staff of the Commander of the Submarine Force of the U.S. Pacific Fleet and Chief of the Boat of the USS Portsmouth, and particularly with the threat that the Chinese pose to us. I understand that they are cranking out a lot of submarines every year, and we are not building enough. I am delighted to have you here with us today, sir.

We also have with us as Chief Master Sergeant of the Air Force James Roy, your second appearance here today, sir. We are delighted to have you. You were appointed on June 30, I see, of 2009,

28 years of service in the Air Force. My father was in the Air Force. And your background includes a number of leadership roles at squadron, group, numbered Air Force, and combatant command levels; and you served as a senior enlisted leader and adviser to the United States Pacific Command Combatant Commander. And we are delighted to have you with us here today, sir, as well.

Sergeant Major of the Marine Corps, Carlton Kent, delighted to have you today, sir, as a returning witness as well. I see that you became Sergeant Major of the Marine Corps on April 25 of 2007 and have served 35 years, sir—God bless each and every one of you, and thank you for your service to our Nation—and served as Sergeant Major of the Marine Forces, Europe, and First Marine Expeditionary Force at Camp Pendleton prior to assuming your current position.

We are delighted to have each and every one of you with us. Your written statements will, of course, be entered into the record without objection, if that is agreeable. Your written statements will be entered into the record without objection.

I am delighted to have each and every one of you with us today, and we will begin, if I could, sir, by recognizing the Sergeant Major of the Army, Sergeant Major Chandler. Thank you very much for being with us.

OPENING REMARKS SERGEANT MAJOR CHANDLER

Sergeant Major CHANDLER. Thank you very much, Mr. Chairman. Members of the committee, Mr. Chairman and committee members, thank you for the opportunity to represent the 1.1 million men and women of the United States Army, America's Army. I have been in this position for less than a month, but I have served with the Army, as you know, for almost 30 years, and I have witnessed firsthand the importance of the recommendations and decisions made by this committee and how that affects our Army and its ability to fight and win our Nation's wars.

I would also like to congratulate all of the newest members. I truly appreciate you taking your tremendous responsibility of providing funding and support for our military. I pledge to always be a point of contact should you ever have any questions or comments about our soldiers, equipment, training or quality-of-life programs.

I would like to begin by introducing these senior noncommissioned officers who are seated behind me. First, the Command Sergeant Major of the United States Army National Guard, Command Sergeant Major Richard Burch, who serves as a senior enlisted adviser for Major General Raymond W. Carpenter.

Also with me is Command Sergeant Major of the United States Army Reserve, Command Sergeant Major Michael D. Schultz, who serves as the Senior Enlisted Adviser to Lieutenant General Jack Stultz.

Though we are still engaged around the world, our soldiers and families deserve a quality of life commensurate with their service. As the Sergeant Major of the Army, this quality of life is one of my key imperatives and is the subject of my testimony today. More specifically, I want to talk about four key areas of quality of life: restoring balance, building resilience, wellness of our wounded warriors, and Army family programs.

Four years ago, Chief of Staff of the Army General George W. Casey gave the Army four imperatives to restore balance to the force. With these imperatives, we will meet our fiscal year 2011 objective of at least 2 years of dwell time for every year deployed starting in October for forces that deploy into theater, and 4 years of dwell time for every year deployed to the United States Army Reserve and Army National Guard soldiers.

The Army has worked hard over the last several years to build resilience in our force by institutionalizing programs such as Comprehensive Soldier Fitness and the Army Campaign for Health Promotion, Risk Reduction and Suicide Prevention. These programs teach soldiers, families and Department of the Army civilians coping skills for dealing with stress of deployments and everyday life.

The Army also has a duty to provide world-class care for our wounded, ill or injured warriors, and to successfully transition these soldiers and their families back to the Army or into civilian life. We do this through our Warrior Care and Transition Program and our Warrior Transition Units.

Our family quality-of-life programs play a significant role in preparing our Army for the next decade. These programs give our soldiers and their families an opportunity to reestablish and nurture personal relationships and make the postdeployment period as predictable and stable as possible.

In closing, I want to stress the hard work and dedication of our soldiers, families and civilians. With your support, we have made great progress for our Army family. I am grateful for your help and your support now and in the future.

I appreciate the opportunity to testify before you today to tell the Army's story, and I welcome your questions. Thank you, and Army Strong.

Mr. CULBERSON. Sergeant Major Chandler, thank you very much, sir.

[The information follows:]

RECORD VERSION

STATEMENT BY

**RAYMOND F. CHANDLER III
SERGEANT MAJOR OF THE ARMY**

BEFORE THE

**COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS
AFFAIRS, AND RELATED AGENCIES
UNITED STATES HOUSE OF REPRESENTATIVES**

FIRST SESSION, 112TH CONGRESS

**ON QUALITY OF LIFE
IN THE UNITED STATES ARMY**

MARCH 30, 2011

**NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON APPROPRIATIONS**

**STATEMENT BY
RAYMOND F. CHANDLER III
SERGEANT MAJOR OF THE ARMY**

Introduction

Mr. Chairman and committee members, thank you for the opportunity to represent the 1.1 million men and women of America's Army. I have been in this position for less than a month, but I have served in the Army for almost 30 years, and I have witnessed first-hand the importance of the recommendations and decisions made by this committee and how that affects our Army and its ability to fight and win our Nation's wars.

I would also like to welcome all the newest members. I truly appreciate you taking on the tremendous responsibility of providing funding and support for our military. I pledge to always be a point of contact should you ever have any questions or comments about our Soldiers, equipment, training, or quality of life programs.

This committee's support over the years makes a tremendous impact on our Army. We would not be able to fight and win our Nation's wars without the continued support of those here on this committee. You have ensured the Army has the vital resources to man, train, and equip the best fighting force in the world and provide top-notch care and benefits to our Families.

I would like to begin by introducing these senior noncommissioned officers seated behind me. First, the Command Sergeant Major (CSM) of the Army National Guard (ARNG), CSM Richard Burch, who serves as the Senior Enlisted Advisor for Major General Raymond W. Carpenter. Also with me is the CSM of the U.S. Army Reserve (USAR), CSM Michael D. Schultz, who serves as the Senior Enlisted Advisor for Lieutenant General

Jack Stultz. Both of these CSMs represent more than 567,000 Soldiers who play a vital role in defending our Nation. These CSMs are a key part of the leadership team that ensures our citizen-Soldiers are trained and ready to deploy in support of the Army and our Nation.

The Army continues to prevail against insurgents around the world while protecting our country and the rights of our citizens. We have completed combat operations in Iraq by transitioning to Operation New Dawn, continuing to provide much needed support to the people and government of Iraq. We have also surged Soldiers into Afghanistan to support a new strategic direction. We have reshaped our Army to better align ourselves for the challenges of tomorrow. We have accomplished much over the last year, but there is still much to do.

We still face an uncertain future. In this era of persistent conflict, hybrid threats will certainly test our new structure. These conventional, irregular, criminal and terrorist forces will avoid our strengths and attack us asymmetrically. We will continue to reorganize, restructure, and train in full spectrum operations to respond to any future enemy threat.

Though we are still engaged around the world, our Soldiers and Families deserve a quality of life commensurate their service. As the Sergeant Major of the Army, this quality of life is one of my key imperatives and the subject of my testimony today. More specifically, I want to talk about four key areas of quality of life: restoring balance, building resilience, wellness of our Wounded Warriors, and Army Family Programs.

Restoring Balance

Soldiers and their Families have been operating at an exhausting pace for the last nine-plus years. Our Army has been out of balance, lacking the much needed flexibility to respond to other contingencies

around the world and sustain our all-volunteer force. However, the draw down in Iraq and the temporary increase of Soldiers in our ranks has helped us regain some of that balance.

Four years ago, Chief of Staff of the Army, General George W. Casey Jr., gave the Army four imperatives to restore balance to the force. He said we must continue to **sustain** the Soldier's, Families, and Civilians; **prepare** forces for success in the future; **reset** units returning from downrange; and **transform** the Army to meet the demands of this century. These imperatives are helping us meet our end of Fiscal Year (FY) 11 objective of at least two years of dwell time for every year deployed for our active force and four years of dwell for every year deployed for our USAR and USARNG Soldiers. In 2011 the Army plans to look at the benefits of increasing dwell to 1:3 for active and 1:5 for reserve and National Guard Soldiers. This may result in nine-month deployments.

Recruiting and Retention

Soldiers are the centerpiece of our Army formations. We cannot fight and win without well trained, educated, and dedicated Soldiers.

In Fiscal Year (FY) 10, the Army recruited 148,827 young men and women across all three components of the force. The active Army recruited over 74,500; the ARNG recruited over 57,000; the USAR recruited over 17,000 Soldiers. The hard work of our recruiters across the country, the support of our Army leaders, elected officials, and the support of the Nation all contributed to this huge success.

Through the first quarter of FY11, our recruiters are doing an excellent job enlisting our Nation's youth. For our active component, we have achieved 103% of our quarter goal. (14,533 of 14,100) The USAR and USARNG have also been successful recruiting our citizen-Soldiers.

The USAR has achieved 100% (4,948 of 4,939) of their goal and the USARNG achieved 109% (14,106 of 12,954) of theirs.

Army retention programs remain a huge success story for this past year. The revision of the Retention Control Points (RCP) for Staff Sergeants and below supports the leader development and reinforces our Army Leadership Development Strategy (ALDS) principles from a continued service perspective. During FY10, we engaged in establishing the new policy and have since completed the action with an effective date of 1 June 2011.

Through the first quarter of FY11, our retention rates remain high. The active Army achieved 223% of its first quarter mission. The USAR achieved 112% and the USARNG achieved 110%.

As the Army begins to draw down from our Temporary End Strength Initiative, we must do so responsibly and deliberately. It is imperative we do not sacrifice our combat experience and unit cohesion by cutting large numbers of Soldiers to quickly reduce the budget. The Army is in the planning phase of this deliberate process.

Building Resilience

The last nine-plus years have been extremely tough on our Soldiers and our Families. The stress and strain of multiple deployments can manifest into alcohol and drug addiction, suicide, sexual assault, and reckless behavior as Soldiers try to cope with issues and problems without the proper help. The Army has worked hard over the last several years to institutionalize programs such as Comprehensive Soldier Fitness and the Army Campaign for Health Promotion, Risk Reduction and Suicide Prevention. These programs will teach Soldiers, Families, and DA

Civilians coping skills for dealing with the stress of deployments and everyday life.

Health Promotion, Risk Reduction, and Suicide Prevention Report

In July 2010, the Army released the Health Promotion, Risk Reduction, and Suicide Prevention Report (HP/RR/SP). This report was the result of a focused 15-month effort to better understand the increasing rate of suicides in the force.

According to the report, the Army has experienced an erosion of adherence to existing Army policies and standards and degraded accountability of disciplinary, administrative and reporting processes. These have prompted us to take a hard look at the way we conduct our day to day business while back at our home stations.

With the release of the Report, the Army took numerous actions in 2010 to stem high risk behavior and suicide. In October, the Army produced and released the interactive "Home Front" training video which included scenarios for Soldiers, Civilians, and Family members. The same month, the Army produced the "Shoulder to Shoulder: No Soldier Stands Alone" training video which included testimonials from real Soldiers and Families on dealing with thoughts of suicide and suicide attempts.

The Army also expanded its behavior health services across all components and implemented confidential alcohol and treatment programs at six installations across the United States. Also, we implemented policies to improve the medication management for Soldiers who have been prescribed four or more Medication with at least one a controlled substance or psychotropic medication. The policy requires a clinical pharmacist to conduct a comprehensive medication review for these Soldiers or for Soldiers displaying high risk behavior.

Comprehensive Soldier Fitness

The Army's Comprehensive Soldier Fitness (CSF) program is the Army's flagship program to help Soldiers, Family members, and DA Civilians build resiliency and strength. CSF is a holistic program focused on developing the five dimensions of strength validated by the World Health Organization: Physical, Emotional, Social, Spiritual, and Family.

We have incorporated CSF education across all professional military training and education programs. New recruits receive strength and resilience training as part of their Initial Entry Training (IET) prior to reporting to their first permanent duty station. Throughout the Soldier's career, all phases and levels of professional military education have strength and resilience training integrated in each curriculum. The CSF program focuses on prevention and building strength and resiliency versus providing treatment after a problem occurs.

Sexual Assault

During FY10, the total number of reported sexual assaults dropped by 6.5% from the previous year. One sexual assault in our Army is one too many and is not keeping with the Army's Values or Warrior Ethos. We are all a band of brothers and sisters and the negative impact a sexual assault has on the unit is immeasurable.

Preventing sexual assault comes from leadership and discipline. Our leaders are committed to preventing sexual assault and harassment. The Army's Sexual Harassment and Assault Response and Prevention (SHARP) Program promotes a climate in which sexual assault, sexual harassment, or sexually offensive language or gestures are not tolerated, while providing sensitive care and confidential reporting for victims of sexual assault and accountability for offenders.

The Army continues to implement its sexual assault prevention campaign with several near-term initiatives including: interactive decision-making vignettes; revised Professional Military Education focused on preventing sexual assault and harassment, and strengthening the partnering of SHARP with the Army Soldier Show, Army Concert Series, and Better Opportunities for Single Soldiers (BOSS) programs.

Suicides

Last year, 303 Soldiers committed suicide. Though the active duty suicides are down, the overall number of suicides continues to rise, especially for our USAR and USARNG Soldiers.

We have found that today's Soldiers are experiencing a lifetime of stress during their first six years of service. Our high operational tempo dictates that leaders are primarily focused on the next mission or deployment. It is important for our Leaders to promote resiliency, teach coping skills, enforce good order and discipline, and stress help-seeking behavior across our Force.

Because of the heavy demands of war, we allowed an increase in enlistment waivers and thus, had an increase of high-risk recruits. Adding the stress of combat to Soldiers who exhibit high-risk behaviors increases the chances of suicide.

However, high operational tempo is not the sole reason our Soldiers commit suicide. Around 50% of our USAR and USARNG suicide deaths have no deployment history. Our citizen-Soldiers are affected by economic pressures and other stressors and because of their geographic location, have no immediate access to behavioral health professionals.

Leaders across the Army have taken aggressive steps to improve the health of the force, decrease high risk behavior and stem the increasing rate of suicides in our formations.

Wellness of our Wounded Warriors

The Army has a duty to provide world class care to those Wounded Warriors who have fought for our country. Through the Warrior Care and Transition Program and its Warrior Transition Units, our wounded have a central location for care management and are provided the necessary guidance and advocacy to empower wounded, ill, or injured Soldiers Veterans, and Families to successfully reintegrate either back into the Army or into the community.

Wounded Warrior Care

The Army continues to provide top care for our Wounded Warriors and their Families through 29 Warrior Transition Units across the United States and Europe. Currently, WTUs provide healing, rehabilitation, and reintegration to more than 10,000 wounded, ill or injured Soldiers, up about 11.5% from last year. In addition to the 29 WTUs are nine Community Based Warrior Transition Units (CBWTU) that allow recuperating Soldiers to utilize health care facilities in their home communities, while working at local U.S. Army armories and reserve centers. To better support the housing of our Wounded Warriors, the Army has completed six Warrior Transition Complexes with 18 currently under construction.

Through the Wounded Warrior Program, almost half of those Wounded Warriors enrolled return to the Army and half are separated from Service. So far, over 33,500 Wounded Warriors have spent time in the WTU.

In order to streamline the thousands of Medical Evaluation Board cases, the Army has implemented the Integrated Disability Evaluation System (IDES) at 15 locations. This system is designed to decrease the average length of the board process and provide our separating Soldiers a seamless transition to civilian and veteran status.

Through the U.S. Army Wounded Warrior Program (AW2), the most severely wounded, ill and injured Soldiers receive personalized support, regardless of location or length of care. More than just medical care, AW2 advocates assist Warriors and their Families with career and education opportunities, benefit information, and local resources. There are more than 8,000 Soldiers enrolled in the program, up 24% from last year.

Behavioral Health

Our Army Medical Command continues to meet the increased behavioral health demand of our Soldiers and Families. Even with the influx of behavioral health providers, the Army has seen a range of operational-related stress reactions including post-traumatic stress (PTS) disorder, depression, anxiety, alcohol and substance abuse, Family and relationship problems, increased risk taking behavior, compassion fatigue and suicide behaviors. Over the last year, Soldiers diagnosed with PTS dropped from 10,200 to approximately 9,300.

The Army has rolled out the Comprehensive Behavioral Health System of Care Campaign Plan (CBHSOC-CP). This plan is a comprehensive, and integrated behavioral health system that fosters optimal physical, emotional and spiritual wellness. It delivers coordinated care to our Soldiers and Families through effective education, prevention, diagnosis, intervention, treatment, documentation and follow up. This process includes development of standardized screening instruments

across the Army Force Generation cycle, standardization of a behavioral health data system and tele-behavioral health support.

Soldiers, leaders and Family members will receive behavioral health training and debriefings throughout the Army Force Generation cycle. This includes resilience training during pre-deployment; in theater psychological debriefings and integrated resilience training, reintegration resiliency training and post deployment psychological debriefings and resiliency training three to six months post deployment. Programs such as the embedded Behavioral Health teams, tele-behavioral health, Child, Adolescent, and Family Assistant Centers, School Behavioral Health and Specialty Behavioral Health care all play a major role in the CBHSOC campaign plan.

Our Soldiers receive top-notch behavioral health care, but access to this care is impacted by shortages of behavioral health professionals. Since 2005, the number of behavioral health visits has doubled, from 900,000 to more than 1.8 million. We continue to maximize the use of authorities that Congress has provided us to attract both military and civilian behavioral health providers to the Army. We have had some success hiring behavioral health professionals, increasing our staff by 65%, but we are still about 400 professionals short of our goal. Finally, the Army has lacked a standardized resiliency promotion program, which is a key component of psychological health. Through Comprehensive Soldier Fitness, the Army's Campaign Plan for Health Promotion, Risk Reduction and Suicide Prevention, and Warrior and Community resiliency training, the Army is closer than ever to standardizing resiliency for Soldiers from all three components.

Overall, the Army has implemented over 45 initiatives to fix or change access to care, resiliency, quality of care and surveillance. This

FY, we have asked for \$193 million for these programs, up from \$168 million last year. We have shifted our focus to providing care and support for those serving in Operational Enduring Freedom and have expanded our tele-behavioral health and automated behavioral health clinics. We are working hard to increase our behavioral health care providers for all components by approximately 1,000 across all components between 2012 and 2017.

Army Family Programs

The Army is committed to provide our Families quality of life programs that give them an opportunity to reestablish and nurture personal relationships following a deployment and making the post-deployment period as predictable and stable as possible. From providing respite care for spouses of deployed Soldiers to ensuring our geographically dispersed reserve and National Guard Soldiers receive the redeployment care they need to readapt, our Army Family programs play a significant role in preparing our Army for the next decade.

Army Family Covenant

The Army Family Covenant represents the Army's commitment to provide quality of life programs to Soldiers and Army Families, and is built upon five core commitments: standardize and fund Family programs and services; increase accessibility and quality of health care; improve Soldier and Family housing; ensure excellence in child, youth and school services; and expand education and employment opportunities for Family members.

Now in its fourth year, the commitment of the Army Family Covenant has not diminished. The Army has made significant progress in improving Soldier and Family programs, health care, housing, child, youth, and school services, recreation, education, and employment opportunities.

The Army's Soldier and Family Programs base budget request for FY11 remains \$1.7 billion. This investment shows the Army is committed to providing Soldiers and Families a quality of life commensurate with the quality of their service.

These resources focus on Soldier and Family programs that benefit our readiness and resilience, while reducing the stress and turbulence of constant deployments. Consistent funding of these programs is crucial to sustaining and preserving our All-Volunteer Force.

Army Community Covenant

The Army Community Covenant (ACC) is a formal commitment of support by state and local communities to Soldiers and their Families from all three components. Since its inception, 662 covenants have been signed in all 50 states, three territories, the District of Columbia, Korea and Europe.

The ACC targets national, state, and local organizations that provide education, employment, financial support, and support for surviving spouses, Wounded Warriors and deployed Soldiers and their Families.

The ACC website links Soldiers and their Families with community organizations supporting various quality of life needs. It also provides an opportunity for the community to support the military. The website highlights 113 national programs, 289 local programs and 221 local initiatives.

Our goal continues to be targeting specific areas where the needs of geographically dispersed Soldiers and Families are the greatest. During the recent state of the Union, President Obama said that only 1% of the nation makes up the Armed Forces, but 100% of the nation need to rally

behind the 1%. The Army Community Covenant is a great way to show support to those who sacrifice so much for this country.

Yellow Ribbon Reintegration Program (YRRP)

The Yellow Ribbon Reintegration Program (YRRP) provides USAR and USARNG Soldiers and their Families with valuable information before, during, and after deployments. Through Yellow Ribbon events, Soldiers and Families gain access to a wealth of services and knowledge that can help them prepare and handle their deployment. Yellow Ribbon spans the entire deployment cycle because there are different challenges at each phase.

The YRRP began as an initiative of the Minnesota ARNG in 2007. This past year the USARNG and USAR conducted more than 1,200 YRRP events across the Nation with more than 100,000 Soldiers and 125,000 Family members attending. The success of the program centers on a series of seven seminars designed to bring Soldiers and their Families together, to provide education on quality of life needs.

During the past 16 months, The YRRP office conducted a pilot program which placed ten Program Specialists around the country to assist the Reserve Components with YRP. As a result of this highly successful pilot program, the YRP Office has expanded this program from ten to 27 Program Specialists. They are located across the country in areas with dense populations of Reserve and National Guard Service and Family members. By expanding the program into a regional concept, these efforts can be conducted across the nation to enhance the program.

This expansion increases YRRP's ability to provide information on local, state, and federal programs and benefits available to Service and Family members throughout the deployment cycle. By dividing into four

regions, (Northeast, Southeast, West, and Central) Program Specialists form an extensive nationwide network providing uniform and streamlined information to Soldiers and their Families. It also gives additional support to Event Planners in planning and coordinating with, or identifying service providers for their Yellow Ribbon Events.

Child, Youth, and School Services (CYSS)

The Army's CYSS program supports the readiness and well-being of Army Families by reducing the conflict between on-the-job military missions and parental responsibilities. Generally, Army Families are younger than the average American Family and more geographically dispersed from extended Families in their home town and communities.

A Soldier's normal duty day begins with physical training at 6:30 a.m. This requires child care and youth supervision options for 10 to 14 hours each day. Frequently, this duty extends late into the evening and even weekends. Add in deployments and overseas assignments, and adequate care options become a challenge for the Army Family.

Thanks to your support, the Army has added 128 Child Development Centers and 24 Youth Centers since FY08. Last year, we were able to meet and maintain the DOD standard of 80% of the child care demand and 35% of the youth program demand. We have eliminated CYSS registration fees which helped to increase participation in Army Child and Youth programs and added an online registration to register children for child care and youth sports. Also, Army Families of deployed Soldiers have saved \$40 million in fee reductions for child care, youth sports and instructional classes.

Last year, we enrolled more than 16,000 geographically dispersed children into Army Sponsored Community Child and Youth Programs such

as Military Child Care in Your Neighborhood and Army Youth Programs in Your Neighborhood. These programs give Families fee assistance that allows them to pay rates comparable to those charged on post. Also, more than 371,000 geographically dispersed children of deployed parents participated in Youth Outreach activities, camps and workshops offered through Operation Military Kids in all 50 states.

The Interstate Compact on Educational Opportunity for Military Children ensures our children are not disadvantaged when moving from state to state. The last thing we want is for a child to be held back because he or she moved from Texas to Georgia and did not complete Georgia State History. So far, 35 states have signed the compact into law and legislation is being actively considered in seven other states and the District of Columbia.

The Army's Child, Youth, and School Services programs reduce stress on Families by minimizing Soldier and spouse lost duty and work time. These programs play a critical role in influencing Soldier and Family decisions to remain in the Army because they provide positive developmental opportunities for their young and school age children. Most importantly, these programs demonstrate how the Army cares about its people. Our Soldiers and their Families rate CYS programs as critical and essential to their Family's quality of life and their decision for continued service. We enlist a Soldier into the Army, but we retain a Family.

As part of the Army Child, Youth and School Services Program Capabilities, the Army continues to offer from five to 16 hours of respite care per month for each child of a deployed Soldier. Respite care allows the spouse or custodial parents or guardians time to address personal needs or take a much needed break. Since the advent of respite care, more than 5.5 million hours have been used by Families of deployed personnel.

To assist Army Families with members who have special needs, we provided up to 40 hours of respite care per month, per exceptional Family member. Exceptional Family Member Program (EFMP) respite care provides assistance to parents caring for special needs Family members. This program provides the time to address personal needs, provide attention to other Family members, and take a much needed break from demands of caring for a child with special needs

Other Family Programs

The Military Family Life Consultant (MFLC) Program continues to play a significant role in reducing the stigma of asking for help. Through the MFLC Program, licensed clinical providers assist Soldiers and their Families with issues they may face through the cycle of deployment. Consultants provide support on a range of issues from relationships and family crisis management to reunion and reintegration coping techniques.

The chaplain-led Strong Bonds marriage and Family enhancement retreat program is focused on building and maintaining strong relationships between couples. What started in 1999 with four events and 90 couples has evolved into a projected 5,400 events and 512,000 participants this fiscal year.

Since the inception of the Army Family Covenant, the Army added almost 1,100 Family Readiness Support Assistants (FRSA). The FRSA provides administrative and logistical support to commanders and Family Readiness Group (FRG) leaders. In the active component, FRSAs are authorized down to the battalion level. In the Army National Guard, they are assigned at the battalion or brigade level and in the U.S. Army Reserve, there is one FRSA per every 1,500-2,000 citizen-Soldiers.

We have refocused our Survivor Outreach Services (SOS) mission to reassure Survivors of our fallen Warriors that they are continually linked to the Army for as long as they desire. The SOS demonstrates this commitment by providing support and standardized services across all three Army components, and increasing awareness and access to SOS through outreach efforts and partnerships with non-governmental organizations. We have enhanced survivor benefits by extending housing benefits to 365 days, providing one year of basic allowance for housing for Survivors living off the installation, allowed children to remain in their current DoD stateside school until transferring, allowing Survivors up to three years to use their final move benefit, instituted the special Survivor Indemnity Allowance with the Dependency and Indemnity Compensation Offset, expanded GI benefits to children, and extended TRICARE benefits to three years after date of death.

THE WAY AHEAD

In closing, I want to stress the amazing work being done every day by our Soldiers, Civilians and Families around the world. They represent what is best about our Nation. Like their predecessors of generations past, our Soldiers are making a lasting impact on our Nation and the people of the world. Our Soldiers are the best trained, best manned, best equipped and best led force in our history. Every generation has its heroes, and this one is no different.

With your support, we have made great progress for our Army Family. I am grateful for your help and proud to have your support for the future. I appreciate this opportunity to speak before you today to tell the Army story. Thank you and Army Strong.

Mr. CULBERSON. If I could at this time, I would like to recognize Sergeant Major of the Marine Corps Carlton Kent.

Of course, your statement will be entered in full into the record, Sergeant Major. Thank you so much for your service and for your testimony.

OPENING STATEMENT OF SERGEANT MAJOR KENT

Sergeant Major KENT. Thank you, Chairman Culberson, Ranking Member Bishop and distinguished members, for the opportunity to testify for the last time as a United States marine on Active Duty. Although I am leaving the Active ranks, but once a marine, always a marine. So these will continue to be important issues to all marines that have served.

First of all, I would like to report that your marines are honored to serve this great Nation and are happy to be doing things that marines do best, fighting and winning our Nation's battles. They are truly living up to the great warfighting legacy that marines have built since 1775.

Your marines, including their spouses and family members who support them, they remain a valuable asset and our number one priority. As our Commandant General James F. Amos has said, we will keep the faith with our Marine Corps, our sailors and families.

I am proud to report to you that we are keeping the faith by achieving things, quality-of-life issues for our families.

We have transitioned both single marine and family readiness programs. We have expanded support to our wounded, ill, and injured marines. And we have invested in our infrastructure, such as housing and bachelor enlisted quarters.

Both the Commandant and I, we received from our marines and their families, as we travel the globe to visit marines and their families, and we look them eye to eye. They notice and appreciate the much-improved quality-of-life things, but they also have no problem telling us that we have additional work to accomplish. As we move forward, we will continue to keep the faith with our marines and families by assessing the effect of our support services and demonstrating through our direct actions that we are committed to improving them.

We are grateful for the support of Congress and the American people, who continue to provide for the men and women who proudly serve and wear our uniform. We are also grateful for the increased attention placed on the support of our families. It is true that while we recruit marines, we retain families, and their readiness is directly linked to the readiness of our corps.

Again, thank you very much for everything you do for our corps, and I am available to answer any questions.

Mr. CULBERSON. Thank you, Sergeant Major.

[The information follows:]

**NOT FOR PUBLICATION UNTIL
RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE**

**STATEMENT OF
SERGEANT MAJOR CARLTON W. KENT
SERGEANT MAJOR OF THE MARINE CORPS
HEADQUARTERS, UNITED STATES MARINE CORPS
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND
RELATED AGENCIES
ON
March 30, 2011**

**NOT FOR PUBLICATION UNTIL
RELEASED BY THE
HOUSE APPROPRIATIONS COMMITTEE**



Sergeant Major of the Marine Corps

Carlton W. Kent



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

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

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

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

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

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

Introduction

Chairman Culberson, Congressman Bishop, and distinguished Members of the Subcommittee, as I finish my last tour of duty, I want to thank you for this final opportunity to report to you on the state of your Marine Corps and our families' personal and family readiness.

Throughout the last ten years of war, our Marines and their families have faced many challenges and made great sacrifices. Their endurance has been bolstered by your generous and sustained support which has enabled our continued success, on the battlefield and at home, and ensured our ability to maintain a high state of personal and family readiness. As we continue to serve this great Nation, we are grateful to you and the American people and thank you for your unwavering support.

As our Commandant General James F. Amos has said, our Marines and their families are our greatest and most valuable assets and caring for their welfare will be one of our top priorities. My testimony today will outline the progress we have made as well as the actions we are taking to fulfill that mandate.

Your Marine Corps

Today, through your ongoing support and that of the American people, your Marine Corps is a cohesive, total force of 202,100 Active Duty Marines; 39,600 Selected Reserve Marines; and 25,000 Civilian Marines. At any given time, approximately 30,000 Marines are forward deployed in ongoing global operations in support of our Nation's defense. Your Marine Corps is also the youngest, most junior, and least married of the four military Services.

- Sixty-five percent of Marines are 25 or younger;
- Twenty-one percent of Marines are not old enough to legally consume alcohol;
- Forty percent of Marines are LCpl or below (other Services are between twenty to twenty-four percent);
- Forty-nine percent of Marines are married (next closest is Navy at fifty-four percent); and
- Has one Officer per 8.3 Marines (next closest is Navy with one Officer per 5.1 Sailors).

In addition, the Marine Corps has approximately the same number of active duty personnel as family members. There are 207,194 family members: 90,566 spouses, 116,335 children, and 293 parents. This close relationship, 49:51, is unique among the military Services. The active duty to family member ratios of the Army, Navy, and Air Force are all approximately 40 percent Service members to 60 percent family members.

Personnel Readiness

For our deployed and next-to-deploy forces, personnel readiness is extremely high. We continue to source our best-trained and most ready Marines and Sailors to meet Geographic Combatant Commander requirements in Afghanistan and around the globe. The Marine Corps is prepared to sustain this for as long as the Nation requires.

Operation IRAQI FREEDOM

This past year, we completed our mission in Iraq, effecting the retrograde of more than 25,000 Marines; 382,000 items of equipment; 10,800 short tons of aviation support equipment; and nearly 11,000 containers from al Anbar province via Jordan and Kuwait to the U.S. and elsewhere. At present, approximately 100 Marines remain in Iraq serving in individual augment, transition team and other miscellaneous billets.

Operation ENDURING FREEDOM

In Afghanistan, the mission has expanded. Over the past year, we increased our force strength in Afghanistan from 10,600 in December 2009, to 20,700 in December 2010. We will continue to provide forces in Afghanistan capable of full-spectrum, counterinsurgency operations while balancing our capabilities to perform what the Nation will likely ask of us in the future.

End Strength

Current authorized end strength is 202,100 Marines in the active component and 39,600 Marines in the Selected Reserve. During Fiscal Year (FY) 2012, the Marine Corps will concentrate on sustaining and shaping the Active Force. Our success can be attributed to four factors: quality recruiting, exceptional retention, reduced personnel attrition, and a great young generation of Americans who want to serve their country during wartime. Also, key to sustaining the force is an effective Enlistment Bonus and Selective Reenlistment Bonus

programs which allow us to access and retain quality Marines to sustain the Active Force. The Marine Corps Reserve is a full partner of the Marine Corps' Total Force. The Marine Corps Reserve continues to provide critical support for overseas contingency operations and non-contingency Combatant Commander requirements. At home, Marine Forces Reserve maintains Marines and assets pre-positioned throughout the country who are ready to assist with not only national defense missions, but also civil-military missions such as providing disaster relief.

Dwell Time

In light of our operational demands, and through the support of Congress in authorizing our end strength of 202,100 active duty forces, our combat units are beginning to realize an approximate one-to-two dwell time. Other units vary at more favorable dwell time levels depending on their mission. We anticipate the 1:2 dwell ratio for combat units to remain relatively stable provided current deployed force levels are not increased; however, increased operational demands in Afghanistan or elsewhere may result in dwell times inconsistent with fostering a resilient Total Force. We are actively working to recruit, promote, and retain the right number of Marines in the right occupational specialties to promote resiliency of our Total Force and reduce the stress on our families.

Keeping Faith with Marines, Sailors and Families

Just as our Marines are required to be in a constant state of readiness, so must our families. Our Nation has been at war for a decade, placing unprecedented burdens on Marines,

Sailors, their families, Wounded Warriors and the dependents of the fallen. They have all made tremendous sacrifices in the face of danger. We owe them all a reciprocal level of loyalty.

Our approach to caring for their needs is based on the same unwavering faithfulness they have demonstrated to the Marine Corps. We will ensure their needs are met during times of deployment and in garrison by providing the services, facilities, and programs to develop the strength and skills to thrive on the challenges of operational tempo. When needed, we will restore them to health. We will also transition them back to civilian life, and in the cases of our fallen Marines, we will support and protect their surviving spouses and dependents. We know that in order to develop, maintain, and sustain their personal and family readiness and resiliency, we must provide innovative programs and services that are timely and *relevant*. We will do this by focusing on several key areas during this fiscal year.

In his 2010 Planning Guidance, our 35th Commandant directed us to "look across the entire institution and identify areas that need improvement and effect positive change." Specifically, he asked us to evaluate all of our family readiness programs, to determine which require enhancement and/or expansion and which can be streamlined to reduce redundancy. This is not just about efficiencies; it is also about effectiveness. As part of that mandate, we have been directed to continue our behavioral health program integration; institutionalize resiliency training; and reorganize our Transition Assistance Management Program. My testimony today will outline the progress we have made and the actions we are taking in these and other critical areas.

Family Readiness

In 2010, the Marine Corps increased baseline funding for family support programs by \$110 million to ensure an appropriate wartime footing. Programs benefitting from this measure include: Unit, Personal and Family Readiness Program; Marine Corps Family Team Building Program; Exceptional Family Member Program; School Liaison Program; and other miscellaneous Marine Corps Community Services Programs supporting remote and isolated commands, deployed Marines, and independent duty Marines and families. As we continue the process of providing Marines and their families with the most effective and relevant services, we are assessing all of our family support programs, identifying gaps and overlapping or duplicative efforts, and looking for opportunities to develop partnership programs and share resources with other agencies. Some of our notable accomplishments include the following:

- Established over 400 full-time civilian Family Readiness Officers to facilitate family contact and provide critical information and referral services to support the resiliency needs of Marines and their families.
- Developed an inventory of Deployed Support and LifeSkills Education and Training courses that address the challenges of military life, as well as personal and family life.
- Transformed the Exceptional Family Member Program to ensure that enrolled family members are provided a continuum of care, while providing the sponsor opportunity for a successful career.
- Established School Liaisons who form strong partnerships with schools and other supporting agencies to improve access and availability to quality education.
- Implemented program and infrastructure enhancements at remote and isolated commands, including investments in child care, single Marine programming, fitness and recreation centers, and recreational equipment to support deployed Marines.
- Increased Marine Corps child care capability from 64 percent to 73 percent with projection to meet 80 percent of potential need by FY12.

Deployed and Warrior Support

Deployed support is one of the most important services we provide. Our Exchange; Recreation and Fitness; and Communication services not only boost and maintain morale but also help to reduce mission-related stress.

- ***Exchange.*** Ongoing missions in Afghanistan include the operation of two Direct Operation Exchanges at Camps Leatherneck and Dwyer, and one Tactical Field Exchange at Camp Delaram II.
- ***Recreation and Fitness.*** We assist in providing sports, recreational, and fitness equipment to units throughout Helmand Province with the joint support of USFOR-AJI. This transportable equipment includes sports/recreation cooler kits filled with sports gear and board games, electronic game kits, Theater-in-a-Box kits, and functional fitness equipment for use in austere environments. Reading materials, both electronic and paperback, are also distributed.
- ***Communication.*** Morale satellite services are available to forward operating bases, combat outposts, and other austere locations. We have delivered 13 satellite communications systems to units in Afghanistan. Each system has two phones that provide 6000 free minutes per month and five laptops that allow internet browsing, social networking and chat/video capabilities to deployed Marines.

Family Care Programs

Exceptional Family Member Program (EFMP). The most tender of our families, those enrolled in the Marine Corps EFMP, have strongly endorsed the improvements made to their level of support and our focus on providing a continuum of care. Year after year since our program expansion, we have gained the trust of our families. This is demonstrated in our increasing enrollments and reduction in issues experienced by families relocating to new duty stations. I am proud to state that the Department of Defense (DoD) and the other Services

recognize our EFMP as a premier, full-service program based on the quality and efficiency of program operations.

Our EFMP sponsors will always be an advocate for their special needs family member, but when they need legal help, our EFMP attorneys are ready to assist families with obtaining benefits and services under federal and state education and disability laws, special needs trusts, landlord-tenant issues and other legal areas.

In 2001, EFMP had only 4,500 enrolled family members. This number has grown to over 9,850, today. In the past year, we have taken multiple actions to transform the program, including:

- Utilizing Family Case Workers, at ratio of 1 FCW: 225 sponsors, to support families during relocation, deployments, and life events and assist families with gaining access to medical, educational, and financial support services.
- Establishing installation-level Training Education Outreach specialists to provide training and support for families and the programs that support them.
- Utilizing a Continuation on Location policy that ensures the assignment and relocation process is sensitive to EFMP family needs and meets statutory stabilization requirements.

In addition, the Marine Corps continues to underwrite the cost of up to 40 hours of short-term respite care per month for EFMP enrolled families. To date, we have provided more than 450,000 hours of respite care. Since the cost is underwritten by the Marine Corps, families are able to use their TRICARE Extended Care Health Option benefit for needed therapies and equipment. Nevertheless, challenges remain, such as:

- the lack of portability of services for adults with autism;
- the inability of military families to gain access to Medicaid; and

- national economic impacts and subsequent state budget cuts, particularly at local and state levels, which impede school districts' abilities to provide special education services and impact access and availability to critical services.

To address some of the state access issues, we have partnered with the National Council on Disabilities to study this problem. Results are under review.

Children, Youth and Teen Programs. Whether parents are working, experiencing family emergencies, or needing respite from single parent responsibilities connected to deployments, child care services remain a high priority quality of life requirement. In 2010, we provided 13,431 child care spaces and met 73 percent of potential need requirements. Within these totals, we are caring for approximately 2,500 special needs children.

The Marine Corps, with your support, is executing an aggressive Military Construction program and is opening six Child Development Centers in FY11 and five more in FY12. Nevertheless, as you might expect, the demand for quality child care on- and off- installation continues to grow and outweighs the availability of resources. To address this growing demand and help further define requirements, we have contracted for the development of a Child Development Program and Facility Master Plan. Using market assessments and analysis tools, the plan will evaluate on- and off-base access, unmet need, and will provide prioritized recommendations for meeting the need across the Marine Corps. We anticipate results this summer.

In 2011, we will work with Marine Forces Reserve and Marine Corps Recruiting Command to identify opportunities to enhance availability of child care for Marines and their families serving on independent duty and at locations that are separated from military bases and stations. In addition, we are partnering with Boys & Girls Clubs of America for developmental

youth programs, and working to identify ways to better support our youth and teens affected by a parent's deployment. We have reviewed the results of the National Military Family Association and RAND Study related to impacts on youth from deployments and are considering ways to address this situation.

School Liaison Program. To help school-age children of Marines flourish in new school environments, our School Liaison Program partners with Local Education Agencies (LEAs) to raise the educational capacity and standard of our military children. Supporting more than 80 school districts surrounding major Marine Corps installations, our school liaisons provide LEAs with information on Marine Corps families' needs and access to beneficial training and counseling services to support teachers and students. Marine parents have the comfort of talking with and being supported by a local education expert who provides meaningful insight and support to new transfers and those with questions on local education policies. In addition, school liaisons provide Marine parents with connections to online curricular resources that are linked to state standards, permanent change of station checklists to assist parents with pre-relocation planning and registration in the receiving school districts, on-line tutoring and other resources.

Personal and Professional Development

Throughout the Nation, veterans aged 18-24 have experienced traditionally higher unemployment rates than their non-veteran counterparts. Our Commandant is focused on this problem and has directed the Marine Corps to conduct a thorough "bottom up" assessment of our Transition Assistance Management Program to revolutionize the process, embrace best practices, and ensure we are providing the right educational and career assistance to Marines leaving the

Corps. We believe transition assistance should be a process not an event. We have established a goal to make the Marine Corps Transition Assistance Management Program more value added for our departing Marines.

From 2009 to 2010, we conducted functionality assessments of the Transition Assistance Management Program and the Lifelong Learning Program and noted many deficiencies. In response, we established two Transition Assistance Operational Planning Teams in 2010 to assess existing programs. These teams identified issues, stakeholders and a conceptual framework for improved services and ways in which we will integrate Marine Corps Community Services transition assets. Key stakeholders involved in this process include Service member recruiters, commanders, Unit Transition Coordinators, and most importantly -- our Marines and their family members.

With our predominately first-term force, we are committed to reaching our Marines at designated touch points, helping them develop roadmaps that support their Marine careers, and better equipping them to reintegrate back into civilian life upon leaving active duty service. We have developed an "end to end" process improvement plan that will begin at the point of initial accession into the Marine Corps and continue through post separation.

Marines have expressed a desire for assistance navigating Department of Veterans Affairs benefit processes such as in cases of enrollment for and access to education benefits. We will modify existing websites to improve access and enhance opportunity for separating Marines to speak directly to Marine Corps support personnel who are trained to remove administrative benefit processing barriers. In addition, we will adapt our current job fairs to support increased networking opportunities that will allow Marines to meet mentors and employers and find meaningful employment.

Marines have also asked for an opportunity to connect with employers and learn how to translate their intangible and tangible attributes. Our transition workshops will be overhauled to address these needs. Marines are also seeking help to simplify enrollment processes for the Post-9/11 GI Bill and to gain access to academic institutions that will provide the quality and level of business education and skills private industry demands. We have initiated a Leader-Scholar Program, which includes academic institutions who value Marines' service commitment and pledge special enrollment consideration. While the support varies from school to school, we now have 75 participating institutions with the goal of an additional 25 by the end of this year. We are initiating actions and integrating existing capabilities that will most directly improve the quality of support provided to Marines six months prior to separation as well as the support provided to Marines who have been separated at least six months.

- Establishing formal processes to initiate periodic lifecycle contact to offer education, career, and financial advice/counseling to Marines and their families.
- Creating an Individual Development Plan for each Marine, with execution and delivery of required transition services.
- Improving the current Active-to-Reserve transition process to better educate Marines on reserve opportunities to retain the best talent. An enhanced, streamlined transition process will increase the number of valuable, trained Marines who consciously choose to affiliate with the Reserves.

As we gain momentum, we will continue to change the transition assistance program from its current event focus to that of a process that reintegrates Marines into the civilian sector with the knowledge, skills, and abilities to leverage and communicate their Marine Corps time and experience. We believe this effort will result in an innovative program that addresses the Commandant's concerns, assists our families with their education and career goals, and meets the

needs of our Marines as they progress through their military life cycle, whether a single enlistment or a lifetime of military service, and transition to a successful post-military career.

Behavioral Health Integration

Since 9/11, behavioral health needs have become increasingly complex with individuals often requiring assistance in a number of areas at one time. Marines with three or more deployments have been identified as particularly at risk. As a result of risk factors, our Combat Operational Stress Control (COSC) Program is currently developing a policy that will direct commanders to conduct face-to-face interviews with Marines who have had three or more deployments. These commanders' interviews will identify Marines at some level of elevated risk; allow commanders to engage their Marines (pre-and-post-deployment); and provide an opportunity for intervention (medical and non-medical).

As directed by the Commandant, we continue to move forward with the integration of our prevention and intervention programs - Family Advocacy, Combat Operational Stress Control, Suicide Prevention, Sexual Assault Prevention and Response, and Substance Abuse - initiated in 2009. We have established a new Behavioral Health Branch at our headquarters for Marine and Family Programs, Manpower & Reserve Affairs which will assess common behavioral health trends, risk factors, training needs, and protective factors to ensure maximum use of resources and to enhance existing prevention capabilities. We are also more fully utilizing the Institute of Medicine's "Behavioral Health Prevention Intervention Spectrum", which establishes common definitions, to focus our prevention efforts on Marines and families.

Through collaboration of services, we will deliver effective, evidence-based practices and behavioral health programs that are seamlessly woven into the larger support network of Marine Corps command structures, health and human services, and are in concert with building resilience and strengthening Marines and their families.

Sexual Assault Prevention and Response. Marine Corps leadership has initiated aggressive actions to elevate and highlight the importance of the Sexual Assault Prevention and Response (SAPR) Program and institutionalize a zero-tolerance policy. SAPR is focused on several key initiatives:

- ***Prevention:*** Commanders are accountable for creating a climate of respect in which sexual assault will not be tolerated and building trust within their units that enables victims of sexual assault to report the crime. Bystander intervention training has been identified as an evidence-based best practice for engaging Marines in their role in sexual assault prevention. New video-based bystander intervention training is in development with a completion date of April 2011.
- ***Risk Reduction:*** Alcohol has a tremendous impact on the prevalence of sexual assault. Research on best practices for addressing risk reduction, consent, and raising awareness within the Marine Corps is forthcoming in 2011.
- ***Victim Advocacy:*** During 2010, SAPR Program Managers were hired at 18 installations to heighten sexual assault prevention efforts by serving as master trainers and reporting coordinators. A 24/7 Helpline was established across all installations to provide victims with emotional support, information on reporting options, and critical resources.
- ***Offender Accountability:*** The Trial Counsel Assistance Program (TCAP) and a Joint Mobile Training Team were implemented in 2010 to provide training for 40 Marine Corps investigators and prosecutors on best practices in handling sex crimes. Following-up on the success of the Case Review Project in 2009, the Judge Advocate Division Military Law Branch is reviewing closed cases of sexual assault to develop lessons learned. This information will be disseminated in the form of training techniques for investigators and prosecutors.

Suicide Prevention. During Calendar Year 2010, we saw a nearly 30 percent decrease in the number of suicides within our Total Force (52 in CY2009; 37 in CY2010). We are too early

in our suicide studies to identify what specific initiative(s) have resulted in this dramatic turnaround. However, we have implemented a number of measures on multiple fronts. Some of these include the following:

- **Evocative Peer-led Training Program:** “Never Leave a Marine Behind” suicide prevention program for non-commissioned officers and Junior Marines. We are expanding this training to include staff non-commissioned officers and commissioned officers this year.
- **DSTRESS Line Pilot Program with TRICARE West:** “By Marines-For Marines” call center designed to assist with problems at an early stage. The call center is staffed by veteran Marines, providing anonymous service to all current Marines, veteran Marines, their families and loved ones.
- **Combat and Operational Stress Control and Operational Stress Control and Readiness Teams:** Utilizing unique training programs across the Total Force and ensuring the presence of mental health professionals in front-line units as a primary prevention tool to help Marines identify and mitigate stress.
- **Marine Resilience Study to Assess Risk and Resilience:** We are participating in a longitudinal research study that will examine risk across three domains: biological, psychological and social. The outcome of this study will inform our work in the area of building and maintain resiliency across the Corps.
- **Unit-Level Prevention Officer Training:** Working with the American Association of Suicidology to develop effective training programs for these officers.

We believe our training and other prevention efforts will help our Marines and their family members maintain readiness and win their personal battles.

Combat and Operational Stress Control (COSC) - Resiliency Training. Stress issues affect all Marines and families regardless of deployment. Assisting Marines who show signs of stress and preventing combat and operational stress is one of our highest leadership priorities. To improve their resilience, we are working aggressively and creatively to build a training continuum that better prepares them for the inevitable stress of combat operations and to equip them with the necessary skills required cope with the challenges of life as a Marine.

Instruction founded and focused on our core values helps provide some of this resilience, especially in irregular warfare and complex environments. A program combining the “best practices” of mental, spiritual and physical fitness will best instill in our Marines the resiliency to endure the stressors of combat and enhance their ability to perform effectively across the range of military operations.

Our COSC program's goal is to help Commanders and Marine leaders maintain their warfighting capabilities and, with assistance from medical personnel, reduce the impact of negative stress reactions. By providing tools and resources to assist Marines with coping with the challenges of combat and the rigor of life as a Marine, our COSC program implements activities focusing on force preservation and readiness and the long-term health and well-being of our Marines and their families. COSC, with other behavioral health initiatives, aggressively combats these problems by strengthening Marines, mitigating stress, identifying those who are at risk, and providing treatment when necessary, with the goal of re-integrating Marines back into the force.

Our Operational Stress Control and Readiness Program (OSCAR) embeds mental health professionals in operational units and provides training that helps the OSCAR team identify and mitigate negative stress reactions. The OSCAR team is comprised of 3 different groups: Providers (mental health professionals), Extenders (other medical and religious personnel), and Mentors (selected unit Marines) who are trained to quickly intervene when Marines show signs of stress reactions. Currently, over 1,700 Marines are trained as mentors.

In FY11, COSC will sustain and improve the OSCAR training by conducting a RAND evaluation, working with units who utilized OSCAR training while in combat environments and providing refresher training to OSCAR trainers. Extenders began receiving formal OSCAR

training at Field Medical Schools in January 2011, which also supports institutionalizing OSCAR enhancing resiliency training.

Our COSC program continues to show positive results as indicated by outside evaluations and assessments. The Joint Mental Health Advisory Team-7 reports that Marines surveyed in Afghanistan in July 2010 show increased exposure to heavy combat. Marines also indicate increased protective factors including unit resilience, small-unit cohesion, perceived readiness, and improved climate in asking for help. This assessment also shows increased training effectiveness in managing combat/deployment stress and significant reduction in stigma associated with seeking behavioral health treatment.

Post Traumatic Stress and Brain Injury

We will continue advocating to the medical community for better diagnostic and increased treatment options for Marines with severe injuries including Post Traumatic Stress and Traumatic Brain Injury. In collaboration with the other services, we developed a set of events-based parameters, mandating that our leaders search out Marines who have experienced a concussive event. This measure no longer relies on identification of impacted service members solely on their willingness to seek help on their own initiative. These protocols are in place now in Afghanistan, and we are already seeing a culture change in the attitude of Marines about being treated early for a Traumatic Brain Injury.

We have established an in-theater Restoration Center that brings comprehensive concussion diagnosis and management as close to the front lines as possible to ensure that appropriate care is available as quickly as possible. We are currently developing policy and

applications to track Traumatic Brain Injury from “point of injury” to “return to full duty” separately but in parallel with medical documentation. These measures will empower commanders with the information they need to monitor the health of a Marine who has suffered a concussive event and intervene appropriately for the duration of a Marine’s career and long after the initial injury.

Wounded Warrior Regiment (WWR)

I am pleased to report on the progress of the Marine Corps’ Wounded Warrior Regiment (WWR) and the determined spirit of our Nation’s Wounded Warriors and their families. The WWR stood up in April 2007 and was built on a compressed timetable -- it was essentially built in progress. Early efforts involved the identification of immediate requirements and the design and sourcing of a scalable organization that could expand or contract as needed. The initial focus was on a Marine’s and his or her family’s immediate needs, construction projects, basic administrative support, the stand-up of the Sergeant Merlin German Wounded Warrior Call Center, and the establishment of the Marine Corps’ Recovery Coordination Program. When the WWR was established, long recovery times were not expected and long-term recovery support requirements were not anticipated. Since then, the WWR has continually assessed changing requirements, its organizational structure, and resourcing needs. We are now adjusting our structure based upon confirmed requirements, sound assumptions, and findings in warrior care that will allow for the enduring care of wounded, ill, and injured (WII) Marines and their families.

In his 2010 Planning Guidance, General Amos stated his commitment to “enhance the capabilities of the WWR to provide added care and support to our wounded, ill, and injured.” Moreover, he affirmed the need to sustain the Regiment for the long term given the wounds of the war and the fact that the WWR also provides care for our young Marines who are not combat wounded, but are injured in training or other accidents, suffer from diseases, and other tragedies.

The WWR will continue to meet the Commandant’s intent by refining our support capabilities and growing our care model to ensure we work toward healing the “whole” Marine. Through synchronization of our programs and resources and external programs, the WWR is striving to help each WII Marine focus on their abilities to heal medically while strengthening their mind, body, spirit, and family. The WWR works to ensure Marines’ medical treatments are harmonized with non-medical needs to optimize their recovery through their continuous engagement in productive activities.

These activities include pursuing and reaching goals in areas that will improve readiness for return to duty or reintegration to communities, such as education, employment, physical fitness, and building strong families. For WII Marines who are unable to continue their service, the Marine Corps has a moral obligation to them, their families, and this country to help them live productive and fulfilling lives and be good citizens.

WWR Programs and Services. The non-medical care needs of our WII Marines and their families can be extensive, and vary in type and intensity throughout the recovery process. The WWR assists active duty, reserve, retired, and veteran WII Marines and their families with their non-medical care needs through all phases of care from recovery to rehabilitation and to community reintegration. Each phase brings new challenges for the Marine, their family, and the support staff. The complexity of their care does not allow for isolated decision-making and it

requires a heightened level of coordination between medical and non-medical care providers.

There is no “one size fits all” approach to care. The WWR has a cross-section of services and resources to ensure WII Marines and families are provided for.

Sergeant Merlin German Wounded Warrior Call Center. Our Call Center extends support to Marines and families through advocacy, resource identification and referral, information distribution, and care coordination. Located at the Call Center are Clinical Services Staff who provide immediate assistance and referral for Marines with psychological health issues and/or traumatic brain injury. Outreach is an important aspect of the Regiment’s non-medical care delivery and management. The Call Center also conducts outreach calls to offer assistance on a wide variety of issues, such as service disability ratings, awards, employment, financial assistance, education, and benevolent organizations.

Administrative Support. The WWR stresses at all levels that WII care is a relationship, not just an administrative process. With this in mind, the WWR provides WII Marines and their families with one-on-one education on available benefits and compensation.

- WWR staff strives to proactively track the progress of paperwork and keep Marines and families informed on the status of claims, reimbursements, and any changes in benefits.
- A family member's funded travel to the bedside of their wounded Marine is of particular concern to the WWR. The USMC issues Invitation Travel Orders (ITOs) that can authorize up to three individuals designated by a very seriously or seriously WII Marine to travel to the medical facility providing care.
- When on ITOs, travel to and from the hospital, hotel costs, meals, and incidental expenses are reimbursed by the government.
- Additionally, for WII Marines who require extended, outpatient care, the USMC may authorize Non Medical Attendant (NMAs) Orders. One person is typically authorized NMA travel entitlements similar to ITOs which provide per diem and lodging costs.

- The WWR works to ensure that these types of entitlements are tracked and monitored so that reimbursements or compensation are provided in a timely manner.

Family Support. The care needs of families of WII Marines are of particular concern to the WWR and the Marine Corps.

- The WWR strives to proactively identify and solve the often unique family support needs of our WII Marines, their families, and caregivers.
- Families of WII Marines have a heightened requirement for communication, information, and referral services to help them navigate through the various phases of recovery.
- The WWR has family support staff in place at all locations to address immediate needs, provide a one-on-one orientation to the many resources available to support them, and to serve as subject matter experts on family support requirements for Regimental staff.

Medical Cell. WWR headquarters has a Medical Section that advises the Commanding Officer regarding medical issues and emerging technologies/treatments impacting WII Marines.

- The section includes: a Regimental Surgeon, a Mental Health Advisor, a Nurse Case Manager, a Psychological Health Program Coordinator, a Traumatic Brain Injury Program Coordinator, and Licensed Clinical Consultants.
- Together, this team works with public and private medical providers to ensure the best care for WII Marines, particularly in the areas of Post Traumatic Stress and Traumatic Brain Injury.

Recovery Care Coordinators. As WII Marines transition through the phases of recovery, it is important that they have a consistent contact in place to help them navigate the system. The WWR has Recovery Care Coordinators who are assigned to WII Marines to help them and their families develop Comprehensive Transition Plans to define and meet their individual goals for recovery, rehabilitation, and reintegration.

Warrior Athlete Reconditioning Program. Under this program, (which is mandatory for all Marines joined to the WWR, but tailored to accommodate their medical limitations), Marines

engage in both physical and cognitive activities outside the traditional therapy setting.

Activities are individualized to the WII Marine's needs, and encompass over 18 areas – from aquatic training to yoga. Supporting WII Marines in individual or team settings, the program greatly improves overall physical and mental fitness and helps to improve their self-esteem.

Transition Support. Many WII Marines will not return to duty and will pursue careers in their communities. The WWR recognizes its commitment and moral obligation to Marines who are unable to continue their service to help them live productive and fulfilling lives and understands the challenges associated with reintegration and obtaining a rewarding career. To enhance community reintegration, the WWR's Transition Support Cell, manned by Marines and representatives from the Departments of Labor and Veterans Affairs, proactively reaches out to identify employers and job training programs that help WII Marines obtain positions in which they are most likely to succeed and enjoy promising and fulfilling careers.

District Injured Support Cells. District Injured Support Cells, consisting primarily of mobilized reserve Marines, are located throughout the country to conduct face-to-face visits and telephone outreach to WII Marines and their families within their assigned region. They maintain oversight of the welfare and quality of life of all WII reserve Marines, active duty Marines convalescing at home, and all OEF/OIF WII Marine veterans.

Reserve Support. The WWR makes a special effort to ensure that WII reserve Marines do not fall through the cracks. The majority of the WWR's staff consists of reserve Marines with a high level of subject matter expertise that allows for heightened advocacy with regard to reserve-specific issues. Our staff is dedicated to supporting WII reservist needs. The WWR's Reserve Medical Entitlements Determination Section maintains oversight of all cases of reservists who require medical care beyond their contract period for service-connected ailments.

The Regiment also has reserve specific Recovery Care Coordinators who provide the one-on-one support and resource identification needed to support reservists who are often times residing in remote and isolated locations away from base and station support.

Integrated Disability Evaluation System (IDES) Support. The WWR has Regional Limited Duty Coordinators to help Marines processing through the IDES and Wounded Warrior Attorneys, to advise and support WII Marines through this process. The WWR also published a pocket guide (via the web and hard copy) to help Marines and families understand the Disability Evaluation System.

Enduring Commitment to Wounded, Ill, and Injured Marines. The Marine Corps is committed to the long-term care of its wounded warriors and their families. As warrior care evolves and innovates, the WWR will continue to adjust to ensure we are providing the best support possible. The WWR will continue to assess its current programs and support structure to evolve to meet the long-term recovery requirements of our WII Marines and their families.

- The USMC is proud to report that the results of our assessments thus far are positive.
- The assessments have substantiated that the creation of the WWR has had a positive impact on the support offered WII Marines and families.
- Additionally, our assessments have shown positive satisfaction levels in important areas, such as our Recovery Care Coordination Program (executed by the WWR's Recovery Care Coordinators) and our family support staff.

Your WII Marines are highly motivated, focused on their abilities, and remain in the fight. The Marine Corps is grateful for the exceptional support that you have provided to them and the families who support them.

Casualty Assistance

The Marine Corps Casualty Assistance Program is committed to ensuring that families of our fallen Marines are always treated with the utmost compassion, dignity, and honor. Our Casualty Assistance Program actively seeks opportunities to improve survivor assistance and has a demonstrated record of taking quick, effective action as needed.

The Headquarters Casualty Section is a 24-hour-per-day operation manned by Marines trained in casualty reporting, notification, and casualty assistance procedures. Next-of-kin (NOK) are notified in-person by a Marine in uniform - Casualty Assistance Calls Officer (CACO) - and a chaplain whenever possible. Notifications are typically completed within four hours of receipt of the casualty report. Marine CACOs are there for the NOK - to assist with burial arrangements, applications for benefits and entitlements, contact with benevolent and philanthropic organizations, and obtaining reports of investigation. Within days of the incident, families are connected to representatives from the Tragedy Assistance Program for Survivors (TAPS), a nationally recognized provider of comfort and care to those who have suffered the loss of a military loved one and are experts at "taking care of the heart". TAPS services are no cost and available 24/7. Approximately 60 days following the death, we reach out to the NOK to help resolve any residual issues and let them know we are available to them for as long as they need us.

Infrastructure

The Marine Corps continues to strive for a prolonged commitment to facilities and infrastructure that supports operations and quality of life for our Marines and their families.

- The FY12 budget request includes \$4.6 billion (military construction, family housing construction and operations, sustainment, base operating support, and restoration and modernization) which continues our efforts to operate, maintain, and improve our infrastructure. This funding provides critical Military Construction and Facilities support for our active and reserve forces.
- For many years, we have funded only our most critical facility needs. As a result, our installations were in a poor position to properly house and operate with the additional forces required to meet our planned end strength increase.
- In FY 2007 - 2010, the Marine Corps received \$6.9 billion in new construction and design. With this funding, we are providing new quality of life facilities, improved operational and training facilities, and more up-to-date utility infrastructure systems.
- Your generous assistance in the past has provided critical support that allows us to improve our installations. However, it is critical that Congress provide necessary legislative language in order to allow us to proceed with approximately \$2.9 billion of military construction and family housing efforts in FY11 to support the operational and quality of life needs of our Marines.
- Plans for FY11 include construction of 5,000 new barracks spaces, improvements to existing family housing units, critical aviation facilities to support next generation aircraft, improvement of Professional Military Education, replacement of outdated and inadequate facilities, other quality of life facilities, and correction of safety and encroachment issues.
- The USMC has four major funding areas where recapitalization and modernization initiatives in infrastructure and facilities are programmed: Bachelor and Family Housing; Facility Sustainment, Restoration and Modernization; Military Construction; and Military Construction, Navy Reserve.

Bachelor Housing. Bachelor enlisted housing is the Commandant's top Military Construction priority. The Marine Corps currently maintains over 100,000 bachelor enlisted housing spaces worldwide.

- In FY12, the Marine Corps is requesting \$58 million to support this program and we are working towards constructing approximately 800 new barracks spaces.
- This investment, along with nearly 25,000 new spaces programmed since FY08, will provide much needed support to have all single Marines adequately housed.
- Barracks are a critical element in supporting our warfighters. The Bachelor-Enlisted-Quarters initiative focuses on our enlisted troops and their quality of life within our barracks.
- The USMC is the youngest, most junior, and least married of the four military Services. Providing appropriate and comfortable living spaces that positively impact the morale and development of these young men and women makes sense.
- We are also committed to funding whole room barracks furnishings on a seven-year replacement cycle and prioritizing barracks repair projects to preempt a backlog of repairs.
- The Marine Corps' goal is to provide a 2+0 room standard that allows two junior enlisted Marines (E1-E3) to share a room and bath. We believe that assigning two junior Marines to a room is the correct balance between the privacy desired by the Marines and the Marine Corps' goals of providing companionship, camaraderie, and unit cohesion.
- This balance provides the atmosphere we believe is necessary to motivate, train and develop Marines, while fostering unit integrity. Noncommissioned officers (E4 and E5) are provided a private room with bath in a 2+0 room.
- With your continued support, the Marine Corps is on track to obtain our goal to achieve the 2+0 standard for all of our Marines by 2014.

Family Housing. Marine Corps families are an integral component of readiness. We must always remember that Marines and their families serve out of a sense of duty and loyalty to our country and, as they do so, face the difficulties of the military lifestyle - frequent relocations often far from extended family and frequent deployments that separate families for months at a time. We have a responsibility to provide adequate family housing to our families.

- We continue to increase both the quantity and quality of our family housing inventory through public private ventures (PPVs) and military construction where necessary.

- In addition to PPV initiatives for family housing, continued support for full funding of the Basic Allowance for Housing (BAH) allows more families to access quality, affordable housing in the local community. This is important since more than two-thirds of Service members do not live on a military installation.
- However, many families continue to prefer to live in military or PPV housing for a number of reasons, including economics, safety, schools, and community support. Public private ventures, combined with traditional military construction, will continue to build and improve the homes necessary to supplement local community housing.
- We have over 24,000 owned, leased, or PPV family housing units worldwide.
- Thanks to your support over the last year, we were able to award projects for additional privatized housing at Marine Corps Base Camp Lejeune, North Carolina; Marine Corps Air Ground Combat Center Twentynine Palms, California; and at Marine Corps Base Hawaii. We were also able to continue progress on our series of planned renovations to our housing in Iwakuni, Japan.
- In 2001, the Marine Corps had nearly 17,700 inadequate housing units, with the majority of those units requiring significant revitalization or replacement.
- Based on contracts in place by the end of FY07, the USMC has met DoD's goal to eliminate inadequate housing by 2007 and will complete the build-out by 2014.
- The funding provided by Congress in FY10 provided almost \$128M million for public private venture (PPV) seed money, operations, maintenance, sustainment and restoration for family housing. This request included \$79 million for PPV seed money, \$15 million for traditional military construction, and \$34 million for family housing operations.
- Your support for this request allowed us to continue to address the requirement for additional family housing resulting from Grow the Force increases and sustaining and modernizing our remaining government-owned housing.
- This PPV seed money will permit construction of approximately 230 new units and a DoD Dependent school addition at Marine Corps Base Camp Lejeune, North Carolina.
- Our PPV program continues to allow the Marine Corps to leverage private sector funds. In addition to government financing, the private sector contributed development capital for PPV projects in FY10. We are using traditional military construction to sustain and restore mid-rise units for Marines at Marine Corps Air Station Iwakuni, Japan and restore the National Historic Landmark Home of the Commandants on the Marine Barracks in Washington, District of Columbia.

- Our FY12 family housing budget request of \$53 million includes \$26 million for improvements to 76 homes at MCAS Iwakuni, Japan and for the operations, maintenance, and leasing of 1,100 units located worldwide.

Public Private Ventures. We have privatized over ninety-seven percent of our world-wide inventories to date and continue to see success from our PPV projects across Marine Corps installations in Arizona, California, Georgia, Hawaii, Massachusetts, Missouri, New York, North and South Carolina, and Virginia. PPVs have not only improved the homes in which our families live, they are also providing community support facilities such as community centers, playgrounds and greenscapes that help create neighborhoods and a sense of community for our Marines and their families. Resident satisfaction with both the quality of their home and the service provided continues to increase every year. With almost our entire domestic inventory privatized, we will continue to build on our prior successes and use PPVs to help us address most of our remaining housing requirement.

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

- A few years ago, the Office of the Secretary of Defense (OSD) developed a model to determine the amount of funding we need to sustain our facilities. This model continues to be refined and strengthened.
- Since inception of the model, and because of the funding standards put in place by OSD, we have done very well in programming and execution of sustainment.
- In fact, in FY 2006, 2007, and 2008 our sustainment rate is over 100 percent. In 2009 and out, however, OSD set our programmed sustainment rate at 90 percent of the model.
- This equates to \$592 million in FY12. This level allows for a slow degradation of our facilities and allows the remaining 10 percent to move to meet more urgent operational needs elsewhere.
- This, along with low Operation and Maintenance (O&M) recapitalization funding in FY12 of \$49 million, over the next few years will take us back to where we were prior to the implementation of the sustainment model.
- However, since we now have metrics and tools that will alert us to the coming degradation, corrections can be made accordingly in future budgets.

Military Construction. For the fourth year in a row, the FY10 funding provided by Congress represented a significant increase from historical funding levels. In 2010, over \$2.7 billion in funding will provide facilities that address long-standing requirements at our bases and stations and support the increased end strength across the Marine Corps. It is always a pleasure to visit our installations and hear young Marines talk about the work they perform in these new facilities.

- Our FY12 budget request of \$1.4 billion continues to support our Marines. Funds are being requested to support Bachelor Enlisted Quarters, Joint Strike Fighter and MV-22 support facilities, quality of life improvements, such as a child development center and fitness facility at Twentynine Palms, utilities and infrastructure improvements, and training and professional military education facility improvements.
- Additionally, the FY12 budget request includes funding to support the relocation of Marines to Guam.

- Our Military Construction program is a key to success in achieving and sustaining our new force structure and maintaining the readiness of our Marines.

Marine Corps Exclusive, Military Construction, Navy Reserve. The Marine Forces Reserve is an integral and vital portion of our Marine Corps total force. Marine Forces Reserve is comprised of almost 39,600 Select Marine Corps Reserve personnel at approximately 183 sites, dispersed throughout 48 states, Washington D.C., and Puerto Rico. The Military Construction, Navy Reserve program for exclusive Marine Corps construction must effectively allocate limited funding to address at least \$140 million in deferred construction projects. As these numbers suggest, maintenance of adequate Marine Corps Reserve facilities presents a considerable challenge:

- Over 57 percent of the reserve centers our Marines train in are more than 30 years old and of these, 44 percent are more than 50 years old.
- The equipment our Marines use today is bigger, heavier, wider, and longer, creating support requirements that these antiquated facilities cannot meet.
- The electrical demand on our facilities because of modern equipment has increased significantly.
- Appropriately constructed or modified maintenance facilities, as well as adequate electrical power and other support infrastructure upgrades, are necessary to maintain combat readiness.
- We still continue to use facilities built to accommodate manual typewriters, M151 jeeps, and M-48 tanks.

To help us address these challenges, the FY12 budget request includes \$8 million for Military Construction, Navy and Marine Corps Reserves. This program addresses pressing requirements and will provide a new Reserve Training Center and a vehicle maintenance facility

in Memphis, Tennessee. Additionally, we and the Navy are working together with the Army to fund a joint reserve complex in Indianapolis, Indiana.

Conclusion

Whether serving in combat or in garrison, Marines are guided by *honor, courage and commitment*. These core values have been the compass for every Marine's service throughout our rich history. Leadership, hard training, and a willingness to sacrifice have forged our Corps into one of the most capable fighting forces the world has ever known. Our Marine Corps has remained true to these values for 235 years. As we continue to transition and align our programs and services to meet current and future challenges, we will continue to be fiscally responsible and frugal with taxpayers' dollars. As always, we are grateful for your sustained support.

Mr. CULBERSON. And we especially want to thank you for your service, sir, as you enter into your retirement. God bless you and know that the entire Nation is grateful. And we are immensely proud of you, sir, of each and every one of you.

As you go into your retirement, I know your heart and soul continue to be with the Marine Corps, and we will be here for them. Thank you, sir.

At this time I would like to recognize the Master Chief Petty Officer of the United States Navy, Rick West. Thank you, sir.

OPENING STATEMENT OF MASTER CHIEF PETTY OFFICER WEST

Master Chief Petty Officer WEST. Chairman Culberson, Ranking Member Bishop and distinguished members of the committee, I am honored to appear before you today representing more than 600,000 Active and Reserve Sailors and Navy civilians operating globally. Your steadfast support of our Navy has had a tremendous impact on our sailors and their families' quality of life and quality of work, which is vital to the operational readiness and mission effectiveness. Through your support our Sailors deploy knowing their families are cared for.

As I speak today, approximately 150 of our ships are underway, with the 121 being on deployment worldwide. Other than our global presence and traditional maritime operations, a snapshot across our global Navy would look like the following: More than 14,000 sailors are on the ground and 11,000 Sailors at sea in CENTCOM in support of operations in Iraq and Afghanistan.

Naval Forces are providing direct support as part of ongoing operations in the Mediterranean Sea. Our Navy is executing counter-piracy missions off the coast of Africa, and we are developing partnership capacity through worldwide engagement.

As part of our global reach, we are providing humanitarian support to the victims of natural disasters wherever they occur. Today 22 of our ships, 140 of our aircraft and more than 18,000 personnel have participated in Operation Tomodachi.

Our Navy, America's Navy, has no boundaries. We are a Global Force For Good. In my travels this past year, I have enjoyed the visits I have had with our Sailors who defend America every day. In these visits I have taken special note of the quality-of-life in which they live and which they serve. The strain on our Sailors, and their families is greater than ever, but our Sailors recognize the significance of their mission.

One area that I feel the need to highlight that directly affects our quality of life and our mission readiness is the Continuing Resolution for 2011. Under the CR fiscal constraints, considerable delays and permanent change-of-station orders have occurred, resulting in more than 11,000 sets of orders being deferred.

And for those transfers that are being executed, we have reduced transfer times to 2 months or less. This places emotional and economic strain on our Sailors and their families, while creating impractical time constraints as they attempt to sell homes, seek follow-on employment for their family members, enroll children in schools and complete necessary screening requirements for transfer.

In addition, the CR has significantly impacted our ability to execute contracts for phased new construction and facility sustainment to our barracks, while at the same time it has forced us to curtail contracts for base operating support and delay necessary civilian hiring. A year-long CR would negatively impact our ability to support our Sailors, their families and our civilians.

Though leadership has been creative and resourceful in mitigating the impact thus far, relief is needed to avoid further constraints. Our Navy team will accomplish any mission or task that we ask of them. They do this knowing their families will be supported and cared for when they go over the horizon in harm's way.

In closing, on behalf of our Sailors and their families serving throughout the world, I thank you for your continued support of our great Navy and the programs that support the quality of life for all our personnel, and I look forward to answering your questions. Hooyah.

Mr. CULBERSON. Thank you, Master Chief West. We appreciate your testimony.

[The information follows:]

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SUBCOMMITTEE ON MILITARY CONSTRUCTION
VETERANS AFFAIRS, and RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS

STATEMENT OF
MASTER CHIEF PETTY OFFICER OF THE NAVY
(SUBMARINE WARFARE/SURFACE WARFARE)
RICK D. WEST
BEFORE THE
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS AND RELATED AGENCIES
OF THE
COMMITTEE ON APPROPRIATIONS
30 MARCH 2011

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Master Chief Petty Officer of the Navy

MCPON (SS/SW) Rick D. West



Master Chief Rick West became the 12th Master Chief Petty Officer of the Navy on Dec. 12, 2008.

West was born in Rising Fawn, Ga. He graduated from Northwest Georgia High School in 1981 and immediately entered the U.S. Navy.

West received recruit training and Quartermaster training at Orlando, Fla., followed by Enlisted Submarine School at Groton, Conn. His first duty assignment was aboard *USS Ethan Allen* (SSN 608) where he completed Submarine Qualifications. Other assignments include *USS Thomas Edison* (SSN 610), *USS Sea Devil* (SSN 664), Commander Naval Activities United Kingdom (COMNAVACTUK), *USS Tecumseh* (SSBN 628)(Blue), and COMSUBPAC Staff (TRE Team).

West was assigned as Chief of the Boat aboard the San Diego based Fast Attack Submarine, *USS Portsmouth* (SSN 707), completing two Western Pacific deployments and earning two Battle Efficiency "E" awards.

West served as Command Master Chief in Submarine Squadron ELEVEN. Upon completion of his tour at COMSUBRON ELEVEN, he was selected as Force Master Chief (FORCM), attended the Senior Enlisted Academy in Newport, R.I., and served as Force Master Chief, Submarine Force U.S. Pacific Fleet (COMSUBPAC) from Jan. 2001 to Jan. 2004.

West then reported to *USS Preble* (DDG 88) in San Diego, Calif., where he completed a deployment to the Arabian Gulf and qualified as Enlisted Surface Warfare Specialist.

West was then selected to serve as Pacific Fleet, Fleet Master Chief from Feb. 2005 to June 2007.

Prior to being selected to be MCPON, he served as the 14th Fleet Master Chief for Commander, U.S. Fleet Forces Command from June 2007 to Dec. 2008.

West's personal awards include the Legion of Merit (two awards), Meritorious Service Medal (three awards), Navy Commendation Medal (four awards), Navy Achievement Medal (two awards), Enlisted Surface Warfare Insignia, Enlisted Submarine Insignia, and SSBN Deterrent Patrol Pin.

Introduction

Chairman Culberson, Ranking Member Bishop and members of this subcommittee, thank you for the opportunity to testify before you. As the Enlisted representative of the Navy, I am honored to have the privilege to speak before you on behalf of more than 430,000 active and reserve Sailors who make the finest Total Force in the history of our great Navy.

Last year, I visited many commands around the world and most recently I traveled with our Chief of Naval Operations (CNO) to Afghanistan, Iraq, Kuwait, Bahrain, and Landstuhl, with which I was impressed by the quality of Sailors serving with such great enthusiasm and devotion. I am constantly amazed and truly awed by the daily sacrifices and outstanding capabilities and resiliency of our Sailors who serve with distinction on ships, squadrons, submarines, and on land. No matter where they are in the world or what they do for our great Navy, everything they do is very important and it all plays part in our nation's and Navy's Maritime Strategy. Our Sailors are the best we have ever seen as a Navy, they are performing their missions well and I am very proud of what they do everyday.

America's Navy is a global force for good on station around the world, around the clock building partnerships through maritime security cooperation and spanning our core capabilities of our Maritime Strategy of forward presence, deterrence, power projection, sea control, maritime security, and humanitarian assistance, and disaster response. Our Navy's responsibilities have increased because the challenges our country faces are so unpredictable and diverse. We need to be ready to confront these challenges, and we are.

In addition to our traditional maritime mission, below, on or above our world's oceans, we are boots-on-ground alongside our brothers and sisters in the Army and Marine Corps in

places like Iraq and Afghanistan. In fact today, we have the second largest force operating in that Area of Responsibility (AOR).

The Navy's contribution in support of Overseas Contingency Operations (OCO) has been a vital component of our national effort to secure a safer world. At any given time, there are more than 15,000 Sailors in the Individual Augmentee (IA) pipeline worldwide, either with orders, in training, or deployed, filling almost 11,000 IA requirements. The Navy has almost 24,000 active and reserve Sailors on the ground and at sea in the U.S. Central Command (CENTCOM) AOR supporting Navy, Joint Force and Combatant Commander requirements in support of OCO.

Using skills traditional to the Navy, our Sailors continue to fill combat support and combat service support missions. These missions include medical support, Joint Task Force and head quarters staff, base operating support, detainee operations, engineers, intelligence and surveillance, embedded training teams, and provincial reconstruction teams.

To date, there have been more than 90,000 IAs in support of OCO with more than two-thirds of these Sailors mobilized from the Navy Reserve. Most IAs are concentrated in the CENTCOM region, which includes Iraq, Afghanistan, Kuwait, and Bahrain. But there are also IAs serving in other regions to include, but not limited to, Germany, Philippines, Cuba, Horn of Africa, and Japan. I assure you that your Sailors are ready to take on any challenge necessary to protect our great nation by providing a constant, well-trained forward presence throughout the world.

With more than 40 percent of our ships deployed daily, America's Navy is making the world a better place. Our Navy has conducted counter piracy operations in the Indian Ocean and deployed ships to provide proactive humanitarian assistance with global partners in missions

such as Pacific Partnership and Continuing Promise 2010 in the Caribbean. Our Sailors perform remarkable and selfless feats every day out of devout patriotism and commitment to helping others. Last year, our Sailors responded compassionately providing humanitarian assistance and disaster relief to the earthquake in Haiti and flood in Pakistan, and today they are providing assistance in strength to the people of Japan after the devastating earthquake and tsunami. With all the events and coverage by our Navy worldwide we conducted the world's largest maritime exercise, which brought together 14 nations and more than 20,000 military personnel, to improve coordination and trust in multi-national operations in the Pacific. Our nation's Navy has a global presence and are the first responders when the nation and the world calls.

Recruiting and Retention

We have been very successful in our recruiting and retention efforts over the past three years. However, we are encountering challenges in recruiting Active Component (AC) Direct Accession Physicians, and Reserve General Officers, Physicians, Chaplains, and Dentists.

Our mission is to attract, recruit, develop and retain a highly-skilled Total Force for our Navy. In FY10, Navy recruiting achieved all enlisted sub-goals, including total female, women in no-traditional ratings, nuclear field, Naval Special Warfare/Special Operations, and all OCO ratings. We continue to exceed Department of Defense (DoD) quality standards in all recruit categories. For new contract quality in FY10 we achieved 97.4 percent High School Diploma Graduates (HSDG) and 83 percent scored 50 or higher on their ASVAB (Test Score Category I-III A). We expect this trend to continue into FY11.

America's Navy has transitioned from a posture of reducing end strength to one of shaping the force. Our force shaping efforts remain focused on maintaining a balanced force in

terms of seniority, experience and skills, while staying within our congressionally authorized end strength limits. We expect to meet our FY11 authorized active end strength of approximately 328,700 and Navy reserve end strength of approximately 65,500 by the end of the fiscal year, as well as our active and reserve end strength targets in FY12.

We are recruiting, training and retaining superb Sailors who are dedicated to serving our nation. We are committed to providing them and their families with meaningful service and a high quality of life.

Navy Reserve Force

Since 1915, Navy Reservists have played an integral part in service to our nation. From World War I to World War II, through Operation Desert Shield and Operation Desert Storm, to 9/11, and to Overseas Contingency Operations (OCO), Navy Reservists have continually stepped up, supported and defended our nation against enemies foreign and domestic. Since 9/11, our Navy Reserve has filled more than 63,000 mobilization requirements. As of October 2010, more than 7,000 reservists were mobilized to support of OCO. Our Navy Reserve makes up slightly more than fifty percent of the IA force, with slightly less than fifty percent being Active Component Sailors. Our Navy Reserve Warriors continually prove they are more than capable to meet any challenge and conduct any mission, anytime, anywhere.

As I travel the world to meet and talk with Sailors, I could not be more proud of the day to day efforts and tenacity of our Sailors. I'm amazed at the integration that has taken shape over the years between our Active and Navy Reserve. We are one Force working side by side in all corners of the world; a Total Force integrated and executing the Navy's mission where ever and when ever called.

Even though we have always had an operational Navy Reserve, since the terrorist attacks on 9/11 we have relied heavily on our strategic reserve force in order to meet various Naval and joint military missions. Our Sailor's Creed begins with "I am a United States Sailor" and that is exactly what I see when I travel throughout our Navy active and reserve Sailors from all walks of life working side by side as one team, one family and one Navy.

We ensure that billets are filled and missions are manned properly, but our Navy families are top priority, and we remain committed to balancing mission requirements with family needs.

Sailor and Family Readiness

As our Navy changes and we continue to have the most advanced equipment, technology, weapons systems and platforms one thing remains the same, the engine that truly drives our Navy and the reason we are the best is because of our people.

I greatly enjoy every opportunity I get to travel around the world to meet and talk with Sailors and their families. When I see our hard-working, high-spirited and amazingly capable Sailors, it makes me very proud and humbled. Now, that I am toward the end of my career, I am entering a new career field, that of being a Navy family member. My oldest son, Zach, is a Navy Diver and my wife Bobbi and I know what it is like to watch our son deploy in harm's way, waiting, wondering and praying that everything will be alright and he will return home safely. I also know what it feels like to be the spouse at home watching your loved one deploy. I experienced this first-hand this past year when my wife was deployed to Afghanistan with the Naval Criminal Investigative Service. As we all know, we certainly could not do our jobs and probably would not be where we are today without the love and support from our families and spouses.

I could not be more proud of our Navy families for their remarkably selfless dedication and steadfast support of our Sailors. Our families have sacrificed so much as they have supported their Sailors and our great Navy. We are the greatest Navy in the world and a big part of that is our Sailors being ready and able to focus on the mission and their individual jobs because they have the confidence that our Navy is taking care of their families.

Deployments are an integral part of Navy life. We have been deploying our forces since we formed our great Navy during times of both peace and conflict, but it is important not to underestimate or take for granted the incredible strain that a long deployment imposes on our Sailors and their families. Multiple deployments, frequent relocations and the stresses associated with being part of a military family all impact the overall readiness of the unit, the readiness of the individual Sailor and the readiness of their family.

Keeping our Navy families informed about resources available to them to mitigate the strain of deployment and provide support is instrumental to their peace of mind while waiting for their Sailor to return from a year-long assignment in the Middle East or a six-month deployment safe guarding our seas. Through resources such as 'Navy for Moms,' 'Navy Dads,' Military OneSource, Navy.mil and various other web sites, our Sailors and their families are more informed today about the resources available to them than they have ever been in the history of our Navy. Another success in communication has been the use of smart phone applications such as 'Navy Life' and 'Navy IA' as well as social media web sites such as Facebook and Twitter to connect with Sailors and families. Both CNO and I are committed to using social media because it is a great opportunity to remain connected with our Sailors Navy-wide and a great tool in our outreach efforts for getting information out in a timely manner to our entire Navy family, which includes active and reserve Sailors, families, retirees, and Department of the Navy civilians.

We have great resources to support Navy families, providing our Sailors with the peace of mind that their families are being taken care of so they can focus on the job at hand. Fleet and Family Support Centers offer a number of personnel and family support programs to reduce life stressors including Operational Stress Control, physical readiness, life skills education, financial management, health promotion, and religious ministries. The Navy offers quality services to prepare Navy families for the absence of their loved ones. We make every effort to reach service members and families no matter how remote their location through webinars, monthly electronic newsletters and deployment preparedness handbooks.

Our family readiness programs promote healthy and resilient families, focusing on areas such as the prevention of suicide and domestic violence, and providing developmental child care and youth programs and services.

Child Care

In today's military, many of our Sailors have working spouses or have the responsibility of being single parents who depend heavily on our military child and youth system of care, which includes Child Development Centers (CDC), to provide quality child care. Due to frequent relocations and the length of deployments, many of our Sailors do not have the option, like civilian families, to rely on family members and friends to assist with taking care of their child when they are away.

An important facet that stands out in the quality of our child care programs is the continuity of service from location to location as we operate a standardized world-wide program. Sailors and their children can count on the same quality of care whether they are stationed in Chinhae, Korea, or San Diego, California. Additionally, our programs are among the most

affordable. Commercial programs charge parent fees based on the age of the child while our programs base fees on total family income. This model is critical to the economic viability of our families. Children under the age of three are the most costly to care for due to the lower child-to-staff ratios, and typically our most junior enlisted families have children in this age group.

This fiscal year, we will complete an expansion of approximately 7,000 new child care spaces meeting the Office of the Secretary of Defense guidance to provide 80 percent of potential need for child care spaces (54,000 total spaces for children ages infant to twelfth grade, including 19,000 CDC spaces). With the construction of these spaces, we will reduce the waiting time for child care to three months or less Navy-wide with first priority given to single parents.

Our continuing expansion initiatives are not only meeting the needs of our families living on or near our installations, but also those living and working throughout the United States, including Reserve members. Our contract programs “Military Child Care in Your Neighborhood” and “Mission Youth Outreach” provide subsidized child and youth services from commercial programs that meet community quality standards. We continue to work with communities, assisting them with raising the quality of their standards.

Homeport Ashore, Bachelor and Navy Family Housing

Thanks to the support of this subcommittee, we have made significant strides in improving the living conditions of our Sailors and their families. Our Homeport Ashore program continues to provide adequate off-ship quarters to junior Sailors who are not entitled to a Basic Allowance for Housing and would normally live aboard ships. This effort marks the most

dramatic quality of life improvement initiative for our single Sailors that I have seen over the course of my career.

Still, one of my biggest quality of life concerns is that we have approximately 5,400 single Sailors, E-1 to E-4 with less than four years of service living aboard ship while in their homeport. The Navy has made considerable progress toward achieving the Homeport Ashore goal through military construction, privatization, and intensified use of existing barracks capacity (based on an interim assignment policy standard 55 square feet of space per person). Moving our single Sailors off ships remains a priority and requires us to assign two or more Sailors per room. Although housing these Sailors does not meet the DoD requirement of 90 square feet per person, our Sailors are very thankful for this initiative and know that we will continue to work to meet this requirement.

Our Bachelor Housing provides permanent party personnel, student, and mobilized Sailors with suitable, affordable, and safe environments in community, privatized, or Navy-owned housing. It supports unaccompanied permanent party personnel, student, and mobilized units worldwide. The FY12 Bachelor Housing program is focused on completing Homeport Ashore by 2016 and eliminating substandard Bachelor Housing conditions. With respect to addressing the condition, the Navy has increased its investment in the restoration and modernization of bachelor housing across the FYDP to bring 90 percent of the inventory to Q1/Q2 (or adequate) standards by 2022.

In FY11, the Navy would begin this initiative through the renovation of barracks in Milton, Florida; Atsugi, Japan; Ventura, Lemoore and San Diego, California; Whidbey Island and Bremerton, Washington; and Pearl Harbor, Hawaii.

The Navy owns approximately 10,000 family housing units worldwide. Based on revised OSD criteria directing the use of Q-ratings, the Navy has identified approximately 3,700 Navy-owned homes as inadequate. The revised definition is based on the physical condition of the home as a function of its replacement value. The previous inadequate definition was identified as a building in need of more than \$50,000 of repairs. We have privatized approximately 40,000 homes in the CONUS and Hawaii inventory. The privatization of the remaining 870 homes in the Northwest is scheduled for the end of 2013. The privatization of the remaining 226 homes in the Southwest is under review. When the Public Private Venture (PPV) transition is complete, the Navy will own less than 100 homes in CONUS and Hawaii, but will retain ownership and management of all foreign assets.

Thanks to the support of this Committee and members of Congress, we have improved the housing available to our Sailors through PPV. Sailors cite the PPV initiative as one of the most effective quality of life improvements in recent years.

Quality of life *does* affect retention and recruiting. PPV and Homeport Ashore are examples of initiatives that have had a direct impact on the retention, morale and the quality of life of our men and women. Young Americans deciding whether the Navy is right for them look at quality of life initiatives as indicators of the Navy's commitment to Sailors and families.

Continuum of Care

Health care is one of our top recruiting and retention tools for our Sailors, and I hear just how important access to healthcare is for them and their family members. Navy Medicine continues to focus on developing an economic and quality-centric strategy for the delivery of top-quality health care to our beneficiaries, and the recruitment and retention of providers in

critical specialties allowing the fulfillment of the wartime mission, while sustaining the benefit here at home.

The Bureau of Medicine and Surgery (BUMED) published an instruction implementing Medical Home Port (MHP) throughout Navy Medicine in 2010 as a new model of healthcare delivery in primary care. Care delivered in the MHP model includes, but is not limited to, readiness, prevention, wellness, behavioral health, and disease management. MHP increases access to care, improves clinical quality and patient outcomes, enhances patient satisfaction, promotes a healthier and fit force, and reduces healthcare utilization, resulting in a reduction in overall healthcare costs.

In June 2010, Navy Medicine completed the first phase of implementation of MHP clinics in three Naval Medical Centers and five Family Practice Teaching Military Treatment Facilities. Navy Medicine began the second phase of implementation, which expands MHP to all primary care clinics by June 2011.

Combat casualty care is provided by Navy medical personnel assigned to and serving with Marine Corps units, in Expeditionary Medical Facilities, aboard casualty receiving/treatment ships and hospital ships, and in military and Department of Veteran Affairs hospitals. Recent advances in force protection, battlefield medicine, combat and operation stress control, medical evacuation, and family support programs have led to improved survival rates, healthier family functioning and enhanced operational effectiveness.

The Navy continues to provide support to Sailors and their families through a variety of programs that increase medical and non-medical assistance to wounded, ill and injured service members utilizing a comprehensive approach designed to optimize their recovery, rehabilitation and reintegration. Navy Case Management is the link that connects resources and services which

allow injured service members to reach their optimum goals in healthcare. Case Management provides the critical support service members need during this challenging time in their lives. Case Management will continue to be at the forefront of providing optimal care to our service members with war-related injuries. Navy Medicine has 192 Medical Case Managers providing service to our wounded, ill, and injured Sailors in Military Treatment Facilities and ambulatory care clinics.

The Navy's Safe Harbor Program is the Navy's lead organization for providing the highest quality non-medical care to all seriously wounded, ill and injured Sailors, Coast Guardsmen and their families. Using a holistic approach, Navy Safe Harbor offers a lifetime of individually tailored assistance designed to optimize the success of a Sailor's or Coast Guardsmen's recovery, rehabilitation and reintegration activities. Since January 2008, Safe Harbor has grown from nine personnel supporting 145 Sailors and families at six locations to serving a case load of more than 1,200 wounded, ill or injured service members at 16 locations. Safe Harbor's goal is to return Sailors and Coast Guardsmen to duty and when not possible, work collaboratively with federal and non-governmental agencies, including the Department of Veteran Affairs and state and local organizations, to ensure their successful reintegration back into their communities.

Suicide and Sexual Assault Prevention

We continue our suicide prevention efforts through a multi-faceted system of communication, training and command support designed to foster resilience and promote psychological health among Sailors. In Calendar Year 2010, the Navy had 38 Sailor suicides compared to 46 in 2009.

The Navy continues to develop and enhance programs designed to mitigate suicide risk factors and improve the resilience of the force. These programs focus on substance abuse prevention, financial management, positive family relationships, physical readiness, and family support with the goal of reducing individual stress. We continue to work toward a greater understanding of the issues surrounding suicide to ensure that our policies, training programs, interventions, and communication efforts are meeting their intended objectives.

More and more shipmates, leaders, and family members are noting signs of concern and are reaching out to get Sailors the help they need. We recognize that long before thoughts of suicide occur, we have opportunities to build resilience, intervene early when risk factors are present, and create the connections that help sustain us in times of challenge. Most of these efforts fall within our broader family readiness and health promotion activities.

The Navy has expanded the surveillance and analysis system for Navy active and reserve suicide deaths and attempts; supported command prevention and stress control programs with printed resource and interactive training materials; provided training world-wide to suicide prevention coordinators and first responders; and provided Navy representation in DoD, VA and other cooperative efforts.

For most Sailors, suicide prevention is more than just a training topic. About half have personally known someone in their lives who was lost to suicide. Sailors and leaders genuinely care and have shown it in the way they have engaged vigorously in focus groups, put forth tremendous creativity in developing suicide prevention posters and materials, and enthusiastically embraced new hands-on training materials. Their caring shows in the dozens of times each month someone assists a struggling shipmate to get some help. This past year, we

implemented programs such as the Coalition of Sailors Against Destructive Decisions (CSADD) which is gaining momentum with our younger Sailors.

CSADD's mission is to provide military members of all branches with the best prevention and intervention tools possible to deal with the issues of drinking, reckless driving, and other destructive decisions while maintaining good order and discipline, to assist sailors in making life decisions that will maintain positive lifestyles in keeping with the Navy's core values, to guide sailors away from making poor and destructive decisions by providing them with positive and dynamic training and to show sailors how to make quick positive decisions and put their training to use in moments of high stress and peer pressure.

The Navy has a 'zero' tolerance policy for sexual assault; it is a criminal act. The majority of sexual assaults are service member-on-service member and it is incomprehensible that a Sailor would commit such a horrible crime against another shipmate. It undermines teamwork, morale, unit cohesion, and operational readiness.

At the close of calendar year 2010, reports of sexual assault increased from 2009. This increase could be attributed to victims' increased willingness to report the crime. This demonstrates that our education and prevention efforts are showing progress, but we acknowledge sexual assaults are still occurring in our Navy. The highest risk group for victims over the past several years remains E-1 to E-4, ages 20 to 24, with most incidents occurring during the weekends. In most sexual assault incidents, alcohol was a major factor impairing the judgment of offenders, victims and bystanders.

In order to remove sexual assault from our Navy, we are ensuring commands have a strong partnership with Sexual Assault Response Coordinators (SARCs) and a robust Sexual

Assault Prevention and Response (SAPR) Program which fosters an environment where 'shipmates help shipmates' by not allowing destructive behavior to occur.

The SAPR program, established in 2004, promotes training, builds awareness and provides advocacy and supportive services for victims of sexual assault. It is a victim-focused program that focuses on response and offender accountability. The SAPR program is conducting a comprehensive review of training curriculum for those entering the Service ranks and attending professional military schools. The Navy embraces bystander intervention as the core of our strategy to protect Sailors from sexual assault. Bystander intervention is key to preventing sexual assaults before they occur. Our goals include reducing the incidents of sexual assault, improving support for victims of sexual assault, and building prevention based upon insights from data-driven critical assessments. We will continue to revise and improve the SAPR program to create an environment free of sexual assault for all Navy personnel.

Conclusion

America's Navy is very much a global force for good on station around the world and around the clock, deterring aggression, keeping the sea lanes open for free trade, projecting power and maritime security, and delivering humanitarian assistance and disaster response where needed. Sailors are the key element in our Navy's future force.

Our Navy family members share our sacrifices while providing support. They have courage, strength and deep devotion to our country. Our Navy families endure the challenges of multiple deployments and moves, spend holidays and life milestones apart, juggle everyday tasks while a spouse, parent, son, or daughter is in harm's way, and honor the service of their loved ones and memories of those lost.

We must continue to ask hard questions and make hard decisions that will enable us to provide a quality of life commensurate to the sacrifices our Sailors and their families make. The Continuing Resolution (CR) for 2011 is affecting us in several areas including various military construction projects that are likely not going to be executed. But most of all, it is having a negative effect on our ability to support quality of life for Sailors and their families.

Due to the way resources are phased and allocated under the CR, the Navy does not have sufficient manpower funding to allow for normal lead times for Sailors to receive Permanent Change of Station (PCS) orders as funds must be allotted to cover pay and benefits. Average lead times have been reduced from 4-6 months to approximately 2 months or less. This places great emotional and economic stress on Sailors and their families. In today's economy, there is a great possibility that if they own a house, they will not be able to sell it or have enough time for the spouse to be able to find a job in the new location. Our Navy families affected by these constraints are often forced to live apart. The impact of Navy's PCS funding level is being felt across the force, and will continue until funding is resolved.

On behalf of our Sailors who sacrifice daily and their families who faithfully support them, I want to extend my sincere appreciation for your unwavering support for our United States Navy. Thank you.

Mr. CULBERSON. If I could, sir, I would like to recognize the Chief Master Sergeant of the Air Force James Roy.

OPENING STATEMENT OF CHIEF MASTER SERGEANT ROY

Chief Master Sergeant of the Air Force ROY. Chairman Culber-son, Ranking Member Bishop, members of the subcommittee, thank you for the opportunity to tell you about America's Air Force and our families that support that Air Force as well. It is an honor and a distinct privilege to join my fellow senior enlisted advisers here today to represent one of the finest Air Forces in the world and, of course, these young men and women that make up the United States Air Force.

Nearly 510,000 uniformed Airmen and more than 192,000 Air Force civilians make up the Total Force Team. Two members of the Total Force Team joining me today are Chief Master Sergeant Chris Muncy, the Command Chief Master Sergeant of the Air National Guard; and Chief Master Sergeant Dale Badgett, the Command Chief Master Sergeant for the Air Force Reserve Command.

We appreciate the unwavering support from the Members here and from the entire House of Representatives, which is a vital part of our success. We are greatly appreciative of your efforts, your actions, your legislation, and those that led to the expansion of the service members' and veterans' pay and benefits. We also appreciate the visits of the House Members to the service members in the field and to those wounded warriors in our health care facilities.

To represent all of the Air Force wounded warriors, I am joined here today by Technical Sergeant Frank Riley, a former Tactical Air Control Party Airman and a pararescueman, currently assigned to Special Operations Recruiting Liaison. Since joining the Air Force in 1993, Sergeant Riley deployed several times to combat locations around the world supporting Operations Southern Watch and Enduring Freedom. He was injured during a combat training while preparing for yet another OEF deployment. Sergeant Riley will participate in this year's Warrior Games.

Our Airmen are on our front lines in a variety of theaters or operations, including America's latest mission over Libya for Operation Odyssey Dawn, and on the ground in Japan for humanitarian missions of Operation Tomodachi. They are also providing Airmen skills to combatant commanders around the world, and they are constantly deploying, leaving behind families and friends. We must ensure our Airmen and our families are safe, healthy and resilient.

Building resiliency among Airmen and families is a key focus area. Our warriors have been in Iraq and Afghanistan for nearly 10 years and in the Middle East for over 20 years. We are deliberately increasing the focus on building a strong, resilient family because of the continued operational tempo at home and abroad, as well as the unique role of Airmen, such as remotely piloted aircraft operators who affect the battle space each and every day.

Resilient Airmen are better equipped to withstand, recover and grow in the face of stressors and changing demands and continuously get the job done. Many of our programs are designed to continue to build resiliency among our Airmen and families.

It is my distinct honor to be here with you today to talk about America's Air Force and what we do on a daily basis. I look forward to any questions.

Mr. CULBERSON. Thank you, Master Sergeant.

[The information follows:]

United States Air Force



Presentation

Before the House Appropriations
Committee, Subcommittee on Military
Construction and Veterans Affairs

Fiscal Year 2012 Quality of Life in the Military

Witness Statement of
CMSAF James A. Roy
Chief Master Sergeant of the Air Force

March 30, 2011

Not for publication until released by the House Appropriations
Committee, Subcommittee on Military Construction and Veterans Affairs



BIOGRAPHY



UNITED STATES AIR FORCE

CHIEF MASTER SERGEANT OF THE AIR FORCE JAMES A. ROY

Chief Master Sergeant of the Air Force James A. Roy represents the highest enlisted level of leadership, and as such, provides direction for the enlisted force and represents their interests, as appropriate, to the American public, and to those in all levels of government. He serves as the personal adviser to the Chief of Staff and the Secretary of the Air Force on all issues regarding the welfare, readiness, morale, and proper utilization and progress of the enlisted force. Chief Roy is the 16th chief master sergeant appointed to the highest noncommissioned officer position.

Chief Roy grew up in Monroe, Mich. and entered the Air Force in September 1982. His background includes numerous leadership roles at squadron, group, numbered air force and combatant command levels. He has been stationed at locations in Florida, the Republic of Korea, Missouri, Guam, Mississippi, South Carolina, Virginia, Kuwait, Japan and Hawaii. He has worked a variety of civil engineer duties. Chief Roy also served as a superintendent of a military personnel flight and a mission support group before becoming a command chief master sergeant at the wing, air expeditionary wing, numbered air force and combatant command levels. Before assuming his current position, he served as Senior Enlisted Leader and advisor to the United States Pacific Command Combatant Commander and staff, Camp H. M. Smith, Hawaii. He was appointed to this position on June 30, 2009.



EDUCATION

1985 Noncommissioned Officer Preparatory Course, MacDill AFB, Fla.
 1991 Associate of Science Degree in Construction Management, Park College, Parkville, Mo.
 1992 Associate in Applied Science Degree in Construction Technology, Community College of the Air Force
 1993 Noncommissioned Officer Academy, Kadena AB, Japan
 1993 Associate in Applied Science Degree in Instructor of Technology and Military Science, Community College of the Air Force
 1996 Senior Noncommissioned Officer Academy, Gunter AFB, Ala.
 1996 Baccalaureate of Science Degree in Engineering Management, Park College with Summa Cum Laude honors, Parkville, Mo.

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2000 Master of Science Degree in Human Resources Management, Troy State College, Troy, Ala.
 2005 USAF Senior Leadership Course, Center for Creative Leadership, Greensboro, N.C.
 2005 Keystone – National Defense University, Suffolk, Va.
 2005 Leadership Team Awareness Course, Defense Equal Opportunity Management Institute, Patrick AFB, Fla.
 2006 USAF Senior Leadership Course, Gettysburg College, Gettysburg, Pa.
 2008 Security Assistance Management-Overseas Course, Defense Institute of Security Assistance Management, Wright-Patterson AFB, Ohio

ASSIGNMENTS

1. September 1982 – November 1982, trainee, Basic Military Training, Lackland AFB, Texas
2. November 1982 – February 1983, student, heavy equipment operator, Fort Leonard Wood, Mo.
3. February 1983 – January 1987, heavy equipment operator, 56th Civil Engineer Squadron, MacDill AFB, Fla.
4. February 1987 – December 1987, heavy equipment operator, 554th Civil Engineer Squadron, Osan AB, Republic of Korea
5. January 1988 – May 1992, instructor/instructor supervisor, heavy equipment operator, 3770th Technical Training Group, Detachment 0001, Fort Leonard Wood, Mo.
6. May 1992 – May 1993, foreman, horizontal construction, 8th Civil Engineer Squadron, Kunsan AB, Republic of Korea
7. May 1993 – March 1994, foreman, heavy repair, 633d Civil Engineer Squadron, Andersen AFB, Guam
8. April 1994 – March 1995, manager, heavy repair, 36th Civil Engineer Squadron, Andersen AFB, Guam
9. March 1995 – November 1996, chief, readiness flight, 36th Civil Engineer Squadron, Andersen AFB, Guam
10. November 1996 – July 1997, chief, heavy repair, 36th Civil Engineer Squadron, Andersen AFB, Guam
11. August 1997 – July 1999, chief, facility maintenance, 81st Civil Engineer Squadron, Keesler AFB, Miss.
12. July 1999 – March 2000, superintendent, military personnel flight, 81st Mission Support Squadron, Keesler AFB, Miss.
13. March 2000 – September 2000, superintendent, 81st Mission Support Group, Keesler AFB, Miss.
14. September 2000 – September 2002, command chief master sergeant, 14th Flying Training Wing, Columbus AFB, Miss.
15. September 2002 – May 2004, command chief master sergeant, 437th Airlift Wing, Charleston AFB, S.C.
16. June 2004 – August 2005, command chief master sergeant, 1st Fighter Wing, Langley AFB, Va. (October 2004 – November 2004, command chief master sergeant, 386th Air Expeditionary Wing, Southwest Asia)
17. August 2005 – May 2007, command chief master sergeant, United States Forces Japan and Fifth Air Force, Yokota AB, Japan
18. June 2007 – June 2009, senior enlisted leader and advisor, United States Pacific Command, Camp H.M. Smith, Hawaii
19. June 2009 – present, Chief Master Sergeant of the Air Force, the Pentagon, Washington, D.C.

MAJOR AWARDS AND DECORATIONS

Defense Superior Service Medal
 Defense Meritorious Service Medal
 Air Force Meritorious Service Medal with one silver oak leaf cluster
 Air Force Commendation Medal with two bronze oak leaf clusters
 Air Force Achievement Medal with one silver oak leaf cluster

OTHER ACHIEVEMENTS

1993 John Levitow Award, Noncommissioned Officer Academy
 1996 13th Air Force Senior Noncommissioned Officer the Year
 1996 Ancient Order of Chamorro and a special resolution from Guam's 24th Legislature

EFFECTIVE DATES OF PROMOTION

Chief Master Sergeant of the Air Force June 30, 2009
 (Current as of July 2009)

Fiscal Year 2012 Quality of Life in the Military

March 30, 2011

Introduction

Mr. Chairman, Representative Bishop, Members of the Subcommittee, thank you for this opportunity to share with you information important to America's Airmen, their families and our United States Air Force. It is an honor and distinct privilege for me to join my fellow Service Senior Enlisted Advisors and represent our Nation's finest men and women.

The Air Force is 684,316 strong—including about 507,000 uniformed Airmen and 177,000 Air Force civilians.

We appreciate the support of the Members here and from the entire House of Representatives, which continues to be vital to our successes. We greatly value your efforts, actions and legislation that have led to the expansion of service member and veteran's pay and benefits. We also appreciate the visits by House members to our service members in the field and to our wounded warriors in health care facilities.

Our Airmen are on the frontlines in a variety of theaters of operation, providing Airmanship skills to combatant commanders. They are deploying at an intense rate, while their family and friends remain behind. We must make sure Airmen and their families are safe, resilient and healthy, and our Airmen are properly organized, trained and equipped for employment by combatant commanders. It's my honor today to tell you about what America's Air Force is doing on a daily basis.

Continue to Strengthen the Nuclear Enterprise

The Air Force continues to strengthen the nuclear enterprise, placing increased focus on ensuring the nuclear deterrence mission is executed with precision and reliability every single day. Secretary of the Air Force Michael B. Donley, Air Force Chief of Staff General Norton A. Schwartz and I have all visited the nuclear missile fields. We had the opportunity to speak with the amazing Airmen who provide the same round-the-clock nuclear deterrence as their predecessors have for over 50 years. These Airmen are working diligently to achieve the standard of perfection the nuclear mission demands and the American public expects.

Last year, I reported that we made substantial efforts in strengthening the Air Force nuclear enterprise by creating a new major command. This year, I'm happy to report that Air Force Global Strike Command reached Full Operational Capable status in September 2010. This change provides the needed oversight and advocacy of the Air Force's Intercontinental Ballistic Missile (ICBM) and nuclear-capable bomber forces.

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The demand of the nuclear mission requires discipline and compliance with the highest standards. It is imperative that Airmen at every level are focused on upholding our core values of Integrity First, Service Before Self and Excellence in All We Do.

Airmen in the Joint and Coalition Fight

More than 94,400 Total Force Airmen are currently forward stationed or deployed worldwide supporting combatant commanders. Another 133,000 provide daily strategic mobility, space and missile capabilities, command and control, and intelligence, surveillance, and reconnaissance to joint warfighters. In all, 42 percent of the Total Force directly support combatant commander requirements every day.

Almost 29,000 Airmen are deployed to the U.S. Central Command area of operations, with more than 3,700 filling joint expeditionary taskings. Airmen are on the frontlines with their fellow Soldiers, Sailors and Marines in roles such as detainee operations, convoy employment and protection, explosive ordnance disposal, police training teams, military transition teams, civil engineering, security, communications, fuels, medical services, logistics, intelligence, and base operating support. They are part of the joint team, serving in whatever capacity needed by the combatant commander. Together with our sister services, we are training and augmenting both Iraqi and Afghan security forces, rebuilding critical infrastructure, and providing medical services to these war-torn countries.

Our remotely piloted aircraft (RPA) platforms continue to increase the support to joint and coalition warfighters on the ground. Airmen are finding, fixing, tracking and attacking our enemies using Air Force Predators, Reapers and Global Hawk RPA aircraft. Our Predator operations alone have increased from 12 combat air patrols in 2007 to 48 today to support combatant commanders and warfighters. By growing the number of RPA operators and increasing the number of combat air patrols to 58 by the end of fiscal 2012, we are protecting joint and coalition interests around the globe.

End Strength

We are programmed to have an Active Air Force end strength of 332,200 at the end of this fiscal year. This will allow us the right size of force to meet mission demands, which continue to grow as we require Airmen for air, space and cyberspace operations.

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Recruiting and Retention

Airmen are our most valuable asset. We need the right number of Airmen with the right skills to support combatant commander requirements. We are firmly committed to organizing, training and equipping our Airmen to the highest possible standard.

Our goal continues to be to recruit the best and brightest our Nation has to offer and we are succeeding. This fiscal year, more than 99 percent of our enlisted recruits hold a high school diploma, 18.5 percent have completed some college, while 4 percent enlist with a bachelors degree and 0.2 percent enlist with a masters degree. We face significant challenges because of disqualifying factors and an increasingly obese youth population, but we continue to recruit talented young men and women.

Our recruiters are on track to meet their goals for our Active Duty, Air Force Reserve and Air National Guard. Since this fiscal year began, 14,807 of America's young men and women destined for Air Force duty have completed or currently attend Air Force Basic Military Training (BMT). We expect to graduate a total of nearly 34,000 Airmen from BMT by the end of September.

Recent retention results for Air Force enlisted members show we are exceeding or are within tolerance of our goals for all Selective Reenlistment Bonus zones. While meeting these goals in the aggregate is encouraging, there is a continuing need to manage the critical and war-fighting skills through a properly sized bonus program to ensure required retention and manning. We are concerned about a number of career fields including contracting, enlisted aviators, command and control specialties, intelligence, civil engineers and public affairs.

Re-enlistment bonuses are our most effective tool for retaining quality Airmen in these mission critical specialties. We appreciate continued Congressional support for these incentive efforts.

Developing Airmen

Deliberately developing Airmen is a key focus area. Our Airmen must have the right mix of skills so the Air Force can continue providing combat-ready, expeditionary forces to combatant commanders now and in the future.

The Air Force is focused on providing the right expeditionary combat skills needed for our Airmen to fly, fight and win. It is critical that our Airmen have the experience, education and training to think with a global perspective and operate in an expeditionary environment.

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Building Resiliency

Building resiliency among Airmen and their families is another key focus area. Our warriors have been in Iraq and Afghanistan for nearly 10 years and in the Middle East for over 20 years. Continued high operations tempo at home and abroad stress to us the need to deliberately increase the focus on building strong, resilient families. Resilient Airmen are better equipped to withstand, recover and/or grow in the face of stressors and changing demands, and continuously get the job done. Many of our programs are designed to continue to build resilient Airmen and families.

Quality of Life

We thank the Congress for its steadfast funding for quality of life initiatives. We look forward to continued support to enable us to retain skilled Airmen and develop them into the leaders we need for the future.

The quality of life Airmen and their families receive is an overwhelming factor in how long they will serve. During the Year of the Air Force Family (YoAFF), we focused on four main pillars: health and wellness; Airmen and family support; education, development and employment; and Airmen and family housing. Among the many initiatives resulting from the YoAFF, we implemented the Family Health Initiative at 32 Medical Treatment Facilities, convened a Single Airman Summit in April 2010, provided each installation funding to support spouse employment programs, and developed the Building Thriving Housing Communities Strategy.

Whether working on the installation or deployed fighting the Nation's wars, our Airmen deserve buildings and facilities of a high standard commensurate with the outstanding service they provide their country. Since 2000, and with the very generous support of Congress, the Air Force funded many military construction projects for child development centers, youth centers and fitness centers. While this represents a significant investment by the Air Force, many requirements remain.

Our fitness centers continue to be an important on-base facility where Airmen and their families gather to participate in numerous activities that help to improve their overall health and build strong, resilient families. The Air Force has funded dozens of fitness center projects over the last 10 years. These projects have included add-ons to existing centers and replacing old and undersized facilities. With your continued funding support, we hope to construct and expand our facilities to meet the needs of our Airmen and their families.

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Last year, we transformed the way the Air Force delivers food service. We focused on a campus-style food service for Airmen and their families while improving efficiency and providing significant savings. Our food transformation initiative addresses changing lifestyles, needs and preferences while improving program and facility standards. This initiative offers a variety of healthy options while keeping our warfighting capabilities at the forefront. The transformation was implemented at six bases, where operating hours increased while costs decreased an estimated 27 percent. Since the initiative began, the customer count is up 22 percent and satisfaction has increased 8 percent.

Assistance to Severely Injured Service Members

Caring for our wounded warriors is more than a priority; it is a lifelong obligation. These brave men and women put their service to country before themselves, and we must give them the best care available because that is what they deserve. More of our Airmen survive injuries than in past wars, but many of these injuries present significant challenges to the quality of life for both them and their families.

The Air Force Warrior and Survivor Care Program ensures our Airmen and their families have the support through recovery, rehabilitation, and reintegration, whether that reintegration be back to an Air Force specialty or into the civilian sector. In 2010, 14 Recovery Care Coordinators were added, bringing the total to 32 Air Force wide.

Currently almost 1,000 wounded Total Force Airmen have been served by the Air Force Wounded Warrior Program; about 25 percent remain on active duty while three-quarters of them have separated or retired. Of these wounded warriors, almost 600 have invisible wounds including Post Traumatic Stress Disorder.

For Airmen who transition to civilian status, the program continues for as long as the families need it, including extended transition assistance, employment applications, civilian job searches, financial planning, relocation and integration back into civilian communities.

Our Air Force will continue to work with our joint partners, the Department of Veterans Affairs and the Military Severely Injured Center to make sure we are doing everything possible to care for these heroes and their families – it is our unwavering obligation.

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Airmen Education Opportunities

The U.S. Air Force enlisted force is highly educated. Since April 25, 1977, more than 303,500 Airmen have earned a fully accredited associate degree, corresponding to their career field, through the Community College of the Air Force (CCAF). In fact, about 153,000 of our enlisted Airmen have at least 12 college credits; of that more than 51,500 have associates degrees, almost 18,000 have bachelors degrees or higher and 18 have earned their doctorate degrees.

The General Education Mobile program is making education more accessible for our Airmen. This program offers general education courses required for a CCAF degree through distance learning courses. This program is intended to attract those students who are struggling to get their general education credits filled because of numerous reasons, primarily the Air Force's high operations tempo. There are 26 participating schools offering 511 courses of which over 700 Airmen are enrolled.

Our Associate-to-Baccalaureate Cooperative program is helping CCAF graduates apply credits toward a bachelor's degree at military-friendly schools. This program has grown to 44 civilian higher-education institutions and offers 219 bachelor's degree programs. These institutions take an Airman's CCAF credits and apply them toward a bachelor's degree. More than 17,000 Airmen are participating in the program, and since its inception in June 2007, 464 bachelor's degrees have been awarded.

We've also had an overwhelming number of Airmen who have transferred their G.I. Bill benefits to their dependents. This benefit helps families, and it also helps the Air Force retain our Airmen through the associated service commitment. We continue to recruit and retain Airmen who value educational opportunities for themselves and their families.

CCAF also offers a Professional Manager Certification, a credential award that formally recognizes an individual's advanced level of education and experience in leadership and management, as well as professional accomplishments. The program provides a structured professional development track that supplements Enlisted Professional Military Education and the Career Field Education and Training Plan.

Exceptional Family Member Program

The Exceptional Family Member Program (EFMP) is how we assist Airmen and their families who have special needs, balancing mission requirements with family care responsibilities. We have more than 17,000 families in the program right now.

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Two facets of EFMP are assignments, managed through the Air Force Personnel Center and Special Needs Identification and Assignment Coordination, administered by the Air Force Medical Service. We recently added a third element, EFMP-Family Support, which provides information and referral services available in the base and local community. We added EFMP family support coordinators at 35 Air Force installations that have 175 or more special needs families. The coordinators work to ensure medical and educational services and resources are coordinated to meet the needs of families.

Key Spouse Program

The Key Spouse Program is an effective way to communicate with family members and is akin to the Navy Ombudsman Program and the Army Family Readiness Group. We aim to bridge the gap between the military spouse and the military chain of command to help build a greater sense of community within units, especially where families are separated or deployed.

Currently, 97 percent of units have trained Key Spouses, and we have more than 4,121 trained volunteers. We hope increased emphasis and continued standardization will make this program become even more helpful.

Education for Military Children

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

Thirty-five states have passed legislation to establish an Interstate Compact On Educational Opportunity For Military Children to address educational solutions at the state, local, and school district levels. These compact states are working to solve issues dealing with class placement, records transfer, graduation requirements, immunizations, exit testing and allowing late entry to extra-curricular activities and sports teams. Another eight states (MT, WY, NE, MD, VT, PA, NY and WV) have proposed their respective bills, and the final six states and the District of Columbia (OR, AR, WI, GA, NH, ME and DC) have indicated the issue is a "priority." The Interstate Compact ensures children in military families are not penalized in school for their families' service to the Nation.

We are making great strides in support for Air Force-connected students attending public, private, DoD Dependent Schools, home and virtual schools. Currently 84 Air Force bases have civilian

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school liaison officer positions. In addition, staff in the Airman and Family Readiness Centers provide school liaison support to leadership and families. Major commands and installations continue to work creative initiatives such as providing webcasts of graduations so parents can share these occasions while deployed. Additionally, a senior military officer or DoD civilian has been designated at each installation to advocate with local and state school administration and school boards for the interest of Air Force families.

Spouse Employment

Spouse employment in the military is a constant challenge for our military families. Overall, 48 percent of Air Force spouses seek employment with each military move. For our junior Airmen, the added income is often a large part of the quality of life their family enjoys. Military spouses report that their work income constitutes about 48 percent of total family income.

We appreciate your support and the Administration's effort to strengthen our military families by removing barriers that currently prevent military spouses from maintaining a career or employment because of relocation.

This support helps ensure our family members have access to careers and are not adversely affected when our service calls upon us to relocate.

Unemployment Compensation

When states support unemployment compensation, this also allows spouses to take reasonable time to find suitable employment at the new location as well as resources necessary to obtain any new licensing or credential requirements. Currently, 38 states plus the District of Columbia provide unemployment compensation to spouses who leave because of a military move, nearly triple the number since 2004. We remain hopeful the remaining states, despite the current challenging fiscal environment, can provide similar compensation benefits to improve the employment outlook of military spouses.

One of the greatest challenges facing our nation right now is unemployment and underemployment, and we remain especially concerned about the challenges facing those in the Guard and Reserve or those leaving active military service as they look for work.

Although the national unemployment rate was 8.9 percent in February 2011, the unemployment rate for the younger segments of the workforce, which includes those veterans who joined the military after September 11, 2001, remains elevated. As a result, we are committed to

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assisting our separating members in making a successful transition to employment in the civilian workforce and in encouraging their continuing education through the use of the post-9/11 GI Bill."

Housing

The Air Force is committed to ensuring our Airmen and their families have quality housing in which to live and raise families. We believe our people deserve well-built and well-maintained housing. Through military construction (MILCON) and housing privatization, we are providing quality homes for our families. So far, the privatized housing program has provided 37,800 homes at 44 installations, and we are scheduled to complete the effort at continental U.S. bases, including Alaska and Hawaii, by January 2012. We will also renovate overseas housing as the inventory ages and requires sustainment and modernization.

Investment in dormitories provides high quality housing to our unaccompanied Airmen. Under our Dormitory Master Plan (DMP), we are conducting facility assessments across the Air Force to create a prioritized list of dormitory conditions. The DMP will be a guide to invest limited funds to gain the highest return on investment. The assessment is scheduled to be complete this summer.

In addition to repairing structural inadequacies in dormitories, our focus remains on ensuring we provide a structured environment where commanders and first sergeants serve as mentors in the care and development of our Airmen. The dormitories are not just a place to sleep; they are a place for young Airmen to adjust to military life and build a strong sense of community.

Military Construction

For the past several years, the Air Force has chosen to take risk in infrastructure in order to invest in modernization efforts. Though we intend to continue modernizing our force, we also expect to support our Airmen by renovating and replacing aging facilities in the coming years. We have prioritized our program to cover our most critical military construction requirements by focusing on projects that support the Air Force priorities of continuing to strengthen the nuclear enterprise, partnering with the joint and coalition team to win today's fight, developing and caring for our Airmen and their families, modernizing our air and space inventories, organizations, and training, and in acquisition excellence. Again, the continued support of this Subcommittee and the House Appropriations Committee is vital to the success of these military construction programs.

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Summary

Mr. Chairman, Representative Bishop, Members of the Subcommittee, thank you for this opportunity to represent Airmen and their families by testifying today.

Our Airmen are doing incredible work, ranging from providing humanitarian aid to the Pakistan flood victims to supporting U.S. Central Command missions on a daily basis in Iraq and Afghanistan. More than two-thirds of Airmen entered the Air Force after September 11, 2001, which means the majority of our force has been at war their entire careers. They deploy longer than ever before and some need a second hand to count the number of combat tours they have been on. Despite this pace, our Airmen have shown amazing resiliency.

Finally, this is a team effort and the contributions of Air Force families continue to be amazing. Our families are the ones who deal with an empty seat at the dinner table when our warfighting mission takes us away. They stand tall when extraordinary challenges attempt to knock them down. They keep the faith and their support is critical to Airmen fulfilling their mission requirements.

Thank you again for your continued support of our brave Airmen and their supportive families.

Mr. CULBERSON. We follow a rough 5-minute rule mainly when we ensure that Members have an ample opportunity to ask questions, and so I don't, you know, strictly follow the 5 minute. So the questions may go beyond that, but each one of us are mindful that our colleagues need time to ask questions as well, and we will make sure we get to everybody.

One thing that I know is on the mind of each and every one of us that we are always concerned with is—of course, the reason we are having this hearing is we are trying to identify, if I could ask each one of you, what are the top three quality-of-life issues that you hear from the most that we on this committee and the Congress need to make sure that we are focused on above all others. If you could identify what, in your mind, are the top three quality-of-life issues for the enlisted men and women that you represent?

AIR FORCE QUALITY OF LIFE ISSUES

Chief Master Sergeant of the Air Force ROY. I will start it off, Mr. Chairman. Our top three, as I stated in my testimony, first one being resiliency, and how we build that culture of resiliency within our Airmen and our families is very, very important for us.

Also, the continued support for those that deploy and those that—we call it deployed in place, those Airmen that are supporting the battlefield from home station, and the certain challenges that those Airmen and families feel each and every day.

And then, of course, the last thing is something that we as the United States Air Force have taken very seriously over the last couple of years in trying to upgrade our EFMP, our Exceptional Family Member Program. We have currently added another segment to that, and that is simply that family support piece that was not there before. We had the medical, we had the assignment piece, but we needed a support piece there for the family, and we are moving out on that one.

Mr. CULBERSON. If you were to ask an average Air Force enlisted member what are sort of the top—we are looking for also, in addition, obviously from a policy perspective, where you all are focused, where the branches are focused, where we need to be focused. But also talk to us a little bit about what—if you were to just go out and ask a group of young men and women, what sort of things would they be concerned about?

Chief Master Sergeant of the Air Force ROY. Today?

Mr. CULBERSON. Yes, sir.

Chief Master Sergeant of the Air Force ROY. They are concerned with, first of all, the continuing resolution. That is top on their mind when we start talking about, you know, all of our men and women across all of our services being deployed in foxholes around the world, yet we are kind of dangling this saying that we may or may not be able to pay you.

Mr. CULBERSON. That uncertainty.

Chief Master Sergeant of the Air Force ROY. That is on their minds.

Mr. CULBERSON. Uncertainty.

Chief Master Sergeant of the Air Force ROY. That is the number one thing on their minds. Sorry, sir.

Mr. CULBERSON. It is. It is the fault of the Congress. You are right, absolutely. We have got to get this done.

Chief Master Sergeant of the Air Force ROY. The other is, again, it is a little larger scale, but the economy, and it affects our service members through things like housing. When we had the assistance, when we move people around, and that assistance that is no longer there that we were able to provide at one given time is now gone, that is certainly affecting our service members. I can speak from our Airmen's perspective.

CONTINUING RESOLUTION

Mr. CULBERSON. Thank you, sir.

Master Chief Petty Officer WEST. Sir, if I could, I would like to echo that for the Navy as well. The CR really rings true as being the number one issue not only for our Sailors, but for their family members, and that is what I get when I go out and talk to Chiefs' groups.

But also, sir, I have a Facebook page, and I have about 60,000 people that follow that. And those spouses, that is the number one question as of late: Are we getting paid? There is uncertainty out there, and that is a tough thing for a young family.

Mr. CULBERSON. Absolutely.

Master Chief Petty Officer WEST. When their Sailor is over the horizon, sir.

Sergeant Major KENT. I would like to echo the same thing, sir. That is the number one priority right now, the CR, sir.

Sergeant Major CHANDLER. Sir, also the same for the Army. At the end of the day, we have a lot of soldiers that live from paycheck to paycheck, and that stopping of that pay is really a huge burden hanging over their shoulders right now.

Mr. CULBERSON. I can hear and tell you everybody in this committee and all of the Members are committed to doing anything we can to get some certainty, to bring some resolution to this to ensure that there is no disruption at all and to remove that cloud. There are enough other things they have to worry about. We shouldn't certainly have them worried about that.

Master Chief Petty Officer WEST. Yes, sir, and not to pile on, but my biggest concern with our people and our young Sailors right now, those young E-1s through E-4s, is our barracks. Our barracks are aging. And with this CR in the process now, or it keeps getting kicked down the road, those contracts and such that we would like to let to get those barracks built or renovated or those Homeport Ashore—Homeport Ashore for us, I still have about 5,500 Sailors living on board a ship right now, and all of that is getting pushed as this is getting pushed, sir.

MILITARY CONSTRUCTION

Mr. CULBERSON. I know Sergeant Major Kent mentioned to me the importance of the BEQs. Talk to us a little bit about that.

Sergeant Major KENT. Yes, sir. I would just like to echo the same thing, sir. I think he is reading my notes here, sir, because we—no, I am just joking.

Sir, we are living in 50-year-old barracks right now, and we have \$2.3 billion that we are using to build these barracks. And if we

don't pass this resolution soon, the MILCON projects will be threatened, and part of that is to barracks that we have right now, sir.

Mr. CULBERSON. We are going to do everything in our power to get some certainty and resolution of this, sir.

Sergeant Major KENT. Yes, sir.

SCHOOL DISTRICTS

Mr. CULBERSON. I also wanted to ask about the schooling that is available to our men and women that have families if they are assigned to a base. I know when I visit Fort Hood, the local school district there, Judge, is doing a great job. They are very happy. Is that Round Rock?

Mr. CARTER. Killeen.

Mr. CULBERSON. No, excuse me, Killeen. Killeen, I am sorry, Killeen Independent School District really does a good job. They don't have any complaints at Fort Hood.

But if you get assigned to Fort Bliss and El Paso, it is a different story. They have got real problems in the local school district there.

Talk to us, if you could, and then I am going to pass to Mr. Bishop, about the options available to a young family in the military assigned to a post. I understand there are some DoD schools, some DoD schools available on post. Talk to me a little bit about that. What are the options?

If I come in as a brand new young father, a young family, assigned to Fort Bliss, what are my choices; or to a Navy base or in the Marine Corps, Camp Pendleton or an Air Force Base?

Sergeant Major CHANDLER. Well, Chairman, I can actually speak about Fort Bliss because that is where I came from before I became Sergeant Major of the Army. And, you know, Fort Bliss is actually a success story and is really turning around the image of the El Paso Independent School District and the Socorro Independent School District that service not only Fort Bliss, but the greater El Paso community.

There was a period of time when the schools were, you know, pretty bad. But with partnership with the Army and with the local school districts, there have been huge improvements, and a lot of their test scores have really come up, and the quality has been much better there over the years.

Now, there are no DoD schools on Fort Bliss. There are schools that are in the school district that are on the base itself, but they are not DoDEA schools.

Mr. CULBERSON. I am glad to hear it. I have just gotten several reports firsthand, one as recently as yesterday from somebody that was just out at Fort Bliss who asked me to keep their name out of this, who is very knowledgeable and aware, who said the public schools in El Paso, they are still having bad problems, a lot of gangs and drugs and crime. And families that have been assigned there are anxious to try to keep their kids out of the public school system there, but they don't have any real choices.

What are my choices if I am a new, if I am a young family coming into the Army, say, to Fort Bliss? Where can I send my children to school, sir?

Sergeant Major CHANDLER. Sir, there are three, three major school districts that service the Fort Bliss area. Obviously those are public schools. You have private schools that are available, and there is home schooling options. And then, obviously, we have the programs that the Army has, child and youth services programs that support the family before and after school with different activities.

Mr. CULBERSON. So private schools, there is no DoD school, or three independent school districts.

Sergeant Major CHANDLER. No, sir. There are three large independent school districts, and I believe there is one very small district. But the major three are the El Paso, the Isleta and the Socorro school districts.

Mr. CULBERSON. Well, one thing I would—and I would move on to Mr. Bishop—but I would love to have us talk about and on the committee and discuss with you is why don't we make charter schools available? I mean, there are a lot of great opportunities, I think, there for charter schools to be set up on military bases that would provide another option for some of these young families who may not know how to home school or who can't afford a private school.

Sergeant Major CHANDLER. Mr. Chairman, I would be happy to provide you and the committee with follow-up information and all the options, including charter schools in the El Paso area.

[The information follows:]

The El Paso area has a variety of educational opportunities to address the needs of military families arriving at Fort Bliss. There are nine school districts in the El Paso area, with a variety of programs. Numerous new schools have been built that directly support growth, including Colin Powell Elementary and the Chapin High School, both built on federal property within military housing areas. The local area also has 10 public Charter Schools that are available to families at no cost. The charter high school focuses on technology, science, English and math. Additionally, there are 28 private/parochial schools in the El Paso area with a variety of programs to include, but not limited to, developmental programs for three-year olds, swimming lessons, art appreciation and art history. Several schools offer discounted rates to military families. Another option for military families is home schooling, home schooling is active on Fort Bliss and in the El Paso Community with two primary home school groups on the installation.

CHARTER SCHOOLS

Mr. CULBERSON. Are there any charter schools? Can they go to the charter school in El Paso?

Sergeant Major CHANDLER. I am not positive that there is a charter school in El Paso.

Mr. CULBERSON. See, that is what I thought. I didn't think there was.

Anyway, we are going to apparently have a bill on the floor tomorrow that is near and dear to Speaker Boehner's heart. I have always supported the concept of charter schools. I am a big proponent of public education at the State and local level. I am a 10th Amendment guy.

I came out of the State legislature in Austin, and the charter schools do play an important role. And I just want to get your thoughts, something I hadn't really mentioned to you guys before, but it just struck me. In talking to a lot of these young men and women on these bases, if you have got kids, and it is a bad public

school system, what do you do? And if it is on Fort Bliss, there is no DoD school, and if you can't home school and can't afford a private school, then what do you do?

Master Chief Petty Officer WEST. Sir, if I may, in many of our locations, I know that, as you know, the Navy and the Marine Corps team, we are located in a lot of places together, but through our Fleet and Family Support Center for the Navy, we have something called a SLO, School Liaison Officer. And what we are doing is teaching our young Sailors that have family members to reach out to those individuals prior to going to those areas. Now, those SLOs, School Liaison Officers, will also provide them with the advice or whatever they need, but they will also liaison with the school to make sure that the transition of that student is really smooth.

We also have a very robust, a very robust, interaction between the Sailors. We call it school partnerships, where our Sailors that will go out in those schools, and they will read to students, you know, math, science and other things. It is a very good program. But it is staying connected.

And I think, too, there is some responsibility back on the family members as well to make sure that they get out there in those schools and get involved in their children's livelihood.

Mr. CULBERSON. No question the best schools in America are the ones where you can't drive down the street when there is a PTA meeting because there are so many cars jammed in there.

Yes, sir, I am sorry.

CHARTER SCHOOLS

Chief Master Sergeant of the Air Force ROY. Could I just add just a couple of points, a couple of things that the committee could have an impact on?

We do have a charter school getting ready to start at Joint Base Andrews Naval Air Facility right here in Maryland. And it is a success story, I will just tell you. But there are a couple other things. Number one is the Military Child Coalition, to continue to support that organization and what they do for all of our children and all of our services. And then there is one other thing called the interstate compact. That is a dynamic area that we could further assist, or we could get further assistance from. What that is is when a child transfers with their parents, to be able to take those credits and apply them to that school at their new location. And I think that right now there is 35, if I am not mistaken, 35 different States that have signed up to that. I think there is another one that just signed of recent, but if we could get all States to sign onto that interstate compact would be a big plug for all of our service members and their families.

Mr. CULBERSON. At least make it available to the Armed Forces. Let me recognize Mr. Bishop.

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

Let me again welcome all of you gentlemen. A special welcome to Master Chief Petty Officer of the Navy West, a Georgia native from the big city of Rising Fawn, Georgia. I know he joined the Navy to see the world.

Master Chief Petty Officer WEST. Three hundred people, sir, back in the day.

Mr. BISHOP. And I know we are glad that you had the opportunity to see the world, too.

Master Chief Petty Officer WEST. Thank you, sir.

Mr. BISHOP. Let me also give a special shout out to Sergeant Major of the Marine Corps Kent. This is, as he indicated, his last opportunity to testify before this committee as an Active Duty—a Marine. I just want to thank you for your insight over the last 4 years testifying before this committee and our Defense Subcommittee. You have brought us great insight, and I appreciate it very much.

Let me ask all of you gentlemen, starting with the Army, what programs are available to service members when child care is needed? And I would like for Sergeant Major Chandler and Sergeant Major Kent to tell us about the many soldiers and marines who are severely injured in combat and who can't return to Active Duty, and what programs are available for child care for those service members while they are in the recuperation stages?

CHILD CARE

Sergeant Major Kent, in your testimony, you talk about the demand for quality child care on and off installation, and that that need continues to grow, and it outweighs the availability of resources.

And to address the need and help further define the requirements, I think that the Marine Corps contracted for the development of a child care development program and a facility master plan. And I would just like for you to take a moment and tell us if that plan is on track to be completed this summer as it was supposed to be, and talk about the metrics that will be utilized in the report. And if other members have comments on that, I would appreciate hearing them.

And the final thing has to do with the National Association of Child Care Resource & Referral Agencies, with their Military Child Care Liaison initiative. It is a pilot, and I would like to know your assessment of how it is working.

Sergeant Major KENT. Sir, I can start it off. First of all, we do have an issue with child care needs right now. We are at 73 percent. We are meeting 73 percent of our child care needs.

Over the next 18 to 24 months, we will be at 80 percent. Twentynine Palms, California, we really had a big problem with child care. We stood up a temporary building there, and it is meeting the needs right now, but we have to put permanent buildings up as far as child care centers. But over the next 18 to 24 months, sir, we have a plan to meet our needs.

Mr. BISHOP. Is it adequately funded?

Sergeant Major KENT. Yes, sir. Yes, sir, it is right now, sir. now, sir.

Mr. BISHOP. So you are on track?

Sergeant Major KENT. Yes, sir.

Mr. BISHOP. You said 24 months though?

Sergeant Major KENT. Eighteen to twenty-four months, sir. We will meet the need up to 80 percent. We will not be at full, but we will be at 80 percent of our child care needs.

Mr. BISHOP. So you are actually running about a year behind schedule then on that?

Sergeant Major KENT. Yes, sir.

Mr. BISHOP. Anybody else?

Sergeant Major Chandler.

Sergeant Major CHANDLER. Yes, sir. We have added about 59 child development centers over the last few years, and a lot of that has to do with the ability to pull some of those projects forward as part of the American Reinvestment and Recovery program initiative.

Mr. BISHOP. Was that helpful?

Sergeant Major CHANDLER. Absolutely. Many of those child development centers were scheduled for several years down the road. That flexibility to move those closer in really made a huge difference for our soldiers and their families.

We still have a need. We still have child care centers that are in the budget to be built, but we are on path to be able to meet the Army's needs over the next 3 or 4 years.

It is interesting, it seems like we are having more children, and I think that we will continue to see an increase in demand as time goes on, in the Army anyways.

I am not familiar with the pilot program for the Military Child Liaison Coalition, and I will get some further information to make sure I am aware of that program, sir.

Mr. BISHOP. Thank you, sir.

CHILD CARE FACILITIES

Chief Master Sergeant of the Air Force ROY. If I could just add with regard to child care, thank you for the funds that we are actually going to buy out all the known, demand for child care.

Mr. BISHOP. You are talking about the stimulus funds?

Chief Master Sergeant of the Air Force ROY. Exactly, yes, sir, and help that OSD provided to us as well on that. So we are good on the Active Duty side. We still have a challenge for both our Reserve and our Guard forces and how we provide child care for them as well, because we are not near those locations that we have those child care facilities.

We have stepped in and provided some assistance to interim family readiness centers. We call it DePLAYment, and it is a way that they can get child care through that system being funded through the interim family readiness center.

Master Chief Petty Officer WEST. Sir, from the Navy perspective, we really appreciate this body's support. Over the past few years right now we meet the 80 percent OSD requirement. We are going to be adding a 7,000-space expansion, which is a good thing that puts us over that.

Mr. BISHOP. Does the Navy get recovery funds also?

Master Chief Petty Officer WEST. We got some funds from previous years, yes, sir, and that has allowed us to build in the past. What we have and what we are looking at now is for the future.

As you know, with the places being aged, that we are looking at some renovations, and I am sure we are all in that same boat.

Mr. BISHOP. I was really concerned, I just wanted to find out whether or not the Navy specifically got recovery funds and if that helped you with your child care needs?

Master Chief Petty Officer WEST. We did, sir, and it met our needs.

Mr. BISHOP. How about the Marine Corps?

Sergeant Major KENT. Yes, sir.

Mr. BISHOP. You got recovery funds for your child care needs also?

Sergeant Major KENT. Yes, sir.

Mr. BISHOP. You may continue with the other questions.

The Military Child Care Liaison Initiative, anyone want to talk about that?

Master Chief Petty Officer WEST. Sir, none of us have heard of that.

Mr. BISHOP. It is the National Association of Child Care Resource & Referral Agencies, and apparently they have developed a pilot program with DoD to expand the availability and quality of affordable community-based child care for military families.

I guess you can supplement us, you can give us answers supplemental to this testimony on how the program is working. If you can research that and see and just give us a report on how the pilot is working, or if it is working at all.

[The information from Master Chief Petty Officer West follows:]

The Military Child Care Liaison Initiative is a DoD pilot being implemented within thirteen states: Alaska, California, Colorado, Delaware, Florida, Indiana, Kansas, Kentucky, North Carolina, Texas, Virginia, Vermont, and Washington. NACCRRRA is the contractor for the child care liaison placed in each state (with an office in the capitol). These state liaisons can be a resource for information about other efforts to improve the quality of child care in the state. Efforts will NOT compete with military installation programs and are intended to expand capabilities. The hiring and training of staff was completed in February 2011 at which time the pilot commenced. It is too soon for the Services to determine if the program is working. The Navy has a long-term relationship with NACCRRRA and uses Military Child Care in Your Neighborhood (MCCYN) to support our attempts to find elusive quality child care spaces for our Reserve Component families, geographically dispersed active duty military families and active duty families who are unable to access child care programs on the installation.

Mr. BISHOP. I appreciate that very much, Mr. Chairman. I will save the remainder of my questions for my next round.

Mr. CULBERSON. Thank you, Mr. Bishop.

I am delighted to hear that the branches, I understand, are at 80 percent of your need for child care as a result of the money from the stimulus. I am glad to hear there is a success story out of the stimulus.

I would recognize at this time Mr. Carter from Texas, our vice chairman.

Mr. CARTER. Thank you, Mr. Chairman.

Gentlemen, welcome. I have sat through a lot of these hearings, and I am always convinced we gain more information from the four of you than we do from all the branches that run through here. But you don't have to back me up on that.

FORT HOOD

Sergeant Major of the Army Chandler, we are glad to have you. I have the privilege and the honor of representing a great place, Fort Hood. And, in fact, I am going to ask you some questions that are maybe relative to that.

I see that you are a first team man, and that is good. We are glad to have you on board, and I am glad to have all of you here, and don't hesitate to share the personal side of those soldiers and warriors that you represent, because that really makes a difference, I think, on this committee for us getting the concept of what our job is right now, because this committee is about the individual fighting person, man or woman.

And I am going to start off with one that is particular to Fort Hood because it has really got me concerned. Chairman Edwards, who was the former chairman of this subcommittee, and I both worked really diligently, we thought, to replace the Soldier Readiness Processing Center at Fort Hood. That is where the November 9, 2009, massacre took place where soldiers were shot in the process of ordinary living on their home post. And it had a lot of traumatic effect on a lot of people. I would argue that traumatic effect is still there. And through a series of reasons, which I won't go into, we had it funded, it fell off the table.

And Sergeant Major Chandler, I would like your opinion. I think that needs to be a priority of the Army to get that thing replaced, because it is a psychological downer for everybody that gets processed through there, and they just—they just make a big wide circle around that place every chance they can. And I don't blame them.

And so I would like it if you would, if you have any comments. I am sure you are aware of that incident and what you think about that.

Sergeant Major CHANDLER. Well, first of all, I echo your sentiments that that was a horrible and horrific act that still has an impact on our Army today, and every single one of those family members and soldiers and civilians who went through that experience is something we need to keep in the back of our mind, because they are, in fact, a part of what has happened to our country, and we need to reach out to them and always show some empathy for their suffering.

Having spent a little time understanding what has happened with the building, all four of those buildings are sequestered as part of the legal process that is going on with the prosecution of Major Hasan. The psychological impact, I am sure, for people that drive past there is huge, and I would think that the Army would support whatever decision is made in order to provide the necessary support to take care of those facilities and make sure that they are able to be used.

Mr. CARTER. Well, I personally think we need to replace those facilities so that we get rid of that psychological downer that they have to deal with there. And I, for one, am going to be working very hard to get that done.

While we are on this subject, and it is a subject of all the services, this particular subcommittee has probably spent more money

on mental health issues in the last 4 years than any other single category of issues that affect our fighting men and women. And we are all, and you, are acutely aware of it, because you have to deal one on one with people that have these issues. Do you see the up-tick that we have tried to do it as helpful? Is there more that we need to do? Do you have adequate providers for each of the services and maybe more contract providers if necessary to meet an upsurge that you might have of mental health issues, because these issues are of great concern to us.

Sergeant Major KENT. On the providers, we definitely need more, sir. I can tell you that it is the stigma of the service members; are we really focusing on getting rid of the stigma, you know, where somebody could say, I do not want to come forward because they don't think that I am weak, or something like that.

So the Commandant and I, starting with the senior leadership, we are pushing that down, and we are getting rid of the stigma. But we really need mental health providers a lot more.

Master Chief Petty Officer WEST. Sir, from a Navy perspective, if I could, if you could just replace the Commandant and Sergeant Major with the CNO and the MCPON, we as well are pushing a lot of information down. We really appreciate your support, but the provider piece, as you know, we are linked in that provider piece, Navy/Marine Corps.

Last year we met our recruiting goals, but in that area we didn't. We are still looking, and we are still hunting. And so that is what we need some help there.

Chief Master Sergeant ROY. Air Force is in the same light, sir. We have a shortage. Of course, the last NDAA authorized us more, but we have a shortage nationally that we are trying to fill. Our recruiters are constantly out there on the beat trying to find these young men and women that serve in these roles.

We are trying to attack the stigma as well. There is a sting with it. Attached with what we have tried to do under this last Defense Authorization Act was try to put these folks not so much by themselves in a mental health clinic per se, but put them down in family practice, and that is, I believe, going to help us a lot.

On a little more—a little smaller scale, we have what we call the MFLC, Military Family Life Consultants, that we have at each of our installations. I think all of the services have those, and those—those folks do tremendous work for us, and we have got to continue with that, based on this, especially based on this shortage that we have.

Sergeant Major CHANDLER. Sir, I stand before you. I actually sit before you as a beneficiary of the Army's behavioral health program. I, myself, have had the last 2 years of behavioral health care treatment, and it has made a difference in my life and my wife Jeanne, who is with me today.

I believe that without the increases that we have had over the last several years, that we would be in much worse shape than we are now. We have some shortages in the Army. We are still short about 400 behavioral health workers. We are continuing to recruit, but as everyone else here has said, we have some challenges across the Nation, and there are competing demands for those resources.

But I will tell you, it has made a difference in my life and, I know, in soldiers' lives.

Mr. CARTER. Sergeant Major, that is great testimony, and it ought to be shared so that when folks say that if you come forward, you are not going to get promoted, I think you would be a good model for that. And congratulations, we are very proud to have you.

You know, and I guess every organization sometimes has trouble thinking outside of the box, but at least at Fort Hood we discovered that we had a county that actually had a surplus of MHMR. Mental Health/Mental Retardation is our group that deals with mental health at the State level. They had people that didn't have anything to do in their office, and so we mentioned them to the Marine Corps Commander, and we are working to contract some of those people who would love to come down and help soldiers, and we are looking at the ones that have soldier experiences to come in there and do that.

It may take, because of this shortage issue, thinking out of the box on all the services, and look around and see if there is community services that we might—could incorporate in some way, as long as they understand the real makeup of a warrior, which is peculiar to the services. These are awesome things.

The issue of the shutdown, I want to share with you, I did a town hall, about 200 people there, I guess, about 3 days ago. And I told them, you know, that we had a possibility that the government was going to get shut down. And for our community, the Bell County community and the Corel County community, it was the worst thing that possibly could happen was the possibility that the soldiers weren't going to get paid.

And I had a sergeant stand up in the back of the room, and I appreciated this. He said, sir, he said, I have been deployed four times. I am a pretty dang good fighter. He said, but I am a lot better fighter if I am getting paid. And he said, my wife won't be near as bad a fighter if you get her paid. And I thought that was pretty clever.

So we are all aware of that. In fact, many of us that deal with the military are really—that is the number one issue on the table. Hopefully our leadership will get together and we will start working on our issues together and start resolving this. But this is not something that we need to have happen.

Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you very much, Mr. Carter.

Let me recognize the gentleman from California, Mr. Farr.

Mr. FARR. Thank you very much, Mr. Chairman. I always enjoy this hearing.

Thank you all for being back. Sergeant Major Kent, always good to see you.

Sergeant Major KENT. Thank you, sir.

Mr. FARR. Thank you for being out and visiting my district and the DLI. I am very appreciative of that.

I say in politics that leadership is about getting results, and obviously you are in leadership, or you wouldn't be having these titles like Sergeant Major and Master Chief and Chief Master. And you are all leaders, and you have done it through accomplishment.

But I hope we can have some leadership in Congress to have some results, too.

Mr. Chairman, we have got to. And it is your party, we are in the minority party. You have got to solve this CR thing. This is nuts.

We have now had the Chiefs in here, the Secretaries in here, saying that the CR is a threat to national defense, and here you have seen every one of the folks here today talk about how it is affecting family morale and morale and the quality of life for our men and women in uniform.

Now, this thing is over next week. I mean, we can't do this again. We have got to find a permanent—this is our problem, and it is our committee. It is our committee. I mean, we have got to provide some leadership here, and I hope that you will take the message back to our leader.

Mr. CULBERSON. At every opportunity.

Mr. FARR. Right, thank you.

TOP PRIORITY QUALITY OF LIFE ISSUE

You all answered, we have all asked the question. I am almost going to have the Chet Edwards question, because he always had it every year. It was name the three. You didn't go through all of you, all your three. But, you know, in the past it has been sort of the issue for families.

And I think that CRs are on their mind. I don't think it is the first thing you think about. Most people don't even know what a CR is. Nobody in California knows what they are because we can't have them in local and State governments, so it is a unique little Federal tool.

But what is it in the quality-of-life issues? What is out there? I mean, housing was always one, health care was, child care, pay, adequate workplace facilities, spousal employment, and others that you have mentioned in the past. I think we only got the Air Force's.

So do you want to just give me number one? I don't even want three. What is the number one issue affecting families of military?

Master Chief Petty Officer WEST. Sir, I would tell you right now, resiliency.

Mr. FARR. What does that mean?

Master Chief Petty Officer WEST. Well, we have a lot of programs out there, and the fact that we are stressing our forces and then sending them forward like we have not ever done before, at least in recent memory. Our young folks are seeing that, and they are feeling it. So we have just got to make sure that we continue the programs. I would submit to you, from my view, when I go around and look at the programs, we have the programs in place. But what scares us is when we do have—and I don't want to go back to this, but I will—is that CR, which I know you have held—

Mr. FARR. So it is continuity of services to families.

Master Chief Petty Officer WEST. Yes, sir.

Mr. FARR. Like child care and health care and all the other things that are at risk.

Master Chief Petty Officer WEST. Yes, sir. That is for the families for us. My number is one is barracks.

Mr. FARR. Barracks.

Master Chief Petty Officer WEST. Yes, sir.

Mr. FARR. Okay. How about the Army?

Sergeant Major CHANDLER. Sir, my number one would be the commitment that we made for the boots on the ground and dwell time for our soldiers, which impacts quality of life. You know, as an Army we have said that starting in October, soldiers deploying in October will have the expectation when they return from their employment that they will have 2 more years at home.

Mr. FARR. So the dwell time.

Sergeant Major CHANDLER. It is the dwell time.

Mr. FARR. And you have 2 to 1 for Active Duty, right?

Sergeant Major CHANDLER. We will have in October the expectation of 1 year deployed and 2 years back home.

Mr. FARR. And it is just meeting that expectation.

Sergeant Major CHANDLER. Yes, sir.

Mr. FARR. Promises made probably like sort of like health care that we promised we would give them for life.

Sergeant Major CHANDLER. Yes, sir. Yes, sir.

Mr. FARR. Okay.

Sergeant Major CHANDLER. You know, the impact of going to the 15-month deployments a few years ago and then coming off of that and saying we are not going to do that again.

Mr. FARR. Well, it would be nice if the President would come to Congress and ask our authority to let him go to war, but it seems no President doesn't do that anymore. It is not unique to this President. There hasn't been anything since—

Mr. MORAN. Clearly you don't want them to respond to that comment.

Mr. FARR. No, no, this is a comment, but it would be nice.

Marine Corps, what is your—

Sergeant Major KENT. The number one priority would be barracks right now for the single marines, sir. That would be number one.

Mr. FARR. Okay. Air Force.

AIRMEN RESILIENCY

CMSAF ROY. As I indicated earlier, sir, I would say resiliency, but in a way of that continued care that you mentioned prior. As we go through exercise drills, efficiency drills, we have got to be careful that we don't take out those family programs that we have relied on for all these years and we continue to rely on because of our operational tempo.

Mr. FARR. Well, I hope that if this is all regarding the CR and that we have enough money in the program to do all the things that we promise to do, then that is one thing.

If it is that the services aren't responding to the rank and file, that is another.

CMSAF ROY. Again, there is a challenge of how much money do you continue to give to these programs, and how do you continue to advance your force as well, both in equipment and supplies? There is a decision there.

Mr. FARR. There is a big decision there. I mean, it is all about the future of the world, and how we are going to be, and how we are going to get there, and what our role is going to be.

Master Chief Petty Officer WEST. Sir, if I may, as you pointed out, and I know when I see my shipmates here beside me, optempo, the demand on our forces right now, the lean manning that we all are going through, and the force shaping that we are doing, and you add on all the other issues, that is what puts a lot of stress on those folks.

Mr. FARR. Is there any problem with recruitment?

Master Chief Petty Officer WEST. Not from——

RECRUITMENT

CMSAF ROY. Not from an Air Force perspective.

Mr. FARR. Let me ask another question related to these. And just get me for the record, because I am interested in looking into this—would you give me the data on your rates of sexual assault in each of the services and what prevention programs you have in place in each of the services for this? I don't need that told to me today. I would just like to get it for the record.

[The information from Chief Master Sergeant Roy, Sergeant Major Chandler, Sergeant Major Kent, Master Chief Petty Officer West follows:]

As a result of recent AF-centric study performed by Gallup, the following provide a synopsis of the findings:

- Within the preceding 12 months: 3.4% (2,143) of women and 0.5% (1,355) of men experienced sexual assault (projected estimate)
- Sexual assault since joining the AF: 18.9% (11,986) among women and 2.1% (5,553) among men
- In FY10, the number of reported sexual assaults in the AF were 585

Prevention Programs:

The AF transitioned to a primary prevention-based approach, focusing on actions to take to prevent a sexual assault from occurring. Critical elements include the following training and development programs.

1. Airmen continue to receive prevention education through Bystander Intervention Training launched in January 2010. The training consists of 90-minute modules which include discussion, interactive exercises and scenario supported learning. It provides education and strategies for Airmen to intervene when situations they observe could lead to a sexual assault. As of 31 March 2011, the Air Force has trained 119,500 members.
2. We are finalizing risk reduction education. This program will provide advice and information to at-risk populations to increase awareness and methods of keeping themselves safe and identifying strategies that can increase the safety of their fellow Airmen.
3. We are developing a senior Commander risk management guide. Current and former wing commanders, vice wing commanders and command chiefs along with subject matter experts are developing the guide. At a minimum, the guide will include the top three to five items they need to know about victims, offenders, personal leadership, and community leadership in reference to sexual assault as well as more in-depth information on each of these elements.

There were a total of 1689 reported sexual assaults in the Army in fiscal year 2010. This is a six percent decrease compared to fiscal year 2009. The fiscal year 2010 number equates to 2.5 reports of sexual assault per 1000 Soldiers Army-wide and 53 percent of the total reports of sexual assault in the Department of Defense in fiscal year 2010.

The Army's Sexual Harassment/Assault Prevention Strategy consists of integrated phases of policy, procedure, training and assessment components, which will continue through 2016, and beyond. Each phase is cyclical, requiring continuous training of Soldiers and leaders, as well as periodic assessment, revision, improvement and refinement. The cornerstone of the strategy is the "I. A.M. Strong" Campaign, where I — A — M stands for Intervene — Act — Motivate, to encourage Soldiers to take action to prevent Sexual Assault and foster a culture of respect.

The Secretary of the Army introduced the "I. A.M. Strong" campaign at the initial Sexual Assault Prevention Summit in September 2008. The Summit served as a platform to launch Phase I (Committed Army Leadership) by providing training on best practices and allowing Commands the opportunity to develop prevention plans to support the Army strategy. Phase II (Army-wide Conviction) includes educating Soldiers to understand their moral responsibility to intervene and stop sexual assault and harassment. Phase III culminates the dedicated effort of leaders and Soldiers under Phase I and Phase II by "Achieving Cultural Change" that truly reflects Army Values and fosters an environment free from sexual harassment and sexual assault. The final phase is "Sustainment, Refinement and Sharing," during which the prevention program continues to grow while motivating national partners to support our efforts to change generally accepted negative social behaviors; thus reducing the crime of sexual assault.

Additionally, the Army has also increased its investigation and prosecution capabilities to improve processes, training, and offender accountability. The Army has Mobile Training Teams training 24,000 personnel to implement an integrated Sexual Harassment / Assault Response and Prevention (SHARP) program in the field. The Army is conducting training to integrate sexual harassment and sexual assault prevention to ensure sexual violence is addressed at the earliest point. The SHARP program will incorporate sustainment training into annual unit refresher training once the repeal is implemented.

In FY10, the Marine Corps had 310 reports of sexual assault (254 unrestricted and 56 restricted reports), a decrease of 6% from 2009. The Marine Corps has taken aggressive actions to heighten awareness about sexual assault and to make prevention a leadership issue. We have institutionalized a zero tolerance policy—one sexual assault within the Corps is one too many. Commanders are responsible for creating a safe environment and a climate of respect for all Marines.

Command climate is a critical component to prevention. Utilizing an evidenced-based practice for training, the Marine Corps has incorporated *Bystander Intervention* as a preventative tool to create an understanding that every Marine has an inherent duty to step up and step in to stop the occurrence of sexual assaults. The curriculum for non-commissioned officers, Sexual Assault Response Coordinators, Victim Advocates and Commanders is being completely revised to reflect the strong guidance on prevention from the Commandant.

The rate of sexual assault in the Navy in fiscal year 2010 was 1.6 per 1,000 Sailors.

The Department of the Navy Sexual Assault Prevention and Response Office (DoN-SAPRO) is under the direction of Ms. Jill Loftus, a member of the Senior Executive Service, who reports directly to the Secretary and Under Secretary of the Navy. Ms. Loftus is the Secretary's principal accountable official for all sexual assault policy matters and is the Department's primary expert on SAPR assessment, program support, and oversight. The Department's goals include promoting a culture of gender respect and individual responsibility, reducing the incidence of sexual assault, and improving support for survivors of sexual assault, to include consolidating SAPR data and insight from across DoN; coordinating with ongoing Navy and Marine Corps efforts; conducting visits to SAPR sites and program managers; performing or coordinating periodic surveys; developing and implementing DoN policy, programs and training; maintaining liaison with the Office of the Secretary of Defense, other military departments, and civilian agencies; and providing timely updates to the Secretary and Under Secretary.

The Chief of Naval Personnel, as executive agent, is responsible for Navy's Sexual Assault Prevention and Response (SAPR) policy and program. He is supported by a flag officer-led SAPR cross functional team that coordinates issues across Navy stakeholder organizations. Several Navy organizations jointly participate in developing programs and standards for Navy training, medical care, crisis response, spiritual support, investigations, and criminal prosecutions relevant to sexual assaults.

Commander, Navy Installations Command (CNIC), as program manager, is responsible for managing and executing SAPR victim support programs Navy-wide. At the installation level, local commanders work closely with Sexual Assault Response Coordinators (SARCs) as subject matter experts in managing individual cases. Additionally, command appointed collateral-duty and civilian SAPR victim advocates support sexual assault victims, refer them to appropriate services, and communicate their needs in various forums. In all cases, SARCs and SAPR victim advocates work with victims to coordinate medical, psychological and emotional care, along with other areas of advocacy and support.

Navy's goal is to eliminate sexual assault by fostering a culture of prevention, which includes effective education and training, a 24/7 response capability to ensure victim support, reporting procedures available world-wide, and accountability that enhances the safety and well being of all. Navy service-level programs and recent Department of the Navy initiatives are best viewed

together as a collaborative partnership. Navy delivers consistent and concise messages through social marketing media channels, Navy Administrative Messages (NAVADMIN) and Sexual Assault Awareness Month events. Messaging is also coordinated with the Navy Safety Center to focus on the link between alcohol misuse and sexual assault. Key program initiatives include:

- In 2009, the Secretary of the Navy convened the first-ever "Department of the Navy Sexual Assault Prevention Summit" of senior military and civilian Department leaders.
- In 2010, the Department of the Navy Sexual Assault Prevention and Response Office (DoN-SAPRO) conducted the first-ever Department-wide summit for Sexual Assault Response Coordinators (SARCs) from across Navy and Marine Corps.
- This year's summit will be expanded to involve SARCs, facility commanders, and regional commanders in reviewing sexual assault prevention issues with civilian experts.
- DoN-SAPRO conducted focused site visits to Navy locations world-wide to gather insights from local leaders, stakeholders, and individual service members.
- DoN and Navy have engaged a nationally-recognized civilian expert to help refine SAPR training curricula for use across the career continuum, e.g., annual General Military Training, officer indoctrination schools, enlisted leadership courses, and many others.
- DoN-SAPRO funded a full-time position at Naval Criminal Investigative Service (NCIS) to support data collection on sexual assault cases, funded Bystander Intervention pilots for Navy and funded an NCIS and Navy/Marine Corps Judge Advocate General Mobile Training Team "Sexual Assault Investigation and Prosecution."
- Navy leaders and DoN-SAPRO are teaming with civilian experts, Navy program managers, federal partners, and facility-level stakeholders at Naval Station, Great Lakes, to develop strategies to reduce the incidence of sexual assault in a population of at-risk Sailors.

CAMP ROBERTS, CA

Mr. FARR. And I do want to ask a question for Sergeant Major Chandler. It really relates to the National Guard out in California. We have a huge training base called Camp Roberts, and just recently The Sacramento Bee, the newspaper in the State capital, did a pretty in-depth story—and I represent a part of it, and Lois Capps represents the other part, it is in two counties—of just how California's Guard's largest training facility is steadily deteriorating.

I have got photographs. It is not just steadily deteriorating, it is just totally collapsing. It looks like an old run-down city with everything falling in. It is mostly wood, World War II. But we are doing a lot of training there, and we have also got SATCOM in the middle of it. I have put together, in the Monterey Bay Area, Team Monterey, where all the military missions and even defense contractors are part of this team of looking at how we can just, in that region, help one another.

Camp Roberts is one that is all interested. They are using some assets for training purposes. It is right next to for Fort Hunter Liggett, but it is totally a mess and falling apart, and it is not in the FYDP, and we can't help it in Congress unless you put it in the FYDP. So would you take a look at that, and I will give you a copy of this article, and get back to us on what might be done.

[The information follows:]

THE SACRAMENTO BEE sacbee.com

California Guard's largest training facility, Camp Roberts, steadily deteriorates

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CAMP ROBERTS – Most California Army National Guard members who deploy to the killing fields of Afghanistan first train here, a sprawling landscape of barracks, assault courses and firing ranges straddling San Luis Obispo and Monterey counties.

Before those soldiers encounter the depredations of war, they face the deprivations of Camp Roberts.

In Building 4001, service members routinely see raw sewage bubbling up from shower drains and toilets and spilling onto the floor, according to a February report by Sgt. Dustin Shepherd, noncommissioned officer in charge of camp operations.

Building 6038, where soldiers check in for training, recently lacked heat despite temperatures dropping to 30 degrees, and had no air conditioning for blazing summer days.

"I am literally sick over this," Shepherd wrote to superiors in a February e-mail obtained by The Bee, "and completely disgusted with the lack of soldier care."

Similar disrepair typifies much of California's largest Guard base.

Scores of buildings created as temporary structures during the urgency of World War II are still in use with jury-rigged plumbing, missing floor coverings and peeling paint. Some are falling apart.

Yet a Bee investigation found that millions of dollars in building materials, appliances and other supplies sit unused or ruined in Camp Roberts warehouses. Inventory controls are so poor, according to internal Guard reports obtained by The Bee, that officials don't know what they have or what is missing. Meanwhile, the camp routinely orders dozens of unneeded items.

The decrepitude of what Guard officials call a "State of the Art Readiness Center for Deploying Soldiers," say service members who know the camp well, stems from decades of deferred maintenance and neglect. Other state facilities – including nearby Camp San Luis Obispo, which boasts a well-appointed officers club and picturesque chapel with gazebo – have been updated and expanded.

"It's a travesty – their lack of care for soldiers," said retired Col. William Hatch, who commanded Camp Roberts from 2003 to 2004. "If we are sending them to war, we owe them the best training facilities. We owe that to the soldiers, their families and the citizens of the state of California."

Deterioration and waste

Camp Roberts' namesake is Cpl. Harold W. Roberts, a tank driver in World War I who won a Congressional Medal of Honor for valor. The camp opened in 1941. A now-shabby parade ground at its heart reflects early pride – at 1,400 yards long, it's the largest in the nation, according to the camp's official history.

Camp Roberts is by far the largest of the California Guard's three major training camps. On average more than 1,100 soldiers train here per day. Counting salaries for 560 full-time employees, modernization and federal stimulus funds, camp officials project its annual economic footprint at \$58 million.

The Guard licensed Camp Roberts in 1971 from the U.S. Army as a training site for marksmanship, tank maneuvers and other battle skills. In recent years, it has upgraded firing ranges and utilities; cleaned sewer lines; replaced roofs, siding and windows on some barracks; and enhanced a fitness room and a recreation center. Federal stimulus funds paid for \$14 million of the improvements.

Yet during a recent tour of the camp, signs of overall dilapidation were evident.

A storm had reduced terrain around some barracks to mud. Inside some buildings, linoleum floors were torn up, many walls battered and stained. Splintering handrails led upstairs, bare bulbs lighting the way. Some showers were rusted and filthy, some windows boarded up.

The camp swimming pool has been defunct for years. In a gymnasium "fight house" used to teach soldiers hand-to-hand combat, aged floor mats no longer align – a serious safety hazard.

Some employees line office doorways with sticky mousetraps in a vain effort to keep out mice.

In a recently prepared slide presentation, the camp's commander, Col. Barbara A. Nuismer, called the antiquated electrical distribution system unreliable and in some cases unsafe. She noted that some buildings lack interior wiring or fire alarms.

"Admittedly, Camp Roberts is in need of significant improvements, and our leadership will not rest until they are realized," Guard officials said in a written statement.

They called barrack upgrades a top priority, for which they were seeking \$75 million in federal funds. Even so, they said all barracks have smoke alarms and fire extinguishers, and troops housed in them patrol throughout the night, partly to watch for fires. They discounted suggestions that the camp is "overrun by mice" or "saturated by 'raw sewage.' "

Nearby, the camp ghost town features 658 long-condemned structures with collapsing walls and shattered windows that gaze blankly at passing jeeps. Signs warn of toxic contamination, such as lead, asbestos and hantavirus, an often deadly rodent-borne disease. A decaying building marked "NBC" – nuclear, biological chemical defense – and a sagging chapel serve as grim sentinels of a bygone training metropolis of the first rank.

Guard officials want to tear down the old buildings and fix two condemned bridges, they said, but lack the funds for those jobs and many others.

They said camp maintenance had been ignored by the federal government before the Guard took over. The problems are a legacy of early federal management, they said, and 40 years of Guard stewardship has not been sufficient to remedy them.

"Funding we receive has only allowed for a portion of what is needed to properly maintain the site," Guard officials wrote, "let alone bring it back from disrepair."

But a June 2010 inspection report obtained by The Bee suggests that some of the shabbiness stems from a breakdown in storing and tracking millions of dollars of supplies and tools in a row of 70-year-old, rundown warehouses where appliances and office furniture rust outside on loading docks.

The report says accounting for much of the property was impossible, in part because more than half of all contents, valued at millions of dollars, were not logged. Sorely needed building materials, worth an estimated half-million dollars, had aged past their usable life span. Sheetrock and wood doors rotted outside, according to the report, and vehicles damaged in accidents were left untouched for up to a year.

Another camp report says only one warehouse worker was employed to maintain the camp's entire inventory in buildings with jumbled shelves and leaky roofs. Even four full-time workers, the report indicated, would need more than 18 months to put the warehouses right.

Meanwhile, Camp Roberts purchased dozens of unused weed trimmers and 31 sets of 100 drill bits, the inspector indicated, "even though they have hundreds of spare bits on hand."

"If the people of the state of California knew how their tax money is being spent but then not used," the inspector wrote, "there would be an uproar."

Officials responded that the warehouse problems were overstated, and "limited manning and funding has forced us to be selective in which ills we would remedy first, but we have been neither inactive nor neglectful in that effort."

Follow the money

Camp Roberts' lowly status in the eyes of Guard leaders seemed clear in December 2003, Hatch said, when a powerful earthquake damaged camp structures, including a large warehouse and an ammunition bunker. The former commander now directs a training center for the state Emergency Management Agency.

His staff at Camp Roberts estimated \$17 million in repairs were needed. The Army Corps of Engineers conducted its own assessment and confirmed only \$4 million in damage, Hatch said.

He didn't fault those figures, he said, because "it was really hard, due to the state of degradation of Camp Roberts, to see what was really caused by the earthquake."

But the \$4 million never trickled down to Camp Roberts during Hatch's tenure. After he left in 2004, he said, he asked the new commander, Col. John Smith, whether the money had ever arrived. It hadn't.

Guard officials said \$4.7 million for quake repair was received in fiscal 2005, of which \$2 million went to Camp Roberts to fix a theater, a propane leak and sewer lines, among other problems. The rest went to Camp San Luis Obispo and other facilities.

A former director of operations at Camp Roberts, retired Lt. Col. Russell A. Smith (no relation to John Smith), attributed the camp's condition to larger, routine diversions of funds. Last week he told the California Senate Veterans Affairs Committee that, since 1989, \$550 million has been taken from funds designated for Camp Roberts to pay salaries to top Guard officers and for improvements at Camp San Luis Obispo and another base.

Guard officials called Smith's figures "egregiously inaccurate," because they exceeded the overall federal allocation for all facility improvements, and because such funds are not earmarked by facility.

This year, Camp Roberts will get nearly \$5 million from a \$12 million allotment.

The California Bureau of State Audits in recent years has issued three reports about possible diversions of funds, without directly addressing Camp Roberts. Some federal money – which comprises the vast majority of the Guard's roughly \$1 billion annual budget – might have been shifted improperly to pay employees who did not work on funded projects. Since at least 2007, auditors wrote, the Guard had not properly tracked spending for operations and maintenance, violating federal law.

Auditors repeatedly warned the Guard that it "lacked internal controls" to detect improper payments for work unrelated to the goals of the funding. The Guard promised to fix the problem by last August but has still not done so. Officials called the issue a "microaccounting" recommendation, rather than "an example of misappropriation of funds or unethical practice."

Somehow, other states have been able to improve their training sites despite similar challenges, Hatch said, adding that neglect and mismanagement have caused Camp Roberts to fall far behind. Hatch said he protested the conditions but was rebuffed without explanation.

" 'We don't have to tell you what we're doing,' " Hatch said headquarters told him when he was commander. " 'We don't have to be accountable to you.' "

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Contact The Bee's Charles Piller (916) 321-1113.

Sergeant Major CHANDLER. Yes, sir, I will take that on.

Mr. FARR. All right. Do I still have any time, Mr. Chairman?

Mr. CULBERSON. We are trying to be flexible, Sam, but we would like to have time for the others.

Mr. FARR. All right. I will wait for another round then.

Mr. CULBERSON. Thanks.

We will go to the gentleman from Virginia Mr. Moran, and you can get another round.

Mr. MORAN. Thanks, Mr. Chairman.

We don't often enough get a chance to have a hearing with the enlisted leaders, and so I appreciate you giving us this opportunity.

DWELL TIME

I have two questions. The first I want to address to Sergeant Major Kent and Master Chief Petty Officer West of the Navy.

The USS ENTERPRISE is going to retire in 2012, next year, but it won't be until 2015 that the Gerald Ford will be commissioned. So it is a 3-year gap. The carrier fleet is going to be reduced to 10 carriers.

Discussions are under way to extend deployments aboard carriers from 7 to 9 months, and it is clearly a quality-of-life issue. And I would like to, because I have another question that may take longer—I would like you to at least briefly describe what that means to those sailors and marines that are going to have longer deployments away from their families.

Master Chief Petty Officer WEST. Yes, sir. I will tell you, I was just out on board the ABRAHAM LINCOLN in February. Let me set this up. You talk about optempo, out in February in CENTCOM. This time next year USS ABRAHAM LINCOLN will be back in CENTCOM as they conduct their deployment and then come over to Virginia. So our carriers are running hard, and our soldiers are working real hard out there.

I would also say that in the past, if you look at the record of carriers, they have typically gone for a little bit longer deployments other than our traditional 6 months. Our Sailors, I put eyes on target on them often. We do that, and I am darn proud of those folks that are out there, Sailors and marines every single day on board those big ships. They are working hard for us, and they are not complaining about it, sir.

Sergeant Major KENT. Sir, I would just like to add that it is important, you know, for the Corps that we continue to build new ships, as you know, sir. If we don't continue to build ships, then we are going to have a problem, you know, in the future, as far as operations.

And as far as the dwell time, sir, we went from 175,000 to 202,000 marines. And the reason why, you know, because we wanted more dwell time for our marines, 7 months forward deployed, 14 months back. And we are getting there right now, but if we have to go out on 9-month deployments, we are not set for that right now. So the dwell time, it would be affected, sir.

Master Chief Petty Officer WEST. Sir, if I may, the dwell time, it depends on what command or ship you are at. For example, our SPEC WAR folks, they don't meet the 1-2 dwell time and neither

do some of our carriers as they are working hard as we cycle various carriers through the maintenance period, sir.

CONDUCT OF SOLDIERS

Mr. MORAN. Thank you.

The next question, it is even awkward to pursue it, but I think it needs to be done, and that is our role, our role is not always to say great job, although we certainly believe that, but it is also to raise questions that our constituents and the public are raising. And as I say, we don't often get the heads of the enlisted men and women before us.

What I want to talk about is the conduct of some soldiers, Army in this case, in Afghanistan.

There was a coverup of a famous football player who was killed by friendly fire in Afghanistan. I think in the long run the coverup itself was far more of a problem than the friendly fire. It was unfortunate. I think it made people look bad. I know General McChrystal to this date regrets his role in it.

But in this case, and specifically we are talking about Bravo Company, the 3rd Platoon, 5th Stryker Brigade, are you familiar with what I am going to talk about?

Sergeant Major CHANDLER. Yes, sir, I am.

Mr. MORAN. Okay. My concern is how these what were murders could be carried out without the knowledge or the suspicion of a single Army officer. I am sure you have seen the information. It hasn't been disputed. It was a matter of soldiers staging killings. I mean, they began with a 15-year-old boy, who happened to be the son of the village elder they had been talking with. He is out in the field by himself, clearly not armed; order him in Pashtu to come forward and then to stay still. He stands still, and then they get behind a bunker, throw a grenade, and then fired any number of rounds into him.

Staff sergeant sees it, and his reaction is to make sure he is dead, and so they shoot him further. But then they dismember the body, cut off the fingers and so on, and brag about it, and then they move forward.

There was an elderly cleric with school children. They ordered him out in the field, never been near a gun, and did the same thing, staged the killing.

You know, they fake it each time, and then, of course, take photos of, you know, grabbing the victim's head by the hair as though they were trophies, bragged about it. They turn and send photos around on e-mail.

Of course, it was bound to come out, and the stories go on and on.

It plays so counter to our counterinsurgency, just the opposite of the policy that we have. And the problem is, I mean, you know, among our own friends, even colleagues, you make one mess up, and it kind of defines you, and it can end your career. And a handful of soldiers, left to their own devices, even though we know they are a problem, they are the bad apples. We don't stop it, and it reflects, unfairly but clearly, upon the conduct, the professionalism of the 99.5 percent of all the other soldiers, and it clearly undermines the viability of our mission.

I am just stunned that their supervisors did not put an end to it, knew of it, and, of course, part of the whole context is these drug-induced actions that apparently is too commonplace, especially over in Afghanistan. And yet that, too, appears to be the case that supervisors have looked the other way.

We have to talk about it. And so I would like for you to do that, if you wouldn't mind, Sergeant Major.

Sergeant Major CHANDLER. Absolutely, sir.

I am personally embarrassed by the conduct of my fellow soldiers, and I know that the 1.1 million soldiers and their families that serve in our Army today are also embarrassed by that conduct.

We have a code, we have a creed, we have an ethos that defines what we are along with a set of values which says this is what an Army soldier is. And those individuals, some of whom have been found guilty for their action, and some are in the process of trial by court martial, have been charged or found guilty with violating the manual for court martials that surrounds their conduct.

The Army has undertaken a study of their profession, of the profession of arms, and to define and help us look at what it means to be a professional and a member of this profession. Part of that is to look at the ramifications of the last 9 years of war and what it has done to us who wear the uniform. Or commitment is to come out with a redefined idea of what our mission is and to reinvigorate that sense of professionalism that defines us as a soldier.

I know I am personally committed to that with General Casey. I talk about it almost every place that I go about what our Army values mean and how we have to have this deliberate and frank discussion. And I do believe that for all of the rest of the soldiers, when something like this, this stain on the uniform of the Army that defines us, actually helps to reinvigorate us and tighten up our bootstraps, tighten up our belt and take action.

ARMY VALUES

Mr. MORAN. Well, that is the way I look at it. It is the ideal response, obviously.

But I guess what troubles me the most here, because I know there are always going to be bad apples when you have hundreds of thousands of troops being deployed back and forth, but the efforts to suppress the photos reached the very highest levels of government, both in Afghanistan and here. General McChrystal knew about it. President Karzai knew about it.

The military launched a massive effort to find every file and pull the pictures out of circulation, obviously concerned about what happened with Abu Ghraib. The investigators in Afghanistan searched the hard drives, confiscated the computers of more than a dozen soldiers, ordering them to delete any—the Army Criminal Investigation Command sent out agents fanning across America to the homes of soldiers and their relatives gathering up every copy of the files they could find. Their first concern was not to let it get out. It is only afterwards their concern was to put an end to this, that it isn't repeated. So, you know, we are not just obviously not going after the leadership of the enlisted, this is a policy.

You know, we have seen examples where they have done it before, and it backfired. I don't know when folks don't learn their lesson, you find out something is wrong, you come out with it immediately. I mean, it is in our own lives, and you make sure it is not going to be repeated.

Do you have any thought about that, and then I will let you—

Sergeant Major CHANDLER. Well, Congressman, I am not privy to the actual conduct of the investigation or what orders were issued to anybody that was conducting the investigation, but I will tell you that candor is a hallmark of the American soldier, and that candor of saying, we made a mistake, we have done something wrong, is the hallmark of a professional. I will tell you that we will continue to reinforce that in our force, and we will get better.

Mr. MORAN. Thank you, Sergeant Major. Thank you for your service.

Thank you, all of you, for your service.

I am sorry I have to raise these things, but it is our role, unfortunately. Thank you, all.

Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Moran.

I know that not only the individuals, the criminals involved in this, are being prosecuted, but the officers who commanded them that helped suppressing this evidence, I am confident those people are also being prosecuted.

How is that being handled? Their immediate superior officers were aware of this. I mean, those people have no business wearing the uniform of the United States either.

Sergeant Major CHANDLER. Sir, what I do know is that there is an ongoing investigation, and that the commanding general for Fort Lewis will make a determination to determine what is going to happen with other individuals that were implicated as part of the investigation.

Mr. CULBERSON. The coverup is, you know, as bad as the crime.

Sergeant Major CHANDLER. Yes, sir.

HUMAN TRAFFICKING

Mr. CULBERSON. Thank you. Thank you very much for that, sir.

When I was on the way down here from the floor, my good friend Chris Smith of New Jersey brought up a subject that also needs to be discussed, and that is the problem of human trafficking and prostitution outside of foreign bases and overseas in particular. He said that the commanding officer—and again, we just visited very briefly on the floor—in Korea had instituted a policy of imposing a curfew, and had very successfully dealt with the problem of prostitution off base and keeping young soldiers out of these places through curfews, through creating a whole variety of programs to keep them busy and entertained, you know, worthwhile activities, and, frankly, just rode hard on them, as we say in Texas, very closely to be sure that they stayed out of trouble.

It is not only, of course, the degradation of the people involved, the young woman and the man, but these people are apparently obviously slaves. They are bringing in young women from around the world and either tricking them or actually enslaving them to participate in this.

And I think Mr. Smith raises a very valid point, and something that obviously needs to be dealt with in order to protect our young people in uniform as well as to prevent this, you know, atrocious trafficking in human beings, from supporting or encouraging it. And could you talk to us about what the Army is doing in particular? If we could start with you, sir, and then just move across the board.

Sergeant Major CHANDLER. Yes, sir. I actually have served in Korea, and Korea is an interesting place. And it was a very challenging assignment and rewarding assignment for me, but it was definitely a place that is a little bit different from the normal Army experience. You know, for most Army soldiers it is a 1-year tour. Most Army soldiers still go unaccompanied, which means they don't go with their family members. And as with most places where there is money available, there will be opportunities to make money, and soldiers spend money pretty well.

I know that in my experience in Korea, the commanding general at that time also instituted a curfew and established a lot of programs to look at other, more wholesome opportunities for soldiers while they were in Korea, lots of emphasis on educational opportunities, on physical fitness opportunities, a lot of investment in the barracks, a lot of investment in trying to get soldiers to participate in other morale-welfare-recreation-type activities.

General Tucker, who was the commanding general over in the 2nd Infantry Division right now, a gentleman that I have served with in the past, has actually spoken to me about that and the success that they have had in these programs under his tenure.

Human trafficking is obviously something that we are opposed to in the Army and are working vigorously to try and eliminate, but there are challenges with the host nation and how the host nation support and laws affect the military community.

So I think that the combination of aggressive leadership engaged with their soldiers will drive down these incidents with human trafficking and soldier indiscipline, sir.

Mr. CULBERSON. Any comments from anyone else?

Master Chief Petty Officer WEST. Sir, I will. I thought we were going to work our way down.

Mr. CULBERSON. Yes, sir, please.

Master Chief Petty Officer WEST. Sir, we, in the Navy, we have a layered approach similar to what the Sergeant Major said. The key is leadership at all levels, particularly at the junior levels. Shipmates take care of shipmates.

But we conduct preemployment training for our ships, but we also conduct something called preentering port training. That is where you stand up in front of those individuals and remind them of all the things they can do and all the things they shouldn't do. It is very aggressive.

We also have annual training on the human trafficking, and we do that, and we take that very seriously in the Navy, which we always laud our Navy—you know, our Navy ethos in honor, courage and commitment.

But one of the things that Sergeant Major did key on, we really highlight a very robust MWR and liberty-type programs. You know, gone are the days of hitting the beach and going out and drinking

all night. There is a lot to see out there. Sir, I have seen the world. I have been to about 75, 80 countries, and I loved every minute of it.

Sergeant Major KENT. Leadership is the key again, sir. We have to have the leadership. You know, they have to be engaged with these marines off duty. And we have a base over at Okinawa, and we have got some programs for these marines where they won't be focused on going to the clubs at night. We have other programs in place over there, sir.

Mr. CULBERSON. You stay after them.

Master Chief Petty Officer WEST. Yes, sir.

Mr. CULBERSON. That is the key. Dishonoring themselves and dishonoring these women, it is just a horrible, horrible thing. And Chris Smith spends a lot of time, noble good time, trying to stop human slavery. Yes, sir.

Chief Master Sergeant ROY. I, like the Sergeant Major, had also spent a few years in Korea. And I will tell you my first tour there in the mid-1980s, it was even discussed back then and the indoctrination to the individual units. As the MCPON had mentioned, we do it during annual training as well.

Just like the other services, we have MWR programs that help with the time that the members may have as well to go out and do some productive things in society as well.

Mr. CULBERSON. Congressman Smith points out quite correctly, and certainly pertinent directly to each one of you in your roles as the leaders of the enlisted men and women in the service of the United States, that if you simply educate these young and women, our young men and women in uniform, and appeal to their good hearts and their good instincts as Americans and their upbringing, when you explain to them what has actually happened to these young women that are held in bondage or have been tricked into this, and that they are encouraging this, and that a lot of these young women have been snatched away from their families, and it horrifies our men and women in uniform to learn what exactly the women are going through, and by their participation in this, they are encouraging it, aiding and abetting. They are slavery enablers.

That is really what it is. It is not human trafficking. I don't know why everybody dances around the term, calls it human trafficking, is putting too nice a term on it. This is human slavery, which is, of course, a lot of what we see coming across the border.

Sam represents California, and, you know, one of the most dreadful aspects of the whole illegal immigration thing is those folks are being held in slavery. I mean, we have modern-day pirates and slavers running on the border with the drug trade and human trafficking—excuse me, slavery. Chris Smith is exactly right to bring it to our attention. I just wanted to reinforce it with you. He asked me before I came into the hearing. He was exactly right.

And I thank you very much for appealing to the—I am sorry, sir, did you want to say something?

Master Chief Petty Officer WEST. Sir, can I come in for a re-attack?

Mr. CULBERSON. Yes, sir, please.

Master Chief Petty Officer WEST. Just to give you a snapshot, I gauge it, I have a personal look at this. I have a son that got un-

derway on Saturday, as a matter of fact, heading to the Med on a junk boat. He is a Navy diver, but they are going through the Med.

And one of the things that I noticed before, he came up to the house before he departed, and he was looking at things to do. And the things he was looking is what trips he could take and what ports they were heading and what was around those ports. It is kind of a difference from what we grew up with in our early days.

So it is working, but like you said, sir, we have got to get the press on, keep an eye on it.

Mr. CULBERSON. It really does. It is all leadership and why we are so proud of each and every one of you, sir.

I would talk about, if I could for a minute, about family housing. How many of families in each one of your branches are still living in inadequate housing? And when do you expect to complete all the construction to eliminate that deficit? And with the privatization of housing well on its way, do you hear any complaints or problems with the basic allowance for housing? And if I could just work my way down.

FAMILIES LIVING IN INADEQUATE HOUSING

Chief Master Sergeant ROY. I will start it off.

Mr. CULBERSON. Yes, sir.

Chief Master Sergeant ROY. The definition of inadequate housing needs to be kind of explained a little bit. These houses do not have broken walls, but yet they do not meet a certain standard for updating that particular home. So that is kind of a qualifier I would just like to throw out there.

Today we have about 14,000 of these homes in our Air Force, and we are projected to have those complete by fiscal year 2016.

These are not homes that we cannot place individuals in, and they would be proud of that home. It is just that these homes have exceeded their life expectancy in a lot of cases.

Mr. CULBERSON. What about the basic allowance for housing, for privatized housing; is it sufficient?

BASIC ALLOWANCE FOR HOUSING

Chief Master Sergeant ROY. Currently today, what I hear from our Airmen, it is.

Mr. CULBERSON. Sergeant Major.

Sergeant Major KENT. Sir, housing, it is very high-quality housing that we have right now. I can look back as a young sergeant being stationed at Camp Lejeune, North Carolina, and that housing is nowhere near the housing standards today. And the families, they really thank you, you know, for making that happen.

Master Chief Petty Officer WEST. Sir, we have about 97 percent of our families in something called PPV, which you are aware of, public-private venture. I will tell you, and I will echo what Sergeant Major said, quality of housing has never been as good as it is today.

I hear no complaints regarding BAH, but I will tell you we have about 3,700 of our family units that are a Q-3 or a Q-4 with about 2,000 of those occupied. So we keep an eye on them, but we are getting out of that. We have a plan in place to be back into the green at 2015, so we have that on track. Some of them are in Jack-

son Park up in PACNORWEST. The others would be down in Ventura County, and then the others would be overseas.

Now, the reason the ones that are classified as being inadequate or overseas is we have to take them down in a phased manner, so, you know, we get folks out of there, renovate those homes, and then we will bring and start the other section. We just don't have enough housing to go around to be able to just kind of shut everything down.

Mr. CULBERSON. Is the BAH sufficient for the Navy?

Master Chief Petty Officer WEST. Yes, sir.

Sergeant Major CHANDLER. Thank you.

Sir, the BAH is sufficient for the Army soldiers and their families. And we have done well in our residential communities initiatives, and we have made a tremendous difference in the quality of life for soldiers when it comes to family housing.

I was actually at Fort Carson, which is one of the first communities that was privatized back in the late 1990s, and saw that grow until our last duty station we were at at Fort Bliss, Texas, which had just transitioned in the last 3 years, and the amazing amount of work that had been done to provide a first-rate home. And you see this young soldier that is going in and has been given the key for the first time to go into that brand-new house. It is powerful to see that look on his or her and their spouse's face on just what has been given to them. It is amazing.

We do have some homes that are still not privatized that are part of the Army inventory. Those are primarily at locations where it is just not economically viable right now to privatize, and I will give you an example. Fort Myer right here in Arlington, is a very small amount of houses. Because of economic conditions, companies are not really—are leery of privatizing, and the Army is taking a wait-and-see approach as the economy changes.

Mr. CULBERSON. Thank you very much.

IMPACTS OF ECONOMIC RECESSION

Mr. CULBERSON. Mr. Bishop.

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

I want to talk a little bit about the impact of the recession on military personnel and their families. I am involved with the Military Family Caucus, as you may be aware.

I would like to ask each of you, are you seeing any particular impacts from the economic recession on military personnel that we should be aware of? For example, do you track the rate of foreclosures among military homeowners? Are you hearing of many service members who have a permanent change of station and are unable to sell their homes at their prior locations, which ends up causing some problems for them?

In December of 2008, it was reported that the divorce rates among the Army and the Marine Corps personnel was steadily rising, and is that still the case? Is it primarily due to the stress of deployments, or is it the economic impact of the economy on the spouses and their families that play a role in that?

And do you track the employment rates of military spouses? Are those rates going down? Are you hearing anecdotal evidence of a

lot of military spouses who lose their jobs or can't find a job when their family permanently change stations or they are redeployed?

And while the current economy has a positive effect on retention, particularly in the Army and the Marine Corps, how has that retention rate affected career opportunities for younger soldiers, the opportunity to move up?

And what is being done for service members who are choosing not to reenlist in terms of transition programs that are available? You can just go down the line, if you will?

TRANSITION PROGRAMS IN SERVICES

Chief Master Sergeant ROY. Sir, some of it I will have to take for the record. But let me first just run down the list.

As I mentioned earlier about the housing, I will have to run down those numbers, but I do hear anecdotally that there is some impact to some of those members that do have houses who are unable to sell those homes as they have what we call PCS or permanent change of station. So we do hear some of that. I will have to get the number for you for the record.

[The information follows:]

Airman & Family Readiness Centers (A&FRCs) provide financial counseling and pertinent information and referral services to any Airman, or family member, who self-identifies the need for such assistance due to the inability to sell a house after PCS. Available financial counseling services are publicized to Airmen and family members through briefings, Commander's Calls, First Sergeant and Key Spouse networks, base websites, pamphlets and flyers.

DIVORCE RATES

Chief Master Sergeant ROY. The divorce rate, although we suspect that it is climbing, we don't have any statistics to show us that. It is something we pay special attention to because we believe that relationship problems potentially could drive some other events that could have an impact on a member's life as well. So it is something we pay special attention to. I will have to get those numbers. I don't believe we track those, but I will take that one for the record as well.

[The information follows:]

Upon review, we have determined officer divorce rates remain unchanged at 1.5 percent. However the enlisted divorce rates have increased steadily since 2001 and are now about 1 percent higher than the long-term average. Our enlisted men are getting divorced at an annual rate of just under 3.5 percent and our enlisted women are getting divorced at 7.8 percent for Fiscal Year 2010. We understand there are many demands on our personnel which may affect relationships, and our chaplains continue to provide confidential counseling and free or low-cost weekend marriage retreats. We will continue to monitor this issue as it is essential to the wellness of our members.

SPOUSAL EMPLOYMENT

Chief Master Sergeant ROY. Spouse's employment. We do have an active program within the service, the Air Force, to help net transition for those members that PCS. Certainly if they work within the Federal Government, there is an assistance program. But we also have—

Mr. BISHOP. Spouses?

Chief Master Sergeant ROY. Yes, sir, spousal preference is what that is called. And I have been on the receiving end of that for

many times, PCS. My wife was able to get employment through the Federal system.

Mr. BISHOP. Formal or informal?

Chief Master Sergeant ROY. Formal.

Mr. BISHOP. Through the Air Force?

Chief Master Sergeant ROY. No. It is a DoD Federal, yes, sir.

Mr. BISHOP. All right.

Chief Master Sergeant ROY. All right. On the other side I will say working in the civilian sector, we tried to have a placement program, if you will, a transition program, probably better said, to help those—those that have the jobs out there and those that have a need for a position. So it is kind of a transition, a repository if you will.

And then on the transitional programs, we, like the other services, have a transitional program for our members that separate. We certainly took away from the last NDAA with the messaging the language said, and we applied that, and we provide that to each one of our members that are separating, retiring. For whatever purpose we have that.

Mr. BISHOP. Sergeant Major Kent.

Sergeant Major KENT. The divorce rate in the Corps is slightly higher, sir. Let me just backtrack here. Sixty-four percent of the Marine Corps is 25 years old or younger. So we are focusing on the young married couples. So we are revamping our whole system now.

As far as the marines, you know, actually getting out of the Marine Corps, the Commandant has stood up a program where he wanted to set it up like, okay, marines, you are exiting the Corps today. You can go to door number one if you want to go to college. You can go to door number two if you want to go and work here. So we are revamping our whole program right now as far as transition assistance.

And as far as home mortgages, we have seen rates go up out there as far as personnel losing their houses out on the west coast, and that is in southern California, sir.

Mr. BISHOP. Are they able to take advantage of the DoD program that is supposed to tide them over?

Sergeant Major KENT. I don't think that we have the DoD program anymore, sir.

Mr. BISHOP. The Homeowners Assistance Program is what it is called.

Chief Master Sergeant ROY. It is not out there anymore, sir.

Sergeant Major KENT. No, sir, I don't think it is out there anymore. Yes, there is no funding, sir.

Mr. BISHOP. So that is a problem. That is something we could correct.

Sergeant Major KENT. Yes, sir.

Mr. BISHOP. Okay. Master Chief.

Master Chief Petty Officer WEST. Yes, sir. As I pointed out in my opening remarks, sir, we now have about 2 months to tell folks, you know, that they have orders, and they need to execute those. That has caused some issues because many of their folks, their families, have jobs or such. So they leave their families behind. They will go go bachelor. That drives some of our issues.

DIVORCE RATES

Now, as far as divorce rates, we average about 520 of those a month. We are slightly up. And I will tell you 10 percent of those are service members married to service members. We see no distinction or very little distinction between sea and shore, so those operating either at sea or shore.

We have transition programs that we are also as well—

Mr. BISHOP. Do you keep the spouses collocated? Do they have different—

Master Chief Petty Officer WEST. Many times their spouses will have jobs, and they elect to stay in that area until they can, one, sell the home, and, two, transfer their jobs.

Mr. BISHOP. I meant when service members are married to each other.

Master Chief Petty Officer WEST. Oh, yes, sir. We work with the detailers and such to get those folks together where we can. It is not always Navy and Navy. Sometimes Navy, Navy and other services, and that makes it a little more challenging. But I have got to tell you, our detailers and our personnel folks work very hard for those collocations.

Retention, as you know, well, first off, 25 percent of America is recruitable. I think you are aware of that number. That is a darn shame. That means 75 people or 75 percent of them can't.

But our retention right now is very high. Our attrition is very low. It is kind of an odd problem, and that is driven, we know, by the economy to some degree. Once the unemployment rate reaches a certain level, based on our statistics, we have seen more folks exit the military.

We have put some programs in place, for example, you know, where we target the E-7s, 8s and 9s. There are continuation boards, what it is called. But if they are not doing what they need to do, if they are getting in trouble and not getting the highest evaluations, then we go ahead and ask them to move along.

DOWNSIZING TO STABILIZE THE FORCE

Mr. BISHOP. Well, you are actually going to be having a downsizing coming up, I think. That is being planned. And in that downsizing is that going to open opportunities for younger service members to advance? Is it going to be a downsizing in all of the levels? How is that going to work, and currently, with the high retention rate, is that retarding the progress of the younger enlisted personnel?

Master Chief Petty Officer WEST. Yes, sir, from the Navy's perspective it does slow down the advancement rates of those junior personnel. We are looking at continuation boards throughout to allow some of those folks to be moved on per se and so that we can advance some of those folks.

Now, our downsizing, we are stabilizing our force. We have downsized over the past 7 years by 50- to 60,000 folks. So right now what we are doing is shaping our force, and we don't expect—at least we hope to not get a big decrease in personnel.

Mr. BISHOP. I don't know, can you speak to that as far as the Army and the Marine Corps?

Sergeant Major CHANDLER. Sir, I can talk about the temporary end strength initiative and the reduction in forces and what we are doing as an Army.

One of the things that we are taking into account is that in order to draw the Army down and reduce that temporary end strength initiative, we are going to have to do some right shaping or shaping of the force, and we have actually had some accelerated promotions in the Army. As we grew the Army to meet the demands of this war, we accelerated promotions, and we were way ahead of our normal promotion rates. We are now starting to see those slow down, which is actually a good thing for us, because it helps us to better develop that leader at their current rate instead of being put in a position where we have to accept some risk and move them ahead to be able to properly man the force.

Starting in the fall of this year, we will actually introduce some retention control point reductions for our noncommissioned officers to actually reduce the amount of time that they can serve in the force. We are also taking some initiatives similar to what the MCPON stated as far as looking at some selective early release boards where some of our marginal achievers will be looked at and be considered for separation from the service. All those things taken together will help us get the right soldier at the right time be promoted to be in the job.

We are very interested in ensuring that we do this in a deliberate, efficient and effective manner to take care of the Army's requirements, but, just as importantly, that soldier and family requirements.

Sergeant Major KENT. The Commandant has said, sir, that we will not force any good marine out of the Marine Corps. We are going to go down from 202 K to 186.8-, and we will not do that until we get through with all the combat operations, and that is when we would start drawing down. As long as we are over in combat, we will not draw down, because that is a quality-of-life issue. But the Commandant has made it very clear, sir, that we will take care of those marines and families.

Mr. BISHOP. So you don't have a timetable, then, for that; that is going to depend on conditions on the ground, so to speak?

Sergeant Major KENT. Yes, sir, it is.

FORCE STABILIZATION

Chief Master Sergeant ROY. Sir, if I could just add the Air Force, like the Navy, is stabilized. And what we have done to counter that is, one of the things, we looked at a high year tenure program, which is how long they can serve within the force. So that keeps a fresh force coming through all the way through. And, of course, as you know, for the Air Force we need that very highly skilled technician to work on those aircraft and those other specialized pieces of equipment.

So a lot of our force is a lot more mature than maybe some of the others, but we still keep those benchmarks in place so that we can continue to have that fresh expertise moving through.

Mr. BISHOP. What is the top end? What is the cap on service time that you now have?

ENLISTED TENURE

Chief Master Sergeant ROY. For the United States Air Force, for E-9 is 30 years, for E-8 is 26, down to 24, and then 22 and then a 20.

Master Chief Petty Officer WEST. Sir, for the Navy the time limits are the same as well. However, we do have a few individuals, personnel in certain jobs, that maybe work for flag officers that are allowed to bust that threshold. But we hold tight in the other ones, sir.

Sergeant Major CHANDLER. Sir, for the Army the most senior grade, E-9, are allowed to stay until 32 years right now. And as MCPON stated, for certain individuals that work for a flag or general officer, they are allowed to stay till 35.

And there are very, very small exceptions where a person can stay past 35 years, but those are only a handful of individuals in the Army right now.

Sergeant Major KENT. Ours is the same as the Navy pretty much.

Mr. BISHOP. Okay. Does that include the Guard and Reserve?

Sergeant Major CHANDLER. Well, the Guard and Reserve are based off of points and the amount of time that they spent on Active Duty and training. They still have a requirement to—or their retirement age is age 60. And so that system is different for them.

Mr. BISHOP. Does he have a cap, the maximum number of years?

Sergeant Major CHANDLER. Well, they have an age and year limit.

Chief Master Sergeant ROY. They have an age limit, sir.

Master Chief Petty Officer WEST. Sir, I will just say they do have the age limit with the Navy, and it is, again, based on their time and time served. It depends on where they come in on Active Duty. It is a big equation that kind of gets played into this.

However, I will tell you, this is the first year that our Reserve personnel participated in our continuation board. So, and again, if they have 19 years or calculate 19 years and above, and they are retirement eligible, you know, their records are being reviewed for those marginal performers, and we are moving them on.

Mr. BISHOP. Go ahead.

Chief Master Sergeant ROY. Just to follow up, sir, our Reserve has a high year tenure of 33 years.

Mr. BISHOP. How about the National Guard?

Chief Master Sergeant ROY. The Air National Guard age limit is still 60.

Sergeant Major KENT. Ours is at 30 years, sir, as far as how you tenure.

Mr. BISHOP. Thank you very much. Thank you.

Mr. CULBERSON. Thank you, Mr. Bishop.

I recognize Mr. Carter of Texas.

Mr. CARTER. Thank you, Mr. Chairman.

Mr. Farr raised an issue before the committee I want to speak about just before I ask another question on the issue of the possibility of us not continuing the pay for these soldiers. I raised that issue at the leadership meeting on the Republican side of the aisle yesterday.

I actually think this is not going to be a partisan issue. This is going to be a Congress issue. Those soldiers and warfighters and those spouses are not going to pick a party, they are going to pick the Congress and say we didn't meet our responsibility to them.

I think it is the responsibility of both sides of the aisle to talk openly, especially members of this committee. And I agree with you, Mr. Farr, that we need to talk openly so that everybody understands the damage we are going to do to the people who have given us so much over these last 10 or 15 years of their lives and the stress we have put on them, and this would be a huge mistake to continue this stress.

I have a small seat at the table with the leadership, and I raised this issue yesterday, and I will be a loud voice for this issue all the way up to that final vote, and hopefully that final vote will be right. So that is where I am going to be, and I hope you will join me and everybody else on the committee.

We were talking about reducing discretionary spending in Washington, and you all commented on all of the ancillary programs that you have available to help families, help transitions, and all the other things that you have to deal with on the physical and mental health environment of our fighting men and women.

It would be very helpful if you prioritize those things, let us know the programs that are absolutely—and if they are all prioritized, tell us, if we have got to have everything we are doing. But there is going to be discussion sometime, and at least we—I would like to know what you think are priority. I don't need them today, but if you would submit something to the chairman, he will share it with me as to what these programs that we were commenting on.

[The information from Chief Master Sergeant Roy, Sergeant Major Chandler and Master Chief Petty Officer West follows.]

Most of the programs and services offered through Airmen and Family Services are mandated by legislation, directive or instruction. Examples include childcare (in a variety of forms), the transition assistance program/relocation services and readiness support.

Ancillary programs that we offer are based on formal/ and informal needs assessments and often meet unique needs surfaced at individual installation levels.

The top programs in rank order are Army Health Promotion/ Risk Reduction/ Suicide Prevention Program, Sexual Harassment / Assault Response and Prevention Program, Warrior Care and Transition Program, Army Substance Abuse Program and Post Deployment Health Re-Assessment.

Congressman Carter, the programs about which you ask represent a full spectrum of community, family and personal support programs, many of which are required by Congress, designed to sustain Sailors and families across a career continuum in the era of the All-Volunteer Force. These programs are designed to address the unique needs imposed upon Sailors and their families by the very nature and sacrifice of a military lifestyle, and to provide a quality of life that they so richly deserve. This makes the task of prioritizing such programs extremely daunting, and presents unacceptable trade-offs when it comes to either funding, or possibly doing without, a vital support network that includes some programs which, thankfully, touch the lives of a relatively small segment of our population, such as suicide prevention or sexual assault prevention and response, but which are among our most essential programs. Because of the nature of these programs, and their importance in bolstering Sailors and their families during this prolonged period of war and high operational tempo, they are critical to our readiness, and I urge your continued strong support for all of them. These programs undergo a regular review for effectiveness and are adjusted to meet the needs of our Sailors and their families. The following is just a representative sample of these exceptional and vital programs.

Deployment Readiness Program -- Assist commands, Sailors and families through briefs, workshops and individual sessions to prepare for deployment, homecoming and reunion, and reintegration.

Ombudsman Program -- Highly-trained volunteers who offer support and guidance to command families, and act as an official liaison between the command and its families.

Personal Financial Management -- Certified Financial Counselors provide individualized assistance that fosters financial responsibility and help Sailors analyze their finances, set priorities, create spending plans and make the most of compensation.

New Parent Support -- The New Parent Support Home Visitation Program includes a team of professionals who provide voluntary home visitation services for at risk expectant and new military parents.

Transition Assistance -- Services are required by federal law. FFSCs host the U.S. Department of Labor sponsored Transition Assistance Program (TAP) Employment Workshop for separating/retiring service members and their families. The program provides the tools and knowledge for successful reentry into the civilian workforce.

Family Employment -- Assist Sailors and family members with a variety of employment issues, including education and training resources, federal employment and job search strategies, resume preparation assistance, preparing for a job interview, and managing mobile careers.

Relocation Assistance -- The Relocation Assistance Program (RAP), from "Smooth Move" workshops to household loaner kits, provides Sailors with all the necessary resources to make their transition to a new duty station efficient and simple.

Clinical Counseling -- Short-term counseling to help Sailors and family members with commonly-occurring problems in daily living (e.g. work/school adjustment, relationship discord, personal crises, and loss) that can have a negative effect upon military readiness.

Family Advocacy (FAP) -- Provides services for military families involved in incidents of domestic or child abuse. Services include prevention/education, risk assessment, safety assessment planning, victim advocacy, case management and intervention.

Sexual Assault Prevention and Response (SAPR) -- The Navy's SAPR Program is designed to prevent and respond to sexual assault by providing a comprehensive, standardized, victim-sensitive system, Navy-wide. It is a command managed program.

Life Skills -- Proactive workshops designed to ensure and enhance Sailor and family members' personal development including anger management, stress management, couples communication, suicide prevention, operational stress control, and parenting education.

Volunteer Services -- The Volunteer Program offers an opportunity to work within the FFSC or receive referrals for opportunities within the community.

Crisis Response and Navy Family Accountability and Assessment System (NFAAS) -- Standardized method for the Navy to account, assess, manage, and monitor the wellbeing and recovery process for personnel and their families affected by a manmade or natural disaster.

Child Development Centers (CDC) -- provide full and part-day child care for ages 6 weeks to 5 years.

Child Development Homes (CDH) -- provide full and part-day, night and weekend child care for children ages 4 weeks to 12 years.

School-Age Care (SAC) -- provides before and after-school and day camps for ages 6 to 12.

24/7 Child Care -- provides around-the-clock care for ages 6 weeks to 12 years through dedicated facilities and Child Development Homes to support those on shift-work and other irregular hours.

Youth and Teen Development -- provide sports programs, leisure classes, youth Internet labs and teen programs for ages 6 to 18.

Navy School Liaison Officer Program (SLO) -- Liaison between the installation commander, military agencies and schools by providing assistance in matters pertaining to student education.

Navy Safe Harbor -- Navy Safe Harbor is the Navy's lead organization for coordinating the non-medical care of wounded, ill and injured Sailors, Coast Guardsmen and their family members. Through proactive leadership, we provide a lifetime of individually tailored assistance designed to optimize the success of our Shipmates' recovery, rehabilitation, and reintegration activities.

Suicide Prevention Program -- Navy Behavioral Health coordinates policy development, training, and information for suicide awareness and prevention and provides key support to Navy Operational Stress Control development and implementation.

Exceptional Family Member Program -- Designed to assist Sailors by addressing special needs

of exceptional family members (EFM) during the assignment process. Special needs include any special medical, dental, mental health, developmental or educational requirements, wheelchair accessibility, adaptive equipment or assistive technology devices and services.

Navy Operational Stress Control (OSC) Program -- OSC Awareness Training, to include signs, symptoms, and mitigation strategies for Stress Injuries and Stress Illnesses (such as PTSD) has been developed with the goal of providing a basic level of training to All Hands. Families Coping with Deployment -- Project FOCUS (Families OverComing Under Stress) provides family support combining therapeutic interventions and resilience building workshops. FOCUS is a family-centered resiliency training program based on evidenced-based interventions that enhances understanding, psychological health and developmental outcomes for highly stressed children and families. FOCUS has been adapted for military families facing multiple deployments, combat operational stress, and physical injuries in a family member. The program provides community outreach and education, resiliency skill building workshops and at the center of the program an 8-week, skill-based, trainer-led intervention that addresses difficulties that families may have when facing the challenges of multiple deployments and parental combat related psychological and physical health problems.

Naval Special Warfare Resilience Enterprise -- Provides a comprehensive, family-centered, evidence-informed resiliency building program called the NSW Family Resiliency Enterprise (NSWFRE) that targets both individuals and their families who are at high risk (e.g., multiple combat deployments with accumulative combat exposure and physical injury).

Combat Operational Stress Control (COSC) for Caregivers -- Program trains all point of service caregivers in early recognition of stress injuries and TBI.

Psychological Health (PH) Outreach Coordinators for Reservists and their Families -- Outreach coordinators provide outreach, support, and intervention to mitigate existing stressors and address future concerns.

Returning Warrior Workshops (RWW) -- Attending participants have the opportunity to address personal, family, or professional situations experienced during deployment and receive readjustment and reintegration support from a broad array of resources to include: Psychological Health Outreach Team (PHOT), Employer Support for the Guard and Reserve (ESGR/USERRA), TRICARE Joint Family Support Assistance (JFSAP), Military and Family Life Consultants (MFLC), Personal Financial Council (PFC), Military OneSource (MOS), United Concordia Dental Care, United Services Automobile Association (USAA), Chaplains, Fleet and Family Support Centers (FFSC) and Veterans Affairs (VA).

Medical Home Port -- Medical Home Port is Navy Medicine's Patient-Centered Medical Home (PCMH) model, an important initiative that will significantly impact how we provide care to our beneficiaries. In alignment with our strategic goal for patient and family-centered care, Medical Home Port emphasizes team-based, comprehensive care and focuses on the relationship between the patient, their provider and the healthcare team. The Medical Home Port team is responsible for managing all health care for empanelled patients, including specialist referrals when needed. Navy Medicine is integrating mental health providers into the Medical Home Ports to facilitate regular assessment and early mental health intervention in a destigmatized care arena.

Psychological Health / Traumatic Brain Injury -- Our Sailors have access to outstanding treatment, research and education for the evaluation and treatment of Psychological Health (PH) and Traumatic Brain Injury (TBI) injuries. Navy Medicine has expanded services for service

members since the beginning of OIF and OEF, and we have a robust network of military treatment facilities and programs to care for our Wounded Warriors. We are working hard to recruit and retain our medical personnel who are so vital to the care and recovery of our personnel. In addition, we continue to embed mental health providers in operational units. Navy uniformed psychologists are providing care aboard aircraft carriers, with Naval Special Warfare units and in-theatre. Embedded mental health providers can provide coordinated, comprehensive primary and secondary prevention efforts throughout the deployment cycle, focusing on resilience training, stress reduction efforts, and when necessary, timely access to a known provider with reduced stigma associated with mental health intervention

We must always recognize and appreciate the sacrifices of wounded, ill and injured Sailors and their families. It is a priority for all of us in the Navy. This commitment includes a keen focus on their recovery, rehabilitation and reintegration. I have had the opportunity to see firsthand the outstanding care being performed by Navy Medicine. They are helping to heal our Wounded Warriors in body, mind and spirit. This care spans the combat casualty care at the Role 3 Multinational Medical Unit in Kandahar to the advanced treatment being provided at our major medical centers to the state-of-the art services available to service members and families at the National Intrepid Center of Excellence for Psychological Health and Traumatic Brain Injury (NICoE) aboard the National Naval Medical Center campus. Our programs of support, including Navy Safe Harbor and the Fleet and Family Support Centers, are designed to help not only Sailors but their family members as well.

Mr. CARTER. All of you shook your heads yes, we have programs that are backing us up on these things. Maybe they are all needed. Maybe some are more than others, I would sure like to know what those are. That would be very helpful.

Finally, I think I know the answer to this question, and our President has given us a commitment that we aren't going to put boots on the ground. We certainly are going to be flying airplanes into Libya right now. And I want to know if we end up physically putting boots on the ground through something not the fault of ours, but some circumstance which I hope doesn't happen, a fourth front, just how onerous is that going to be on all of the services?

Sergeant Major KENT. Sir, I would have to be straight with you. The Marine Corps, you know, wherever our Nation tells us to go, we are ready to go, sir.

Mr. CARTER. I think that speaks for everybody. I believe that wholeheartedly, but, you know, we have got a lot of stress on our fighting forces right now. And I treasure the fact that you always share openly with us, and I appreciate it. If we have to go into Libya or some other mess we get ourselves into, we would have to increase the force? What will we have to do?

Sergeant Major CHANDLER. Well, Congressman, for the Army, for soldiers, as the Sergeant Major of the Marine Corps said, you know, we exist to fight and win our Nation's wars. We all know that wherever the Nation calls us to go is where we are going to do, where we are going to go and do the best that we possibly can.

Our system of Army Force Generation is designed to meet current demand, and we can honor our commitments to soldiers and families based on the current demand. Any change that that has made in that demand is going to obviously cause the Army to have to reassess what it is doing and where we are sending soldiers and the commitment of the Guard and Reserve as an operational force. So it will be a stressful time.

But I guarantee you that the Army will do everything that the Nation needs it to do because the soldiers are dedicated.

Master Chief Petty Officer WEST. Sir, from a Navy perspective as well, we are always forward-deployed and ready to go, and we always will be. With that said, our service Chief has, you know, laid out a very robust budget or not—I wouldn't say robust budget, but he has laid out a budget for us to modernize our force and to basically maintain our force. And that is one of the things that is really stressing us now when we do delay those maintenance periods and such, we are putting a further strain on. But we are off the coast right now. The beauty of our Navy and Marine Corps team, we can go there. We don't even have to put boots on ground. We are off the coast doing what we need to do.

AIR FORCE OPTEMPO

Chief Master Sergeant ROY. Sir, for your United States Air Force, we are there already. We are in the skies, and that is what I mentioned in my opening statement. We have been in the Middle East for over 20 years: Operation Southern Watch, Operation Northern Watch, and now Libya.

Your United States Air Force is stretched in that way. We have thousands of Airmen employed on this current operation, and it is

costing us a lot of money, monies that we had set aside to do other things with in our advancement of our force. So know that your United States Air Force is engaged in this currently today, along with the other services.

Mr. CARTER. To be honest with you, I believe everybody is sort of taking the defense of our Nation and setting it aside as something we are going to enhance and protect and not cut. But I still got to ask the question, because right now we are talking about discretionary spending, and there could be things that we need to defend.

And I expected the answers that you gave, because I know the amount of commitment you make to our country, and there is nobody else in the world that is more committed than the members of our Armed Services, and we all know that.

And I for one, and I think every member of this committee, will be on the side of making sure that nothing will be done to harm either any individual or the service as a whole. So I am with you.

Mr. CULBERSON. Thank you, Mr. Carter.

I am personally surprised. I don't know why the President didn't come consult with Congress. I think it is unacceptable that he did not.

If we are attacked, obviously, and he is Commander in Chief, and he has got to respond immediately, that is one thing. But to make this decision arbitrarily on his own with no clear strategic national interest at stake, with no clear plan and no exit strategy. I don't expect you all to be able to comment on this. I mean, I am aggravated we didn't have a clear exit strategy out of Iraq, for example, but clearly the Congress should have been consulted on this.

Mr. FARR. We do now.

EFFICIENCIES

Mr. CULBERSON. Thank you, Mr. Farr. I am going to recognize you, please. Thank you for your patience.

Mr. FARR. I am not going to take as much time as others have taken.

I want to follow up on Mr. Carter's question in a different format, and that is that if we are going to have to find efficiencies, let us get out on the record and let us talk a little bit about, from you see it, from how the military meets its efficiencies by contracting out a lot. It seems to me that you have an awful lot of qualified military personnel, both in CONUS and overseas, that could do a lot of the jobs that civilian contractors are doing. I just wondered what your views are. Are we hiring too many contractors?

Sergeant Major CHANDLER. Sir, I think that we hire the contractors that we need in order to free up soldiers to do the job that we need that only soldiers can do. Obviously, from the Department of the Army perspective, we are going to look at every single contract. And I actually spent time with General Chiarelli, the Vice Chief of Staff of the Army, last week, discussing his process of how he is going to address contracts across the entire Army as far as gaining efficiencies for the Department of the Army.

But at the end of the day, even with contractors in theater, they are freeing up a soldier to do something else that only a soldier can do, or a marine or an airmen or a sailor.

We have a force to do the job that we are given. But those other demands that come along as part of the job, we have got to give to somebody else to do.

DEFENSE FUNDING REDUCTIONS

Mr. FARR. You know, Secretary Gates has indicated he will take \$100 billion out of Defense in the next 5 years. I think Congress is going to ask you to do better than that.

And it seems to me that the growth that I have seen in the short while I have been here, that the growth is really in defense contractors. And obviously they are not in a business to break even; they are in a business to make money.

And we used to do all those things. I mean, all the KP (Kitchen Patrol) and all the support services and food was all done by military personnel. It is now contracted out. And the list goes on.

And I hope that you will all in the next year or so be really coming back and analyzing what we can do better. I understand that you train soldiers to be soldiers, and we don't need them to be doing KP, but they are not staying in hotels and restaurants. They are not eating when they are in theater.

Sergeant Major CHANDLER. Sir, I know from the Army's perspective we are really going to take a hard look at each and every one of those things.

Mr. FARR. Thank you.

Master Chief Petty Officer WEST. Sir, from a Navy's perspective, we have leaned down. We have been about 55,000 over the past 5 years down to our current state of Active Force of around 320,000. You know, I have seen it. I have been in the Navy 30 years, and from when I have started to now, I have seen the force lean down.

I think we have put things in place such as the 20-year build on those LCSs. We are building more efficient submarines for a better price, two per year.

I can see, and I am part of many of those discussions. You know, I either sit in the meetings or alongside many times, and I see the rigor that goes into the processes of who we have.

We have looked at all of our contractors as well, and we continue to evaluate that, and we will continue to do so, sir.

Mr. FARR. I mean, Mr. Moran talked about abuses of soldiers, but we certainly hear of an awful lot of contractor abuse, too. I hope that the soldiers on the ground when they see that will report it, so that we can hold them as accountable as these soldiers that misstepped.

CONTRACTORS

Sergeant Major KENT. We are actually cutting numbers right now, sir, and we are looking at every one of the contractors very, very carefully.

Mr. FARR. So you are not telling me whether we are hiring too many contractors; you are just telling me you are looking at the numbers, right?

Sergeant Major KENT. I think that we did hire many, many more than, you know, we actually needed, sir. You know, that is my opinion by looking at the broad picture, sir.

Mr. FARR. Well, I would think you hear it because soldiers would say, I can do that job, I have been trained to do that job, and now you are giving it to somebody else. And, you know, I am not having as exciting a job or a worthwhile job, so I imagine there are some morale issues.

Mr. BISHOP. Would the gentleman yield?

Mr. FARR. Yes.

Mr. BISHOP. On the Defense Subcommittee we had a study a couple of years ago that indicated that the cost of a contractor to do the same job that an Active-Duty person did was almost twice the cost, and that raised the question as to whether or not that is the most efficient use of the taxpayers' dollar. And, of course, obviously, we want to make sure that contractors are available to do jobs that soldiers are not available to do, but soldiers do what they can do.

At the same time, what we are finding and what we found was that soldiers were coming out of the military and going to work for contractors doing the same thing they did when they were on Active Duty, making, you know, two and three times the salary, and the question was raised is that an efficient use of taxpayer dollars. And, of course, the Marine Corps, one of the previous Commandants under two previous administrations back was pretty adamant that he didn't want anybody doing anything for the Marine Corps but marines, that he didn't trust anybody to do anything for the Marine Corps but marines. And, of course, he took a hard-line position on that, and he even retained his job.

But that is a concern. And in this environment, we really need to look very closely at whether contractors are costing us more money or not?

AREA OF OPERATIONS AIRLIFT

Mr. FARR. Reclaiming my time, the Air Force, are we contracting out all the airlift to get all the personnel to and from theater from Iraq and Afghanistan? I know I met a lot of the troops in Ireland in a halfway point there, the refueling stop. And I think all of those carriers were domestic carriers that were contracted.

Chief Master Sergeant ROY. That is correct, sir. We do contract those out for the most part. That is how most of the troops are transported back and forth. Again, because of the stretch of the current fleet that we have, you know, hauling cargo and such, there are no seats left. So we do have to reach into our contract methods.

Mr. FARR. Do we contract out the cargo, too, the cargo companies?

Chief Master Sergeant ROY. In some cases we do, yes, sir.

Mr. FARR. All right. Well, that would be interesting to keep an eye on that.

Chief Master Sergeant ROY. Sir, if I could. I know you are out of time, but I just need to add this one thing fundamental to what we were just saying here. And just very frankly, we have to be cautious when we talk about contractors and end strength.

We are all levied a certain end strength. When we all came in, our force, for the Air Force, for instance, we were double the size when I came in just 30 years ago to what we are today.

There is no possible way to continue to do all those things that our Nation gives us to do with the end strength that we have and continue down that same path. So this is something that we need to take into consideration.

MILITARY EDUCATION

Mr. FARR. Well, don't let them contract out all that drone work for you. They will put you out of business.

Chief Master Sergeant ROY. We have got plenty of that work, sir. We have plenty of great Airmen doing that work.

Mr. FARR. I would be interested if you could get back to us on the record, too, on educational opportunities, if there is sufficient opportunity for career advancement. I know we do the Seaman-to-Admiral Program in the Navy. I would be very interested in that, whether there are similar-type programs in the other services, and whether those educational opportunities are there.

[The information follows:]

The Air Force has various enlisted commissioning program opportunities. These are highlighted below:

Professional Officer Course-Early Release Program (POC-ERP)

The Professional Officer Course-Early Release Program offers active duty enlisted personnel who can complete all bachelor's degree and commissioning requirements within 2 years an opportunity for an early release from the active duty Air Force to enter the Air Force Reserve Officer Training Corps (ROTC). Those selected separate from the active duty Air Force, join an Air Force ROTC detachment and become a full-time college student. The Air Force provides them with an annual textbook allowance of \$900, and a monthly nontaxable stipend of \$250-\$500.

Scholarships for Outstanding Airman to ROTC (SOAR)

The Scholarships for Outstanding Airman to ROTC offers active duty enlisted personnel the opportunity to earn a commission while completing their bachelor's degree as an Air Force ROTC cadet. Those selected separate from the active duty Air Force, join an Air Force ROTC detachment and become a full-time college student. The Air Force provides them with a tuition/fees scholarship of up to \$18,000 per year, an annual textbook allowance of \$900, and a monthly nontaxable stipend of \$250-\$500. This scholarship will be awarded for two to four years, depending on how many years the member has remaining in their bachelor's degree program. Airmen with some or no college credit may apply for the program. A limited number of SOAR selects will be offered a scholarship with no tuition cap.

Airman Education and Commissioning Program (AECF)

The Airman Education and Commissioning Program offers active duty enlisted personnel the opportunity to earn a commission while completing their bachelor's degree. Students will attend OTS upon completion of their bachelor's degree and this will be their source of commissioning.

Those selected for AECF remain on active duty and are administratively assigned to an Air Force ROTC detachment. Their duty is to attend school as a full-time college student. In addition to full pay and benefits, AECF cadets are provided with a tuition/fees scholarship of up to \$15,000 per year and an annual textbook allowance of \$600. AECF cadets may participate in the program for 1-3 years, depending on their major, prior academic preparation, and age

limitations. During the program, they attend school year-round to include summer terms.

Airman Scholarship and Commissioning Program (ASCP)

Offers active duty enlisted personnel an opportunity to compete for scholarships to earn a commission while completing their bachelor's degree as an Air Force ROTC cadet. ASCP offers active duty enlisted personnel the opportunity to separate in order to obtain a bachelor's degree as an Air Force ROTC cadet and then to commission. Those selected separate from the active duty Air Force, join an Air Force ROTC detachment and become a full-time college student. The Air Force provides them with a tuition/fees scholarship of up to \$18,000 per year, an annual textbook allowance of \$900, and a monthly nontaxable stipend of \$250-\$500. This scholarship will be awarded for 2 to 4 years, depending on how many years the member has remaining in their bachelor's degree program. Airmen with some or no college credit may apply for the program.

Leaders Encouraging Airmen Development (LEAD)

LEAD Program allows commanders to seek out outstanding and deserving qualified Airmen for appointments to the Air Force Academy and AFROTC scholarship programs.

Nurse Enlisted Commissioning Program (NECP)

The Nurse Education and Commissioning Program (NECP) allows Airmen to remain on active duty and continue to receive an income while going to school full time. Those selected for NECP receive a tuition and fees scholarship for up to \$15,000 per year, as well as a textbook allowance of \$600 per year. In addition, those selected may participate for up to three years, depending on their degree programs and previous academics.

Physician Assistant Training Program

Offers qualified individuals the advanced training they need to provide expert medical care to military personnel and their families. Only active duty Airmen are eligible to apply for this program.

I represent the Naval Postgraduate School. It is very interesting, and what has happened now is a lot of the officers feel that they have to get that educational training for career advancement. But they don't need a master's degree to do it, and a master's degree there takes about 15 months; an incredibly great program, but, you know, it is taking people out of their line of duty for 15 months. Cuts both ways, and so we are looking at is there a new form of fast course, smart training, technical training.

I mean, this is going on in the civilian section as well in colleges and universities. But we certainly want to make sure that there is enough access to educational opportunity not only for our Active Duty, but for spouses as well. So if you could get back to us on the record of what that might—you might recommend to us on that.

CONTRACTING

Mr. FARR. I have some other questions. I will just leave them with the staff. Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Farr.

I want to reaffirm what Mr. Farr was asking about the contracting. I do hope you all will take a hard look at it.

One reaction I have is whether or not it is up to the individual base commander to decide whether or not a job is contracted out, or whether it is assigned to one of the personnel on base. What is the policy in each one of the branches? Because if it is up to the individual base commander, it is probably not a bad thing.

Mr. FARR. Well, it depends on size, and also the Navy runs all their stuff out of San Diego. Procurement—

Mr. CULBERSON. Okay.

Sergeant Major CHANDLER. In the Army the scope and scale of the contract and the actual—what it is that is being contracted for, that could be done at the unit level, to the base level, and it could be a program or a contract that is let at the department level. So there are all different steps and places where it can be at.

Where I was at at Fort Bliss, I managed about \$6 million worth of contracts each year and had about 60 contractors that did various functions that I didn't have the soldier to do or that was a very short-term contract to do a specific task for me, which we then were able to hand over to a soldier once they were able to come back from a deployment.

Mr. CULBERSON. But you had the freedom to assign it to a soldier if you needed to.

Sergeant Major CHANDLER. Absolutely.

Mr. CULBERSON. Okay. That is what I was driving at.

Mr. BISHOP. May I follow up?

Mr. CULBERSON. Please.

Mr. BISHOP. One of the things that we have heard is that quite often, guys who were comrades in whatever service maybe whose buddy is still in and he gets out and starts a company, then the Commander, the local guy that has the discretion, just hires his buddy who just got out to give him an opportunity to make this business good by doing what he did when he was in.

Sergeant Major CHANDLER. I can't speak, sir.

Mr. BISHOP. Under that discretion.

Sergeant Major CHANDLER. I can't speak to every single contract that is out there. There are literally——

Mr. BISHOP. That just lends itself to an opportunity. It creates an opportunity for possible buddyism and cronyism, I guess you would say.

Sergeant Major CHANDLER. Cronyism, sure.

Mr. CULBERSON. We have just started a series of votes. I want to thank each and every one of you for your service to our Nation. In particular, Sergeant Major Kent, I want to wish you all the best, sir. God bless you and Godspeed.

We will do everything we know how to do to prevent a CR—make sure we get this done for the rest of the year.

We will have another hearing tomorrow at 10 a.m. With Admiral Stavridis, the Commander of European Combatant Command.

Our hearing is adjourned. Thank you very much, each and every one of you, for your testimony and your service.

[Questions for the Record submitted by Congressman Young for Sergeant Major Raymond F. Chandler, III, follows:]

Question 1. Care for our wounded warriors should remain our top priority. The overwhelming majority of our wounded servicemembers are our junior most enlisted. Many are either single or have just started out in marriage and parenthood. Can you comment on how our medical and family support facilities provide for and support our wounded warrior's family members and how you feel they can be improved?

Answer. When the Army initiated what is now known as the Warrior Care and Transition Program (WCTP), a basic tenet was a patient-centric program for the care of wounded, ill, and injured Soldiers. The Army identified the need to include the Family of wounded, ill, and injured Soldiers in every aspect of their Soldier's care and recovery. Since the inception of Warrior Transition Units (WTUs) in June 2007, more than 40,000 wounded, ill, or injured Soldiers and their Families have either progressed through or are being cared for by the dedicated caregivers and support personnel of the WTUs.

Since 15 June 2007, the U.S. Army Installation Management Command has carried out the mission of establishing and operating Soldier and Family Assistance Centers (SFACs) at locations where WTUs are located. There are currently 32 SFACs throughout the Army. SFACs are designed to include the particular needs of wounded, ill, or injured Soldiers and their Families. SFACs provide an array of specialized support services for Soldiers and their Families such as legal assistance, pastoral care, translation assistance, VHA and VBA representatives to ease the process of understanding and applying for VA benefits, educational and training information and opportunities, travel and housing assistance, and more.

Currently a \$1.15B MILCON effort is underway to construct healing campuses at 21 installations where Soldiers and Families can access SFACs conveniently located near American with Disabilities Act compliant barracks, and unit administrative space. Once constructed these healing campuses, will be a great improvement in reducing the distance between support assets for the WTU Soldier and Family.

[Questions for the Record submitted by Congressman Young for Sergeant Major Raymond F. Chandler, III, follows:]

Question 2. Our equipment has changed significantly since 2001. Much of the equipment we have today to combat our complex enemy is highly technical and limited to the warfighters in theater. In order to address this issue, virtual and mechanical training simulators have been provided to our men and women. As master trainers, do you believe there is a shortfall in virtual and mechanical training complexes in garrison, specifically to train soldiers on high tech equipment or machines (ie MRAPs)?

Answer. Over the past decade, the Army has fielded a variety of Live, Virtual, Constructive, and Gaming Simulations and simulators at installations throughout the Continental United States, Hawaii, Alaska, Korea and Europe. In some cases these systems were fielded at installations with inadequate facilities to house and support them or with no existing infrastructure at all. The Army is pursuing a program to remedy this situation with designed facilities for mission/battle command training (constructive environments to enable headquarters commander and staff training) and live, virtual and gaming simulators and simulations facilities (virtual and mechanical complexes).

However, we still face challenges in adequately housing all of our simulators and are pursuing future facilities upgrades or new construction to house simulators issued to units and Soldiers on a temporary basis

Due to competing resource requirements, procurement of Live, Virtual, Constructive, and Gaming simulations and simulators has been reduced over the last four years, resulting in decrements to Soldier training. For example, the required number of Medical Simulation Training Centers for the Army is 34 per year; as of FY11 there is only enough funding to field 18 per year. In the live environment, the Army has built and improved a significant number of ranges and urban operation facilities since 2001. However system procurement has been reduced. This impacts the ability to provide sufficient training support enablers for these live facilities, such as command and control system feedback, automated targetry and after action review equipment. Resourcing of Operations and Maintenance funding and personnel (Department of Army Civilians and Contractors) requirements are two critical elements necessary to the viability and upkeep of "virtual and mechanical" training complexes. The proposed manpower reductions in FY12 will negatively impact the Army's ability to manage, operate, and provide instruction for our simulations at these training complexes.

[Questions for the Record submitted by Congressman Young for Sergeant Major Raymond F. Chandler, III, follows:]

Question 3. Unseen wounds of this war are Traumatic Brain Injury and Post Traumatic Stress Disorder. Do you believe we have the behavioral health facilities necessary to address the true amount of servicemembers who suffer from these injuries?

Answer. No, the Army does not have sufficient existing facilities infrastructure to meet increased traumatic brain injury (TBI) and psychological health (PH) care needs. The current high demand for behavioral health and brain injury rehabilitation services along with increased provider inventory have strained existing facility capability. The Army has spent approximately \$129M to expand and renovate our facilities infrastructure to help meet this need, predominantly to accommodate the increased number of providers and staff hired. The Department of the Army is working with U.S. Army Medical Command facilities experts to develop more efficient facilities specifically designed to maximize consolidated PH delivery platforms and accommodate newly established TBI care delivery services. It's important to note that the Army will soon award a contract for the Army's first stand alone Behavioral Health Clinic to be built at Fort Bragg.

[Questions for the Record submitted by Congressman Young for Sergeant Major Carlton W. Kent follows:]

Question 1. Care for our wounded warriors should remain our top priority. The overwhelming majority of our wounded servicemembers are our junior most enlisted. Many are either single or have just started out in marriage and parenthood. Can you comment on how our medical and family support facilities provide for and support our wounded warrior's family members and how you feel they can be improved?

Answer. The Department of Defense provides a full range of support for Marines who sustain physical or psychological injuries, including Post-Traumatic Stress Disorder and Traumatic Brain Injury. This care begins at the site of injury by corpsmen and medics, continues through the deployed medical system of aid stations and hospitals at which the injuries are assessed and stabilized, and results in return to duty or evacuation from theater to definitive care. The Marine receives a full range of primary and specialty care through the Military Healthcare System until separation from active duty. After separation, demobilization, or retirement, care is available through TRICARE or the Department of Veterans Affairs. This robust system is constantly reviewed and adjusted to ensure that resources are appropriately budgeted, requested, and employed in support of all injured and recovering Marines.

Equally important, the leadership of the Department of Defense is aware that stigma associated with having mental health problems or seeking mental health care can create significant barriers to Marines receiving care in spite of having available behavioral health facilities. The DOD leadership at all levels constantly strives to eliminate stigma and get Marines, soldiers, sailors, and airmen the care that they need.

[Questions for the Record submitted by Congressman Young for Sergeant Major Carlton W. Kent follows:]

Question 2. Our equipment has changed significantly since 2001. Much of the equipment we have today to combat our complex enemy is highly technical and limited to the warfighters in theater. In order to address this issue, virtual and mechanical training simulators have been provided to our men and women. As master trainers, do you believe there is a shortfall in virtual and mechanical training complexes in garrison, specifically to train soldiers on high tech equipment or machines (ie MRAPs)?

Answer. In the past 10 years, our ground forces have seen a monumental leap in new technical equipment, coupled with a greater demand for traditional skill sets. However, there is no shortfall of ground virtual and mechanical training complexes in garrison.

Additionally, no shortfalls exist in Marine aviation training complexes or training equipment. While the Marine Corps has experienced significant increases in capability and technology within the Aviation Combat Element (ACE) since 2001, the changes were planned prior to 2001 as an ongoing effort to modernize for the current and future tactical, operational, and strategic environments. As part of the modernization efforts with both operational aircraft and aviation ground support equipment, the training continuum from basic to advanced maintenance and operation of the equipment has been integral.

The Marine Corps has sufficient simulation systems, coupled with the appropriate training complexes, to ensure opportunities exist in garrison for Marines to train for skills necessary prior to going into theater. Therefore, it is our position that additional training complexes are not required at this time.

[Questions for the Record submitted by Congressman Young for Sergeant Major Carlton W. Kent follows:]

Question 3. Unseen wounds of this war are Traumatic Brain Injury and Post Traumatic Stress Disorder. Do you believe we have the behavioral health facilities necessary to address the true amount of service members who suffer from these injuries?

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[Questions for the Record submitted by Congressman Young for Master Chief Petty Officer Rick D. West follows:]

Question 1. Care for our wounded warriors should remain our top priority. The overwhelming majority of our wounded service members are our junior most enlisted. Many are either single or have just started out in marriage and parenthood. Can you comment on how our medical and family support facilities provide for and support our wounded warrior's family members and how you feel they can be improved?

Answer. We must always recognize and appreciate the sacrifices of wounded, ill and injured Sailors and their families. It is a priority for all of us in the Navy. This commitment includes a keen focus on their recovery, rehabilitation and reintegration. I have had the opportunity to see firsthand the outstanding care being performed by Navy Medicine. They are helping to heal our Wounded Warriors in body, mind and spirit. This care spans the combat casualty care at the Role 3 Multinational Medical Unit in Kandahar to the advanced treatment being provided at our major medical centers to the state-of-the art services available to service members and families at the National Intrepid Center of Excellence for Psychological Health and Traumatic Brain Injury (NICoE) aboard the National Naval Medical Center campus. Our programs of support, including Navy Safe Harbor and the Fleet and Family Support Centers, are designed to help not only Sailors but their family members as well.

With specific reference to medical support facilities, our Fisher Houses provide temporary, convenient, and affordable lodging for family members of patients receiving treatment in military Medical Treatment Facilities (MTFs). We have Fisher Houses in the following locations: National Naval Medical Center (NNMC) Bethesda (five Fisher Houses); the Naval Medical Center (NMC) San Diego (two Fisher Houses); and one Fisher House at the Naval Medical Center Portsmouth; and one Fisher House at Marine Corps Base Camp Lejeune.

Other support facilities include child care and Fleet and Family Support Centers. Wounded Warriors are given number one priority access to Navy child care programs on installations and through outreach contracts throughout the U.S. Fleet and Family Support Centers provide services such as deployment support, life skills prevention education, crisis response, clinical counseling, relocation assistance, financial management counseling, spouse employment services, and the transition assistance program. Operational Stress Control concepts have been successfully incorporated into all programs and briefings to assist with problem identification, support and early intervention.

In addition, Navy Medicine has completed facility improvements across its enterprise in support of Wounded Warriors. Examples of those efforts include:

- Establishment of the NMC San Diego facility configurations for the Comprehensive Combat and Complex Casualty Care (C5) facility. C5 is a program of care that manages a severely injured or ill patient from medical evacuation through inpatient care, outpatient rehabilitation, and eventual return to active duty or transition from the military.
- Renovations to buildings 3 and 5 at NNMC to include improvements which address Americans with Disabilities Act (ADA) and Uniform Federal Accessibility Standards (UFAS) deficiencies. These facilities are not dedicated Wounded Warrior facilities; however, Wounded Warriors will indirectly benefit should they have reason to visit these primarily administrative facilities.
- Other various local projects throughout Navy Medicine to correct ADA and UFAS deficiencies, for example bathroom renovations and sidewalk repairs.

[Questions for the Record submitted by Congressman Young for Master Chief Petty Officer Rick D. West follows:]

Question 2. Our equipment has changed significantly since 2001. Much of the equipment we have today to combat our complex enemy is highly technical and limited to the warfighters in theater. In order to address this issue, virtual and mechanical training simulators have been provided to our men and women. As master trainers, do you believe there is a shortfall in virtual and mechanical training complexes in garrison, specifically to train soldiers on high tech equipment or machines (ie MRAPs)?

Answer. While Navy is experiencing an increasing need, amidst competing budget priorities, for employment of simulators, we do not believe that there is currently a shortfall. We do strongly support the continued use of simulators as the most efficient and cost-effective means of providing Sailors with initial and follow-on training, prior to exposing them to such complex systems and equipment in operational environments.

[Questions for the Record submitted by Congressman Young for Master Chief Petty Officer Rick D. West follows:]

Question 3. Unseen wounds of this war are Traumatic Brain Injury and Post Traumatic Stress Disorder. Do you believe we have the behavioral health facilities necessary to address the true amount of service members who suffer from these injuries?

Answer. Our service members have access to the best treatment, research and education available for the evaluation and treatment of Psychological Health (PH) and Traumatic Brain Injury (TBI) injuries. The Navy Medicine enterprise has expanded services for service members since the beginning of OIF and OEF, and we have a robust network of military treatment facilities to care for our wounded warriors. The recent opening of the National Intrepid Center of Excellence for Psychological Health and TBI (NICoE) aboard the National Naval Medical Center campus is just the latest example. As a leader in advancing state-of-the-art treatment, research, education and training, NICoE serves as an important referral center primarily for service members and their families with complex care needs, as well as a hub for best practices and consultation. NICoE also conducts research and provides comprehensive training and education to patients, providers and families — all vital to advancing medical science in PH and TBI. In addition, the inpatient TBI unit at the National Naval Medical Center (7E) is providing outstanding care to our service members suffering with TBI, and these service members also receive treatment on 7E for their combat-related psychological symptoms. Navy Medicine has also established a pilot program, Overcoming Adversity and Stress Injury Support (OASIS), onboard the Naval Base Point Loma, California. OASIS is a 10-week residential program designed to provide intensive mental health care for service members with combat related mental health symptoms from post traumatic stress disorder, as well as major depressive disorders, other anxiety disorders and substance use problems. Navy Medicine is also working with the Defense Centers of Excellence for Psychological Health and Traumatic Brain Injury, its component centers including Defense and Veterans Brain Injury Center, research centers, and our partners in both the public and private sectors to support best clinical practices, research and outreach. In addition, our collaborative efforts with the Department of Veterans Affairs are particularly important to help ensure access to specialized facilities.

[Questions for the Record submitted by Congressman Young for Master Chief Master Sergeant James A. Roy follows:]

Question 1. Care for our wounded warriors should remain our top priority. The overwhelming majority of our wounded servicemembers are our junior most enlisted. Many are either single or have just started out in marriage and parenthood. Can you comment on how our medical and family support facilities provide for and support our wounded warrior's family members and how you feel they can be improved?

Answer. The Air Force provides close assistance to our wounded, ill and injured Airmen and their families. This support begins with the assignment of a Family Liaison Officer (FLO) who is assigned on a one-on-one basis to provide whatever support a medically evacuated Airman and their family need. This includes local transportation and lodging assistance, but more importantly, the FLO serves as the conduit between the family, the Airman's command, and a host of services available to those being served.

The Air Force also assigns a Recovery Care Coordinator (RCC) to all seriously wounded, ill, and injured Airmen and their families. The RCC works with Airmen to develop a comprehensive recovery plan that guides the Airman and family through recovery, rehabilitation, and reintegration, whether that reintegration is back in uniform or the civilian community. The RCC is a non-clinical case manager who works closely with the medical community and a host of other agencies based on the needs of the Airman and family being served.

Clinical Case Managers (CCM) assess the Wounded Warriors for the stressors they may be experiencing, such as financial and other family concerns. The family is referred to resources available such as Family Advocacy and the Airman & Family Readiness Center. The CCM is also an advocate for the family members, coordinating their medical care needs with their primary care manager as needed.

The Air Force Wounded Warrior Program (AFW2) provides long-term support to combat-wounded Airmen, including enhanced transition assistance through Airmen and Family Readiness Centers and job counseling. AFW2 counselors are the advocates for our wounded Airmen and their families as they navigate the many programs and services available through the Department of Veterans Affairs, the Air Force, and many other government and non-government agencies. We support our combat wounded Airmen for life.

While we have made tremendous progress over the past few years, we are working to improve our early identification and early assistance to those who return from deployments and are later diagnosed with the unseen wounds of war, such as PTSD. Because this is a particularly

difficult issue with Reserve Component (RC) **Airmen**, Air Force has added RCCs and deployed them on a regional basis to identify RC members with PTSD or Traumatic Brain Injury and assist them in receiving timely health care and support **services** that are important to recovery. We still have work to do to better communicate the resources we have available for our Reserve Component Airmen.

As to how services can be improved, the Nation continues to struggle with the employment of our Veterans who have been medically retired or separated. We are making a conscious effort to improve our assistance by hiring employment specialists in our AFW2 program, who will work closely with the Department of Labor and private organizations to provide more opportunities for our Airmen. However, this is a national issue that requires a concerted effort if real progress is to be achieved. This is especially true for those separated due to the unseen wounds of war such as PTSD and TBI.

[Questions for the Record submitted by Congressman Young for Master Chief Master Sergeant James A. Roy follows:]

Question 2. Our equipment has changed significantly since 2001. Much of the equipment we have today to combat our complex enemy is highly technical and limited to the warfighters in theater. In order to address this issue, virtual and mechanical training simulators have been provided to our men and women. As master trainers, do you believe there is a shortfall in virtual and mechanical training complexes in garrison, specifically to train soldiers on high tech equipment or machines (ie MRAPs)?

Answer. The Air Force has adequate training complexes. There are 19 MRAP Egress Trainers available for predeployment training (11 of these assets have been delivered and the remaining assets are on schedule for delivery and installation by October 1, 2011). The Air Force also has vehicle maintenance training at our vehicle maintenance schoolhouse. There are no maintenance training simulator training requirements for Airmen.

[Questions for the Record submitted by Congressman Young for Master Chief Master Sergeant James A. Roy follows:]

Question 3. Unseen wounds of this war are Traumatic Brain Injury and Post Traumatic Stress Disorder. Do you believe we have the behavioral health facilities necessary to address the true amount of service members who suffer from these injuries?

Answer. The Air Force presently has the appropriate facilities to meet the current treatment requirements for our Airmen diagnosed with Traumatic Brain Injury (TBI) and/or Post Traumatic Stress Disorder (PTSD). The Air Force PTSD diagnosis rate is less than 0.5 percent. Seventy-eight percent of these diagnoses are from a deployment. The remainder is from other life stressors such as abuse as a child, domestic violence, assaults, and accidents. Approximately 5 percent of mental health clinic visits are for patients with a diagnosis of PTSD. In terms of TBI, the Air Force contributed 3,521 cases to the CY2010 DoD total of 30,703 (accounting for 11.5 percent of the total). Eighty-seven percent of the Air Force cases were mild TBI.

Every Air Force installation has a mental health clinic staffed with professionals trained in recognizing and referring TBI and diagnosing and treating PTSD. These facilities are inspected regularly by the Air Force Inspection Agency and the Joint Commission for the Accreditation of Hospital Organizations to ensure they meet national standards for patient and staff safety as well as privacy concerns.

Air Force Medical Service mental health leaders have provided updates to the Military Health System Facilities Space Planning Review on space and facilities requirements to set standards for future construction. An identified future goal is to co-locate mental health clinics with primary care clinics to reduce stigma and facilitate collaboration between mental and physical health providers. Clinical space, patient and staff safety, and privacy needs are all critical considerations if such a move is pursued.

Technology also plays a significant role in new mental health programs and facility considerations. These programs include the use of virtual reality treatment equipment and tele-mental health secure video-conferencing capability. Such advancements require dedicated space for equipment, and the Air Force is considering these needs in new military construction projects.

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the conduit between the family, the Airman's command, and a host of services available to those being served.

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While we have made tremendous progress over the past few years, we are working to improve our early identification and early assistance to those who return from deployments and are later diagnosed with the unseen wounds of war, such as PTSD. Because this is a particularly difficult issue with Reserve Component (RC) Airmen, Air Force has added RCCs and deployed them on a regional basis to identify RC members with PTSD or Traumatic Brain Injury and assist them in receiving timely health care and support services that are important to recovery. We still have work to do to better communicate the resources we have available for our Reserve Component Airmen.

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[Questions for the Record submitted by Congressman Flake for Sergeant Major Raymond F. Chandler, III, follows:]

Several of your testimonies touched on the important role that health care plays in the quality of life for service members, as well as for recruiting and retention efforts. Secretary Gates has recently proposed raising TRICARE fees for working aged retirees by a modest \$2.50 or \$5 a month, depending on coverage. It is estimated that such an increase will reap billions on savings in health care at the Pentagon.

Question 1. Those affected by this fee increase would be working aged retirees, not active duty service members or their families. But would approval of this fee increase have any effect on recruiting and retention efforts in each of the services?

Answer. Those affected by this fee increase would be working aged retirees, not active duty service members or their families. But would approval of this fee increase have any effect on recruiting and retention efforts in each of the services?

Answer. Retirement benefits are an important component in motivating applicants to join the Army and to remain for a career. However, the Army has no current research that measures the impact of a TRICARE fee increase for working age retirees on recruiting or retention. Current accession propensity research does show the top reasons youth consider joining were extrinsic: pay/money, pay for education, and benefits (health, retirement, etc.). These findings suggest that prospective Soldiers perceive health benefits as an important factor affecting their decision to join the Army.

[Questions for the Record submitted by Congressman Flake for Sergeant Major Raymond F. Chandler, III, follows:]

Projects authorized for FY 2011 have yet to be started because the FY 2011 budget has not yet been approved.

Question 2. How will this delay impact the quality of life for military service members? Are there additional costs associated with this delay that will make these projects more expensive in the long run?

Answer. Yes, the delay in appropriations will significantly delay QOL improvements for Soldiers throughout the Army, at home and deployed. Delays in awarding FY11 projects will impact families well into FY13 (or later) when the use of the facilities are expected. The costs of projects will increase as:

- Contractors have to hold bids for longer periods of time, increasing their risk
- Bids/proposals expire and must be re-advertised in a different competitive environment
- Increases in market conditions impact price of materials, price and availability of labor as well as rising fuel costs
- Project durations will be extended, with contractors asking for additional overhead compensation claims
- Projects that experience cost growth could have a cut in scope or require supplemental funding to construct the planned scope.

The delay further extends the amount of time Soldiers and Families assigned to Fort Bliss, TX and Katterbach Kaserne, Ansbach, Germany, have to cope with a significant shortage of facilities. Fort Bliss's Soldier population is tripling. The indoor aquatics training facility provides combat water survival skills and drown proofing training to the six brigades and division headquarters being stationed at Biggs Army Airfield in addition to providing off duty recreational opportunities to Soldiers and Families. The existing Katterbach fitness facility occupies a converted, pre-World War II aircraft hangar. It is significantly undersized and inadequate to support common fitness activities such as Military Occupational Specialty specific functional fitness training and Modern Combatives. The facility presents a force protection issue as it does not meet antiterrorism and force protection standoff distances nor does it meet Americans with Disabilities Act standards for accessibility.

In addition, the delay postpones the construction of barracks and dining facilities in Afghanistan. The Warrior-hi-Transition Complex programmed at Fort Eustis, VA is pending budget authority. The barracks replacement and upgrade program is impeded. Many permanent party, transition and training barracks are held up; which compel the continued use of substandard facilities.

Regarding additional costs, the Army is currently advertising and receiving bids on many of our entire FY11 MCA projects. We have asked the contractors to hold their bids longer than normal (120 days vs. the normal 60 days) to insure that we have a sufficient period of time to allow "New Start" authority to be granted, and to make the awards. When contractors are asked to hold bids for a prolonged period of time, their risk model changes. They will add in factors to account for potential escalation of their direct, indirect and overhead costs.

If the delay in new start authority continues, the contractors' bid acceptance periods will begin to expire. Some contractors may not choose to extend their bids causing the Army to re-solicit the project. This could also result in further delays, depending on the economic conditions in place at the time of the rebidding.

[Questions for the Record submitted by Congressman Flake for Sergeant Major Raymond F. Chandler, III, follows:]

I understand that continued operation under a continuing resolution will have serious impacts on the Department of Defense. One of those impacts is that permanent change of status orders for some service members, which normally would have been issued months ahead of time, are being delayed.

Question 3. Will these delays result in additional funding requirements? What effect will these delays have on day-to-day operations, as well as on the war efforts underway overseas?

Answer. The continuing resolution has no impact on the permanent change of status order process or the day-to-day operations.

[Questions for the Record submitted by Congressman Flake for Sergeant Major Carlton W. Kent follows:]

Several of your testimonies touched on the important role that health care plays in the quality of life for service members, as well as for recruiting and retention efforts. Secretary Gates has recently proposed raising TRICARE fees for working aged retirees by a modest \$2.50 or \$5 a month, depending on coverage. It is estimated that such an increase will reap billions on savings in health care at the Pentagon.

Question 1. Those affected by this fee increase would be working aged retirees, not active duty service members or their families. But would approval of this fee increase have any effect on recruiting and retention efforts in each of the services?

Answer. Marine's choose to join the Corps and ultimately stay for reasons related to feeling a sense of duty, fulfillment in meeting the Marine Corps mission, and the friendship and commitment of other Marines. With this in mind, we would not anticipate a modest increase in the TRICARE fees for working aged retirees having any significant effect on recruiting and retention.

[Questions for the Record submitted by Congressman Flake for Sergeant Major Carlton W. Kent follows:]

Projects authorized for FY 2011 have yet to be started because the FY 2011 budget has not yet been approved.

Question 2. How will this delay impact the quality of life for military service members? Are there additional costs associated with this delay that will make these projects more expensive in the long run?

Answer

Question is no longer applicable due to passage of FY2011 Defense Appropriations bill.

[Questions for the Record submitted by Congressman Flake for Sergeant Major Carlton W. Kent follows:]

I understand that continued operation under a continuing resolution will have serious impacts on the Department of Defense. One of those impacts is that permanent change of status orders for some service members, which normally would have been issued months ahead of time, are being delayed.

Question 3. Will these delays result in additional funding requirements? What effect will these delays have on day-to-day operations, as well as on the war efforts underway overseas?

Answer. This question is overcome by events due to passage of FY11 Appropriations bill.

[Questions for the Record submitted by Congressman Flake for Master Chief Petty Officer Rick D. West follows:]

Several of your testimonies touched on the important role that health care plays in the quality of life for service members, as well as for recruiting and retention efforts. Secretary Gates has recently proposed raising TRICARE fees for working aged retirees by a modest \$2.50 or \$5 a month, depending on coverage. It is estimated that such an increase will reap billions on savings in health care at the Pentagon.

Question 1. Those affected by this fee increase would be working aged retirees, not active duty service members or their families. But would approval of this fee increase have any effect on recruiting and retention efforts in each of the services?

Answer. Navy anticipates that a fee increase would have little, if any, impact on recruiting and retention. TRICARE is a robust health plan with broad coverage at costs well below comparable civilian health insurance plans. While the proposed modest fee adjustment would increase out-of-pocket expenses for working-age retirees, their total health care expenditure would remain well below comparable commercial plans. It is also unlikely that a modest change in the cost of a retirement benefit, to which most potential recruits would never become eligible, and to which those who remain until retirement eligibility would not become eligible until at least 20 years later, would influence an applicant's decision on whether or not to enlist in the Navy.

[Questions for the Record submitted by Congressman Flake for Master Chief Petty Officer Rick D. West follows:]

Projects authorized for FY 2011 have yet to be started because the FY 2011 budget has not yet been approved.

Question 2. How will this delay impact the quality of life for military service members? Are there additional costs associated with this delay that will make these projects more expensive in the long run?

Answer. Navy quality of life programs will not be impacted if a delay in the execution of FY 2011 Military Construction (MILCON) projects occurs. Currently, no quality of life MILCON projects are programmed for FY 2011 execution. Accordingly, no cost growth will be experienced from a delay in this program.

[Questions for the Record submitted by Congressman Flake for Master Chief Petty Officer Rick D. West follows:]

I understand that continued operation under a continuing resolution will have serious impacts on the Department of Defense. One of those impacts is that permanent change of status orders for some service members, which normally would have been issued months ahead of time, are being delayed.

Question 3. Will these delays result in additional funding requirements? What effect will these delays have on day-to-day operations, as well as on the war efforts underway overseas?

Answer. Operating the military personnel accounts under the series of short-term continuing resolutions (CR) has presented many execution challenges. While the delay in issuing orders will not create additional funding requirements, under the full year CR, the Military Personnel, Navy (MPN) appropriation is underfunded by \$415 million, based on the FY 2010 annualized amount vs. the FY 2011 President's Budget Request. Furthermore, the MPN account is underfunded by an additional \$41 million, due to additional requirements and additional work year execution due to high retention. The added costs associated with the evacuations of Japan and Bahrain, as well as Operation Odyssey Dawn, will further pressurize the MPN account.

The Navy has limited options for operating the MPN account under the CRs due to the non-discretionary nature of the account. In order to preserve cash to make bi-monthly paydays and avoid an Anti-Deficiency Act (ADA) violation, the Navy has deferred 20K PCS moves and reduced lead times from six months down to two months, creating difficulty for our families and their ability to plan their moves. Lack of lead time on PCS orders hurts military families as they have less time to plan for major life changes associated with moves (i.e. home sales, lease expirations, overseas screening, uncertainty, etc). Goals for lead time are approximately 4 months for CONUS moves and 6 months for overseas moves.

Navy has also reduced Active Duty for Operational Support Orders (ADOS) by \$20 million. ADOS is used to facilitate emergent, unplanned and non-recurring short term projects. This reduction restricts our ability to support Fleet operations.

[Questions for the Record submitted by Congressman Flake for Master Chief Master Sergeant James A. Roy follows:]

Several of your testimonies touched on the important role that health care plays in the quality of life for service members, as well as for recruiting and retention efforts. Secretary Gates has recently proposed raising TRICARE fees for working aged retirees by a modest \$2.50 or \$5 a month, depending on coverage. It is estimated that such an increase will reap billions on savings in health care at the Pentagon.

Question 1. Those affected by this fee increase would be working aged retirees, not active duty service members or their families. But would approval of this fee increase have any effect on recruiting and retention efforts in each of the services?

Answer. While there are many dynamics that impact military recruiting and retention, we do not believe the proposed change to TRICARE fees for retirees will adversely impact our recruiting and retention. Without these adjustments, we will need to reduce funding in other areas such as those programs supporting Airmen and their families. The latter funding reductions would more adversely impact recruiting and retention.

[Questions for the Record submitted by Congressman Flake for Master Chief Master Sergeant James A. Roy follows:]

Projects authorized for FY 2011 have yet to be started because the FY 2011 budget has not yet been approved.

Question 2. How will this delay impact the quality of life for military service members? Are there additional costs associated with this delay that will make these projects more expensive in the long run?

Answer. As of April 8, 2011, there are 44 projects out of 91 in the FY11 program that are being negatively impacted through non appropriation. Projects will not be awarded to meet vital mission requirements, and because of rising construction costs those projects that have bids may have to be rebid to reflect those increases. Some of the projects have a direct impact on the quality of life for our airmen and their families. There are 11 quality of life projects totaling \$300 million that include 7 dormitories, the Air University Library, the Center for Character and Leadership Development and a chapel.

The contract solicitations for military construction projects typically asks the contractors to honor their prices for 60 days, but in the current bid climate the bid acceptance period has been increased to 120 days. After the expiration of this bid acceptance period, if contractors' costs have increased, projects may need to be rebid. With the increasing cost of fuel and materials, this may result in more expensive projects in the long run.

[Questions for the Record submitted by Congressman Flake for Master Chief Master Sergeant James A. Roy follows:]

I understand that continued operation under a continuing resolution will have serious impacts on the Department of Defense. One of those impacts is that permanent change of status orders for some service members, which normally would have been issued months ahead of time, are being delayed.

Question 3. Will these delays result in additional funding requirements? What effect will these delays have on day-to-day operations, as well as on the war efforts underway overseas?

Answer. The CR has not impacted Air Force (AF) PCS management to date. The AF issues orders two months in advance of members' moves. Due to the non-discretionary nature of this appropriation, the impact will be to other appropriations as the AF plans to request Congressional relief through reprogramming funds to cover any Military Personnel shortfall. Without reprogramming or other Congressional assistance in sourcing the shortfall, the AF would be unable to make the final military payroll of the year.

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2012

TUESDAY, APRIL 5, 2011.

U.S. COURT OF APPEALS FOR VETERANS CLAIMS

WITNESS

HON. BRUCE KASOLD, CHIEF JUDGE, UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

OPENING STATEMENTS

Mr. CULBERSON. The Appropriations Subcommittee on Military Construction and Veterans Affairs will come to order.

We are delighted to have with us today the Honorable Bruce Kasold, who is the chief judge of the U.S. Court of Appeals for Veterans Claims, a statutory court created for veterans to hear their cases for the first time. Actually in 1988, a statute created the court with original jurisdiction.

And there is some discussion, I guess, going on today, Judge, which we will hear about in your testimony, on the efficacy of creating, like, a new intermediate court of appeals, I gather, from—

Judge KASOLD. Actually, doing away with it, sir.

Mr. CULBERSON. Doing away with it? Okay, because I am brand new to this and looking forward to hearing your testimony and the vital role you play, because one of the biggest complaints that we continue to hear from veterans is the length of time that it takes to have their benefit decisions made at all, and then to have them finalized.

And it is my privilege to recognize our ranking member, the gentleman from Georgia.

Mr. BISHOP. Thank you very much, Mr. Chairman. My comments will be very brief.

I want to hear Judge Kasold's thoughts on the court's caseload, how it has increased over the past few years. And I want to make sure that the court has the necessary resources to deal with this caseload. I am also interested in hearing Judge Kasold's thoughts on the veterans appeals courthouse.

One of my constituents was overturned on a VA opinion that he did not suffer from PTSD, despite several medical diagnoses to the contrary. This is the kind of attention that we need to provide our nation's veterans, and we need to do it in an efficient and an effective way.

Finally, I simply want to welcome Judge Kasold, and I want to promise not to hold your service in the Senate against you.

Judge KASOLD. Thank you, sir.

Mr. BISHOP. We all make mistakes.

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

Judge, we are glad to have you here with us today. And, of course, your full statement will be entered into the record without objection. And we look forward to hearing your testimony.

STATEMENT OF CHIEF JUDGE KASOLD

Judge KASOLD. Thank you very much. Thank you, Mr. Chairman, Ranking Member.

It is an honor to have the opportunity to discuss our budget and the court's activities with you and your distinguished colleagues. As noted in my written statement, our budget is easiest viewed in three blocks—pro bono funding, our operating budget and the veterans courthouse.

Pro bono funding is a pass-through, and I defer comments other than to note the good work done by the consortium.

Our operating budget reflects a 10 percent increase over fiscal year 2011 due primarily to three factors—one, the normal increase in pay and benefits associated with staff increases and promotions, which is about \$400,000; two, the need to lease additional space, relocate offices and build out and equip two new chambers on one of our secure floors, all associated with the anticipated appointment of two new judges, bringing the court from seven to nine judges, and that is about \$600,000; and three, the recognition that our budget request for the past several years has underestimated the statutorily required funding needed for the retirement fund, and that is about a million dollar addition.

One reason for the past years' under budgeting of the retirement fund was that the estimate was based on an average 5 percent growth of the fund from the investment and treasury bills, when in reality it has been a .25 percent growth over the past few years. That alone accounted for a guaranteed million-dollar shortfall at the end of each fiscal year. And our 2012 budget now reflects a better estimate of what is needed to maintain the required funding.

The third category reflects the amount needed to continue toward construction of the veterans courthouse. That is \$25 million. In these fiscally constrained times, the priority attached to this project can only be made by you and Congress as a whole. We are not privy to the needs of the other entities in your portfolio or the needs of the nation.

Moreover, the need for a stand-alone courthouse is not driven by space, equipment, or supply needs alone. Rather, it is driven by the sense of major veterans groups and the sense of Congress over the past several years that veterans, who only recently in the grand total of American history have been granted the right to judicial review of their claims, should have a courthouse at least as equal to the courthouses provided to hear the claims of our everyday citizens.

As you well know, working in the grand House of the people, buildings, particularly government buildings, represent more than

just a place to work. They speak to the respect our nation has for the work that is being done within them.

Courthouses reflect respect for the rule of law, and particularly in the case of veterans, a veterans courthouse, as so aptly stated in H.R. 3936, would be, and I quote—"symbolically significant of the high esteem the nation holds for its veterans and would," I continue quoting—"express the gratitude and respect of the nation for the sacrifices of those serving and those who have served in the Armed Forces and their families."

Whether a dedicated courthouse is to be funded now or at some later date is a decision the committee and Congress must make, weighing this project against others. Although belts must be tightened, some buildings will be funded, and I was just noting, listening to the "Civil War" last night—or Sunday night—that construction on this building continued during the Civil War.

As noted in my written statement, if any courthouse is to be built, we support those who suggest that it should be a veterans courthouse. As to our specific budget request, it is \$25 million, which, as you know, GSA advises us is all that prudently can be spent over the next year.

With regard to court activities, our caseload remains high, and the processing time for many cases is longer than might be expected. Since becoming chief judge about 7 months ago, I have reviewed the process and time.

Much of the time that is spent is simply reflective of the transition from the claims processing that takes place in VA and the Board of Veterans Appeals to the adversarial appellate judicial review that takes place in an appellate court. A record needs to be compiled and consolidated. The briefs need to be prepared by the parties.

We have mandatory conferencing in 65 to 70 percent of the cases where the appellant is represented by counsel, which is 65 to 75 percent of all of our cases. This conferencing results in resolution without judicial review in about 50 percent of those cases that go to conferencing.

There are also many motions for additional time, although with the support of Congress, additional funding has been provided to the secretary, and he has reduced the number of requests for delay. It is still a lot, but reduced.

For cases not resolved in the conferencing process, review will take about a year, even when there are no unprogrammed delays. Some cases will take longer, because they are sent to panel, or they are stayed pending a panel decision, or they are stayed pending a decision by the Federal Circuit or the Supreme Court.

In addition to the normal appellate process, there are two areas of unprogrammed delay that I hope to focus on as chief judge. Indeed, when I testified last year on behalf of then Chief Judge Greene, I noted that it was taking about 3 months after briefing by the parties was completed to transfer a case from our central legal staff (CLS) to the chambers. I had thought to tackle this problem as one of my first duties on becoming chief.

However, with the complete picture that only the chief has of the caseload within chambers, I learned of the significant number of cases already assigned to chambers and had to face the fact that

the number would only grow with the announcement of the retirement of former Chief Judge Greene as he went off the wheel in early summer, late spring, to complete those cases that were already assigned to him.

Rather than work towards transferring cases even sooner from CLS to chambers, where they would only sit pending resolution of those already assigned to chambers, and with the cooperation of all the judges, we have assigned CLS staff to work with our senior judges to reduce those cases that are currently in chambers. I am pleased to say that well over 100 of these cases are being adjudicated by our senior judges.

Consequently half of the central legal staff is working with the senior judges, the other half is focused on the conferencing, so the flow of cases into chambers has slowed.

We have hired three additional temporary staff attorneys to prepare cases for chambers, and I have assigned my executive attorney to review the remaining cases pending transfer, with an eye towards transferring those with issues clearly identified without the normal CLS preparation. That process I just began this past month.

In the end, however, we are now one judge short of our currently authorized judges, and neither of our two temporary judicial positions have been filled. Should these positions be filled, and once the appointed judges have attained experience and familiarity with veterans law and judicial decision-making, I fully anticipate the two areas I have identified, time in transferring cases from CLS to chambers and time in chambers, can be and will be significantly reduced.

As a final prepared remark, I believe the time is right to review the continued need for a limited review by the U.S. Court of Appeals for the Federal Circuit of decisions of the Court of Appeals for Veterans Claims where questions of law are involved. This review does add a significant time and cost to the decision process not only for the individual case, but with a magnitude far beyond, depending on the precedential nature of the decision being rendered.

Over the past few years, we have had one case decided by the Veterans Court overturned by the Federal Circuit only to be overturned by the Supreme Court and another precedential case decided by our court, affirmed by the Federal Circuit, and then overturned by the Supreme Court.

While a second review on issues of law was a good idea when the court was created and there was no body of judicial interpretations, there are now 23 volumes of precedential case law and a recognition by the Supreme Court of the expertise of the Veterans Court in the area of veterans law.

Given the fiscal crisis our nation faces, this time-consuming, costly and unique extra step in the appellate process is now worthy of examination for its continued need.

With that, Mr. Chairman, I close my remarks and will address any questions you may have.

[Prepared statement of the Honorable Bruce E. Kasold follows:]

*TESTIMONY OF
THE HONORABLE BRUCE E. KASOLD, CHIEF JUDGE
U.S. COURT OF APPEALS FOR VETERANS CLAIMS*



*FOR SUBMISSION TO THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS, AND RELATED AGENCIES
APRIL 5, 2011*

STATEMENT OF
THE HONORABLE BRUCE E. KASOLD, CHIEF JUDGE
U.S. COURT OF APPEALS FOR VETERANS CLAIMS

FOR SUBMISSION TO THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES

APRIL 5, 2011

CHAIRMAN CULBERSON, REPRESENTATIVE BISHOP, AND DISTINGUISHED MEMBERS
OF THE SUBCOMMITTEE:

It is both an honor and a pleasure to present testimony to this esteemed body on the fiscal year (FY) 2012 budget request and performance plans of the United States Court of Appeals for Veterans Claims. My remarks today mirror the statement I presented last month to the House Committee on Veterans' Affairs, Subcommittee on Disability Assistance and Memorial Affairs. Herein I will (1) summarize our budget request, (2) provide an overview of the Court, its caseload, and its Operation Plan, (3) suggest a broad examination of the structure of federal appellate review of veterans benefits decisions, and (4) provide an overview of recent developments on the Veterans Courthouse.

I. Budget Request

The Court's FY 2012 budget request is best viewed as three parts making up the whole. One piece is a request for \$2,726,363 sought by the Veterans Consortium Pro Bono Program (Pro Bono Program). Another part is the Court's necessary operating expenses, requested at \$28,070,327. The third part is a request for \$25,000,000 for design engineering and site acquisition for a veterans courthouse. In total, our FY 2012 budget request is \$55,796,690.

Our FY 2012 request reflects an increase of \$211,134 sought by the Pro Bono Program. Since FY 1997, the Pro Bono Program's budget request has been provided to Congress as an appendix to the Court's budget request. Accordingly, I offer no comment on that portion of our budget request, although I do commend the Pro Bono Program for its success in providing legal assistance to many appellants seeking judicial review from the Court.

Our FY 2012 request reflects an increase of \$2,438,827 for the Court's operations, which is due primarily to (1) anticipated rent payment for additional space associated with two new chambers, plus the expenses associated with relocating staff to another floor, building out and equipping those offices, the two new chambers, and appropriate chambers for our Senior Judges (\$600K), (2) an increase of \$1 million (M) in the statutorily required contribution to the Judges Retirement Fund (*see* 38 U.S.C. § 7298); (3) the estimated, annual increase in payroll associated with normal promotions and step increases (\$400K), and (4) continued cyclical replacement of IT equipment (\$250K).

With regard to the two new chambers, additional leased space, relocation of staff, and appropriate chambers for our Senior Judges, any funding spent on these matters in the current fiscal year would result in a commensurate reduction in costs incurred in FY 2012. The Court has forestalled implementing these changes in the past, due to a lack of appropriate space and the lack of any known movement on appointment of two new judges. However, it now appears that space will be available in our building this summer and that the two additional judgeships authorized in 2008 likely will be nominated this year; accordingly, we will proceed with these plans as soon as the space is available, if we have the funding.

As to funding the Judges Retirement Fund, on becoming Chief Judge I reviewed past contributions and noted that our internal budgeting for this has been underestimated the past several

years, requiring funds originally planned for other activities, but not used, to be contributed to the Fund at the end of the year. One reason for the past-years under-budgeting was that the estimate was based on an average 5% growth in the Fund, which is invested in Treasury instruments. In reality, there was less than .25% growth, and that alone accounted for a guaranteed \$1M shortfall at the end of each FY. Our budget request for 2012 is based on a more realistic estimate of growth in the Fund.

II. The Court, its Caseload, and its Operations

With the creation of the Court in 1988, veterans became entitled, for the first time, to contest in a court of law adverse final decisions made by the Department of Veterans Affairs (VA) on their benefits claims. Over its 20 years of existence, the Court has grown to become one of the busiest federal appellate courts based on the numbers of appeals filed and decided per judge.

Appeals and petitions from FY 2007 through 2010 averaged almost 4,500, (FY 2007 (4,644), FY 2008 (4,128), FY 2009 (4,725) and FY 2010 (4,341)), compared to an average of about 2,300 from just five years earlier (FY 2002 (2,150), FY 2003 (2,532), and FY 2004 (2,234)). In addition to new appeals and petitions filed, the Court receives hundreds of motions each month, ranging from procedural to dispositive questions. In FY 2010 the Court disposed of 5,141 cases. The Court has implemented several innovations to help process these matters, which I will outline here.

Our pre-briefing dispute-resolution program was expanded significantly over the past few years. Our Central Legal Staff (CLS) attorneys now conduct conferences in essentially all merits appeals where the appellant is represented by counsel—equating to roughly 65-70% of the total number of appeals. Of the cases where consultation is scheduled, approximately 50% are resolved with the parties agreeing to a remand for further adjudication below without judicial review. Further, even in those cases where the appeal is not resolved at conference, the dispute-resolution process

generally is successful in narrowing and focusing the issues on appeal. The feedback from members of the Court's Bar, as well as from our CLS attorneys, is that the conferencing program is efficient and effective in bringing the parties together and resolving issues consistent with the law, due process, and the interests of justice, while conserving judicial resources.

For the past several years, we have recalled our retired Senior Judges. We currently have a total of six Senior Judges eligible for recall, with two judges serving as I speak, and all are on notice that their continued service is needed. The Senior Judges primarily assist with the more straightforward appeals and the Court's motions practice, which in turn affords the regular active judges additional time to focus on the more time-consuming decisions.

Several years ago, the Court also partnered with the Administrative Office of the U.S. Courts (AO) to acquire, adapt, and implement an electronic case management/electronic case filing system (CM/ECF). CM/ECF has now been fully functioning for two years and we now receive most documents electronically and issue most orders and decisions electronically, although we still have paper filing and orders for pro se litigants. CM/ECF permits remote 24-hour filing access, reduced storage space needed for record retention, the opportunity for multiple users to access records, efficient electronic notification procedures, and reduced mailing/courier costs. We just installed an updated version of CM/ECF and will continue working with the AO to acquire future versions to provide ever more useful and time saving features for case processing and management.

The Court decided more appeals this past fiscal year than were filed. This significant accomplishment is due largely to our mandatory conferencing program. However, more than half of the appeals filed, including a significant number of appeals where the appellant is pro se, require judicial review. In FY 2010, more than 2,000 appeals required judicial action, as did another 200

EAJA applications, petitions for extraordinary relief, and hundreds of motions. This level of demand for judicial review exceeds the capacity of our six active judges, who average over 200 appeals a year, in addition to the EAJA applications, petitions, and motions. The current need for judicial review also exceeds the support provided by our Senior Judges who average about a quarter of the production of a regular active judge (Senior Judges decided 284 appeals in FY 2010, as well as numerous motions).

Nevertheless, there is daylight. Once all of our judicial vacancies are filled and the newly appointed judges attain experience and familiarity with veterans law and judicial decision making, I am confident there will be an increase in the annual number of appeals resolved.

III. Suggestion for Possible Time and Cost Savings Without Judicial Review Degradation

Over the past couple of years there has been discussion among various stakeholders of the benefits of establishing a commission to evaluate the process of appellate review of veterans benefits decisions and to make recommendations on how to improve that system. In October 2009 I testified before the House Committee on Veterans' Affairs, Subcommittee on Disability Assistance and Memorial Affairs, supporting an unnumbered draft bill (the "Veterans Appellate Review Modernization Act") that would establish such a commission, and I reiterated that support when I testified before that same subcommittee last month.

As I stated then, the time is right for a working group to step back and review the system we have, critically examine its strengths and weaknesses, and identify measures that could benefit the overall appellate process. Specifically, we support and encourage a commission to weigh the costs and benefits of the unique two-tiered federal appellate review system in place for veterans benefits

decisions. Similar action was taken in the past with regard to the U.S. Court of Appeals for the Armed Forces, where direct appeal to the Supreme Court ultimately was permitted. With two decades of experience in appellate review of veterans benefits claims, and the resultant seasoned body of case law, it is time to consider the added value of a second layer of federal appellate review.

No doubt, continued bites at the apple, so to speak, will be sought by some, but at the end of the day, I suggest it cannot be convincingly argued that a veteran, the taxpayer, or anyone is best served by waiting nearly two years to have a decision of the Veteran's Court overturned by the Federal Circuit, only to wait approximately another two years to have the Federal Circuit overturned by the Supreme Court, as was the situation in the case of *Shinseki v. Sanders*, 129 S.Ct. 1696, 1707 (2009), or to have a veteran wait 18 months to have a decision of the Veteran's Court upheld by the Federal Circuit, only to wait another 9 months to have that decision overturned by the Supreme Court, as was the situation in the recently decided case of *Henderson v. Shinseki*, 131 S.Ct. 1197 (Mar. 1, 2011). Because these cases involve issues of law, their impact is far reaching, often causing cases to be stayed, reconsidered, or readjudicated below. The extra step in the appellate process is unique, time consuming and costly, and worthy of examination for its continued need.

IV. A Veterans Courthouse

Although now over 20 years old, the United States Court of Appeals for Veterans Claims remains the newest federal court. Under the able leadership of our first Chief Judge – Chief Judge Nebeker – the Court offices and courtroom were constructed in leased commercial space, where the Court is housed today. Since at least 2003, many of our Nation's largest Veterans Service Organizations (VSOs) have supported a dedicated courthouse for veterans seeking judicial review. In 2004, the United States House of Representatives expressed its sense that the Court "should be

housed in a dedicated courthouse" that would be "symbolically significant of the high esteem the Nation holds for its veterans" and would "express the gratitude and respect of the Nation for the sacrifices of those serving and those who have served in the Armed Forces, and their families" (H.R. 3936). That sentiment was echoed in 2007 with the sense of Congress that the Court be provided appropriate office space "to provide the image, security, and stature befitting a court that provides justice to the veterans of the United States" (S. 1315). The Board of Judges fully supports the convictions expressed by Congress and the VSOs.

In 2004, pursuant to Congressional support and funding, an initial and follow-on studies were undertaken by GSA to determine the feasibility of acquiring a dedicated courthouse. In 2009, eight National VSOs collaboratively sent a letter to Congress expressing their strong support of legislation that would authorize the funding and construction of a veterans courthouse. In FY 2009, Congress responded by appropriating \$7M for advance planning and architectural design, and those funds were transferred to GSA for completion of a pre-development planning study (planning study). The Court made no specific funding request for the courthouse project in its FY 2010 budget request because the planning study had not yet been concluded and plans were too uncertain at that time to make such a request prudent.

Following receipt of a GSA estimate that \$50M was needed for construction funding and an additional \$12M for land acquisition, \$62M was requested in the Court's FY 2011 budget submission. In response, the House proposed full funding at \$62M, and the Senate proposed \$25M – sufficient funding, per GSA, to perform more detailed design and planning, and to purchase the necessary land adjacent to GSA property being considered for the courthouse, the next steps in the process. As you know, the FY 2011 budget request has not yet been acted on because we are

operating on a continuing resolution, and therefore no funding has been appropriated for construction of the courthouse in FY 2011.

At the time of my February 2010 testimony before this Committee, I noted that GSA had hired MGA Partners, an architectural firm, to complete a Pre-Development Planning. That study, which was completed this past summer, and verified by GSA this past fall, presents a more specific courthouse cost estimate based on the particular location and general design requirements of a courthouse, and it reflects a significant cost increase for project completion over the FY 2011 budget request. We understand that GSA has either briefed or offered to brief this Committee as to the basis for the cost increase.

We also have learned over the past few months that the local government may not be amenable to closing an infrequently used street on the side of the proposed location for the courthouse, and that there have been no assurances that the additional property needed to site the courthouse can be purchased within the estimated cost. GSA is less concerned about the second factor than it is the first. Should the side street be neither closed nor limited to controlled access, the cost of construction surely would rise. Failure to limit access to the side street, and the impact on cost and design of the courthouse, might also warrant finding another site.

Given the increased cost estimate from GSA and need for close study thereof, as well as the factors just noted, and mindful of the Court's responsibility to ensure fiscal prudence, our FY 2012 request includes \$25M, which GSA advises is the amount necessary for funding the next steps toward construction, i.e., more detailed planning, design, and land acquisition. (This \$25M is not needed in FY 2012 if it is appropriated in FY 2011.) We are sensitive to budget constraints and understand that priorities must be set by Congress; however, if any federal courthouses are to be

funded for construction, we support the veterans who contend that their courthouse should be one of them.

If construction of the courthouse is to be delayed, with no work anticipated for the next several years, it is my understanding the \$7M already appropriated for initial design – which has been transferred to GSA and of which a little over \$6.6M still remains – could be used to fund the construction at our current location of two chambers, the relocated offices, and Senior Judges' chambers, if there is appropriate congressional agreement to do so.

V. Conclusion

On behalf of the judges and staff of the Court, I express my appreciation for your past and continued support, and for the opportunity to provide this testimony today.

VETERANS BENEFITS

Mr. CULBERSON. Thank you very much, Judge.

To make sure I understand the procedure a veteran follows in applying for benefits and when does the court become involved, can you walk us through the process.

Judge KASOLD. The claims are actually processed by VA, and that processing is done by a regional office. The regional office is required to gather the information and evidence. The regional office should work hand in glove with the veteran to get that evidence. You will hear complaints about that, but that is the design of it. The benefit of the doubt is given to the veterans at the regional office and the Board.

I think about 1.2 million claims per year are being processed now by those offices. If a veteran is dissatisfied with the results of that process, he then can appeal to the Board. There are about 60,000, I believe, claims that the Board is projected to process this year. That process includes a de novo review by the Boards. That also is somewhat unique.

Evidence can be gathered at the Board, but if it is gathered, unless the veteran waives it, it has to go back to the regional office for another first decision, so then that decision can be reviewed de novo by the Board. Veterans claims are entitled to two de novo reviews.

Mr. CULBERSON. Okay.

Judge KASOLD. That used to be the entire process, through 1988; Basically, veterans couldn't go to court. In 1988 Congress created this court, the Court of Appeals for Veterans Claims. This is an appellate court. It reviews the process. The claim has already been adjudicated down below.

Mr. CULBERSON. Nationwide jurisdiction.

Judge KASOLD. Nationwide jurisdiction.

Now when a veteran is dissatisfied with a board decision, he can have it reviewed. The standard of review on facts is clear error. It is not just "I disagree with you," as would be a board versus regional office de novo review. It is "there has to be clear error in the Board's decision."

Mr. CULBERSON. Discretion of abuse type.

Judge KASOLD. Not quite discretion of abuse, although the Supreme Court has noted that between those standards—does anybody really understand the difference between them? But, yes, a clear error. We have to believe there is a firm conviction that an error has been made to overturn fact—to overturn fact-finding.

Questions of law, however, are reviewed de novo by the court. So if there is a determination made by the Secretary, and the Board on a question of law, then the court would review it de novo. Those questions would generally go to a panel for decision.

Mr. CULBERSON. A panel of your judges.

Judge KASOLD. A panel of our judges.

Mr. CULBERSON. A three-judge panel?

Judge KASOLD. That is a three-judge panel. It can also be en banc. Let me back up a bit. This court also issues single-judge decisions. Most of our cases are done by a single judge.

I know we couldn't process the volume of cases we have if we didn't have that particular authority; or we would have to sit as a panel and just render an "affirm" or "deny" decision, without an explanation going out. With single-judge review authority, all of our cases go out with an explanation.

All those decisions are circulated to all the other judges. They are reviewed by the other judges. We are the only appellate court, federal appellate court, that does single-judge decisions.

And we came up with the review by all the judges as a compromise to the traditional panel review. So those cases are reviewed by all judges, and they can be called to panel during that particular process, if two judges call a panel.

Mr. CULBERSON. If the veteran is dissatisfied with the opinion of one judge, he can then ask for as—

Judge KASOLD. Two processes.

Mr. CULBERSON. So he can then go to a three-judge panel or then ask for an en banc of everybody?

Judge KASOLD. That is correct. He asks. First, you get a single-judge decision. That could be sent to panel by the single judge directly. If a single judge decides it is not panel worthy, it can be decided on all the case law that exists. That decision would circulate. Two judges could call a panel, but if not, the decision is finally issued. If the veteran doesn't like the result, he can seek reconsideration or panel review.

Mr. CULBERSON. Got it. You are handling about 2,000 cases a year.

Judge KASOLD. The judges are.

Mr. CULBERSON. The judges are.

Judge KASOLD. The court receives about 5,000.

Mr. CULBERSON. That is conferencing process.

Judge KASOLD. That is correct. Every year we get, well, 4,500 cases and 2,000 now to about 4,500 of—that is correct. That is correct.

Mr. CULBERSON. Okay. And you all issue your opinion, and then it is today some questions of law. It can go to the Circuit Court of Appeals for D.C.?

Judge KASOLD. Court of Appeals for the Federal Circuit. There are two courts of appeals in D.C. that are federal. One is the D.C. Court of Appeals, and the other is the Court of Appeals for the Federal Circuit, a specialized Article III federal appellate court.

Mr. CULBERSON. Okay.

Judge KASOLD. They take Merit System Protection Board appeals. They take Boards of Contract Appeals. They take Court of Appeals for Veterans Claims. They take the Claims Court appeals. We are the only appellate court that they take.

Mr. CULBERSON. Do they take administrative law judge appeals?

Judge KASOLD. No, those usually go to the Court of Appeals for the District of Columbia Circuit.

Mr. CULBERSON. Okay.

Judge KASOLD. Well, the Merit System Protection Board decision; That is an administrative law judge. It would go to the Federal Circuit.

Mr. CULBERSON. And this Federal Court of Appeals only looks at questions of law.

Judge KASOLD. No, they have broad jurisdiction on all areas of the law, except in this one area. We are the final determination on clearly erroneous facts.

Mr. CULBERSON. And a veteran can appeal any case.

Judge KASOLD. The overwhelming majority of the cases that go to the Federal Circuit are denied for lack of jurisdiction, because they involve questions of fact.

But the Federal Circuit can address a question of law that this court had addressed, and I am suggesting that when this court was created, that made sense, because it was a brand-new court. You got the appeal into a system where a court had experience. This court has been here 20 some-odd years now, and has a body of law.

There can be another review of the law by the Federal Circuit that can get appealed to the Supreme Court. While this is not a direct appeal from our Court to the Supreme Court, there is a precedent for establishing that. The Court of Appeals for the Armed Forces (CAAF) didn't used to have direct review by the Supreme Court. Over time that was then granted, and CAAF appeals go directly to the Supreme Court.

Mr. CULBERSON. And the Supreme Court would typically only take certiorari—

Judge KASOLD. That is right. They would only—

Mr. CULBERSON [continuing]. Constitutional issue.

Judge KASOLD. It would have to be a big issue, I guess, fiscal, constitutional issue—

Mr. CULBERSON. Large popular issue—

Judge KASOLD. Generally, on the other cases, not veterans law, Supreme Court review is granted when there is a conflict in the circuits.

JURISDICTION

Mr. CULBERSON. Are you suggesting in order to expedite things to provide greater efficiency, cost effectiveness, that we remove the ability of the courts outside of our jurisdiction, but directing to Congress that the jurisdiction of the Federal Circuit Court of Appeals be removed on questions of law for appeals—

Judge KASOLD. Right. From the Veterans Court straight to the Supreme Court, just like they do for the Court of Appeals for the Armed Forces. In other words if you are a bad soldier, you get a trial, a court of military review, and then you go to the Court of Appeals for the Armed Forces, and then you get cert to the Supreme Court.

If you are a good soldier, you get a regional office decision, you get a board decision, and you go to the Court of Appeals for Veterans Claims, and then there is this very unusual appeal process that—as I said, most of the cases are denied for lack of jurisdiction anyway, but—you can get a decision by the Federal Circuit.

And as I noted in my testimony, then one way or another you are going to get the Supreme Court to say we were right, or you get the Supreme Court to say none of us are right, etc.

COURTHOUSE

Mr. CULBERSON. Well, and I want to move on to another area, but ask first about the courthouse. I mean, we are all living on bor-

rowed money. But when I saw your testimony in preparing for the hearing today, it was the first time I was really aware that you are trying to build a whole brand-new courthouse, which is ultimately a massive expense.

Judge KASOLD. It is a big one, a big one.

Mr. CULBERSON. Huge. And sounds like you could, with the \$6 or \$7 million that has currently already been—it is in the pipeline, you said, for—it was appropriated in the last appropriations bill to actually be signed into law, equipped with two courtrooms that you need for the President's appointed—you are almost there.

You have got all your judges, just about. And the money you have got will allow you to finish building out the courtrooms in the leased space you are currently in.

Judge KASOLD. Let me be very frank.

Mr. CULBERSON. A little gun-shy about paying for a brand-new courthouse, because we can't, sir. I tell you nobody—I am confident Minnesota probably needs a new courthouse. I bet Georgia needs a new federal courthouse somewhere. In Houston our courthouse was built—

I am sorry?

Mrs. MCCOLLUM. I believe I just got mine right.

Mr. CULBERSON. Oh, good. Minnesota got one. That, let me tell you, is extraordinary achievement, Betty. That is not easy.

We are way behind in Houston. Our courthouse was built back when Lyndon Johnson or Kennedy was President. It looks like a bomb shelter. Our judges hate it. Everybody hates it. The U.S. attorneys are in there. They are wildly over—you know, they don't have enough room. The FBI is in there, the DOJ, I mean, everybody is in there, ATF. It is a mess. And we can't get one.

I bet you probably need a courthouse, too, in Georgia.

Mr. BISHOP. No, not in my district.

We got a brand-new one. I don't know—about 5 or 6 years old.

Mr. CULBERSON. Did you?

Mr. BISHOP. Yes.

Mr. CULBERSON. It is really difficult, and they are tremendously expensive. It is tremendously expensive.

Mr. BISHOP. But it took them about 30 years before they got it.

Mr. CULBERSON. There you go. It is a big deal. I agree with you. I have to tell I am really gun-shy about paying for a brand-new courthouse, because, boy, it is off to the races then. There is no telling how much it is going to wind up costing our kids.

Mr. BISHOP. I have a question about the courthouse.

Mr. CULBERSON. Why don't you—and I will yield to my friend, Mr. Bishop. This is a nonpartisan committee.

CONSTRUCTION COST FOR NEW COURT HOUSE

Judge KASOLD. I understand that, sir.

Mr. CULBERSON. And so if he is going to ask about the courthouse, let us visit about it. Talk to both of us about the courthouse, all three of us about the courthouse.

Mr. BISHOP. Okay. As you already know, the GSA estimated that \$50 million was needed for construction funding and an additional \$12 million for land acquisition, so \$62 million was requested in

the fiscal year 2011 submission. However, the GSA made some errors in their estimate.

So first question is what is the current estimated total cost of the courthouse?

Judge KASOLD. The current estimated total cost of the courthouse is about \$114 million. You need an additional \$12 to \$14 million for that piece of property to—

Mr. BISHOP. You said 114?

Judge KASOLD. One-fourteen plus.

Mr. BISHOP. Yes, and you said that you have learned over the past few months that the local government may not be amenable to closing a street that is on the site of the proposed location for the courthouse and that there have been no assurances that the additional property needed for the courthouse can be purchased within the estimated cost.

It seems like the project is on unstable footing. Can you explain how the \$25 million that is requested for the courthouse in fiscal year 2012 will be used and whether or not you believe that it is necessary right now, while there are still outstanding issues regarding the site?

Mr. CULBERSON. And the site, if you could, if I may, where is the site?

Judge KASOLD. It is over by the Nationals ballpark. It is on L Street.

Mr. CULBERSON. Okay.

Judge KASOLD. It has Metro access right near it.

Mr. CULBERSON. But it is—talk about the uncertainties regarding the site and—

Judge KASOLD. One uncertainty is whether or not we are going to buy the land. And that requires money to buy, so it is just plain old uncertainty until a decision is made that the courthouse will be built on that spot.

A second uncertainty is whether or not a side road will be closed. The original discussions with GSA about security requirements was that it needed to be closed. Subsequently, we have learned that some of the security requirements have been modified a little bit, and the building can be hardened.

I don't have the cost of that, because we have been waiting to see if we can actually proceed with getting a cost estimate on that. But there is going to be some additional cost to harden the building if they won't close that particular road.

The third thing is that the building is expensive. There is no question about it. The GSA, when they had the original estimates done, didn't estimate it like a courthouse. They estimated it like a commercial type of building, using a 1.3 versus the 1.7 ratio of square footage, of gross space to usable space. The difference ends up being 20 some-odd million dollars.

An additional 20-plus million dollars is added because of the way GSA costs dollars. When this was first estimated to cost \$50 million, it was around 2007. With the more detailed estimate, GSA looked out towards the projected year of half completion, and they added another 20 some-odd million dollars. And we have suggested that GSA needs to talk to the appropriate congressional staff who

know more about this than I do, because \$20M seems like it is an awful high figure for the future cost of money.

If we are appropriated funds to proceed, we would go back to GSA and make sure that what we get is an appropriately sized and funded building.

Should the building not be built, sir, let me just make very clear, we can function. Most of us are retired from the military or had military service. We do have chambers, and we do have a courtroom for our hearings.

But a courthouse has been supported by the veterans groups and by the sense of Congress. When you are speaking about a courthouse, it is bigger than us. The current judges wouldn't likely serve in it as active judges, given how long it takes GSA to build a courthouse, or what they are estimating.

So this comes down to, I guess—our appropriation is within Military Construction. So, appropriations for a courthouse will be found on your analysis as to what is needed within this nation at any particular time. We have been here 20 years. We don't have a courthouse. We are located on three floors at the top of a commercial building with a restaurant at the bottom and a child development center.

Mr. CULBERSON. How much is the rent?

Judge KASOLD. One hundred sixty thousand a month.

Mr. BISHOP. A hundred and sixty thousand a month.

Mr. CULBERSON. How many square feet?

Judge KASOLD. 42,500, roughly.

Mr. CULBERSON. 42,500.

Judge KASOLD. And that will grow because of the additional two chambers that we need, and a little bit more because of the senior judges that we have been recalling.

Mr. BISHOP. I am generally in favor of courthouses. I think that people who use the courthouse ought to have the dignity, a dignified setting provide in which to have their disputes resolved.

However, given the uncertainties, I am just wondering—and I don't know, and I am not expressing an opinion—I am just wondering whether or not it is advisable, given our fiscal constraints at the moment to move forward with it with all the uncertainty as opposed to waiting until those contingencies are resolved.

Judge KASOLD. Right. Well, again, I can't give you a price on the property until we have the funds. GSA doesn't do it that way.

Mr. BISHOP. So the \$25 million that is requested, would that be for planning?

Judge KASOLD. Yes, it is for continued planning. The way I understand it with GSA—and they have iterations of development and development and development. We did the initial planning on a courthouse in general. That is the one that they underestimated, et cetera.

The latest estimate is based on a design of a courthouse to fit the courthouse requirements on the specific piece of property, and you have some demolition costs associated with an old building on the land that weren't included in the original estimate. GSA didn't include a garage in the original design: the 1.7 to 1.3 differential; and now you have this additional 20 million because of the cost of the money, et cetera.

Mr. BISHOP. The \$25 million, though, includes the cost for the land.

Judge KASOLD. The \$25 million includes the cost of the land. In other words if you gave us the \$25 million, we would make all efforts to, decide what the actual cost of the land is and what we can do with the city, and then, if it is reasonable, close that out and buy that piece of property. We are then shot down range. We are building the courthouse.

Let us say those don't fulfill. Well, you have \$25 million back. I am not spending it.

Let us say they do fulfill. At that point we scrub this courthouse estimate. We have the experts talking on cost of money, and we get a final figure. My gross is we come in with the final figure somewhere in the neighborhood of \$75 million to \$80 million, because we already have \$25.

It is almost a Catch-22, as we look at it, because I can't give you the answer on the land specifically. I can tell you GSA's estimate is \$14 million at this point.

Mr. BISHOP. Suppose we give you the \$25 million, and then you find out that the city is not willing to close the street.

Judge KASOLD. That is why I said the latest information we got from GSA is that they think that they can harden the building and still meet the security requirements, which are not established, I understand, by GSA, but by the federal marshals, et cetera. As to the costs with the hardening; that I don't know.

Mr. BISHOP. What do you mean by hardening?

Judge KASOLD. I am getting out of any expertise here. The wall is bigger and thicker. The wall is thicker. The glass is thicker.

Mrs. MCCOLLUM. They don't have a setback—

Judge KASOLD. Oh, yes, the setback. Instead of being on this road, to build this building on this piece of lot—

Mr. FARR. It is like building a military building. It is a waste of money. It is crazy.

Mr. CULBERSON. But if I may, Sanford how much money is already in the pipeline? Do you know how much money is in the 2011 bill that we are wrestling with right now?

Mr. BISHOP. It was 62.

Mr. CULBERSON. I mean in 2011 that we are trying to resolve right now.

Mr. BISHOP. Yes, it was taken out.

Mr. CULBERSON. It was taken out.

Mr. BISHOP. It was taken out, because there is a request for 62, 50 million for construction funding, additional 12 million for land acquisition, a total of 62. But I think it was taken out.

Mr. CULBERSON. So how much money is in the pipeline is what I am driving at, Sanford?

How much money do we think is in the pipeline, then, that is already heading their way?

Judge KASOLD. We have about \$6.4 left of the original \$7 million that Congress appropriated in the first instance.

Mr. CULBERSON. Okay.

Mr. BISHOP. Is that enough? Would that not be enough to continue with the planning?

Judge KASOLD. I think that is enough to find out how much the hardening costs, although I think the hardening is not going to amount to a figure that would make you not do the building. CSA can't negotiate the land without the money.

So if there was some idea to put enough in for the land, yes, the \$7 million would cover the other part for sure.

Mr. CULBERSON. The gentlelady from Minnesota?

D.C. PROPERTY TAX

Mrs. MCCOLLUM. Thank you. I have got a couple of different questions. I want to jump around a lot. One of my former city councilpersons had on here not only closing the street is the property that currently pays property taxes that you are looking at that would come off of D.C. property tax—

Judge KASOLD. It is mostly GSA, but the additional part would come off, I guess, city-taxed land.

Mrs. MCCOLLUM. No, I don't want to know how big it is. I just kind of want to know have you had any discussions with the District of Columbia and how they feel about maybe capturing that to put that for sale for GSA to put that up for auction to get someone to purchase it, even if they don't want to take it down to put it back on the tax rolls?

Have you had any—are you aware of any conversations with the District of Columbia on that?

Judge KASOLD. We have not. GSA has, and I have not heard of any balking on it. It doesn't mean that there isn't, but I haven't heard any.

CASELOAD

Mrs. MCCOLLUM. Looking at the caseload, your caseload has gone up. There are more veterans going up. Anecdotal, has your caseload gone up because more people are aware of the process or because you have a backlog? And so when I am looking at these numbers, on the top line it is new cases filed, and every year it has gone up.

Judge KASOLD. We basically doubled over a time period, and you will have some fluctuations each year, as you can see in that report.

Mrs. MCCOLLUM. And is that because—so then my question, then, kind of to dovetail them together, is that because there are more—I am speaking as the daughter of a disabled veteran who had issues, so I am not asking these questions because I don't think veterans deserve their day in court—does the issue of number of—how many cases are ruled in favor of the veteran?

What percentage of the cases—I was trying to look at this chart; I am not my parents' smartest child when it comes to math—what percentage of cases on average do you find for the veteran?

Judge KASOLD. I am going to have to answer it this way. The cases are adjudicated by VA at the regional office and the board. They are on appeal to this court.

Mrs. MCCOLLUM. Right.

Judge KASOLD. So there are very few cases where the court will reverse and grant an award of benefits, but there are somewhere

in the neighborhood of 70 percent of the cases that are remanded for a continuation of the development of the case down below.

Mrs. MCCOLLUM. So it is a problem that the other court doesn't do its job? Seriously. I mean, if you are overturning or sending back 70 percent—

Judge KASOLD. I would send them back for more information, more facts of the—

Mrs. MCCOLLUM. I understand that, but that means somebody didn't ask good questions at the court the first—I mean, that is a lot to turn back.

Judge KASOLD. I am not here to defend VA, but out of 1.2 million claims, 60,000 get to the board; about 4,500 to 5,000 get to us. Of that 4,500 to 5,000, about 70 percent are going back.

Mrs. MCCOLLUM. So if you didn't have that 70 percent coming, you wouldn't need this larger facility.

Judge KASOLD. If we didn't have that 70 percent coming, we wouldn't need the two additional judges.

AGENT ORANGE CLAIM

Mrs. MCCOLLUM. The other question I have is now that there has been a decision not to—to use the slang, to hassle veterans about Agent Orange claims, do you see that affecting in a positive way, that you will have less cases coming forward?

Judge KASOLD. I should think so.

Mrs. MCCOLLUM. But you are going to have more veterans in the pipeline because of what has happened.

Judge KASOLD. I think the pipeline is very determinative. It is certainly a significant factor in how many we get. So when you have 1.2 million cases coming in to VA, going down to 60 thousand going to the Board, 60 is more than the 40 thousand they used to have, and we are probably going to get more appeals related to that as long as veterans are now aware of their benefits.

Mrs. MCCOLLUM. So and then am I reading this chart right, where you have self represented at filing? Does that mean the veteran travels out here?

Judge KASOLD. No. He filed his appeal with the court, but he doesn't have to physically travel to come out here.

Mrs. MCCOLLUM. Right, but as a sidebar, I was just wondering if some of them chose to or whatever.

Judge KASOLD. No, they usually don't.

Mrs. MCCOLLUM. They usually don't. So then another question is if you were to rehab the new building, if you were to put in the technology needed, make sure that everything was veteran friendly if a veteran did come in, and so it was above and beyond ADA compliant, because some of our wounded warriors have suffered greatly with physical trauma, what would be the cost of rehabing the building?

And has GSA told you or have you asked GSA how long of a lease we could get with the building owner, if you put that kind of rehab into it?

Judge KASOLD. I think getting the longer lease is not an issue, and we don't have the cost to rehab. At the time the feasibility studies were done, there was a study done to estimate the cost of

moving other current tenants out of our building so that the court could stay in the current location.

Moving that group out was actually very expensive, and the expense is usually picked up by the agency that is moving them out, because they don't want to move out. And so that cost differential, given the costs we had before, made sense to build a new courthouse at the time.

It turns out the VA itself, which occupies part of our building, is moving out this summer, early fall. We do intend to take one of the floors that they have to move some people down from the secured floors and then build the two additional chambers upstairs.

Let me make this very clear. We can function as a court where we currently are. It is a nice little courtroom. Those of you who have not come over, you are certainly welcome to come over, and you will find it to be very adequate.

Mrs. MCCOLLUM. I will, some of this—thank you, Your Honor.

Judge KASOLD. The question—and this is all driven by veterans groups, by a sense of Congress that \$7 million was originally put in by Congress, not requested by the court—comes down to: Where does providing a courthouse fit? I mean, you have been in courthouses, federal courthouses, I am sure, and—

Mrs. MCCOLLUM. And if you are going to rehab them right, it is excessive.

Judge KASOLD. And if you are going to rehab them right, or if you are going to build a courthouse at that level, the question is whether it is in a commercial building—with the things that I just mentioned, versus a stand-alone courthouse. That is a big policy question. Functionally, as the congressman said, there is one view that this is a waste of money. And I am not going to sit here and argue that it is not.

We sit in the grand Capitol that was built by our forefathers, and we all know we don't need all this to work in, but we do need it for the symbol that it is. And so the symbolism associated with a veterans courthouse and whether it is built is a call way above my pay grade. It is with the Committee and Congress, and if you build 117 planes, or 116 and a courthouse. Those are the questions I can't answer.

Mrs. MCCOLLUM. To kind of sum up, and I will come over and see the facility and thank you so much for offering, you know, we are making some tough choices right now. And I understand the importance of a symbol, but I also understand that our veterans, if we put those dollars to eliminating the VA backlog, they would appreciate that.

And I am concerned, and thank you for sharing, about the 70 percent you sent back down for more information. The work you do is important, but you shouldn't be—and I will say you shouldn't be doing other people's work for them.

And so, Mr. Chair, that might be something we want to look into in a hearing. Thank you.

Mr. CULBERSON. Great question. Thank you very much.
The gentleman from California.

APPEALS COURTS

Mr. FARR. Yes, thank you.

That is very public service. And I have been on this committee a long time, but I don't think I have ever drilled down to understand exactly how the appeals process works. This is solely within the Department of Veterans Affairs. We have our own internal legal system, or are you part of the Justice Department?

Judge KASOLD. We are a stand-alone Article I court. We are part of, in a sense, Congress, if you will. We are not under the AO, the administrative office of the courts.

Mr. FARR. How many appeals courts are there?

Judge KASOLD. There are 13 federal courts of appeal, Article III. There are two Article I's. Actually, there are three. There is the D.C. one, but it is different.

Mr. FARR. And so the funding for construction of those courthouses normally comes out of Department of Veterans Affairs budget or out—

Judge KASOLD. No, the funding for the construction of the federal courthouses comes out of the Judiciary appropriation, I think. The funding for the construction of this federal courthouse would come out of the military construction, VA, and Veterans Court appropriation, because we happen to be under this committee's jurisdiction. Armed Forces comes out of Armed Forces. Tax Court comes out of Finance.

Mr. FARR. No, I understand. I am just trying to understand this court. So this court would come out of the Department of Veterans Affairs?

Judge KASOLD. No. This court would come out of the Court of Appeals appropriation.

Let me make it clear. We aren't anywhere in the VA's budget. We have a separately, independently submitted budget.

Mr. BISHOP. They are just under our jurisdiction.

Judge KASOLD. We go directly to you.

Mr. BISHOP. They are under our jurisdiction as a subcommittee.

Judge KASOLD. Authorizers and appropriators, we go direct.

Mr. FARR. So that, I mean, that pocket of money for construction, then, is in your own budget. Nobody else has—

Judge KASOLD. That is in our own budget, which comes out of the military construction subcommittee.

Mr. FARR. What I am really—I mean, Mr. Chairman, you are going to hear me railing on this a lot. I mean, I have been fighting for 15 years to get a veterans clinic, with DOD as a partner, built, and they can't do it.

Judge KASOLD. Well, DOD won't come to you and ask for this courthouse. VA won't particularly come to you and ask for the courthouse.

Mr. FARR. What VA has done is authorize a build to suit, so that you build a building, you build it privately and lease back.

Judge KASOLD. We are not VA at all. There is no VA involvement in the court other than they might support, and they might say, yes, it makes sense.

Mr. FARR. All right. I guess I am just—you know, I appreciate this, and I do share. I mean, we beefed up the budget to hire enough people so that we can get these claims adjudicated in the first instance. I think we have even passed a bill to give a presumption of—did that bill pass?

Mr. BISHOP. That was the eligibility.

Mr. FARR. Eligibility. And did that or not? It was Hall's bill that would allow the presumption——

Judge KASOLD. Is this the one where there was a presumption up front that the claimant just got paid, and you take it back later if disproved? I don't think that passed, but we don't have appeals on anything like that yet.

Mr. FARR. Well, you probably would have cut down on all the costs of administration, probably also put a lot into the courts, but, I mean, there is a cause and effect here. One of the reasons you are getting so many appeals is because people don't feel they got a fair rating or a decision, right?

Judge KASOLD. That is correct. I asked the Secretary about this when I went around on one of my tours as I became the new chief judge. I suggested to him that he might look at these 70 percent of cases that are remanded and see if the veteran gets benefits. Very often just because we remand does not mean the veteran gets benefits.

I will also tell you that these are not claims from the current conflicts. We haven't seen but maybe a handful, if there are any. I have not seen an appeal arising from the current wars. We see the older cases. You know, as the veterans get older, they wonder why their back is hurting them. And they think back to something that happened in service, and those claims are filed, and they are harder to prove. They are the ones that this court sees.

The beauty of an appellate court is not just that the individual case gets reviewed, but the beauty of the appellate court is its effect on the entire system to ensure that procedures and process are provided.

Mr. FARR. You know, I certainly understand that.

Judge KASOLD. Okay.

Mr. FARR. But what I am concerned about, and all of us as members of Congress have district offices. And I can't speak for every member, but I certainly speak for the California colleagues. I have two people in my office that ought to be paid by, you know, one by VA.

Mr. BISHOP. Social Security is another.

Mr. FARR. And two of them on immigration issues. I mean, we do so much casework that we could be essentially federal employees in other bureaucracies. And the same thing with our VA guy.

And what you do is we get into all this micro stuff and end in people coming to us and wanting to know how they can appeal or why—they made their appeal, why haven't they heard. I mean, there is so much stuff stuck that it ends up, you know. I come from a long family of lawyers, and the most costly way to resolve this thing is to get it in at your level.

Judge KASOLD. I agree.

Mr. FARR. So if we can do that ounce of prevention or that better, you know, administration of the first instance, making sure that these——

Judge KASOLD. I would agree with you, sir. I will say one thing. You will never eliminate human error. I don't think we will eliminate human error. And so that is why you have an appellate court and why the veteran was provided the right to appeal.

Mr. FARR. If our federal courts can rule that California has got to let about a third of its population out of jails, and because we are overcrowded and we can't build them so it is not going to be an option of not to, why can't you order that the administration—

Mr. CULBERSON. Great question. See where he is going with that?

Judge KASOLD. I see where he is going, but you write the laws, sir. We ensure they are enforced. And I don't believe you have given us the authority, but I will tell you if it comes up and someone argues it—I don't want to pre-judge it—we will review it, and we will see if we have the authority to do that.

CHANGE ADMINISTRATIVE PROCEDURES

Mr. CULBERSON. Sam, if I may follow up on that?

Mr. Farr raises a superb question. Isn't there any breadth of discretion in the statute that authorizes your court where you could order VA to change their administrative procedures to further fact-finding, for example, as Betty quite correctly points out. If you are sending back, remanding 70 percent for further fact-finding, couldn't you issue remedial orders like appellate courts do all the time? You know, clean up your process at the court of origin, in this case the VA?

What a great way to help clean up the VA disability claims system, if we gave you jurisdiction, because you would see specifically what is going on. By the time it gets to us, it has gone through so many other layers of people, it is hard for us to kind of get our finger on exactly where the screw-up is. But you would see it. And plus, you could post them up. You could issue an order with specific remedial relief.

Mr. BISHOP. If we gave them authority.

Mr. CULBERSON. If we give them the authority. What sort of breadth of authority do you have? Sam raises a superb question.

Judge KASOLD. Well, he does raise a good question, and I don't know the answer to your question. If it were brought up before the court, we would have to review it. I am sure it would be a panel type case, maybe even an en banc case.

Mr. CULBERSON. How broad is your discretion? I mean, how broad does the statute give you authority?

Judge KASOLD. We have exclusive jurisdiction over all board decisions.

Mr. CULBERSON. What is the scope of your authority?

Judge KASOLD. The scope of our authority is to review board decisions.

Mr. CULBERSON. Period?

Judge KASOLD. Period.

Mr. CULBERSON. What about remedial relief? What about relief? What kind of relief?

Judge KASOLD. Well, we can handle writs also. So if there was something being stuck, being prevented from going to regional office decision or a board decision, we can step in and grant relief.

Most of the time what happens on our petitions is they don't meet the standard for relief, which is that there is no other alternative relief available when you come up and seek or petition for mandamus from the court, or we have asked the Secretary to com-

ment, and by the time we asked the Secretary to comment, the problem is relieved, and the claim is being processed. And again, that is the process and decision-making occurring down below by the regional office and the board.

APPEALS PROCESS

Mr. FARR. I really want to—I think that we are very concerned. I think this is only going to get worse. I think the economy is obviously so flat that you are coming home and you are getting all screwed up, because you know you got to go back and look for a job, and you are coming out of your—at least, you know, all this, and went through college, is you had a structured situation.

In the military it is a structured situation. You get out and it is, I think, with anybody, whether you are a young kid getting out of college or a kid getting out of the military, you go through that adjustment problem, but particularly a tough adjustment if you have had assignments overseas, so this PTSD, which is real.

Judge KASOLD. PTSD, TBI, both of them.

Mr. FARR. It is really real. And not being able to get a job and get the pressures and frustrations, people can appeal. It is the only way they can get some income to pay some basic bills.

Judge KASOLD. Right, but if they appeal, it doesn't—

Mr. FARR. And they are going to plot. Excuse me, they are going to plot.

Judge KASOLD. Oh, they are—

Mr. FARR. And if we don't adjudicate it pretty well somewhere, I mean, we do all this outreach just to tell these kids that, look, there are some programs you can get a hold of. You can go back and you can get your education paid for. And guess what? If you go to housing in the universities, we can give you some housing allowance.

But we have got all this, and this has all happened in the last few years. It is a huge counseling system that we have created. And the universities are buying in, because they get money out of it. They get veterans coming to their school and they get paid for it, so they have a student that isn't on scholarship that is a paying student.

Judge KASOLD. Right.

Mr. FARR. So there is money to be made, and the universities see that, and they are out doing what they should be doing, which is then creating a specialized veterans person in the administration. Our office is a door. And I can just say it isn't like these numbers—as Mrs. McCollum has pointed out, it is they are growing.

So if people can't find a remedy for kind of just how am I going to financially get through this period, I think they are going to appeal more, if they don't get a satisfactory answer.

So somewhere along the line, Mr. Chairman, we put in I don't know how many thousands of new people we have hired in the VA just to process claims. I mean, it is thousands. Maybe it is—

Does anybody in the room know what the—do you know what it is? How many more personnel we added in the last 3 or 4 years? It was—

Seven thousand. I mean, we have been a job production center here. And that is to me the market demand. And it is growing.

So I just think collectively, we have got to figure out how do we resolve these things satisfactorily, and maybe even dispute resolution or anything, because your only remedy is now to file an appeal. How long does it take once an appeal is filed to get a—

Judge KASOLD. If you file an appeal represented by an attorney—and ultimately about 70 percent of the appellants are represented—you are going to go through a conferencing process. Fifty percent of those get remanded, for the reason we were talking about before. So that is 50 percent of 70 percent.

If you make it through that process and don't get a remand out of it or a settlement for your claim, you then will complete your briefing. And it will be 9 months to a year before you get to the judge because of this briefing time and the process that we already talked about.

And then, with the number of judges we have now, you are going to wait another half a year for a decision. So it could be a year and a half. If it is going to a judge, it will be about a year and a half. And then if it is a panel case, it will be longer.

Mr. CULBERSON. This is, I think, after. This is you have already sent it back for review, and it came back up.

Judge KASOLD. Well, some cases do do that. The veterans call it the hamster wheel. You can have a case that is remanded for a medical exam, for example. Another medical exam is given. Again the veteran isn't pleased with the results, and he appeals. That will be a second time up on appeal. And it could be remanded again.

Congress has imposed on the board a reasons and basis requirement, and the court has read that stringently, if you will. We have to understand why it is VA is making the determination against the veteran. We don't see those in favor of the veteran. Only the veteran can appeal.

For example, the court has held that the board needs to address all the favorable information in the record and explain why the favorable information doesn't result in an award. So, if/when that 2,000-page record comes to the court, there is a document that the board didn't discuss, and it is favorable to the veteran, there is a remand.

On remand, the board discusses it. Does it mean that the veteran will get benefits? No, but it does mean that the reasons and basis requirement has been addressed. On appeal again, the board assessment is reviewed. If it is not clearly erroneous, the case is affirmed. Or, there may be another issue that the veteran raises but the board didn't explain and the claim is remanded again.

Mr. FARR. This is kind of a street problem. If I were a veteran and I file my claim, and they come back and say, "You have got a disability of a certain percentage. You are going to be awarded this much per month," and you don't like that. And you say, you know, "I think I think they cheated me. I should get more." Actually you file a claim. How much of those claims end up getting veterans more money?

Judge KASOLD. I couldn't answer you.

Mr. FARR. Because the sense on the street is, "Hey, it is worth taking the risk, you know, and losing."

Judge KASOLD. Not to the court, I don't believe. It would be worth seeking an appeal at VA, it seems to me, because the benefit

of the doubt goes to the veteran. And so if you are between a 40 and a 50 percent disability rating, you may get a higher rating at the board if there is reasonable doubt.

Also, the rating schedule is established by the Secretary, and we cannot mess with it. That is law.

So the board is applying that rating schedule to the facts. For us to overturn that, the board's decision would have to be clearly erroneous. So when you are saying somebody gets 60 or 70 percent on the rating schedule, it is rare that such a board decision is clearly erroneous. You might independently disagree with that, but that is not a basis to reverse the board decision.

Mr. FARR. But I guess my question goes to what is the street sense of lawyers and others saying, "Well, you know, file your appeal, because your chances are you are going to——"

Judge KASOLD. I think the street sense of a veteran is that you file the appeal; I think the street sense of the bar is mixed. Those in the bar generally understand these issues. One of the reasons why you might have 30 percent filed up front by the bar and 70 percent not filed up front might be what you are getting at.

Mr. FARR. How do the lawyers get paid for this?

Judge KASOLD. Lawyers usually have an agreement with the veteran that if there is an award, they get paid for that award.

Mr. FARR. It is a contingency fee.

Judge KASOLD. Usually. It doesn't mean a veteran can't pay, but usually that is the case. Lawyers may also get another fee, under the equal access to justice act. So if they win—and a win in our court involves a remand back to the board—you can get a fee.

Mrs. MCCOLLUM. This is like a David Letterman—top 10 reasons why submissions to the courts are rejected. Are you ready? Motions or certificates of service are not signed. Serving the wrong party. Not having the right telephone number on it. I mean, this needs to be——

Judge KASOLD. None of those three are our court.

Mrs. MCCOLLUM. No.

Judge KASOLD. None of those three is a reason for a remand in our court.

Mrs. MCCOLLUM. But this is how—I am going to say—sloppy it is down below the——

Judge KASOLD. Yes, the——

Mrs. MCCOLLUM. Going to make sure that the form is filled out.

BUILDING OPERATING COSTS

I want to go back, and this might be more for our staff. So we are asking out of the milcon budget to build a court. Currently, they pay rent out of the independent agencies, right? The rent is paid out of independent agencies. It is not paid out of milcon. My question, if we build a new building, then we are responsible for all the shell maintenance then, right? It is a maintenance change.

Judge KASOLD. GSA takes on responsibility as they do for——

Mrs. MCCOLLUM. So what is our operating cost of the new building?

Judge KASOLD. What GSA is going to charge us.

Mr. CULBERSON. I think as we all pay all federal agencies——

Mrs. MCCOLLUM. But what I am saying right now we know what the fixed agency is. We know what the fixed costs are, kind of. It can go up and down. But we are not responsible for the shell. We are not responsible for the structural insurance. We are not responsible—there is a contract for cleaning the floors in all that we pay, but there are a lot of things we are not responsible for.

Mr. BISHOP. But it is built into the rent.

Judge KASOLD. Yes, in the rent.

Mr. CULBERSON. And the rent is in there, too. Paying rent to GSA.

Mr. BISHOP. How many—\$140,000 a year?

Mrs. MCCOLLUM. Right.

Mr. BISHOP. Oh, \$160,000.

Mr. CULBERSON. \$162,000 a month.

Mr. BISHOP. A month.

Mrs. MCCOLLUM. But GSA, when I went around and I was looking to lease, and this was 10 years ago, GSA was more expensive than market.

Mr. BISHOP. That is true. That is absolutely true.

Mrs. MCCOLLUM. A lot more expensive than the marketplace.

Mr. BISHOP. I agree.

Judge KASOLD. My understanding is that Judiciary complains about that all the time.

Mrs. MCCOLLUM. So my concern is that, there is an independent budget. We don't know at the end of the day after we open up the courthouse, we don't know what the long-term costs are going to be, because we don't know what GSA thinks that they might be charging us to give them a court facility later.

Mr. CULBERSON. That is true, because we only see it after they have already done the deal with GSA and signed the rent and—

Mrs. MCCOLLUM. And I don't know enough about this to know if GSA has something out there where they can guesstimate or let us know or anything like that.

Judge KASOLD. You might be able to. I will say that that is true of every building, though, that the government builds.

Mrs. MCCOLLUM. We are talking about building a new one.

Judge KASOLD. Right, but I don't know what is in your military construction budget, but my guess is there are a few buildings in there. And the same thing would apply to them. I mean, it is just inherent to—

Mr. FARR. That is one of the buildings that the services own.

Mrs. MCCOLLUM. No.

Judge KASOLD. No, but DOD has a cost to run it. If you are saying that GSA is expensive, that is what I understand, too.

Mr. FARR. Let me ask, Mr. Chairman, maybe to look into the fact if we could build this cheap, first would be to speed it all up, if we got the property.

Judge KASOLD. Well, we don't have the property. I will say—I am going to say this, and the Senate won't be happy—but there are two parking lots over there across from Union Station. That would be the perfect place to build a courthouse for the Court of Appeals for Veterans Claims, which is an Article I court.

Mrs. MCCOLLUM. Right.

Judge KASOLD. Build a basement garage, as they did with the AO. The Senate could park in that particular garage.

Mr. FARR. Didn't the Senate leader used to listen to your opinion for years?

Judge KASOLD. They used to. I am not there anymore. That is outside my jurisdiction now. But I am just going to put it out here, because you want to put a courthouse where it is visible to veterans.

Mrs. MCCOLLUM. Right.

Judge KASOLD. It is visible to people walking from Union Station. It is a perfect place. It is property already owned by the government. It is run by the architect of the Capitol. But that would take powers to be well above me.

Mrs. MCCOLLUM. And it has security.

Judge KASOLD. And it has security. It is a perfect place—recommended it. It was rejected by the chairman of the Rules Committee in a letter to the veterans groups, but——

Mr. FARR. Interesting.

Judge KASOLD. Again, those are decisions for pay grades above me. You are asking, though, all the questions we asked, so you know——

Mr. BISHOP. It is \$160,000 a month. What is that a year?

Judge KASOLD. \$2.1.

Mr. BISHOP. \$2.1 million. And you are talking about 75 million to get a new one.

Mrs. MCCOLLUM. And then we pay GSA.

Judge KASOLD. And then you are paying GSA.

Mr. CULBERSON. You are going to pay rent to GSA on top of that, probably, which I keep coming back to.

Judge KASOLD. We are building courthouses every day. This is the veterans courthouse. You are not building it for me. You are not building it for the judges who sit in there. You are building it only for the veterans, and they have asked for it, so I defer to them.

CLAIMS BACKLOG

Mr. CULBERSON. But, of course, other member, everybody raises a vital question about him. What about, you know, investing some of that money to help with the backlog and——

Mr. BISHOP. That is a different type of money.

Judge KASOLD. Yes, if you give me the three judges, in a year and a half after they are up to speed, I think our what you call backlog will be taken care of. There is just no doubt in my mind.

Mr. CULBERSON. I might follow up on the same question about your ability to order, you know, remedial measures to help correct the problems that you spot. Do you—or perhaps could someone on your staff judge or have looked at the statute and tell us if it looks like it does give you any authority to issue any kind of an order to the Veterans Administration or the Veterans Benefits Administration?

Judge KASOLD. You are talking about an across-the-board?

Mr. CULBERSON. No, an individual case, you know, a case where——

Judge KASOLD. Well, we do it in an individual case. We can order a medical exam.

Mr. CULBERSON [continuing]. That opens, that reveals bigger, broader problems, though, in the way they are handling claims. Do you think you have got authority today to order a change in—

Mr. BISHOP. You have to request.

Judge KASOLD. No, no, don't misunderstand. I—

Mr. BISHOP. What happens if they don't do it?

Judge KASOLD. We can hold them in contempt.

Mr. BISHOP. Okay.

Judge KASOLD. We have had several hearings where we have found against the secretary and had him pay costs he would normally not pay. We can do that. I thought we were talking about a broader systemic problem. For example, if I were to order VA to hire 6,000 people. Well, tell me that won't impact the budget up here. I don't know that we have that kind of authority, but I am not saying we don't. We haven't faced it.

Mr. CULBERSON. Well, authority as Sam was suggesting, you know, if you spot a systemic problem—

Judge KASOLD. We do.

Mr. CULBERSON. Like Betty was listing the top 10 reasons that—

Mrs. MCCOLLUM. You are not rejecting, but, I mean, they shouldn't be happening, period.

Mr. CULBERSON. Yes, it is ridiculous. If, you know, you are seeing the same kind of error over and over and over, and clearly somebody in some department decided just doing the basics, can you order them to—

Judge KASOLD. Yes.

Mr. CULBERSON. Okay. Today you have got that kind of authority.

Judge KASOLD. Yes.

Mr. FARR. You were saying for the fine the Secretary has to pay if it—

Judge KASOLD. We haven't yet fined the Secretary.

Mr. FARR. Wonderful.

Judge KASOLD. But we have, yes, had him pay costs on various factors that he wouldn't otherwise have to pay.

Mr. FARR. Fix it tickets.

Judge KASOLD. And we have the authority to enforce our rules. I think generally—and I don't want to speak for the Secretary—but I think generally he tries to follow it. Again, there are about 1.2 million claims, 60,000 at the board, and 4,500 with us. Now, a number do get remanded, but the Board does have to meet a high standard with its reasons and basis.

And the focus, I think, correctly, was stated over here that there are 6,000, 7,000 people at the VA to process those claims initially, because that is where the claims get decided. And this is an appellate court that is reviewing and ensuring that due process was provided to—

Mr. CULBERSON. Right.

Judge KASOLD. And we do have authority. Those issues are usually addressed in the cases we take to panel because they have

more of a systemic type impact. They are precedential. They are totally binding on the secretary.

Mr. CULBERSON. It is worth exploring. It is something I am going to talk to my friends and colleagues in a little more detail, but I will also have questions for the record.

Any other questions, Mr. Bishop?

We really appreciate your service. It has really been enlightening.

Mr. BISHOP. I really appreciate it.

Mr. CULBERSON. Very, very worthwhile, so I thank you.

Judge KASOLD. I am going to see you shortly, I think.

Mr. CULBERSON. Thank you very much.

Judge KASOLD. Thank you very much.

[Questions for the Record submitted by Congressman Bill Young follows:]

[Questions for the Record submitted by Congressman Bill Young follows:]

Question 1. The recent decision by VA to include Agent Orange presumptive conditions have created a significant increase in workload for the Board of Veterans' Appeals. Many veterans claim that the Board of Veterans' Appeals are not properly adjudicating their case. What percentage of the cases being appealed to the US Court of Appeals for Veterans Claims are being overturned in favor of the Veteran?

Answer. About 70% of the appeals filed with the Court involve a remand for further adjudication. This is largely due to the large number of claims below, human error, and the broad duty of the Secretary to assist claimants during the processing of their claims, and in part because the Board is required to provide a statement in support of its decision that addresses the material evidence in the record, in particular favorable evidence, and otherwise fully explain its decision. A remand for further adjudication does not guarantee an award of benefits, but it does permit the claimant and the Secretary to gather and submit additional evidence for consideration as the claim is re-adjudicated. It also ensures that the procedures provided by statute and regulation for the proper adjudication of a claim are fulfilled.

As an aside, although there is frustration by some in the number of appeals that are remanded, our review of the cases does not reveal a general systemic problem beyond that associated with the tremendous number of claims being handled by the Secretary and the Board, and human error, which, when recognized, can be controlled, but which cannot be legislated away. Looking from the top down, the number of appeals remanded provides one picture, while looking from the bottom up — from over 1.2M claims filed each year to about 60,000 administrative appeals filed at the Board (about 5% of the claims filed) to about 4,500 judicial appeals filed at the Court (about 7.5% of the administrative appeals, and .375% of the claims filed) — presents another picture.

In the grand scheme of veterans claims, although the number of cases appealed to the Court is relatively small, the impact of judicial review required to follow the Court's decisions and interpretations of law in all of the claims VA processes. Therefore, judicial review helps to ensure that all veterans are provided a fair opportunity to develop and argue their claims and receive the procedural protections Congress has provided them. Succinctly stated, judicial review — long fought for by our Nations veterans, with citizen and congressional support — ensures not only the right required to follow the Court's decisions and interpretations of law in all of the claims VA processes. Therefore, judicial review helps to ensure that all veterans are

In the grand scheme of veterans claims, although the number of cases appealed to the Court is relatively small, the impact of judicial review is huge. The Secretary is

provided a fair opportunity to develop and argue their claims and receive the procedural protections Congress has provided them. Succinctly stated, judicial review – long fought for by our Nations veterans, with citizen and congressional support – ensures not only the right to a judicial, independent review in each case timely appealed, but the very integrity of the administrative process itself.

Question 2. Please provide a detailed report on what projects the \$6.6 million appropriated in to GSA would accomplish for the Court.

Answer. In fiscal year (FY) 2009, the Court was appropriated \$7M for advanced planning and design of a courthouse. That money was transferred to GSA and to date we have spent about \$335,000 for a pre-development planning study that included a comprehensive program and design study specific to the location at 49 L Street, SE. There currently is about \$6.65M unspent.

As I noted in my testimony to the Committee, there remain some contingencies to proceeding with construction of a courthouse on that site. First, although GSA owns much of the identified land, a portion of the proposed site is privately owned and must be purchased before it is prudent for plans to move forward. GSA requires sufficient funds (about \$14M) to begin formal negotiations with that land owner. Second, current indications are that a side street adjacent to the identified site will not be closed by local government, and additional design and cost work needs to be done to assess the cost increase necessary to harden the courthouse should the site otherwise remain viable. We will be coordinating with GSA in the near future to ascertain a cost estimate for these contingencies. Finally, we need to ascertain congressional support for continuing with the project at this time. Given the Nation's fiscal crisis and the outstanding contingencies to moving forward any time soon, it appears that fiscal prudence demands no further money be expended until further guidance from Congress is provided as to funding.

Although I noted in my testimony to the Committee that some of the \$6.6 million might be used for 1) constructing and equipping two chambers needed for the additional two judges that have been authorized, and that we hope will be appointed this year, and 2) for relocation and related construction and equipping of current staff to make room for the new chambers on one of our two more secured floors, funding for these projects recently was approved with passage of the FY 2011 appropriation.

Should the Committee and/or Congress direct reconsideration of options other than construction of a courthouse at 49 L Street, SE, the funds might be used to support such effort. For example, in coordination with the appropriate congressional committees, including, of course, the Subcommittee on Military Construction and Veterans' Affairs, these funds might be used to support 1) reconsideration of a build-to-lease courthouse on space currently used by the Senate for staff parking, near Union Station, (with secure underground replacement parking for Senate staff being included in construction of a courthouse), or 2) looking for other locations for build-to-lease options, or 3) reconsideration of expansion and renovation in our current, leased location in a commercial building (although this last option does not fulfill congressional intent to build a "dedicated courthouse [] symbolically significant of the high esteem the Nation holds for its veterans [and] express the gratitude and respect of the Nation for the sacrifices of those serving and those who have served in the Armed Forces, and their families" (H.R. 3936) or "to provide the image, security, and stature befitting a court that provides justice to the veterans of the United States" (S. 1315)).

[Questions for the Record submitted by Congressman Flake follows:]

Question 1. Current statute holds that a veteran cannot appeal his or her case with the Court of Appeals for Veterans Claims if the request is not postmarked before 120 days of the mailing of the decision rendered by the Board of Veterans' Appeals. A recent holding by the Supreme Court has paved the way for administrative or legislative action to more consistently apply the 120-day rule.

Answer. The recent Supreme Court decision in *Henderson v. Shinseki*, 131 S.Ct. 1197 (2011), found that the 120-day time period mentioned above does not necessarily prevent the Court from hearing appeals that are filed outside of the 120-day period. Absent a change in law, this effectively reinstates case law that permits equitable tolling of the 120-day period in which to file a Notice of Appeal (NOA). There is established criteria in our case law for applying equitable tolling, which permits a consistent application of the 120-day rule, and the exceptions thereto.

For example, equitable tolling may be allowed when one misfiles a notice of appeal with the Secretary and it is determined that: (1) the appellant has exercised due diligence in pursuing his legal rights; (2) the misfiled appeal reveals a clear intention by the claimant to seek further review; and (3) the misfiled appeal put the Secretary on notice of the appellant's intention. *Hunt v. Nicholson*, 20 Vet.App. 519, 524 (2006).

Equitable tolling also may be allowed when an appeal is filed late if it is determined that: (1) the late filing was due to an extraordinary circumstance beyond the appellant's control; (2) the untimely filing was a direct result of the extraordinary circumstances; and (3) the appellant exercised "due diligence" in preserving his appellate rights, meaning that a reasonably diligent appellant, under the same circumstances, would not have filed his appeal within the 120-day judicial-appeal period. *McCrecy v. Nicholson*, 20 Vet.App. 86, 89 (2006).

Given that there are established criteria for applying the doctrine of equitable tolling, legislation to address misfiling or late filing of a Notice of Appeal does not appear warranted, and may itself generate significant litigation when otherwise not needed. For example, the term "good cause" is not defined, and likely would be the subject of litigation requiring its interpretation and establishing parameters that would permit a consistent application of the 120-day rule and its exceptions.

If the intent of the proposed legislation is to permit the Court to consider appeals where an appellant purposely is pursuing an appeal but errs by filing in the wrong place, or is impeded from filing in a timely manner for reasons beyond his and any guardian's control and an appeal is filed promptly upon regaining control, then equitable tolling should suffice to address those matters.

We caution against a broad exception to the 120-day filing period that might permit filings well beyond the 120 days due to general inattentiveness, such as forgetting to timely file, or being too busy to file, or mis-calendaring the date to file.

The 120-day period for filing an appeal with the Court is already quite generous when compared to the 60-day filing period generally applicable for appeals filed in the other federal appellate courts. The 120-filing period serves the important function of promoting efficient judicial administration by bringing a degree of finality to a matter that is not prudently pursued. Moreover, Congress has long authorized a veteran or one seeking veteran's benefits to request to reopen a claim by filing new and material evidence with the Secretary, or to seek reconsideration or revision of decision on a claim at any time when the matter has not been settled on judicial appeal. See e.g., 38 U.S.C. 5108 (permitting a claim to be reopened); §§ 5109A and 7111 (permitting revision of a decision based on clear and unmistakable error); § 7103 (permitting reconsideration or revision based on clear error).

Question 2. One existing legislative proposal would allow a veteran to file for an appeal beyond the 120 day deadline if he or she can show "good cause." In your estimation, how many additional cases would move forward if this legislation were enacted?

Answer. Inasmuch as equitable tolling has been restored, legislatively extending the time to file an appeal for good cause does not appear warranted. Whereas the criteria for equitably tolling the time to file an NOA has been litigated and defined, the term "good cause" has not, which might result in a period of litigation as the term is interpreted and applied. If the term "good cause" ultimately is deemed to be

equivalent to the criteria for equitable tolling, then enactment of the proposed legislation ultimately would have little affect on the number of cases moving forward. A broader interpretation would permit more cases to move forward. We cannot be more definitive at this time, other than to restate that with equitable tolling reinstated, the need for the proposed legislation is not clear.

Question 3. Would additional cases result in overloading the system as it exists now, lengthening already long wait times?

Answer. Given present staffing and the Court's current heavy case load, any increase in the number of appeals deemed timely filed will increase the average time required to decide an appeal at the Court. Likewise, judicial interpretation of any new legislative action addressing the 120-day rule and addressing the parties' arguments on such provisions would likely add some delay to the processing of all cases pending at the Court. As noted above, it cannot be stated with any assurance what the impact of the proposed "good cause" legislation would be, should it be enacted.

Question 4. Would there be a significant cost increase associated with such an expansion?

Answer. Our case load has doubled over the last several years and our authorized judgeships have increased by 2, to a total of 9 (although currently only 6 are filled). If the time to file an appeal were open-ended or very broadly framed, additional judges and staff would be needed to process the increased number of appeals. Quantifying that expense at this time cannot be stated with any assurance.



**UNITED STATES COURT OF APPEALS
FOR VETERANS CLAIMS
FISCAL YEAR 2012
BUDGET ESTIMATE**

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UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

INTRODUCTION

The United States Court of Appeals for Veterans Claims (Court) is a national court of record established by the Veterans Judicial Review Act, Pub. L. No. 100-687, Division A (1988) (The Act). The Act, as amended, is codified in part at 38 U.S.C. §§ 7251-7299. The Court is part of the federal judicial system and has a permanent authorization for seven judges, one of whom serves as chief judge. The judges are appointed by the President, by and with the advice and consent of the Senate, for 15-year terms, except that two have been appointed for 13-year terms pursuant to Pub. L. No. 106-117, Nov. 30, 1999. Two additional positions have been authorized but not yet filled, and one judge recently entered senior status, such that the Court currently has three vacancies. Our senior judges, now numbering 6, are available for service, and have been recalled the past several years. One judge is retired due to permanent disability. Certain decisions by the Court are reviewable by the United States Court of Appeals for the Federal Circuit and, if *certiorari* is granted, by the United States Supreme Court. Further, for management, administration, and expenditure of funds, the Court exercises the authorities provided for such purposes applicable to other courts under Title 28, U.S. Code.

The Court has exclusive jurisdiction to review decisions made by the Department of Veterans Affairs' Board of Veterans' Appeals (Board) that adversely affect a person's entitlement to VA benefits. This judicial review, although specialized in scope, is the same as that performed by all other United States Courts of Appeal. In cases before it, the Court has the authority to decide all relevant questions of law; to interpret constitutional, statutory, and regulatory provisions; and to determine the meaning or applicability of actions/decisions by the Secretary of Veterans Affairs. The Court may affirm, set aside, reverse, or remand those decisions as appropriate. Additionally, the Court has authority under 28 U.S.C. § 1651, to issue all writs necessary or appropriate in aid of its jurisdiction, and to act on applications under 28 U.S.C. § 2412(d), the Equal Access to Justice Act (EAJA).

The Court is empowered to compel actions of the Secretary that are unlawfully withheld or unreasonably delayed, and can set aside decisions, findings, conclusions, rules, and regulations issued or adopted by the Secretary, the Board, or the Board Chairman that are arbitrary or capricious, an abuse of discretion or otherwise not in accordance with law, contrary to constitutional right, in excess of statutory jurisdiction or authority; or without observance of the procedures required by law. The Court also may hold unlawful and set aside or reverse findings of material fact that are adverse to the appellant if the findings are clearly erroneous.

The Court is located in Washington, D.C., *see* 38 U.S.C. § 7255 (requiring the principal offices of the Court to be located in the D.C. metropolitan area), but as a national court, the Court may conduct hearings anywhere in the United States.

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

APPROPRIATION LANGUAGE
GENERAL AND SPECIAL FUND

SALARIES AND EXPENSES

For necessary expenses for the operation of the United States Court of Appeals for Veterans Claims as authorized by 38 U.S.C. §§ 7251-7299, [\$90,146,729] **\$55,769,690**: Provided that, of the foregoing amount, **\$25,000,000** shall be transferred to the General Services Administration (GSA) for the design engineering and site acquisition of a courthouse to house the United States Court of Appeals for Veterans Claims: Provided further, that [\$2,515,229] **\$2,726,363** shall be available for the purpose of providing financial assistance as described, and in accordance with the process and reporting procedures set forth, under this heading in Public Law No. 102-229.

**UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
PROGRAM JUSTIFICATION**

Court Caseload Trends and Variations:

The United States Court of Appeals for Veterans Claims is one of the busiest federal appellate courts, when considering numbers of appeals per judge. Approximately 200 cases were filed monthly from FY 1999 through FY 2004. Thereafter the caseload began a steady increase, with the Court averaging 350 cases filed per month for the past several years. The chart below shows the figures by fiscal year since FY 1999. In addition, in FY 2010 the Court acted on over 2,600 applications for fees and expenses authorized by the Equal Access to Justice Act (EAJA). 28 U.S.C. § 2412(d).

Appeals to the Court come from the pool of cases in which the Board has denied some or all benefits sought by claimants. Also, under its All Writs Act authority, the Court has jurisdiction to consider petitions for extraordinary relief or writs of mandamus filed by claimants who believe that unlawful action is being taken by the Secretary of Veterans Affairs on their claims. As the number of claims processed by the Board has increased over the years, and as the number of issues raised in each claim has grown, the number of appeals filed with the Court has increased, although not on a linear path. Every indication is that the number of cases handled by the Board will continue to increase, and we anticipate that this will result in continued growth in the number of appeals to the Court over time.

	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY09	FY10
BVA TOTAL DENIALS	14881	14080	8514	8606	10228	9299	13033	18107	16531	17005	17601	13788
CASE FILINGS TO USCAVC	2397	2442	2296	2150	2532	2234	3466	3729	4644	4128	4725	4341
CASE FILINGS AS % OF DENIALS	16.1%	17.3%	27.0%	25.0%	24.0%	24.2%	26.6%	20.6%	28.1%	24.3%	26.8%	31.5%

Unrepresented Appellants:

The Pro Bono Representation Program (the Pro Bono Program or Program) began in FY 1992 when Congress authorized the Court to fund a pilot Pro Bono Representation Program in the amount of \$950,000 from that fiscal year's appropriation. Under this program, the Legal Services Corporation (LSC) administers pro bono representation and legal assistance to veterans and their survivors who have appeals at the Court and who are unable to afford legal representation. The Court and the parties benefit from this Program because when an attorney is retained, the issues and arguments presented in the brief are generally more detailed and thorough than would be if

the claimant had remained unrepresented.

The now well-established Pro Bono Program continues to receive funding through the Court's annual appropriation. Before FY 1997, Congress gave the Court limited discretion over the Pro Bono Program's funding level. Since FY 1997, the Appropriations Subcommittees have considered the Program's budget request separately from the Court's budget request, although both are submitted together. The Program budgeted \$2,515,229 in FY 2011. Distribution of the grant and oversight for the Program continues to be performed by the LSC, which provides monitoring, evaluation, and technical support, as it does for all of its grantees. The Pro Bono Program's FY 2012 request for \$2,726,363 is attached at Appendix A.

Staffing Requirements:

The Court requests funding for 127 full-time equivalent (FTE) positions. This request represents no increase from the FY 2011 level. It includes, as did the 2011 budget, staffing for two additional chambers, as authorized by 38 U.S.C. § 7253(i). It also includes one secretary for support to our senior judges in service, one additional staff attorney, and a senior attorney position (for possible service as an Appellate Commissioner), originally requested for FY 2011; these positions have not been filled as of this writing because we are operating on a continuing resolution for FY 2011.

Veterans Courthouse:

The United State Court of Appeals for Veterans Claims is the newest federal court and the only Article I court without a dedicated courthouse. Since at least 2003, several of our Nation's largest Veterans Service Organizations (VSOs) have supported a dedicated courthouse for veterans seeking judicial review. In 2004, the House of Representatives expressed its sense that the Court "should be housed in a dedicated courthouse" that would be "symbolically significant of the high esteem the Nation holds for its veterans" and would "express the gratitude and respect of the Nation for the sacrifices of those serving and those who have served in the Armed Forces, and their families" (H.R. 3936). That sentiment was echoed in 2007 with the sense of Congress that the Court be provided appropriate office space "to provide the image, security, and stature befitting a court that provides justice to the veterans of the United States" (S. 1315). The Board of Judges fully supports the convictions expressed by Congress and the VSOs.

In 2004, pursuant to Congressional support and funding, an initial and a follow-on study were undertaken by GSA to determine the feasibility of acquiring a dedicated courthouse. In 2009, eight National VSOs collaboratively sent a letter to Congress expressing their strong support of legislation that would authorize the funding and construction of a veterans courthouse. In FY 2009, Congress responded by appropriating \$7 million (M) for advance planning and architectural design, and those funds were transferred to GSA for completion of a pre-development planning study (planning study). The Court made no specific funding request for the courthouse project in its FY 2010 budget request because the planning study had not yet been

concluded and plans were too uncertain at that time to make such a request prudent.

Following receipt of a GSA estimate that \$62M was needed for construction funding, this amount was requested in the Court's FY 2011 budget. In response, the House proposed full funding at \$62M, and the Senate proposed \$25M – sufficient funding, per GSA, to perform more detailed design and planning, and to purchase necessary land adjacent to GSA property being considered for the courthouse, the next steps in the process. The FY 2011 budget request has not yet been acted on because we are operating on a continuing resolution, and therefore no funding has been appropriated for construction of the courthouse in FY 2011. Subsequent to submitting the Court's FY 2011 request, GSA presented a more specific courthouse cost estimate based on the particular location and general design developed in the planning study. This estimate reflects a substantial cost increase for project completion over the FY 2011 budget request. We understand that GSA has either briefed or offered to brief the appropriate congressional committees as to the basis for the cost increase.

Given the increased cost estimate from GSA and need for close study thereof, and mindful of the Court's responsibility to ensure fiscal prudence, our FY 2012 request includes \$25M, necessary for funding the next steps toward construction, i.e., more detailed planning, design and land acquisition. (This \$25M is not needed in FY 2012 if the \$25M for the veterans courthouse is appropriated in FY 2011.) We are sensitive to budget constraints and understand that priorities must be set by Congress; however, if any federal courthouses are to be funded for construction, we support the veterans who contend that their courthouse should be one of them.

FISCAL YEAR 2010 PROGRAM

The Court's FY 2010 program accomplished the following:

Opened 4,341 new cases, including appeals from decisions of the Board of Veterans' Appeals and petitions for extraordinary relief directed to the Court. During the same period, the Court disposed of 5,141 cases through a combination of court orders, single judge decisions, and panel opinions. In addition, the Court ruled on thousands of motions and took action on 2,653 applications for attorney fees filed under the Equal Access to Justice Act.

Paid all obligations and staffed all positions necessary for the continued, proper functioning of the Court.

Received a clean audit with no exceptions for FY 2010.

Continued to develop and execute plans for construction of a veterans courthouse for the United States Court of Appeals for Veterans Claims, including coordinating with GSA.

Continued to work with GSA to locate additional leased space for existing staff and two new judicial chambers.

Continued the agreements with the U.S. Marshals Service (USMS) for Court security, with the Department of Agriculture's National Finance Center (NFC) for payroll/personnel services, and with the Bureau of the Public Debt (BPD) for administrative payments, credit-card, travel, and financial accounting and reporting services. Also, continued existing agreement with the Administrative Office of US Courts (AO) for electronic-case filing (e-filing) system support.

Transferred appropriations made available for the Pro Bono Representation Program.

FISCAL YEAR 2011 PROGRAM

To maintain and enhance the FY 2010 initiatives, the Court's FY 2011 budget request reflected the following:

Funding to pay for projected expenses to staff and support the operations of the Court to ensure its continued, proper functioning throughout the fiscal year, including two new chambers and three FTE positions not previously required -- a secretary for the senior judges, a staff attorney, and a senior attorney (for possible service as an appellate commissioner).

Funding to have the Court's financial statements audited.

Funding to build a veterans courthouse at GSA cost estimate.

Funding to acquire additional leased space to meet space needs for existing staff and two new judicial chambers.

Funding to continue agreements with the USMS for Court security, with the Department of Agriculture's NFC for payroll/personnel services, and with BPD for administrative payments, credit-card, travel, and financial accounting and reporting services. Also, to continue existing agreement with the AO for e-filing system support.

Funding to be made available for the Pro Bono Representation Program.

FISCAL YEAR 2012 PROGRAM

To maintain and enhance the FY 2011 initiatives, the Court's FY 2012 budget request reflects the following:

Funding to pay for projected expenses to staff and support the operations of the Court to ensure its continued, proper functioning throughout the fiscal year, including two new chambers to accommodate the two judges authorized by Congress (judges authorized but not yet appointed), and three FTE positions first requested for funding in FY 2011 (budget not yet approved) - a secretary for the senior judges, a staff attorney, and a senior attorney (for possible service as an appellate commissioner).

Funding to have the Court's financial statements audited.

Funding for design and site acquisition toward ultimate construction of a veterans courthouse. The FY 2012 request includes funding for the next major step in the construction, planning, and design process, as opposed to full construction cost funding, and is subject to continued congressional and veteran support for a veterans courthouse at this time.

Funding to acquire additional leased space to meet space needs for existing staff and two new judicial chambers.

Funding to continue agreements with the USMS for Court security, with the Department of Agriculture's NFC for payroll/personnel services, and with BPD for administrative payments, credit-card, travel, and financial accounting and reporting services. Also, to continue existing agreement with the AO for e-filing system support.

Funding to be made available for the Pro Bono Representation Program.

SUMMARY OF FISCAL YEAR 2012 BUDGET REQUEST
(in thousands of dollars – \$000)

A summary of the FY 2012 funding requirements for conducting the Court's activities follows:

	FY 2011 Appropriation	FY 2012 Estimate	Change
FTE Positions	127	127	0
Personnel Compensation and Benefits	\$17,458	\$17,863	+\$405
Other Objects (Operating Expenses)	\$8,174	\$10,208	+\$2,034
Courthouse	\$62,000	\$25,000	-\$37,000
Grants	\$2,515	\$2,726	+\$211
Budget Authority/Appropriation	\$90,147	\$55,797	-\$34,350

The FY 2012 budget request of \$55,796,690 reflects a decrease of \$34,350,039 from the Court's budget request for FY 2011. This significant decrease results primarily from the fact that \$62,000,000 was requested in FY 2011 for construction of a veterans courthouse. That request has not been approved, and indications from congressional staff are that the project will be funded, if at all, in a piecemeal fashion tied to major steps in the construction process. GSA advises that \$25,000,000 will fund the next major step, which is design engineering and site acquisition, and this is the amount reflected in our FY 2012 budget request.

The Court's operating expenses reflect an overall increase of \$2,033,827, primarily due to the fact that two new chambers for which funding was requested and appropriated in 2010 were not built out and equipped because the judges were not appointed, and funding for this purpose was not requested in our FY 2011 budget request. The FY 2012 request for personnel compensation and benefits reflects an increase of \$405,000 over our FY 2011 budget request to accommodate scheduled step increases and time-in-grade promotions for current FTE positions. There is also a \$211,000 increase requested by the Pro Bono Representation Program.

FISCAL YEAR 2012 PROGRAM FUNDING CHANGES
(in thousands of dollars – \$000)

Personnel Compensation and Benefits: **+ \$405**

The overall increase in personnel compensation and benefits includes maintaining FTE positions at the FY 2011 level, as well as accommodating scheduled step increases and time-in-grade promotions.

All Other Objects (Operating Expenses): **+ \$2,034**

The increase in operating expenses is due largely to anticipated one-time expenses to build out and equip two new chambers for two additional judges authorized and anticipated to be appointed.

Courthouse: **(- \$37,000)**

This significant decrease results primarily from the fact that \$62,000,000 was requested in FY 2011 for construction of a veterans courthouse that has not been approved, with indications from congressional staff that the project will be funded, if at all, in a piecemeal fashion tied to major steps in the construction process. GSA advises that \$25,000,000 will fund the next major step, which is design engineering and site acquisition.

Grants: **+ \$211**

The grantee, Pro Bono Representation Program, explains its request in Appendix A.

Total Changes: **- \$34,350**

DETAILS OF FISCAL YEAR 2012 FUNDING CHANGES
(in dollars – \$0)

The following information provides details for the funding changes from the FY 2011 budget request:

PERSONNEL COMPENSATION & BENEFITS: **+ \$405,000**

The overall increase in personnel compensation and benefits includes maintaining existing FTE positions as well as accommodating possible promotional allowances.

OTHER OBJECTS (OPERATING EXPENSES): **+ \$2,033,827**

TRAVEL: **+ \$55,000**

Budget requests in FY 2010 and FY 2009 have proven to be inadequate, but this trend was identified after submission of the FY 2011 budget. This increase will accommodate ongoing Court travel for oral arguments outside of the Washington, D.C. Metropolitan Area.

TRANSPORTATION OF EQUIPMENT **+ \$1,000**

Budget requests in FY 2010 and FY 2009 have proven to be inadequate, but this trend was identified after submission of the FY 2011 budget. This increase will accommodate ongoing Court activities, to include transportation of things associated with Court travel as well as continue to fund for anticipated additional staff.

RENTAL PAYMENTS TO GSA: **+ \$105,000**

This increase is attributed to the estimated rental costs for the current space (42,541 sq ft) plus future space (13,000 sq ft). The amount is calculated based on information provided by GSA.

RENTAL PAYMENTS TO OTHERS: **+ \$3,600**

This increase is attributed to the estimated rental cost for garage and storage space.

COMMUNICATIONS, UTILITIES, AND MISCELLANEOUS CHARGES: **+ \$25,000**

This increase is based on increased communications and utilities costs experienced over the past two years and projected additional costs to provide communications and utilities associated with the appointment of two additional judges, additional staff, and an increase in future leased space of approximately 13,000 sq ft.

PRINTING & REPRODUCTION: + \$7,000

Increased to accommodate additional printing costs for a Bench and Bar Conference.

ALL OTHER SERVICES: + \$100,000

This increase is due to increased cost associated with the USMS contract for Court security officers, finance and accounting services, guards in the building and garage pursuant to the FPS contract, security-system maintenance, and projected cost associated with the appointment of two additional judges, additional staff, and an increase in future leased space of approximately 13,000 sq ft.

SUPPLIES & MATERIALS: + \$60,000

This increase is for the initial set up and supply for two new chambers to accommodate two additional judges and the required supporting staff.

EQUIPMENT: + \$625,000

This increase reflects our scheduled industry standard (3-year) replacement program for IT equipment and continued enhancement of electronic filing and case management.

CONTRIBUTION TO JUDGES RETIREMENT TRUST FUND: +\$1,052,227

This increase reflects the amount required to maintain the statutorily required estimate for full funding as of September 30, 2011, for the retirement fund, as estimated by Actuary's report.

COURTHOUSE: (- \$37,000,000)

This significant decrease results primarily from the fact that \$62,000,000 was requested in FY 2011 for construction of a veterans courthouse that has not been approved, with indications from congressional staff that the project will be funded, if at all, in a piecemeal fashion tied to major steps in the construction process. GSA advises that \$25,000,000 will fund the next major step, which is design engineering and site acquisition.

GRANTS: + \$211,134

The grantee, Pro Bono Representation Program, explains its request in Appendix A.

UNITED STATES COURT APPEALS FOR VETERANS CLAIMS

Program and Financing (in thousands of dollars)

	2010 Actual	2011 Budget Request	2012 Estimate
OBLIGATIONS BY PROGRAM ACTIVITY			
10.00 Total obligations	\$25,436.0	\$90,147.0	\$55,797.0
BUDGETARY RESOURCES AVAILABLE FOR OBLIGATION			
21.40 Unobligated balance available, start of year		\$ -	
22.00 New budget authority (gross)	\$27,115.0	\$90,147.0	\$55,797.0
22.30 Unobligated balance expiring	\$1,679.0	\$ -	\$ -
23.95 New obligations	\$25,436.0	\$90,147.0	\$55,797.0
24.40 Unobligated balance available, end of year	\$ -	\$ -	\$ -
NEW BUDGET AUTHORITY (GROSS) DETAIL			
40.00 Appropriation	\$27,115.0	\$90,147.0	\$55,797.0
40.35 Appropriation rescinded	\$ -	\$ -	\$ -
43.00 Appropriation (total)	\$27,115.0	\$90,147.0	\$55,797.0
CHANGE IN UNPAID OBLIGATIONS:			
72.40 Obligated balance, start of year	\$10,796.0	\$10,987.1	\$11,077.2
73.10 New obligations	\$25,914.2	\$90,147.0	\$55,797.0
73.20 Total outlays (gross)	-\$25,712.5	-\$90,056.9	-\$50,217.3
74.40 Obligated balance, end of year	\$10,987.1	\$11,077.2	\$16,656.9
OUTLAYS (GROSS), DETAIL			
86.90 Outlays from new current authority	\$23,313.8	\$79,069.8	\$39,140.1
86.93 Outlays from current balances	\$2,398.8	\$10,987.1	\$11,077.2
87.00 Total outlays	\$25,712.5	\$90,056.9	\$50,217.3
NET BUDGET AUTHORITY AND OUTLAYS			
89.00 Budget authority	\$27,115.0	\$90,147.0	\$55,797.0
90.00 Outlays	\$25,712.5	\$90,056.9	\$50,217.3

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
SALARIES AND EXPENSES

Object Classification (in thousands of dollars)

	2010 Actual	2011 Budget Request	2012 Estimate
Direct Obligations:			
11.1 Full-time permanent	\$10,386.25	\$13,225.00	\$13,625.00
11.5 Other personnel compensation	\$284.47	\$150.00	\$150.00
11.9 Total personnel compensation	\$10,670.72	\$13,375.00	\$13,775.00
12.1 Civilian personnel benefits	\$2,853.77	\$4,083.00	\$4,087.50
13.1 Unemployment compensation			
21.0 Travel and transportation of persons	\$99.63	\$70.00	\$125.00
22.0 Transportation of things	\$3.40	\$3.00	\$4.00
23.1 Rental payments to GSA	\$2,100.00	\$3,500.00	\$3,605.00
23.2 Rental payments to others	\$104.10	\$120.00	\$123.60
23.3 Communications, utilities, and miscellaneous charges	\$149.97	\$145.00	\$170.00
24.0 Printing and reproduction	\$23.35	\$13.00	\$20.00
25.2 Other services	\$1,577.28	\$1,793.00	\$1,843.00
25.3 Purchases of goods and services from government sources	\$757.53	\$590.00	\$620.00
25.4 Operation and maintenance of facilities	\$41.00	\$37.00	\$45.00
25.7 Operation and maintenance of equipment	\$89.50	\$80.00	\$92.00
26.0 Supplies and materials	\$164.97	\$193.00	\$253.00
31.0 Equipment	\$691.99	\$325.00	\$950.00
32.0 Land and Structures	\$0.00	\$62,000.00	\$25,000.00
41.0 Grants, subsidies, and contributions	\$1,820.00	\$2,515.00	\$2,726.36
43.0 Interest	-	-	
94.0 Contributions to Trust Fund	\$4,715.37	\$1,305.00	\$2,357.23
99.9 Total obligations	\$25,862.58	\$90,147.00	\$55,796.69

**UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
JUDGES RETIREMENT FUND**

The Judges Retirement Fund, established under 38 U.S.C. § 7298, is used for judges' retired pay and for annuities, refunds, and allowances provided to surviving spouses and dependent children. Participating judges pay 1 percent of their salaries to cover creditable service for retired-pay purposes and 2.2 percent of their salaries for survivor-annuity purposes. Additional funds needed to cover the unfunded liability may be transferred to this fund from the Court's annual appropriation. The Court's contribution to the fund is estimated annually by an actuarial firm retained by the Court. The fund is invested solely in government securities. The Court paid from fund assets one survivor annuitant and six retired judges in FY 2010. In FY 2011 and FY 2012, the Court anticipates these payments to retired judges to increase to seven retirees.

**JUDGES RETIREMENT FUND
(in thousands of dollars)**

	2010 Actual	2011 Budget Request	2012 Estimate
Unavailable Collections Schedule:			
Balance, start of year:			
01.99 Balance, start of year	19,039.00	22,727.00	23,657.00
Receipts:			
02.01 Earnings on investment	52.22	650.00	80.00
02.02 Employer contributions	4,715.37	1,530.00	2,357.00
02.03 Employee contributions	47.60	50.00	55.00
02.99 Subtotal, receipts	4,815.19	2,230.00	2,492.00
04.00 Offsetting Collections (Outlays)	1,124.17	-1,300.00	-1,474.00
88.03 Total: Balances and collections	22,727.00	23,657.00	24,675.00
Appropriations:			
65.99 Judges Retirement and Survivor Annuity Fund	1,124.17	-1,300.00	-1,474.00
88.99 Balance, end of year	22,727.00	23,657.00	24,675.00

APPENDIX A

**THE VETERANS CONSORTIUM PRO BONO PROGRAM
FY 2012 FUNDING REQUEST, BUDGET AND NARRATIVE**

OVERVIEW

The Pro Bono Program is requesting an appropriation of new grant funds in the amount of \$2,726,363 for FY 2012. This request represents an increase of \$216,133 or 8% from the \$2,515,229 pending authorization for the Program for the current FY 11. The Pro Bono Program has recently brought on a new Executive Director and taken steps to become a "stand-alone" entity. The 8% increase is due to the need to cover the additional costs associated with this goal.

The Program's proposed budget for FY 2012 is attached.

SIGNIFICANT PRO BONO PROGRAM, COURT, and BVA STATISTICS:

The Program sent program information to 2,320 pro se appellants in calendar year (CY) 2010, a slight decline over prior years. The Program received 671 requests for assistance in 2010. This continues to mirror the change in the Court's caseload; historically, the Court has received 2,200 - 2,400 new filings per fiscal year, until FY 2005, when the Court's caseload began to rise rather dramatically.

The Court's Annual Reports (available at www.uscourts.cavc.gov/documents/Annual_Report_FY_2009_October_1_2008_to_September_30_2009.pdf) indicate that the Court had 4,725 new pro se and represented cases filed in 2009; 4,128 new cases filed in FY 2008; 4,644 new cases filed in FY 2007; and 3,729 new cases filed in 2006. Preliminary Court statistics for FY 2010 indicate that the number of new cases filed with the Court in FY 2010 declined slightly from FY 2009, to 4340.

The Program evaluated 669 cases in 2010, a decline over the 849 cases evaluated in 2009, the 818 cases evaluated in CY 2008 and the 737 cases evaluated in CY 2007. Of those 669 evaluated cases, 205 cases were accepted into the Program, the remainder being rejected for a variety of reasons (e.g., financial ineligibility, jurisdictional defects, lack of merit, retained own counsel, etc.).

We note, as we did in our FY 11 budget request, that the Court's statistics (reported on a fiscal year basis) show that the percentage of appellants unrepresented at the time of filing the appeal remained steady at 58-59% from FY02 through FY 05. While the percentage decreased to 53% in FY 2007, it rebounded to 64% in FY 2008 and increased further to 68% in FY 2009 (a level not seen since FY 2000). However, the pro se percentage declined in FY 2010 to 57%.

The Program continues to provide free legal service to a significant number of unrepresented veterans with active appeals at the Court, as more and more veterans seek judicial review. The number of appeals decided by the Board of Veterans' Appeals increases annually, with the BVA issuing over 48,800 decisions in 2009 and 43,700 decisions in 2008 (see http://www.bva.va.gov/docs/Chairmans_Annual_Rpts/BVA2009AR.pdf). Preliminary reports from the BVA indicate that the Board decided some 49,100 cases in FY 2010, although the

percentage of denials declined from 36.1% in 2009 to 28.1% in 2010, which necessarily impacts the number of appeals to the Court, and the number of appellants seeking Program services.

However, the number of claims filed by a rapidly-growing number of returning Iraq and Afghanistan veterans can be expected to continue to increase. We believe that the BVA will continue to decide an even greater number of appeals and that, in turn, more cases will be filed with the Court, and that there will be a resultant increased demand for Program services in 2012 and beyond.

To meet that anticipated demand, we added a full-time administrative support person in January, 2009. We are requesting continued funding for this administrative support person in FY 2012, and continuation of funding for the remainder of the Program staff. In addition, the Legal Services Corporation, in a recent review of the Program, concurred in the decision of the Board of Directors to hire a full-time Executive Director. We are pleased to report that the new Executive Director, with an extensive background in nonprofit management, joined the program on January 10, 2011.

DETAIL

Personnel costs – salary and benefits of those individuals performing services for the Program that are reimbursed from grant funds – account for 57% of the proposed FY 12 budget. These costs include the time for part-time personnel who staff the Outreach and Education Components and the time of the full-time paid personnel who staff the Case Evaluation and

Table A

PRO BONO PROGRAM PERSONNEL AND FTE DISTRIBUTION				
Component	Total Number of Personnel Providing Services to the Program FY 11	Total FTE Authorized by the Grant FY 11	Total Number of Personnel Providing Services to the Program FY 12	Total FTE to be Authorized by the Grant FY 12
Outreach	6	0.25	6	0.25
Education	13	0.92	13	0.92
Case Evaluation and Placement	11	11	11	11
Direct Representation	1	1	1	1

Administration	3	3	3	3
Total	34	16.17	34	16.17

Placement Component along with the three new additional personnel required to move the Pro Bono Program to a stand-alone entity. Staff who are reimbursed from grant funds for all or a portion of their salary and benefits are currently employees of either the National Veterans Legal Services Program (NVLSP) or the Paralyzed Veterans of America (PVA). It is anticipated that by the end of 2011, all of these personnel will be employees of the stand-alone entity.

Table A above shows in summary form the number of persons providing services for each component, and the number of Full Time Equivalent (FTE) positions to be paid out of grant funds in FY 11 and FY 12.

A detailed breakdown by Component follows.

I. Case Evaluation and Placement Component \$1,698,330

The FY 12 funding request reflects a \$168,132 (10.99%) increase over the FY 11 budget for the Case Evaluation and Placement. Personnel cost increased by \$56,361 and non-personnel cost increased by \$111,771 for this Component.

A. Personnel

There are three categories of personnel staffing this component -- attorneys, non-attorney veterans law specialists, and other.

Three attorneys - the Director, the Deputy Director for Case Evaluation and the Deputy Director for Placement - function full time. Their personnel costs are currently fully reimbursed by the Program - one position to PVA and two positions to NVLSP. The attorneys are reimbursed from grant funds, in both FY 11 and FY 12. It is anticipated that all of these individuals will become full time employees by FY 12.

Veterans law specialists review the VA claims file and BVA decision in each case to determine whether the case presents an issue that justifies referral to a lawyer. Veterans law specialists are among the most experienced non-lawyer personnel in the veterans-law field. The Program requests funding for four full time veterans law specialists in FY 12, the same number as in FY 11. It is anticipated that all of these individuals will also become full time employees by FY 12.

We request funding for four full time administrative support staff. All are currently employees of NVLSP, and are all reimbursed out of Program funds. The other components in this increase represent the combination of a modest cost of living and merit raises.

The level of salaries and benefits paid by the Program for personnel provided on a reimbursable basis is governed by the personnel policies of the constituent organizations of which they are employees – i.e., NVLSP and PVA – and to which they may return in the event of termination of the Program or rotation of personnel by the organizations involved. Typically, the Program budgets a 5% increase in salary and benefits – 3% for cost-of-living increases, and 2% for merit increases. The budget for FY 12 follows this formula. Such increases are reflected in the personnel costs of all four Components of the Program in the FY 12 budget.

B. Space-Rent

The largest single increase in the requested budget for FY 12 is associated with space-rental costs. The Program's current space lease will expire in November, 2012. Consequently, during FY 12, the Program will be entering into a new lease. It is expected that the Program will incur higher rental costs and moving costs related to the anticipated move. The FY 12 funding request reflects an \$82,208 (33.39%) increase over the FY 11 budget for this line item.

C. Equipment Rental and Maintenance

The increase of \$903 from FY 11 provides for a 5% rate adjustment for the maintenance contracts/service agreements on office equipment and telephone system.

D. Office Supplies & Expense

The increase of \$12,122 over the amount budgeted for FY 11 reflects the increased cost for office supplies and the use of Priority Mail to expedite delivery of Program materials to an increased number of pro se appellants. Furthermore, due to the Court's change in the manner in which the cases are referred to the Pro Bono Program, i.e., from hard copy to electronically, the copying costs have risen significantly. This increase represents a 17.32% rise over the prior year.

E. Telephone

The increase of \$540 over the amount budgeted for FY 11 provides for a 5% rate increase.

F. Travel/Continuing Legal Education

The increase of \$1,060 provides for a 5% increase over FY 11.

G. Library

The increase of \$381 over the amount budgeted for FY 11 provides for a 5% rate increase.

H. Insurance

The increase of \$5,344 over the amount budgeted for FY 11 represents a 77.67% increase that is due to the Pro Bono Program having to acquire its own insurance. In prior years, the Pro Bono Program was able to rely on the NVLSP for insurance coverage. By moving to a stand alone entity, the Pro Bono Program's insurance costs have significantly increased.

I. Dues and Fees

There is a significant increase in expected costs associated with Dues and Fees over the prior year. The increase of \$3,090 represents a 166.51% rise over FY 11 due, in large part, to costs related to becoming a stand alone entity.

J. Audit

The increase of \$1,050 over the amount budgeted for FY 11 provides for a 5% rate increase.

K. Property Acquisition

The increase of \$525 over the amount budgeted for FY 11 provides for a 5% rate increase.

L. Contract Services

The increase of \$20,277 over the amount budgeted for FY 11 provides for a 5% rate increase in expected Contract Services.

M. Expense for Administration

The increase of \$2,100 allows for a 5% rate increase for the cost of grant administration, which now must be procured from a third party, since NVLSP will no longer supply it at a reduced fee.

II. Direct Representation Component \$131,250

Some cases require immediate attention by a lawyer experienced in veterans law. Previously, PVA committed to accepting 20 such cases and charging the Pro Bono Program just 75% of PVA's out-of-pocket costs, the remaining 25% being donated by PVA. It is unclear whether, when the Pro Bono Program becomes a stand-alone entity, these services will remain available at a discounted rate. Consequently, the FY 12 budget provides for the hiring of a full-time attorney to handle these cases and other items that may arise during the course of the year.

III. Outreach Component \$74,579

The Outreach Component is provided on a fixed price contract by the NVLSP. Overall, the FY 12 budget calls for a \$3,551 increase from the FY 11, a 5% increase. In addition to the prior outreach services, this budget component also provides for website maintenance and an annual report and brochure.

IV. Education Component \$300,828

The proposed FY 12 budget for the Education Component reflects an increase of \$14,325 (5%) over the budget for FY 11. Like the Outreach Component, for FY 12, these services are

being provided by the NVLSP at a fixed price. Included in this budget component are the costs of volunteer reference materials of approximately \$105,000.

V. Executive Administration \$501,375

In accordance with certain suggestions made by the Legal Services Corporation in its 2009 *Program Quality Report* assessing the Pro Bono Program, the Program is in the process of becoming a "stand-alone" entity such that it will no longer be able to rely upon component veterans service organizations (The American Legion, Disabled American Veterans, National Veterans Legal Services Program and Paralyzed Veterans of America) for certain administrative and other assistance. The amount budgeted for FY 12 represents a 5% increase over FY 11, specifically \$23,875.

VI. TOTAL BUDGET REQUESTED

Case Evaluation and Placement Component	\$1,698,330
Direct Representation Component	131,250
Outreach Component	74,579
Education Component	300,828
Executive Administration	<u>501,375</u>
 Total Budget	 \$2,706,363
LSC Oversight	<u>20,000</u>
TOTAL Budget & Oversight	\$2,726,363
LESS: ANTICIPATED FY 11 CARRYOVER	<u>(\$ 0)</u>
TOTAL FY 2012 FUNDING REQUESTED	<u>\$2,726,363</u>

TUESDAY, APRIL 5, 2011.

ARMED FORCES RETIREMENT HOME

WITNESS

STEVE McMANUS, ACTING CHIEF OPERATING OFFICER, ARMED FORCES RETIREMENT HOME

OPENING STATEMENTS

Mr. CULBERSON. The second phase of our hearing will come to order. We have with us today Steve McManus, who is the Acting Chief Operating Officer of the Armed Forces Retirement Home.

I was saying what great comfort you must provide to the veterans, to their families, and marvelous service dates all the way back to the War of 1812, I see.

Mr. McMANUS. Yes, sir.

Mr. CULBERSON. So thank you very much for your service, sir, and for your testimony today. And, of course, your written statement will be entered into the record, and we welcome your oral testimony. Thank you.

Mr. McMANUS. Thank you, sir. I know that—

Mr. CULBERSON. I am sorry. Excuse me, Mr. Bishop. I apologize.

Mr. BISHOP. That is okay.

Well, the subcommittee is proud to recognize the long history of the Armed Forces Retirement Home. Since its creation in 1851, following the Mexican-American War, what was then called the Old Soldiers Home has been the place for U.S. servicemen to retire for many generations.

The driving forces behind the establishment included Major Robert Anderson, then Secretary of War, Jefferson Davis, and General Winfield Scott. Many people in Washington, as well as historians throughout the country, recognize the Anderson cottage as the site known as President Lincoln's cottage. It was there that the 16th President sought refuge from the oppressive summers during the Civil War.

In addition to the historic Washington campus, we recognize the Gulfport facility. I had an occasion to visit there shortly after Hurricane Katrina destroyed it in 2005, and we are pleased that the new facility has opened in October of last year.

So we look forward to receiving an update on the Homes from you, Mr. McManus. And thank you, Mr. Chairman.

Mr. CULBERSON. Thank you very much. And excuse me for not recognizing you.

Thank you very much for being with us today, Mr. McManus. We look forward to your testimony.

STATEMENT OF STEVE MCMANUS

Mr. MCMANUS. Thank you, sir. It is an honor to be here. I notice you said 1812. That would have been the Gulfport Home, which started in Philadelphia.

And, sir, you said 1852, which was——

Mr. BISHOP. 1851.

Mr. MCMANUS. 1851, which was the Soldiers Home that started in D.C.

Sir, I know you have the testimony in front of you. I am just going to read a short version of the testimony that captures the highlights of it.

Mr. Chairman and distinguished members of the subcommittee, thank you for the opportunity to appear before you today. First, we would like to thank the Committee for strongly supporting the replacement of the former Navy Home in Gulfport, Mississippi, and the renewal of the Washington, D.C., Home. We successfully opened the Gulfport Home last fall on time and on budget, and plan to do so in D.C.

I am honored to present the Armed Forces Retirement Home's Congressional Budget Justification of \$67,700,000 for fiscal year 2012. This budget request would assist the AFRH in providing shelter and care for former eligible enlisted military, warrant officers, retirees and veterans as they age.

This care demonstrates to today's service members and tomorrow's veterans that their service and sacrifices won't be forgotten. Our budget request of \$68 million for 2012 contains \$66 million in O&M and 2 million in capital improvements.

The O&M request reflects \$3 million in growth for the Gulfport Home as they stand it up and as we transferred 238 residents to Gulfport. These resident transfers contribute to a \$6.5 million decrease in the D.C. Home as the facility begins to eliminate transition duplication, modernize and right size to the population we serve in D.C. This would produce a net decrease of \$3.5 million across our budget.

This decrease is associated with the Armed Forces Retirement Home's continued efforts to become more fiscally sound and move toward sustainable AFRH Trust Fund.

We expect our budget authority to peak in 2011 and then decline in 2012. The budget forecast shows operating costs for the Home in D.C. will decline from \$45.9 million in 2009 to \$36.6 million in 2012. This represents approximately 20 percent reduction in 2012 for the D.C. campus.

One of the primary reasons for the reduction is the modernization of the D.C. campus through the Scott Project. The Scott Project would generate savings in all major cost drivers.

We are going to consolidate dining services into one dining facility, reduce subsistence costs by 40 percent, reduce nursing staff by almost 50 percent from 2009 levels, reduce utility costs by approximately 44 percent, reduce facility maintenance requirements by greater than 50 percent, reduce custodial requirement by approximately 40 percent, and then streamline the campus operations so that on-campus transportation is no longer needed. The residents will be centrally located.

In regards to the Trust Fund balance, in 2003 operating costs greatly increased over previous years, eventually outpacing our revenue. The Trust Fund balance declined from \$156 million in 1995 to \$94 million in 2003. Renewing a healthy balance became a critical mandate to retain the Home's solvency.

We followed the Federal Government's lead by implementing an integrated strategy—linking planning with budget and performance. From 2003 to 2010, we aggressively developed and began to implement a disciplined, strategic plan that netted many gains. The result: the Trust Fund balance grew substantially to \$186 million at the end of fiscal year 2010.

However, over the next two years, the Trust Fund will have negative growth as we disburse cash for the Scott Project. In fiscal year 2012, the Trust Fund will level out to \$94 million and begin to once again climb thereafter. The chart below reflects the Trust Fund's consistent growth over the years, with an expected decline in fiscal year 2011 and 2012.

In summary, our paramount goal is to continue to serve our heroic population of residents with the high level of residential and medical services that they deserve. This justification presents complete, reliable information that demonstrates our efforts to hold programs and financial systems to the highest standards of accountability in serving our residents.

We have an impressive record of providing a high level of services while reducing costs through sound fiscal management as the evidence indicates over the past few years. I respectfully ask the Subcommittee's favorable consideration of our 2012 Congressional Budget Justification.

Mr. Chairman, this concludes my testimony. I will be pleased to respond to the questions of the Subcommittee.

[The information follows:]

ARMED FORCES RETIREMENT HOME
COMPLETE STATEMENT
OF
Mr. Steven McManus
Chief Operating Officer (Acting)
BEFORE
THE SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
ARMED FORCES RETIREMENT HOME

INTRODUCTION

Mr. Chairman and distinguished members of the Subcommittee: Thank you for the opportunity to appear before you today. First, we would like to thank the Committee for strongly supporting the replacement of the former Navy Home in Gulfport, Mississippi, and the renewal of the Washington, DC Home. We successfully opened the Gulfport Home last fall on time and on budget, and plan to do the same here in Washington. I am honored to present the Armed Forces Retirement Home's (AFRH) Congressional Budget Justification (CBJ) of \$67,700,000 for Fiscal Year 2012.

The 1991 Defense Authorization Act, Public Law 101-510, created an Armed Forces Retirement Home (AFRH) Trust Fund to finance the AFRH-Gulfport and the AFRH-Washington Homes. The Homes are financed by appropriations drawn from the Trust Fund. Nearly two centuries ago, the leaders of our young nation made a Promise to care for our former enlisted military personnel who were aging or infirm. This pledge would serve as a payback to soldiers for risking their lives to preserve democracy.

Today, we continue to provide shelter and care for former enlisted military, Warrant Officers, retirees and veterans as they age. This care demonstrates

to today's service members – and tomorrow's veterans – that their service and sacrifices won't be forgotten. Just as our brave young men and women helped save the world from fascism in the 20th Century, today's heroes can fight for and preserve our way of life – knowing their country will repay them for their service. The AFRH Fiscal Year 2010 Performance and Accountability Report displayed the significant progress of the AFRH over the past eight years.

FY 2012 BUDGET

The Gulfport Home was rebuilt within funding and completed on schedule in 2010. The first residents returned to Gulfport on October 4, 2010. The modernization at the DC campus is ever evolving through the design build of one of our primary dormitories – The Scott Building. The Scott Project was approved and funded by \$5.6 million and \$70 million in FY 2009 and 2010 respectively from our Trust Fund. This Project will create better living conditions for our DC residents; promote aging in place; and bring AFRH resident facilities in line with the Americans with Disabilities Act (ADA), fire codes, and other building regulations. This Project is also within funding and on schedule.

Our Budget Request of \$68 million for FY 2012 contains \$66 million in Operations & Maintenance (O&M) and \$2 million in Capital Improvements. The O&M request reflects \$3 million in growth to begin full operations in Gulfport with the transfer of 238 residents from DC to Gulfport. These resident transfers contribute to a decrease of \$6.5 million in DC as the facility begins to eliminate transition duplication, modernize and right size to the population it will serve. This will produce a net decrease of \$3.5 million in operating costs across the Agency in 2012. This decrease is associated with AFRH's continued efforts to become more fiscally sound and move towards a sustainable AFRH Trust Fund.

The Gulfport Campus will grow by 21 full-time equivalents (FTE) employees, which is completely offset by a 21 FTE reduction on the Washington Campus, thus producing no net growth between FY 2011 and 2012. Being that our mission is peculiar in nature when compared to other Federal Government Agencies; our non-labor expenditures contain a diverse assortment of fundamental cost drivers. AFRH's key cost drivers are: Dining Services; Subsistence; Nursing; Wellness Center; Dental and Optometry; Utilities; Facility and Grounds Maintenance; and Transportation.

We expect our Budget Authority to peak in 2011 and then decline as the duplication of resources (funding and FTE) decline as the shift from Washington to Gulfport is completed. Although we have opened Gulfport for residency in 2011, the Assisted Living, Memory Support, and Long-term care units will grow as the resident population ages. Initially in Gulfport our plans reflect few occupied beds in these levels of care. The result is a drawdown of our costs across the agency.

We are working on multiple initiatives to reduce costs in the out years. The primary effort is our "Independent Living Plus" program, which assists residents with aging in place. We believe this effort will reduce costs in the Trust Fund while enhancing the care and well-being of our residents.

The greatest risk to the Trust Fund is occurring over the four transition years (e.g. 2010 - 2013) as we stand up operations in Gulfport and transition to a reduced footprint in Washington. Many of the infrastructure and new facility changes occurring at AFRH will have a positive and direct impact on the solvency of the Trust Fund, as well as a profound influence on the well-being of our residents. As we move forward to our vision of a vibrant, economical operation at both AFRH campuses, we continue to work to use

our funding wisely and in the best interest of our stakeholders.

The budget forecast shows that operating costs for the Washington campus will decline from \$45.9 million in 2009 to \$36.6 million in 2012. This represents approximately a 20 percent reduction in 2012 for the DC campus.

The Scott Project will generate savings in all major cost drivers:

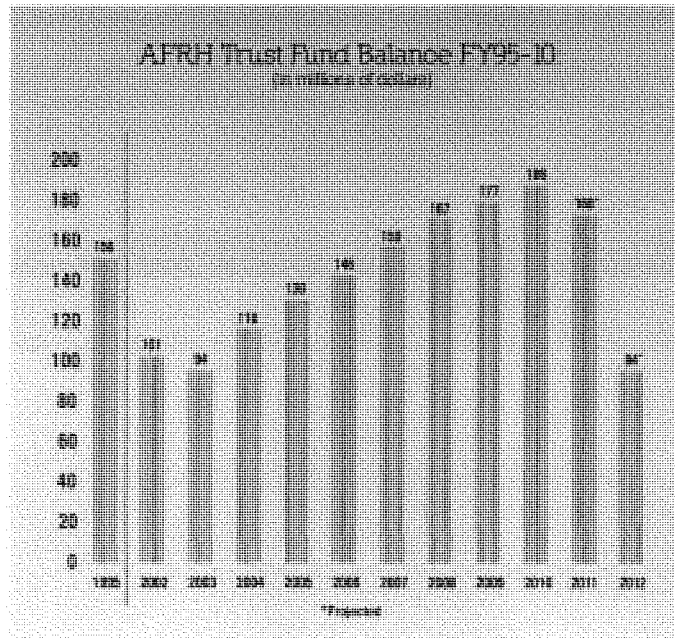
- Consolidate Dining Services so that only one dining facility is operational
- Reduce subsistence costs by approximately 40%
- Reduce nursing staff by almost 50% from FY09 levels
- Reduce utility costs by approximately 44% or greater
- Reduce facility maintenance requirements by greater than 50%
- Reduce custodial requirement by approximately 40%
- Streamline Campus operation so that on-campus transportation is no longer required

TRUST FUND BALANCE

In 2003, operating costs greatly increased over previous years - eventually outpacing our revenue. The Trust Fund balance declined from \$156 million in 1995 to \$94 million in 2003. Renewing a healthy balance became a

critical mandate to retain the Home's solvency. So, we concluded that our operating model had to change. We followed the Federal Government's lead by implementing an integrated strategy - linking planning with budget and performance. From 2003 - 2010, we aggressively developed a disciplined strategic plan that netted many gains. The result: the Trust Fund balance grew substantially to \$186 million at the end of FY10. However over the next two years the Trust Fund will have negative growth as disbursements are made for the Scott Project. In FY 2012 the Trust Fund will level out at \$94 million and begin to once again climb thereafter. The chart below reflects the Trust Fund's consistent growth over the years, with an expected decline in FY 2011 and 2012.

The Trust Fund Balance has been steadily increasing since 2003 but will decrease with withdrawals for the Scott Project in 2011:



CONCLUSION

Our paramount goal is to continue to serve our heroic population of residents with the high level of residential and medical services that they deserve. This Justification presents complete, reliable information that demonstrates our efforts to hold both programs and financial systems to the highest standards of accountability in serving our residents. We have an impressive record of providing a high level of services while reducing costs through sound fiscal management as the evidence indicates over the past few years. I respectfully ask the Subcommittee's favorable consideration of our FY 2012

Congressional Budget Justification. Mr. Chairman, this concludes my

testimony. We will be pleased to respond to questions from the subcommittee.

TRUST FUND

Mr. CULBERSON. Thank you. Thank you, Mr. McManus. We are deeply, deeply grateful, truly, for the service you provide. It is a huge comfort to the families, to the veterans and to know that you are there and able to help these fine men and women. It means a great deal.

And since you are self-supporting, you have got a Trust Fund and money that comes from the Armed Forces Retirement Home Trust Fund is dedicated to pay for the operation of the Home, and you are reopening the Gulfport.

Mr. McMANUS. Yes, sir. We opened. The first residents returned back there October 4th of this past year.

Mr. CULBERSON. And moving employees down there.

Mr. McMANUS. That is true. One employee moved from D.C. to Gulfport.

Mr. CULBERSON. I imagine you are getting some—are you getting some savings there as well because of the lower cost of living?

INDEPENDENT LIVING

Mr. McMANUS. Sir, yes, sir. The growth was \$3.5 million and this decrease was over \$6 million in D.C. Most of the debts are associated with the Independent Living Plus program that we actually started in D.C. as a pilot program, where it actually allows our residents to age in place instead of moving them into a higher level of care.

So although we are drawing down in D.C., a lot of our residents are moving into the Independent Living Plus program. And then in Gulfport we started it that way, so you don't have the high level of nurse staffing down in Gulfport as you do in D.C.

Mr. CULBERSON. And the bulk of the savings that you are achieving is from this consolidation of your facilities in D.C.?

MODERNIZATION OF D.C. FACILITIES

Mr. McMANUS. Yes, sir, it is from the modernization of the D.C. facilities. The modernization effort entails taking the 272 acres of infrastructure across the entire campus and reducing it to half its size. Instead of having three dormitories, you will have two. All of the independent and assisted living in one dormitory and all programmed activities in another dormitory with long-term care and memory support on the top floors.

Mr. CULBERSON. How do you measure customer satisfaction? How have you been able to? And have you had any awards or recognition? I read an account of one that you had been rated very highly, but if you could talk to us about the level of satisfaction of the families and your residents.

ANNUAL SURVEY

Mr. McMANUS. Sir, what we do is have an annual survey where the residents tell us what they think of the Home. We also do monthly focus groups with the residents we get input from them to know how they feel.

I just had the Resident Advisory Committee Chair in this morning just to talk to him. And right now residents are not upset. They

are just very calm. They are going through a transition in D.C., where we have moved their dining facility into our North Sherman Building, because we are tearing down the building that it was in.

Through the focus groups and through the Resident Advisory Committee, we get a lot of feedback from the residents and their families, if they come to the focus groups, and then through the survey that we conduct.

Mr. CULBERSON. Mr. Bishop.

WAITING LIST AND ADMISSIONS

Mr. BISHOP. Thank you very much.

I am going to just congratulate you. I have heard good things about the operation and am glad to hear that it is consolidated and working, and working well. How long is the waiting list for the Home for those who want to live at one of the facilities?

Mr. MCMANUS. May I grab a card, sir, just to make sure that I am giving the right data. The Gulfport facility has 393 on the waiting list. That probably is roughly about 18 months. D.C. has 239, so it will be slightly less than that.

Mr. BISHOP. Okay. Would you explain to the subcommittee the criteria for gaining admission, on getting residence at one of the Homes?

Mr. MCMANUS. The eligibility criteria? There are four. Basically, retirees with 20 years or more of military service, and they have to be at least 60 years old. Unable to earn a livelihood due to service connected disability is the second category. The third category is unable to earn a livelihood due to non-service connected disability, but served in a war theater.

The fourth criteria is women who served in a women's component before June of 1948. Of course, now, that won't matter, because women are in theater. However, back in World War II, they weren't, so they had this special category.

Mr. BISHOP. So both facilities are coed now?

Mr. MCMANUS. That is correct. Yes, sir.

Mr. BISHOP. Okay. What role does the facility play with regard to homeless veterans?

Mr. MCMANUS. If a homeless veteran qualified under this criteria, the homeless veteran could be admitted.

RECONFIGURATION OF CAMPUS

Mr. BISHOP. And now, currently, the Washington campus has a nine-hole golf course. What will happen as a result of the reconfiguration of the Washington campus, or did you maintain the golf course?

Mr. MCMANUS. Sir, I am glad you brought that up. Under the recent legislation of 2010, the Armed Forces Retirement Home now has to follow Enhanced Use Lease legislation in order to do anything with the property. The first thing we have to do is inventory the property. Then we have to register our property, and then we have to determine if it is excess or non-excess.

The golf course is not part of that process and it is not being considered, because it is part of our primary footprint. So the golf course will stay, just as the main dormitories up on the hill. All the

property, which I referred to as "up on the hill" is our main footprint.

Mr. BISHOP. Looking closer, they said the main dormitories are the two that are being retained. You want to demolish the third one?

Mr. MCMANUS. Within the 272 acres on the southern part of our campus, we have one long-term care with memory support and assisted living facility that contains 200-beds. We will plan to close that facility. That will become part of our Enhanced Use Lease effort.

Up on top of the hill, we have one dormitory that is roughly 297,000 square feet that houses our independent population. In the future by 2013, that will house independent living, and it will also house assisted living on two floors of two wings.

Mr. BISHOP. It is going to be expanded, it is going to be renovated, or what?

Mr. MCMANUS. It was renovated. That dormitory I am talking about, the Sheridan, was renovated in 1998 and completed right about 2001. So it has been renovated. We are going to renovate two of the floors on two of the wings for assisted living, to put dining and programmed activity on those floors so we can actually feed them in that location.

Our 200 bed will be eliminated and reduced to 36 beds of long-term care and 24 beds of memory support. This will be on top of our program space and our new 170,000 square foot facility.

OPERATION AND MAINTENANCE

Mr. BISHOP. Is operation and maintenance of the golf course still being considered a part of the recreational and therapeutic activities for the residents who live there?

Mr. MCMANUS. It absolutely is, yes, sir.

Mr. BISHOP. But it is also open to be used by other veterans.

Mr. MCMANUS. Yes, sir, it is.

Mr. BISHOP. Okay. Does the facility in Gulfport have a golf course?

Mr. MCMANUS. It does not. There is a golf course within 200 meters of the facility itself, so the residents can actually go over there, or they can go to Keesler or to the CB base and golf.

Mr. BISHOP. How far is Keesler?

Mr. MCMANUS. Sir?

Mr. BISHOP. How far is Keesler away?

Mr. MCMANUS. Keesler is accessible by bus. You would have to get on a bus and go to Biloxi. The golf course is right at the edge of Gulfport and Biloxi.

Mr. BISHOP. That is 40 miles, 30 miles?

Mr. MCMANUS. Oh, no. Four miles.

Mr. BISHOP. Four miles?

Mr. MCMANUS. Four or five miles, yes, sir. Not very far. And the one that is right next to them is 200 meters. It is very close to the Gulfport facility.

Mr. BISHOP. It is private. I mean, it is a private course.

Mr. MCMANUS. It is a private golf course. That is correct.

Mr. BISHOP. So they will have to pay to use that course.

Mr. MCMANUS. That is correct. Yes, sir.

Mr. BISHOP. The Home in Washington, they don't have to pay to use the course there.

Mr. MCMANUS. That is correct, sir.

Mr. CULBERSON. Mr. Yoder.

Mr. YODER. I will pass for the moment, Mr. Chairman, thank you.

GENDER OF RESIDENTS

Mr. BISHOP. Could I just ask you if you could break down the residents by gender? How many are men and how many are women in Washington and in Gulfport Home?

Mr. MCMANUS. We have about—

Mr. BISHOP. How do you expect that ratio to change?

Mr. MCMANUS. Yes, sir. It is about balance. I think we have 10 percent women. I need to get the specifics, but I believe it is about 10 percent. We have a predominantly male population. Our largest population used to be World War II Veterans. Now it is Korea. It has just shifted to Korea, so it is predominantly that.

As they go into the future, though, I think it will be more balanced.

Mr. BISHOP. Next Vietnam, I guess.

Mr. MCMANUS. Yes, sir.

Mr. CULBERSON. Mr. Farr.

REQUIREMENTS

Mr. FARR. Thank you. Thank you, Mr. Chairman.

Of the women that are in the facilities, do they have the same requirements? They have to be over age 60, have 20 years of service, and have a disability in action or in civil? So everybody who lives in these old age Army homes are disabled?

Mr. MCMANUS. Not necessarily disabled, sir. Just unable to earn a livelihood.

Mr. FARR. So the 20-year plus, which is your first criteria, doesn't mean disability.

Mr. MCMANUS. That is correct.

Mr. FARR. Okay, you have to be 60.

Mr. MCMANUS. That is correct, sir.

Mr. FARR. And how about the disabilities in action or otherwise? Do they have to be 60 also?

Mr. MCMANUS. No. The only criteria where they really have to be 60 is if they are retired or have 20 years of service, although retirees can also qualify in the other categories. However, the other categories would allow them to come in. We have residents that have been part of Desert Storm, as an example.

Mr. FARR. How many veterans are in those categories that qualify for the Homes in the whole country?

Mr. MCMANUS. Sir, I don't know. I would have to find out.

Mr. FARR. I mean, the problem I have—certainly love the service, but the exclusivity of it.

Mr. MCMANUS. Sir?

Mr. FARR. The exclusivity. You have got more people waiting on your waiting list than you have beds in the facilities that are there. And they are, I imagine, regionally, I mean, if you have family support and everything and you are on the West Coast, why would you

have to move all the way to Washington or Gulfport to get into the——

Mr. BISHOP. You probably won't.

Mr. FARR. You probably won't. It takes greater—how many soldier homes are there in the United States?

Mr. MCMANUS. Just two. There is one in Gulfport and one in D.C. I truly understand. Our goal is always——

Mr. FARR. There is more than two, because the State of California has a whole bunch of them.

Mr. BISHOP. It is the state, so the state owns them.

Mr. FARR. That is right. But, I mean, how many are there in the whole country run by whatever?

Mr. MCMANUS. Oh, I don't know, sir. VA homes?

Mr. FARR. What?

Mr. MCMANUS. Most states have two. There are only two states, D.C. and Hawaii, who don't.

Mr. FARR. Why aren't they under your jurisdiction? Or why aren't you under their jurisdiction? I mean, the exclusivity of having a federally run program with all that bureaucracy it takes to run a program to run two Homes.

Mr. MCMANUS. I don't—I am——

Mr. FARR. Couldn't this be contracted out?

Mr. MCMANUS. I think honestly, sir, probably anything can be contracted out. We have always felt as if it was important for employees to be involved in any operation that directly impacts our residents.

Mr. FARR. There is a huge demand out here. What I am talking about is this is really exclusive stuff. You have got a retirement home here. You have got a waiting list that is so long. You have got people that are unable. They are just critically in need of a—I mean, they may be homeless, and no income to support themselves or very little income. They are disabled. They are aging. My God, there is a huge population of veterans out there. And we think we are doing a service to them by having two places.

DISABLED GOLF CARTS

How about your golf courses? Do you require that they have disabled golf carts on them?

Mr. MCMANUS. We do, sir. We have——

Mr. FARR. The one in Gulfport as well, even though you don't own it? It is private, but they get a lot of business from you.

Mr. MCMANUS. No, sir, we have not bought one to put on their course.

Mr. FARR. You don't buy. You should require that they have to do it under the ADA Act. My brother-in-law is disabled and thanks for disabled golf carts. Every military base in the United States now has one, because they did—and you ought to require it.

Mr. MCMANUS. We will look at that, sir. We will.

Mr. FARR. So let me know a little bit more about how many—so there is only two states that don't have soldier retirement homes.

Mr. MCMANUS. That I know of—or VA state homes.

Mr. FARR. VA homes.

Mr. MCMANUS. There are multiple VA state homes.

Mr. FARR. So is the—you are not a VA home——

Mr. McMANUS. No.

Mr. FARR. How many does VA have?

Mr. McMANUS. Sir, I don't know. I can find out, but I honestly don't know.

QUALITY OF LIFE

Mr. FARR. Maybe, Mr. Chairman, someday we ought to just get the whole—when we are looking at benefits for veterans, maybe we get the whole quality of life or the end of life. We spend a lot on childcare and stuff like that. What about the other end? Because I know we appropriated a hunk of money, about 100 million bucks to the State of California earmarked a few years ago to retrofit and restore and those things you are doing here for their veterans homes.

And it is very difficult to get in. And I can tell you with the economic situation we have and where we as a society doesn't have—you know, to get into a nursing home or a rest home is extremely pressing, and that is why we sell long-term care insurance. But people who are qualifying here don't have it. The one common denominator is that they are lucky to find you.

FISCAL SOUNDNESS

Mr. McMANUS. One thing we would like to do, though, is if we can get our costs in line, which we think we can by our approach right now to fiscal soundness, we will have enough money, and once we do something with our property in D.C., then we will have the ability to have another Home on the West Coast to increase the population. That is our goal.

Mr. BISHOP. So a Trust Fund was set up by Congress just to run these two homes?

Mr. McMANUS. It was set up by General Scott, who captured booty in the Mexican-American War and brought it back in 1852. That is what——

Mr. BISHOP. But this Trust Fund was set up by Congress.

Mr. McMANUS. Yes, sir.

Mr. BISHOP. And taxpayer money was appropriated into the Trust Fund.

Mr. McMANUS. No, it was booty that was captured during the Spanish-American War.

Mr. BISHOP. It was what?

Mr. McMANUS. Booty.

Mr. CULBERSON. It was captured silver and gold. They used the captured booty from Mexico.

Mr. BISHOP [continuing]. Into your collection?

Mr. FARR. So then that was what was the Trust Fund. The Trust Funds—who manages the Trust Fund?

Mr. McMANUS. We do, the Armed Forces Retirement Home.

Mr. FARR. With some private—I mean, it is invested in what? Securities and other——

Mr. McMANUS. Yes, sir, we are required to invest in securities and bills.

Mr. FARR. And so the trust is like any other trust right now. It has had a bad few, bad decade, and now it—so that is why it has gone down, right? Or you must stay principal of the trust.

Mr. MCMANUS. Our Trust Fund has actually gone up since 2003 from \$94 million to \$186 million. It is going to go down over the next few years as we disburse—

Mr. FARR. Better than a thrift savings plan.

Mr. BISHOP. You have been spending money on the basics.

Mr. MCMANUS. Yes, because we are going to disburse funding for the Scott Project.

Mr. FARR. But you are required to live off the income from the trust.

Mr. MCMANUS. We are required to live off the Trust. We have five sources of revenue.

Mr. CULBERSON. So you can spend the principal of the trust?

Mr. MCMANUS. Well, technically, yes, we can. That is what happened between 1995 and 2003. It went from \$195 million down to—

Mr. FARR. Because you dipped into the principal. Let me just say that I really am appreciative. I mean, there is nothing—I wish we could take care of every senior citizen—

My wife does end of life planning. She is Sarah Palin's death squad. She does a hell of a job, and people love her for it, because she tells it. She sits down with so many people who don't have the instruction.

What is going to happen to you when you are elderly and you cannot take care of yourself? Can you afford in-home services? Do you know how much they cost? Can you afford a retirement home? Do you know how much they cost? Do you know what the varieties are, the Cadillac models and the Volkswagen models?

Do you know what it is going to cost to get a skilled nursing home? Where would you like to do that? Do you know about hospice? Have you had a durable power of attorney? Do you have any wishes for end-of-life planning, so on?

So every single day she comes home with these stories and just people after people, and I live in a very affluent area. They can't afford to die. They can't afford to live. They just can't afford to live.

In our health care today, we found that 60 percent of the entire health care budget of America is spent in the last 6 months of life, and all these heroic tests keep you alive. We spend no time concentrating on essentially the community of interests that you are in charge of.

And here we have a total number of how many in each home? There are 393 in the Gulfport waiting list. How many are in? How many residents in the Gulfport? How many beds?

Mr. MCMANUS. We have 582 beds.

Mr. FARR. Five hundred eighty-two?

Mr. MCMANUS. In D.C. we have 568.

Mr. FARR. Five hundred—

Mr. MCMANUS. It will be 568.

So you have 1,150 people of all the qualifying elderly, disabled, low-income veterans.

Mr. CULBERSON. With 20 years of service.

Mr. FARR. Not all of them. Just that is the first—

Mr. MCMANUS. Approximately 79 percent are retirees with 20 or more years of service.

Mr. FARR. That is a pretty exclusive, pretty exclusive thing you are running. Does it cost? It doesn't cost them anything, right?

REVENUE SOURCE

Mr. MCMANUS. It does, sir. One of the sources of revenue is actually 50 cents that is taken from all enlisted servicemen and women.

Mr. BISHOP. Fifty cents.

Mr. MCMANUS. Fifty cents every month from the servicemen throughout their tenure.

Mr. BISHOP. From every active duty service member.

Mr. MCMANUS. Then, of course, you have resident fees. So once you are in the Home, then there is a fee for them as well. The biggest source we have is—

Mr. FARR. Well, I guess what I would say, it is really about quality of service. And I think you have certainly high quality. Why couldn't we use all this money to buy a lot more beds for an awful lot more people?

Mr. MCMANUS. Honestly, sir, one of the problems that we found in D.C. is that if the focus is to have long-term care, then it becomes much more costly to have this as our central focus. So if you have 200 beds of long-term care it's more costly versus like in Gulfport where we have more independent living, and to help them stay independent, you will have lower cost.

OTHER RETIREMENT COMMUNITIES

Mr. FARR. There are a lot of retirement communities that have that. I have a retirement community that you buy in, and it is all the way to they take care of you if you need acute care and nursing skills. You die there.

I mean, essentially, you can stay with your spouse. They move you to a more, you know, if the one that is really failing moves into an acute care room, the spouse is still there on the campus and can visit every day. And, I mean, there are all kinds of programs like this.

I can't believe that we are only able to serve 1,150 people when the demand is out there probably in the hundreds of thousands.

Mr. CULBERSON. If I may, I thought I understood one of your requirements were, of course, 20 years of service. You have got to be unable to work and 20 years of service, so it is designed to be aimed at a fairly—

Mr. FARR. And putting in 50 cents a month with the idea that I may need this someday. But it is a pretty exclusive club.

CAREER MEN AND WOMEN

Mr. CULBERSON. Well, career men and women who served 20 years or longer, that is an exclusive group of people.

Mr. FARR. Yes, and I mean, just the ones that get in, because there is waiting lists. You have got 500 beds here in D.C., 568, and 239 people who are qualified to be there, if there is space available. And then you imagine how many more people would—I don't know what—is it just open anytime you can apply?

Mr. McMANUS. Yes, sir.

Mr. BISHOP. How much are the fees?

Mr. McMANUS. It is based on a percentage of income, so independent living is 35 percent of their income. The average fee for independent is about \$867.

Mr. BISHOP. Thirty-five percent.

Mr. McMANUS. That is right. Assisted living goes up to 40 percent. Long-term care is 65 percent.

Mr. FARR. But I thought the people that had got in were all low income.

Mr. McMANUS. They are. That is what I am saying, sir. That is why, AFRM bases it on a percentage of income instead of a set fee. So the average for independent living is about 860-some dollars a month, where normally you would pay probably \$1,200 to \$2,200.

Mr. BISHOP. How much does an officer or NCO average?

Mr. McMANUS. Officers would not qualify. It is for enlisted servicemembers and warrant officers who have contributed over the years.

Mr. BISHOP. How much do they pay, and what is the average time to get in?

Mr. McMANUS. I can find out for you.

Mr. BISHOP. They all have to pay 35 percent of that to the Home.

Mr. McMANUS. Our average retirees going back to the Korean War is about \$21,000. That is going back to the Korean War, but I am sure there will be a lot more as we move forward.

Mr. CULBERSON. Officers are not eligible.

Mr. McMANUS. They are not, sir.

Mr. CULBERSON. Separate—is there anything similar for officers?

Mr. McMANUS. I don't know, sir, unless they qualify as enlisted, and that is serving more than 51 percent of their time as enlisted.

Mr. CULBERSON. I see.

Mr. FARR. Does Mississippi, Gulfport—is that a state that also has state-run?

Mr. McMANUS. It does.

Mr. CULBERSON. Most of the southern states do.

Mr. McMANUS. State facilities are more focused on skilled and the highest level of care.

Mr. CULBERSON. And you are really focused on independent living.

Mr. McMANUS. Independent living and assisted living, although we have, because we want to be able to age through life——

Mr. CULBERSON. Sure.

Mr. McMANUS [continuing]. So we do have long-term care.

Mr. FARR. So what happens if somebody, I mean, here in Washington when they get to be too frail to live?

Mr. CULBERSON. Independently.

Mr. FARR. Independently.

Mr. McMANUS. They move into assisted living, and then they would move to long-term care. There are times when we will have a resident——

Mr. FARR. Where do they find that assisted living?

Mr. McMANUS. They are within our facility there. We have all levels of care.

Mr. CULBERSON. You are providing, obviously, pretty high level of quality.

Mr. FARR. Oh, yes, it is a wonderful purpose.

Mr. CULBERSON. I don't want to do anything to dilute that.

BUILDING MORE

Mr. FARR. Why can't we figure out a way that we could build more? Who are those 239 people in D.C. who might be living right now in conditions where they—the rest of the country that don't even know we have a federally run home?

Mr. MCMANUS. I think it is well advertised by the services. And we also go out and talk to many of them, plus it is on the pay stub. We do marketing and talk to enlisted to make sure that they are aware of the benefit that they have.

Mr. CULBERSON. Mr. Bishop.

ADA COMPLIANCE

Mr. BISHOP. Soldiers do know about it, because they joke about it all the time, you know, you are going to be placed in the old Soldiers Home. But my question is I read that part of the operations and the renovations and the upgrades that you have done on the campus in Washington went to make you compliant with the Americans with Disabilities Act.

Mr. MCMANUS. That is correct.

Mr. BISHOP. That was in 2009.

Mr. MCMANUS. Sir, in 2009 we received the design money and in 2010 the capital in order to rebuild the new facility, which is ADA compliant. In 1998 we did the ADA requirement with the renovation of our Sheridan dormitory.

Mr. BISHOP. Okay. So I think it is not until 1998 that you did the ADA renovation.

Mr. MCMANUS. With the Sheridan, that is correct.

Mr. BISHOP. So when should you have ADA compliance?

Mr. MCMANUS. Whenever we renovate facilities, we are supposed to become ADA compliant as part of that renovation.

Mr. BISHOP. So it is grandfathered in.

Mr. MCMANUS. Yes, sir, unless we renovate. Then it is required that we make it compliant. With our population, this needs to be a requirement.

Mr. CULBERSON. Mr. Yoder.

RECAP

Mr. YODER. Thank you, Mr. Chairman. I would like to follow up on the previous line of questioning. It has been very intriguing to learn about the retirement home. I wasn't familiar with it previously. I was in the House Appropriations Committee in Kansas, and we dealt with the Soldiers Home there, so I have a little familiarity with this type of organization.

I wasn't familiar with these two facilities here, and I was looking at the picture of the Gulfport facility. It is beautiful. Is this the one that was just recently renovated?

Mr. MCMANUS. Just—

Mr. YODER. You mentioned a waiting list; how many people are on this list? You said 200? How long do they normally stay on the waiting list?

Mr. MCMANUS. About 18 months right now—

When you have 300-plus on the waiting list it takes about 18 months. In the 200s, probably about—

Mr. YODER. And the range of age for these folks? They are all the way from age 65 to—

Mr. MCMANUS. Anywhere from 60 years old, which is the requirement. Some are actually younger than that. They qualify because they are unable to earn a livelihood. We had, as I mentioned, the Veterans from Desert Storm, so they aren't 60. But generally, from 60 until—I think our oldest is 105. He is 105, but the average age is 81 years.

TRADITIONAL RETIREMENT

Mr. YODER. And so this is a similar traditional retirement community in that there is social programming and individual rooms? Is there a nursing home that is a component of the home?

Mr. MCMANUS. Yes, sir. They are individual rooms.

Mr. YODER. Right.

Mr. MCMANUS. We currently have a dormitory for independent living and then right now we have another facility base for—and long-term care support and assisted living.

Mr. YODER. Are asking for an appropriation? What is the role of the trust fund? Is this trust fund governed by an authority or some sort of board that makes decisions related to the investments? Who decides where you invest your money?

Mr. MCMANUS. In 2002 the legislation changed. It was governed by a board. In 2002 the COO, my position, reports to Secretary of Defense. So really the Secretary of Defense provides the oversight from the fiscal perspective.

Mr. YODER. In what sort of things is the \$186 million invested?

Mr. MCMANUS. We are required by legislation to invest it in securities and bills.

Mr. YODER. This Trust Fund is generated originally from you said gold and silver from the Spanish-American War.

Mr. MCMANUS. That is correct.

Mr. YODER. And that has been allowed to appreciate I assume. It has been turned into cash, and that is invested. What is the rate of return on a given year? I mean, this conversation you are having here about principal and interest, what is the amount of interest that we will gain next year?

Mr. MCMANUS. We just bought a 20 year note at 5.7. We had to buy securities at a prime interest rate to yield a high rate of return for the years following large disbursements from the Trust due to the Scott Project.

Mr. YODER. So you have \$186 million in the trust, and you will make 5 percent on that a year.

Mr. MCMANUS. It varies. Our notes vary depending on when we buy in.

Mr. YODER. So it is about \$9 million or \$10 million next year, this 5 percent.

Mr. MCMANUS. Probably seven.

Mr. YODER. Seven million.

Mr. McMANUS. Because we are going to expense from the \$186—

Mr. YODER. So I am confused. We are going to make 7 million in interest, but we are going to spend \$66 million?

Mr. McMANUS. That is correct.

Mr. YODER. And is that a yearly expenditure, or is that just a 1 year? What is your annual appropriation normally?

Mr. McMANUS. Normally, we were operating somewhere between \$54 million and \$60 million prior to Hurricane Katrina, and we put all the residents up in one facility in D.C. After Katrina it went up to around \$62 million or \$63 million. Now it has reached \$69 million for 2011, when we opened up Gulfport.

But now that goes down as we—sorry, I am—

Mr. YODER. And so you have income of \$7 million. What other income do you have? What is the rest of your income?

Mr. McMANUS. We just have five sources of income.

Mr. YODER. So you are not just spending the interest.

Mr. McMANUS. No.

Mr. YODER. Okay. Where else are we getting money?

Mr. McMANUS. We had \$62 million as an example in fiscal year 2010 in revenue—fines and forfeitures, \$37.2 million, about 60 percent of our revenue; resident fees, at about 17 percent; and then that 50-cent withholding we discussed. That is another \$7.3 million—was \$6.6 million in 2010, and then sales and gifts were almost a million dollars.

Mr. BISHOP. How much?

Mr. McMANUS. Almost a million.

Mr. BISHOP. Do you have a gift shop or something?

Mr. McMANUS. No, sir. People donate money. That is part of the legislation.

PER RESIDENT

Mr. YODER. You are spending \$60 million, and you have about a thousand residents. What is the cost per resident?

Mr. McMANUS. Something right around \$57,000, well, \$58,000.

Mr. FLAKE. How does it compare to the private sector?

Mr. McMANUS. About the same. When you consider, that is an average for our residents, so we are about 70-plus thousand, if we want to be clear.

Mr. YODER. So there is no tax revenue that goes into this at all?

Mr. McMANUS. No.

Mr. YODER. We are taking care of 1,000 soldiers and the waiting list is only 18 months?

Mr. McMANUS. That is correct.

Mr. YODER. I have heard worse things we are doing in the Federal Government—

Mr. CULBERSON. Well done. Thank you.

Mr. YODER. Thank you, Chairman.

Mr. CULBERSON. And that is well said. I think also acorn apparently coming out of the captured gold and silver from the war with Santa Ana, I guess? Was it the Spanish American or was it the 1845? General Scott created this out of money that he captured

from Santa Ana. He is not particularly liked in Texas, and he probably stole it from us to begin with anyway.

Any further questions?

WAITING LIST

Mr. FARR. Yes, just one on the waiting list. Usually normally in a situation like they are when you think that lower income and probably like that—

And I think people who want to get in probably want to get in right away. You said the average wait time is only 18 months.

Mr. MCMANUS. It is about 18 months.

Mr. FARR. How many people on the waiting list don't make it that long? What is your—

Mr. MCMANUS. Veterans drop off the list for various reasons. Whether it is for family needs or the family wants them to co-locate with them instead of coming into the Home at the last minute, or they can't sell their home and they want or decide to stay in their home. But there are various reasons why they may drop off—

Mr. FARR. And what is the highest income one could qualify to get into whatever the percentage rate, and assuming they have the disabilities that are actually noted?

Mr. CULBERSON. Is there an income cap?

Mr. MCMANUS. There isn't an income cap.

Mr. CULBERSON. No income cap.

Mr. BISHOP. Did I understand you to say that there are no taxpayer dollars that go to support this?

Mr. MCMANUS. No, there is none.

Mr. BISHOP. Well, what are you asking us?

Mr. MCMANUS. By legislation we are required to have Congress appropriate money from our Trust Fund to be used for our facilities.

Mr. BISHOP. Oh, we just tell you how to spend your own money.

Mr. MCMANUS. You authorize us to use our money.

Mr. BISHOP. Okay. We are just allowing you to spend your own funds.

Mr. CULBERSON [continuing]. On behalf of the four payments on—

Mr. FARR. Well, we have an active duty regular morale operating account, which is a—dollar account that runs all the business and all the income from all the businesses that are on the military bases in the United States.

And those are called non-appropriated funds, and they have a subcommittee on the standing committee that oversees those, you know, and I don't know what all. I think those investments are—probably just a whole bunch of funds, trust funds out there, and the Federal Government runs them, and they could be managing their own.

Mr. MCMANUS. That is what it is. We are part of the Government—and form their own—

Mr. FARR. Well, I, you guys, oh, my. Sorry, I know it is a tough question, but it is too bad we have a trust fund that is so—that we can't just, you know, you are in deep water and use it, because we could be growing need out of that.

Or my generation is going to be in the situation pretty soon when we get out at retirement, a lot of those people have a marginal cost of living, and they are——

And we will have a longer living elderly population. I see, frankly, I don't know where in Congress we want to do with this.

Nobody has ever addressed an aging society and their needs. Nobody ever thought that Medicare would have to pay for so many years—million bucks that Social Security could run into—veterans benefits in order to make.

AGING POPULATION

Well, what do we do with this aging population? We have no modern policy, and we require people wanting to retire at 65, a lot retiring even at 55. And they are going to live a long time. It is not just this. The pressures that are on you by an aging society with limited income are going to have all kinds of consequences to the future of America.

And we are not addressing if we tried to do that with the Older Americans Act, which was a brief beginning of let us look at the fact that we have older Americans. And we have never gone beyond the—and the 60s. Normally, they were looked at. You know, where you are going to do all this—we have some responsibilities.

WAITING PERIOD

And I would like to sell some of that gold and silver booty on the market today. I would be more than happy——

And we can serve a lot more people. Isn't it tragic we have to wait 18 months to get in where you are—and I think people at that stage are pretty desperate.

Mr. CULBERSON. What a marvel that the service is there for those that can qualify and able to provide that.

Mr. FARR. And we ought to find out how much of our homeless population is—you have them on the list.

Mr. CULBERSON. Thank you very much for your service, Mr. McManus. Thank you for being with us today. And the committee is adjourned.

[Questions for the Record submitted by Congressman Bill Young follows:]

Question 1. The Armed Forces Retirement Home is a positive program that provides members of the military the opportunity to spend their final years with other men and women who served in our armed forces. Recently, the Gulfport Armed Forces Retirement Home opened its new facility. With the two facilities, the Armed Forces Retirement Home covers two major regions of the US — East and South. Has there been any consideration of creating an Armed Forces Retirement Home West to service members who have families in the Western United States?

Answer. We appreciate Congress' support to rebuild Gulfport and the renewal of the Washington, DC Home. These efforts have modernized, right sized, and created the opportunity for growth; however, it is premature to speculate on future growth until the Washington renewal effort is completed in 2013.

Question 2. Members of the Gulfport Armed Forces Retirement Home recently moved back to Gulfport last fall. Can you comment on the reintegration to the new facility and any challenges that have been faced?

Answer. The standup for Gulfport was seamless throughout the reintegration. Our staff in Washington developed, awarded, and operated contracts until staff were onboard and prepared to conduct business. We were met with open arms by the local community and public sector. This has been an incredible team effort. Volunteers from across the area have had a big impact on resident quality of life and wellbeing. Both Keesler AFB and Biloxi VA Hospital have been very supportive of our medical needs. Just this last week, 6 April, the acting AFRH Chief Operating Officer met with the Director, VA Medical Center, Biloxi, MS and Commander, ^{81st} Medical Group, Keesler Air Force Base, MS to discuss reviewing/studying potential efficiencies that can be gained through the Joint Venture Program or by working together. Both were very supportive.

CONGRESSIONAL BUDGET JUSTIFICATION
FISCAL YEAR 2012

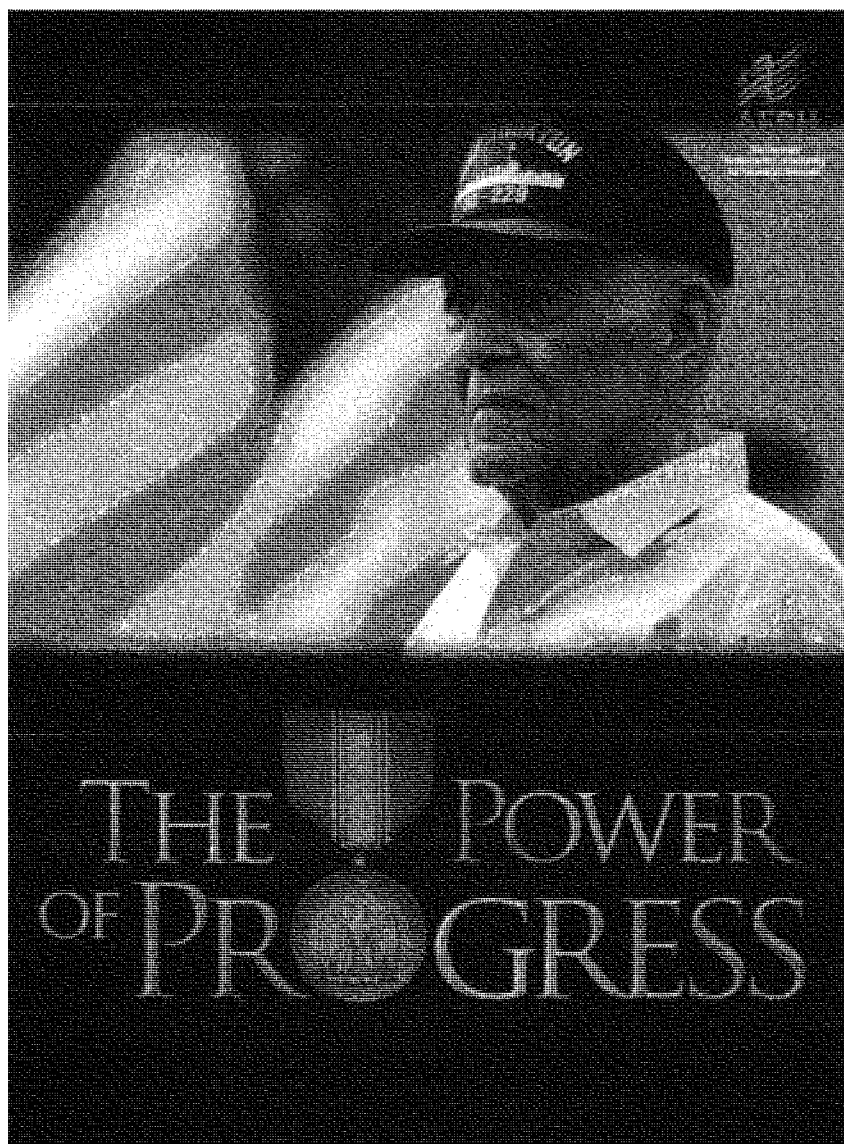


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AFRH Residents and Pearl Harbor survivors commemorate that December 1941 day.

**APPROPRIATION LEGISLATION****TRUST FUNDS**

For expenses necessary for the Armed Forces Retirement Home to operate and maintain the Armed Forces Retirement Home_Washington, District of Columbia, and the Armed Forces Retirement Home_Gulfport, Mississippi, to be paid from funds available in the Armed Forces Retirement Home Trust Fund, [\$71,200,000]\$67,700,000, of which \$2,000,000 shall remain available until expended for construction and renovation of the physical plants at the Armed Forces Retirement Home_Washington, District of Columbia, and the Armed Forces Retirement Home_Gulfport, Mississippi.

(Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2010.)



INTRODUCTION

The Armed Forces Retirement Home (AFRH) is proud to present the Congressional Budget Justification (CBJ) for Fiscal Year 2012.

First, we would like to thank the Congress for strongly supporting the replacement of the former Navy Home in Gulfport, Mississippi, and the renewal of the Washington, DC Home. We successfully opened the Gulfport Home last fall on time and on budget, and plan to do the same here in Washington. Fiscal Year 2010 was a year marked by significant progress for the AFRH. We created a major new senior living pilot program -- Independent Living Plus (ILP), now populated with 46 residents. In the final year of our FY06-10 Strategic Plan, we have realized many of our goals and objectives -- a proud moment for AFRH.

The Fiscal Year 2011 Budget Request contained an increase of \$7.4 million for our Operations & Management (O&M) account and \$2 million for infrastructure. This funding was requested in order to complete our Gulfport campus and renovate one of our major dormitories in District of Columbia (DC) (Scott Project).

Our strategic objectives for both campuses became a reality as the Washington managers worked diligently to replicate their processes, contractual services, and programs for a receptive new Gulfport management. For the first time in AFRH's long history, we have two campuses mirroring one another. Our Request for 2012 reflects our new configuration of two distinct facilities while encompassing a "One Model/One Home" philosophy; which ensures that Residents on both Campuses are treated equitably. The residents who have lived in both places will feel even more at home with the same level of care and services. In order to ensure that these ever-increasing efficiencies and economies are obtained the total request for 2012 is \$67,700,000.

Focused on fulfilling our vision "to actively nurture the Health and Wellness Philosophy of Aging while providing our nation's heroes with a continuum of Life Care Services in a community setting", we have been reforming and improving our operations. The new Gulfport facility represents the finest 21st century model for senior living with energy efficiencies and ample area for programs and activities. Through the Scott Project and the Independent Living Plus pilot program at the Washington campus, we have continued to develop services better matched to the residents' needs and abilities. Each undertaking has been in an effort to make residents more independent and mobile, as well as improve our Return on Investment (ROI).

We also met other strategic objectives. In the Financial arena, AFRH received its 6th annual "unqualified" audit opinion and the Trust Fund balance reached its highest level in decades (\$186 million). FY10 was a year of transformation in our information systems as we partnered with National Business Center to provide a hosted network compliant with the Federal Information Security Management Act of 2002 (FISMA). FY10 performance challenges centered on our Strategic Human Capital Plan, succession plan, staffing models, military heritage, training, and managing costs and expenditures. All of the aforementioned items resulted in movement towards our goals.

AFRH responded to several oversight organizations throughout 2010. So of these responses are as follows:

The Office of Personnel Management (OPM) audit complimented AFRH on various focus areas. OPM also recommended improvements in the Performance Management system as well as coding and record keeping issues at Bureau of Public Debt (BPD).

The Local Advisory Board provides their expertise and knowledge in senior living. They met with AFRH Management to be educated on the capital and service improvements. The Advisory Board concurred with the direction that AFRH was going in.

The Department of Defense (DoD) Inspector General (IG) inspection resulted in fourteen (14) findings and five (5) recommendations. The AFRH IG implemented all recommendations and findings. They included items such as: increase weekend trips for residents, repair fire hydrants, improve investigations with DC Police Department and exploring the possibility of AFRH security personnel receiving DC police investigative training, and increase Local Advisory Board participation. Of note is that AFRH completed repairs to 101 streetlights, 25 fire hydrants, and four main domestic underground water pipe breaks.

The accrediting organization, Commission on Rehabilitation Facilities (CARF), performed their annual inspection in September 2010. CARF offered suggestions and ideas but culminated with praise for the staff that cares for the residents. CARF is focused on the "person-centered" approach and has made various recommendations. Responding to these recommendations, AFRH has been improving their processes to be ready for the next inspection which will occur in September 2011.

AFRH's priorities have remained steady for several years now. FY 2010 saw the culmination of a momentous effort to rebuild and open a modern AFRH-Gulfport (AFRH-G); streamline activities on both campuses; and embark on renovating and modernizing AFRH-Washington (AFRH-W).

Goal 1: Healthcare (Resident Well-being)
 Goal 2: Housing (Gulfport & Washington)
 Goal 3: Stewardship (Corporate Effectiveness)

This CBJ presents complete, reliable information that demonstrates our efforts to hold both campuses to the highest standards of accountability. As we move forward to our vision of a vibrant, economical operation at both AFRH campuses, we continue to work to use the dollars of former military personnel efficiently and in their best interests.



STRATEGIC PLAN FRAMEWORK

VISION:

To actively nurture the Health and Wellness Philosophy of Aging while providing our nation's heroes with a continuum of Life Care Services in a community setting.

MISSION:

To fulfill our nation's Promise to its Veterans by providing a premier retirement community with exceptional residential care and extensive support services.

GUIDING PRINCIPLES:

We expect our workforce to achieve what we promise to our residents, staff and service partners. To ensure success, we measure progress and provide feedback to our customers.

We continuously work to improve our processes, services and delivery while striving for excellence in all we do. We expect excellence and reward it.

We honor the rich history of the US Armed Forces – from our Veterans to our victories. As such, our campus reflects that military heritage with memorabilia and tributes.

We will strongly uphold the mission of AFRH. We are honest and ethical and deliver on our commitments. We recognize that good ethical decisions require individual responsibility enriched by collaborative efforts.

We strive to hire and retain the most qualified people. We maximize their success through training and development as well as maintaining and promoting open communication.

Success depends on our devotion to consistently serve ever-changing customer preferences. Hence, we vow to be innovative and responsive – while offering exceptional products and services at competitive prices.

Strategic Goals

Create financial net growth and stability for the AFRH Trust Fund.

Enhance the overall AFRH experience to enrich the quality of residents' lives.

Modernize internal operations to maximize & leverage resources across AFRH.

Promote personal excellence and professional growth for all personnel.

Inspire commitment to the AFRH Guiding Principles through mutual respect.

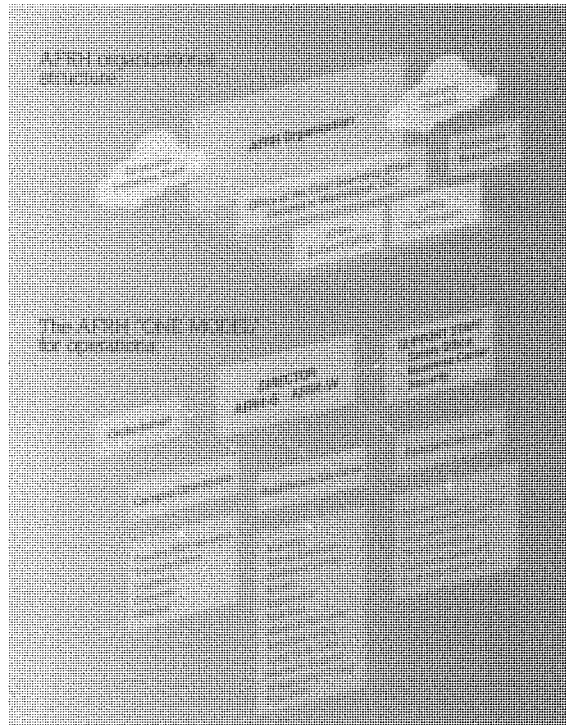
AFRH Organization

AFRH is a unique Federal Agency that resembles a private sector Continuing Care Retirement Community (CCRC). The Chief Operating Officer (COO) is subject to the authority, direction and control of the Secretary of Defense, delegated to the Under Secretary of Defense (Personnel & Readiness) and the Deputy Under Secretary of Defense for Military Community & Family Policy. A Local Advisory Board helps provide expert experience and knowledge of military and medical related concerns.

AFRH is organized in a contemporary business establishment, with a corporate office that manages independent functioning retirement communities in different locations. This arrangement allows corporate to make strategic decisions, as well as communicate with Congress and constituents.

Using the successful "One Model" for all community operations, each Home has a Director who reports to the COO. Plus each community can make its own tactical operational decisions, manage its facilities and respond to local resident requirements.

AFRH





RECENT ACCOMPLISHMENTS

FY 2009

October 2008

- Withdrew \$5.6 million from the AFRH Trust Fund to start design and planning of Scott Project

November 2008

- Completed the health assessment of 995 residents, the Vitality Plan, to assess level of care services required
- Earned an "unqualified opinion" from independent external auditors (4th year in a row)
- Three AFRH residents qualified for the 2009 National Senior Olympics (Aug 2009)

January 2009

- AFRH-Washington golf course designated "Certified Audubon Cooperative Sanctuary," the first golf course to achieve such honor in the nation's capital.
- Created staffing models for new "right-sized" AFRH

March 2009

- Building at AFRH-Gulfport is "topped off" as all exterior construction is completed
- Finalized the 10-year AFRH Long Range Financial Plan to ensure AFRH Trust Fund Solvency and to move ahead with the Scott Project at AFRH-W
- Halted progress on the highly promising revenue generator – the Washington Master Plan – due to economic downturn.
- Created AFRH Communications Plan (3-year) to guide the establishment of the new AFRH-G facility and AFRH-W Scott Project

April 2009

- Eight AFRH residents (World War II veterans) participate in "play for peace" softball game in Japan
- Hosted the first monthly focus groups for Gulfport and Washington on construction projects
- US Coast Guard Chief Warrant Officers' Association (CWOA) and the Chief Petty Officers' Association (CPOA) worked on their semi-annual pond beautification project at AFRH

May 2009

- Started development of support services to implement "Aging in Place" service delivery model

June 2009

- Formed two interim Resident Advisory Council (RAC) committees to provide resident input for AFRH-G Transition and AFRH-W Scott Project

August 2009

- Fourth anniversary of Hurricane Katrina is observed
- Initiated contract with CMI Management, Inc., the new facilities services at AFRH-W
- GSA awarded contracts to Design Management Associates (DMA) for the AFRH-W IT Relocation Study review support and to Leo Daly for preparation of the Independent Government Estimate for Bridging Architect-Engineer fees
- GSA selected Dimella Shaffer, Boston, Massachusetts as the Bridging Design Architect-Engineer and Jacobs Engineering as the Construction Manager (CM) for the Scott Project

September 2009

- Underwent DoD IG inspection with no major findings
- Signed MOA with Department of Interior (DOI) National Business Center (NBC) for AFRH-wide information technology services
- Completed the first AFRH Strategic Human Capital Plan (SHCP)
- Implemented an Agency-wide Performance Management Program (PMP)

- Co-hosted with President Lincoln's Cottage "Freedom Day" (September 22) honoring the 147th anniversary of President Lincoln signing the Emancipation Proclamation, the birthday of the Home's founder General Winfield Scott, and American military service
- National Capital Planning Commission (NCPC) approved the Scott Project

FY 2010

October 2009

- Coast Guard volunteers for pond clean-up project at AFRH-W continues for 3rd year in a row
- Building 22 at AFRH-G demolished

November 2009

- Dr. Sissay Awoke, Medical Director, appointed as the new AFRH-W Health Care Administrator

December 2009

- For the first time since its inception, the U.S. Soldiers' and Airmen's Home National Cemetery was part of the Wreaths Across America program which took place across the country on Saturday, Dec. 12.

January 2010

- Reviewed initial design concept for new Commons/Healthcare building for Scott Project
- Closed Scott 3 building (formerly for Assisted Living residents)
- Gulfport Ombudsman Master Chief named for new Gulfport facility
- Established the Resident Support Team (RST) to set up Independent Living Plus (ILP) program

February 2010

- Opened pilot program for Independent Living Plus (ILP) – part of Aging in Place – with 10 residents and RST of 3.
- Gulfport Director hired for new Gulfport facility
- Building 13, last remaining original building at AFRH-G, demolished
- Started transition in Scott with relocation of Volunteer Services

March 2010

- Moved to Pay.Gov through Department of Treasury

April 2010

- Completed the Stover Study whose aim was to get costs under control and integrate food service
- Study FTEs and labor force (saved more than \$4m in 2010 and \$2M per out-year)
- US Coast Guard partners with AFRH-W to clean up the fish pond

May 2010

- Completed 1st year with Millennium Pharmacy

June 2010

- National Capital Planning Commission (NCPC) approved the Scott Project concept design
- AFRH-W was part of the DC Walking Tour for the first time in partnership with President Lincoln's Cottage
- Seabees from Construction Battalion Maintenance Unit (CBMU) 202 Detachment from Washington, DC poured a concrete pad and installed an anchor on the AFRH-W grounds

July 2010

- GSA handed over the keys to Gulfport on July 28, 2010
- Increased AFRH-Washington ILP to 40 residents
- AFRH-W Volunteer Coordinator continues to expand the program with volunteers from the Army Volunteer Corps Program at Walter Reed Army Medical Center and with volunteers from the Dept. of Veterans Affairs Headquarters

August 2010

- Observed the 5th year since Hurricane Katrina
- Priority 1 Gulfport residents residing at AFRH-G selected their rooms in the new facility
- Final Design Concept approved for the new AFRH-W Commons and Healthcare building (Scott Project)
- AFRH residents hosted in Korea in commemoration of 60th anniversary of Korean Conflict

September 2010

- Held the last Gulfport focus group for returning residents
- Farewell picnic for Gulfport residents with a presentation of a marble plaque donated by grateful Gulfport residents
- Gulfport Priority 1 residents packed their household goods for shipment to AFRH-G
- Total number in AFRH-W ILP equals 46 residents
- CARF-CCAC inspection at AFRH-W – renewed accreditation

AFRH STRATEGY

When OMB called upon all Agencies to support the President's attention to high-impact goals, AFRH had already been working on this by focusing on its "significant challenges." Dubbed originally as Focus Areas and now as High Priority Performance Goals, AFRH has worked diligently to make progress in the following areas.

Ensure exceptional resident care and extensive support.

CARF, the accrediting body, and AFRH share a "person-centered" philosophy for those served. This innovative approach to residential senior living entails attention and responsiveness to each individual's physical, mental and social needs. The necessary training on AFRH's deployment of the "person-centered" approach has been developed and will be given to every employee, contractor, and volunteer.

CARF accreditation was renewed in 2010 after the annual inspection in September 2010. Following on the heels of the DoD Inspector General's review in 2009, AFRH has pushed its entire staff to meet requirements and adjust to recommendations. An overhaul of the Performance Improvement (PI) process has been underway since the summer of 2010. Training was completed in December 2010 and the new PI team began work in January 2011.

Assessment of residents upon arrival and at critical junctures in their healthcare management is a key action to which AFRH must adhere. A review by CARF and by an independent senior living consultant has pointed out ways to improve coverage and provided meaningful input for resident assessments.

Aging in Place (AIP) initiatives support the health and wellness philosophy of aging which aims to keep residents as independent as long as possible. The pilot program for Independent Living Plus (ILP), the first unit in AIP, was developed during FY 2009 and was formally introduced in January 2010 with 10 residents. Under the direction of the Director of Nursing (DoN), the Resident Support Team (RST) administers assistance to the ILP residents. Based on almost an entire year's experience of resident needs, the RST has expanded to two Registered Nurses with two Licensed Practical Nurses. The program has grown to 46 ILP participants, mostly needing assistance with medications, light housekeeping, and bathing.

Resident Satisfaction is measured annually and is well over the 70% satisfaction rate sought for. On annual surveys, residents have rated AFRH services at 75% in the "Outstanding" or "Above Average" category. For the second year in a row a Dining Survey was conducted in the Healthcare area with 80% in the "Excellent" or "Good" ratings for all areas queried.

Add residents to a fully functional facility in FY 2011.

Renovate the campus while maintaining the appropriate size to fully accommodate our residents' needs (estimated completion of 2013)
(The modernization projects are of such significance that we have fuller discussions on the pages following Goal 3.)

Maintain overall vitality via more efficient

management.

Success in this area means solvency of the AFRH Trust Fund. During FY 2010, we reviewed and updated the AFRH Long Range Financial Plan. Again, the analysis and forecasting assured solvency. Development of the plans for AFRH in the near term and the transition years were key. The Risk Management Plan, already developed, will be monitored by the new PI process at each campus with reports to the Internal Control (IC) Board.

Financial reporting continues at a high level of accuracy as AFRH received its sixth Unqualified Audit Opinion. Training of AFRH staff ended on a high note with training presented to 100% of the new AFRH-Gulfport staff and between 80-93% in all mandatory training classes at AFRH-Washington. Emphasis on "person-centered" training has already begun.

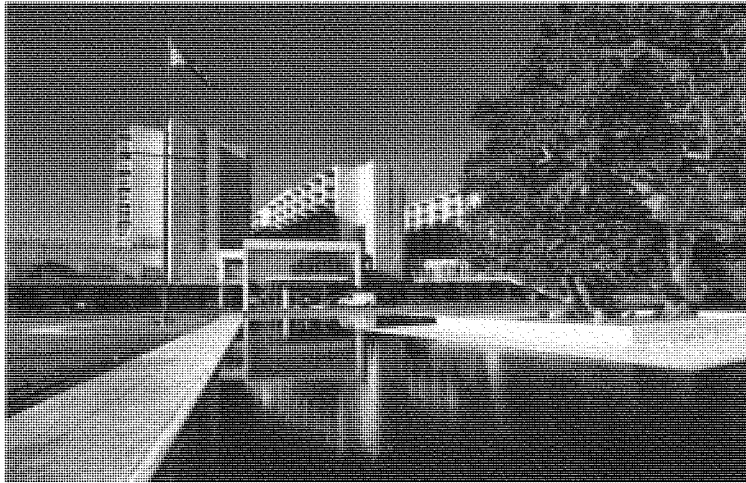


GULFPORT TRANSITION

Add residents to a fully functional facility in FY 2011.

Mission accomplished! With top-notch construction management, advanced engineering, and efficient scheduling, a modern facility with new amenities is complete. The Gulfport facility which was destroyed by Hurricane Katrina in 2005 was rebuilt over 4 years with funding provided by Congress. The Trust Fund provided approximately \$21 million of the rebuild, which was reprogrammed specifically for the rebuilding of the Gulfport campus.

The new modern facility was officially turned over to AFRH in July 2010. Staffing began with the hiring of key personnel early on in 2010 and followed by the hiring of support staff. Training was completed in the summer of 2010. As planned, the first Gulfport residents arrived at their new Home on October 4, 2010.



AFRH-Gulfport Front Entrance October 2010

Throughout FY 2010 AFRH-W staff planned diligently for the Gulfport opening. Stellar work in developing Gulfport service contracts, as well as moving Gulfport residents and their household goods from DC, made the transition a success.

AFRH transported 135 former Gulfport residents residing at AFRH-W and their household goods from AFRH-W to AFRH-G. Additionally, AFRH covered the moving and transportation costs for more than 100 AFRH-W residents who were on the waiting list for AFRH-G. Gulfport is over 90% occupied with a waiting list as of January 2011. Full occupancy is anticipated by March 2011.

The Grand Opening "Glory on the Gulf" program was on November 9, 2010, attended by local and national Government officials, residents, families, and friends of the Gulfport veterans. Celebrating the successful return to a modern facility, the grateful residents proudly showed off their new Home.



WASHINGTON SCOTT PROJECT

Renovate the campus while maintaining the appropriate size to fully accommodate our residents' needs (estimated completion of 2013).

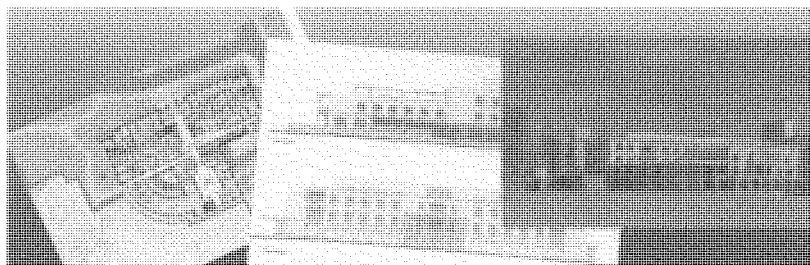
High on a hill overlooking Washington, DC, the AFRH has been home to many of the unsung heroes of necessary and just wars in America's defense of freedom. As our residents have aged, so have the buildings and infrastructure around them. Soon, a modern facility with the latest amenities – one that respects our rich history and will match the new AFRH-G facility– will adorn these grounds.

"The Scott Project" is underway. Throughout FY 2010, AFRH staff worked with designers to finalize the design concepts. Completion of the construction is slated for FY 2013. The project includes demolishing the Scott dormitory, building a new common area and healthcare services area, and relocating Assisted Living (AL) to the Sheridan.

The new "Commons" will replace the aging Scott Building with a new structure featuring more amenities with less maintenance. Energy efficient structures are designed to current building codes and in compliance with the latest standards and practices in senior care design. Long-term Care (LTC) and Memory Support (MS) residents will be in closer proximity to Independent Living (IL) and AL residents. This option has the advantage of drawing LTC and MS residents into the community, instead of keeping them in the remote and isolated LaGarde Building. The new Commons will include a progressive Health and Wellness Center (with medical, dental and optometry services).

All plans are rooted in the Aging in Place philosophy and are financed from the AFRH Trust Fund. This will help our Washington facility keep pace with the new Gulfport community and bring greater health and wellness to residents. Under GSA's project management, the Scott Project will produce a facility with a similar population to Gulfport.

	IL	AL	MS	LTC	Total
Gulfport	474	60	24	24	582
Washington	450	58	24	36	568



Artist concept of the new Commons/Healthcare building.

Project Execution

AFRH partnered with GSA to manage this project via its design/build project delivery methodology, starting in August 2008. GSA procured the Bridging Design Architect-Engineer (AE), DiMella Shaffer, using GSA's Design Excellence procedures in August 2009. The Construction Manager selected is Jacobs Engineering.

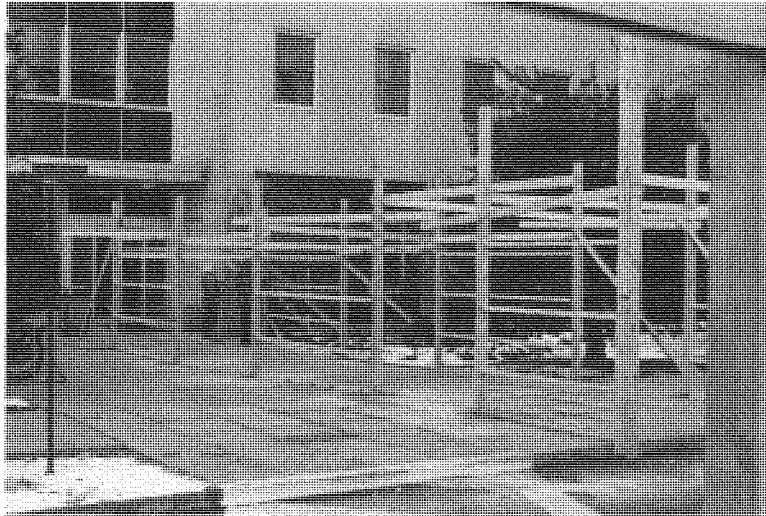
Throughout FY 2010, DiMella worked with the Program of Requirements (POR) created during the analysis for the long range financial plan and developed a conceptual design which was reviewed in

early 2010. AFRH staff worked with the designers to modify the designs and completing them in August 2010. Bids were completed for the Construction Design Build and will be awarded in January 2011. All conceptual designs were reviewed and approved by the National Capital Planning Commission (NCPD).

The transition period began in earnest when the contracts were awarded in the summer of 2010 for relocation of the IT and chiller/cooling tower to Sheridan (prior to the demolition of the Scott building). Work also began in the Sherman Building for the temporary relocation of the Business Office, dining facility and the theater. In Sherman North, leased space was cleared, the elevators were renovated, and work has begun to transform the space into a fully functional area.

A special walkway from Sheridan to the basement of Sherman is under construction. The engineered walkway will be covered in inclement weather to aid residents traveling to and from their living quarters to the Sherman Building.

In December 2010 the Scott Building ceased to be a dormitory. With the departure of many Gulfport-bound residents, the remaining residents were all accommodated in Sheridan. The Scott will be demolished by May 2011 with new construction to be completed by December 2012. LaGarde will transfer all its residents to the new Healthcare building in January 2013. Sheridan second and third floors will be renovated starting in January 2011 to accommodate all AL residents.



Walkway from Sheridan to the basement of Sherman is under construction



AFRH FINANCIAL DEVELOPMENT PLAN

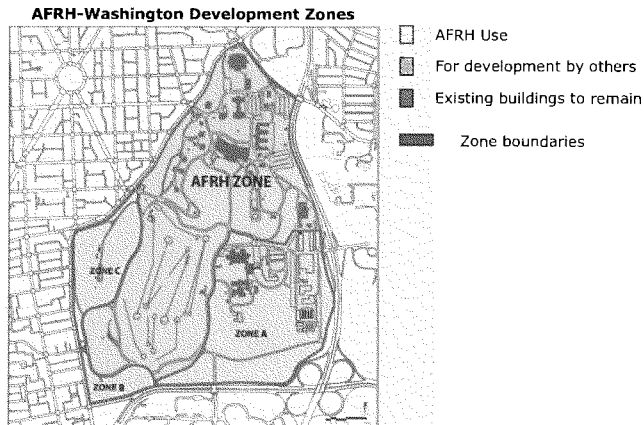
The National Defense Authorization Act for FY 2002 permitted AFRH through DoD to sell, lease or otherwise dispose of underutilized buildings and property. So, AFRH launched its real estate development plan, first named the Washington Master Plan, and currently known as the AFRH Development Plan.

The AFRH Development Plan focus is to preserve and improve life for the residents and the community a 77-acre parcel of land, Zone A, highlighted in chart below. At the same time this Plan aims to create an additional revenue stream for the Trust Fund.

In November 2002, AFRH started an effort to determine and identify what real property is essential to the core mission of the AFRH. Using the Department of Army's Inspector General Inspection of 1999, the Most Efficient Organization Study, internal reviews and a Manning Analysis we determined what core mission requirements are and how to minimize risk to the AFRH mission. The Inspector General's inspection of 1999 also identified significant cost savings which could be achieved by better management of facilities and personnel relocation.

The Plan seeks to attract development at a fair market value that is compatible with the AFRH Mission. In summer 05, an open dialogue with the residents and neighbors began. At the close of FY06, a major milestone was reached: we chose three potential developers for the first AFRH redevelopment project. In 2007, a plan contract was awarded to a preferred developer for Zone A. In 2008 we finally received approval from the National Capitol Planning Commission (NCPCC) to move forward with the Plan. We were poised to continue with GSA as our development partner. Although postured, AFRH never reached an agreement to proceed with the development on the campus. Although market conditions were deteriorating during the course of the discussions between AFRH and the preferred developer (April 2007 – September 2008), the cessation of negotiations was based on the inability of the respective organizations to reach agreement on several fundamental transaction-related issues related primarily to the control structure of the transaction.

This Plan remains approved and on hold until market conditions improve.





MASTER PLANNING

AFRH is beginning to develop separate 10-year Master Plans for each campus to capture all individual development projects under one umbrella and to align the Long Range Financial Plan with the capital improvement needs.

GULFPORT MASTER PLAN

Although the Gulfport facility was recently reconstructed and opened in October 2011, the campus has capital improvement needs resulting from a focus on "person-centered" care. Any projects envisioned for development in the next ten years must be planned and funded.

The Gulfport Master Plan is being developed in 2011.

WASHINGTON MASTER PLAN

After consultations with historical, architectural and energy experts and engineering consultants, AFRH has determined that the best and most efficient footprint at the Washington campus exists around the historic quadrangle near the Eagle Gate. With that in mind, AFRH is no longer utilizing buildings that do not serve the current population such as the old security building, the former administration building, and the Grant Building. These buildings are available for renovation and use by outside interests.

With the Scott Project in progress, several transition projects are already underway: creation of transition space for activities and dining, a walkway from Sherman to Sheridan, moving the chilling towers and IT, and creating assisted living rooms in Sheridan.

More projects are envisioned to include renovating the Eagle Gate, putting Sherman and Sheridan on their own heating units, upgrading heating and cooling to the historic residences that are being leased, upgrading security fences and access, moving 2 golf greens adjacent to the 77 acres of the development zone A, creating keyless entry to resident rooms, building smoking shelters, upgrading the historic Gazebo, installing safety deposit boxes, building a new Golf clubhouse to Leadership in Energy and Environmental Design (LEED) standards, and developing ways to water the golf course. Another project is to design ways to allow residents and visitors to move through the campus using golf carts via walkways in order to visit remote areas of the campus such as the historic Scott monument with its splendid view of the US Capitol. The AFRH-W campus also has projects underway involving American Disabilities Act (ADA) accessibility requirements, suicide prevention modifications, and signage for visually impaired residents.

Other initiatives include shutting down the Power Plant, remapping utility grids and revitalizing certain historic buildings through a national program support.

Power Plant Phase-Out

The present plant is old and distributes steam, which requires full-time licensed operators and utilizes old underground distribution lines. Economies are available from decentralizing these steam heating systems and installing modular systems, which don't require operators, in each of the buildings. A gradual transition from the central plant may result in the plant load becoming too small to maintain operations, at some point. First off, the fuel costs to provide campus heat can be reduced by as much as 37% by utilizing decentralized heating systems with modern technologies. Second, the steam plant can produce steam at lower levels while still operating properly. While it is economical to replace the current steam system, AFRH is not forced to make this replacement as buildings are removed. The best transition is an immediate change to distributed heating systems, which will produce the greatest economies. Yet, that would require a maximum capital expenditure. The recommendation is to incorporate new modular heating systems within each new project, including the Scott Project, until the rest of the campus can be converted and the steam plant may be shut down.



BUDGET IMPLICATIONS

The 1991 Defense Authorization Act, Public Law 101-510, created an Armed Forces Retirement Home (AFRH) Trust Fund to finance the AFRH-Gulfport and the AFRH-Washington Homes. The Homes are financed by appropriations drawn from the Trust Fund.

The AFRH Fiscal Year 2010 Performance and Accountability Report displayed the significant progress of the AFRH over the past six years.

The Gulfport Home was rebuilt within funding and on schedule in 2010. AFRH received \$5.6 million for the planning and design of the Scott Project in 2009 and an additional \$70 million from the Trust Fund in 2010 for completion of the Project, which will create better living conditions for residents; promote aging in place; and bring AFRH resident facilities in line with the Americans with Disabilities Act (ADA), fire codes, and other building specifications. This Project is also within funding and on schedule.

The AFRH provides, through the Armed Forces Retirement Home-Gulfport and Armed Forces Retirement Home-Washington, residences and related services for certain retired and former members of the Armed Forces. The agency's annual operating costs will decrease by approximately \$4 million in 2012. This decrease is associated with the pay freeze and AFRH's continued efforts to become more fiscally sound and move towards a sustainable AFRH Trust Fund.

We have set the groundwork to reduce operational costs in Washington. Residents moved back to Gulfport and Washington is streamlining operations to adhere to the decrease in population.

FY 2011 marked the last year of growth as the new facility opened in Gulfport, MS on October 1, 2010.

We expect our Budget Authority to stabilize in 2011 as resources (funding and FTE) continue to shift from Washington to Gulfport. Although we are standing up Gulfport in 2011, the Assisted Living, Memory Support, and Long-term care population will grow as resident's age in place. Initially in Gulfport we are planning a deminimus amount of beds being occupied in these levels of care, which will minimize our costs across the Agency.

We are working on multiple initiatives to reduce costs in the out-years. Our primary efforts are an "Independent Living Plus" program to assist our residents with aging in place. We believe this effort will reduce costs in the Trust Fund while enhancing the care and well-being of our residents.

The greatest risk to the Trust Fund will occur over the four transition years (e.g. 2010 - 2013) as we establish and maintain operations in Gulfport and transition to a reduced footprint in Washington. Many of the infrastructure and new facility changes occurring at AFRH will have a positive, direct impact on the solvency of the Trust Fund. Although we recognize negative growth will occur between the transition years as we expense the Scott Project, we expect positive growth to continue after 2013. We are also reviewing our fee structure and enhancing staffing at the Agency level to meet growing demands of the transition years. As we move forward to our vision of a vibrant, economical operation at both AFRH campuses, we continue to work to use our funding wisely and in the best interest of our stakeholders.

FY 2012 BUDGET

The Gulfport Home was rebuilt within funding and completed on schedule in 2010. The first residents returned to Gulfport on October 4, 2010. The modernization at the DC campus is ever evolving through the design build of one of our primary dormitories – The Scott Building. The Scott Project was approved and funded by \$5.6 million and \$70 million in FY 2009 and 2010 respectively from our Trust Fund. This Project will create better living conditions for our DC residents; promote aging in place; and bring AFRH resident facilities in line with the Americans with Disabilities Act (ADA), fire codes, and other building regulations. This Project is also within funding and on schedule.

Our Budget Request of \$68 million for FY 2012 contains \$66 million in Operations & Maintenance (O&M) and \$2 million in Capital Improvements. The O&M request reflects \$3 million in growth to begin full operations in Gulfport with the transfer of 238 residents from DC to Gulfport. These resident transfers contribute to a decrease of \$6.5 million in DC as the facility begins to eliminate transition duplication,

modernize and right size to the population it will serve. This will produce a net decrease of \$3.5 million in operating costs across the Agency in 2012. This decrease is associated with AFRH's continued efforts to become more fiscally sound and move towards a sustainable AFRH Trust Fund.

The Gulfport Campus will grow by 21 full-time equivalents (FTE) employees, which is completely offset by a 21 FTE reduction on the Washington Campus, thus producing no net growth between FY 2011 and 2012. Being that our mission is peculiar in nature when compared to other Federal Government Agencies; our non-labor expenditures contain a diverse assortment of fundamental cost drivers. AFRH's key cost drivers are: Dining Services; Subsistence; Nursing; Wellness Center; Dental and Optometry; Utilities; Facility and Grounds Maintenance; and Transportation.

We expect our Budget Authority to peak in 2011 and then decline as the duplication of resources (funding and FTE) decline as the shift from Washington to Gulfport is completed. Although we have opened Gulfport for residency in 2011, the Assisted Living, Memory Support, and Long-term care units will grow as the resident population ages. Initially in Gulfport our plans reflect few occupied beds in these levels of care. The result is a drawdown of our costs across the agency.

We are working on multiple initiatives to reduce costs. The primary effort is our "Independent Living Plus" program, which assists residents with aging in place. We believe this effort will reduce costs in the Trust Fund while enhancing the care and well-being of our residents.

The greatest risk to the Trust Fund is occurring over the four transition years (e.g. 2010 - 2013) as we stand up operations in Gulfport and transition to a reduced footprint in Washington. Many of the infrastructure and new facility changes occurring at AFRH will have a positive and direct impact on the solvency of the Trust Fund, as well as a profound influence on the well-being of our residents. As we move forward to our vision of a vibrant, economical operation at both AFRH campuses, we continue to work to use our funding wisely and in the best interest of our stakeholders.

The budget forecast shows that operating costs for the Washington campus will decline from \$45.9 million in 2009 to \$36.6 million in 2012. This represents approximately a 20 percent reduction in 2012 for the DC campus. The Scott Project will generate savings in all major cost drivers:

- Consolidate Dining Services so that only one dining facility is operational
- Reduce subsistence costs by approximately 40%
- Reduce nursing staff by almost 50% from FY09 levels
- Reduce utility costs by approximately 44% or greater
- Reduce facility maintenance requirements by greater than 50%
- Reduce custodial requirement by approximately 40%
- Streamline Campus operation so that on-campus transportation is no longer required

The Scott Project also accomplishes the following:

- Closes the LaGarde Facility
- Relocates all Assisted Living (AL), Memory Support (MS), and Long-term Care (LTC) from LaGarde to renovated or new space within Sheridan and Scott footprint.
- Reduces square footage by approximately 44% or 386,000 square feet
- Postures AFRH Operations for positive Trust Fund Growth
- Creates similar capacity and service capabilities between AFRH-G and AFRH-W

TRANSITION YEARS FY 2012-2013

FY 2011 marked the opening of the new Gulfport facility. The population of Washington is shifting from 867 at the end of FY2010 to a target of 568. There will be a shift of Full-time Equivalents (FTE) from all working in Washington to a mix between Gulfport and Washington.

Cost savings associated with the Gulfport Transition are as follows:

- No LTC costs for a few years
- Reduced dining services and subsistence
- Minimal maintenance costs (Project Management Focus)
- Less than 50% AL & MS requirement
- Begins significant reduction of Washington population
- Lower cost of living due to shifting costs

There are risks, however, during the transition years:

- 1.) Being able to attain the targeted reduction in population for the Washington campus
- 2.) Successfully realigning and reducing contracts in Washington

- Dining Services
 - Nurse Staffing
 - Pharmacy and Medical Supplies
 - Facility Maintenance
 - Grounds Maintenance
 - Custodial
 - Transportation
- 3.) Contract strategy
- New contracts for transition years vice modifications for reduced scope
 - New contracts beginning 2013
 - Negotiate the same costs at Gulfport and Washington for Dining Services and Custodial contracts



CURRENT CHALLENGES

Nearly two centuries ago, the leaders of our young nation made a Promise to care for our aging and infirm retired military personnel. This pledge would serve as a payback to soldiers for risking their lives to preserve democracy. In 1811, Congress fulfilled this Promise by passing legislation that created a home for destitute Navy officers, sailors and Marines in Philadelphia. Over the centuries, the Home has evolved into a modern retirement community: the AFRH.

Today, we continue to provide shelter and care for former enlisted military, Warrant Officers and veterans as they age. This care demonstrates to today's soldiers – and tomorrow's veterans – that their service and sacrifices won't be forgotten. Just as our brave young men and women helped save the world from fascism in the 20th Century, today's heroes can fight for and preserve our way of life – knowing their country will repay them for their service. Now, more than ever, the AFRH and Congress are bound to honor that original Promise, the Home's heritage and the tradition of the US military. Accreditation and Inspection

The National Defense Authorization Act (NDAA) of 2008 required the AFRH to seek a more comprehensive accreditation service to review its healthcare practices. In FY07, the AFRH embarked on acquiring such a new independent accreditation. Throughout FY08, the AFRH worked very diligently to implement new standards in accordance with those set forth by the Commission on Accreditation of Rehabilitation Facilities (CARF)/ the Continuing Care Accreditation Commission (CCAC) International, an independent, nonprofit accreditor of human service providers in the areas of aging services, behavioral health, child and youth services, DMEPOS, employment and community services, medical rehabilitation, and opioid treatment programs. The CARF/CCAC family of organizations currently accredits more than 5,000 providers at more than 18,000 locations in the United States, Canada, Western Europe, and South America. More than 6.5 million persons of all ages are served annually by CARF/CCAC accredited providers. The CARF/CCAC accreditation replaces the long standing Joint Commission on Accreditation of Healthcare Organizations (JCAHO) accreditation held by AFRH for nursing care only. The AFRH received a 5 year accreditation by CARF/CCAC in August 2008.

In addition to the CARF/CCAC inspection, the NDAA of 2008, changed the manner in which the Department of Defense conducts inspections of the AFRH. No longer will the agency be inspected by the services (Army, Navy and Air Force) triennially. The Department of Defense's Office of the Inspector General (DoD OIG) will now inspect the AFRH in the years that the agency is not inspected by an independent accreditation body. CARF will inspect AFRH again in 2011.

In accordance with the Reports Consolidation Act of 2000, the AFRH Inspector General (IG) annually identifies the most serious management and performance challenges facing the AFRH in FY 2011.

FY 2011 Management Challenges

- Return residents to Gulfport and initiate programs and services
- Implement, manage and monitor Washington Scott Project Plan
- Continue to educate, define, train and promote Resident well-being ("person-centered" care) to the Resident community and staff

FY 2011 Performance Challenges

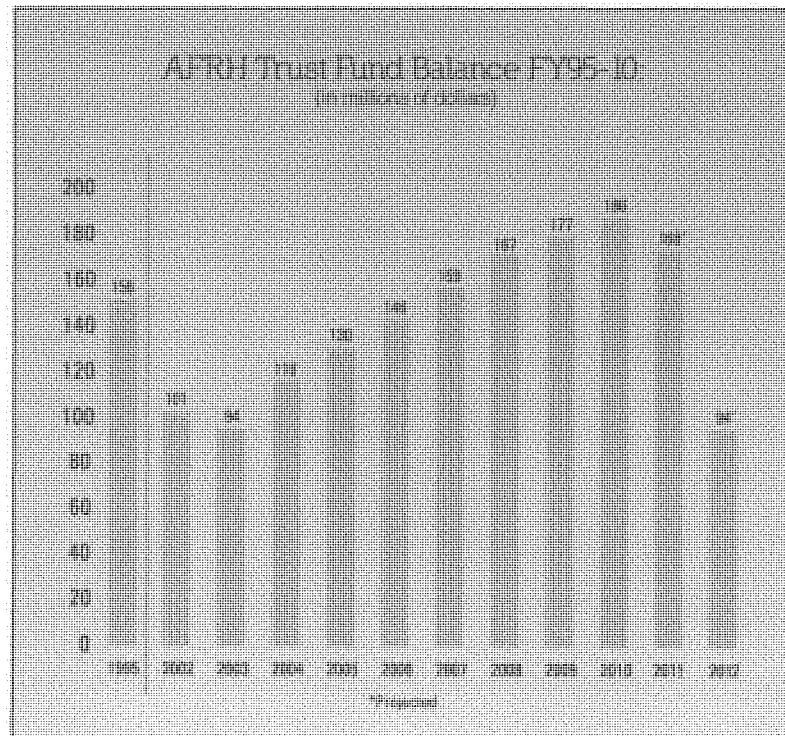
- Implement Scott Project Plan Construction. Manage the supporting construction efforts and the relocation of programs and services to ensure that residents do not experience in degradation of services during the construction for the Scott Project.
- Implement Independent Living Plus Program. AFRH must implement the ILP program at both facilities (Gulfport & Washington) while educating staff on the new policies and residents on the program's benefits.
- Implement Human Capital Succession Plan. AFRH must complete the development of the plan and implement the procedures while educating staff on the new policies.
- Implement e-Records/e-Health Records Systems. AFRH must research, select and secure electronic Records/Health Records system(s) to support both facilities (Gulfport & Washington).
- Implement NBC Hosted Information Technology System. AFRH must ensure that staff is trained on the NBC network policies and procedures, as well as the access protocols for the hosted applications at both facilities.

- Expand visibility of military heritage. AFRH should ensure that displays of military heritage are implemented throughout the Gulfport facility.
- Adhere to timelines and participate in annual mandatory training. AFRH management must continue to enforce attendance for its employees for the mandatory training classes outlined by the agency. Tighter constraints and measures must be taken to ensure that employees participate in the mandatory training classes and that participation is timely.
- Financial Management of operating costs and expenditures. AFRH management must continue to streamline costs at the Washington campus and seek to bring spending parity between the two campuses (Gulfport & Washington, in as much as possible to ensure that long-range financial goals are met.



TRUST FUND BALANCE

In 2003, operating costs greatly increased over previous years - eventually outpacing our revenue. The Trust Fund balance declined from \$156 million in 1995 to \$94 million in 2003. Renewing a healthy balance became a critical mandate to retain the Home's solvency. So, we concluded that our operating model had to change. We followed the Federal Government's lead by implementing an integrated strategy - linking planning with budget and performance. From 2003 - 2010, we aggressively developed a disciplined strategic plan that netted many gains. The result: the Trust Fund balance grew substantially to \$186 million at the end of FY10. However over the next two years the Trust Fund will have negative growth as disbursements are made for the Scott Project. In FY 2012 the Trust Fund will level out at \$94 million and begin to once again climb thereafter. The chart below reflects the Trust Fund's consistent growth over the years, with an expected decline in FY 2011 and 2012.

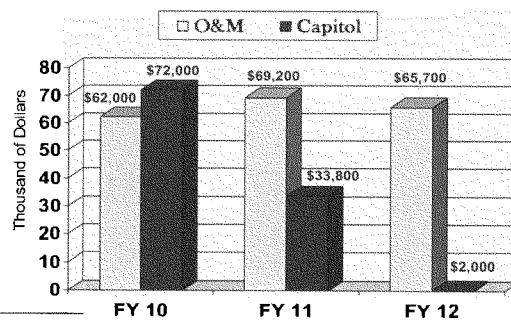


**JUSTIFICATION HIGHLIGHTS****Budget Authority**

**ARMED FORCES RETIREMENT HOME
BUDGET AUTHORITY & OBLIGATIONS BY ACTIVITY**
(\$ in Thousands)

	FY 10 Actual Amount	FY 11 Continuing Resolution Amount	FY 12 Estimate Amount	FY10-12 Increase or Decrease Amount
TOTAL OBLIGATIONS				
O & M BUDGET AUTHORITY	\$ 62,000	\$ 69,200	\$ 65,700	\$ 3,700
CAPITAL AUTHORITY ¹	\$ 72,000	\$ 33,800	\$ 2,000	\$ (70,000)
TOTAL BUDGET AUTHORITY	\$134,000	\$103,000	\$ 67,700	\$ 66,300
TOTAL FTE's	252	336	336	84

AFRH Budget Authority by Activity
(in thousands of dollars)



¹ The FY 2011 Continuing Resolution (CR) for Capital has been annualized and does not reflect AFRH's capital requirement.

Capital Outlay

**ARMED FORCES RETIREMENT HOME
CAPITAL OUTLAY
(\$ in Thousands)**

FY12 CAPITAL APPROPRIATION

Scott Project planning, construction and construction management	\$ 0	
LaGarde Building	\$ 0	
Sheridan Building Repairs	\$ 550	
Scott Building Emergency Repair	\$ 0	
Sherman Building Repairs	\$ 400	
Other Repairs (not anticipated by facility assessment)	\$ 500	
A/E Design Fee	\$ 200	
Master Plan – GSA	\$ 350	
TOTAL	\$ 2,000	\$2,000

FY11 CAPITAL APPROPRIATION

Scott Project planning, construction and construction management	\$ 0	
LaGarde Building	\$ 250	
Sheridan Building Repairs	\$ 440	
Scott Building Emergency Repair	\$ 0	
Sherman Building Repairs	\$ 350	
Other Repairs (not anticipated by facility assessment)	\$ 500	
A/E Design Fee	\$ 150	
Master Plan – GSA	\$ 310	
Continuing Resolution Driven Requirement ²	\$31,800	
TOTAL	\$33,800	\$33,800

FY10 CAPITAL APPROPRIATION

Scott Project planning, construction and construction management	\$70,000	
LaGarde Building	\$ 200	
Sheridan Building Repairs	\$ 450	
Scott Building Emergency Repair	\$ 0	
Sherman Building Repairs	\$ 400	
Other Repairs (not anticipated by facility assessment)	\$ 500	
A/E Design Fee	\$ 200	
Master Plan – GSA	\$ 250	
TOTAL	\$72,000	\$72,000

² The FY 2011 Capital Appropriation includes the annualized 2011 CR level of \$31.8M; which does not reflect AFRH's capital requirement.

Summary of Changes (O&M)
ARMED FORCES RETIREMENT HOME
SUMMARY OF CHANGES (O&M)
(\$ in Thousands)

FY10 O&M Appropriation	\$62,000
FY12 O&M Request	<u>\$65,700</u>
Net Change	\$3,700

	FY2010		FY2012	
	<u>Base</u>		<u>Change from Base</u>	
	<u>Workyears</u> <u>(FTE's)</u>	<u>Budget</u> <u>Authority</u>	<u>Workyears</u> <u>(FTE's)</u>	<u>Budget</u> <u>Authority</u>
<u>Changes:</u>				
A. <u>Built-In:</u>				
1. Base Payroll Costs*	252	\$21,589	84	\$ 5,430
2. Non-Salary Decreases:				
Travel/Leases		\$ 211		\$ (76)
Transportation*		\$ 620		\$ 361
Communications/ Utilities*		\$ 4,608		\$ 1,515
Printing*		\$ 48		\$ 27
Other Services (Contracts)		\$29,553		\$ (3,920)
Supplies & Materials*		\$ 5,174		\$ 535
Equipment		\$ 192		\$ (167)
Claims		\$ 5		\$ (5)
Total Non-Salary Decrease:		\$40,411		\$ (1,730)
TOTAL BUILT-IN INCREASES		\$62,000		\$ 3,700
NET CHANGE				\$ 3,700

Total Obligations by Object Class**ARMED FORCES RETIREMENT HOME****TOTAL OBLIGATIONS BY OBJECT CLASS**

(\$ in Thousands)

	FY 10 ACTUAL	FY11 CR	FY12 ESTIMATE	FY10-12 INCREASE (DECREASE)
11 PERSONNEL COMPENSATION	\$17,049	\$20,221	\$20,221	\$3,172
12 PERSONNEL BENEFITS	\$5,368	\$6,798	\$6,798	\$1,430
BENEFITS, FORMER				
13 PERSONNEL	\$31	\$0	\$0	\$(31)
21 TRAVEL/LEASING	\$291	\$132	\$135	\$(156)
22 TRANSPORTATION OF THINGS	\$338	\$961	\$981	\$643
23 COMMUNICATIONS & UTILITIES	\$4,480	\$6,801	\$6,123	\$1,643
24 PRINTING AND REPRODUCTION	\$69	\$74	\$75	\$6
25 OTHER SERVICES	\$29,436	\$28,577	\$25,633	\$(3,803)
26 SUPPLIES AND MATERIALS	\$4,763	\$5,611	\$5,709	\$946
31 EQUIPMENT	\$250	\$25	\$25	\$(225)
LAND & STRUCTURES				
32 (CAPITAL OUTLAY)	\$14,762	\$69,620	\$2,000	\$(12,762)
42 CLAIMS	\$9	-	-	\$(9)
TOTAL OBLIGATIONS	\$76,846	\$138,820	\$67,700	\$(9,146)
NUMBER OF FTE	252	336	336	84

Appropriations History
ARMED FORCES RETIREMENT HOME
APPROPRIATIONS HISTORY FY 2002-2012
(\$ in Thousands)

FISCAL YEAR	DESCRIPTION	CONGRESSIONAL BUDGET	AUTHORIZED	APPROPRIATION HOUSE	SENATE	FINAL
		JUSTIFICATION		ALLOWANCE	ALLOWANCE	APPROPRIATIO
2002	O&M	61,628	61,628	61,628	61,628	61,62
	CO	<u>9,812</u>	<u>9,812</u>	<u>9,812</u>	<u>9,812</u>	<u>9,81</u>
	Total	71,440	71,440	71,440	71,440	71,44
2003	O&M	61,628	61,839	61,839	61,839	61,83
	CO	<u>5,712</u>	<u>5,769</u>	<u>5,769</u>	<u>5,769</u>	<u>5,76</u>
	Total	67,340	67,608	67,608	67,608	67,60
2004	O&M	63,926	63,296	63,296	63,296	63,29
	CO	<u>1,983</u>	<u>1,983</u>	<u>1,983</u>	<u>1,983</u>	<u>1,98</u>
	Total	65,909	65,279	65,279	65,279	65,27
2005	O&M	57,195	57,163	57,163	57,163	57,16
	CO	4,000	3,968	3,968	3,968	3,96
	PUBLIC LAW 109-62*	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,00</u>
	Total	67,195	67,131	67,131	67,131	67,13
2006	O&M	57,033	57,033	57,033	57,033	56,46
	CO	1,248	1,248	1,248	1,248	1,23
	PUBLIC LAW 109-148**	0	65,800	65,800	65,800	65,80
	PUBLIC LAW 109-234**	<u>0</u>	<u>176,000</u>	<u>176,000</u>	<u>176,000</u>	<u>176,00</u>
	Total	58,281	300,081	300,081	300,081	299,49
2007	O&M	54,846	54,846	54,846	54,846	54,84
	CO	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Total	54,846	54,846	54,846	54,846	54,84
2008	O&M	55,724	56,524	56,524	56,524	55,72
	CO	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Total	55,724	56,524	56,524	56,524	55,72
2009	O&M	54,985	54,985	54,985	54,985	54,98
	CO	8,025	8,025	8,025	8,025	8,02
	Total	63,010	63,010	63,010	63,010	63,01
2010	O&M	62,000	62,000	62,000	62,000	62,00
	CO	72,000	72,000	72,000	72,000	72,00
	Total	134,000	134,000	134,000	134,000	134,00

FISCAL YEAR	DESCRIPTION	CONGRESSIONAL BUDGET	APPROPRIATION HOUSE ALLOWANCE	SENATE ALLOWANCE	FINAL APPROPRIATIO
		JUSTIFICATION			
2011	O&M	69,200			
	CO	2,000			
	Total	71,200			
2012	O&M	65,700			
	CO	2,000			
	Total	67,700			

[NOTE: (*) Supplemental funding from the General Fund as a result of Hurricane Katrina for the movement and stabilization of displaced residents from Gulfport in Fiscal Year 2005.
 (**) Majority of Supplemental funding from the General Fund as a result of Hurricane Katrina for the stand up of the Gulfport Campus.]

Staffing History
ARMED FORCES RETIREMENT HOME
STAFFING HISTORY
(\$ in Thousands)

<u>FISCAL YEAR</u>	<u>SALARIES & BENEFITS</u>	<u>FTE's</u>
1995	39,312	989
1996	37,655	903
1997	37,671	865
1998	37,605	841
1999	37,419	799
2000	38,612	753
2001	38,292	734
2002	41,936	736
2003	40,495	683
2004	35,870	548
2005	30,684	446
2006*	25,754	299
2007	22,460	288
2008	24,043	283
2009	21,120	268
2010	21,589	252
2011**	27,019	336
2012	27,019	336

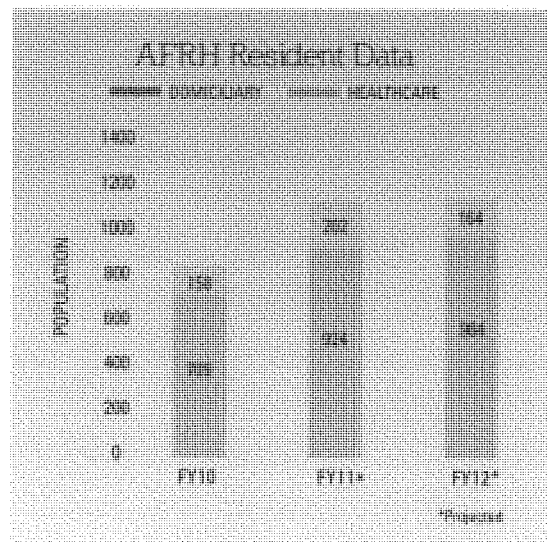
[NOTE:

(*) The significant reduction in FTE in 2006 was a result of Hurricane Katrina and the closure of the Gulfport Facility.

(**) Growth is the result of opening Gulfport.]

Resident Data
ARMED FORCES RETIREMENT HOME
RESIDENT DATA

	Actual FY10	CR FY11	EST. FY12
Domiciliary Care	709	924	984
Health Care	158	202	164
Total Residents	867	1,126	1,148
Operating Budget	\$ 62,000,000	\$ 69,200,000	\$ 65,700,000
Capital Outlay ³	\$ 72,000,000	\$ 33,800,000	\$ 2,000,000
Total Budget	\$ 134,000,000	\$ 103,000,000	\$ 67,700,000
Operating Budget Per Resident*	\$71,511	\$61,456	\$57,230



³ The FY 2011 CR for Capital has been annualized and does not reflect AFRH's capital requirement.

THURSDAY, MAY 5, 2011.

CEMETERIAL EXPENSES, ARMY

WITNESS

KATHRYN A. CONDON, EXECUTIVE DIRECTOR, ARMY NATIONAL CEMETERIES PROGRAM

OPENING REMARKS

Mr. CULBERSON. The Appropriations Subcommittee on Military Construction and Veterans Affairs is called into order. And this afternoon's first hearing will be on the budget request for the Army National Cemeteries Program. The budget request for this fiscal year 2012 is \$45.8 million for the Department of the Army's National Cemeteries Program, an increase of \$700,000 when compared to the expected fiscal year 2011 appropriation.

Our witness today is Ms. Kathryn Condon, Executive Director. Before I formally introduce our witness, I would like to yield to my good friend, Mr. Bishop from Georgia, for any opening comments.

Mr. BISHOP. Thank you very much, Mr. Chairman. My comments will be brief.

Ms. Condon, thank you for being here today. And I really enjoyed the meeting that we had a few weeks ago to discuss the progress that you have made regarding Arlington Cemetery.

Mr. Chairman, as you know, the Army Inspector General's report released last year found widespread issues at the Nation's most venerated military burial ground. The report found unmarked and mismarked graves, urns that had been unearthed and dumped in a dirt pile, chaotic management, spent millions on botched contracts attempting to digitize the cemetery's paper records. What is even more troubling than the issues I just raised is the fact that apparently there are more problems that are still surfacing. These types of issues shouldn't exist at any cemetery, let alone Arlington, which is our Nation's most hallowed cemetery.

Ms. Condon, you have had the difficult task of fixing the mess there, And I truly believe that you are doing the best that you can with the hand that you were dealt. In fact, you might even be a trump card that the Army is now playing in order to clean it up. I believe that you are really being blamed to some extent for issues that were around long before you ever got there. But I have noticed that you don't pass the blame on; you assume the responsibility, and you actually are putting a shoulder to the grindstone to solve the problems.

Mr. Chairman, since Ms. Condon has taken charge, she has established standards for chain of custody, reduced the number of contracts, rebuilt and trained the workforce and implemented a customer service center. By no means is the job complete, and there are a lot of issues that still need to be addressed, but under

her leadership they will be addressed, I believe, and we need to make sure that we give her the resources that will allow her to regain the public trust and to close the book on this sordid chapter in the history of Arlington. I look forward to your comments. And I yield back, Mr. Chairman.

Mr. CULBERSON. I concur with you, Mr. Bishop, on that.

And we look forward to your testimony today and appreciate very much the work that you have done to correct the problems that the Secretary of the Army appointed you to solve. Ms. Condon, I know you were appointed Executive Director in June 2010, and you have had a long and varied career as a civilian employee of the Department of the Army, and we appreciate so much your service to the country. You have served as Special Assistant to the Under Secretary of the Army as a principal planning adviser and as a civilian deputy to the commanding general of the U.S. Army Materiel Command. You have your bachelor of arts degree from the University of Rochester, an MBA from Syracuse. And, of course, your entire statement will be entered into the record, and we look forward to your testimony today. Thank you.

STATEMENT OF EXECUTIVE DIRECTOR CONDON

Ms. CONDON. Thank you, Chairman.

Mr. Chairman, Congressman Bishop and other members of the subcommittee, thank you for the opportunity to present the President's budget for the Department of the Army Cemeterial Expenses Program for fiscal year 2012. As the Executive Director responsible for both Arlington National Cemetery and the U.S. Soldiers' and Airmen's Home National Cemetery, I can assure you that the Army is committed to rendering public honor and recognition through dignified burial services for members of the armed services and their loved ones.

On behalf of the cemeteries and the Secretary of the Army, I would like to thank Congress for the support that they have provided over the years, but in particular I would really like to thank you for the support that has been given to me and the Superintendent over the last 11 months. Change has been brought to Arlington in the last 11 months. And thank you, Congressman Bishop, for recognizing that. Policies, processes and procedures have been created to ensure that standards are established, understood, trained to and met, and also verified. This has necessitated instituting training where training was not happening before, procuring the right equipment so that the workforce could achieve those standards, and maintaining and implementing 21st century information management technology.

The fiscal year 2012 budget is \$45.8 million, which is a little more than the amount that was appropriated to the cemetery for fiscal year 2011. The funds requested are adequate to support the workforce, to acquire necessary supplies and equipment, and to provide the standards of services expected at Arlington and the Soldiers' and Airmen's Home.

Our priority is to extend the burials at Arlington for as long as we possibly can. Under current estimates, Arlington National Cemetery expects to exhaust the availability for inurnments in niche spaces in fiscal year 2016. To preclude this from happening, I have

accelerated investment in developing and constructing Columbarium Court 9 during this fiscal year. This investment will add approximately 20,300 niches to the inventory, extending available niche space out to fiscal year 2024. I expect Columbarium 9 to be operational in November of 2012 and to have a ground breaking in late June or early July of this fiscal year.

The Millennium Project should allow Arlington National Cemetery to continue to offer inurnment services out to 2017 and in-ground burials out to 2035. Right now the current estimates for in-ground burial space is exhausted in 2025. The transfer of the Navy Annex Public Law 108–375 will further permit the expansion of the cemetery beyond 2037.

Another priority was to reexamine funding priorities and allocations of the past. Due to obligation curtailments, prior-year funding was carried forward into this year. We examined prior-year obligations to reduce or eliminate unliquidated obligations. The net effect of carrying forward prior-year unobligated balances and recovering unliquidated obligations will cover the cost of our personnel increases and the construction of Columbarium Court 9 in this fiscal year, and it will also allow us to start the Millennium Project, which is prepping the ground for any future construction that we may have there.

I could not certify the fiscal year 2010 year-end financial reports in the schedules due to the lack of available accountability records at Arlington. To remedy this issue in fiscal year 2011 and beyond, I accelerated implementation of the General Fund Enterprise Business Systems, which is affectionately known as GFEBS, and this will allow us to provide the accountability, to include the ability to conduct audits, and allow me at the end of this fiscal year to certify the funds. There wasn't a formal accounting system prior.

In addition, all recurring service contracts will be recompeted this year. We reduce the number of contracts, as we stated before, from 28 to 16. All of those contracts were awarded to small businesses. And we saved approximately \$6 million from the government cost estimate on those contracts. The new service contracts will include quality assurance surveillance plans and performance requirement summaries. These documents will assist our newly trained contracting officer representatives to hold the contractors accountable for the services they provide. And to ensure accountability, I have asked the Army audit agency to return at the end of this fiscal year to Arlington to ensure that the policies and the procedures and the changes that the Superintendent and I have put in place in fiscal year 2010 are indeed working and sufficient to address the errors that were outlined in the past.

I would like to thank the subcommittee for the support that they have provided to Arlington and to the U.S. Soldiers' and Airmen's Home, and the support that they have provided to the many visitors to Arlington, and also the support for the capital investments that we truly need to make for this national treasure.

This concludes my testimony, and I would be pleased to respond to any questions that anyone may have, sir.

Mr. CULBERSON. Thank you, ma'am.

[The information follows:]

RECORD VERSION

DEPARTMENT OF THE ARMY
COMPLETE STATEMENT
OF
MS. KATHRYN A. CONDON
EXECUTIVE DIRECTOR, ARMY NATIONAL CEMETERIES PROGRAM

BEFORE
THE SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS AND
RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

ON
THE CEMETERIAL EXPENSES, ARMY PROGRAM

MAY 5, 2011

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON APPROPRIATIONS

Chairman Culberson, Ranking Member Bishop and distinguished members of the Subcommittee, thank you for the opportunity to present the President's Budget for the Department of the Army Cemeterial Expenses program for Fiscal Year (FY) 2012.

INTRODUCTION

I am pleased to be testifying on behalf of the Secretary of the Army, who is responsible to effectively and efficiently develop, operate, manage and administer the Army National Cemeteries Program which is comprised of Arlington National Cemetery, Arlington, VA, and the U.S. Soldiers' and Airmen's Home National Cemetery, Washington, DC.

Arlington National Cemetery is both the most hallowed burial ground of our Nation's fallen and one of the most visited tourist sites in the Washington, DC, area. A fully operational national cemetery since May 1864, Arlington National Cemetery presently conducts an average of 27 funerals each workday-final farewells to fallen heroes from the fronts of Iraq and Afghanistan, as well as to veterans of World War II, the Korean conflict, Vietnam and the Cold War and their family members. While maintaining the honor, dignity and privacy of each graveside service, Arlington National Cemetery hosts approximately 4 million guests annually. This duality of purpose serves to bring the national shrine of Arlington National Cemetery, and the sacrifices of those buried there, closer to the American people.

As the agency responsible for these two cemeteries, the Army is committed to rendering public honor and recognition through dignified burial services for members of the Armed Services and other qualified deceased persons where they may be interred or inurned in a setting of peace, reverence and natural beauty. On behalf of the cemeteries and the Department of the Army, I would like to express our appreciation for the support that Congress has provided over the years.

BUDGET OVERVIEW

Before I discuss the FY 2012 budget itself, it is important to understand the comprehensiveness of the change that has been brought to Arlington National Cemetery since I assumed the position as the Executive Director ten months ago. Policies, processes and procedures have been created to ensure that standards are established, understood, trained to, met, and verified. This has necessitated instituting training where none existed previously, procuring the right equipment to meet and maintain the standards, and implementing 21st century information technology to increase effectiveness and efficiency.

The FY 2012 budget is \$45,800,000, which is \$5,950,000 more than the FY 2010 appropriation of \$39,850,000. The funds requested are adequate to support the work

force, acquire necessary supplies and equipment, and provide the standards of service expected at Arlington and Soldiers' and Airmen's Home National Cemeteries.

The increase reflects changes instituted in administration functions and operational realignments as a result of the Secretary of the Army's reorganization of the agency. Most notably, funding levels for compensation and benefits are increasing due to ongoing hiring actions to fill 57 additional full-time equivalent positions required to manage and operate effectively.

Under current estimates, Arlington National Cemetery expects to exhaust its availability for inurnments in niche spaces in FY 2016. To preclude this from happening, I have accelerated investment in developing and constructing Columbarium Court 9 during FY 2011. This investment will add approximately 20,300 niches to the inventory and with the follow on efforts in the Millennium Project, should allow Arlington National Cemetery to continue to offer inurnment services out to FY 2037. I expect Columbarium Court 9 to be operational by November 2012. The transfer of the Navy Annex under the Base Realignment and Closure Act will permit expansion of the Cemetery and will further extend its viability as an active cemetery.

Investment in the Millennium Project recommences in FY 2012. When all five phases have been completed, this project will provide space for casketed remains, niches, and space for in-ground cremated remains. Continuation of this project is critical to extend the viable life of Arlington National Cemetery and will permit us to offer multiple services to be performed simultaneously across the expanse of the cemetery.

Arlington National Cemetery now has a dedicated engineering staff and has begun a comprehensive assessment of the current status of all facilities and infrastructure. This effort will be integrated with long-term strategic planning that will directly address sustainment, maintenance, repair and the need for additional construction.

Reallocating Carry Over & Recoveries of Prior Year Obligations

As a result of the Secretary of the Army's June 10, 2010 directive, several Army organizations have conducted analyses of operations, including contracts, force structure, information technology and systems architecture, and funding. Findings from these analyses resulted in a reexamination of funding priorities and allocations for FY 2010. Due to obligation curtailments, prior year funding was carried forward into FY 2011. Prior year obligations are also being examined to reduce or eliminate unliquidated obligations. The net effect of carrying forward prior year unobligated balances and recovering unliquidated obligation should cover the cost of personnel increases and construction of Columbarium Court 9 but will not be sufficient to also cover the cost of the next phase of the Millennium Project.

FISCAL RESPONSIBILITY

I could not certify the FY 2010 year-end financial reports and schedules due to a lack of available accountability records. To remedy this issue for FY 2011, I accelerated the implementation of the General Fund Enterprise Business System (GFEBS) to 1 October 2010. GFEBS will provide the accountability, to include the ability to conduct required audits, to ensure I can certify FY 2011 year-end financial reports.

Instrumental to fiscal responsibility was instituting disciplined processes, with oversight and direction, to enhance procurement operations. Executive Director policies and appointments are now in place to ensure a qualified senior-level staff member conducts funds certification; only the Director of Resource Management and the Budget Officer are authorized to certify funds. Similarly, funds approval is limited to the Executive Director and Chief of Staff. I developed and implemented a Gift Policy to ensure proper joint ethics accountability and approval for all gifts and proffers made to Arlington National Cemetery. I initiated accountability of all Real Property and implemented a preventative maintenance and repair process to ensure care and maintenance. I lowered the threshold for legal review of contracts to \$100,000. Recurring service contracts were extended to allow for a thorough review for requirements determination. The acquisition strategy for the re-competed requirements included the consolidation of like efforts; reducing the total number of existing contracts by approximately 60%. Each of the new service contracts has a Quality Assurance Surveillance Plan and a Performance Requirements Summary as part of the contractual requirement. These documents will assist the trained contracting officer representatives in effectively managing the contract Quality Assurance and essentially ensuring the contractor is held accountable for services.

To ensure accountability for the past, the Army Audit Agency (AAA) was asked to audit contracts, revenues and the government purchase card. The Army will use these results to learn from past errors and correct them where possible. I have asked AAA to return to ensure that the policies, procedures, and practices that have been established are indeed working and sufficient.

ACCOUNTABILITY

On December 22, 2010, the President of the United States signed Public Law 111-339 requiring the Army to submit a report to the Congress one year from the date of enactment that provides an accounting of gravesites at Arlington National Cemetery, Arlington, VA. The report on gravesite accounting requires the Army to specify whether gravesite locations at Arlington National Cemetery are correctly identified, labeled, and occupied. Additionally, the law requires the Army to set forth a plan of action, including the resources required and a proposed schedule, to implement remedial actions to address deficiencies identified pursuant to the accounting. Though the language of the law does not require the automation of records, its goals will accelerate the plan to

address the cemetery's automation deficiencies. The plan to meet this requirement, coupled with the creation of digital maps, will ensure that all of the Cemetery records are electronically recorded and future records are created in an electronic database that integrates to the Army's information system architecture.

CONCLUSION

I would like to thank the Subcommittee for the support that it has provided to maintain Arlington National Cemetery and the U.S. Soldiers' and Airmen's Home National Cemetery, provide services for the many visitors, make capital investments needed to accommodate burials, and preserve the dignity, serenity and traditions of these national shrines.

Mr. Chairman and distinguished members of the Subcommittee, this concludes my testimony. I am eager to respond to questions and look forward to your guidance.

TOTAL CEMETERY MANAGEMENT SYSTEM

Mr. CULBERSON. We have a vote ongoing that has just begun. I will ask a couple of questions.

A little preface to this, that the budget request that you have asked for includes a line item for the development of the Total Cemetery Management System, which has a goal of automating, of course, your operations at Arlington, and this effort has been under way for about 5 years—I know you just got there. But over the course of the last 5 years, this subcommittee has asked for reports on the status of the development and implementation plans for this automation project without a whole lot of luck. We have not gotten good information from Arlington.

In the 10-year capital investment plan for Arlington National Cemetery, which was submitted by the Assistant Secretary of the Army to the subcommittee on February 7, 2007, this Total Cemetery Management System was described as being under development and, quote, “Testing is ongoing and driven by the overarching strategic plan. The TCMS is now on track to provide a robust, interoperable and secure means of managing all cemetery functions.”

That obviously wasn’t correct. As recently as February of 2010, in response to a question from this subcommittee, the Assistant Secretary of the Army for Civil Works stated that this system will maximize the use of electronic means to deliver services and benefits to the public in a manner that promotes security and privacy. And his report further states, in quote, “The Arlington National Cemetery has been working to further define the requirements of this comprehensive project.”

Seven months after receiving the most recent reassurance that everything was going well with this project, you informed the subcommittee in a letter dated September 1st of last year that the Total Cemetery Management System, quote, “as of this date remains conceptual.” And you informed the subcommittee that you had ordered all work to cease on the project.

It really is obvious that there are multiple levels of mismanagement, just a systemic failure at many, many levels. From Arlington Cemetery to the Assistant Secretary of the Army, to the Office of Management and Budget, all failed not only to keep Congress informed of program execution, but obviously to even execute the program competently or properly.

How much money has been spent so far in TCMS? And what value, if any, did taxpayers receive for that investment?

Ms. CONDON. Sir, if I could take for the record the actual amount spent on TCMS so I give you an accurate figure that we have here. [The information follows:]

TOTAL CEMETERY MANAGEMENT SYSTEM

The money spent on TCMS activities included: \$1,146,842.57 for scanning digital records of interment and grave cards through 2005, \$296,734.39 for upgrading Interment Services System, and \$1,391,890.96 for developing a replacement system called the Interment Management (IMS) system. The IMS was never delivered to ANC. Scanned images, contracted for incorporation into IMS, were delivered with a corresponding database that is usable as an extensible database. Both the scans and the database are incomplete. Arlington National Cemetery has integrated the

usable data and images as part of the work being conducted by Army Data Center Fairfield in support of the accountability baseline and digitization efforts.

Mr. CULBERSON. Sure. Ballpark is fine. And we will understand that you are going to correct it later.

Ms. CONDON. One of the things that we were able to get from the previous efforts was that we were able to find disks of where they actually scanned the records in the cemetery. We took those scans and have since put them into a database. So now we have an accountable database. So we were able to salvage some of the efforts from that previous effort.

Mr. CULBERSON. Some?

Ms. CONDON. Some.

Mr. CULBERSON. It is pretty grim. And we appreciate the work that you are doing in trying to straighten it out.

How much money approximately was spent by taxpayers on this effort?

Ms. CONDON. Sir, it was in the millions. I think it was probably 5 to \$10 million, somewhere in that range.

Mr. CULBERSON. Four to five to ten million dollars? Taxpayers got, what, a few disks of scanned documents?

Ms. CONDON. Sir, what we were able to salvage from there was we got the scanned disks for the documents, and we also—they put in place the Interment Scheduling System of which we have since improved that system to date. But as I was saying, we truly stopped that contract and are moving forward with other initiatives to make sure that we have a digitized Arlington National Cemetery.

Mr. CULBERSON. So \$5 million-plus was paid to—who were the contractors involved; do you know? Do you remember?

Ms. CONDON. Sir, I would have to take that for the record to get all the contractors.

[The information follows:]

RECORDS AUTOMATION CONTRACTORS

From Fiscal Year 2004 (FY04) through June of Fiscal Year 2010 (FY10), Arlington National Cemetery (ANC) spent \$6,583,429.19 on IT expenditures, excluding phone services. Of this, \$2,308,550.17 was spent on Operations and Maintenance (O&M) of existing automation equipment and associated hardware including: telephone system, call center server equipment, computers, printers, storage devices, ANC official website, video systems, and television displays. The majority of the operations and maintenance funds paid for two full-time IT contractors onsite from 2004 through 2010, contracted through the Alpha Technology Group, LLC. ANC spent \$1,387,718.86 to upgrade the fiber optic connectivity and \$2,835,467.92 on TCMS activities. The money spent on TCMS activities included contracts with Offise Solutions, Incorporated, Optimum Technical Solutions, Incorporated (OTSI) and Alpha Technology Group, LLC. \$1,146,842.57 was awarded over multiple contracts to Offise Solution for scanning digital records of interment and grave cards through 2005. \$296,734.39 was awarded to Offise Solution and Alpha Technology Group for upgrading Interment Services System, and \$1,391,890.96 was awarded to Optimum Technology Solutions and Alpha Technology Group for developing a replacement system called the Interment Management (IMS) system. These figures include 1,012,834.94 more than included in the TCMS report dated 1 September 2010 submitted to Congress due to the discovery of additional records.

Mr. CULBERSON. Five million dollars-plus to some private contractor and in addition, obviously, to the personnel who were obviously incompetent at the cemetery, and we got a few disks of scanned documents. The taxpayers received a few disks of scanned

documents. I know it is just as appalling to you as well and unacceptable; utterly outrageous and unacceptable not only for the disgraceful way they handled bodies and mislabeled and mismarked and put people in wrong spots, but to spend that kind of money and to have the project be such a complete disaster.

What, if any—for example, is criminal liability—has there been or will there be—there should be—suits or legal action for breach of contract to try to recover the taxpayers' money?

Ms. CONDON. Sir, there has been investigations and audit into that exact issue that you are talking about.

Mr. CULBERSON. Will there be litigation or criminal action brought, and against who?

Ms. CONDON. Sir, I would have to take that for the record.

[The information follows:]

CONTRACT MISMANAGEMENT

It is premature to state whether this will lead to litigation or criminal charges.

Ms. CONDON. I do not know if there is currently—for the TCMS system if there is currently any ongoing investigations on that. But—

Mr. CULBERSON. But that is within your jurisdiction. The Secretary of the Army gave you a very broad charge to identify and correct any and all problems at Arlington.

Ms. CONDON. Sir, the Secretary did have—we had a complete contract review, and as part of that contract review, it was done by our Army contracting agencies and the Assistant Secretary of the Army for Acquisition, Logistics and Technology, and we also had the Army audit looking at those contracts.

Mr. CULBERSON. Director Condon, one of the, I think, most valuable tools you have got at your disposal is the broad scope of your authority. The reason it is not clearly defined is I know the Secretary of the Army wanted you to come in and use your best judgment in solving these problems. And one of the greatest frustrations, I know, that taxpayers have, just across the board of the Federal Government, nobody ever seems to be held accountable. And all of us, I know, and our constituents, and I know my colleagues feel the same way, we want to know that people have been held accountable either for—there has got to be criminal liability involved, not only the mismanagement of money, but even more horribly the mismanagement of the cemetery, and misplacing of graves, and misidentification of loved ones, and the catastrophic grief that must cause their family members.

You have really got a very broad portfolio. You have got the authority to recommend action. And please don't leave it up to the Office of the Secretary of the Army Contract Review Division. What I am asking you is if you would please—within the scope of your authority, you can do so. Would you please recommend that criminal charges and/or litigation be brought against the contractors for mismanagement of our tax dollars, and criminal charges be brought against the people that are responsible for mislabeling and mishandling bodies?

Ms. CONDON. Sir, you have my promise that I will, as I did when we discovered the eight urns buried in one unknown gravesite, I immediately called in the Criminal Investigation Division. You

have my promise that if we find any inappropriate action on a contract or any mistakes, that I will take immediate action.

Mr. CULBERSON. I know it is up to the U.S. Attorney, obviously, to recommend criminal charges, but have you yet been able or heard of any conduct that would—have you seen or heard anything from the U.S. Attorney's Office that they are going to bring criminal charges against any of the people responsible for mishandling—

Ms. CONDON. Sir, I am only aware there are two ongoing investigations as we speak. And as it is an ongoing investigation, I would not hear anything until it is complete.

Mr. CULBERSON. What about breach of contract; what about recovering taxpayers' lost money, in this case this total cemetery management system which was obviously a disaster?

Ms. CONDON. Sir, that is one of the issues that has been looked at in the past, and it still is an ongoing investigation.

Mr. CULBERSON. We would like you to pursue it, please.

Ms. CONDON. Yes, sir, you have my promise. I will take that back.

Mr. CULBERSON. And to recover as much of our constituents' lost tax dollars as possible, particularly in this environment.

So what are you considering then to try to get to the point where you have an automated cemetery operation and redundant systems double-checking what people are doing to ensure that graves are not misidentified?

Ms. CONDON. Sir, as you know, I have a report that is due out to Congress at the—in December of this year on the accountability and how we are going to do that. We have made improvements to our interment scheduling system. We have put in chain-of-custody procedures. We are automating each and every one of our processes. We established the call center so that now we are literally documenting each and every phone call that comes in to the cemetery and logging in. So we are truly digitizing the cemetery as we speak.

Mr. CULBERSON. I have to run up and go vote. I am going to pass the gavel to Mr. Austria and the microphone to my good friend from Georgia Mr. Bishop for any questions. And I will have a follow-up round afterwards. Thank you.

Ms. CONDON. Thank you, Mr. Chairman.

ARMY NATIONAL CEMETERIES ADVISORY COMMISSION

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

Let me just say that I had a long list of questions, but your testimony covered most of those questions. Of course, we were very, very concerned about the inspector general's report. And you, I think, have in your testimony and in our conversations prior to your testimony set forth the various matters that you set forth to address those concerns in the inspector general's reports.

And you talked about in your testimony the reduction of the contracts from 28 to 16 and how you were able to do it, and which contracts were consolidated, and which ones were maintained. And, of course, I join with the chairman in expressing concern that those people responsible for the misappropriation or the mishandling of taxpayer dollars should be held accountable, and, of course, look

forward to hearing the report on ultimately how that accountability was enforced.

Secretary McHugh established the Army National Cemeteries Advisory Commission to review the policies at Arlington and to make recommendations. Have they met? Have you worked with them? Have they made recommendations to you? And if so, were they incorporated into your efforts going forward to correct the situation?

Ms. CONDON. Sir, the charter for that Commission was established in October of 2010. And since October of 2010 there, we have been working on—as it is with all Federal Advisory Commission Act commissions—getting the nomination packets through. We have not yet had a Commission meeting, but that is one of Secretary McHugh's priorities because they are going to be the independent look for the issues that we are doing at Arlington. But we are still establishing and getting the nomination packets through the process.

Mr. BISHOP. So basically the Advisory Commission has not been effective because it is not yet constituted?

Ms. CONDON. Yes, sir.

Mr. BISHOP. So you have had to pretty much take things on your own without benefit of any recommendations from that Commission.

The Columbarium Court 9. You wanted to speed up the events in developing, constructing that during fiscal year 2011, but, of course, the funding was received very late in the fiscal year. Has that delay affected your efforts? And will you still be on track to have it operational by November of 2012?

Ms. CONDON. Sir, the good news there is the design was already in the works, and we were able to—working with the engineers, we will be able to award that contract in late June or early July of this fiscal year, and we will have a groundbreaking. Not having the money in 2011, if it was a little bit longer, I wouldn't be as confident as I am now, but we literally will start working on the columbarium in July of this year.

MILLENNIUM PROJECT

Mr. BISHOP. Let me just ask you about the Millennium Project. Obviously it will extend the life of the cemetery. It will make more spaces available in your portfolio. Do you have adequate resources? Is that on track? Is there anything that the committee needs to do to assist you in that long-range project?

Ms. CONDON. Sir, one of the things that I really would like to accomplish starting this fiscal year is the second phase of the Millennium Project, and that is getting the place ready for future burials, because as you know, for in-ground burials you have to let the land settle before you can use that. So getting that phase started, which is truly just getting the land prepped, is something that we really need to start this fiscal year, or absolutely we need to do it in fiscal year 2012.

Mr. BISHOP. Have you had any concerns expressed by historical groups about the planned expansion?

Ms. CONDON. Sir, the plans for the Millennium Project were well under way prior to my becoming Executive Director. But one of the

things that I am doing now that I have a professional engineer on my staff is to look at the plans that were submitted before and to see if there are any modifications that we may need to look at in those plans for the Millennium Project.

Mr. BISHOP. Thank you on that. The Soldiers' and Airmen's Home National Cemetery, I take it that you don't operate the home, but you operate the cemetery?

Ms. CONDON. Sir, I do not operate the home. I am only responsible for the cemetery.

Mr. BISHOP. And that has adequate resources? We have provided adequately for that?

Ms. CONDON. Yes, sir.

Mr. BISHOP. Have you had any issues there with regard to accountability in burial plots?

Ms. CONDON. No, sir, we have not. But I want you to know that as we do our accountability for Arlington, we are also going to include the Soldiers' and Airmen's Home, because I am responsible for both cemeteries.

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

NEW COLUMBARIUM CONSTRUCTION

Mr. CULBERSON. Mr. Flake is here.

While he is getting settled, let me ask you quickly about the budget justification material provided to the committee that indicates you will use \$16.5 million of fiscal year 2011 and prior funding for the Columbarium Phase 5 Project of Court 9. What is the scheduled start date, and have all the designs been completed and approved?

Ms. CONDON. Sir, the columbarium, the design is complete. We had a design charrette, et cetera. We are ready to go. We are going to award the contract late June, early July of this fiscal year, and we should be having a groundbreaking for the start of the ninth columbarium in the next several months.

Mr. CULBERSON. One of the things that has been brought to my attention is that apparently it is in standard operating procedure for projects that the Army Corps of Engineers pursues, or any facilities, that 35 percent of the work, the design work, has to be completed before they can even begin construction. Which seems to make pretty good common sense. And I suspect the private sector operates in the same way. Is that the procedure you are following here?

Ms. CONDON. Yes, sir. And as a matter of fact, the ninth columbarium, we already have eight columbariums in that same Columbarium Court. So the design for the ninth columbarium is in line with that as well.

MILLENNIUM PROJECT

Mr. CULBERSON. Marvelous. Let me continue, then, while Mr. Moran is getting settled and ask about fiscal year 2012 construction projects. The budget request for fiscal year 2012 anticipates funding the Millennium Project at \$8.7 million. Could you tell us what is the status of planning for the project? And have you received all the necessary approvals from the National Capital Planning Commission and any local approvals from the Virginia De-

partment of Environmental Services? Tell us about the status of the planning, have you got all your approvals that are necessary, and what do you expect the total cost of the project to be, and when will it be completed.

Ms. CONDON. Sir, the Millennium Project, the next phase that we are going to do is to prep the land. And we have been working with all the agencies that we need to get clearances through to do that. And the bottom line is we have—as I stated before, now that I have a professional engineer on the staff, what we want to do is to relook the Millennium plans that were presented to us so that we make sure that all of the checks were done, all of the Commission of Fine Arts and all of the local environmental agencies have agreed to the plan. So that is one of the things that we are going to relook just to make sure that we have all those checks done.

Mr. CULBERSON. What do you anticipate the total cost to be?

Ms. CONDON. The total cost for the Millennium Project. If I could take that one for the record, sir, and give you an accurate answer, because we keep moving from fiscal years of they started that. So I don't want to give you a guess of where it would be. I can take that one for the record and get you the total cost back on that.

[The information follows:]

MILLENNIUM PROJECT COST

The final design for the Millennium Project is being reexamined, so it is not possible to even estimate the total cost for the project. To date \$11,388,713 has been expended on design and Phase I work for the Millennium Project. An additional \$1,215,940 has been committed for stream restoration. Phase II which includes ground preparation and site work is estimated to cost \$14.4M and is necessary regardless of the final design.

Mr. CULBERSON. What is important, and as I have discovered on some of the projects, particularly with the Veterans Administration, is that we get low-ball numbers early on, and then apparently they get these huge plus-ups in later years. And then actually the VA has been kind of sitting on a lot of money for years. And please don't do that to us. Make sure we get good numbers and that you are following good design procedures. I think the Army Corps has obviously got good guidelines, and so does Naval Facilities.

Ms. CONDON. And for the reason why I couldn't give you an accurate number, because, as I said, we inherited the numbers from before. And I want to make sure that we check that each and every one of those numbers is accurate.

Mr. CULBERSON. Thank you very much.

At this time, I would like to recognize my good friend from Virginia, Mr. Moran.

NAVY ANNEX LAND EXCHANGE

Mr. MORAN. Thank you, Mr. Chairman. And thank you again for your leadership on this committee.

I understand that there have been some very productive discussions on a possible land swap that would enable Arlington Cemetery to expand its contiguous land holdings, and also improve security concerns, and enable Arlington to come and get a more suitable right-of-way for reconfigured Columbia Pike, and to enable them to develop a proposed light-rail system that would link up the Pentagon to DOD facilities at Skyline. So that is all kind of the

massive plan. Are we going to get an agreement soon and draft legislation that would authorize that kind of a land transfer?

Ms. CONDON. One of the things that we are working is we do need an amendment—I would love to get an amendment from the current Public Law 108–375 because the current language said that the land transfer was 4.5 acres north of the Navy Annex. And working with the county and the light rail, et cetera, I would prefer it to be—not to say north, but to say south, because if I may look at the map right here, this is how Columbia Pike currently—it is like in an S. The county wants to straighten out Columbia Pike. So what I would prefer is to make sure that the Arlington Cemetery property is contiguous, and that we are working with the county for the land that is on the other side of Columbia Pike, because, as you know, I don't really want caissons rolling across Columbia Pike.

And one of the issues working with the county is, as you can look here, the expansion of Arlington, this is the Millennium Project, this is the Navy Annex. Our footprint is going to be much changed in the future than it is right now because we are concentrated here. So working with the county for a light rail, because the Metro stop we currently have is over here, and most of our visitors are older, they are limited in their ability to get from point A to point B. So we are working with the county on what makes sense with that public law, sir.

Mr. MORAN. That is all very good. The administration is planning on requesting some changes to BRAC, a few areas that they just can't complete in the scheduled timeframe. I would think that you would want to put that kind of language—simply moving north to south, I would think you would want to include that in the packets they are sending up.

Ms. CONDON. Sir, that is something that I have been working with the county to do because it is a win-win for both of us.

ARMY VS. VETERANS AFFAIRS CEMETERY OPERATIONS

Mr. MORAN. Very good.

There appears to be some redundancy between the Army National Cemeteries Program, the American Battle Monuments Commission, and the VA's National Cemetery Administration. They are all doing great service to the country, but wouldn't there be some efficiencies gained and some money saved if you were to be able to combine some of those seemingly redundant functions?

Ms. CONDON. Sir—

Mr. MORAN. Or is it just too much turfdom that you don't want to tread on?

Ms. CONDON. No, it is not turfdom. The bottom line is that—we get asked the question a lot—is why not Veterans Affairs running Arlington Cemetery, or the American Battle Monuments Commission? The bottom line on that one is could VA run Arlington? Yes. Should VA run Arlington is the question.

The bottom line there is Arlington is probably one of the most busy cemeteries in the country. Unlike a Veterans Affairs cemetery, Arlington conducts gravesite burials with honors. The Army has been involved with Arlington since the start of the cemetery and the first person buried there. But on top of that, sir, we also

have 3,000 ceremonies of distinguished visitors from foreign countries who come to the cemetery, and on top of that is the fact that we are one of the largest tourist sites of Washington, D.C.

So the bottom line is there is a long tradition of the Army and DOD—I can reach back and get what we need to do to make sure that we do each one of those three things.

Mr. MORAN. Mr. Chairman, I am going to conclude now. But I would hope that we could look into the future, understanding that at some point we are going to reach some physical limitations at Arlington Cemetery. We can't just keep expanding it ad infinitum for every conflict that causes casualties. There is other hallowed ground around the country. So I would hope that we could consider sort of raising the status of other cemeteries and begin now so that people would understand that there are other prestigious cemeteries in which to be located, which is no slight to the importance of the people being buried or their devotion to our country, because at some point there are physical limitations that we are going to be meeting, and we need to plan for that. So, thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Moran.

And I, too, would like to explore the possibility of the VA taking over the actual operations of the cemetery and letting the Army continue to do all the ceremonies and everything they do so beautifully and so well. However, the long tradition you talk about is, of course, a grand one and a marvelous one, but a long history also of unfortunately incompetence, criminal neglect, gross negligence, incomprehensible grief to families to discover their loved ones have been misplaced.

So I think it is time for us to explore whether or not we would like the VA to take over Arlington and let the Army, however, continue to do what they do so well in handling the burials and the ceremony, et cetera. But obviously, Mr. Moran and all the members of this committee, this is something we would work on together. But we look to you for leadership on that, sir.

Mr. CULBERSON. Chairman Young, we are privileged to recognize you, sir, for any questions or comments.

Mr. YOUNG. Mr. Chairman, thank you very much. And it is always an honor to be here, and especially as we discuss the important issues of this subcommittee and the Arlington burial spot of America's heroes. But I do have a series of questions I would like to ask, but I would just like to submit them to the record in writing and ask if you would respond. And that would save time because I know we are running a little behind because of the votes.

Mr. CULBERSON. Yes, sir. Without objection.

Mr. YOUNG. Thank you.

NATIONAL REGISTRY OF HISTORIC PROPERTIES

Mr. CULBERSON. Thank you.

I am pleased to recognize my friend from California Mr. Farr.

Mr. FARR. Thank you, Mr. Chairman.

I have several questions. We heard that the two urns of the cemetery were recently listed for sale in private auction. And the question was raised if the Arlington National Cemetery were on the National Registry of Historic Properties, if they wouldn't be allowed

to sell things like that over the Internet. And I just wondered if you have been working with the Department of the Interior to list the cemetery on the National Registry?

Ms. CONDON. Sir, as a matter of fact, one of the issues that I discovered in November and was somewhat taken aback by was the fact that none of the properties in Arlington were listed on the National Historic Trust. We are currently working on a cultural and natural resources plan, which is what you have to do. It is the precursor for submitting what properties on Arlington are of historic value that need to be put on the National Historic Trust. I am working with the Army's proponent for that and the Assistant Secretary of the Army's office, and a priority is to get that national treasure listed on the National Historic Trust.

Mr. FARR. Thank you.

How about when you transfer the Navy Annex, do you know when that is going to occur?

Ms. CONDON. Sir, the property will be transferred to the Army in January of 2012.

Mr. FARR. How many Columbarium niche spaces, in-ground plots, will the Annex add to ANC?

Ms. CONDON. I could use the data that we received from the past, but with the Millennium Project, we will be able to expand to 2037.

Looking at the Navy Annex, what we want to do is to make sure that we design that property, working with the county, to have contiguous property. So we have not had the developmental stages on how we are going to use the Navy Annex because we want to make sure that we maximize the use of that property so that we can extend the cemetery as long as possible.

Mr. FARR. What about the south gate; will that road remain open?

Ms. CONDON. The south gate. The bottom line, sir, is we are working with the county and with the whole footprint to make sure that the cemetery is accessible, and that all the surrounding areas have the entrances that they need. We are at the planning stage right now.

Mr. FARR. And as the Annex property is acquired, do you foresee the need to acquire the homes on the three streets between the Navy Annex and the Marine Corps base itself, South Ode and South Oak? Obviously I am an interested party.

Ms. CONDON. Sir, we are not going to be taking over the people who live in those homes. Our design is around that.

POSSIBLE FUTURE CEMETERY SITE

Mr. FARR. I represent the Monterey Bay area, and we closed the largest training base in the United States there. It is 28,000 acres. It is a huge base. And we have created—because it is still in DOD ownership, the land there—tried to create an Arlington West.

The difficulty is that the way the Veterans Department handles all of this is that they have criteria that if you are within 70 flight miles of an existing cemetery with space, you cannot create another one.

So we can go through the existing process of just trying to create a national cemetery. The States, however, are allowed sort of Plan B that States can apply. The Feds reimburse them for the develop-

ment cost. But the State of California doesn't want to be in the cemetery business. Hawaii has 19 State cemeteries. California doesn't have any.

So the whole concept is what do you do when you have this incredible property where the history of California began, and it began with military and religious purposes when the Spaniards landed there and created a garrison. And it has been the longest continually used military property in the United States in the Presidio. That is not where the cemetery is.

So the idea is why don't we have—what would it take to have a national cemetery in California? We have got the geographic diversity west of the Mississippi, we have free land, we have access to major urban areas like San Francisco and L.A., and we have an historical military presence there.

Ms. CONDON. Sir, I am well aware of having the previous discussions on Fort Ord. And one of the topics that I think we need to present to the Commission once it is established is Arlington—there is going to be a finite time when we are literally going to run out of property at Arlington National Cemetery. My goal is to extend the life as long as possible. But what we really need to do is what do we do beyond Arlington, what is the next step. And that is something that I would like to present to the Commission, as well as putting that in the new master plan that I was going to start doing, because the current master plan of the cemetery is dated 1998.

So those are the kinds of issues that we need to put in the master plan is what is after Arlington. And that is one of the topics that I would present to the Commission is what do we do when we no longer have space in Arlington National Cemetery?

Mr. FARR. Do you present specific spots, real estate of States, locations within States, or is it a just generic "somewhere in the United States we need to have another cemetery"?

Ms. CONDON. Sir, the bottom line is what do we do after Arlington with no State in specific. But what we could do is if there is interest, as I know in the past, on Fort Ord and other Federal properties from BRAC, that might be something we could look at.

Mr. FARR. Time is of the essence because all those BRAC properties have to be rezoned. Essentially you don't have lot lines or anything when the military owns it. You really go through a whole development of a master plan. If you are not expressing your interest, those opportunities get passed over. And I would just urge that if indeed there is some thought, you have given some thought to it, that at least we make that known so that we won't foreclose the ability to create a cemetery.

Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Farr.

Ms. McCollum.

Excuse me. Mr. Flake.

COST OF GRAVESITE ACCOUNTABILITY

Mr. FLAKE. Just a quick question. The Washington Post estimated it would take \$4.3 million to account for every headstone and match it with remains. Is that an accurate figure or close to? Or where did they get that figure?

Ms. CONDON. Sir, that is an accurate figure. That was an estimate that we have developed on what it will do to do the accountability at the cemetery.

Mr. FLAKE. Does that account for correcting some of the mistakes that have been made, or have those mistakes been corrected? I know some of them have, but have all of them?

Ms. CONDON. Right, sir. And that is all tied into the accountability that we plan that we are putting together for the cemetery to digitize the entire cemetery records and so forth.

If I could, the best example I can give you on our plans forward for that is very similar to if you were to go onto Google Earth right now and look at your house. We have already conducted a flyover of the cemetery, which literally has taken the picture of the terrain and the look of the cemetery from the top down so that you would have the houses. The process we are looking at digitizing as the next phase is we have an application we are working on which will literally give you the street view, which is the front and back of each and every cemetery stone and niche, and then we are tying that to the records that we are digitizing. So that was the dollars that you were——

Mr. FLAKE. Have all the known mistakes that have been made been corrected now?

Ms. CONDON. The mistakes that are known we have corrected. Sir, if we find any further discrepancies, we will correct those immediately.

Mr. FLAKE. And you can do that within the budget that you allocated?

Ms. CONDON. To date, sir, I think we have to do that in our budget, but if not, we will let people know.

Mr. FLAKE. Thank you.

Ms. CONDON. Thank you, sir.

Mr. CULBERSON. Thank you, Mr. Flake.

Ms. McCollum.

Ms. MCCOLLUM. You have had—not you personally, but the Department has had problems in the past. At Fort Snelling Memorial Cemetery, there was problems with garbage having been buried in part of the cemetery, and it had to go through and get cleaned up.

What have you done that you can try to assure families who have loved ones buried at the cemetery that might be planning on being there in the future, celebrating the life of a veteran at a cemetery, that you have gone through and really looked at all of the properties to make sure that this is either—whether it is a problem with debris—and it was a major problem with debris in parts of Fort Snelling or what we witnessed at Arlington. Are you being proactive to go out and identify possible problems now?

Ms. CONDON. Yes, ma'am. From the moment that we started on June 10th, Mr. Hallinan and I, who is the Superintendent—I am responsible for Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery in the District. But what we are doing is we are putting in the standards and procedures and making sure that we don't have issues like you were talking about with trash. And we are going to share those lessons that we are learning and finding across the cemeteries that are under the Army's purview.

STATE CEMETERY INQUIRIES

Ms. MCCOLLUM. The State cemeteries, States that are—Minnesota has one, and I had the honor and privilege of being part of making that happen in Minnesota. We have been approached about having a second cemetery. What are you seeing for anticipated needs from States coming to you? We know about the States that we live in and maybe a colleague has talked to us about, but do you see any potential lists or anything we should be aware of?

Ms. CONDON. Ma'am, those State cemeteries would be under the purview of Veterans Affairs and the National Cemetery Administration. So VA would be the one, solely, who handles those State cemeteries.

Ms. MCCOLLUM. The reason why I ask is lots of our servicemen sometimes think that you are the head cemetery. So are you getting requests? Are you passing them on? What do you do if you receive something?

Ms. CONDON. Ma'am, what we have established is we now have a consolidated call center so that anyone who calls in to Arlington—and what we have is we have a partnership with Veterans Affairs, and they pass information that they receive that is the responsibility of Arlington and vice versa. So whenever we get a question that was under the purview of Veterans Affairs, we immediately contact them and vice versa.

Ms. MCCOLLUM. So sometimes it is the veterans group that is interested, and sometimes it is a community organization. So we don't make them make another phone call, we are being proactive?

Ms. CONDON. We are being proactive. As a matter of fact, our call center has all of the contact numbers for Veterans Affairs and vice versa. We have a great partnership with all of the national cemeteries.

Ms. MCCOLLUM. My question might have seemed awkward for some of you, but I had heard that this call center existed. So that is what I was getting at. Thank you.

Ms. CONDON. Thank you.

CONCLUSION

Mr. CULBERSON. Thank you.

Any further questions?

Mr. BISHOP. No. I think I am satisfied. I appreciate your service, Ms. Condon. And we look forward to hearing your continued progress.

Mr. CULBERSON. Ms. Condon, I join Mr. Bishop and my colleagues in wishing you good luck in this effort and do want to stress, however, as I mentioned earlier, that we are keenly aware you have been given a very broad charge and the authority from the Secretary of the Army to solve these problems and ensure that they don't happen again in the future.

But above all, we want to insist that you pursue aggressively to ensure that criminal charges are brought against those that engaged in criminal conduct that resulted in this terrible mishandling of bodies and graves, and where it can be done, breach of contract, disciplinary actions, firings. And you are the person that can best push this. Don't just refer it to the Army. Don't just rely on the

Department of Justice. Please vigorously pursue these people that caused these problems yourself to ensure that justice is done to these families and to our country. We would be very grateful.

Ms. CONDON. Thank you, sir. I will do that.

Mr. CULBERSON. Thank you, ma'am. Thanks for your testimony very much.

[Questions for the Record submitted by Congressman Young for Ms. Kathryn A. Condon follows:]

Grave Owner Identification

Question 1. Please comment on the progress that has been made since last year's IG report. Specifically, provide us with the confidence that we will be able to properly identify each grave owner and notify his or her family member if there is a change needed. Also include a report that estimates how much it will cost to conduct this identification task for the cemetery and any outside resources that you will require to accomplish this task.

Answer.

COMPREHENSIVE ACTIONS

The full accounting and automation are inherently linked and will proceed with the following milestones: (1) transition the interment services branch from a paper- dependant operation; (2) automate historic records; (3) create digital maps; (4) collect information on all headstones and other markers; and (5) reconcile these burial records and headstone data to create an accurate and authoritative database capable of integration into the current Army information system or any future information system used to support Arlington National Cemetery operations. When complete this will ensure a comprehensive and authoritative accounting of all personnel and gravesite locations.

TRANSITIONING A PAPER-DEPENDANT OPERATION

Burial Operations at Arlington National Cemetery are driven by the Cemetery's daily funeral schedule. The Cemetery inputs required decedent and veteran information regarding the Cemetery's burial scheduling operations into an information system, the Interment Scheduling System. This system is used to generate a daily funeral schedule. This information system failed to keep pace with cemetery operations due to lack of operations and maintenance support over the past eight years. The Army Data Center Fairfield's continued support of the Interment Scheduling System and enhancements is enabling the transition of the interment services branch from a paper-dependant organization. Once complete the full range of authoritative records will "be backed up real-time.

AUTOMATION OF HISTORIC RECORDS

Because of the number of records involved, Arlington National Cemetery is using a contract to rescan all Records of Interments, Grave Cards, Reservation Cards, and Disinterment paperwork. It is estimated that these efforts will take three months from

contract award but delivery of scans will be incremental. Once complete the new electronic databases will be staged in a research portal where all gravesite artifacts can be viewed to make a decision on the accurate gravesite record. The Cemetery is forming a data analysis and research team to adjudicate any and all discrepancies to accurately account for the grave sites at Arlington National Cemetery.

RECONCILIATION OF BURIAL MAPS

The cemetery is currently working to field a Geospatial Information System (GIS) to improve gravesite assignment and management; however, prior to a Geospatial Information System (GIS) being fielded, Arlington National Cemetery must create this master grave location table to ensure all maps are accurately annotated and that new burial services are constrained limiting scheduling errors. A trial effort took approximately ten hours to create a comprehensive database of grave sites for one of the cemetery's 70 map sections. It will take approximately 700 hours of work to completely account for all cemetery plots contained within the maps. Once this location table is created it will be integrated into the existing system architecture providing a virtual constraint on all burials.

COLLECTION OF DATA ON ALL HEADSTONES AND OTHER MARKERS

To accurately account for all headstones and other markers, the Army will collect images and annotate all inscriptions from Government Furnished markers, both for gravesites and columbarium niches, private markers, and memorials. When complete, this information will be cross referenced with information contained on the official Record of Interment to ensure the labeling of all Government markers accurately reflects Arlington National Cemetery's official records. The effort will cost \$117,739 for the development of the application, design of the architecture, and database integration and development of a data-review environment. The Cemetery anticipates application the collection effort and post processing to take 2000 personnel work days to complete.

FULL GRAVESITE ACCOUNTING

A dedicated Task Force, co-led by an experienced active duty Colonel and a senior career Army civilian (GS-15), is configured to manage and focus on execution of the full accounting. This effort is estimated to cost approximately \$4,200,000 and take 2500 personnel work days to complete.

INTEGRATION INTO AN ARMY DATA SYSTEM

When the above process is complete and all the Cemetery's records are adjudicated, the Cemetery will have a single accurate and authoritative database detailing a full accounting of Arlington National Cemetery. This database and its data fields will be structured and capable of being integrated into the current Army data system or any future information system used to support Arlington National Cemetery Operations.

FORWARD INITIATIVES NECESSARY TO CONTINUE AUDITABLE ACCOUNTING AND ENHANCE OVERSIGHT OF OPERATIONS

For the Cemetery to continue enhancing operations, we will pursue initiatives to continue creating electronic burial records and enhance oversight and operations. These initiatives are: cleansing all Interment Scheduling System data and Burial Operations Support System (BOSS) data with the database created during the full accounting of Arlington National Cemetery, automating an interface to the Department of Veterans Affairs BOSS for marker ordering, and digitizing the Cemetery's current maps and gravesite assignment process.

CREATING DIGITAL MAPS

Once Arlington National Cemetery creates an electronic master grave location table it will ensure all maps are accurately annotated and that new services are constrained to preclude scheduling errors. This effort is estimated to cost approximately \$2.5 million due to the intensive geospatial data collection requirements necessary to spatial map all of the cemetery's markers. The cemetery estimates that data collection and application development will take approximately a year to fully implement digital mapping capability and the assignment of gravesites via a GIS integrated to the scheduling system.

DIGITIZING THE DAILY RECORDS

Arlington National Cemetery has daily scheduling and associated files with cemetery operations contained on site in a daily funeral log dating back to 1947. These records will be scanned and tagged with data as an individual files to enable searchable research efforts. The Cemetery expects this to cost more than \$2,500,000.

SUMMARY

The Army has taken immediate, short-term, and comprehensive actions to ensure gravesite accountability in accordance with the Secretary of the Army Directive 2010-04 mandate to provide a full accounting of Arlington National Cemetery. These actions ensure that we can submit an accounting of gravesites at Arlington National Cemetery as required by Public Law 111-339.

Army Burial Policy

Question 2. Recently, it was reported that flag officers and political appointees were "reserving" a gravesite at Arlington against Army policy. A person's position and status should not be a factor in whether they should be allowed to be buried into Arlington. Have you taken a look at how you select veterans who will be buried and is there a need to update the policy?

Answer. Gravesite reservation policy at Arlington National Cemetery is governed by Title 32 Code of Federal Regulations Part 553 (32CFR553), Section 18:

§ 553.18 *Assignment of gravesites.*

(a) *Under present policy of the Department of the Army, only one gravesite is authorized for the burial of a service member and eligible family members.*

(b) *Gravesites will not be reserved*

(c) *Gravesite reservations made in writing before the one-gravesite-per-family unit policy was established will remain in effect as long as the reservee remains eligible for burial in Arlington.*

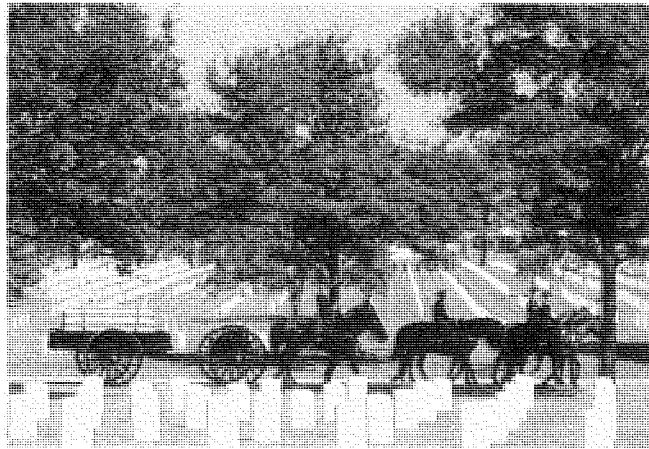
The Army's policy, consistent with 32CFR553, is there are no reservations or preneed arrangements for interment or inurnment at Arlington National Cemetery with the exception of those granted prior to 1962 which are grandfathered as long as reserve remains eligible for burial at Arlington National Cemetery.

The authority for the policy on reservations stems from 32CFR553 and has the force of law, but is not law. There is no need to update the policy itself, but codification could make it law.

U.S. Army National Cemeteries Program

CEMETERIAL EXPENSES, ARMY

FY 2012 PRESIDENT'S BUDGET CONGRESSIONAL JUSTIFICATION



FEBRUARY 14, 2011

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EXECUTIVE SUMMARY

This document serves as the Department of the Army's Fiscal Year (FY) 2012 President's Budget Congressional Justification for Cemeterial Expenses for the Army National Cemeteries Program, comprised of Arlington National Cemetery and the United States Soldiers' and Airmen's Home National Cemetery.

The Army is committed to rendering public honor and recognition through dignified burial services for members of the Armed Services and other qualified deceased persons where they may be interred or inurned in a setting of peace, reverence and natural beauty. Arlington National Cemetery also serves prominently as a destination for more than four million visitors annually and is the site for approximately three thousand wreath laying ceremonies each year.

On 10 June 2010 the Secretary of the Army installed a new leadership team to restore the faith and confidence of the public in the integrity and honor of Arlington National Cemetery. The new team immediately initiated comprehensive reviews by the Army's contracting, force structure, information technology and audit agencies. This budget is informed by the findings and recommendations of those reviews.

The FY 2012 President's Budget for \$45,800,000 fully supports the operation and maintenance, administration, and construction requirements necessary to maintain Arlington National Cemetery and the United States Soldier's and Airmen's Home Cemetery. A summary of these requirements, by program, along with a comparison to the prior year appropriation, is shown below.

Appropriations by Program (\$ in Thousands)	FY 2010 Appropriated	FY 2011 CR*	FY 2012 PresBud	Change FY10 to FY12
Operation & Maintenance (0861)	\$ 24,871	\$ 23,075	\$ 24,300	\$ (572)
Administration (0864)	2,356	10,792	12,037	\$ 9,681
Construction (0865)	12,623	5,984	9,464	\$ (3,159)
Total Program	\$ 39,850	\$ 39,850	\$ 45,800	\$ 5,950

*Continuing Resolution

The Army's Manpower Analysis Agency and Force Management Support Agency found that the Army National Cemeteries Program lacked sufficient personnel in key administrative and operational functions and recommended increased authorizations. The table below shows the change in full-time equivalent authorizations recommended, by year.

	FY 2010	FY 2011	FY 2012	Change FY10 to FY 12
SES	1	2	2	1
GS	45	79	79	34
Wage Grade	56	71	71	15
Military	-	7	7	7
Total FTE	102	159	159	57

The Army National Cemeteries Program began hiring against these new authorizations in August 2010 and expects to fully staff the program by the end of FY 2011.

SECTION 1 – INTRODUCTION***Army National Cemeteries Program***

Arlington National Cemetery and the United States Soldiers' and Airmen's Home National Cemetery comprise the Army's National Cemeteries Program. These two cemeteries function as the final resting place for our Nation's heroes where public honor and recognition are accorded in a setting of peace, reverence and natural beauty. Operational responsibility for these cemeteries is vested in the Secretary of the Army.

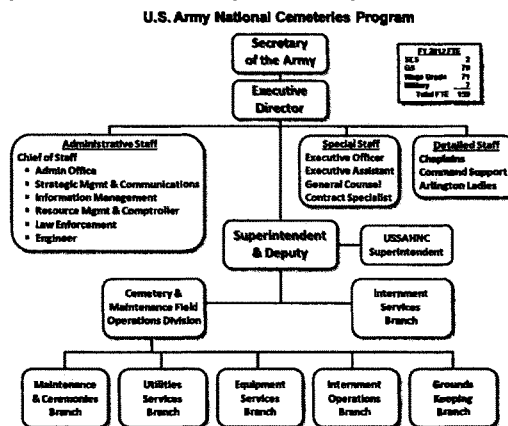
In addition to its principal function as a national cemetery, Arlington National Cemetery is the site of many non-funereal ceremonies that are conducted each year to honor those who rest in the cemetery. In FY 2010, approximately 2,000 such ceremonies were conducted. It is estimated that the annual number of ceremonies will remain constant for FY 2011 and FY 2012. Annually, about four million visitors come to Arlington National Cemetery as a destination, making it one of the most visited sites in the National Capital Region.

In FY 2010, Arlington National Cemetery conducted more than 6,000 interments and inurnments, averaging about 30 funeral services per day. It also maintained land and associated facilities, including miles of roadways and walkways. Activities included preparing burial plots; maintaining trees, grounds, and shrubs; raising, realigning, and maintaining headstones; and managing contracts for security, custodial care, and visitor information services.

Organizational Structure

On 10 June 2010, the Secretary of the Army released the findings and recommendations from a Department of the Army Inspector General investigation and inspection. Concurrently, the Secretary issued Army Directive 2010-04 to effectively and efficiently develop, operate, manage, and administer the Army National Cemeteries Program. In this directive, he established a new organizational construct to govern the organization as well as manage the day-to-day activities for these cemeteries.

The directive tasked the U.S. Army Manpower Analysis Agency and the U.S. Army Force Management Support Agency to complete an all-inclusive assessment of the current organizational structure with full consideration of the diversity of missions and functions and the volume and complexity of its workload. These assessments resulted in recommended changes to manning levels within the organizational structure.



Management

Management of the Army National Cemeteries Program is vested in the Executive Director who reports directly to the Secretary of the Army. The Executive Director's authorities and responsibilities include:

1. Exercising authority, direction, and control over all aspects of ANCPs long-term development and day-to-day administration and operations;
2. Formulating, administering, and overseeing plans, policies, and regulations pertaining to development, operation, and management of the Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery;
3. Overseeing the programming, planning, budgeting, and execution of the Cemeterial Expenses, Army Appropriation and other accounts pertaining to ANCPs operations;
4. Supervising and rating the performance of both the Superintendent and Deputy Superintendent; and
5. Implementing an Army National Cemeteries Advisory Commission who will visit the cemeteries at established intervals to inquire into the development, operations, management and administration of the Army National Cemeteries, including long-term strategic planning efforts, day-to-day functions, resource allocations, and other matters. The members of the Advisory Commission are charged with reporting annually to the Secretary detailing its actions during the preceding year and providing the Commission's views and recommendations pertaining to the Army National Cemeteries Program.

The Executive Director's staff has functional expertise in strategic management and communications, information management, and resource management. The Executive Director is supported by ceremonial units from the Armed Services, a detailed staff of chaplains, staff support from Headquarters, Department of the Army, and the Arlington Ladies who represent the Chiefs and Commandant's of each Armed Service at funerals.

The Superintendent is responsible for the execution of daily operations. There are four functional divisions reporting to the Superintendent: Interment Program Services Operations Division; Ceremonial and Memorial Field Operations Division; Facilities and Logistics Division; and Horticultural Services Division.

Operations

The Army National Cemeteries Program's FY 2012 budget focuses on allocating the appropriate funding for personnel costs, service fees, scheduled maintenance and repairs, supplies, materials, spare parts, contracting, and capital improvements sufficient to perform its mission.

The Army's National Cemeteries Program's annual program must provide for the sustainment of daily funerals, ceremonies, and memorializations that it hosts. Funding allocations support the care and upkeep of gravesites and niches, grounds with roadways, and facilities and support equipment.

ANCPs FY 2012 President's Budget is allocated within four major categories: compensation and benefits (27.8 percent); service and contract support (45.7 percent); construction projects (20.7 percent); and other supporting travel and transportation, rent, utilities and communications, printing and supplies, and equipment purchases (5.8 percent).

SECTION 2 – FY 2012 BUDGET PRESIDENT'S BUDGET***Overview of FY 2012 Funding Requirements*****FY 2012 Salaries & Expenses Requirements**

For FY 2012, the Army National Cemeteries Program requires \$45,800,000. This requirement is \$5,950,000 more than the amount estimated for ANCP in FY 2011. This increase reflects changes instituted in administration functions and operational realignments within ANCP as a result of the Secretary of the Army's reorganization of the agency. Most notably, funding levels for compensation and benefits are increasing due to ongoing hiring actions to fill full-time equivalent positions required to manage and operate effectively.

Assessment of current available capacity for inurnments necessitates starting work on Columbarium Court 9 immediately. Niche space in the existing columbaria courts and in the niche wall will be exhausted in FY 2016. Delays initiating the Millennium project have caused this program to slip by more than two years. The effect of this slippage puts the availability of above ground space for inurnments at risk as well as hindering the ability to provide privacy to the simultaneous funeral services conducted daily. Therefore funds are required for the Columbarium Court 9 project earlier than previously expected to close the gap for niche space availability and funds to begin the Millennium Project.

Reallocating Carry Over & Recoveries of Prior Year Obligations

As a result of the Secretary of the Army's 10 June 2010 directive, several Army organizations have conducted analyses of ANCP's operations, including contracts, force structure, information technology and systems architecture, and funding. Findings from these analyses caused the agency to reexamine its funding priorities and allocations for FY 2010. Due to obligation curtailments, the ANCP carried forward \$17.3 million of prior year funding into FY 2011. The ANCP is also examining its prior year obligations to reduce or eliminate unliquidated obligations.

The net effect of carrying forward prior year unobligated balances and recovering unliquidated obligation should enable the ANCP to cover the cost of Full-time Equivalent (FTE) personnel increases and construct Columbarium Court 9.

Effect of Secretary of the Army's Directive on the President's Budget**Personnel**

The Secretary's directive to institute change in the ANCP has caused the agency to relook its traditional organizational structure and task organize for effective management. In the Administrative area, greater emphasis is being placed on supporting the operational force by taking back outsourced functions to maintain tighter control. The ANCP has established a hiring plan to address personnel shortfalls.

Information Technology

Findings and recommendations from the Army Inspector General's report focused predominantly on the inability of Arlington National Cemetery to comply with Army and DoD information assurance policies resulting from a lack of internal government information technology staff. The findings also noted the inability of the agency to automate burial records and manage information technology contracts. Further investigation found that the infrastructure had also been neglected to the point where current operations were at risk of failure due to outdated hardware and software. ANCP continues to grow its dedicated information technology personnel to remediate the Inspector General's findings and provide a staff of onsite government information technology personnel necessary to enhance operations and oversight of the Cemetery's information technology programs.

Contracts

Another key area in the Army Inspector General's report focused on contracts. A comprehensive investigation conducted by the Deputy Assistant Secretary of the Army for Procurement identified faults at all levels within the Army contracting process. The Contracting community and ANCP have reexamined ANCP's service contracts and rewrote all the performance work statements to comply with established standards. All Contracting Officer's Representatives have been trained in FY 2011.

Training

Over the past few years, there has been a failure to invest in training to keep the workforce current in their jobs. With the new leadership in place, that status is changing dramatically. Individual development plans are in the process of being updated and supervisors are being given training targets that they and their people must meet. Also, ANCP established a memorandum of agreement with the Department of Veterans Affairs to leverage their training offerings.

SECTION 3 – APPROPRIATIONS LANGUAGE AND BUDGET SUMMARY TABLES

Appropriations Language

Proposed Language for FY 2012

CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

For necessary expenses, as authorized by law, for maintenance, operation, and improvement of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery, including the purchase *or lease* of [two] passenger motor vehicles *with higher fuel economy, including: hybrid vehicles; electric vehicles; and commercially-available, plug-in hybrid vehicles* for replacement *on a one-for-one basis* only; and not to exceed \$1,000 for official reception and representation expenses, [\$39,850,000] \$45,800,000, to remain available until expended. In addition, such sums as may be necessary for parking maintenance, repairs and replacement, to be derived from the Lease of Department of Defense Real Property for Defense Agencies account. Funds appropriated under this Act may be provided to Arlington County, Virginia, for the relocation of the federally-owned water main at Arlington National Cemetery making additional land available for ground burials.

Rational and Justification for Modification to FY 2011 Language

Modification to ANCPs Appropriations language would provide authority to use Appropriated funds to move the agency toward a strategy of procuring or leasing environmentally friendly (or "green") passenger motor vehicles in order to reduce operational costs for the fleet and comply with:

- Executive Order 13514, Federal Leadership in Environmental, Energy, and Economic Performance;
- Executive Order 13423, Strengthening Federal Environmental, Energy, and Transportation Management;
- P.L. 102-486 – The Energy Policy Act of 2005; and
- Army directives.

Additionally, this language would eliminate the current ceiling on replacing passenger vehicles during the year, but would institute restrictive language that would cap replacement of the current fleet to a "one-for-one" basis. Procurement or leasing would follow current policy of retaining vehicles for their economic life-span or to be replaced with full justification as an exception to policy.

This modified Appropriations language would also continue to provide ANCP the authority to use Appropriated funds to complete relocation of the federally-owned water main, which is expected to continue into FY 2012.

Budget Summary Tables**Appropriated Budget Authority (FY 2010 – FY 2012)**

This table shows the budget authority for FY 2010 through FY 2012.

Cemetery Expenses, Army - Salaries & Expenses [21 - X - 1805]				
(\$ in Thousands)	FY 2010	FY 2011	FY 2012	Current
Budget Authority	<u>Appropriated</u>	<u>CR</u>	<u>PresBud</u>	<u>Policy</u>
Operation & Maintenance (0861)	24,871	23,075	24,300	
Administration (0864)	2,356	10,792	12,037	
Construction (0865)	12,623	5,984	9,464	
Totals	39,850	39,850	45,800	45,800
Outlays	20,000	39,850	45,027	45,027
Full-Time Equivalent Positions	102	159	159	159

Obligations by Program Activity (FY 2010 – FY 2012)

This table shows the obligations for each budget year and the budgetary resources available to ANCP, including allocation of unobligated balances and funds recovered from prior year obligations.

Identification Code: 21-1805-0-1-705		(\$ in Thousands)		
	FY 2010	FY 2011	FY 2012	
	<u>Obligations</u>	<u>CR</u>	<u>PresBud</u>	
Obligations by Program Activity:				
0.01 Operation & Maintenance (0861)	23,701	23,075	24,300	
0.02 Administration (0864)	2,092	10,792	12,037	
0.03 Construction (0865)	2,842	5,984	9,464	
10.00 Total Obligations	28,634	39,850	45,800	
Budgetary Resources Available For Obligation:				
21.40 Unobligated Balance Available, Start of Year: Appropriation	20	17,357	...	
22.00 New Budget Authority (Gross)	39,850	39,850	45,800	
22.10 Resources Available From Recoveries of Prior Years Obligations	2,496	...	...	
23.90 Total Budgetary Resources Available For Obligation	42,366	57,207	45,800	
23.95 New Obligations	42,366	57,207	45,800	
24.40 Unobligated Balance Available, End of Year: Appropriation	...	...	...	
New Budget Authority (Gross), Detail:				
40.00 Appropriation	42,366	57,207	45,800	
41.00 Transferred to Other Accounts	...	...	...	
42.00 Transferred From Other Accounts	...	...	...	
43.00 Appropriation (Total)	42,366	57,207	45,800	
70.00 Total New Budget Authority (Gross)	42,366	57,207	45,800	
Change in Unpaid Obligations:				
72.40 Unpaid Obligations, Start of Year	...	...	...	
Obligated Balance: Appropriation:	...	...	...	
73.10 New Obligations	42,366	57,207	45,800	
90.00 Total Outlays (Gross)	20,000	39,850	45,027	

FY 2012 President's Budget – Congressional Justification
U.S. Army National Cemeteries Program

Carry Over and Recoveries Allocations (FY 2010 – FY 2012)

This table shows how carry over and recoveries from prior years will be allocated.

	(\$ in Thousands)			
	Operation & Maintenance (0861)	Administration (0864)	Construction (0865)	Totals
A. FY 2010 Actual Appropriation (Allocations)	24,871	2,356	12,623	39,850
B. Allocation of Carry Over & Recoveries from PY	1,000	-	1,516	2,516
C. FY 2010 Total Budgetary Resources Available	25,871	2,356	14,139	42,366
D. FY 2010 Obligations	23,701	2,092	2,842	28,634
E. Rescission of FY 2010 Authority	-	-	-	-
F. FY 2011 Continuing Resolution (Allocations)	23,075	10,792	5,984	39,850
G. Allocation of Carry Over & Recoveries from PY	-	3,532	13,825	17,357
H. FY 2011 Total Budgetary Resources Available	23,075	14,324	19,809	57,207
I. FY 2011 Planned Obligations	23,075	14,324	19,809	57,207
J. FY 2012 President's Budget (Allocations)	24,300	12,037	9,464	45,800
K. FY 2012 Planned Obligations	24,300	12,037	9,464	45,800
L. Change (FY 2011 vs FY 2012)				
1. Appropriation (Line J minus Line F)	1,225	1,245	3,480	5,950
2. Obligations (Line K minus Line I)	1,225	(2,287)	(10,345)	(11,407)

Budget Obligations by Object Class (FY 2010 – FY 2012)

This table shows actual and expected obligations for all object classes. Note: FY 2011 includes carry over and recoveries allocations.

Identification Code: 21-1805-0-1-705	(\$ in Thousands)			
	FY 2010 Obligations	FY 2011 CR + PY Allocations	FY2012 PresBud	FY10 to FY12 Change
11.1 Personnel Compensation:	6,317.0	10,014.0	10,486.0	4,169.0
12.0 Civilian Personnel Benefits	1,735.0	2,310.0	2,258.5	523.5
21.0 Travel & Transportation of Persons	20.0	80.0	85.0	65.0
22.0 Transportation of Things	1.0	13.0	13.0	12.0
23.3 Communications, Utilities, and Misc	775.0	1,800.0	824.8	49.8
24.0 Printing & Reproduction	15.0	150.0	155.0	140.0
25.0 Other Services	15,301.1	17,392.5	20,941.8	5,640.7
26.0 Supplies & Materials	850.6	1,142.0	1,125.0	274.4
31.0 Equipment	778.0	965.0	447.0	(331.0)
32.0 Lands & Structures	2,841.7	23,340.5	9,463.9	6,622.2
99.9 Total Obligations	28,634.4	57,207.0	45,800.0	17,165.6

FY 2012 President's Budget – Congressional Justification
U.S. Army National Cemeteries Program

The following tables show allocations for Operations & Maintenance (0861), Administration (0864), and Construction (0865) programs:

Operation & Maintenance Program (0861)

Funding supports day-to-day operations of the Army National Cemeteries Program, including planning and execution for more than 6,400 interments and inurnments annually, as well as routine repairs made to facilities, contracted services, and horticultural work at Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery. Note: FY 2011 includes carry over and recoveries allocations. Additionally, funding previously shown under OC 23 – Communications, Utilities, and Misc as well as OC 24 – Printing and Reproduction has been realigned under the Administration Program (0864) to better describe the use of these funds.

<u>Object Class</u>	<u>FY 2010 Obligations</u>	<u>FY 2011 CR + PY</u>	(\$ in Thousands)	
			<u>FY 2012 PresBud</u>	<u>FY10 to FY12 Change</u>
11 Personnel Compensation	5,572.0	7,214.0	7,536.0	1,964.0
12 Personnel Benefits	1,594.0	1,610.0	1,698.0	104.0
21 Travel & Transportation of Persons	20.0	50.0	50.0	30.0
22 Transportation of Things	1.0	8.0	8.0	7.0
23 Rent, Communications & Utilities	775.0	-	-	(775.0)
24 Printing & Reproduction	15.0	-	-	(15.0)
25 Other Services	14,095.1	12,566.5	13,711.5	(383.6)
26 Supplies & Materials	850.6	1,031.0	1,014.0	163.4
31 Equipment	778.0	595.0	282.0	(496.0)
32 Lands & Structures	-	-	-	-
	23,700.7	23,074.5	24,299.5	598.8

Administration Program (0864)

Funding provisions administrative support for the Army National Cemetery Program, including work conducted or supported by other agencies. Note: FY 2011 includes carry over and recoveries allocations.

<u>Object Class</u>	<u>FY 2010 Obligations</u>	<u>FY 2011 CR + PY</u>	(\$ in Thousands)	
			<u>FY 2012 PresBud</u>	<u>FY10 to FY12 Change</u>
11 Personnel Compensation	745.0	2,800.0	2,950.0	2,205.0
12 Personnel Benefits	141.0	700.0	560.5	419.5
21 Travel & Transportation of Persons	-	30.0	35.0	35.0
22 Transportation of Things	-	5.0	5.0	5.0
23 Rent, Communications & Utilities	-	1,800.0	824.8	824.8
24 Printing & Reproduction	-	150.0	155.0	155.0
25 Other Services	1,206.0	8,358.0	7,230.3	6,024.3
26 Supplies & Materials	-	111.0	111.0	111.0
31 Equipment	-	370.0	165.0	165.0
32 Lands & Structures	-	-	-	-
	2,092.0	14,324.0	12,036.6	9,944.6

Construction Program (0865)

Funding supports ANCPs capital investments in construction of facilities, land improvements, and other major infrastructure sustainment, restoration, and maintenance efforts. Note: The Construction Program utilizes funds from carry over and recoveries from prior years for FY 2011.

<u>Project</u>	(\$ in Thousands)			
	<u>FY 2010</u> <u>Obligations</u>	<u>FY 2011</u> <u>CR + PY</u>	<u>FY 2012</u> <u>PresBud</u>	<u>FY10 to FY12</u> <u>Change</u>
Columbarium Court 9	-	16,468.0	-	-
Lodge 1 & 2 Repairs	-	280.0	200.0	200.0
IT Automation Infrastructure	-	760.6	500.0	500.0
Millennium Project	-	-	8,763.9	8,763.9
Facilities Maintenance Bldg.	2,002.0	-	-	(2,002.0)
Water Main Relocation	839.7	800.0	-	(839.7)
Mast of the Maine Restoration	-	1,500.0	-	-
	2,841.7	19,808.6	9,463.9	6,622.2

Investment in key projects includes development and construction in Columbarium Court 9 in FY 2011 and in the Millennium project in FY 2012.

Under current estimates, ANCP expects to exhaust its availability for inurnments in niche spaces in FY 2016. To preclude this from happening, ANCP has accelerated its investment in developing and constructing Columbarium Court 9 during FY 2011. This investment will add approximately 20,300 niches to ANCPs inventory and should allow ANCP to continue to offer inurnment services out to FY 2037. ANCP expects Columbarium Court 9 to be operational by November 2012.

Investment in the Millennium Project recommences in FY 2012. When all five phases have been completed, this project will provide space for casketed remains, niches, and space for in-ground cremated remains. Continuation of this project is critical to extend the viable life of Arlington National Cemetery and will permit ANC to offer multiple services to be performed simultaneously across the expanse of the cemetery.

Other capital investments in FY 2012 reflect ANCPs commitment toward upgrading its information technology architecture to support more efficient operations and repairs to the lodges located on the cemetery which began in FY 2011.

ANCP now has a dedicated engineering staff and has begun a comprehensive assessment of the current status of all ANCs facilities and infrastructure. This effort will be integrated with ANCP's long-term strategic planning.

Personnel

The table below shows a summary of full-time equivalent positions and displays the average salary for graded and ungraded positions. Note: Average Salary increases from FY2010 to FY 2012 reflect allowable increases due to Time-In-Grade.

FTE Authorization	FY 2010 Actual	FY 2011 Estimate	FY 2012 Budget	Change FY10 to FY12
Total Number of Permanent Positions	102	159	159	57
Total Compensable Work Years				
Full-time Equivalent Employment	102	159	159	57
Full-Time Equivalent of Overtime and Holiday Hours	1	1	1	No Change

Grade / Step Status	FY 2010	FY 2011	FY 2012	Change FY10 to FY12
Average Grade & Step (Graded Positions)	11/6	12/3	12/3	Less than 1 Grade
Average Salary (Graded Positions)	\$ 74,445	\$ 77,800	\$ 78,500	\$ 4,055
Average Salary (Ungraded Positions)	\$ 55,637	\$ 56,300	\$ 56,800	\$ 1,163

Gravesite Utilization

The table below provides current estimates for gravesite utilization at Arlington National Cemetery and the U.S. Soldiers' and Airmen's Home National Cemetery.

Status of Gravesites at Arlington and Soldiers' and Airmen's Home National Cemeteries
As of 30 September 2010

Cemetery	Gravesite Capacity Developed Area	Total Gravesites Used	Gravesites Currently Available*	Year Available Capacity Exhausted	Gravesite Capacity Undeveloped Area**	Total Gravesite Capacity	Year Total Capacity Exhausted
Arlington National Cemetery	267,471	232,203	35,268	2025	23,500	290,971	2035
Soldiers' & Airmen's Home National Cemetery	13,894	13,780	114	2033	-	13,894	2033

*Note: Gravesites currently available includes approximately 20,000 that have been developed but not surveyed

**Note: Gravesite capacity in undeveloped area includes the Utility Relocation Project and the Millennium Project

Columbarium Utilization

The table below provides current estimates for columbarium utilization at Arlington National Cemetery. Note the U.S. Soldiers' and Airmen's Home National Cemetery has no columbarium.

Status of Columbarium at Arlington National Cemetery
As of 30 September 2010

Cemetery	Niche Capacity Developed Area	Total Niches Used	Niches Currently Available	Year Available Capacity Exhausted	Niche Capacity Undeveloped Area*	Total Niche Capacity	Year Total Capacity Exhausted
Arlington National Cemetery	50,673	38,569	12,104	2016	43,000	93,673	2037

*Note: Niche capacity in undeveloped area includes the Millennium Project and Columbarium Court 9

Current estimates for projected columbarium usage indicate that the Army National Cemeteries Program will run out of niche spaces in FY 2016 if funding for Columbarium Court 9 is not supported.

In December 2010, the President signed Public Law 111-339 requiring the Army to submit a report to Congress one year from the date of enactment that includes the requirement to provide an accounting of gravesites at Arlington National Cemetery. As part of the Army's effort to answer this legislation we will be able to confirm the accuracy of gravesite and columbarium utilization numbers listed above.

SECTION 4 – ANNUAL PERFORMANCE***Fulfilling the President's Initiatives*****Improper Payment Reductions**

ANCP has now gained access to the Wide Area Work Flow (WAWF) system and has implemented the online solution allowing vendors to electronically submit invoices and receiving reports; allowing the Government to perform inspection and acceptance of goods and services; and enabling interfaces with payment systems to receive transactions electronically while reducing or eliminating improper payments.

Acquisition Improvements

Acquisition improvements include training and certification of Contracting Officer's Representatives utilizing Army and Defense Acquisition University courses; participating in Service Acquisition Workshops to learn how to better write performance work statements; and instituting contract review boards to ensure that high quality procurement packages are assembled, processed and awarded.

Acquisition Workforce

Emphasis is being placed on identifying key people who must be integrated into the acquisition workforce. By having educated, trained, certified and experienced acquisition professionals on staff and engaged in the acquisition process, greatly reducing risk in procurement.

Information Technology Infrastructure

A complete network service provider transition from the Fort Belvoir Network Enterprise Center to the US Army Information Technology center is underway at Arlington National Cemetery. This effort will be complete by the end of FY 2011. This transition to the Headquarters Department of the Army information technology service provider will allow Arlington National Cemetery to mitigate most of the deficiencies noted in the Army Inspector General's report. When complete, Arlington National Cemetery will leverage the security and a full complement of information technology capabilities provided by the Army Secretary's IT service provider.

Information Technology Project Management

ANC continues to work with the Army's G-6 (CIO) office to put in place an appropriate governance structure for IT project management. ANC currently is working with information technology experts across the Army to leverage unique capabilities to support its current accountability efforts. By routing its projects through these organizations, the Army's IT and IT acquisition experts are able to ensure that IT projects support operations in the most effective and efficient manner possible.

Fulfilling Army and Agency Initiatives**Going “Green”**

ANCP has initiated a group to research and solicit ideas within its workforce and to create opportunities for the agency to be more knowledgeable and responsible about protecting the environment. The expected outcome is to develop a sustainability plan whereby “going green” becomes a quality business practice.

Gaining Accountability

The Army National Cemeteries Program implemented General Fund Enterprise Business Systems (GFEBS) on 1 October 2010. This Army initiative complies with the Federal Financial Management Improvement Act of 1996 (FFMIA) and other statutes. This initiative is enabling ANCP to provide accurate, reliable, and timely financial management information across the agency's operation.

GFEBS provides decision support information, analytical data, and tools to improve accountability and stewardship of ANCPs resources. GFEBS modules are organized around five business process areas central to ANCPs operations:

- Funds Management;
- Financials;
- Cost Management;
- Spending Chain; and
- Property, Plant, and Equipment.

Internal Control

During GFEBS implementation, ANCP also established internal controls measures to help the agency maintain its accountability and comply with laws, directives, and Army regulations. The Army Audit Agency assisted with establishing these internal control measures.

Department of Veterans Affairs BOSS

In July 2010, the Army explored options of returning to Burial Operations Support System (BOSS) for service scheduling. With the assistance of Army IT professionals, Arlington National Cemetery concluded it would be too costly to transition given the current lifecycle of the VA's BOSS. Arlington National Cemetery continues to work with the Department of Veterans Affairs' Office of Information and Technology support for the National Cemetery Administration in an effort to automate the interface between the current scheduling systems. Through this process Arlington National Cemetery can ensure that the electronic records it creates are accurate and synched with the VA's BOSS system.

Additionally, Arlington National Cemetery requested to participate in requirements development for the VA's new burial and memorial services system that will provide benefits to eligible Veterans and families supporting cemetery operations. Through this process Arlington National Cemetery will ensure it cemetery operations and scheduling requirements are captured in order to ensure interoperability between the departments.

Cultural Resource Master Plan

U.S. Army Corps of Engineers Baltimore District is currently working revisions we provided them. The revised Integrated Cultural Natural Resource Plan (ICRMP) is due back to us for another review by the end of February.

Based on an Army requirement, this ICRMP serves as ANC's guide for cultural resource management activities, primarily with regard to maintain compliance with the National Historic Preservation Act (NHPA) of 1966, as amended, and DoD policy on cultural resources. The recommendations outlined in this document are designed to ensure that ANC makes informed decisions regarding the cultural resources under its control, is in compliance with public laws, supports the military mission, and is consistent with sound principles of cultural resource management.

Historical Trust

Arlington National Cemetery is working closely with the office of the Assistant Secretary of the Army (Installations, Energy and Environment) to ensure Arlington National Cemetery and all appropriate structures are submitted for inclusion on the National Historic Register.

THURSDAY, MAY 5, 2011.

AMERICAN BATTLE MONUMENTS COMMISSION

WITNESS

MAX CLELAND, SECRETARY, AMERICAN BATTLE MONUMENTS COMMISSION

STATEMENT OF THE CHAIRMAN

Mr. CULBERSON. Thank you, Mr. Secretary, for being here with us today.

Our second hearing this afternoon is on the budget request for the American Battle Monuments Commission. Their budget request for fiscal year 2012 is \$61.1 million, a decrease of \$3.1 million from the appropriation of \$64.4 million that they received for fiscal year 2011.

In addition, the foreign currency fluctuation account request is estimated at \$16 million for fiscal year 2012, because, as you explained to me, you are hiring local folks, obviously, to handle the labor at cemeteries for which you are responsible around the world.

The American Battle Monuments Commission is responsible for the administration, operation, and maintenance of cemetery and war memorials to commemorate and honor the achievements and sacrifices of our American Armed Forces around the world.

I believe it was Colin Powell who said that America, we don't ask for a single square inch of any land on which our soldiers have fought but to bury our dead. We are the only Nation on Earth that has ever done that, to my knowledge.

In performing these functions, the Commission maintains 24 permanent American military cemetery memorials and 22 monuments, memorials, markers in 15 foreign countries, the Commonwealth of the Northern Marianas Islands, and the British Dependency of Gibraltar. In addition, memorials are located in the United States: On the east coast, the East Coast Memorial in New York; the West Coast Memorial, the Presidio in San Francisco; the Honolulu Memorial in National Memorial Cemetery of the Pacific in Honolulu, Hawaii.

Before I introduce our witness, I would like to recognize Mr. Bishop for any opening remarks he would like to make.

STATEMENT OF THE RANKING MINORITY MEMBER

Mr. BISHOP. Thank you very much, Mr. Chairman. I am very pleased to be here with my friend of long standing, whom I have been calling Mr. Secretary for a long time. He was our former secretary of state for the State of Georgia. He served in the State senate, where I served, and he was our State U.S. Senator. So we have a long-standing relationship. I am delighted to see him here.

I thank you for calling the hearing today, Mr. Chairman.

Max Cleland is a true American hero, and he is a friend of long standing.

As the ranking member of this subcommittee, I view our responsibility to support the American Battle Monuments Commission with unique solemnity. The Commission carries out our Nation's duty to honor and preserve the memory of the most valiant defenders of freedom that America has ever produced. The 131,000 graves that the Commission cares for are among the most sacred places on this Earth. They deserve our country's and the world's most profound gratitude, including the resources to meet the responsibilities of caring for them.

In reading Secretary Cleland's testimony, I was particularly touched by his references to Frank Buckles, the recently passed last veteran of the Great War; and Len Lomell, a first sergeant and hero at Pointe du Hoc. As Secretary Cleland said, these men exemplify humble courage, which is so rare and so precious.

One cannot imagine the fortitude required to approach forces in Higgins boats knowing what lay ahead. And by the way, Mr. Secretary, many historians, including Stephen Ambrose and the Supreme Allied Commander Dwight Eisenhower, said that the war could not have been won without Andrew Higgins of New Orleans.

On June 6, 1944, President Roosevelt led the Nation in prayer, in which he said: Our sons, pride of our Nation, this day have set upon a mighty endeavor to set free a suffering humanity. Some never will return.

Mr. Chairman, that freedom came at great cost in American blood, and many people, including Members of this House, have said that their visit to the American cemetery at Normandy was the most moving experience they have had in their lives. And it should be. And, of course, as ranking member of this subcommittee, I pledge, and I am sure that the chairman joins me and all of the members of this committee, to do everything that we can to ensure that the Commission has the resources to enshrine those who gave their full measure of devotion at the altar of liberty.

So, thank you, Mr. Chairman, for allowing me those remarks.

Again, welcome, Mr. Secretary.

Mr. CULBERSON. Thank you, Mr. Bishop. We all in Congress, especially this subcommittee, have a sacred trust to ensure that those who gave their lives for this country are honored in a reverent way, and we will make sure of that.

However, before I recognize the witness, I want to recognize our distinguished former full chairman and chairman of the armed services subcommittee, Mr. Young.

Mr. YOUNG. Well, Mr. Chairman, thank you very much. Welcoming Secretary Cleland to this subcommittee, or to any subcommittee, is a real honor. He is a great hero and a true friend.

Max, you know how much I appreciate you and the work you have done over the years.

If anybody has a question about what America's role in the world really is, what is it we want, what are we looking for—we get accused of a lot of things that just aren't true—visit one of these cemeteries overseas, see the markers, hear the stories. I can tell you, you will appreciate this country more and more and more and

what we have invested in young men and women in order to maintain a peaceful world.

I want to say, Mr. Secretary, having visited many of the cemeteries, as you know, I am extremely proud of the job that you and the folks who work with you have done in maintaining them. I have visited some of the other foreign cemeteries of other countries, and I can tell you they don't begin to compare with the American cemeteries overseas. So I think we owe you a great debt of gratitude, and we renew our thanks for maintaining those historic and those relevant places that say something very loud about what America is all about. You do a great job. I want to thank you on the record.

Mr. CULBERSON. Thank you, Mr. Chairman.

Mr. Secretary, I know we all share Chairman Young's sentiments and deep appreciation to you, sir, for your service and sacrifice on behalf of this Nation and for your service here today as the Secretary of this extraordinarily important trust on behalf of our young men and women and our Nation.

You have served, of course, as a United States Senator, as Mr. Bishop said, from the State of Georgia, and as the youngest-ever Administrator of the United States Veterans Administration. And I see that in 1964 you earned your bachelor or arts degree from Stetson University, and received a second lieutenant commission in the United States Army where you served with distinction in Vietnam, earning not only the Bronze Star for meritorious service, but the Silver Star for gallantry in action. We are deeply indebted to you, sir, for all you have done for this Nation.

As you indicated in your visit with me earlier, you are now completing, and I hope you will describe for the committee what you have done at the memorial in Hawaii for Vietnam War veterans. I think it is a great story. We thank you for your service to our Nation.

Sir, your full statement will be entered into the record in its entirety. We welcome your testimony today.

STATEMENT OF THE HONORABLE MAX CLELAND

Mr. CLELAND. Thank you, gentlemen. I would like to respond to some of the positive remarks.

First of all, former chairman of the full House Committee on Appropriations, Mr. Young, my dear friend. The first time I came to this subcommittee was 1977. I was 34 years of age and head of the Veterans Administration and scared to death. Mr. Young was in that hearing, and he has become a friend and a supporter and a dear soul and friend ever since. It is great to see you, sir. Thank you for those kind remarks.

My friend Sanford Bishop from our native State of Georgia, thank you very much for your kind remarks. We both hail from a State that has within it Fort Benning. And the last time I set foot in Fort Benning, I swore I would never come back after jump school, but I may be going back sooner than I think.

Thank you for referring to the FDR prayer. Many people know that Franklin Roosevelt on the occasion of D-Day offered a prayer for the Nation. I have that prayer hanging on my wall in my office, and I deeply appreciate that.

Mr. Chairman, I might say that I invite you and all the members of the subcommittee particularly to something that is quite rare, and that is in this town we often spin our wheels a lot, but very rarely do we have a sense of accomplishment. This subcommittee, each and every member and staff member, can take great pleasure in the fact that you have really done something. We have taken \$6 million of the money you gave us, and we have restored and reclaimed Pointe du Hoc. We have saved Pointe du Hoc, which was where the 2nd Battalion of the U.S. Army Rangers, commanded by Lieutenant Colonel Rudder from Texas, led those troops up there with 70 percent casualties. One can't hardly think of such an assault. General Bradley said it was the most dangerous mission of D-Day.

Stephen Ambrose pointed out that the two men most responsible for the success of D-Day were Dwight Eisenhower and Len Lomell, who found the guns, the 155-millimeter howitzers, and disabled them before they could be applied by the Germans to Utah Beach or Omaha Beach.

We, with your help, have restored Pointe du Hoc and saved the German bunker, the German observation post. If you ever saw the movie *The Longest Day* about the D-Day invasion, the German looks out through the slit in the observation bunker and sees the massive armada that is about to become D-Day right there on the shores. That bunker has been saved with your help, and Pointe du Hoc has been saved. And it was the scientists at Texas A&M, with half a million of your dollars, that found that the point could be saved rather than it floating out into the English Channel.

So we invite you to come on D-Day, the 67th anniversary of D-Day, June 6 of this year, to the commemoration of the saving of Pointe du Hoc, the saving of that bunker, and the beginning of telling the story to the whole world through better interpretation just exactly what that event in American history was all about.

In terms of Hawaii, the American Battle Monuments Commission shares with the VA only one site in the world. We are the overseas people. The VA runs the cemeteries in America, and the Army runs Arlington. But we are the overseas people.

If you watch *Hawaii Five-O*, either the old *Hawaii Five-O* or the new *Hawaii Five-O*, you catch a quick glimpse in the opening scenes of the shrine that we have there. That is called the Honolulu Memorial Courts of the Missing. We have 18,000 names from the missing from World War II; 8,000 from Korea; and 2,500 from Vietnam.

We are putting together something called the Vietnam battle maps. We have battle maps at all of our cemeteries. In Hawaii, we have the battle maps from World War II, the battle maps from Korea. We are putting together the battle maps from the Vietnam War. That will be dedicated Veterans Day 2012.

So we span the globe where Americans have been and where they have shed their blood, and many of them have not come back. We have interred about 125,000 Americans, and we know the name and service number and rank and unit of every one of them; plus 95,000 names on the walls of our missing.

So, we invite you to visit any one of our 24 cemeteries or any one of our 25 monuments around the world.

We have this year about \$64 million with which to operate. The budget that we are requesting is about \$3 million less, which includes a 5 percent across-the-board cut. We can live with that. It is \$61 million that we are basically asking you for, and we are taking it out of maintenance and infrastructure. We can handle that because we are one of the few agencies, and you gave us the authority, to use no year money; in other words, carryover money. Most Federal agencies cannot carry over their money from year to year. We can. So we had some extra money. That is how we are funding the \$10 million upgrade of the memorial in Honolulu. That is how we are funding some of our operations, our incredible improvements in terms of telling the story, some of the advancements we want to make in our presence on the Internet and interactive videos and virtual tours and so forth of our cemeteries. That is how we are funding it, with some of the money we stored up.

So we can handle the next couple, 3 years basically at this level, but beyond that we can't keep borrowing from Peter to pay Paul. But that is for another year and another time.

But basically, Mr. Chairman, we are operating now in this fiscal year at the level of about \$64 million. We ask the committee to approve our request for about \$61 million. We can handle it. We can do it.

I might say, Mr. Chairman, when I came to the American Battle Monuments Commission a couple of years ago, I found that we needed to, shall we say, not have some consultants, some part-time employees. We didn't need an extra office in Rome. So we cut back, and it saved about a million and a half dollars just from that in the first few months.

But now that we are in an entrenchment period, we feel that we can handle it and that we will be all right for a couple or 3 years pretty much at this level. Beyond that, I make no promises. We are handling it out of maintenance and infrastructure money, but we will be okay. We do have some new initiatives going on.

I am glad to be responsive to your questions, Mr. Chairman and members of the committee.

[The information follows:]

**WRITTEN STATEMENT
OF
MAX CLELAND
SECRETARY
AMERICAN BATTLE MONUMENTS COMMISSION
BEFORE
THE SUBCOMMITTEE
ON
MILITARY CONSTRUCTION AND VETERANS AFFAIRS
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
May 5, 2011**

Secretary Max Cleland – Written Statement
May 5, 2011

Introduction

Mr. Chairman and Members of the Subcommittee...

Thank you for this opportunity to appear before you to discuss the American Battle Monuments Commission's Fiscal Year 2012 Appropriation Request.

Honoring our Nation's fallen has been the mission of our Commission since 1923. Our purpose was eloquently stated in 1934 by our first chairman, General of the Armies John J. Pershing, who promised that:

"Time will not dim the glory of their deeds."

We honor the fallen by commemorating the service, achievements and sacrifice of America's armed forces.

It is our responsibility to preserve for future generations the twenty-four cemeteries and twenty-five memorials, monuments and markers worldwide that have been entrusted to our care by the American people, to honor America's war dead, missing in action, and those that fought at their side.

We have an equally important responsibility to continue the historical narrative for those who created it—to tell their stories at each of our overseas cemeteries.

This imperative has never been more evident than over the past few months, when we lost Frank Buckles and Len Lomell to the passage of time.

Many have read the story of Frank Buckles. With his passing, at the age of 110, we lost our last Doughboy of World War I—our nation's living connection to the Great War.

Not as many Americans know of Len Lomell. I had the honor of meeting Len 16 months ago at his home in New Jersey. He exemplified the humble courage of our World War II generation, as he told me the story of Pointe du Hoc.

On D-Day—June 6th, 1944—Lomell was a first sergeant and acting platoon leader in D Company, 2nd Ranger Battalion. He climbed the 100-foot cliffs of Pointe du Hoc with his comrades, after already being wounded in the side by machine gun fire. Experiencing the death and wounding of many comrades, he continued to move forward.

Once at the top of the cliff, he began looking for the five 155-millimeter guns that could have decimated the American invasion forces on Omaha and Utah Beaches. The guns could not be found. Lomell and Jack Kuhn went looking for them.

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May 5, 2011

Approximately one mile down a sunken road Lomell spotted the guns concealed under camouflage in an orchard. German soldiers located 100 meters away did not see them coming.

Lomell used silent thermite grenades on two of the guns. The incendiary compound poured out of the grenades like solder, hardening like a weld around the gears. Running back to the platoon to get more grenades, Lomell and Kuhn returned to destroy the remaining guns.

Historian Stephen Ambrose said that other than General Eisenhower, Lomell contributed most to the success of D-Day. Len was discharged in December 1945. He died March 1 at the age of 91.

We had hoped to have Len with us at Pointe du Hoc this June—on the 67th anniversary of D-Day—when we rededicate the Pointe du Hoc Ranger Monument.

The monument and German Observation Bunker it sits upon had been closed to the public since 2001 because of cliff erosion. It was reopened in March following completion of a project to stabilize the cliff and preserve this iconic site.

I will never forget the story Len shared with me, told not with bravado but with the matter-of-factness so typical of those who fought and won the Second World War. He will be in my thoughts on June 6th.

Our mission—our noble purpose—is to honor the service, achievements and sacrifice of those, like Frank Buckles and Len Lomell, who have served overseas in the United States armed forces since our entry into the First World War.

We execute that mission in part by maintaining our overseas cemeteries to a standard of excellence unparalleled for sites of their kind around the world.

Those whom we honor deserve nothing less.

The men and women buried in our overseas cemeteries and memorialized on our walls of the missing served and sacrificed so that we—and others—might live in peace and freedom. And they continue to serve today, as sentinels giving silent testimony to citizens of the world, of the values and principles for which we stand.

Telling Their Story

Maintaining our cemeteries and memorials to the highest of standards will always be the Commission's top priority. But an increasingly important priority is to do a better job of preserving and telling the stories of those honored within them.

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We are making progress toward that end:

- We have projects underway to improve the interpretive and visitor services at Cambridge, Sicily-Rome, Meuse-Argonne and Flanders Field American Cemeteries.
- We are adding interpretive exhibits at Pointe du Hoc—our second most visited overseas site, surpassed only by Normandy American Cemetery—and Vietnam battle maps to the Honolulu Memorial.
- We are producing educational interactive programs on major U.S. campaigns of the world wars for our Web site.

Similar projects at our other cemeteries will follow as we adapt our visitor facilities, our Web site, and our message to the interests and demands of younger generations, for whom these important heritage sites and timeless lessons must remain relevant.

Our goal is to maintain the world's finest commemorative sites; and to provide our visitors, in person and online, the historical context for understanding why our overseas cemeteries were established, how and why those honored within them died, and the values and principles for which they died.

Appropriation Request

To execute this mission, our Fiscal Year 2012 request seeks \$61.1 million for our Salaries and Expenses Account and \$16.0 million to replenish our Foreign Currency Fluctuation Account.

The \$61.1 million we request for Salaries and Expenses supports Commission requirements for compensation and benefits; rent and utilities; maintenance, infrastructure, and capital improvements; contracting for services; procurement of supplies and materials; and replacement of equipment.

Our Salaries and Expenses request is nearly \$3 million below the funding provided for FY 2011. This decrease is achieved by a \$4.15 million reduction in our maintenance and infrastructure programs, driven by the FY 2011 funding of the Vietnam Battle Maps project. This reduction is partially offset by increases in areas such as contracted services, utilities, supplies, and personnel compensation, resulting in an overall net decrease of \$2.97 million.

To support this level of effort our staffing requirement remains at 409 Full-Time Equivalent positions.

Most of the Commission's facilities range in age from 49 to 95 years old, with the Mexico City National Cemetery being nearly 160 years old. Care and maintenance of

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these aging heritage sites requires exceptionally intensive labor. Not surprisingly, compensation and benefits consume nearly half of the Commission's appropriations request.

The \$16.0 million we need to replenish our Foreign Currency Fluctuation Account defrays losses resulting from changes in the value of foreign currencies against the U.S. Dollar, allowing us to maintain purchasing power in an uncertain financial environment—a critical factor when 70 percent of our annual appropriation is spent overseas.

In the summer of 2009 I began an initiative to simplify, streamline and support our mission operations. We have completed that transition. In the process we eliminated a redundant contract staff in our Washington headquarters, closed an unnecessary regional office in Rome, and centralized all overseas operations under a single administrative office in Paris.

Our agency is now streamlined into a Washington-based policy and support office and a Paris-based field operations center responsible for all overseas cemeteries and memorials. The new structure is standardizing operations at our 24 cemeteries, improving supervision of our cemeteries, providing new career growth opportunities for our superintendents, and positioning us for success in the 21st century.

And this summer we will implement a new Financial Management System that will enable us to more efficiently manage our financial resources.

Conclusion

The Commission's mission success hinges on our ability to perform three core functions: (1) keep the headstones white; (2) keep the grass green; and (3) tell the story of those we honor.

Our Fiscal Year 2012 request enables us to perform these core functions to a level of excellence that our war dead deserve and that the American people expect.

With the support of the Administration and the Congress, we do our part to meet the challenge posed by the words of the poet Archibald MacLeish:

“... We leave you our deaths: give them their meaning ...”

Mr. Chairman, Members of the Sub-Committee, we welcome your visits to our commemorative sites—to experience firsthand the inspiration they provide to all who walk those hallowed grounds.

Thank you again for allowing me to present this summary of our mission operations and our appropriation request. This concludes my prepared statement. I will be pleased to respond to your questions.

**The Honorable Max Cleland
Secretary
American Battle Monuments Commission**

Biography

A former United States Senator and youngest-ever Administrator of the U.S. Veterans Administration, Max Cleland has been a distinguished public servant for over 40 years.

Born and raised in Lithonia, Georgia, Cleland received the Atlanta Journal Cup as the most outstanding graduate in the class of 1960 at Lithonia High School. He later attended the Washington Semester Program at American University where he was inspired to enter public service. In 1964, he earned his B.A. degree from Stetson University and received a Second Lieutenant's Commission in the U.S. Army through its ROTC program. Cleland holds a Masters Degree in American history from Emory University. Both Stetson and Emory have awarded him honorary doctorate degrees.

In 1967, Cleland volunteered for service in the Vietnam War and was promoted to Army Captain. Seriously wounded in combat in 1968, he was awarded both the Bronze Star for meritorious service and the Silver Star for gallantry in action.

In 1970, Cleland was elected to the Georgia Senate where he was the youngest member of that body and the only Vietnam veteran. He was re-elected to the State Senate in 1972. There he authored and helped to enact into law legislation which for the first time made public facilities in Georgia accessible to the elderly and handicapped.

In 1974, Cleland lost his race for Lieutenant Governor of Georgia. The following year he was appointed to the staff of the U.S. Senate Veterans Affairs Committee, where he investigated hospitals in the Veterans Administration health care system and their treatment of wounded U.S. troops returning from Vietnam.

Appointed in 1977 by President Jimmy Carter to head the Veterans Administration, Cleland managed the largest health care system in the country. As the nation's youngest VA Administrator ever and the first Vietnam veteran to head the department, Cleland created the Vet Center counseling program. Today over 200 Vet Centers across America help veterans and their families deal with post-traumatic stress disorders and associated problems.

The Institute for Public Service, in 1977, awarded Cleland the Thomas Jefferson Award, which is given to an American under the age of 35 who makes the greatest contribution to public service. The following year Cleland received

the Neal Pike Prize from Boston University for his outstanding contributions to the rehabilitation of disabled veterans.

In 1982, Cleland won election as Georgia's youngest Secretary of State and served in that office for 12 years. In 1996, he was elected to succeed Sam Nunn in the United States Senate. Cleland held the seat on the Senate Armed Services Committee which was previously occupied by Nunn and Senator Richard Russell.

As a member of the Armed Services Committee, Cleland was a forceful advocate for veterans and for a strong national defense. He successfully fought to improve some of the Department of Defense's most pressing personnel needs, including recruiting and retention, pay and compensation, reform of the military retirement system and health care. Because of Max Cleland's efforts, servicemen and women who choose not to use their GI bill educational benefits can now pass those benefits on to their children. In 2000, Cleland was selected by the Reserve Officers Association to receive the group's Minute Man of the Year Award, which is presented annually to "the citizen who has contributed most to National Security during these times."

After his defeat for re-election in 2002, Cleland was appointed to the 9-11 Commission to study the circumstances surrounding the September 11, 2001 terrorist attacks and to recommend safeguards against future attacks. While a member of the Commission, Cleland served as an adjunct professor in Political Science on the Washington Semester Program at American University. In late 2003, he was appointed to be a member of the Board of Directors for the Export-Import Bank of the United States, where he served for three and a half years. On June 3, 2009, President Obama appointed Cleland as Secretary of the American Battle Monuments Commission, managing 24 cemeteries overseas where fallen American troops from World War I and World War II are memorialized.

Cleland is the author of three books: *Strong at the Broken Places*; *Going for the Max: 12 Principles for Living Life to the Fullest*; and *Heart of a Patriot*.

PREVALENT MAINTENANCE ISSUES

Mr. CULBERSON. Thank you very much, Mr. Secretary. I have a couple of questions. We are very pleased with your management of our cemeteries and battle monuments around the world. Of course, all of us strongly support what you are doing.

What in your mind are some of the most prevalent maintenance issues that you have to deal with at your 25 cemeteries under your management that this committee needs to know about?

Mr. CLELAND. We like to say that we have a three-legged stool upon which we stand. We try to do three things: keep the headstones white, the grass green, and tell the story.

We are heavily involved in telling the story. But the basic, fundamental aspect of us maintaining the gold standard that we are all proud of here in this country for our cemeteries and memorials has to do with keeping the headstones white and the grass green. That also has to do with the infrastructure, the equipment, the maintenance, the day-to-day caring of these incredible national and international shrines.

I would say that we have to postpone in the next couple or 3 years, if this budget stays intact, probably some irrigation projects, some equipment purchases.

By the way, there are no requests for salary increases here, pay increases for salary for any of us. But we will take a small hit if we are not careful in some equipment and in some irrigation projects and the like.

We will not allow our cemeteries to deteriorate. That is my commitment to you. But in some of the things that are not so visible, maybe something like a service area might have to be postponed. But basically we are on track, and we will be doing okay.

Mr. CULBERSON. I am glad to hear that with the reduction, you will still be able to do what you need to do.

Mr. CLELAND. Yes, sir.

Mr. CULBERSON. The success of the Normandy Interpretive Center leads me to ask you, where are you attempting to use that model elsewhere? And does the budget request for this year include funding for new interpretive centers?

Mr. CLELAND. We have that money in-house for about five additional interpretive center projects, places like Cambridge, Sicily-Rome, and some others. Manila, we want that to come on line after we do the master planning there.

We were targeting Cambridge for an interpretive center coming on board in 2012, along with the London Olympics there, because the visitation would probably lap over into us about 60 miles north of London. But that interpretive center probably won't be completed by the end of 2012, but we have clearance now for it.

We have to run all of our real changes like that, to any of the American cemeteries abroad, through the CFA, the Commission of Fine Arts. I am not a fine arts specialist, and so we always run that through the Commission of Fine Arts. That has been a requirement ever since the American Battle Monuments Commission was founded in 1923.

But we are clear to go with Cambridge. We are working on Sicily-Rome, which is the cemetery associated with the Anzio invasion

and the march to Rome and beyond. That cemetery holds those casualties of World War II, and we are going to put an interpretive center there to tell that story.

I would say 5 over the next 3 to 4 years. But more and more, we will try to tell our story on the Internet.

Mr. CULBERSON. Thank you very much.

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

DELAYING CAPITAL PROGRAMS

Mr. Secretary, I was listening attentively, and I understand that your fiscal year 2012 request reflects delayed engineering work and capital expenditures. I was interested to really know what effect this delay will have on your overall capital program, and you addressed that to some extent. You mentioned some of the infrastructure and maintenance projects, under the chairman's questions, that were being delayed.

While delaying the projects may in the short term save money, is there any concern that by delaying them, you will ultimately increase the cost in the long run? If so, do you expect any additional future resources will be required because of having to postpone and delay this program? And if so, do you have an estimate of how much will be required in additional future resources?

Mr. CLELAND. Your question is well taken, Mr. Bishop. Any time you delay a contract, say, for an irrigation system, and you postpone that 2 or 3 years, or down the road, you are also risking the contractor coming back with a higher bid or a series of contractors coming back with a higher bid. So we risk that in every contract that we have agency-wide.

Secondly, certain costs will increase that have nothing to do with maintenance and infrastructure, like insurance costs for personnel and other costs.

Third, you have 14 different nations. There are certain things we can control about our budget, and you have given us the authority to go to the Treasury if the currency fluctuation is not in our favor. But there are other things principals of sovereign states may order regarding their citizens, and we employ well over 300 foreign nationals. We have a total budget authorization of about 409, and I would say well over 300 are foreign nationals, and they are governed by their own country and their own laws. So we are vulnerable to a certain extent in terms of increases there.

So there are a few unknowns here, even though we might manage our budget tightly. But any time you postpone a contract or a construction project, particularly in terms of the infrastructure and maintenance that we do or equipment purchases that we do, you are postponing something that may not be in your interest.

So postponement is not necessarily a great idea. We have done things that we think make us a little more efficient and a little more effective, but we can't continue this forever. It is not a good strategy for the long term.

FOREIGN CURRENCY FLUCTUATION

Mr. BISHOP. Thank you for that.

Can you help the subcommittee understand the foreign currency fluctuation and the foreign currency fluctuation account and how

that impacts your employees and your work at the Commission and how the account was arrived at? A number of the Members are new. I think it would be helpful if you could sort of briefly give us an overview of how that currency fluctuation impacts you and your budget.

Mr. CLELAND. Yes, sir. The committee has been farsighted a few years ago in giving the American Battle Monuments Commission the ability, since we have our presence in 14 different nations—the committee has given us the ability to in effect go to the Treasury up to the amount of \$16 million. But whenever we have a fluctuation abroad, we can, in effect, go to the bank. They are our bank, and they will meet our needs. The committee gave us that authority, and we do that. So with the fluctuation between the dollar and the euro in particular, and with us having so many cemeteries in France, Luxembourg, Belgium, the Netherlands and Italy, having that backstop, that available bank draft, having the Treasury as our bank of last resort is a great thing when it comes to currency fluctuation accounts, and we use that. And we have plenty of room to use it, and we do.

Mr. BISHOP. The failure to have that would cause a great fluctuation in the value of the salaries that your employees receive, and it would devalue their pay significantly because of the currency fluctuation; is that correct?

Mr. CLELAND. Yes, sir. And many times a year, I would have to come and sit on your desk and plead for help, because that budgetary guidance and some of that budgetary decisionmaking cannot be anticipated throughout the year. So that is why you have given us, with farsighted reason, the ability to go to the Treasury when we need it when the currency fluctuates, and we don't have to come back to this committee constantly for reauthorization or readjustment every month.

Mr. BISHOP. Thank you, Mr. Secretary. I have far exceeded my time. I certainly want to yield so my colleagues will have an opportunity to ask any questions they might have.

Mr. CULBERSON. Thank you, Mr. Bishop.

Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

Max Cleland is a great man. He is doing a great job. The request is actually for about \$3 million less than last year. He has a reduction of \$4 million in his operations and maintenance account. I can't imagine what further we can ask from him, so I have no questions.

Thank you, Mr. Chairman.

Mr. CULBERSON. Thank you, Mr. Moran.

Mr. Farr.

EXPANDING MONUMENT SITES

Mr. FARR. Thank you very much.

Part of the Commission's mission is to preserve the sites and to tell the stories of those honored within them. I commend you for your work in preserving the 24 cemeteries and 25 memorials, monuments, and markers to our brave men and women in military service who are buried overseas.

Has there been any discussion within the Commission to expand or add additional battle monument sites or cemeteries within the United States?

Mr. CLELAND. Not for cemeteries, sir, but it is an excellent question.

Our authorizing legislation does authorize the American Battle Monuments Commission, should the Commission decide—and by the way, the line of authority goes President, American Battle Monuments Commission, and the Secretary. So we have 9 members on the Commission, but the law allows us to keep our eyes open for new opportunities out there to memorialize American service abroad. We are doing that.

The Commission has approved a memorial in Busan, Korea. At the 60th anniversary of the truce between North and South Korea, I was made aware of something I didn't understand or was not aware of, and that is that the United Nations runs a cemetery in Busan, Korea. I never knew that. It is the only U.N. cemetery that there is. In that cemetery, of the nations that fought the Korean War under U.N. auspices, most nations are represented by a memorial. We are not. We are addressing that.

The Commission has approved the expenditure of moneys to have a U.S. memorial in the U.N. cemetery in Busan, Korea. We are evaluating the artists at this point to create that memorial, and the Commission has already approved its establishment. And we will be putting one there in the next year or so.

Mr. FARR. How about on the domestic side? How about the base where all of the soldiers trained to go to Korea and Vietnam called Fort Ord, California? I am a salesperson. I am trying to get a cemetery memorial, trying to get anything I can. If your Commission is thinking about it, I want to put that in your thinking list.

Mr. CLELAND. Thank you.

Mr. FARR. I want to ask you, overseas I visited several monuments in Belgium, and I was really impressed. In fact, I think you could probably claim you were probably the holder of the most valuable real estate in the world owned by the United States, because if you look at where these cemeteries are located, particularly the one in Manila that I went to, it has got to be the most highly prized piece of real estate in the entire city of Manila. And it is a beautiful cemetery. I found a lot of relatives there.

Hasn't the American Battle Monuments Commission entered into partnerships with foreign governments or foreign companies?

Mr. CLELAND. Yes, sir. We are focused on World War I and World War II, by the way, Mr. Congressman. But we are set to do business with Waregem, Belgium. The city of Waregem, Belgium, is cranking up to honor, in about 3 years, the beginning of World War I; the centennial of World War I, the guns of August, 1914, fast forward to 2014.

So we are working in concert with the city of Waregem, Belgium, and they have some backing from the Belgian Government to put together an interpretive center at Flanders Field Cemetery, which we run. That is a World War I cemetery. Obviously the famous poem "In Flanders Field" comes from that time.

FOREIGN GOVERNMENT ASSISTANCE

Mr. FARR. Is that where foreign governments are investing their own resources into helping us?

Mr. CLELAND. I will say this, to that point. We now know also that President Sarkozy of France has told his government in effect to get with it for upgrading one of their memorials, called the Lafayette Escadrille Memorial. It is on French ground, and it is a French memorial, but there are some American servicemen from World War I from the Lafayette Escadrille buried there. We have been asked to take it over. We are not interested in taking it over because it is a very expensive project, and it is not our ground, and it is not our memorial. But the French are cranking up to upgrade the Lafayette Escadrille Memorial. There will be other European governments, I am sure, that get cracking because the Great War centennial coming up in 2014 is going to be big throughout Europe.

But we are in concert with the city of Waregem, Belgium.

Mr. FARR. Thank you. I am pleased to hear that, because I think you are the perfect person to be in leadership. We are using these centennials and so on, and it allows us through sort of travel tourism to really use our assets overseas, these memorials and cemeteries, as assets for those countries to recognize, too. And where they get a free ride at least on the cost of maintaining it, that is our dollar. But they ought to do everything that they can to make sure that they are as attractive to visitors in their country as anything else. I am glad you are on top of that.

I have no other questions. I have to catch my plane. Thank you very much. Have a great weekend, and I will see you Tuesday.

Mr. CULBERSON. Thank you.

Ms. McCollum.

Ms. MCCOLLUM. I had the honor to be at the cemetery at Tunis. I was in Tunisia for 3 full days. I was traveling by myself, but we also had some Tunisian citizens with us from the U.S. Embassy. It was with great pride that they were sharing with me the history and the role of democracy of the United States in freeing Europe. And I have often thought back to the conversations I have had with the Tunisians who were part of our embassy staff what that cemetery invoked and meant to them. I thought of them during the recent uprising when the citizens of Tunisia took their country back.

So I think we serve as a reminder, as a teacher, as a beacon quite often with these monuments. We don't even know how they are affecting and touching the lives of the people in the countries in which they are, not just in Europe, but the other countries, Panama, Mexico City. With all of the trials and tribulations going on right now within the Mexican Government, that freedom is not easy, and freedom from drug cartels is not easy. I think you serve an interpretive role sometimes that I didn't even think about, but it touched me this past month.

Mr. CLELAND. In a strange way, we are the State Department's best asset in 14 nations because one cannot argue with the American commitment in that particular country where that cemetery is located.

In a practical way when we were putting together Pointe du Hoc, the French had their town meetings with their citizens and so

forth, and some of the citizens were a little upset that we were coming in there and making some major changes with land that is French land which has been deeded to us in perpetuity for the use of our memorials. But in this town hall, the speaker who took our side said to the French who were somewhat in arms about it, said: "What about 10,000 graves do you not understand? "

End of issue.

So there is a statement that has been made by the 125,000 graves around the world that is one that cannot be argued with.

When the American cemetery in Tunisia became in effect part of the battle for Tunisia recently, it is interesting that our Superintendent heard the tanks and the gunfire outside the gates, but our cemetery was never in play, never argued with, never invaded.

I will be going to Paris for a worldwide superintendents conference soon, and we are going to give the foreman, who is Tunisian, who stayed there throughout the entire conflict, and he paid all of our people as if nothing was going on throughout the entire Tunisian uprising. Our cemetery was never violated. Our foreman stayed on the job. All of our people were paid. They still were coming to work. Now we are going to give that foreman an award for heroism and courage because that is the loyalty, the level of loyalty that local citizens have toward our cemeteries abroad and the young men and women who have given their lives for this country that are still in those 10 nations. It is really, quite frankly, amazing.

UPGRADING INFRASTRUCTURE

Ms. McCOLLUM. And to add to that, though, with what I witnessed in Normandy, and you—not only with upgrading the infrastructure of the cemetery, and Pointe du Hoc was still under a little bit of construction when I was there, and I look forward to seeing it completed—the way in which you changed the training for the interpreters, if you might speak to that a little bit.

They have kind of taken a book out of our national park page about sharing stories and telling stories. But having French citizens speak different languages, knowing the stories of the American servicemen who were there who gave up their lives, reinforces the long-standing—especially with France being a supporter of us during our Revolutionary War—really recements that in Europe at a time sometimes when we focus on our minute differences rather than our magnificent shared common interests.

So I really do believe that these cemeteries not only honor those who are deceased by a quiet, beautiful resting place, a place of reflection, but it also honors the deceased by moving forward those alliances with the living today.

If you could maybe speak to the committee a little bit about any added cost that it was well worth it to upgrade. I had not seen the former interpretation, but speaking to people who had been there before and the enthusiasm that these young French men and women had in telling America's story, and you can't fake that, and I watched them with other groups speaking in foreign languages and just saw their enthusiasm and the love there.

Mr. CLELAND. It is interesting that you mentioned the Park Service and the word "interpretation." In the Park Service, there is a

whole professional development, a career path for interpretive people. We stole one of their best people several years ago and made him head of our interpretive operation worldwide. He resides in Paris. That interpretation process is something we have ongoing worldwide. It is one that started with monuments and cemeteries in 1923. It is one that was expanded by the interpretative center at Normandy, for which we use as a copy for other cemeteries.

But we are now going to expand that interpretation concept to the Internet, the social media. We have a place on Facebook. All of this, interactive videos, virtual tourism of our cemeteries, that is where we want to go. So the Congress has been very helpful in us moving forward with our interpretive program.

But it is interesting that you mention the Park Service and interpretation. That phrase "interpretation" comes to us from the Park Service, and we stole one of their best guys and made him ours. Now he is ginning this up. We couldn't be more proud.

And if you really look at the role of the American Battle Monuments Commission, it is not any longer building memorials or putting together cemeteries or a place for grieving for mothers or spouses to come over. It more and more is about telling about the history of World War I and World War II. We are becoming the Nation's history tellers about World War I and World War II to anyone who will listen and anyone who wants to access our Web site. That powerful story, much of which is told in the 14 nations in which we are located, will be told worldwide now ultimately on the Internet.

Ms. MCCOLLUM. Thank you. Thank you for your service, both wearing the uniform and your public service without a uniform. Thank you very much.

Mr. Chairman, I really can't stress enough, any extra tooling that has gone into doing the interpretation, both—there was visual Internet interpretation within the facility that built on the stories that came out. So you are to be commended. And as a former social studies teacher, boy, I know I would have had you as part of my classroom plans.

Mr. CULBERSON. Thank you.

Any other questions, Mr. Secretary, will be submitted in writing.

We deeply appreciate your service to the Nation and your extraordinary service today in honoring our Nation's greatest heroes. Thank you very much for your testimony today.

The hearing is adjourned.

[Questions for the Record submitted by Chairman Culberson for Secretary Max Cleland follows:]

Interpretive Centers

Following the success of the Normandy Visitor Center, the Commission made a decision to expand the concept to other cemeteries. The FY 2010 appropriation request included funding for expansion of this program and the program was endorsed by the Congress.

Question 1. Are you continuing with the expansion of the program for other locations and what are those other locations?

Answer. The Commission has several visitor center projects in various stages of development at Cambridge American Cemetery, England; Sicily-Rome American Cemetery, Italy; Meuse-Argonne American Cemetery and Pointe du Hoc, France; and Flanders Field American Cemetery, Belgium. Each of these projects is a multi-year effort of architectural and exhibit design; historical research and script development; film and interactives production; facility construction or renovation; and exhibit fabrication and installation. Concurrently, we will produce 18 campaign interactive programs for our Web site over the next five years.

Question 2. Does your budget request for FY 2012 include funding for new interpretive centers? If so, how much is requested and where will the centers be located?

Answer. Our FY 2012 request includes \$5.0 million for the Commission's interpretive program. Most of that funding will be used to complete the construction and exhibit fabrication phases of the projects at Sicily-Rome, Meuse-Argonne, and Flanders Field American Cemeteries. We also will begin development of virtual cemetery tours for the agency Web site and, in partnership with the Department of Veterans Affairs, begin development of an interpretive center initiative at the Honolulu Memorial. The Honolulu Memorial is one of our most visited commemorative sites, and offers us the opportunity to "tell the story" of the World War II, Korean War, and Vietnam War missing-in-action commemorated within the Memorial's Courts of the Missing.

Funding Level for Maintenance

The fiscal year 2012 budget request indicates that funding for construction, improvement, and landscaping will decrease by \$4.5 million compared to the fiscal year 2011 program level. This is a reduction of almost 50%.

Question 3. Will you be able to adequately maintain all of your facilities with that level of funding reduction?

Answer. Yes, the Commission will be able to adequately maintain all of our facilities with the funding requested. In FY 2012, the Commission requests \$15.875 million in Maintenance and Infrastructure Program funding, which includes Engineering, Horticulture, Interpretation, and Logistics. This is a decrease of \$4.146 million, or 20 percent, from the FY 2011 appropriation, primarily offset from the funding received for the Vietnam Battle Maps project. Projects in FY 2012 include additional infrastructure projects at the Honolulu Memorial, annual headstone replacement efforts; water damage and drainage projects; service area renovations; a variety of cemetery and memorial repairs; and annual equipment replacement.

[Questions for the Record submitted by Congressman Young for Secretary Max Cleland follows:]

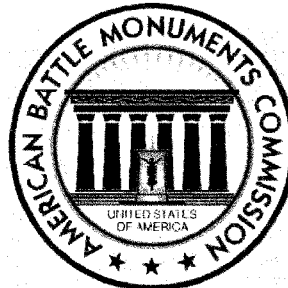
Monuments and Cemeteries

Question 1. What effects do our battle monuments and cemeteries have on our diplomatic relationships with our allies and other nations, specifically as a new generation of people who will not have relatives that survived World War I and II begin to shape their nation's engagement policies with the United States?

Answer. The overseas cemeteries and memorials maintained by the Commission on foreign soil are tangible representations of American values. These commemorative shrines instill patriotism in Americans, evoke gratitude, and teach important lessons of history to all who visit—foreign citizens and Americans. The cemeteries promote among visitors a better appreciation and understanding of American values and our Nation's willingness in two world wars to come to the defense of our own freedoms and the freedoms of others.

As we lose the generations that lived through the world wars, we have an important duty to perpetuate the stories of competence, courage and sacrifice that those we honor can no longer tell for themselves. Future generations must understand the significance of what our fellow Americans have done for us and others around the world. Visits to our cemeteries and memorials are inspirational and educational for all generations, providing opportunities for people from all nations to forge intellectual and emotional connections with the ideas and meanings inherent in these sites.

The purpose of ABMC's interpretive program is to provide visitors of all nations and younger visitors in particular the historical context for understanding why our overseas cemeteries were established, how and why those honored within them died, and the values and principles for which they died.



Established by Congress 1923

American Battle Monuments Commission

Fiscal Year 2012 Appropriation Request

Submitted to the
112th Congress of the United States, First Session

Senate Committee on Appropriations
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
and
House Committee on Appropriations
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies

February 14, 2011

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EXECUTIVE SUMMARY**Total Budget Authority Requested for Fiscal Year 2012**

The American Battle Monuments Commission (ABMC) requests \$77,100,000 in total budget authority for fiscal year (FY) 2012. The Commission's total budget request provides funding for salaries and expenses to perform its mission and funding to recapitalize its Foreign Currency Fluctuation Account. The details of this funding distribution are outlined below.

Salaries and Expenses Request

The Commission's FY 2012 budget request for salaries and expenses of \$61,100,000 fully supports the agency's mission requirements for compensation and benefits, rent, utilities, travel and transportation, printing and supplies, support contracts and service fees, equipment, and capital improvements to perform its mission. This request is \$1,575,000 below the annualized funding provided by the current Continuing Resolution (P.L. 111-242, as amended) for FY 2011. Adjustments to the Commission's budget request are shown below:

FY 2011 - Annualized Level under the		
Continuing Resolution		\$62,675,000
Adjustments:	<u>Notes</u>	
Salaries and Benefits	1	\$578,000
Utilities, Services and Cemetery Supplies	2	\$1,491,000
Maintenance and Infrastructure Programs	3	(\$3,644,000)
Total Adjustments		<u>(\$1,575,000)</u>
FY 2012 Budget Request		\$61,100,000

Notes:

- 1 Increase for Salaries and Benefits for the expenses of overseas employees; estimates include a pay freeze in effect for FY 2011 and FY 2012.
- 2 Net Increase for Utilities, Contractual Services and Cemetery Supplies offset by reductions in rent, travel, transportation, payments to the Department of State, etc.
- 3 Decrease in the Maintenance and Infrastructure Programs at ABMC cemeteries and monuments.

Foreign Currency Fluctuation Account Request

The Commission's FY 2012 budget request to replenish its Foreign Currency Fluctuation Account under "such sums as may be necessary" language is estimated to be \$16,000,000. This funding estimate is required to retain the Commission's buying power against currency losses, primarily against the European Euro.

FY 2011 Funding Request Summary

	FY 2010	FY 2011	FY 2012	
(\$ in thousands)	Appropriation	Annualized CR	Request	Change
Salaries & Expenses	\$62,675	\$62,675	\$61,100	(\$1,575)
Foreign Currency	\$20,200	\$16,000	\$16,000	\$0
Total	\$82,875	\$78,675	\$77,100	(\$1,575)
FTE	409	409	409	0

Justification for changes to the Commission's Salaries & Expenses Account and Foreign Currency Fluctuation Account is contained in the remaining sections of this document.

PART 1: INTRODUCTION**Mission**

The Commission's mission statement communicates its essence to stakeholders and the public. We believe it is a full and inspirational expression of our purpose.

The American Battle Monuments Commission – guardian of America's overseas commemorative cemeteries and memorials – honors the competence, courage and sacrifice of United States armed forces.

Vision

Our vision statement originates from the words of our first Chairman, General of the Armies John J. Pershing. These words connect the very beginning of the Commission to our vision of the future.

Fulfill the promise that "time will not dim the glory of their deeds."

Values

Our values represent the Commission's priorities, culture, and how our team members act within the organization.

- Excellence – We strive for excellence in everything we do
- Integrity – We do what is right: legally, morally, and ethically
- Stewardship – We are careful and responsible guardians of the sacred mission entrusted to our care
- Commitment – We are dedicated to our mission, each other, and the public we serve
- Respect – We treat others with high regard and one another as valued members of our team

Who We Serve

Since ABMC was founded in 1923, the success of our mission has depended on the engagement of our stakeholders. Over time, our approach to accomplishing our mission has evolved to meet the changing needs of these various individuals. This section outlines the major groups that we have traditionally served and the types of activities we have provided.

- Veterans, Family, and Friends Honored for Their Service or Their Loss – We honor the veterans, family members, and friends of United States military who have served our country or endured the loss of a loved one who served. This

group has the closest ties to our sites, and we strive to provide them with the most positive experience possible. For immediate family members who want to visit a family member's site, we provide letters authorizing fee-free passports for traveling overseas to visit the memorial site. We also provide color lithographs and headstone photographs to relatives of those interred or memorialized in our cemeteries and monuments. In addition, we offer a variety of other services, including placement of floral decorations on a grave or marker, information on an individual buried or honored, and escort services for relatives to grave and memorial sites within the cemetery.

- **Military and Public Officials** – We host a variety of special events and commemorations throughout the year, including Memorial Day and Veterans Day holidays, to honor the freedom preserved and restored and the lives lost. Host country and United States government officials, diplomats, and military attend these events with the public. In addition, military units hold ceremonies to their fallen comrades, and foreign host organizations pay tribute to those who died while liberating their regions.
- **Guests and Visitors** – We receive millions of American and foreign visitors of all generations at ABMC cemeteries and memorials, where they can learn and be inspired by the meticulous stewardship of the memorials and careful interpretation of the stories of our armed forces. We provide a variety of services to these visitors, including direction, advice on modes of transportation, and information on local accommodations.
- **ABMC Partners** – We support and provide information to our partners that help us further our mission, including other government agencies, historians and educators, the travel and tourism industry, and the media. Through these partnerships, we promote our mission, encourage visits to our commemorative sites, and help educate and inspire the public.

History and Background

Recognizing the need for a federal agency to be responsible for honoring the fallen members of American armed forces where they had served abroad and for controlling the construction of military monuments and markers on foreign soil, the Congress enacted legislation in 1923 creating the American Battle Monuments Commission.

The American Battle Monuments Commission is an independent agency of the Executive Branch of the U.S. federal government. It is responsible for commemorating the service, achievements, and sacrifice of American armed forces in the United States and where they have served overseas since April 6, 1917 (the date of U.S. entry into World War I), through the erection of suitable memorial shrines; for designing, constructing, operating, and maintaining permanent American military burial grounds in foreign countries; for controlling the design and construction of U.S. military monuments and markers in foreign countries by other U.S. citizens and organizations, both public and private; and for encouraging the maintenance of

such monuments and markers by their sponsors. In performing these functions, the Commission administers, operates and maintains twenty-four permanent American military burial grounds and twenty-two separate memorials, monuments and markers on foreign soil, and three memorials in the United States.

Cemeteries

Aisne-Marne, France	Manila, the Philippines
Ardennes, Belgium	Meuse-Argonne, France
Brittany, France	Mexico City, Mexico
Brookwood, England	Netherlands, the Netherlands
Cambridge, England	Normandy, France
Corozal, Panama	North Africa, Tunisia
Epinal, France	Oise-Aisne, France
Flanders Field, Belgium	Rhone, France
Florence, Italy	Sicily-Rome, Italy
Henri-Chapelle, Belgium	Somme, France
Lorraine, France	St. Mihiel, France
Luxembourg, Luxembourg	Suresnes, France

Memorials, Monuments and Markers

Audenarde Monument, Belgium	Montsec Monument, France
Belleau Wood Marine Monument, France	Pointe du Hoc Ranger Monument, France
Bellicourt Monument, France	Papua Marker, New Guinea
Brest Naval Monument, France	Saipan Monument, Northern Mariana Islands
Cabanatuan Memorial, the Philippines	Santiago Surrender Tree, Cuba
Cantigny Monument, France	Sommepy Monument, France
Chateau-Thierry Monument, France	Souilly Marker, France
Chaumont Marker, France	Tours Monument, France
East Coast Memorial, New York City	West Coast Memorial, San Francisco
Guadalcanal Memorial, Solomon Islands	Western Naval Task Force Marker, Morocco
Honolulu Memorial, Honolulu	World War I Naval Monument, Gibraltar
Kemmel Monument, Belgium	Utah Beach Monument, France
Montfaucon Monument, France	

As of the end of FY 2010, 124,907 U.S. war dead are interred in these 24 cemeteries: 30,921 of World War I; 93,236 of World War II; and 750 of the Mexican War. Additionally, 6,220 American veterans and others are interred in the Mexico

City National Cemetery and Corozal American Cemetery in Panama. Commemorated individually by name on tablets at the World War I and World War II cemeteries and three memorials on U.S. soil are 94,135 U.S. servicemen and women who are missing in action or were lost or buried at sea in their general regions during the world wars and the Korean and Vietnam Wars.

Each grave site in the permanent American World War I and World War II cemeteries on foreign soil is marked by a headstone of pristine white marble. Headstones of those of the Jewish faith are tapered shafts surmounted by a Star of David. Stylized Latin crosses mark all others. Annotated on the headstones of the World War I war dead who could not be identified is the phrase, "HERE RESTS IN HONORED GLORY AN AMERICAN SOLDIER KNOWN BUT TO GOD." In the World War II cemeteries, the words "AMERICAN SOLDIER" were replaced with the words "COMRADE IN ARMS".

The Commission's World War I, World War II, and Mexico City cemeteries are closed to future burials except for the remains of U.S. war dead found from time to time in the World War I and World War II battle areas. The Corozal American Cemetery outside Panama City, Panama, is the only active cemetery the Commission maintains.

Organization

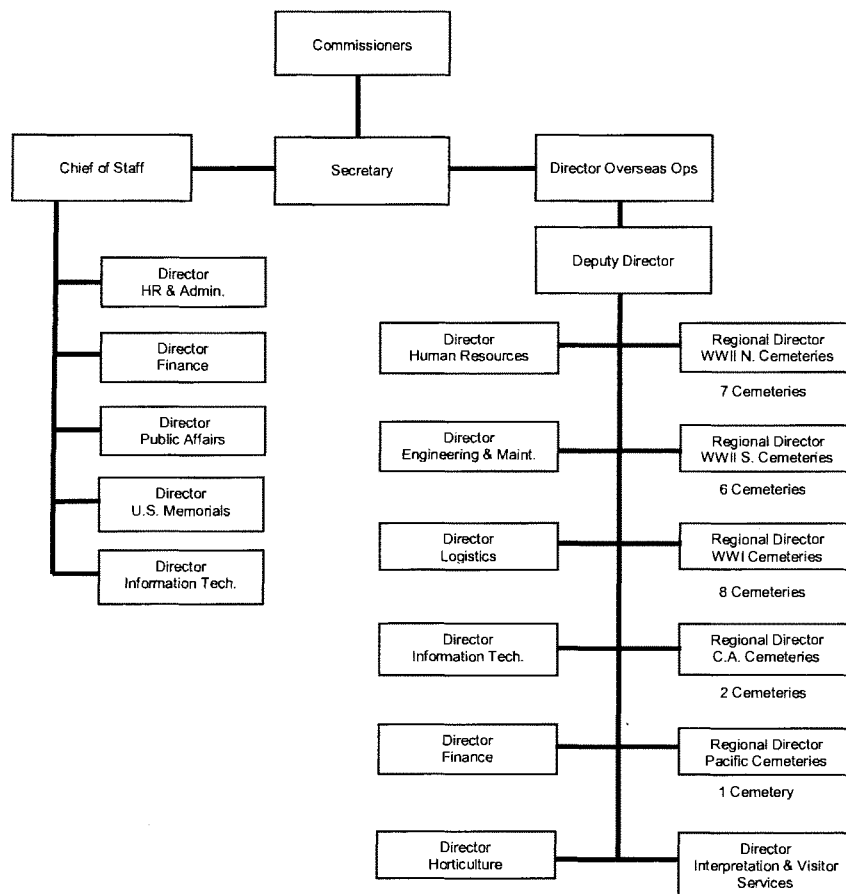
The authorizing legislation for the American Battle Monuments Commission (36 U.S.C., Chapter 21) specifies that the President will appoint not more than 11 members to the commission and an officer of the regular Army to serve as the Secretary. The Board of Commissioners constitutes the policy-making body of the Commission and consists of up to eleven members, who are appointed by the President of the United States for an indefinite term and serve without pay.

Commissioners

Dr. Barbaralee Diamonstein-Spielvogel	Colonel Dick Klass, USAF (Ret)
Darrell Dorgan	General Merrill McPeak, USAF (Ret)
Sergeant Major John L. Estrada, USMC (Ret)	Ambassador Constance Morella
Brigadier General Pat Foote, USA (Ret)	Maura C. Sullivan
Rolland Kidder	

The Commissioners meet with the Secretary and professional staff of the Commission twice annually. They establish policy and ensure proper staff functioning for the Commission to carry out its mission. During inspections, they observe, inquire, comment upon, and make recommendations on any and all aspects of the Commission's operations. The Commission's daily operations are directed by the Secretary, an Executive Level appointment.

The Commission is staffed by 409 full-time equivalent (FTE) U.S. General Schedule and Foreign Service National civilian employees. In October 2009, the Secretary approved a plan to streamline the organization of the Commission to a Washington-based policy and support office and a Paris-based field operations center responsible for all overseas cemeteries and memorials. The organization plan is reflected in this FY 2012 funding request.



The Commission also administers trust funds to (1) build memorials authorized by Congress, but financed primarily from private contributions, commemorative coin proceeds, or investment earnings; (2) decorate grave sites with flowers from private contributions; and (3) maintain and repair nonfederal war memorials with private contributions.

Operations

The Commission's FY 2012 funding request focuses on providing the appropriate amount of funding for personnel costs, service fees, scheduled maintenance and repairs, supplies, materials, spare parts, replacement of uneconomically repairable equipment, and capital improvements enabling the Commission to perform its mission.

Most of the Commission's facilities range in age from 49 to 95 years old, with the Mexico City National Cemetery being nearly 160 years old. The permanent structures, grounds and plantings make the Commission's facilities among the most beautiful memorials in the world, yet their age requires a formidable annual program of maintenance and repair of facilities, equipment, and grounds.

Accordingly, the Commission prioritizes the use of its maintenance and engineering funds carefully to ensure the most effective and efficient utilization of its available resources. This care includes upkeep of more than 131,000 graves and headstones and 73 memorial structures (within and external to the cemeteries) on approximately 1,650 acres of land. Additionally, the Commission maintains 65 visitor facilities and quarters for assigned personnel; 67 miles of roads and paths; 911 acres of flowering plants, fine lawns, and meadows; 3 million square feet of shrubs and hedges; and 11,000 ornamental trees. All of the plantings, including the lawns and to some extent the meadows, must be cut and shaped, fertilized, and treated with insecticides and fungicides at regular intervals during the growing season. The plantings also must be replaced when their useful lives are exhausted or they receive major storm damage.

Care and maintenance of these resources requires exceptionally intensive labor at the Commission's cemeteries and memorials. Compensation and benefits consume approximately 47 percent of the Commission's FY 2012 request while the remaining 53 percent supports engineering, maintenance, logistics, services, supplies and other administrative costs critical to its operations.

Strategic Plan

The Commission's strategic plan complies with the provisions of the Commission's enabling legislation (36 U.S.C. Chapter 21) and the *Government Performance Results Act*. The plan ensures that the Commission's commemorative cemeteries and memorials continue to be shrines to this great nation's core values and history of serving as a beacon for liberty and freedom throughout the world. The Commission's FY 2010 - 2015 Strategic Plan was issued on December 22, 2009.

Strategic Goals

The Commission developed the following goals to help ensure that our commemorative cemeteries and memorials remain fitting shrines to those who have served our nation in uniform since America's entry into World War I:

- Provide an inspirational and educational visitor experience through effective outreach and interpretive programs.
- Develop, operate, maintain, and improve ABMC facilities as the world's best commemorative sites.
- Attract and retain quality employees through personal and professional investment and development.
- Continually improve business and resource management practices.

Together, our mission, vision, values and strategic goals serve as our guide for telling the story of those we honor, maintaining the facilities we administer, managing our workforce, and providing stewardship of our resources.

PART 2: FY 2012 BUDGET REQUEST**Overview of FY 2012 Request**

To support its operations in FY 2012, the Commission requests \$77,100,000 in total budget authority. The Commission's total budget request provides funding for salaries and expenses to perform its mission and funding to recapitalize its Foreign Currency Fluctuation Account. The details of this funding by account are outlined below.

(\$ in thousands)	FY 2010 Appropriation	FY 2011 Annualized CR	FY 2012 Request	Change
Salaries & Expenses	\$62,675	\$62,675	\$61,100	(\$1,575)
Foreign Currency	\$20,200	\$16,000	\$16,000	\$0
Total	\$82,875	\$78,675	\$77,100	(\$1,575)
FTE	409	409	409	0

Salaries and Expenses

The Commission's FY 2012 budget request for salaries and expenses of \$61,100,000 fully supports the agency's mission requirements for compensation and benefits, rent, utilities, travel and transportation, printing and supplies, support contracts and service fees, equipment, and capital improvements to perform its mission. This request is \$1,575,000 below the annualized funding provided by the current Continuing Resolution (P.L. 111-242, as amended) for FY 2011.

FY 2011 - Annualized Level under the**Continuing Resolution****\$62,675,000**

Adjustments:

Salaries and Benefits	\$578,000
Utilities, Services and Cemetery Supplies	\$1,491,000
Maintenance and Infrastructure Programs	(\$3,644,000)
Total Adjustments	(\$1,575,000)
FY 2012 Budget Request	\$61,100,000

Adjustments to the Annualized Funding Level*Salaries & Benefits (+ \$578,000)*

This request provides funding to maintain current services level for Salaries & Benefits. This estimate will fund mandatory increases in personnel benefits for employees worldwide, including health insurance, social security, and other

allowances authorized for the Commission's U.S. workers and for its Foreign National workforce. This estimate also reflects the pay freeze in effect for FY 2011 and FY 2012. No increase in FTE is requested.

Utilities, Services and Cemetery Supplies (+ \$1,491,000)

A net increase of \$1,491,000 is requested to maintain current levels for Non-Salary funding lines. The Commission's request will decrease travel and transportation; maintenance contracts for cemetery buildings and structures; information technology equipment; and miscellaneous equipment funding. These decreases are offset by increases that will fund security requirements; licensing and service fees for the financial management system; and annual horticulture maintenance expenses related to mowing, tree trimming, and pest and disease treatment.

Maintenance and Infrastructure Programs (- \$3,644,000)

To maintain cemetery operations, the Commission will decrease funding for the Maintenance and Infrastructure Programs by \$3,644,000. The FY 2012 Maintenance and Infrastructure Programs request will fund, for example, the Interpretation Program; infrastructure projects at the Honolulu Memorial located within the National Memorial Cemetery of the Pacific; annual headstone replacement efforts; water damage and drainage projects at the Florence and Surensees cemeteries; service area renovations; a variety of cemetery and memorial repairs; and annual equipment replacements.

Foreign Currency Fluctuation Account

The Commission's FY 2012 Budget Request to replenish its Foreign Currency Fluctuation Account (FCFA) under "such sums as may be necessary" language is estimated to be \$16,000,000. This request reflects the current estimate needed to retain the Commission's buying power, primarily against the European Euro.

With nearly 60 percent of the Salaries and Expenses funding affected by foreign currency fluctuation, any significant drop in the value of the U.S. Dollar places the agency's mission at risk. The \$16,000,000 estimate is based on an exchange rate whereby \$1.40 U.S. Dollar equals €1.00 European Euro. The approach used by the Commission for estimating the amount required to replenish the Commission's FCFA has been endorsed by OMB and the Government Accountability Office (Report Number GAO-06-50R, dated October 20, 2005).

The Commission, with this budget request, is submitting an adjusted FY 2011 estimate. The budget submitted to Congress last year for the Foreign Currency Fluctuation Account was \$20,200,000. The Commission at that time estimated an exchange rate of \$1.49 U.S. Dollar equaling €1.00 European Euro. The daily rate of the U.S. Dollar to the European Euro has fluctuated to as high as \$1.51 to €1.00 since January 2009. However, since January 2010, the rate has averaged \$1.40 to

€1.00 and the Commission has reduced the funding estimate for this account appropriately.

Foreign Currency Exchange Rate Trend

In developing our FY 2012 funding request, the Commission developed a revised FY 2011 estimate from \$20,200,000 to \$16,000,000 using \$1.40 U.S. Dollar equals €1.00 European Euro.



Proposed Appropriations Language

General and Special Funds:

**Salaries and Expenses
Treasury Account ID: 74-0100-0**

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, including the acquisition of land or interest in land in foreign countries; purchases and repair of uniforms for caretakers of national cemeteries and monuments outside of the United States and its territories and possessions; rent of office and garage space in foreign countries; purchase (one-for-one replacement basis only) and hire of passenger motor vehicles; not to exceed \$7,500 for official reception and representation expenses; and insurance of official motor vehicles in foreign countries, when required by law of such countries, \$61,100,000, to remain available until expended.

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111–242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

**Foreign Currency Fluctuation Account
Treasury Account ID: 74-0101-0**

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, such sums as may be necessary, to remain available until expended, for purposes authorized by section 2109 of title 36, United States Code.

Statement of Personnel

The table below presents a profile of ABMC's personnel requirements:

	<u>2010 Actual</u>	<u>2011 Estimate</u>	<u>2012 Request</u>
Total Number of Full-Time Permanent Positions	409	409	409
Total Compensable Work Years (FTE)	409	409	409
Average GS Grade/Step (including Locality Pay)	13/7	13/7	13/7
Average Salary of 72 GS Positions	86,611	86,611	86,611
Average Salary of 337 FSN Positions	34,635	34,635	34,635

Statement of Increases And Decreases By Activity
(\$ in thousands)

	Domestic Administration and U.S. Memorials	Overseas Cemeteries and Memorials	Totals
FY 2010 Obligations (Actual)			
Salaries and Expenses	10,964	44,420	55,384
FCFA	0	11,537	11,537
FY 2010 Total	10,964	55,957	66,921
FY 2011 Obligations (Est.)			
Salaries and Expenses	17,627	45,048	62,675
FCFA	0	16,000	16,000
FY 2011 Total	17,627	61,048	78,675
S&E Changes from FY 2010	6,663	628	7,291
FCFA Changes from FY 2010	0	4,463	4,463
Total Change from FY 2010	6,663	5,091	11,754
FY 2012 Obligations (Request)			
Salaries and Expenses	17,100	44,000	61,100
FCFA	0	16,000	16,000
FY 2012 Total	17,100	60,000	77,100
S&E Changes from FY 2011	(527)	(1,048)	(1,575)
FCFA Changes from FY 2011	0	0	0
Total Change from FY 2011	(527)	(1,048)	(1,575)

Changes by Activity

The FY 2012 appropriation request of \$61,100,000 supports the Commission's requirements for salaries and expenses for administration, operation, maintenance, and supervision for 24 memorial cemeteries, 25 separate Federal monuments, memorials, markers and offices around the world. This amount represents an decrease of \$1,575,000 from the annualized funding provided by the current Continuing Resolution (P.L. 111-242, as amended) for FY 2011.

The Commission's FY 2012 Budget Request to replenish its Foreign Currency Fluctuation Account under "such sums as may be necessary" language is estimated to be \$16,000,000. This request reflects the current estimate and represents the amount of additional funds needed to retain the Commission's buying power primarily against the European Euro.

The amount listed under each object class reflects the Commission's funding requirements before making adjustments for foreign currency fluctuations.

Administration and U.S. Memorials

The Commission requests \$17,100,000 to support operations of the Commission's Washington Office (located in Arlington, Virginia) - a decrease of \$527,000 from the annualized funding provided by the current Continuing Resolution (P.L. 111-242, as amended) for FY 2011. This request enables the Washington Office to administer the agency, to provide policy and support to overseas operations, to fund infrastructure projects at the Honolulu Memorial located within the National Memorial Cemetery of the Pacific, and to maintain 2 other memorials in the United States. Funding is also included - \$7,500 (not to exceed) - for official reception and representation expenses.

Overseas Cemeteries and Memorials

The Commission requests \$44,000,000 for overseas cemeteries and memorials - a decrease of \$1,048,000 from the annualized funding provided by the current Continuing Resolution (P.L. 111-242, as amended) for FY 2011. The decrease reflects the funding required to maintain the Commission's 24 memorial cemeteries and 22 separate Federal monuments, memorials, markers; and a reduced level of prioritized engineering projects and equipment replacement. This request enables the Commission's Paris Office (located outside Paris in Garches, France) to administer, supervise, operate, and maintain 24 cemeteries and 22 memorials at dispersed locations around the world.

Fiscal Year 2012 Appropriation Request
American Battle Monuments Commission

Statement of Increases and Decreases By Object Classification
(\$ in thousands)

Object Classes:	<u>11</u>	<u>12</u>	<u>13</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>24</u>	<u>25</u>	<u>26</u>	<u>31</u>	<u>32</u>	<u>42</u>	<u>Total</u>
FY 2010 Obligations (Actual)													
Salaries and Expenses	17,156	8,595	289	1,243	416	3,881	130	14,135	2,453	2,333	4,752	1	55,384
FCFA	3,789	1,735	94	75	46	252	16	2,800	654	523	1,553	0	11,537
FY 2010 Total	20,945	10,330	383	1,318	462	4,133	146	16,935	3,107	2,856	6,305	1	66,921
FY 2011 Obligations (Est.)													
Salaries and Expenses	18,904	8,833	343	1,587	241	3,896	344	13,672	2,811	1,798	10,246	0	62,675
FCFA	6,000	2,000	100	100	50	200	50	2,800	700	400	3,600	0	16,000
FY 2011 Total	24,904	10,833	443	1,687	291	4,096	394	16,472	3,511	2,198	13,846	0	78,675
S&E Change from 2010	1,748	238	54	344	(175)	15	214	(463)	358	(535)	5,494	(1)	7,291
FCFA Change from 2010	2,211	265	6	25	4	(52)	34	0	46	(123)	2,047	0	4,463
Total Change from 2010	3,959	503	60	369	(171)	(37)	248	(463)	404	(658)	7,541	(1)	11,754
FY 2012 Obligations (Request)													
Salaries and Expenses	18,937	9,508	213	1,511	152	3,896	344	15,973	3,023	1,798	5,745	0	61,100
FCFA	6,000	2,000	100	100	0	300	50	3,700	800	400	2,550	0	16,000
FY 2012 Total	24,937	11,508	313	1,611	152	4,196	394	19,673	3,823	2,198	8,295	0	77,100
S&E Change from 2011	33	675	(130)	(76)	(89)	0	0	2,301	212	0	(4,501)	0	(1,575)
FCFA Change from 2011	0	0	0	0	(50)	100	0	900	100	0	(1,050)	0	0
Total Change from 2011	33	675	(130)	(76)	(139)	100	0	3,201	312	0	(5,551)	0	(1,575)

Changes by Object Classification

The FY 2012 appropriation request of \$61,100,000 supports the Commission's requirements for salaries and expenses for administration, operation, maintenance, and supervision for 24 burial grounds and 25 separate federal monuments, memorials, markers and offices around the world. This amount represents a decrease of \$1,575,000 from the annualized funding provided by the current Continuing Resolution (P.L. 111-242, as amended) for FY 2011.

The FY 2012 Budget Request to replenish its Foreign Currency Fluctuation Account is estimated to be \$16,000,000. The request represents the amount of additional

funds needed to retain the Commission's buying power primarily against the European Euro.

The amount listed under each object class reflects the Commission's funding requirements before making adjustments for foreign currency fluctuations.

Object Class 11 – Personnel Compensation

The Commission requests \$18,937,000, a \$33,000 increase. This funding level will support 409 Full-Time Equivalent (FTE) positions (72 U.S. civilian and 337 Foreign National employees) – the same employment level as in FY 2011. This estimate reflects the pay freeze in effect for FY 2011 and FY 2012 and the mandatory compensation requirements for Foreign National employees. No increase in FTE is requested.

Object Class 12 – Personnel Benefits

The Commission requests \$9,508,000 for personnel benefits for employees worldwide, including health insurance, social security, and other allowances authorized for the Commission's U.S. workers and for its Foreign National workforce. Personnel benefits vary by country and the Commission has little discretion in controlling these costs despite the pay freeze.

Object Class 13 – Benefits for Former Personnel

The Commission requests a decrease of \$130,000 to fund payments for unemployment compensation and severance pay for its U.S. and Foreign National workforce. Expenses in this line item also vary by country and the Commission estimates a decrease below the FY 2011 estimate.

Object Class 21 – Travel and Transportation of Persons

The Commission requests a \$76,000 decrease for travel and transportation requirements for U.S. and Foreign National workers for operational purposes. This funding level supports U.S. employees and dependents traveling on permanent change of station, U.S. student dependents traveling to or from school, and travel by the Commissioners appointed by the President who are charged with oversight of Commission operations.

Object Class 22 – Transportation of Things

The Commission requests \$152,000 for transportation of supplies, materials, spare parts, vehicles and equipment utilized in the operation, maintenance, and repair of the Commission's facilities and for the transportation of household goods in connection with permanent change of station. A decrease of \$89,000 is requested.

Object Class 23 – Rent, Communications, and Utilities

The Commission requests \$3,896,000 for rent; water, gas and electricity; and postal, telephone, and internet services. This funding line item also includes payments to the Department of State for International Cooperative Administrative Support Service (ICASS) and Capital Security Cost Share Program (CSCSP) fees. For FY 2012, no increase is requested.

Object Class 24 – Printing and Reproduction

The Commission requests \$344,000 for the printing of cemetery booklets, visitor brochures, photographs, general information pamphlets, and reports. No increase for FY 2012 is requested.

Object Class 25 – Other Services

The Commission requests \$15,973,000 for contractual services which consist of engineering and technical services; Interpretation Program requirements; professional support services; horticulture contracts; operation, maintenance, and repair of equipment; information technology services; interagency service agreements; maintenance and repairs of vehicles; and employee training. These funds also support the Commission's Maintenance and Infrastructure Program requirements. Finally, this request includes \$7,500 (not to exceed) for official reception and representation expenses. This request is an increase of \$2,301,000 that will fund security requirements; licensing and service fees for the financial management system; and annual horticulture maintenance expenses related to mowing, tree trimming, and pest and disease treatment.

Object Class 26 – Supplies and Materials

The Commission requests an increase of \$212,000 to replace headstones; replenish its stock of plantings and seeds; horticultural, repair, utility, and custodial supplies; petroleum, oils and lubricants; information technology supplies; and spare replacement parts for vehicles and equipment.

Object Class 31 – Equipment

The Commission requests \$1,798,000 to replace worn-out and uneconomically repairable vehicles, maintenance equipment, tools, and information technology equipment and software. No increase in Equipment is requested.

Object Class 32 – Land and Structures

The Commission requests \$5,745,000, a decrease of \$4,501,000, for construction, improvement, and landscaping projects in support of the Commission's Maintenance and Infrastructure Programs. This request will fund infrastructure projects at the Honolulu Memorial located within the National Memorial Cemetery of the Pacific;

water damage and drainage projects at the Florence and Surenses cemeteries;
service area renovations; and variety of cemetery and memorial improvements.

Object Class 42 – Claims and Reserves

No funding is requested for Claims and Reserves.

Outside Witnesses

The following testimony was submitted to the Subcommittee by interested outside organizations.

Testimony of

**Wayne J. Riley, M.D., M.P.H., MBA, MACP
President and Chief Executive Officer
Meharry Medical College
Nashville, Tennessee**

On behalf of the

**ASSOCIATION OF MINORITY HEALTH PROFESSIONS
SCHOOLS**

Before the

**Military Construction, Veterans Affairs, and Related Agencies Subcommittee
Committee on Appropriations
United States House of Representatives**

“Addressing Healthcare Workforce Issues in the VA Healthcare System”

Friday, May 20th, 2011

Chairman Culberson, Ranking Member Bishop, and members of the Subcommittee, thank you for the opportunity to present the views of the Association of Minority Health Professions Schools (AMHPS) regarding our collaborative efforts with health care facilities of the Department of Veterans Affairs (VA). My name is Dr. Wayne Riley, president of Meharry Medical College and chairman of the Board of Directors for the Association of Minority Health Professions Schools (AMHPS).

AMHPS is a consortium of our nation's twelve (12) historically black health professions training institutions, spanning the disciplines of medicine, dentistry, pharmacy, and veterinary science. Historically, the AMHPS institutions have collectively trained 50 per cent of the African American physicians and dentists, 60 per cent of its African American pharmacists, and 75 percent of its African American veterinarians. We occupy a unique niche among the nation's array of academic health centers and are a vital component of the American healthcare system, supporting the national goal to create a healthier America by diversifying the health care workforce.

Ensuring that the supply of physicians, dentist and other health professionals' keeps pace with the disease-specific needs of the country, in particular its military personnel, is the one of most critical issues facing our nation. Many national studies project a critical shortage of the health workforce, including estimates of a projected shortage of 90,000 physicians by 2020.ⁱ This looming shortage of health professionals is exacerbated by a lack of diversity.ⁱⁱ

Equally important to the aggregate supply of physicians, dentists, and other health professionals is its composition, including racial and ethnic diversity. Although underrepresented minorities (URM) are the fastest growing segment of the U.S. population, our national demographics are not reflected in the classrooms of health profession schools. At a time when more than 86% of existing medical schools have started enrollment expansion to respond to the nation's physician shortage, many programs specifically designed to attract minority students to the profession are shutting down. While minority groups comprise 30 percent of the total U.S. population, ethnically and culturally they are represented by less than 10 percent of all U.S. physicians. According to the Sullivan Commission Report and other studies, this underrepresentation extends to dentist, nurses, pharmacist, veterinarians, and other health profession disciplines.

There is little left to discover or dispute with respect to the benefits of achieving greater racial and ethnic diversity of the nation's health professionals – the attention has once again shifted to identifying the most effective and sustainable methods to do so. Considering their legacy of contributions and mission focus AMHPS institutions are naturally best suited to lead the way in helping to ensure diversity in the health workforce and eliminating racial and ethnic-based health disparities. To do so, however, we must overcome a number of challenges directly related to our community-based mission, primary care focus, and orientation toward generalist medical education. Where the prevailing model for an academic medical center is one in which the clinical system cross-subsidizes the academic and research missions AMHPS institutions are less

able to leverage surplus-generating sub-specialty clinical services and/or inpatient revenue streams through hospitals. Moreover, our clinical programs are almost exclusively affiliated with safety-net hospitals and targeted toward improving access to uninsured and underinsured populations.

Unfortunately, the mission related challenges of the AMHPS institutions have been exacerbated as the result of our limited access to U.S. Department of Veterans Affairs (VA) medical facilities. Now, I will highlight in this testimony the successes our institutions are seeing by way of increased collaboration with the VA. However, I will underscore that the major hurdle is a proper working relationship with the large VA hospitals geographically closest to many of our institutions. This restriction (implicit or explicit) to the larger VA facilities limits the clinical training experiences of students and residents and places a greater funding burden on AMPHS medical schools for resident and faculty salaries. Furthermore, these less than optimal arrangements have severely limited opportunities for faculty to participate in VA-funded research projects.

Mr. Chairman, the legacy of unequal access to VA facilities for AMHPS institutions spans decades. Our leaders were previously told that the VA had a policy which instructed its satellite hospitals and facilities to have only one academic affiliation per VA facility. In other words, the Morehouse School of Medicine, for instance, could not have a relationship with the Atlanta VA because of its existing relationship with Emory University School of Medicine. As a result, MSM, based in Atlanta, Georgia, was forced to forge a relationship with the Tuskegee, Alabama VA some two and a half hours away. In addition to the two and half hours commute, MSM had to provide housing for the residents while they trained in Tuskegee, Alabama. This was and continues to be an additional cost and burden for the medical school.

The MSM experience is a microcosm of the experiences our minority serving institutions have had with the VA and hopefully provides the committee with the context behind our concerns and the basis for our continuing quest towards an equitable relationship with the VA.

The VA is among the very few opportunities that exist to expand funded resident positions for medical schools in urban areas, and urban areas are where our institutions tend to reside. Combined with the reality that our nation's veterans represent a highly diverse population, we stand ready to play a key role in the process of helping to expose our residents to health care and training opportunities, and in the process, serve the heroes of our nation. As the VA seeks to train more health professionals of color, we are poised to respond.

Mr. Chairman, this year, our recommendation will be that we gather VA officials, especially on the local level, and HBCU health professions school leaders in one room in an effort to work better for the benefit of all. Our recommended report language for FY 2012 is

“Medical School Affiliations with VA Healthcare Facilities.—The Committee has heard repeated testimony on the need for VA to increase affiliations with the historically black health

professions schools. Though progress has been made to increase these affiliations, there is still much progress required on the local level to achieve full affiliation. Therefore, the Committee suggests VA convene a symposium of VA health leaders and historically black health professions schools leaders to pursue the next steps required to strengthen the relationships with the graduate health professions schools at historically black health professions institution.”

Just to review, the AMHPS institutions have had some success increasing collaborative activities with the VA, including:

MSM boasting a new graduate medical education (GME) rotation in internal medicine to start July 2010, the GME rotation in psychiatry continuing as a valuable educational experience for MSM psychiatry residents, MSM continuing to use CBOCs for GME clinical rotations, plans to work with the VA on a strategic partnership for homeless veterans, the addition of the first MSM research faculty member at the Atlanta VA, the Atlanta VA planning to open a new women’s health clinic in the next two years, and Atlanta VA moving to acquire Army Medical Clinic at Fort McPherson.

Since 2007, collaborative efforts with Meharry Medical College and the VA include 3 clinics: the VA Primary Care Clinic at Meharry, which serves the primary health care needs of more than 6,000 veterans in the Nashville metropolitan area; the VA Women’s Comprehensive Health Center, which serves the health care needs of more than 2,500 women veterans; and the VA Primary Care Clinic at Meharry, which serves the primary health care needs of more than 6,000 veterans.

Recent budget constraints are currently holding up several additional collaborative projects, which include: the VA Mental Health Clinic at the Elam Center (2011); the Compensation and Pension Clinic (2010); and the VA Dental Clinic at Meharry (2011).

The relationship with the VA can be enhanced with a stronger approach to allow MMC access to VA research dollars, programs and infrastructure. Additionally, expanded inpatient opportunities at the Nashville VA campus and other clinical service opportunities would strengthen the relationship.

Local VA leadership is increasingly inclusive and cooperative, which fosters an effective partnership. However, this recent pleasant reality is tempered by the fact that MMC and other minority academic health centers are working with the VA to ameliorate 60 plus years of “arrested development”. Thus, more should and can be done to enhance our contributions to caring for these cherished Americans – our nation’s veterans.

Charles Drew University of Medicine and Science in Los Angeles has started discussions with the VA to provide residency training positions and serve as a site for clinical rotations—which are much needed there.

Howard University has a unique position, with more affiliations with the large DC VA geographically closest to our institution.

AMHPS institutions want to serve our nation's men and women whom have worn our country's uniform. The military professionals have risked their lives for us, and our institutions are prepared to deliver their expertise and cultural sensitivity to assist the VA system. AMHPS institutions seek equal opportunity in resident and research positions at VA facilities. We are pleased with the expansion opportunities recently we see on the horizon. However these opportunities have been primarily at smaller satellite facilities. We are hopeful that our expanding relationships, quite frankly due in large part from this Subcommittee's active oversight, will continue to improve, eventually including equal access to residency training in medicine and surgery, increased resident and faculty funding, and full integration into the landmark VA hospital facilities located in the same cities where our institutions are located.

Mr. Chairman, thank you for the opportunity to engage you and the Subcommittee on this important topic.

ⁱ American Association of Medical Colleges: AAMC Statement on the Physician Workforce, 2006

ⁱⁱ 2001 American Association of Medical Colleges: *Recent Studies and Reports on Physician Shortages in the U.S.*; Washington DC 2007



Testimony of the
The American Thoracic Society
Before the House Department of Defense Appropriations Subcommittee
Regarding the
Fiscal Year 2012 Budget
On
June 22, 2011

The American Thoracic Society appreciates the opportunity to testify before the House Department of Defense Appropriations Subcommittee regarding the fiscal year 2012 budget.

The American Thoracic Society is a medical professional society of over 15,000 members who are dedicated to the prevention, detection, treatment and cure of respiratory, sleep and critical care related illnesses. Our physicians, nurses, respiratory therapists and basic scientists are engaged in research, education and advocacy to reduce the worldwide burden of respiratory diseases.

Many members of the American Thoracic Society service as researchers and clinicians in the U.S. military and at VA medical centers. As such, we deeply concerned about the respiratory health of U.S. military personal.

And there is cause for concern.

A surprising number of returning service men and women from Iraq and Afghanistan are experiencing moderate to severe respiratory diseases. There are several anecdotes of military personal who were marathon runners before deployment are no longer able to complete the 2 mile physical readiness run. Even more puzzling, in many cases, these have normal pulmonary function test values. Despite having normal pulmonary function test values, these service members severely de-saturate during exercise.

Physicians have described a new disease called Iraq-Afghanistan War lung injury (IAW-LI), among soldiers deployed to these countries as part of Operation Iraqi Freedom, Operation Enduring Freedom, and Operation New Dawn. Not only do soldiers deployed to Iraq and Afghanistan suffer serious respiratory problems at a rate seven times that of soldiers deployed elsewhere, but the respiratory issues they present with show a unique pattern of fixed obstruction in half of cases, while most of the rest are clinically-reversible new-onset asthma, in addition to the rare interstitial lung disease called nonspecific interstitial pneumonitis associated with inhalation of titanium and iron."

Iraq and Afghanistan veterans are faced with a barrage of respiratory insults, including: 1) dust from the sand, 2) smoke from the burn pits, 3) aerosolized metals and chemicals from exploded IEDs, associated with 4) blast overpressure or shock waves to the lung, 5) outdoor aeroallergens such as date pollen, and 6) indoor aeroallergens such as mold aspergillus. Researchers have experimentally exposed mouse models to samples of the dust taken from Iraq and Afghanistan and found that it produces extreme histological responses, underscoring the severe exposures that these soldiers undergo.

A case series study was recently presented at the American Thoracic Society international conference by Robert Miller, MD, of Vanderbilt University. Dr. Miller discussed a cohort of patients with constrictive bronchiolitis who were deployed in Iraq.

While clinicians and researcher have defined the condition, there is much we don't know. There are uncertainties regarding the number of service men and women who are experiencing deployment related respiratory illnesses. Complicating both clinical and research efforts is that fact that deployed troops do not receive pre- and post deployment pulmonary function tests – in this case a simple spirometry test – that would help doctors know the extent of lung damage.

Further challenges include the spectrum of possible lung diseases that may be occurring from Southwest Asia exposures, such as asthma, constrictive bronchiolitis, acute eosinophilic pneumonia and rhinosinusitis, and the variability in exposures that may confer risk, including particulate matter from desert dusts, burn pits, vehicle exhaust and tobacco smoke.

Clinicians face a different set of challenges with this patient population, including the role of targeted medical surveillance in determining need for further respiratory diagnostic evaluation, and, importantly, the role of surgical lung biopsy in clinical diagnosis of post-deployment lung disease.

Attention is needed to address the respiratory illnesses suffered by returning service men and women. The ATS recommends the Department of Defense and the Department of Veterans Affairs take the following steps:

- The American Thoracic Society recommends all military personnel deployed in combat receive a pre- and post-deployment pulmonary function test.
- Support projects to establish more comprehensive normative pulmonary function test values for military men and women.
- The Department of Defense and the Department of Veterans Affairs jointly create and fund a program to study respiratory exposures of servicemen and women deployed in Iraq and Afghanistan. Potential goals of this joint research program could include:
 - Identify likely agents responsible for respiratory illnesses of returning OEF and OIF personnel
 - Consider potential population based and individual interventions to prevent or reduce exposure to causative agents
 - Support research into improved prevention, detection and treatments for deployment-related respiratory disease
- Establish Centers of Excellence to facilitate improved research and clinical treatment of service men and women experiencing severe deployment-related respiratory illnesses.
- The Department of Defense and the Department of Veterans Affairs consider administrative standardized approaches to determining respiratory disability for deployment related respiratory illnesses.

The American Thoracic Society appreciates the opportunity to testify before the House Department of Defense Appropriations Subcommittee. We would be happy to answer any questions or provide follow up information.

STATEMENT FOR THE RECORD OF
PARALYZED VETERANS OF AMERICA
FOR THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION AND
VETERANS' AFFAIRS
CONCERNING
THE INDEPENDENT BUDGET
AND THE DEPARTMENT OF VETERANS AFFAIRS BUDGET
FOR FISCAL YEAR 2012

MAY 13, 2011

Chairman Culberson, Ranking Member Bishop, and members of the Subcommittee, as one of the four co-authors of *The Independent Budget* (IB), Paralyzed Veterans of America (PVA) is pleased to present the views of *The Independent Budget* regarding the funding requirements for the Department of Veterans Affairs (VA) health care system for FY 2012.

As the 112th Congress has now started moving forward with the current budget process, it is important to once again review and assess the efforts of the 111th Congress to provide sufficient, timely, and predictable funding for the Department of Veterans Affairs (VA), particularly the VA health-care system. The first session of the 111th Congress laid the groundwork for a historic year in 2010. In 2009 the President signed Public Law 111-81, the "Veterans Health Care Budget Reform and Transparency Act," which required the President's budget submission to include estimates of appropriations for the Medical Care accounts for fiscal year (FY) 2012 and thereafter (advance appropriations) and the VA Secretary to provide detailed estimates of the funds necessary for these accounts in budget documents submitted to Congress.

The Independent Budget veterans service organizations (IBVSOs) were pleased to see that in February 2010 the Administration released a detailed estimation of its FY 2011 funding needs as well as a blueprint for the advance funding needed for the Medical Care accounts of VA for FY 2012. It is important to note

that last year was the first year that the budget documents included advance appropriations estimates. Unfortunately, due to differences in interpretation of the language of Public Law 111-81, the GAO did not provide an examination of the budget submission to analyze its consistency with VA's Enrollee Health Care Projection Model. *The Independent Budget* was informed that the GAO was not obligated to report on the advance appropriations projections of VA until at least 2011. We are pleased that the GAO is moving forward with its report this year, and it is anticipated that the report will be released around June 14, 2011.

For FY 2011, Congress provided historic funding levels for VA in the House and Senate versions of the Military Construction and Veterans Affairs appropriations bill that matched, and in some cases exceeded, the recommendations of *The Independent Budget*. Unfortunately, as has become the disappointing and recurring process, the Military Construction and Veterans Affairs appropriations bill was not completed even as the new fiscal year began on October 1, 2010. Although the House passed the bill in the summer, the Senate failed to enact the bill in a timely manner. This fact serves as a continuing reminder that, despite excellent funding levels provided over the past few years, the larger appropriations process continues to break down over matters unrelated to VA's budget due to partisan political gridlock.

Fortunately, this year, the enactment of advance appropriations shielded the VA health-care system from this political wrangling and legislative deadlock. However, the larger VA system is still negatively affected by incomplete appropriations work. VA still faces the daunting task of meeting ever-increasing health-care demand as well as demand for benefits and other services.

In February 2010, the President released a preliminary budget submission for VA for FY 2011. The Administration recommended an overall funding authority of \$60.3 billion for VA, approximately \$4.3 billion above the FY 2010 appropriated level but approximately \$1.2 billion less than *The Independent Budget* recommended. The Administration's recommendation included approximately \$51.5 billion in total medical care funding for FY 2011. This amount included \$48.1 billion in appropriated funding and nearly \$3.4 billion in medical care collections. The budget also included \$590 million in funding for Medical and Prosthetic Research, an increase of \$9 million over the FY 2010 appropriated level.

For FY 2011, *The Independent Budget* recommended that the Administration and Congress provide \$61.5 billion to VA, an increase of \$5.5 billion above the FY 2010 operating budget level, to adequately meet veterans' health-care and benefits needs. Our recommendations included \$52 billion for health care and \$700 million for medical and prosthetic research.

Funding for FY 2012

Last year the Administration recommended an advance appropriation for FY 2012 of approximately \$50.6 billion in discretionary funding for VA medical care. We were generally pleased that Congress supported this recommendation with the advance appropriations levels provided by P.L. 112-10. When combined with the \$3.7 billion Administration projection for medical care collections, the total available operating budget recommended for FY 2012 is approximately \$54.3 billion. However, included in the President's Budget Request for FY 2012 (released in February), the Administration revised the estimates for Medical Care down by \$713 million due to the proposed federal pay freeze (a factor not included in P.L. 112-10).

Moreover, recent actions by VA suggest that the FY 2011 advance appropriations funding levels (which were affirmed in the President's budget request) may not have been sufficient to support the health-care programs managed by VA. In a letter sent to Congress on July 30, 2010, VA Secretary Eric Shinseki explained that he believes the advance appropriations levels provided for FY 2011 were insufficient to meet the health-care demand that VA will face this year. He also emphasized that the passage of Public Law 111-163, the "Caregivers and Veterans Omnibus Health Services Act," and Public Law 111-148, the

“Patient Protection and Affordable Care Act,” will increase workloads for VA. Unfortunately, P.L. 112-10, the “Department of Defense and Full Year Continuing Appropriations Act for FY 2011,” did not fully address this projected current year demand. While we appreciate the funding levels that were provided by P.L. 112-10, we believe that the Secretary’s letter sends a clear message that, absent some unclear “management action” by VA, more funding will be needed to address these issues.

Additionally, of particular concern to *The Independent Budget* is an ill-defined contingency fund that would provide \$953 million more for Medical Services for FY 2012. Moreover, we are especially concerned that the VA presumes “management improvements” of approximately \$1.1 billion to be directed towards FY 2012 and FY 2013; and yet, the VA does not define the relationship between the contingency fund and the “management improvements” that it proposes. “Management improvements” or efficiencies that were commonly used by previous administrations that were often never realized leaving the VA short of necessary funding to address ever-growing demand on the health care system. We believe that is unacceptable for the VA to once again build a budget proposal on false assumptions. Additionally, we are concerned about the revised estimate in Medical Care Collections from the originally projected \$3.7 billion to now only \$3.1 billion. Ultimately, the VA seems to recommend a revised decrease to approximately \$53.9 billion for Medical Care for FY 2012.

The Independent Budget appreciates the increases that the Administration has recommended for FY 2012 in its Medical Care budget request. Moreover, we believe that the projected funding outlined for the VA health care system in the FY 2012 Military Construction and Veterans Affairs appropriations bill is generally good. However, we note that in the legislative language for the proposed FY 2012 Military Construction and Veterans Affairs appropriations bill, the Subcommittee seems to fence approximately \$664 million as a contingency fund for the VA. We have serious concerns about this practice. We believe that full funding, including the \$664 million, is needed to adequately meet demand on the health care system. Moreover, if the VA does not receive that directed funding, then it will be placed in a situation where demand will have to be reduced or services will have to be curtailed.

For FY 2012, *The Independent Budget* recommends approximately \$55.0 billion for total medical care, an increase of \$3.4 billion over the FY 2011 operating budget level provided by P.L. 112-10. The medical care appropriation includes three separate accounts—Medical Services, Medical Support and Compliance, and Medical Facilities—that comprise the total VA health care funding level. For FY 2012, *The Independent Budget* recommends approximately \$43.8 billion for Medical Services. Our Medical Services recommendation includes the following recommendations:

Current Services Estimate.....	\$41,274,505,000
Increase in Patient Workload.....	\$1,495,631,000
Additional Medical Care Program Costs.....	\$1,010,000,000
Total FY 2012 Medical Services.....	\$43,780,136,000

Our growth in patient workload is based on a projected increase of approximately 126,000 new unique patients—Priority Group 1-8 veterans and covered non-veterans. We estimate the cost of these new unique patients to be approximately \$1.0 billion. The increase in patient workload also includes a projected increase of 87,500 new Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF) veterans at a cost of approximately \$306 million.

Finally, our increase in workload includes the projected enrollment of new Priority Group 8 veterans who will use the VA health care system as a result of the Administration’s continued efforts to incrementally increase the enrollment of Priority Group 8 veterans by 500,000 enrollments by FY 2013. We estimate that as a result of this policy decision, the number of new Priority Group 8 veterans who will enroll in the

VA should increase by 125,000 between FY 2010 and FY 2013. Based on the Priority Group 8 empirical utilization rate of 25 percent, we estimate that approximately 31,250 of these new enrollees will become users of the system. This translates to a cost of approximately \$148 million.

Lastly, *The Independent Budget* believes that there are additional projected funding needs for the VA. Specifically, we believe there is real funding needed to restore the VA's long-term care capacity (for which a reasonable cost estimate can be determined based on the actual capacity shortfall of the VA), to provide additional centralized prosthetics funding (based on actual expenditures and projections from the VA's prosthetics service), and to meet the new projected demand associated with the provisions of P.L. 111-163, the "Caregivers and Veterans Omnibus Health Services Act." In order to restore the VA's long-term care average daily census (ADC) to the level mandated by P.L. 106-117, the "Veterans Millennium Health Care Act," we recommend \$375 million. In order to meet the increase in demand for prosthetics, the *IB* recommends an additional \$250 million. This increase in prosthetics funding reflects the significant increase in expenditures from FY 2010 to FY 2011 (explained in the section on Centralized Prosthetics Funding) and the expected continued growth in expenditures for FY 2012.

Finally, we believe that there will be a significant funding need in order for the VA to address the provisions of P.L. 111-163, specifically as it relates to the caregiver provisions of the law. During consideration of the legislation, the costs were estimated to be approximately \$1.6 billion between FY 2010 and FY 2015. This included approximately \$60 million identified for FY 2010 and approximately \$1.54 billion between FY 2011 and FY 2015. However, no funding was provided in FY 2011 to address this need. As a result, the VA will have an even greater need for funding to support P.L. 111-163 between FY 2012 and FY 2015 in order to fully implement these provisions. While the Administration claims to have provided an additional \$208 million for implementation of P.L. 111-163, we remain concerned about the lack of action by the VA thus far to actually implement the law. Moreover, it is not clear where that additional funding is included in the FY 2012 Medical Care budget request. With this in mind, *The Independent Budget* recommends approximately \$385 million to fund the provisions of P.L. 111-163 in FY 2012.

For Medical Support and Compliance, *The Independent Budget* recommends approximately \$5.4 billion, approximately \$50 million above the FY 2011 appropriated level. Finally, for Medical Facilities, *The Independent Budget* recommends approximately \$5.9 billion, approximately \$160 million above the FY 2011 appropriated level. While our recommendation does not include an additional increase for non-recurring maintenance (NRM), it does reflect a FY 2012 baseline of approximately \$1.1 billion. While we appreciate the significant increases in the NRM baseline over the last couple of years, total NRM funding still lags behind the recommended two to four percent of plant replacement value. In fact, the VA should actually be receiving at least \$1.7 billion annually for NRM (Refer to Construction section article "Increase Spending on Nonrecurring Maintenance").

For Medical and Prosthetic Research, *The Independent Budget* recommends \$620 million. This would represent a \$39 million increase over the FY 2011 appropriated level. While we have been particularly pleased that Congress has recognized the critical need for additional funding in the Medical and Prosthetic Research account over the past couple of years, we are concerned that the Administration's request for FY 2012 would actually reduce research funding by the amount of \$72 million—the largest one-year reduction in that program's 85-year history. This loss of funding would create extraordinary challenges for research program management, producing negative effects on thousands of ongoing VA-funded research projects and cancellations of numerous meritorious proposals. Research is a vital part of veterans' health care, an essential mission of our national health care system, and an established high priority of this Administration and the US Government in general. In the midst of war, this is not the time to scale back VA biomedical and health services research projects that are focused solely on restoring the lives of American combat veterans. We believe a healthy increase in this appropriation is warranted and

can be easily justified, and urge the Subcommittee to restore these funds to our recommended level as it considers overall funding for the VA health care system in FY 2012.

Advance Appropriations for FY 2013

As explained previously, P.L. 111-81 required the President's budget submission to include estimates of appropriations for the medical care accounts for FY 2012 and subsequent fiscal years. With this in mind, the VA Secretary is required to update the advance appropriations projections for the upcoming fiscal year (FY 2012) and provide detailed estimates of the funds necessary for the medical care accounts for FY 2013. Moreover, the law also requires a thorough analysis and public report of the Administration's advance appropriations projections by the Government Accountability Office (GAO) to determine if that information is sound and accurately reflects expected demand and costs.

The Independent Budget is pleased to see that the Administration has proposed an increase in the Medical Care accounts for FY 2013. We simply urge Congress to remain vigilant to ensure that the proposed funding levels for FY 2013 are in fact sufficient to meet the continued growth in demand on the health care system. Moreover, it is important to note that this is the first year that the GAO will examine the budget submission to analyze its consistency with VA's Enrollee Health Care Projection Model. *The Independent Budget* looks forward to examining all of this new information and incorporating it into future budget estimates.

In the end, it is easy to forget, that the people who are ultimately affected by wrangling over the budget are the men and women who have served and sacrificed so much for this nation. We hope that you will consider these men and women when you develop your budget views and estimates, and we ask that you join us in adopting the recommendations of *The Independent Budget*.

This concludes our statement for the record. We would be happy to address any additional questions that you may have for the record.

Information Required by Rule XI 2(g)(4) of the House of Representatives

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2011

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— \$300,000 (estimated).

Fiscal Year 2010

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation—National Veterans Legal Services Program— \$287,992.

Fiscal Year 2009

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— \$296,687.

STATEMENT FOR THE RECORD
JOSEPH A. VIOLANTE
NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
ON BEHALF OF THE INDEPENDENT BUDGET
SUBMITTED TO THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON MILITARY CONSTRUCTION
AND VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
MAY 16, 2011

Chairman Culberson, Ranking Member Bishop and Members of the Committee:

On behalf of the Disabled American Veterans and our 1.2 million members, all of whom are wartime disabled veterans, I am pleased to submit the recommendations of *The Independent Budget* for the fiscal year 2012 budget in the area of veterans' benefits. As you know, *The Independent Budget* is a collaboration amongst the DAV, AMVETS, Paralyzed Veterans of America and Veterans of Foreign Wars.

SUFFICIENT STAFFING FOR THE VETERANS BENEFITS ADMINISTRATION

For fiscal year 2012, *The Independent Budget* recommends only modest increases in personnel levels for the Veterans Benefits Administration (VBA), and those increases are targeted at Vocational Rehabilitation and Employment (VR&E) and the Board of Veterans Appeals (BVA). Over the past couple of years, with strong support from Congress, VBA's Compensation and Pension (C&P) Service has seen a significant increase in personnel to address the rapidly rising workload they face. It is important to note that this large increase in claims processors could actually result in a short-term net decrease in productivity, due to experienced personnel being taken out of production to conduct training, and the length of time it takes for new employees to become fully productive. While we do not recommend additional staffing increases at this time, we do recommend that VBA conduct a study on how to determine the proper number of full-time employees necessary to manage its growing claims inventory so that claims are decided accurately and in a timely manner.

The Independent Budget does, however, recommend that Congress authorize at least 160 additional full-time employees for the VR&E Service for fiscal year (FY) 2012, primarily to reduce current case manager workload. A 2009 study by the Government Accountability Office (GAO) found that 54 percent of Department of Veterans Affairs Regional Offices (VAROs) reported they had fewer counselors than they needed and 40 percent said they had too few employment coordinators. VR&E officials indicated that the current caseload target is 1 counselor for every 125 veterans, but that ratio is reported to be as high as 1 to 160 in the field. An increase of 100 new counselors would address that gap. Given its increased reliance on contract services, VR&E also needs an additional 50 full-time employee equivalents (FTEE) dedicated to management and oversight of contract counselors and rehabilitation and

employment service providers. In addition, VR&E has requested at least 10 FTEE in FY 2012 to expand its college program --"Veteran Success on Campus," and we support that request.

With the number of claims for benefits increasing over the past several years, so too is the number of appeals to the BVA. On average, BVA receives appeals on five percent of all claims, a rate that has been consistent over the past decade. With the number of claims projected to rise significantly in the coming years, so too will the workload at BVA, and thus the need for additional personnel. Funding for the BVA must rise at a rate commensurate with its increasing workload so it is properly staffed to decide veterans' appeals in an accurate and timely manner.

CLAIMS PROCESSING REFORM: GET IT RIGHT THE FIRST TIME

The VBA is at a critical juncture in its efforts to reform an outdated, inefficient, and overwhelmed claims-processing system. After struggling for decades to provide timely and accurate decisions on claims for veterans' benefits, the VBA over the past year has started down a path that may finally lead to essential transformation and modernization, but only if it has the leadership necessary to undergo a cultural shift in how it approaches the work of adjudicating claims for veterans benefits.

The number of new claims for disability compensation has risen to more than one million per year and the complexity of claims have also increased as complicated new medical conditions, such as traumatic brain injury, have become more prevalent. To meet rising workload demands, *The Independent Budget* has recommended, and Congress has provided, significant new resources to the VBA over the past several years in order to increase their personnel levels. Yet despite the hiring of thousands of new employees, the number of pending claims for benefits, often referred to as the backlog, continues to grow.

As of May 9, 2011, there were 830,991 pending claims for disability compensation and pensions awaiting rating decisions by the VBA, an increase of more than 300,000 from one year ago. About 33 percent of that increase is the result of the Secretary's decision to add three new presumptive conditions for Agent Orange (AO) exposure: ischemic heart disease, B-cell leukemia, and Parkinson's disease. Even discounting those new AO-related claims, the number of claims pending rose by over 200,000, a 38 percent increase of pending claims over just the past year. Overall, there are 477,790 claims that have been pending greater than VA's target of 125 days, which is an increase of 287,150, up more than 150 percent in the past year. Not counting the new AO-related, over 65 percent of all pending claims for compensation or pension are now past the 125-day target set by the VBA.

Worse, by the VBA's own measurement, the accuracy of disability compensation rating decisions continues to trend downward, with their quality assurance program, known as the Systematic Technical Accuracy Review (STAR) reporting only an 83 percent accuracy rate for the 12-month period ending May 31, 2010. Moreover, VA's Office of Inspector General found additional undetected or unreported errors that increased the error rate to 22 percent. Complicating the Department's problems is its reliance on an outdated, paper-centric processing system, which now includes more than 4.2 million claims folders.

Faced with all of these problems, VA Secretary Shinseki last year set an extremely ambitious long-term goal of zero claims pending more than 125 days and all claims completed to a 98 percent accuracy standard. Throughout the year he repeatedly made clear his intention to “break the back of the backlog” as his top priority. While we welcome his intention and applaud his ambition, we would caution that eliminating the backlog is not necessarily the same goal as reforming the claims-processing system, nor does it guarantee that veterans are better served.

The backlog is not the problem, nor even the cause of the problem; rather, it is only one symptom, albeit a very severe one, of a much larger problem: too many veterans waiting too long to get decisions on claims for benefits that are too often wrong. If the VBA focuses simply on getting the backlog number down, it can certainly achieve numeric success in the near term, but it will not necessarily have addressed the underlying problems nor taken steps to prevent the backlog from eventually returning. To achieve real success, the VBA must focus on creating a veterans’ benefits claims-processing system designed to “get each claim done right the first time.” Such a system would be based upon a modern, paperless information technology and workflow system focused on quality, accuracy, efficiency, and accountability.

Recognizing all of the problems and challenges discussed above, we have seen some positive and hopeful signs of change. VBA leadership has been refreshingly open and candid in recent statements on the problems and need for reform. Over the past year, dozens of new pilots and initiatives have been launched, including a major new IT system that is now being field-tested. The VBA has shared information with the veterans service organizations (VSOs) about its ongoing initiatives and sought feedback on these initiatives. These are all positive developments.

To achieve the goal of “getting it right the first time”, VBA must change how it measures success and rewards performance. Unfortunately, most of the measures that the VBA employs today, whether for the organization as a whole, or for regional offices or employees, are based primarily on measures of production, which reinforces the goal of ending the backlog. VBA must also continue to review employee performance standards to ensure that it creates incentives and accountability to achieve quality and accuracy, not just increased speed or production.

Two longstanding weaknesses of VBA’s claims adjudication process are training and quality control, which should be linked to create a single continuous improvement program, both for employees and for the claims process itself. Quality control programs can identify areas and subjects that require new or additional training for VBA employees and better training programs for employees and managers should improve the overall quality of the VBA’s work. VBA must place greater emphasis on training by implementing stricter monitoring mechanisms for all VAROs and ensuring that they are held accountable for failure to meet this minimal standard.

Undoubtedly the most important new initiative underway at the VBA is the Veterans Benefits Management System (VBMS), which is designed to provide the VBA with a comprehensive, paperless, and ultimately rules-based method of processing and awarding claims for VA benefits, particularly disability compensation and pension. Following initial design work, the VBMS had its first phase of development in Baltimore last year where a prototype system was tested in a virtual regional office environment. The first actual pilot of the VBMS

system was begun in November 2010 at the Providence, Rhode Island Regional Office and a second six-month pilot is expected to begin soon at the Salt Lake City Regional Office.

Although the development and deployment of a modern information technology (IT) system to process claims in a paperless environment is long overdue, we have concerns about whether the VBMS is being rushed to meet self-imposed deadlines in order to show progress toward “breaking the back of the backlog.” While we have long believed that the VBA’s IT infrastructure was insufficient, outdated, and constantly falling further behind modern software, Web, and cloud-based technology standards, we would be equally concerned about a rushed solution that ultimately produces an insufficiently robust IT system.

Given the highly technical nature of modern IT development, we would urge Congress to fully explore these issues with the VBA and consider engaging an independent, expert review of the VBMS system while it is still early enough in the development phase to make course corrections, should they be necessary. Congress must also continue to provide aggressive oversight of the VBA’s myriad ongoing pilots and initiatives to ensure that practices adopted and integrated into a cohesive new claims process are judged first and foremost on their ability to help VA get claims “done right the first time.”

DISABILITY COMPENSATION AND QUALITY OF LIFE

In 2007, the Institute of Medicine (IOM) Committee on Medical Evaluation of Veterans for Disability Compensation recommended, “...that the current VA disability compensation system be expanded to include compensation for nonwork disability (also referred to as noneconomic loss) and loss of quality of life.” The congressionally-mandated Veterans Disability Benefits Commission (VDBC), established by the National Defense Authorization Act of 2004 (Public Law 108-136), spent more than two years examining how the rating schedule might be modernized and updated. Reflecting the recommendations of the IOM study, the VDBC in its final report issued in 2007 also recommended that the, “... veterans disability compensation program should compensate for three consequences of service-connected injuries and diseases: work disability, loss of ability to engage in usual life activities other than work, and loss of quality of life.”

The IOM Report, the VDBC (and an associated Center for Naval Analysis study) and the Dole-Shalala Commission (President’s Commission on Care for America’s Returning Wounded Warriors) all agreed that the current benefits system should be reformed to include noneconomic loss and quality of life as a factor in compensation. *The Independent Budget* recommends that Congress finally address this deficiency by clarifying that disability compensation, in addition to providing compensation to service-connected disabled veterans for their average loss of earnings capacity, must also include compensation for their noneconomic loss and for loss of their quality of life. Congress and VA should then determine the most practical and equitable manner in which to provide compensation for noneconomic loss and loss of quality of life and then move expeditiously to implement this updated disability compensation program.

ELIMINATION OF CONCURRENT RECEIPT FOR ALL DISABLED VETERANS

Many veterans retired from the armed forces based on longevity of service must forfeit a portion of their retired pay, earned through faithful performance of military service, before they receive VA compensation for service-connected disabilities. This is inequitable—military retired pay is earned by virtue of a veteran's career of service on behalf of the nation, careers of usually more than 20 years. Entitlement to compensation, on the other hand, is paid solely because of disability resulting from military service, regardless of the length of service. A disabled veteran who does not retire from military service but elects instead to pursue a civilian career after completing a service obligation can receive full VA compensation and full civilian retired pay—including retirement from any federal civil service. A veteran who honorably served and retired for 20 or more years and suffers from service-connected disabilities due to disability should have that same right. Congress should enact legislation to repeal the inequitable requirement that veterans' military longevity retired pay be offset by an amount equal to their rightfully earned VA disability compensation if rated less than 50 percent.

REPEAL OF OFFSET AGAINST SURVIVOR BENEFIT PLAN

When a disabled veteran dies of service-connected causes, or following a substantial period of total disability from service-connected causes, eligible survivors or dependents receive Dependency and Indemnity Compensation (DIC) from VA. This benefit indemnifies survivors, in part, for the losses associated with the veteran's death from service-connected causes or after a period of time when the veteran was unable, because of total disability, to accumulate an estate for inheritance by survivors.

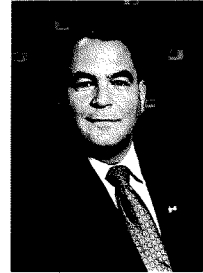
Career members of the armed forces earn entitlement to retired pay after 20 or more years' service. Unlike many retirement plans in the private sector, survivors have no entitlement to any portion of the member's retired pay after his or her death. Under the Survivor Benefit Program (SBP), deductions are made from the member's retired pay to purchase a survivors' annuity. Upon the veteran's death, the annuity is paid monthly to eligible beneficiaries under the plan. If the veteran died of other than service-connected causes or was not totally disabled by service-connected disability for the required time preceding death, beneficiaries receive full SBP payments. However, if the veteran's death was a result of his or her military service or followed from the requisite period of total service-connected disability, the SBP annuity is reduced by an amount equal to the DIC payment. Where the monthly DIC rate is equal to or greater than the monthly SBP annuity, beneficiaries lose all entitlement to the SBP annuity.

We note that surviving spouses of federal civilian retirees who are veterans are eligible for dependency and indemnity compensation without losing any of their purchased federal civilian survivor benefits. The offset penalizes survivors of military retired veterans whose deaths are under circumstances warranting indemnification from the government separate from the annuity funded by premiums paid by the veteran from his or her retired pay. Congress should repeal the offset between DIC and the SBP. In addition, Congress should lower the age from 57 to 55 for survivors of veterans who died from service-connected disabilities who remarry to be eligible for restoration of dependency and indemnity compensation to conform with the requirements of other federal programs.

FACT SHEET

BIOGRAPHICAL INFORMATION

JOSEPH A. VIOLANTE
National Legislative Director
Disabled American Veterans



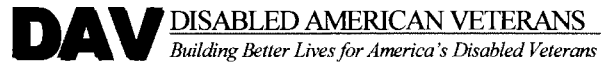
Joseph A. Violante, a disabled Vietnam veteran, was appointed National Legislative Director of the 1.2 million member Disabled American Veterans (DAV) in July 1997. He is employed at the organization's National Service and Legislative Headquarters in Washington, D.C.

A New Jersey native, Mr. Violante joined the Marine Corps in 1969. He served with the 2nd Battalion, 4th Marines and Battalion Landing Team 2/4 in Southeast Asia, and was discharged in 1972 with the rank of sergeant. He attended the University of New Mexico and received a bachelor's degree in history and political science, and earned his law degree from San Fernando Valley, College of Law, in California. Mr. Violante was a practicing attorney in Thousand Oaks, Calif., before moving to Washington, D.C., to work as a Staff Attorney at the Department of Veterans Affairs' Board of Veterans' Appeals in 1985.

Mr. Violante joined the DAV's professional staff as Staff Counsel/Judicial Appeals Representative at the Court of Veterans Appeals Office in 1990. He was Legislative Counsel for the DAV in 1992 and was later promoted to Deputy National Legislative Director in 1996, prior to his current appointment.

Mr. Violante joined the DAV as a life member in 1982 and has been a member of Omaha Beach Chapter 7 in Bowie, Md., since 1987. He served as Chapter Commander in 1989-90, and on the Department of Maryland Executive Committee from 1988 to 1991, as well as serving many years on the Department of Maryland's legislative committee.

Mr. Violante's involvement with veterans' issues reaches beyond the DAV. He was a member of the Board of the National Foundation for Women Legislators from 2001-09 and a member of the Board of Governors of the Federal Circuit Bar Association from 2001-04. He produced legislative articles for *Tommy*, a quarterly publication of the Veterans Law Committee, and is a life member of the Veterans of Foreign Wars and 3rd Marine Division Association. Additionally, Mr. Violante co-hosted "Veteran's Forum," a local cable television program dedicated to veteran's issues from 1991 to 1994; previously chaired the Veterans Appeals Committee and Legislative Committee of the Federal Circuit Bar Association from 1992 to 1996 and 1997 to 2001, respectively; was vice-chair of the Veterans Benefits Committee of the American Bar Association from 1991 to 1994; and was an at-large member of the board of governors of the Veterans Law Committee of the Federal Bar Association from 1992 to 1993.



DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Disabled American Veterans (DAV) does not currently receive any money from any federal grant or contract.

During fiscal year (FY) 1995, DAV received \$55,252.56 from Court of Veterans Appeals appropriated funds provided to the Legal Service Corporation for services provided by DAV to the Veterans Consortium Pro Bono Program. In FY 1996, DAV received \$8,448.12 for services provided to the Consortium. Since June 1996, DAV has provided its services to the Consortium at no cost to the Consortium.

RAYMOND C. KELLEY, DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

FOR THE RECORD

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION AND VA
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

VA'S BUDGET FOR FISCAL YEAR 2012

WASHINGTON, D.C.

May 5, 2011

CHAIRMAN CULBERTSON, RANKING MEMBER BISHOP AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the 2.1 million men and women of the Veterans of Foreign Wars of the U.S. (VFW) and our Auxiliaries, I would like to thank you for the opportunity to testify today. The VFW works alongside the other members of the Independent Budget (IB) – AMVETS, Disabled American Veterans and Paralyzed Veterans of America – to produce a set of policy and budget recommendations that reflect what we believe would meet the needs of America's veterans. The VFW is responsible for the construction portion of the IB, so I will limit my remarks to that portion of the budget.

The Department of Veterans Affairs (VA) manages a wide portfolio of capital assets throughout the nationwide system of health-care facilities. According to the latest VA Capital Asset Plan, VA owns 5,405 buildings and almost 33,000 acres of land. It is a vast network of facilities that requires much time and attention from VA's capital asset managers. Unfortunately, VA's infrastructure is aging rapidly. Although Congress has funded a significant number of new facilities in recent years, the vast majority of existing VA medical centers and other associated buildings are on average more than 60 years old.

A vast, growing and aging infrastructure continues to create a burden on VA's overall construction and maintenance requirements. These facilities are the instruments that are used to deliver the care to our injured and ill veterans. Every effort must be made to ensure these facilities are safe and sufficient environments to deliver that care. A VA budget that does not adequately fund facility maintenance and construction will reduce the timeliness and quality of care for our veterans. That is why the IB partners are recommending an overall construction budget of \$2.8 billion, \$2.2 billion for the major construction accounts, and \$585 million for the minor construction accounts.

Last fall, VA provided the IB partners with an overview of the new Strategic Capital Investment Plan (SCIP). After the briefing and upon reviewing the VA FY2012 budget submission, the IB partners are pleased with the improved transparency of their capital planning. VA has advised the IB partners that SCIP is intended to identify capital acquisition needs, ranging from Non-recurring maintenance and leasing to minor and major construction projects to close the currently identified performance gaps. All

told, these gaps will require between \$53 and \$65 billion in funding over a ten year period. However, at the Administration's requested funding level, it will take between 18 and 22 years to complete the current 10-year plan. Underfunding VA's capital plan in its infancy will only exacerbate their ongoing construction and maintenance needs.

We are happy to see that in VA's FY2012 budget request, the medical facilities in New Orleans and Denver along with three other major construction projects will be fully funded. However, only seven of the 23 partially funded major construction projects will continue to be funded in FY2012, leaving well over \$4 billion remaining in partially funded projects dating back to FY07. These projects include improving seismic deficiencies, providing spinal cord injury centers, completing a Poly-trauma/blind rehab and research facility as well as expanding mental health facilities. These projects have a purpose and should be funded as quickly as possible to fulfill the promise of care to our wounded and ill veterans. VA is requesting approximately \$545 million dollars to continue construction on the seven existing projects and to begin work on four new projects. At this pace, VA will not reach its Strategic Capital Investment 10-year plan. Therefore, the IB partners request that Congress provide funding of \$1.85 billion for VHA major construction accounts. This will allow VA to complete all current, partially funded major construction projects within five years, begin providing funding for 15 new projects, and fund the four current partially funded seismic correction projects at a level that will have them completed in three years.

The IB partners are pleased with VA's funding request for VHA minor construction account. This level of funding will allow VA to fully fund more than 75 projects.

The Administration's request for NCA construction projects totals nearly \$80 million. The IB is requesting \$161 million. This will allow NCA to complete nearly all of its minor construction projects and begin three major projects, expanding veterans' access to cemeteries in Hawaii, Florida and Colorado.

The IB partners are also requesting an increase for funding of research facilities. Funding at a level of \$150 million will allow work to begin on the five highest priority research facility projects.

Again, it is critical to the care of our veterans that we fully fund VA construction.

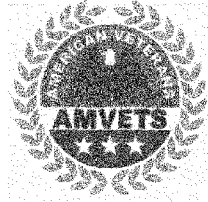
Below you will find the Independent Budget partner's budget recommendations for FY2012:

MAJOR CONSTRUCTION	
Category	Recommendation
	(\$ in Thousands)
Major Medical Facility Construction	\$1,850,000
NCA Construction	\$ 61,000
Advance Planning	\$45,000
Master Planning	\$15,000
Historic Preservation	\$20,000
Medical Research Infrastructure	\$150,000
Miscellaneous Accounts	\$ 60,000
TOTAL	\$2,201,000

MINOR CONSTURCTION

Category	Funding (\$ in Thousands)
Veterans Health Administration	\$450,000
National Cemetery Administration	\$100,000
Veterans Benefits Administration	\$20,000
<u>Staff Offices</u>	<u>\$15,000</u>
TOTAL	\$585,000

Mr. Chairman, thank you again for inviting VFW to provide testimony regarding VA budget needs, and I will be happy to answer any question you may have.



STATEMENT OF CHRISTINA M. ROOF

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS AND RELATED AGENCIES

CONCERNING

THE INDEPENDENT BUDGET'S RECOMMENDATIONS FOR FISCAL YEAR 2012

Chairman Culberson, Ranking Member Bishop and distinguished members of the committee, on behalf of AMVETS I would like to thank you for allowing myself and representatives of the other member organization authors of the *Independent Budget* to share with you our recommendations on the Department of Veterans Affairs Fiscal Year 2012 budget, in what we believe to be the most fiscally responsible way of ensuring the quality and integrity of the care and benefits our veterans community receive.

AMVETS is honored to join our fellow Veterans' Service Organizations in presenting the *Independent Budget's* recommendations on the Fiscal Year 2012 Department of Veterans Affairs Budget Request. AMVETS testifies before you as a co-author of The FY 2012 Independent Budget. This is the 25th year AMVETS, the Disabled American Veterans, the Paralyzed Veterans of America and the Veterans of Foreign Wars have combined our expertise, experiences and resources to produce this unique and in-depth document; one that has stood the test of time.

In developing the *Independent Budget* we are always guided by the same set of principles. These principles include, first, our belief that veterans should not have to wait for the benefits to which they are entitled through their service to our country. Second, every veteran must be ensured access to the highest quality medical care available. Third, specialized care must remain a top priority and focus of the Department of Veterans Affairs (VA). Furthermore, we believe veterans must be guaranteed timely access to the full continuum of health care services, including, but not limited to, long-term care. Finally, veterans must be assured accessible burial in a state or national cemetery regardless of their location.

As a partner of the Independent Budget, AMVETS devotes a majority of our time to the concerns and matters of the Department of Veterans Affairs National Cemetery Administration (NCA). Today I will be speaking directly to these two issues.

By way of background, the stated mission of The National Cemetery Administration (NCA) is to honor veterans with final resting places in national shrines and with lasting tributes that commemorate their service to our nation. Their vision is to serve all veterans and their families with the utmost dignity, respect, and compassion and ensure that every national cemetery will be a place that inspires visitors to understand and appreciate the service and sacrifice of our nation's veterans. Furthermore, many states have established state veterans cemeteries. Eligibility is similar to that of the Department of Veterans Affairs (VA) national cemeteries, but may include residency requirements. Even though they may have been established or improved with government funds through VA's State Cemetery Grants Program, state veterans cemeteries are run solely by the states.

As of late 2010 the Department of Veterans Affairs National Cemetery Administration (NCA) maintained more than three million graves at 131 national cemeteries in 39 states and Puerto Rico. Of these cemeteries, 71 are open to all interment; 19 will accept only cremated remains and family members of those already interred; and 41 will only perform interments of family members in the same gravesite as a previously deceased family member.⁽¹⁾

VA estimates nearly 23 million veterans are living today. They include veterans from World Wars I and II, the Korean War, the Vietnam War, the Gulf War, the conflicts in Afghanistan and Iraq, the Global War on Terrorism, as well as peacetime veterans. With the anticipated opening of the newly planned national cemeteries, annual interments are projected to increase to approximately 116,000 in 2013, and are projected to maintain that level through 2015. Historically, only 12 percent of veterans opt for burial in a state or national cemetery, although these numbers are rising.

The most important obligation of the NCA is to honor the memory of America's brave men and women who served in the armed forces. Therefore, the purpose of these cemeteries as national shrines is one of NCA's top priorities. Many of the individual cemeteries within the system are steeped in history and the monuments, markers, grounds and related memorial tributes represent the very foundation of the United States. With this understanding, the grounds, including monuments and individual sites of interment, represent a national treasure that must be protected, respected and cherished.

The Independent Budget Veterans Service Organizations (IBVSOs) would like to acknowledge the dedication and commitment of the NCA staff who continue to provide the highest quality of service to veterans and their families. We call on the Administration and Congress to provide the resources needed to meet the changing and critical nature of NCA's mission and fulfill the nation's commitment to all veterans who have served their country honorably and faithfully.

In FY 2010, \$250 million was appropriated for the operations and maintenance of NCA, with approximately \$2 million in carryover. NCA awarded 47 of its 50 minor construction projects that were

¹ <http://www.cem.va.gov/cem/cems/listcem.asp>

in the operating plan. Additionally, the State Cemetery Grants Service (SCGS) awarded \$48.5 million in grants for 12 projects.

NCA has done an exceptional job of providing burial options for the nearly 91 percent, about 170,000, of veterans who fall within a 75-mile radius threshold model. However, the NCA realized that, without adjusting this model, only one area, St. Louis, would qualify for a cemetery within the next five years and that the five highest veteran population concentrated areas of the country would never qualify if the threshold remained unchanged.

In 2010, the IBVSOs recommended several new threshold models for NCA to consider in an effort to best serve a veterans population declining in number. The IBVSOs are pleased to see that NCA has adjusted its model and will begin factoring in 80,000 veterans within a 75-mile radius for future cemetery placement. This modification will allow NCA to continue to provide burial options for veterans who would otherwise be limited geographically for this benefit.

National Cemetery Administration (NCA) Accounts

The Independent Budget recommends an operations budget of \$275 million for NCA for fiscal year 2012 so it can meet the increasing demands of interments, gravesite maintenance and related essential elements of cemetery operations.

NCA is responsible for five primary missions: (1) to inter, upon request, the remains of eligible veterans and family members and to permanently maintain gravesites; (2) to mark graves of eligible persons in national, state, or private cemeteries upon appropriate application; (3) to administer the state grant program in the establishment, expansion, or improvement of state veterans cemeteries; (4) to award a presidential certificate and furnish a United States flag to deceased veterans; and (5) to maintain national cemeteries as national shrines sacred to the honor and memory of those interred or memorialized.

However, the national cemetery system continues to face serious challenges. Though there has been significant progress made over recent years, NCA is still struggling to remove decades of blemishes and scars from military burial grounds across the country. Visitors to national cemeteries are still likely to encounter sunken graves, misaligned and dirty grave markers, deteriorating roads, spotty turf and other patches of decay that have been accumulating for decades. If NCA is to continue its commitment to ensure national cemeteries remain dignified and respectful settings that honor deceased veterans and give evidence of the nation's gratitude for their military service, there must be a comprehensive effort to greatly improve the condition, function, and appearance of all our national cemeteries.

NCA has worked tirelessly to improve the appearance of our national cemeteries, investing \$45 million in the National Shrine Initiative in FY 2010 and approximately \$25 million per year for the three previous years. NCA has done an outstanding job thus far in improving the appearance of our national cemeteries, but we have a long way to go to get us where we need to be. In 2006 only 67 percent of headstones and markers in national cemeteries were at the proper height and alignment. By 2009 proper height and alignment increased to 76 percent. NCA is on target to reach 82 percent this fiscal year. To ensure that NCA has the resources to reach its strategic goal of 90 percent, the IBVSOs recommend that

NCA's operations and maintenance budget be increased by \$20 million per year until the operational standards and measures goals are reached.

In addition to the management of national cemeteries, NCA is responsible for the Memorial Program Service. The Memorial Program Service provides lasting memorials for the graves of eligible veterans and honors their service through Presidential Memorial Certificates. Public Laws 107-103 and 107-330 allow for a headstone or marker for the graves of veterans buried in private cemeteries who died on or after September 11, 2001. Prior to this change, NCA could provide this service only to those buried in national or state cemeteries or to unmarked graves in private cemeteries. Public Law 110-157 gives VA authority to provide a medallion to be attached to the headstone or marker of veterans who are buried in a private cemetery. This benefit is available to veterans in lieu of a government-furnished headstone or marker.

The State Cemetery Grants Program

The State Cemeteries Grant Program (SCGP) faces the challenge of meeting a growing interest from states to provide burial services in areas that are not currently served. The intent of the SCGP is to develop a true complement to, not a replacement for, our federal system of national cemeteries. With the enactment of the Veterans Benefits Improvements Act of 1998, the NCA has been able to strengthen its partnership with states and increase burial service to veterans, especially those living in less densely populated areas not currently served by a national cemetery. Currently there are 48 state and tribal government matching grants for cemetery projects.

The Independent Budget recommends Congress appropriate \$51 million for SCGP for FY 2012. This funding level would allow SCGP to establish new state cemeteries at their current rate that will provide burial options for veterans who live in regions that currently has no reasonably accessible state or national cemeteries.

Burial Benefits

Burial allowance was first introduced in 1917 to prevent veterans from being buried in potter's fields. In 1923 the allowance was modified. The benefit was determined by a means test, and then in 1936 the means test was removed. In its early history the burial allowance was paid to all veterans, regardless of their service connectivity of death. In 1973 the allowance was modified to reflect the status of service connection. The plot allowance was introduced in 1973 as an attempt to provide a plot benefit for veterans who did not have reasonable access to a national cemetery.

In 1973, NCA established a burial allowance that provided partial reimbursements for eligible funeral and burial costs. The current payment is \$2,000 for burial expenses for service-connected (SC) death, \$300 for non-service-connected (NSC) deaths, and \$300 for plot allowance. At its inception, the payout covered 72 percent of the funeral cost for a service-connected death, 22 percent for a non-service-connected death, and 54 percent of the burial plot cost. In 2007 these benefits eroded to 23 percent, 4 percent, and 14 percent respectively. It is time to restore the original value of the benefit.

The IBVSOs are pleased that the last Congress acted to improve the benefits, raising the plot allowance to \$700 as of October 1, 2011. However, there is still a serious deficit in original value of the benefit when compared to the current value.

While the cost of a funeral has increased by nearly 700 percent, the burial benefit has only increased by 250 percent. To restore both the burial allowance and plot allowance back to their 1973 values, the SC benefit payment should be \$6,160, the NSC benefit value payment should be \$1,918, and the plot allowance should increase to \$1,150.

Based on accessibility and the need to provide quality burial benefits, The Independent Budget recommends that VA separate burial benefits into two categories: veterans who live inside the VA accessibility threshold model, and those who live outside the threshold. For those veterans who live outside the threshold, the SC burial benefit should be increased to \$6,160, NSC veteran's burial benefit should be increased to \$1,918, and plot allowance should increase to \$1,150 to match the original value of the benefit. For veterans who live within reasonable accessibility to a state or national cemetery that is able to accommodate burial needs, but the veteran would rather be buried in a private cemetery, the burial benefit should be adjusted. These veterans' burial benefits will be based on the average cost for VA to conduct a funeral. The benefit for a SC burial should be \$2,793, the amount provided for a NSC burial should be \$854, and the plot allowance should be \$1,150. This will provide a burial benefit at equal percentages, but based on the average cost for a VA funeral and not on the private funeral cost that will be provided for those veterans who do not have access to a state or national cemetery.

In addition to the recommendations we have mentioned, the IBVSOs also believe that Congress should enact legislation to adjust these burial benefits for inflation annually.

The IBVSOs call on the Administration and Congress to provide the resources required to meet the critical nature of the NCA mission and fulfill the nation's commitment to all veterans who have served their country so honorably and faithfully.

NCA honors veterans with a final resting place that commemorates their service to this nation. More than 3 million servicemembers who died in every war and conflict are honored through interment in a VA national cemetery. Each Memorial Day and Veterans Day we honor the last full measure of devotion they gave for this country. Our national cemeteries are more than the final resting place of honor for our veterans; they are hallowed ground to those who died in our defense, and a memorial to those who survived.

Again, Chairman Culberson, Ranking Member Bishop and distinguished members of the subcommittee, we thank you for inviting us to share with you our recommendations and stand ready to answer any questions you may have.

Leslie Stevens, Senior Government Relations Associate, SWHR, Leslie@swhr.org, 202-496-5003

Before the House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
05/5/2011
Submitted for the Record

The Society for Women's Health Research (SWHR), is pleased to submit testimony in support of **increased funding for women's health care and sex differences research within the Department of Veterans Affairs (VA)**. With the increasing number of women's veterans, the impact of appropriate funding will be immediate and widespread: personalized care resulting in more effective care options offered for both women and men; expanded access for women to seek care in VA medical facilities; better targeted interventions for traumatic events care—among many others.

SWHR, a national non-profit organization based in Washington DC, is widely recognized as the thought leader in research on sex differences and is dedicated to improving women's health through advocacy, education, and research. SWHR was founded in 1990 by a group of physicians, medical researchers and health advocates who wanted to bring attention to the myriad of diseases and conditions that affect women uniquely.

SWHR is committed to advancing the health of all women through the discovery of new, targeted scientific knowledge. To achieve this on behalf of our women veterans, SWHR is advocating for more resources for not only the VA's Health Services Research & Development but also for other VA Offices of Research & Development (ORD), including Biomedical/Laboratory, Clinical Sciences, and Rehabilitation.

HSR&D has been transforming efforts on health care quality, access, continuity of care, coordination, chronic disease care, prevention, utilization among many others but still has tremendous needs to achieve what is possible to ensure the best in care for women veterans. SWHR applauds their efforts to advance the research on women's health issues and wants to support efforts for new research to include exploration into sex based differences. Such research is essential if we are ever to advance medical science to provide the most appropriate care/treatment at the right time, in right place, for the right patient.

SWHR fights for sustained funding for biomedical and women's health research programs conducted and supported across all the federal agencies, not only within the VA, because it is absolutely essential if we are to meet the health needs of women and men, and advance the nation's research capability and impact. For VA-based research and care specifically, women who have served in the military need unique consideration in health needs and treatment. The remote and distinct locations where a woman on active duty may have served, the distinct occupational exposures, as well as the gear

and specialized equipment, may all contribute to health conditions and needs separate from those of civilian women. Such distinctions further make the case for inclusion of women in VA-based research and analysis of sex-based differences among veteran populations.

Increase in Funding for Women's Health Leading to Personalize Care

The largest group of women ever to serve has been part of Operation Enduring Freedom (OEF) & Operation Iraqi Freedom (OIF). VA projects that the number of women that will be seen within the VA system will double in just the next two years. Women have distinct medical needs, different from their male counterparts, and women veterans need to have available specific medical programs tailored to those needs. The VA needs to continue preparations for the ongoing evolution in patient demographics resulting in a younger, and more female, patient base.

The VA is uniquely situated to be able to study the health needs of former military members, both men and women. Research into women's health and sex differences research will result in better science and more personalized care options, improving the likelihood of getting the correct treatment the first time, for women and men. SWHR believes that we will not transform medical practice until there is more research into personalized care, inclusive of sex as a biological variable, which better informs care decisions, saves money and produces better outcomes with less trial-and-error approaches to medicine.

As of 2010, the top two diagnoses among women veterans in the VA system were depression and hypertension, implying that both mental and physical care are critical to complete health care for returning veterans. Delivering comprehensive and evidence-based care to women veterans is an obligation that our government has committed to and the VA system must be enabled to follow through on this promise.

By expanding women's health services, the VA health system will have a powerful impact on women veterans. During this difficult budget cycle, VA health care system must grow efficiently and change responsibly to meet an ever increasing number of veterans, women and men, who will be eligible for care in the VA and who deserve the best evidence-based care. We support VA and its need for an appropriate level of resources to meet these differing medical needs.

Expanding Access

Accessibility is a huge obstacle for all women in all health care settings, including in the VA system. Often, women serve as primary caregiver for minor children and aging parents, and balance this role with taking care of themselves. According to the Department of Defense, in 2008 there were 73,000 single parents in active-duty which is about 5.3% of the total force. As these active duty personnel transition to veteran status, childcare should be considered in order to facilitate easy access of VA health services to all veteran parent. With the growing numbers of women veterans returning

from war who are well under the age of 40, there will likely be an increase in the number of women veterans also mothers.

As current regulations prevent VA funding from going towards childcare, proposed pilot programs and funding for public-private ventures in this area may be the best possible solution. Childcare at VA medical facilities is currently only available through private and public partnerships in 23 states, including the District of Columbia. While not unique to the VA setting, already many women veterans have cited a lack of childcare as a major obstacle to going to necessary doctor appointments at VA facilities.

In 2010, a two year pilot program was included as a part of the “Caregivers and Veterans Omnibus Health Services Act of 2010” (P.L 111-163) to assess the feasibility and advisability of childcare at VA health facilities for veterans who are the primary caregiver of the children. It is our hope that this important study will proceed and provide helpful information on ways to offer this service; however, this Act has not been fully funded, putting this program and others in jeopardy.

In addition to childcare barriers reducing access, living rurally, as many veterans do, also decreases utilization and access to VA services. Timely access to screenings and evidence based care is essential for quality health care. Rural veterans need access to the same quality screenings and the same preventive care that is available at the major VA facilities in typically urban areas. Over 36% of veterans live in rural areas including 39% of veterans returning from Iraq and Afghanistan, according to data from this year. To achieve sufficient access capabilities, the VA will require increased funding for the Office of Rural Health to provide for more mobile clinics and rural outreach efforts in order to provide services to the entire population of women veterans in our country.

Sex Differences in Responses to Traumatic Events

Many women veterans have experienced a traumatic event in their lifetime, either before enlisting, while serving our country, or both. A trauma’s physical and mental health impacts must be addressed in an environment where the woman feels safe and has easy access to evidence-based care. A higher percentage of women veterans have experienced a traumatic event, including sexual assault, compared to men—some estimates as high as 3:1. Following a traumatic event, targeted medical and mental health care is needed to assess and improve the woman’s wellbeing. To do this, SWHR believes strongly that it is necessary that the VA has funding to create environments in their facilities to address gender-specific PTSD and sexual trauma needs.

Many women who have served during the current conflicts have served attached to units facing combat, and the risks for physical trauma from accidents, explosions, etc can be the same for females as males. However, the response to combat can be much different. Women are more than twice as likely to develop PTSD as men: about 10% of women compared to only 4% of men. Further, women are also four times more likely to develop chronic PTSD than men. Additionally, it has been found that sexual assault is

more likely to cause PTSD than any other event and nearly one in five women veterans spanning all generations accessing VA care report that they have been a victim of MST. Increased funding for research into appropriate, sex-based prevention and treatment options for women is critical to achieving success in serving women veterans appropriately.

Funding the Caregivers Act and FY2012 Budget

The Caregivers and Veterans Omnibus Health Services Act of 2010 (P.L 111-163) to date remains an unfunded mandate from the 111th Congress – the result of which is depriving the VA Medical Centers the ability to help those coordinating care and the veterans who access them from very needed resources. The \$36 million designated within the Act for women’s health, including: research on the effects of war on women’s reproductive, physical and mental health; training of mental health professionals specifically caring for women surviving sexual trauma; and pilot projects on childcare provision. This Act must be funded in full so that men and women trying to care for our veterans are provided appropriate resources to do their job. The bill passed with broad bipartisan support in 2010 must remain a priority in 2011.

Summary

In light of rising numbers of women veterans and growing knowledge of the impact of sex based differences, increased funding for women’s health care and sex differences research is the key to expanding appropriate services to women veterans in the VA. Women veterans’ distinct needs must be addressed in terms of biological sex differences and gender specific care. Provider visits, preventive screenings and evidence based treatments that can be strategically implemented, not just to improve health outcomes but to decrease costly trial-and-error medicine, using techniques/procedures/medicines studied in men as a one-size-fits-all model for all.

This Congress can help women veterans access the best care by:

- (1) Appropriately funding VA women’s health and sex differences research
- (2) Supporting effort to expand access to VA Medical Centers
- (3) Funding studies, training, and treatments for target care following traumatic events
- (4) Fully funding the Caregivers and Veterans Omnibus Health Services Act of 2010 (P.L 111-163)



Statement of
The Fleet Reserve Association

Submitted to

Committee on Appropriations
Subcommittee on Military Construction and
Veterans Affairs
U.S. House of Representatives

By

Master Chief Joseph L. Barnes, USN (Ret.)
National Executive Director
Fleet Reserve Association

May 20, 2011

THE FRA

The Fleet Reserve Association (FRA) is a leading advocate on Capitol Hill for enlisted active duty, Reserve, retired and veterans of the Navy, Marine Corps, and Coast Guard. It is Congressionally Chartered, recognized by the Department of Veterans' Affairs (VA) as an accrediting Veteran Service Organization (VSO) for claim representation and entrusted to serve all veterans who seek its help. In 2007, FRA was selected for full membership on the National Veterans' Day Committee.

FRA was established in 1924 and its name is derived from the Navy's program for personnel transferring to the Fleet Reserve or Fleet Marine Corps Reserve after 20 or more years of active duty, but less than 30 years for retirement purposes. During the required period of service in the Fleet Reserve, assigned personnel earn retainer pay and are subject to recall by the Secretary of the Navy.

FRA's mission is to act as the premier "watch dog" organization in maintaining and improving the quality of life for Sea Service personnel and their families. The Association also sponsors a National Americanism Essay Program and other recognition and relief programs. In addition, the newly established FRA Education Foundation oversees the Association's scholarship program that presented awards totaling nearly \$120,000 to deserving students last year.

The Association is also a founding member of The Military Coalition (TMC), a 33-member consortium of military and veteran's organizations. FRA hosts most TMC meetings and members of its staff serve in a number of TMC leadership roles.

FRA's motto is: "Loyalty, Protection, and Service."

**CERTIFICATION OF NON-RECEIPT
OF FEDERAL FUNDS**

Pursuant to the requirements of House Rule XI, the Fleet Reserve Association has not received any federal grant or contract during the current fiscal year or either of the two previous fiscal years.

INTRODUCTION

Mr. Chairman and other distinguished Members of the Subcommittee: The Fleet Reserve Association (FRA) appreciates the opportunity to present its recommendations regarding the FY 2012 Budget. The Association also appreciates your leadership and strong support in conjunction with the support of advanced funding for the Department of Veterans Affairs health care accounts, the gradual re-opening of access to VA health care services for Priority Group 8 veterans, the Department's acknowledgment of Agent Orange exposure for veterans on ships that entered inland "brown water" waterways in Vietnam, expansion of Agent Orange presumption for some Korean veterans, and authorization of a service-connection for those who have B cell leukemia, Parkinson's disease or ischemic heart disease. As an Association comprised primarily of career Navy enlisted personnel, the Agent Orange claims controversy for the so-called "blue water" veterans is a very high priority.

FRA also welcomes efforts to streamline claims processing for veterans with post traumatic stress (PTS) and appreciates the recent House Veterans' Affairs Committee oversight hearing on the Servicemembers Civil Relief Act (SCRA) which raised awareness regarding financial institutions who are not complying with the Act.

THE 2012 VA BUDGET

The proposed FY 2012 Department of Veterans Affairs (VA) budget is three percent higher than the enacted 2011 budget. Related to the proposal is the FY 2012 Independent Budget (IB) which was released by AMVETS, Disabled American Veterans (DAV), Paralyzed Veterans of America (PVA) and the Veterans of Foreign Wars (VFW). The IB provides detailed funding analysis of the proposed VA budget and is intended to serve as a guide to policy makers to make necessary adjustments to meet the challenges of serving America's veterans.

The IB for FY 2012 recommends an eight percent increase over the 2011 VA budget. The Administration's FY 2012 VA budget and the IB call for increased funding for medical services, women veterans programs, mental health services, expanded caregiver assistance, and helping homeless veterans. The IB notes that the proposed FY 2012 budget cuts various VA programs that include construction, information technology, and medical and prosthetic research. The annual IB is strongly supported by FRA and other veteran service organizations and has served as a guide for VA funding for 25 years.

FRA is troubled by the level of funding recommended for construction projects (reduced 6.6%) and information technology (reduced 4.3 %). The IB notes that the past decade of the construction budget for VA has been underfunded and now is not the time to reduce this critical funding. Likewise, there are a number of important information technology initiatives, such as Joint Virtual Lifetime Electronic Record (VLER) that need to be adequately funded. In addition, the Association notes that the Subcommittee mark reduces funding by \$25 million for the Court of Appeals for Veterans Claims that was for construction of a new courthouse. In conjunction with this, the Association remains concerned about any initiatives which may further aggravate the chronic and continuing backlog of disability claims.

FRA appreciates the Subcommittee's support for \$52.6 billion appropriations in advanced funding for VA health care accounts for FY 2013. Due to the advanced funding law the VA health care program has been able to continue to function even in years when spending bills are delayed.

AGENT ORANGE REFORM

The Department of Veterans Affairs (VA) presumes exposure for those who had "boots on the ground" or served on Vietnam's inland waterways, but the department doesn't presume service connection for those who served offshore. As a result, these "blue water" retirees and veterans are not eligible to claim disability benefits related to Agent Orange exposure. Revising the VA's definition of Vietnam service to include those who served off Vietnam's coast is one of FRA's top legislative priorities for the 112th Congress. The Institute of Medicine (IOM) is expected to release research indicating that the so-called "Blue Water" Navy Vietnam veterans experienced exposed a comparable exposure to herbicides as the "Brown Water" Navy. Many "Blue Water" Navy veterans now have health problems commonly associated with herbicide exposure and have endured lengthy legal struggles to prove these problems are service-related. FRA hopes that the soon to be released IOM report will confirm the Association's position.

MEDICAL AND PROSTHETIC RESEARCH

The VA's research should focus on improving treatments for conditions that are unique to veterans. Medical and prosthetic research is one of the most successful aspects of all VA medical programs. That is why FRA is concerned that there is a decrease from \$581 million in FY 2011 to \$508 million in FY 2012 in medical and prosthetic research budget. The Association, supports the recommendation of the IB to increase funding to \$620 million (6.3% increase) in FY 2012.

DISABILITY CLAIMS BACKLOG

FRA strongly believes that the cost of war should include treating the nation's wounded warriors, and is deeply concerned about the backlog of claims at the Department of Veterans Affairs (VA).

The Association appreciates the thousands of additional claims adjusters hired since January 2007. Despite the additional resources and manpower the backlog of disability claims continues to increase. It is becoming clear that the VA must not only have adequate numbers of trained staff and personnel but also automation of the disability rating system.

FRA believes there is strong bi-partisan support to reform the system and that lawmakers have made clear that they want to improve the antiquated paper claims process to eliminate bureaucratic delays and ensure more uniformity between branches of the military and the VA in how they rate disabilities. The VA has an overriding responsibility to maintain an effective delivery system, taking decisive and appropriate action to correct deficiencies and improve processes. The Integrated Disability Evaluation System (IDES) has been a noticeable improvement over the DES since it requires only one physical exam and only one rating and is currently deployed at 73 sites and is scheduled to be fully deployed in September 2011. The IDES also continues to allow

the claimant to receive pay and other benefits and has reduced processing time. A recent GAO report indicates that the system shows promise but has experienced challenges that include staffing shortages, and inadequate IT solutions.

FRA strongly supports the Administration's efforts to create a Joint Virtual Lifetime Electronic Record (VLER). A VLER for every service member would be a major step towards the Association's long-standing goal of a truly seamless transition from military to veteran status for all service members and would permit a DoD, VA, or private health care provider immediate access to a veteran's health data. There is some sharing now between DoD and VA, but information in the private sector is invisible to VA. The VLER strategy would utilize secure messaging standards, similar to that which is used for email, to securely relay information between sources. The VLER working group is collaborating with VBA and its paperless processes and while being HIPPA (Health Insurance Portability and Protection Act) compliant, there are legislative hurdles to overcome, similar to that which the VBA is facing with its paperless process.

A 2010 Government Accountability Office (GAO) report (GAO-10-450T, February 10, 2010) cites gaps in the Benefits Delivery at Discharge (BDD) program management, accountability, and access. The BDD is a pilot program that involves VA and DoD partnering to streamline access to veteran's disability benefits by allowing some current service members to file a VA disability claim and undergo a single collaborative exam process up to 180 days prior to being discharged. The report also indicates that VA's Quick Start initiative designed to streamline the claims process for members of the Reserve Component could not be verified by VA data, and that the VA was ineffective in its efforts to increase awareness of the program in Reserve Component communities.

VA can promptly deliver benefits to veterans only if it has modern technology, adequate resources and staffing. FRA strongly supports the development of an advanced technological delivery structure, using a "paperless" claims system which will also help achieve the goal of a seamless transition for disabled veterans.

WOUNDED WARRIOR AND CAREGIVER SUPPORT

The recently implemented (May 9, 2011) Family Caregiver Program of the Caregivers and Veterans Omnibus Health Services Act of 2010 will be of enormous benefit to those caring for wounded warriors. FRA believes this assistance is critical in supporting wounded warrior caregivers. A recent *Navy Times* survey (November 29, 2010) indicates that 77 percent of wounded warrior caregivers reported they have no life of their own; 72 percent feel isolated; and 63 percent suffer from depression. The improvements will help caregivers, however, the enactment of legislation is only the first step and jurisdictional challenges notwithstanding, effective oversight and adequate sustained funding are essential to success of this program.

The creation of the Federal Recovery Coordinators (FRC) to help veterans and their families navigate the disability bureaucracy has not lived up to expectations and may have simply created another layer of bureaucracy. Both DoD and VA have care coordinators resulting in duplication of efforts.

ACCESS TO VA CARE

FRA appreciates the lifting of the “temporary” 2003 ban on enrolling Priority Group 8 veterans, and is encouraged that the VA opened enrollment for some of these beneficiaries. The ban significantly limited access to care and more than 260,000 veterans have been impacted by the policy. Our Nation made a commitment to all veterans for their service and limiting enrollment conveys the wrong message to our service personnel currently serving in Iraq and Afghanistan and those who have served in the past.

Expanding access to VA Hospitals and Clinics for TRICARE Prime beneficiaries is important and FRA supports funding to expand DoD/VA joint facilities demonstration projects such as combining the VA Hospital and the Naval Hospital at Great Lakes Naval Base, Illinois, and ensuring that military retirees are not required to pay beyond TRICARE fees for care in VA facilities. (Currently 151 of the 153 VA medical centers accept TRICARE Prime beneficiaries.)

MEDICARE SUBVENTION

FRA believes authorization of Medicare subvention for eligible veterans would improve access for Medicare-eligible veterans and enhance health care funding for the Department of Veterans Affairs (VA). Under current law, VA hospitals are not reimbursed for care provided to Medicare-eligible veterans who must choose between receiving veterans-centric specialized care at a VA hospital without benefiting from Medicare coverage and reimbursement to the facility, or seeing an outside Medicare provider his/her office or at a non-VA hospital.

MILITARY CONSTRUCTION

FRA understands that the FY 2012 military construction budget request is significantly less when compared to the past four years due to declining needs of Base Realignment and Closure (BRAC). The Association also notes and supports funding for military schools to improve conditions at 15 schools. FRA also appreciates the funding (\$1.1 billion) for the construction of 16 hospitals and clinics and \$1.7 billion to fund construction, operation and maintenance of family housing in FY 2012.

The Navy will add 7,000 new child care spaces, reducing waiting time to three months for access to military child care facilities and the Marine Corps increased child care capabilities from 64 to 73 percent of USMC families, with a projection to meet a goal of 80 percent by FY 2012. The Navy and Marine Corps child care programs are highly valued benefits for military families and are a critical element in maintaining adequate retention numbers. The Navy has also made significant progress in improving bachelor housing with its Homeport Ashore program that, after repeated delays, is now scheduled to eliminate substandard bachelor housing by 2016. The Marine Corps will focus on improving existing family housing and is also requesting \$59 million for additional family housing. It is often said that the individual enlists but it's the family that re-enlists.

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ARFH

FRA appreciates support for funding to rebuild the Armed Forces Retirement Home in Gulfport, Miss. Many FRA members, who were residents at the Home were forced to relocate due to damage caused by Hurricane Katrina in 2005, have returned home to a new facility that re-opened last October. FRA thanks this distinguished Subcommittee for its supporting this important project.

CONCLUSION

Mister Chairman, FRA sincerely appreciates all that you and members of your distinguished Subcommittee – and your outstanding staff do to support our magnificent service members and veterans. Thanks again for the opportunity to present the Association’s recommendations for your consideration.

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