

**MILITARY CONSTRUCTION AND VETERANS  
AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2014**

THURSDAY, MAY 9, 2013

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

The subcommittee met at 2:30 p.m., in room SD-124, Dirksen Senate Office Building, Hon. Tim Johnson (chairman) presiding.  
Present: Senators Johnson, Udall, Begich, Kirk, and Collins.

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY OF DEFENSE

STATEMENTS OF:

**HON. ROBERT F. HALE, UNDER SECRETARY OF DEFENSE (COMPTROLLER) AND CHIEF FINANCIAL OFFICER**  
**JOHN CONGER, ACTING DEPUTY UNDER SECRETARY OF DEFENSE (INSTALLATIONS AND ENVIRONMENT)**

OPENING STATEMENT OF SENATOR TIM JOHNSON

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

We meet today to discuss the President's fiscal year 2014 budget request for military construction (MILCON) and family housing for the Department of Defense (DOD) and the Navy.

We will have two panels today. Our first panel includes Mr. Robert Hale, Under Secretary of Defense, Comptroller; and Mr. John Conger, Acting Deputy Under Secretary of Defense for Installations and Environment. We welcome you both to this hearing, and we look forward to your testimony.

The President's fiscal year 2014 budget request for MILCON and family housing is \$11 billion, which is on par with the fiscal year 2013 request and reflects the continued fiscal constraints under which DOD is operating.

I understand the fiscal reality, but I hope that military construction accounts are not being starved to feed operational priorities, as important as those programs are. Our troops stationed around the world live, work, and train on U.S. military bases. Many families live in military family housing, are treated at military clinics and hospitals, and in some areas, send their kids to on-base military schools. At a time of unrelenting wartime pressure on our troops and their families, we simply cannot afford to short-change

them when it comes to providing state-of-the-art training and operational facilities and safe and convenient housing.

I am very concerned about the impact of the sequester on the fiscal year 2013 MILCON program, and potentially on the fiscal year 2014 program. I understand that the Office of Management and Budget (OMB) is still calculating the impact on specific fiscal year 2013 MILCON projects, which is continuing to cause delays in executing the projects. We are now more than halfway through the fiscal year, and I hope OMB guidance will be forthcoming soon.

I am also concerned about the potential impact of a sequester on the fiscal year 2014 MILCON program. The Office of the Secretary of Defense (OSD) and the services may have the resources now to make up funding shortfalls in projects by backfilling them with bid savings. But as the MILCON program continues to shrink, bid savings are likely to shrink as well. I hope OSD has a plan B for executing the fiscal year 2014 MILCON program under a sequester.

Secretary Hale and Mr. Conger, I look forward to discussing these and other issues with you. Mr. Secretary, I know you have worked tirelessly to manage and mitigate the impact of sequestration on the Defense Department, including the troops on the ground and the army of civilians that come to work every day to support the defense of our Nation. We thank you for your service.

I now ask my ranking member for any opening remarks he cares to make.

Senator Kirk.

#### STATEMENT OF SENATOR MARK KIRK

Senator KIRK. Thank you, Mr. Chairman.

A quick overview. I want to talk about three things, which are a request for a background and overseas bases consolidation, and I will just note on the Base Realignment and Closure (BRAC) 2005 it was estimated to cost \$13 billion, and it cost \$35 billion. Only in the Government could a base closing exercise end up over-running its budget.

I will say I think if we are to discuss any kind of a BRAC, we need to complete the overseas base consolidation plan of DOD to make sure that we have looked at everything overseas and we don't launch into the BRAC, which affects many local economies.

Mr. Chairman, Thank you. That's it.

Senator JOHNSON. Thank you, Senator Kirk.

I will remind our witnesses that their prepared statements will be placed in the record, so I encourage you to summarize your remarks.

Secretary Hale, please proceed.

#### SUMMARY STATEMENT OF HON. ROBERT F. HALE

Mr. HALE. Mr. Chairman, Senator Kirk, Senator Collins, thank you for the chance to be here today to discuss the MILCON and family housing request. Your support is critical to our required infrastructure. I will summarize my statement briefly.

Let me first turn to a very brief overview of our defense budget as a whole for context. We are requesting \$526.6 billion in discretionary budget authority, which is about the same as our 2013 request, but about 8 percent higher than we are executing right now

in 2013 under sequestration. Beyond 2014, if we are able to carry out the President's plan, we would anticipate increases of about 2 percent a year, roughly enough to keep up with inflation.

Our overall budget request represents the amount the President and the Secretary of Defense believe is needed to protect our national security interests in a time of very complex challenges. Our request does not take into account a possible \$52 billion reduction if sequester becomes an annual event. However, the President has submitted a budget with a balanced deficit reduction plan of \$1.8 trillion over 10 years, more than enough to meet the targets in the Budget Control Act. We strongly hope the Congress will pass this plan or another plan supported by President and repeal sequestration.

Our proposed base budget was built on a number of guiding principles, in particular the need to continue to serve as good stewards of taxpayer dollars. Accordingly, the budget includes \$5.5 billion in fiscal year 2014 in efficiency savings, \$34 billion over the 5-year period of 2014 through 2018. That is in addition to several other efficiency packages we have submitted over the last year; and, of course, the plan, the proposal last year for \$487 billion in DOD topline reductions over a decade.

In an effort to be good stewards, we are proposing many initiatives, ranging from healthcare to weapons terminations, but let me emphasize one that I know is of interest and probably of concern. We need to consolidate and reduce infrastructure. The only effective way to do that is for Congress to authorize a new round of base realignment and closure, so we ask for a round in 2015.

BRAC saves money. Let me say that again: BRAC saves money. We are saving \$12 billion a year from the past BRAC rounds. I would hate to think what I would be doing right now as Comptroller of the Department of Defense, especially in this environment, if I had to find another \$12 billion of savings in the fiscal 2014 budget.

And I might add I understand the concerns about 2005, and we will discuss it. We do not intend to repeat the experience of 2005. It was a move-around BRAC. This is going to be a close-the-bases BRAC. It will be a lot less expensive and save money much more quickly.

We need your support so we can make further cuts in infrastructure in 2015 and hold down the amount of dollars the American taxpayer has to give us to meet our national security needs.

Seeking to be good stewards of the public funds is just one of the themes in the budget. We also are seeking to strengthen our alignment to the President's defense strategy that was announced last year. We also seek a ready force with an emphasis on people. But, frankly, sequestration is seriously undermining both of those goals.

Let me turn briefly to military construction for 2014. We are requesting \$9.5 billion in that category, roughly equal to the President's request of \$9.6 billion in 2013, and \$11 billion, as you said, Mr. Chairman, in family housing. On the MILCON side, we request \$3.3 billion for operational training facilities, \$0.9 billion to modernize medical facilities, 17 dependent school projects, and many others. In addition, we are asking for \$1.5 billion in family housing, in order to provide quality, affordable housing for our

military families. My colleague, John Conger, can provide more details on our MILCON and family housing requests.

In very brief terms, that is an overview of our 2014 budget. Let me close with a few words about the impact of sequestration on military construction in the current year. We are still researching the specific impacts, but we know most of them.

Most of the military construction accounts will not experience sequester-related cuts in 2013 because of special crediting provisions in the current law that apply when Congress enacts major cuts in an appropriation. The law says if the cuts are big enough, there is no further sequestration.

For the construction accounts that are affected, which are mainly Navy and Defense-wide, we believe we can absorb most of the sequestration reductions with available bid savings. We don't intend to reduce the scope of any construction projects, at least as of now. We don't believe that will be necessary, and we plan to minimize the number of canceled projects as a result of sequestration. We will have to do a larger than normal number of reprogrammings, which will add to our workload, and also to yours.

I should add that while sequestration and related problems do not affect most military construction projects, they are devastating military readiness. I just can't believe what we are doing to the military right now. I don't think any of us meant to do this. Moreover, facility sustainment and restoration and modernization projects, which I know are of interest to this subcommittee, are being cut severely in fiscal 2013. We are essentially funding only down to safety, life and property projects for the rest of the year. Overall, I think sequestration is living up to its unfortunate reputation for imposing devastating effects on our military.

#### PREPARED STATEMENT

Mr. Chairman, that concludes my opening statement. On behalf of the men and women who wear America's uniform and the civilians who support them, I want to thank you for your support. After Mr. Conger finishes, I will welcome your questions.

[The statement follows:]

#### PREPARED STATEMENT OF HON. ROBERT F. HALE

Mr. Chairman, members of the subcommittee, thank you for the opportunity to discuss the Military Construction and Family Housing portion of the fiscal year 2014 budget for the Department of Defense.

This subcommittee's support is essential if America's Armed Forces are to have the infrastructure and facilities needed to carry out their missions and to continue ensuring the security of the United States.

Before I discuss the Military Construction and Family Housing request, I would like to set the stage with a brief summary of the President's budget for the entire Department of Defense.

#### BASE BUDGET REQUEST

For fiscal year 2014 the Department is requesting \$526.6 billion in discretionary budget authority. That is about 8 percent higher than what we are executing in fiscal year 2013 under the impact of sequestration, but it is similar to the level of funding in our fiscal year 2013 budget request. In the years beyond 2014, we anticipate budgets that will increase by about 2 percent per year, roughly enough to keep pace with inflation.

I would make two broad points regarding our request for fiscal year 2014. First, our overall budget is consistent with the adjusted provisions of title I of the 2011

Budget Control Act (BCA). However, it does not take into account what could be a \$52 billion reduction if the BCA remains unchanged and these reductions become an annual event. The President has submitted a budget that calls for a balanced deficit reduction of \$1.8 trillion over the 10-year period. We hope that Congress will enact this deficit reduction plan, or an alternative that the President can sign, and then repeal sequestration.

Second, our budget does not yet include a request for Overseas Contingency Operations (OCO) funding. In order to give our commanders time to make the best judgments about the drawdown of troop levels in Afghanistan, the President did not announce force level decisions until mid-February, and even then he did so only for the period through February 2014. Since those force level decisions were made, we have been working on completing the OCO budget, and we hope to deliver it to Congress this month.

In short, the request we submitted last month for \$526.6 billion represents the base budget for the Department. It was developed with a number of fundamental principles in mind.

#### STEWARDSHIP

The first of these principles is to continue to serve as good stewards of taxpayer dollars. We recognize that, in a time of uncertainty when the Nation is beset by economic problems, we need to do our part and stretch Defense dollars. Consequently, we have proposed a budget that includes \$5.5 billion in efficiency savings next year and about \$34 billion in the 5 years from 2014 through 2018. Keep in mind that this is on top of the belt-tightening that the Department has gone through in recent years, including a budget plan in fiscal year 2013 that reduced the Department's topline by \$487 billion over a decade.

As part of this ongoing commitment to good stewardship, we are asking Congress for authority for a new round of Base Realignment and Closure, better known as BRAC. It is not appropriate to identify specific facilities to be closed until this process has been completed, but we are patterning the effort after the rounds in 1993 and 1995. We know that BRAC, while it saves substantial sums in the long run, requires upfront funding. To pay related costs, we have added \$2.4 billion to the out-years of this budget in fiscal years 2016 through 2018.

We are also looking at a restructuring of the military healthcare system in order to address some significant underutilization in military treatment facilities. Our past efforts to control healthcare costs have met with some success, but we need to do more.

These two initiatives—BRAC and healthcare restructuring—are important for restructuring the civilian workforce. We anticipate a total civilian reduction of between 4 and 5 percent, or as many as 34,000 positions.

Other stewardship efforts in fiscal year 2014 also include initiatives to terminate or restructure additional weapons systems. Specifics include termination of the precision tracking satellite system in favor of additional research on interceptor capability, and restructuring the SM-3IIB missile system in favor of warhead improvements.

In addition, we are undertaking additional efforts to slow the growth in military compensation, while continuing to provide strong support for the All-Volunteer Force. The requested budget includes a modest slowing of the growth of military pay by implementing a 1-percent pay raise in fiscal year 2014, instead of the 1.8-percent increase authorized in law.

Our request also includes additional changes to the TRICARE program in the fiscal year 2014 budget to bring the beneficiary's cost-share closer to the levels envisioned when the program was implemented—particularly for working age retirees. This change in healthcare cost-share, along with our pay raise proposal, will save \$1.4 billion in 2014 and \$12.8 billion through fiscal year 2018, which helps the Department avoid cuts in end strength, or in training and modernization, beyond those already planned.

#### ALIGNING WITH STRATEGIC GUIDANCE

After efficiencies, our second guiding principle in developing the proposed budget is to implement and deepen program alignment with the President's new Strategic Guidance that was introduced last year. That strategy envisions a smaller, leaner force. As a result, we are continuing to draw down ground forces. By the end of fiscal year 2014, we will be about two-thirds of the way toward an end strength target of 490,000 for the Army and 182,100 for the Marine Corps.

We also proposed a number of ship retirements last year in line with strategic needs. Congress rejected those proposals and provided funds to operate those ships

through 2014. However, because these are costly but lower priority vessels, we plan to retire the ships after fiscal year 2014. We did reach agreement with Congress on aircraft retirements, and we are moving ahead on those.

The President's strategy also involves a rebalance toward the Asia-Pacific region while sustaining a presence in the Middle East. Our proposed budget reflects these goals. We are moving our most capable forces forward—F-22s are now in Kadena and Okinawa and, by 2020, we'll have 60 percent of our Navy forces in the Pacific region. We are also working to expand access and cooperation in the region. That includes establishing a rotational Marine Corps presence in Australia and deploying ships to Singapore. We also envision a continued strong presence in the Middle East, aimed at providing stability in the region in part by deterring Iranian aggression.

Building alliances is a critical aspect of this strategy. We already have authority for the Global Security Contingency Fund (GSCF), a fund that DOD and the State Department can use jointly to aid allies. In fiscal year 2014, for the first time, we are asking for dedicated funding of \$75 million for the GSCF.

Alignment with the new Strategic Guidance also involves protecting and investing in new capabilities and technology to sustain our role as the world's preeminent military force. Highlights include investments in fiscal year 2014 in missile defense, upgrades to our carriers, enhanced long-range strike, a new tanker, the joint strike fighter, more and better precision-guided munitions, procurement of an additional *Virginia*-class submarine, and an increase in funds for cybersecurity.

#### SEEKING A READY FORCE

Besides stewardship and alignment with the President's Strategic Guidance, the Department's fiscal year 2014 budget request seeks to ensure and maintain a ready force. Over the last decade, our emphasis has been on counterinsurgency and counterterrorism. This budget emphasizes a return to full-spectrum operations and training across the Services.

For example, the marines are shifting from what has been almost exclusively a land mission to their historic specialty in amphibious expeditionary warfare. We also hope to invest more in steaming and flying hours, reversing the severe limitations imposed by the present sequestration. Special Operations Command will return to its earlier status as a global force rather than concentrating on Afghanistan.

Unfortunately, our efforts to seek a ready force are being undermined by sequestration and wartime budget shortfalls. The resulting large shortfalls in our operating accounts have driven us to cuts in training that are having devastating effects on military readiness. The Army, for example, has canceled seven combat training center rotations—ending this experience as a culminating training event for numerous units. As a result, by year's end many Army units will be below acceptable readiness levels. The Air Force has stopped flying at about one-third of its active combat-coded squadrons. This decision, and other reductions in flying hours, will limit the Service's ability to support combatant commanders. The Navy has cut back on deployments and also on training. All the Services have cut fiscal year 2013 maintenance funding, which will adversely affect future readiness.

These unfortunate decisions not only seriously damage readiness in fiscal year 2013. They will also damage military capability beyond this fiscal year.

#### PEOPLE ARE CENTRAL

The fiscal year 2014 budget also seeks to maintain a vital emphasis on people in Defense. That is the fourth principle behind our budget request. It means, for example, that the Department continues to ensure that our budget in fiscal year 2014 reflects our commitment and support for wounded warriors and military families.

As with readiness, our goal to make people central is being undermined by the budgetary chaos in fiscal year 2013. Our civilians, who have suffered numerous pay freezes, may now face furloughs. Secretary Hagel is currently evaluating whether DOD should impose furloughs. Even our military personnel, whose funding is exempt from sequestration, are being hurt by resulting budget cuts because some can no longer train and stay ready to protect our Nation's security—which is one reason they joined the military. Indeed, today's sequestration problem may become tomorrow's retention problem.

#### MILITARY CONSTRUCTION AND FAMILY HOUSING

Mr. Chairman, that provides a brief summary of our proposed budget for 2014 and the basis for the proposal. It also provides a context for the Military Construction request that we are here to discuss today.

For fiscal year 2014, we are asking \$9.5 billion for Military Construction, which is roughly equal to the President's request of \$9.6 billion for fiscal year 2013. Our current request will provide \$3.3 billion to support operational and training facilities, \$0.9 billion to modernize medical facilities, and \$0.8 billion for 17 Dependents Schools projects. The request also includes \$1.3 billion for maintenance and production facilities and \$0.5 billion for BRAC-related expenses, primarily to cover environmental and caretaker costs for property not yet conveyed. The remaining \$2.7 billion of the request provides for research and development, supply, administrative and utility facilities, troop housing, the NATO Security Investment Program, the Energy Conservation Investment Program, minor construction and planning and design.

In addition, we are asking for \$1.5 billion for the Family Housing program, which will help to provide and maintain quality, affordable housing for military personnel and their families in locations that lack adequate rental housing.

#### SELECTED ISSUES

Let me turn to several specific issues, starting with the effects of sequestration on Military Construction funding in fiscal year 2013. Many Military Construction accounts will not experience sequestration cuts because of crediting provisions in the current law. Our initial assessment is that, for those accounts that are cut by sequestration, we can absorb most of the sequestration with available bid savings. Emphasis will be placed on completing on-going construction projects (including incrementally funded projects). We do not intend to reduce the scope of any construction projects. Our plan is to minimize the number of projects deferred or canceled as a result of sequestration. However, since sequestration of affected accounts affects projects with unobligated balances, a large number of reprogramming actions will likely be required to execute the projects. Managing sequestration at the project level has been very difficult and will cost the Department many man hours to manage and implement.

Turning to the fiscal year 2014 request, I want to highlight the importance of our request for funding in support of Global Defense Posture initiatives. In addition to the \$1.4 billion investment planned for overseas military facility investments, we are asking for another \$0.5 billion to continue strengthening forward capabilities and to ensure support for allies. Included are funds:

- To continue working with Japan to achieve an end state Marine presence in Okinawa consistent with the April 2012 joint statement on planned force posture;
- To enhance the ability of forces in the Asia-Pacific region to survive in potential future conflicts;
- For CV-22 support facilities in the United Kingdom; and
- For continued construction of AEGIS Ashore mission facilities in Romania.

In the Asia-Pacific region, investment is needed to establish a more enduring U.S. role in advancing security and prosperity in the region. This includes funds for the development of Guam as a strategic hub in the Western Pacific and to relocate marines from Okinawa. These initiatives are particularly important because of our strategic goal to rebalance our forces toward the Asia-Pacific region.

I also want to highlight our efforts to reduce overseas infrastructure. For years we have been pursuing an aggressive program. Since 2003, the Department has returned more than 100 sites in Europe to their respective host nations, and we have reduced our personnel by one-third. The Army plans to close 33 additional sites between fiscal year 2013 and fiscal year 2016, including those associated with the announced decision to reduce our presence from four to two brigade combat teams.

Still, given recent announcements to further reduce our forces in Europe, we decided it was appropriate to build on our past successes in BRAC and use a similar approach to review our European infrastructure. We have initiated a comprehensive infrastructure analysis effort that will identify potential closures and consolidations. We are developing business case analyses for this task, taking into consideration operational impacts, return on investment, and military value. By the end of this year, we plan to produce a fully vetted list of options from which the Secretary can make strategic investment decisions.

As we reduce our footprint overseas, we also need to consolidate infrastructure in the United States. The only effective and fair way to do that is BRAC. And, contrary to some assertions, BRAC does save money. Today we are saving \$12 billion every year because of changes made during past BRAC rounds. We need to consolidate infrastructure now, and that statement will be even more true if Congress decides to continue cuts in defense funding. We must have your help to permit us to make cuts in infrastructure so that we can maintain a fighting force that is ready and modern. In short, we need your support for a BRAC round in 2015.

## CONCLUSION

In conclusion, I believe that the fiscal year 2014 budget request is appropriate given the needs of the Armed Forces and the current fiscal reality. In particular, the budget supports a reasonable Military Construction and Family Housing program. We seek your support for our request. We also ask your help, and the help of others in Congress, to take actions to repeal sequestration and end its mindless and disastrous effects on our military forces.

Mr. Chairman, members of the subcommittee, thank you again for your support for the Department of Defense and especially the men and women who wear America's uniform as well as the civilians who support them. That concludes my statement. I welcome your questions.

Senator JOHNSON. Thank you, Mr. Secretary.  
Mr. Conger.

## STATEMENT OF JOHN CONGER

Mr. CONGER. Thank you, Mr. Chairman. Chairman Johnson, Ranking Member Kirk, Senator Collins, I appreciate the opportunity to appear before you to discuss the Department's fiscal year 2014 budget request for installations and environment. The testimony that I have submitted for the record describes the \$11 billion that we are requesting for military construction, the \$10.9 billion more that we are investing in sustaining and restoring our facilities, and the \$3.8 billion that we are seeking for environmental compliance and cleanup.

As Mr. Hale mentioned, these numbers are not significantly lower than those we requested in fiscal year 2013 and, in fact, they represent a slight increase from what was appropriated this year. That's because the President's budget request replaces the across-the-board sequester cuts, as Mr. Hale mentioned. The fiscal year 2014 budget request allows us to continue a prudent investment in our infrastructure.

I did want to mention two quick points in my opening statement. First, I wanted to talk a little bit more about the sequestration impact not to military construction, where the impact will be minor, but on facilities sustainment and restoration accounts. Because operation and maintenance (O&M) dollars or more discretionary and thus more flexible, the operational accounts were given more protection and facilities sustainment was cut more deeply to make up the difference. In fiscal year 2013, we are deferring all but the most critical repairs, we are deferring routine maintenance, we are holding off on major purchases and accepting risk by looking for building equipment to hold out longer.

Frankly, we can accommodate this for a short period of time, but facilities will break if we short-change these accounts for multiple years. Building systems will begin to fail. The cost to repair broken systems is much higher than that to maintain them, just like changing the oil in your car. Keep in mind, this car is actually a real property portfolio of more than 500,000 facilities and a plant replacement value of more than \$800 billion. If we don't invest in keeping it up, it will deteriorate and we will end up with a steady increase in failing or unusable facilities.

Finally, let me say a word or two about BRAC. As you know, the administration is requesting a BRAC round in 2015. The Department is facing a serious problem created by the tension caused by constrained budgets, reductions in force structure, and limited

flexibility to adapt to the first two. We need to find a way to strike the right balance so infrastructure does not drain too many resources from the warfighter.

Without question, installations are critical components of our ability to fight and win wars, whether that installation is a forward operating location or a training center in the United States. Our warfighters can't do their jobs without bases from which to fight, on which to train, or in which to live when they are not deployed.

However, we need to be cognizant of the fact that maintaining more infrastructure than we need taxes other resources that the warfighter needs as well, from depot maintenance to training to bullets and bombs. We are continually looking for ways to reduce the cost of doing business, from looking for ways to reduce the cost of military construction to investing in energy efficiency that pays us back in lower operating costs. BRAC is another very clear way for us to reduce the infrastructure costs to the Department, and the previous five rounds of BRAC are providing us with the recurring savings of \$12 million that Mr. Hale mentioned. These savings come from the elimination of excess, so they don't result in decreased capability.

I am well aware of the skepticism that many in Congress have about the need for BRAC, and that seems to be based on the fact that we spent more than originally advertised during the 2005 round. To be clear, BRAC 2015 will not look like BRAC 2005. BRAC 2005 was conducted, one, while force structure was growing; two, while budgets were growing; and three, under leadership that directed the use of that authority to accomplish transformative change, not just the elimination of excess.

Let me talk about that last point for just a second. Keep in mind that under the law, the only way to move functions of any significant size from base to base, simply to manage them, is through BRAC. In BRAC 2005, 33 out of the 222 recommendations had no recurring savings. There were 70 more recommendations that took over 7 years to pay back. This wasn't a mistake. It was a conscious choice to use BRAC authority to better manage the enterprise. But even with BRAC 2005 significant expenditure on transformation, it's generating \$4 billion in recurring savings. With no more investment in BRAC 2005, we're going to save those \$4 billion a year in perpetuity.

Today's situation is dramatically different than 2005. The force structure is shrinking, the budget is shrinking, and we are firmly focused on reducing our future costs. That description characterizes the first four rounds of BRAC as well. Frankly, it also characterizes the other one-half of the recommendations that have fast payback from the 2005 round. The 119 recommendations that did have fast payback from the 2005 round cost us \$6 billion and paid back \$3 billion of the \$4 billion in recurring savings. So there were savings that occurred in the 2005 round.

#### PREPARED STATEMENT

That concludes my opening statement. I appreciate the opportunity to testify this afternoon. It is a pleasure to be here, and I look forward to your questions.

[The statement follows:]

## PREPARED STATEMENT OF JOHN CONGER

## INTRODUCTION

Chairman Johnson, Ranking Member Kirk and distinguished members of the subcommittee: Thank you for the opportunity to present the President's fiscal year 2014 budget request for the Department of Defense programs supporting installations, facilities energy and the environment.

It would be an understatement to say these are challenging times for the DOD budget. The impact of sequestration on our installations budgets in fiscal year 2013, combined with the uncertain budget context it poses for the next decade, requires us to change the way we think about our installations and the funds we will allocate to maintain them. We are still evaluating the impact the fiscal year 2013 cuts have had and will have on our various installations accounts, but we must consider every day how we can drive efficiencies and do more with less.

While budgets are constrained and force structure shrinks, our infrastructure is being held constant. Our portfolio of approximately 550,000 buildings and structures, 2.3 billion square feet, and a replacement value of \$848 billion will be recapitalized and maintained in fiscal year 2014 through our request of \$11 billion for military construction and family housing and \$10.85 billion in Operations and Maintenance (O&M) for sustainment, restoration and modernization.

This budget request represents a prudent investment in recapitalizing and maintaining our facilities. Installations are critical components of our ability to fight and win wars. Whether that installation is a forward operating location or a training center in the United States, our warfighters cannot do their job without bases from which to fight, on which to train, or in which to live when they are not deployed. The bottom line is that installations support our military readiness, and we must ensure they continue to do so.

Moreover, the environment in which our forces and their families live has an impact on their ability to do their job, and the Department's ability to retain those troops. Quality of life—to include not only the physical condition of the facilities in which our servicemen and servicewomen and their families live and work, but whether or not there is a safe, healthy environment around and within those facilities—is also critical to the readiness of the force. This request reflects that priority.

Still, while we prioritize readiness and protect quality of life, we must be constantly seeking efficiencies in the budget. We are exploring ways to lower the cost of military construction as well as the cost of operating our facilities into the future. We are also cognizant that maintaining more infrastructure than we need taxes other resources that the warfighter needs—from depot maintenance to training to bullets and bombs. That is why the President's budget request for fiscal year 2014 also requests authority to conduct a round of Base Realignment and Closure (BRAC) in 2015.

My testimony will outline the fiscal year 2014 budget request and highlight a handful of top priority issues—namely, the administration's request for BRAC authority, European consolidation efforts, status of the plan to move marines from Okinawa to Guam, an overview of our energy programs, and the request to renew or expand our land withdrawals at several critical installations.

## FISCAL YEAR 2014 BUDGET REQUEST—MILITARY CONSTRUCTION AND FAMILY HOUSING

The President's fiscal year 2014 Military Construction (MILCON) and Family Housing appropriation request totals \$11.0 billion, a decrease of approximately \$211.1 million from the fiscal year 2013 budget request. Our MILCON and Family Housing budget will allow the Department to respond rapidly to warfighter requirements, enhance mission readiness, and provide essential services for its personnel and their families, while better balancing available resources and our security needs.

TABLE 1.—MILCON AND FAMILY HOUSING BUDGET REQUEST, FISCAL YEAR 2013 VS. FISCAL YEAR 2014

[Dollars in millions]

	Fiscal year 2013 request	Fiscal year 2014 request	Change from fiscal year 2013	
			Funding	Percent
Military Construction .....	\$8,540.7	\$8,505.3	\$(35.3)	(0.4)%
Base Realignment and Closure .....	476.0	451.4	(24.7)	(5.2)
Family Housing .....	1,650.8	1,542.7	(108.0)	(6.5)

TABLE 1.—MILCON AND FAMILY HOUSING BUDGET REQUEST, FISCAL YEAR 2013 VS. FISCAL YEAR 2014—Continued  
 [Dollars in millions]

	Fiscal year 2013 request	Fiscal year 2014 request	Change from fiscal year 2013	
			Funding	Percent
Chemical Demilitarization .....	151.0	122.5	(28.5)	(18.9)
Energy Conservation Investment Program .....	150.0	150.0	.....	.....
NATO Security Investment Program .....	254.2	239.7	(14.5)	(5.7)
<b>Total .....</b>	<b>11,222.7</b>	<b>11,011.6</b>	<b>(211.7)</b>	<b>(1.9)</b>

Numbers may not add due to rounding.

#### MILITARY CONSTRUCTION (MILCON)

We are requesting \$9.0 billion for military construction (Military Construction, Chemical Demilitarization, Energy Conservation Investment Program and NATO Security Investment Program). This request addresses routine needs for construction at enduring installations stateside and overseas, and for specific programs such as the NATO Security Investment Program and the Energy Conservation Investment Program. In addition, we are targeting MILCON investments in three key areas:

First and foremost, our MILCON request supports the Department's operational missions. MILCON is key to initiatives such as the Nuclear Weapon Security Deviation Elimination Initiative and the Army Stationing Initiative, as well as the President's timeline for the European Phased Adaptive Approach (EPAA), and for projects that support enhanced homeland defense capabilities. Our fiscal year 2014 budget includes \$3.26 billion to support operations and training requirements, including: range and training facilities for ground forces at several Army and USMC installations; a third increment of the Naval Explosives Handling Wharf at Kitsap, Washington; Air Force infrastructure to bed-down the initial delivery of the KC-46A tankers; communications facilities in California and Japan to support operations in the Pacific region; and training and support facilities for Special Operations Forces.

Second, our fiscal year 2014 budget request includes \$797.8 million to replace or modernize 17 DOD Education Activity (DODEA) schools that are in poor or failing physical condition. These projects, most of which are at enduring locations overseas, support the Department's plan to replace or recapitalize more than half of DODEA's 194 schools over the next several years. The recapitalized or renovated facilities, intended to be models of sustainability, will provide a modern teaching environment for the children of our military members.

Third, the fiscal year 2014 budget request includes \$1.2 billion for 11 projects to upgrade our medical infrastructure, including \$151.5 million for the third increment of funding to replace the Landstuhl Regional Medical Center at the Rhine Ordnance Barracks in Germany, a critical facility supporting our wounded warriors. Our budget addresses medical infrastructure projects that directly impact patient care, and enhance our efforts to recruit and retain personnel. These projects are crucial for ensuring that we can deliver the quality healthcare our servicemembers and their families deserve, especially during overseas tours.

#### FAMILY HOUSING AND UNACCOMPANIED HOUSING

A principal priority of the Department is to support military personnel and their families and improve their quality of life by ensuring access to suitable, affordable housing. Servicemembers are engaged in the front lines of protecting our national security and they deserve the best possible living and working conditions. Sustaining the quality of life of our people is crucial to recruitment, retention, readiness, and morale.

Our \$11.0 billion MILCON request includes \$1.5 billion to fund construction, operation, and maintenance of Government-owned family housing worldwide. Most Government-owned family housing is on enduring bases in foreign countries, since the Department has privatized the vast majority of its family housing in the continental United States. The requested funding will ensure that we can continue to provide quality, affordable housing to U.S. military personnel and their families.

The Department is committed to improving housing for our unaccompanied personnel as well. In recent years, we have invested heavily in unaccompanied personnel housing to support initiatives such as BRAC, global re-stationing, force structure modernization and Homeport Ashore—a Navy program to move sailors from

their ships to shore-based housing when they are at their homeport. The fiscal year 2014 MILCON budget request includes \$423 million for 11 construction and renovation projects that will improve living conditions for more than 2,000 unaccompanied personnel.

The Services rely largely on privatization to provide family housing on U.S. installations. As you've heard from my predecessors, privatization of family housing—where the Services partner with the private sector to generate housing built to market standards—is the single most effective reform my office has carried out. Prior to privatization, the Services' chronic underinvestment in their facilities had created a crisis, with almost 200,000 of the Department's family housing units rated "inadequate." Privatization leverages the power of the commercial market to serve our needs. With an investment of approximately \$3.6 billion, the Services have generated \$29.7 billion in construction to build new and renovate existing family housing units. The Services also transferred responsibility for maintenance, operation and recapitalization for 50 years to private entities that have an incentive to maintain the housing so as to attract and retain military tenants.

TABLE 2.—FAMILY HOUSING BUDGET REQUEST, FISCAL YEAR 2013 VS. FISCAL YEAR 2014  
(Dollars in millions)

	Fiscal year 2013 request	Fiscal year 2014 request	Change from fiscal year 2013	
			Funding	Percent
Family Housing Construction/Improvements .....	\$190.6	\$193.8	\$3.1	1.6%
Family Housing Operations & Maintenance .....	1,458.3	1,347.2	(111.2)	(7.6)
Family Housing Improvement Fund .....	1.8	1.8	.....	(0.3)
<b>Total .....</b>	<b>1,650.8</b>	<b>1,542.7</b>	<b>(108.1)</b>	<b>(6.5)</b>

Numbers may not add due to rounding.

#### FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION (FSRM)

In addition to investing in new construction, we must maintain, repair, and recapitalize our existing facilities. The Department's Sustainment and Recapitalization programs strive to keep our inventory of facilities mission capable and in good working order. Facility recapitalization is the funding that is used to improve a facility's condition through repair (restoration and modernization) or replacement (military construction (MILCON)). Sustainment represents the Department's single most important investment in the health of its facilities. It includes regularly scheduled maintenance and repair or replacement of facility components—the periodic, predictable investments an owner should make across the service life of a facility to slow its deterioration and optimize the owner's investment. Sustainment prevents deterioration, maintains safety, and preserves performance over the life of a facility, and helps improve the productivity and quality of life of our personnel.

For fiscal year 2014, the Department's Operations and Maintenance (O&M) request for Facility Sustainment, Restoration and Modernization (FSRM) includes \$8.0 billion for sustainment, \$2.7 billion for restoration and modernization (recapitalization), and \$145 million for demolition. The total FSRM O&M funding (\$10.85 billion) reflects a 0.3-percent increase from the fiscal year 2013 President's budget (PB) request (\$10.81 billion). While the Department's goal is to fund sustainment at 90 percent of modeled requirements, due to budget challenges, the Army, Navy, and Air Force have taken risk in maintaining and recapitalizing existing facilities. These Services continue to budget to fund sustainment at between 80 percent and 85 percent of the modeled requirement, whereas the Marine Corps and most Defense Agencies achieve or exceed the 90 percent goal.

Continued deferred sustainment of existing facilities will present the Department with larger bills in the outyears to replace facilities that deteriorate prematurely due to underfunding.

TABLE 3.—FACILITY SUSTAINMENT, RESTORATION AND MODERNIZATION BUDGET REQUEST, FISCAL YEAR 2013 VS. FISCAL YEAR 2014

[Dollars in millions]

	Fiscal year 2013 request	Fiscal year 2014 request	Change from fiscal year 2013	
			Funding	Percent
Sustainment .....	\$7,895.0	\$8,040.0	\$145.0	1.8
Restoration and Modernization .....	2,794.0	2,666.0	(128.0)	(4.6)
Demolition .....	125.0	145.0	20.0	16.0
<b>Total FSRM .....</b>	<b>10,814.0</b>	<b>10,851.0</b>	<b>37.0</b>	<b>0.3</b>

Our fiscal year 2014 budget also includes \$2.7 billion in O&M funds for recapitalization, reflecting a decrease of 4.6 percent from the fiscal year 2013 PB request. This decrease largely results from the Services' decision to defer renovations at locations that may be impacted by changes in force structure. This constrained funding follows significant reductions in energy conservation investments from Sequestration reductions in fiscal year 2013, which will make achievement of DOD's statutory energy intensity goals impossible to attain for the foreseeable future.

A final category of investment is demolition, which allows the Services to eliminate facilities that are excess to need or no longer cost-effective to operate. Our fiscal year 2014 budget request includes \$145 million in operations and maintenance funding, a net increase of \$20 million (16 percent) over the fiscal year 2013 request. This funding will allow us to demolish approximately 5 million square feet of facilities. Demolition is also accomplished as part of many of our military construction projects, and with both sources of funding, we anticipate eliminating over 62 million square feet of space between fiscal year 2008 and fiscal year 2014. Demolition is an important task in completing an asset's lifecycle. In most of cases, it removes eyesores and hazards from our installations and opens land for other uses.

#### ONGOING INITIATIVES TO REDUCE COSTS AND IMPROVE VALUE

Finally, I would like to mention several ongoing initiatives designed to improve the Department's management of our infrastructure.

*Clarifying Anti-Terrorism/Force Protection (AT) Standards.*—On December 7, 2012, the Deputy Secretary issued policy for DOD to begin using the antiterrorism standards developed by the Federal Interagency Security Committee (ISC) for DOD leased space in buildings, in lieu of continuing the use of DOD-developed standards. The revised policy will put DOD in line with other Federal agencies when determining security requirements for leased facilities, thereby promoting efficiencies with leasing arrangements through General Services Administration, particularly in buildings with multiple Federal tenants, as commonly found in urban areas. Additionally, because the ISC standards will allow DOD to better align organization missions to threats and risk mitigation, the Department can realize cost-savings through decreased relocation, rent, and retrofit costs. We will also be reviewing our on-base processes for applying antiterrorism standards to determine if the ISC or similar processes and standards are more appropriate given the vast spectrum of missions that occur on military installations.

*Improving Facility Assessments.*—In order to understand the effect of investments on our infrastructure, we need a reliable process for measuring the condition of those assets. Accurate and consistent Facility Condition Index (FCI) data, expressed in terms of the relationship between what it would cost to repair a facility to a like-new condition and what it would cost to replace that facility, are essential for leadership to make informed decisions that target scarce resources to those facilities in most need of recapitalization, or to identify those assets that should be demolished. The Department is developing policy to reinvigorate and standardize our inspection and reporting processes, to include qualified professionals conducting the inspections. To make the results of these inspections relevant, we intend on using the FCIs as a centerpiece for a new recapitalization program that better considers facility conditions when prioritizing asset investments.

*Improving Asset Investments Planning and Programming.*—Budgets associated with sustaining, renovating and modernizing DOD facilities are dropping at a disproportional rate compared to the size of our existing inventory. The facility investments made over the last decade, as a result of Grow the Forces, BRAC 2005, and Army Modularity initiatives, can easily be undermined with sharp reductions in future maintenance budgets. The Department is nearing completion on establishing

a facility recapitalization program that focuses on the use of FCIs, which makes having an accurate and consistent facility inspection program essential. The recapitalization program will contain elements that look broadly across DOD's facility inventory as well as target specific facilities that fall below a minimum FCI. The former element provides the DOD components with flexibility in prioritizing which assets best support their operational priorities and maintaining appropriate levels for quality of life. For assets that fall below an acceptable FCI, the DOD components will be charged with determining whether that asset should be repaired, replaced or demolished. The concept is to only retain and sustain those facilities that contribute to our military readiness and are in a condition that will not jeopardize life, health, and safety of DOD personnel, weapon systems, or equipment.

*Reducing the Federal Premium.*—My office continues to interact with industry and academia to explore innovation and efficiency in military construction projects, as part of our focus on Better Buying Power initiatives. We are completing a study on military construction unit costs compared with commercial unit costs for similar facilities. We are evaluating medical facilities, unaccompanied housing, administrative buildings, child care centers, and schools for differences in constructed features and costs, as well as other process-based differences and their impacts on costs. The insight gained from this study should allow us to identify potential cost-saving measures in DOD-based processes or requirements, as well as cost-saving opportunities in statutory requirements that we will work with Congress to address.

*Reducing Lifecycle Costs While Minimizing Impacts to First Costs.*—In March, the Department published its new construction standard (Unified Facilities Criteria), governing the construction of all new buildings and major renovations. The new standard incorporates the most cost-effective elements of consensus-based green building standards like those managed by the American Society of Heating Refrigeration and Air Conditioning Engineers (ASHRAE) to help accelerate DOD's move toward more efficient, sustainable facilities that cost less to own and operate. This new standard is consistent with recommendations made by the National Research Council following their evaluation of the cost-effectiveness of commercial green building standards and rating systems.

#### FISCAL YEAR 2014 BUDGET REQUEST—ENVIRONMENTAL PROGRAMS

The Department has long made it a priority to protect the environment on our installations, not only to preserve irreplaceable resources for future generations, but to ensure that we have the land, water and airspace we need to sustain military readiness. To achieve this objective, the Department has made a commitment to continuous improvement, pursuit of greater efficiency and adoption of new technology. In the President's fiscal year 2014 budget, we are requesting \$3.83 billion to continue the legacy of excellence in our environmental programs. While this is below the fiscal year 2013 request, the reduction reflects improved technologies and processes rather than any decline in effort.

The table below outlines the entirety of the DOD's environmental program, but I would like to highlight a few key elements where we are demonstrating significant progress—specifically, our environmental restoration program, our efforts to leverage technology to reduce the cost of cleanup, and the Readiness and Environmental Protection Initiative (REPI).

TABLE 4.—ENVIRONMENTAL PROGRAM BUDGET REQUEST, FISCAL YEAR 2014 VS. FISCAL YEAR 2013

[Dollars in millions]

	Fiscal year 2013 request	Fiscal year 2014 request	Change from fiscal year 2013	
			Funding	Percent
Environmental Restoration .....	\$1,424	\$1,303	−\$121	−8.5
Environmental Compliance .....	1,449	1,460	+11	+0.8
Environmental Conservation .....	378	363	−15	−4.0
Pollution Prevention .....	111	106	−5	−4.5
Environmental Technology .....	220	214	−6	−2.7
Legacy BRAC Environmental .....	318	379 <sup>1</sup>	−12	−3.1
BRAC 2005 Environmental .....	73	379 <sup>1</sup>	−12	−3.1
<b>TOTAL .....</b>	<b>3,974</b>	<b>3,826</b>	<b>−148</b>	<b>−3.7</b>

<sup>1</sup> BRAC accounts were combined in fiscal year 2013 NDAA.

## ENVIRONMENTAL RESTORATION

We are requesting \$1.7 billion to continue cleanup efforts at remaining Installation Restoration Program (IRP—focused on cleanup of hazardous substances, pollutants and contaminants) and Military Munitions Response Program (MMRP—focused on the removal of unexploded ordnance and discarded munitions) sites. This includes \$1.3 billion for “Environmental Restoration,” which encompasses active installations and Formerly Used Defense Sites (FUDS) locations and \$379 million for “BRAC Environmental.” DOD is making steady progress, moving sites through the cleanup process towards achieving program goals. While the fiscal year 2014 request for environmental restoration is down 8.5 percent, that reduction is because DOD has nearly finished investigating our sites and is bounding the problem.

TABLE 5.—PROGRESS TOWARD CLEANUP GOALS<sup>1</sup>

	Status as of the end of fiscal year 2012 (percent)	Projected status at the end of fiscal year 2018 (percent)	Projected status at the end of fiscal year 2021 (percent)
Army .....	88	97	98
Navy .....	72	89	95
Air Force .....	68	89	94
DLA .....	88	91	91
FUDS .....	75	90	94
Total .....	77	92	96

<sup>1</sup> Goal: Achieve Response Complete at 90 percent and 95 percent of active and BRAC IRP and MMRP sites, and FUDS IRP sites, by fiscal year 2018 and fiscal year 2021, respectively.

By the end of 2012, the Department, in cooperation with State agencies and the Environmental Protection Agency, completed cleanup activities at 77 percent of active and BRAC IRP and MMRP sites, and FUDS IRP sites, and is now monitoring the results. During fiscal year 2012 alone, the Department completed cleanup at over 900 sites. Of the more than 38,000 restoration sites, over 29,000 are now in monitoring status or cleanup completed. We are currently on track to exceed our program goals—anticipating complete cleanup at 96 percent of active and BRAC IRP and MMRP sites, and FUDS IRP sites, by the end of 2021.

Our focus remains on continuous improvement in the restoration program: minimizing overhead; developing new technologies to reduce cost and accelerate cleanup; and refining and standardizing our cost estimating. All of these initiatives help ensure that we make the best use of our available resources to complete cleanup.

Note in particular that we are cleaning up sites on our active installations in parallel with those on bases closed in previous BRAC rounds—cleanup is not something that DOD pursues only when a base is closed. In fact, the significant progress we have made over the last 20 years cleaning up contaminated sites on active DOD installations is expected to reduce the residual environmental liability.

## ENVIRONMENTAL TECHNOLOGY

A key part of DOD’s approach to meeting its environmental management obligations and improving its performance is its pursuit of advances in science and technology. The Department has a long record of success when it comes to developing innovative environmental technologies and getting them transferred out of the laboratory and into actual use on our remediation sites, installations, ranges, depots and other industrial facilities. These same technologies are also now widely used at non-Defense sites helping the Nation as a whole.

While the fiscal year 2014 budget request for Environmental Technology overall is \$214 million, our core efforts are conducted and coordinated through two key programs—the Strategic Environmental Research and Development Program (SERDP—focused on basic research) and the Environmental Security Technology Certification Program (ESTCP—which validates more mature technologies to transition them to widespread use). The fiscal year 2014 budget request includes \$72.3 million for SERDP and \$39.5 million for ESTCP for environmental technology demonstrations. (The budget request for ESTCP includes an additional \$32.0 million for energy technology demonstrations.)

These programs have already achieved demonstrable results and have the potential to reduce the environmental liability and costs of the Department—developing new ways of treating groundwater contamination, reducing the lifecycle costs of multiple weapons systems, and most recently, developing technology that allows us

to discriminate between hazardous unexploded ordnance and harmless scrap metal without digging up an object. This last development promises to reduce the liability of the MMRP program by billions of dollars and accelerate the current cleanup timelines for sites within the program—without it, we experience a 99.99-percent false positive rate and are compelled to dig up hundreds of thousands of harmless objects on every MMRP site. We are proceeding deliberately and extremely successfully with a testing and outreach program designed to validate the technology while ensuring cleanup contractors, State and Federal regulators, and local communities are comfortable with the new approach. We are already beginning to use this new tool at a few locations, but hope to achieve more widespread use within the next few years.

#### ENVIRONMENTAL CONSERVATION AND COMPATIBLE DEVELOPMENT

In order to maintain access to the land, water and airspace needed to support our mission needs, the Department continues to manage successfully the natural resources entrusted to us—including protection of the many threatened and endangered species found on our lands. DOD manages over 28 million acres containing some 420 federally listed threatened or endangered species, more than 520 species-at-risk, and many high-quality habitats. A surprising number of these species are endemic to military lands—that is, they are found nowhere else in the world—including more than 10 listed species and at least 75 species-at-risk.

While we make investments across our enterprise focused on threatened or endangered species, wetland protection, or protection of other natural, cultural and historical resources, I wanted to highlight one particularly successful and innovative program—the Readiness and Environmental Protection Initiative (REPI)—for which we are requesting \$50.6 million in fiscal year 2014.

REPI is a key tool for combating the encroachment that can limit or restrict military test and training. Under REPI, DOD partners with conservation organizations and State and local governments to preserve buffer land near installations and ranges. Preserving these areas allows DOD to avoid much more costly alternatives, such as workarounds, segmentation or investments to replace existing test and training capability, while securing habitat off of our installations and taking pressure off of the base to restrict activities. REPI supports the warfighter and protects the taxpayer because it multiplies the Department's investments with its unique cost-sharing agreements. Even in these difficult economic times for States, local governments and private land trusts, REPI partners continue to directly leverage the Department's investments one-to-one. In other words, we are securing this buffer around our installations for half-price.

In 10 years of the program, REPI partnerships have protected more than 270,000 acres of land around 64 installations in 24 States. This land protection has resulted in tangible benefits to test and training, and also significant contribution to biodiversity and endangered species recovery actions. For example, the U.S. Fish and Wildlife Service recently found it was not warranted to list a butterfly species as endangered in Washington State, citing the “high level of protection against further losses of habitat or populations” from Joint Base Lewis-McChord's REPI investment on private prairie lands in the region. In California, the U.S. Fish and Wildlife Service exempted Marine Corps Base Camp Pendleton populations of Riverside fair shrimp from critical habitat designation because of ongoing base management activities and also off-post buffer protection. Both of these actions allow significant maneuver areas to remain available and unconstrained for active and intense military use at both locations.

#### HIGHLIGHTED ISSUES

In addition to the budget request, there are several legislative requests and other initiatives that have received interest from Congress. In the sections that follow, I highlight five specific items of interest:

- Base realignment and closure;
- European basing consolidation;
- Rebasing of marines from Okinawa to Guam;
- DOD facilities energy programs; and
- Request for legislative land withdrawals.

#### *Base Realignment and Closure (BRAC)*

The administration is requesting authority from Congress to conduct a BRAC round in 2015.

The Department is facing a serious problem created by the tension caused by declining budgets, reductions in force structure, and limited flexibility to adapt our in-

infrastructure accordingly. We need to find a way to strike the right balance, so infrastructure does not drain resources from the warfighter. Without question, installations are critical components of our ability to fight and win wars. Whether that installation is a forward operating location or a training center in the United States, our warfighters can't do their job without bases from which to fight, on which to train, or in which to live when they are not deployed. However, we need to be cognizant that maintaining more infrastructure than we need taxes other resources that the warfighter needs—from depot maintenance to training to bullets and bombs.

While the primary function of BRAC is to match infrastructure to missions, it is also about trimming excess so that resources otherwise wasted on unnecessary facilities can be reapplied to higher priorities. Savings from BRAC are substantial. The first four rounds of BRAC (1988, 1991, 1993, and 1995) are producing a total of about \$8 billion in annual, recurring savings, and BRAC 2005 is producing an additional \$4 billion in annual, recurring savings. This \$12 billion total represents the savings that the Department realizes each and every year as a result of the avoided costs for base operating support, personnel and leasing costs that BRAC actions have made possible.

An additional savings benefit of BRAC is that it enables the Department to execute the civilian workforce efficiencies plan required by the fiscal year 2013 National Defense Authorization Act. BRAC 2005 eliminated 13,000 civilian positions associated with closed installations and reorganized common business oriented support functions. The BRAC 1993/95 rounds averaged 36,000 eliminations per round. Congress has already demanded these civilian personnel cuts, and if they are not made through BRAC, they will need to be made elsewhere.

We believe the opportunity for greater efficiencies is clear, based on three basic facts:

- In 2004, DOD conducted a capacity assessment that indicated it had 24 percent aggregate excess capacity;
- In BRAC 2005, the Department reduced only 3.4 percent of its infrastructure, as measured in Plant Replacement Value—far short of the aggregate excess indicated in the 2004 study;
- Force structure reductions—particularly Army personnel (from 570,000 to 490,000), Marine Corps personnel (from 202,000 to 182,000) and Air Force force structure (reduced by 500 aircraft)—subsequent to that analysis point to additional excess.

The fundamental rationale for using the BRAC process to achieve these efficiencies is to enable DOD, an independent commission, the public, and Congress to engage in a comprehensive and transparent process to facilitate the proper alignment of our infrastructure with our mission. As we witnessed last year, piecemeal attempts to improve the alignment of installations to mission are generally met with skepticism and resistance from Congress and State and local officials who question DOD's rationale to the extent that the proposed changes are effectively stopped. Indeed, recent statutory changes have further restricted the Department's ability to realign its installations. Absent BRAC, the Department is effectively locked into a status quo configuration. BRAC, therefore, should be an essential part of any overall reshaping strategy.

BRAC provides us with a sound analytical process that is proven. It has at its foundation a 20-year force structure plan developed by the Joint Staff; a comprehensive installation inventory to ensure a thorough capacity analysis; and defined selection criteria that place priority on military value (with the flexibility to express that in both a quantitative and qualitative way).

The BRAC process is comprehensive and thorough. Examining all installations and conducting thorough capacity and military value analyses using certified data enable rationalization of our infrastructure in alignment with the strategic imperatives detailed in the 20-year force structure plan. The merits of such an approach are twofold. First, a comprehensive analysis ensures that the Department considers a broad spectrum of approaches beyond the existing configuration to increase military value and align with our strategy. Second, the process is auditable and logical which enables independent review by the commission and affected communities. In its 2013 report, GAO stated, "We have reported that DOD's process for conducting its BRAC 2005 analysis was generally logical, reasoned and well documented and we continue to believe the process remains fundamentally sound."

Additionally, and of primary importance, is the BRAC requirement for an "All or None" review by the President and Congress, which prevents either from picking and choosing between the Commission's recommendations. Together with the provision for an independent commission, this all-or-none element is what insulates BRAC from politics, removing both partisan and parochial influence, and dem-

onstrating that all installations were treated equally and fairly. It is worth noting that the process validates the importance of those bases that remain and are then deserving of continued investment of scarce taxpayer resources.

The Department's legal obligation to close and realign installations as recommended by the Commission by a date certain, ensures that all actions will be carried out instead of being endlessly reconsidered. That certainty also facilitates economic reuse planning by impacted communities.

Finally, after closure, the Department has a sophisticated and collaborative process to transition the property for reuse. The Department is mindful of the significant toll BRAC has on our host locations. Our Office of Economic Adjustment (OEA) provides technical and financial support to help these communities through closure, disposal, and redevelopment with a program tailored to their specific planning and implementation requirements. The former installation is often the single greatest asset for impacted communities to redevelop and restore a lessened tax base and the lost jobs from closure. One of the most important disposal authorities available to help impacted communities with job creation is the Economic Development Conveyance (EDC). The Department is using the full breadth of this authority to structure conveyances into win-win agreements wherein communities can create jobs and bolster their local tax base, and the Department sees increased savings through reduced property maintenance costs and participation in the cash flows from successful local redevelopment efforts.

The Department anticipates approximately 13,000 jobs will be generated by eight EDCs for real and related personal property at the following BRAC 2005 locations: Kansas Army Ammunition Plant, Kansas; Lone Star/Red River Army Depot, Texas; Naval Air Station Brunswick, Maine; Newport Chemical Depot, Indiana; Buckley Annex, Colorado; Fort Monmouth, New Jersey; Pascagoula Naval Station, Mississippi; and Ingleside Naval Station, Texas. The Department anticipates approving additional EDCs in fiscal years 2013 and 2014.

#### *European Basing Consolidation*

In response to last year's request for BRAC authority, many in Congress asserted that we should look first at our overseas infrastructure for reductions. Even though we have already made substantial reductions over the last several years in our European-based personnel and infrastructure, upcoming force structure changes and a focus on greater joint utilization of assets should produce additional opportunities for reducing infrastructure while preserving required capabilities.

To that end, on January 25, then Secretary Panetta directed the Department to initiate a review of our European footprint, stating: "Consolidation of our footprint in Europe will take into account the shift in strategic focus to the Pacific; the planned inactivation of two brigade combat teams and associated support forces; reductions in Air Force units; and decreasing requirements for support to the ongoing conflict in Afghanistan."

In response, we have initiated a comprehensive infrastructure analysis effort that will identify potential closure/consolidation scenarios. We are developing business case analyses for this task, taking operational impacts, return on investment, and military value into consideration. By the end of this year we plan to conclude with a fully vetted list of options from which the Secretary can make strategic investment decisions.

Through this process we seek to create long-term savings by eliminating excess infrastructure, recapitalizing astutely to create excess for elimination, and closing and/or consolidating sites. The results will ultimately validate our enduring European infrastructure requirements, providing an analytical basis to support sustainment funding and future recapitalization.

#### *Rebasing of Marines to Guam*

One important rebasing initiative that has received continued attention from Congress is our plan to realign several thousand marines from Okinawa to Guam. The Government of Japan has welcomed the U.S. strategy to rebalance defense priorities toward the Asia-Pacific region and U.S. efforts to advance its diplomatic engagement in the region. To achieve the goals of the shared partnership between the two countries, the United States-Japan Security Consultative Committee (SCC) decided to adjust the plans outlined in the original 2006 "Realignment Roadmap".

On April 27, 2012, the SCC issued a joint statement detailing changes to the plans. Specifically, the United States and Japan separated the requirement of tangible progress on the construction of the Futenma Replacement Facility (FRF) before the movement of marines to Guam, from other Marine restationing efforts on Okinawa to return lands to local communities. Also, while the overall number of marines planned to leave Okinawa remained essentially the same (approximately

9,000), the new distributed laydown will result in fewer marines (and accompanying family members) being re-stationed to Guam (approximately 5,000) with the remainder of the forces moving to Hawaii and the continental United States.

The revised laydown, commonly referred to as the “distributed laydown” establishes fully capable MAGTFs (maritime, air, ground, logistics, and associated lift) in Okinawa, Guam (5,000), Australia (2,500 through a rotational deployment) and Hawaii (2,700) and ensures that individual MAGTFs can respond rapidly to low-end contingencies (e.g., humanitarian assistance/disaster relief, counter-piracy, etc.) while also ensuring that the force can aggregate quickly to respond to high-end contingencies. Additionally, the revised laydown increases our ability over time to train and exercise with allies and partners throughout the region.

The President’s fiscal year 2014 budget request includes \$85 million for construction of an aircraft hangar at the north ramp of Andersen Air Force Base. In addition to supporting the Marine Corps Aviation Combat Element relocation to Guam, this facility can also be utilized to meet current operational requirements of Marine units in the Pacific. Our request includes another \$273.3 million for non-military assistance to address Guam water and wastewater improvements. As a result of the fragile state of Guam’s water and wastewater infrastructure, remedies and new infrastructure are required to support existing military missions, as well as potential growth associated with the Department’s rebalance to the Asia-Pacific region. Numerous Federal agencies, including the Environmental Protection Agency (EPA), worked with the Department and validated these water and wastewater requirements, concluding significant capital improvements were necessary.

Finally, as a result of the adjustments to the laydown of marines on Guam, the Department must conduct a Supplemental Environmental Impact Study (SEIS). This SEIS supersedes and expands on the previously initiated Live Fire Training Range Complex (LFTRC) SEIS by incorporating the requirement for a new Marine Corps cantonment area on Guam. With the reduction in the size of future Marine forces in Guam, the National Environmental Policy Act requirements are being combined in order to determine the optimal locations for the range complex, cantonment and housing relative to each other and the Record of Decision is anticipated in February 2015.

#### *DOD Facilities Energy Programs*

The Department has focused on facilities energy for three key reasons: to reduce costs; improve the energy security of our fixed installations; and achieve DOD’s statutory energy goals. Energy bills are the largest single cost in our facilities operations accounts, and any effort to reduce the cost of installations must include efforts to reduce them. Moreover, given the reach of our installations to provide direct support to operational forces, we must reduce the vulnerability of our installations to possible outages of the electric grid. DOD has statutory energy goals for energy intensity and renewable energy among other statutory goals.

Our approach to achieving these goals has four elements: reduce the demand for traditional energy through conservation and improved energy efficiency; expand the supply of renewable and other distributed (on-site) generation sources; enhance the energy security of our installations directly (as well as indirectly, through the first two elements); and leverage advanced technology.

#### *Reduce Demand*

From DOD’s new energy budget data system within the Department’s fiscal year 2014 budget request, there are approximately \$1 billion in energy conservation investments, mostly for investments in repair and upgrading systems in existing buildings. The preponderance of these investments are within the Facilities Sustainment, Restoration and Modernization accounts along with other necessary investments in maintaining our existing real property. As mentioned in that section above, this constrained funding follows significant reductions in energy conservation investments from sequestration reductions in fiscal year 2013, which will make achievement of DOD’s statutory energy intensity goals impossible to attain for the foreseeable future. One account that is singled out is the Energy Conservation Investment Program (ECIP), a military construction appropriation for which we are requesting \$150 million. DOD also is investing more than \$2 billion in energy conservation projects for Operational Energy, including aviation and other transportation fuels that are used on DOD bases.

The Services also use third-party financing tools, such as Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs), to improve the energy efficiency of their existing buildings. While such performance-based contracts have long been part of the Department’s energy strategy, in fiscal year 2012 the DOD committed to award nearly \$1.2 billion in performance-based

contracts by the end of 2013, or soon thereafter, in response to the President's December 2, 2011, commitment (\$2 billion in such contracts Federal Government-wide). To date, the Department has awarded 39 contracts worth \$362 million with another \$930 million in contracts under development.

In addition to retrofitting existing buildings, we are taking advantage of new construction to incorporate more energy-efficient designs, material and equipment into our inventory. This past March, I issued a new construction standard for high-performance, sustainable buildings, which will govern all new construction, major renovations and leased space acquisition. This new standard, which incorporates the most cost-effective elements of commercial standards like ASHRAE 189.1, will accelerate DOD's move toward efficient, sustainable facilities that cost less to own and operate, leave a smaller environmental footprint and improve employee productivity.

Collection of accurate, real-time facility energy information remains a priority. My office continues to lead the development of an Enterprise Energy Information Management System (EEIM) that will collect facility energy data in a systematic way. The EEIM will also provide advanced analytical tools that allow energy professionals at all levels of the Department both to improve existing operations and to identify cost-effective investments. In order to make EEIM a reality, the Department must vastly increase the deployment of advanced energy meters, capable of automatically collecting energy use information.

#### *Expand Supply of On-Site Energy*

DOD is increasing the supply of renewable and other distributed (on-site) sources of energy on our installations. On-site energy is critical to making our bases more energy secure. The Military Departments have each established a goal to develop 1 gigawatt (GW) of renewable energy (RE) by 2025. Almost all projects will be third-party financed, using existing authorities (e.g., 10 U.S.C. section 2922a and enhanced use leases).

The Army issued a Multiple Award Task Order Contract (MATOC) Request for Proposal for \$7 billion in total contract capacity for RE. Army projects currently underway include Fort Bliss, Texas (1 MW Solar PV), White Sands Missile Range, New Mexico (4.5 MW Solar PV), and Fort Carson, Colorado (2 MW Solar PV). The Navy has a goal to produce at least 50 percent of the Navy's shore-based energy requirements from renewable sources by 2020. Projects currently underway include Marine Corps Air Station, Miramar, California (3 MW Landfill Gas), Marine Corps Logistics Base, Barstow, California (1.5 MW Solar PV), Naval Air Weapons Station China Lake, California (13.8 MW Solar PV), and Marine Corps Air Ground Combat Center Twentynine Palms, California (1.2 MW Solar PV). Air Force is using existing authority to lease non-excess land for the development of large-scale RE projects, the first of which is under negotiation at Edwards AFB, California (200 MW Solar PV projected to come on line in 2016).

Where renewable energy development is compatible with the military mission, certain public lands that have been withdrawn for military purposes offer a significant opportunity to improve our energy security while lowering the cost of energy. My office continues to work closely with the Department of the Interior (DOI) to identify and overcome impediments to the execution of renewable energy projects on such lands.

#### *Enhance Security*

The DOD is focusing on a diverse set of solutions to enhance facility energy security. These include prioritization agreements with utilities, addressing operations and maintenance of current back-up generators, microgrids, fuel supply and storage, and ensuring reliable access to fuel in the case of emergencies (e.g., Hurricane Sandy—DLA—Energy and FEMA interagency partnership). Multiple demonstration projects are currently underway to assess the benefits and risks of alternative advanced microgrid and storage technologies.

#### *Leverage Advanced Technology*

DOD's Installation Energy Test Bed Program was established to demonstrate new energy technologies in a real-world, integrated building environment so as to reduce risk, overcome barriers to deployment and facilitate widespread commercialization. DOD is partnering with the DOE and reaching out directly to the private sector to identify those energy technologies that meet DOD's needs. The fiscal year 2014 budget request includes \$32 million for the test bed under the Environmental Security Technology Certification Program (ESTCP).

The test bed has >85 projects underway in five broad areas: advanced microgrid and storage technologies; advanced component technologies to improve building energy efficiency, such as advanced lighting controls, high performance cooling systems and technologies for waste heat recovery; advanced building energy manage-

ment and control technologies; tools and processes for design, assessment and decisionmaking on energy use and management; and on-site energy generation, including waste-to-energy and building integrated systems. The rigorous Installation Energy Test Bed Program provides an opportunity for domestic manufacturers to demonstrate the technical and economic feasibility of implementing their innovative products. These demonstrations provide the credible evidence needed by investors to commercialize emerging technologies to serve the DOD and broader markets.

*A Note on Renewable Energy Siting*

While the DOD has embraced renewable energy projects that improve energy security and reduce cost, and each service has established 1 gigawatt goals for the production of renewable energy on their installations, we are also responsible for evaluating the impact of these projects on our mission and objecting where there is unacceptable risk to national security. While most transmission and renewable energy projects are compatible, some can interfere with test, training and operational activities. The DOD created the Siting Clearinghouse to serve as the single point of contact for energy and transmission infrastructure issues at the DOD level. The goal of this body is to facilitate timely, consistent and transparent energy siting decisions, while protecting test, training, and operational assets vital to the national defense.

During 2012, the Clearinghouse oversaw the evaluation by technical experts of 1,769 proposed energy projects; 1,730 of these commercial projects, or 98 percent, were cleared (assessed to have little or no impact to DOD test, training or operational missions). These 1,730 projects represent 38 gigawatts of potential renewable energy generation. The 39 projects that have not been cleared are undergoing further study, and the Clearinghouse is working with industry, State, tribal, and local governments, and Federal permitting and regulatory agencies to identify and implement mitigation measures wherever possible.

In addition to reviewing projects, the Clearinghouse has conducted aggressive outreach to energy developers, environmental and conservation groups, State and local governments, and other Federal agencies. By encouraging developers to share project information, we hope to avert potential problems early in the process. We are being proactive as well by looking at regions where renewable projects could threaten valuable test and training ranges.<sup>1</sup> The Clearinghouse is working with DOE, DHS, and the Federal Aviation Administration to model the impact of turbines on surveillance radars, evaluate alternative mitigation technologies, and expedite fielding of validated solutions.

Finally, the Clearinghouse is taking advantage of section 358 of the Fiscal Year 2011 NDAA, which allows DOD to accept voluntary contributions from developers to pay for mitigation. For example, the Clearinghouse and the Navy have negotiated two agreements that provide for developer contributions for mitigation measures to protect the precision approach radar at the Naval Air Station (NAS) Kingsville, Texas, from wind turbine impacts. The agreements facilitate the continued growth of wind energy generation along the Texas Coastal Plain while providing for the safety of student pilots at NAS Kingsville and NAS Corpus Christi. We believe there will be other situations where developers will wish to contribute funds toward mitigation measures in order to realize a much larger return on a project; section 358 is an extremely useful, market-based tool that allows us to negotiate these win-win deals.

*BLM Land Withdrawals*

The Department has a number of installations, training areas and ranges that are located partially or wholly on public lands temporarily or permanently withdrawn from public use. Public lands are managed by the Department of the Interior through the Bureau of Land Management (BLM). Withdrawals of public lands for military use require joint actions by the Department of Defense and the Department of the Interior. Withdrawals exceeding 5,000 acres must be authorized by congressional legislation. Depending on the terms of the prior legislation, some withdrawals must be renewed by legislative action every 20–25 years.

Presently, withdrawals for Naval Air Weapons Station (NAWS), China Lake, California, and the Chocolate Mountain Aerial Gunnery Range (CMAGR), California, expire on October 31, 2014. Additionally, the Army needs to convert its use of public

<sup>1</sup>DOD is conducting a study to identify areas of likely adverse mission impact in the region that is home to China Lake and Edwards Air Force Base in California, and Nellis Air Force Base and the Nevada Test and Training Range in Nevada. These installations are the Department's premier sites for test and evaluation and require a pristine environment clear of interference. The results of the study can be used by developers as a risk-management tool.

lands at the Montana Army National Guard, Limestone Hills Training Area, from a BLM issued right-of-way to a legislative withdrawal. Finally, the Marine Corps seeks a new withdrawal of public lands at Marine Corps Air Ground Combat Center (MCAGCC) Twentynine Palms, California, to expand its training areas to support increased requirements.

*NAWS China Lake.*—NAWS China Lake consists of over 1.1 million acres of land of which 92 percent are withdrawn public lands. The current legislative withdrawal, expiring in 2014, is for a 20-year term. Under a memorandum of understanding between the Department of the Navy and the Department of the Interior, the Commanding Officer of NAWS China Lake is responsible for managing the withdrawn land. The installation is home to approximately 4,300 DOD personnel and its primary tenant is the Naval Air Warfare Center Weapons Division.

*Chocolate Mountain AGR.*—The Chocolate Mountain range was established in 1941. The range consists of about 459,000 acres of which approximately 227,000 acres are withdrawn public lands under the co-management of the Marine Corps and Bureau of Land Management. The current 20-year withdrawal is set to expire on October 31, 2014. Its primary uses are aviation weapons training, including precision guided munitions, and Naval Special Warfare (SEAL) training ranges. It is the only Marine Corps aviation range that is capable of accommodating training with precision guided munitions. Failure to renew the legislative withdrawal will have the practical effect of shutting the entire range down because it is an unusual checkerboard configuration of several hundred parcels of alternating fee-owned DOD land and withdrawn public lands.

*Limestone Hills Training Area.*—The Limestone Hills Training Area consists of 18,644 acres of land in Broadwater County, Montana, that has been used for military training since the 1950s. In 1984, the BLM issued the Army a right-of-way formally permitting use of the training area for military purposes. The current right-of-way expires on March 26, 2014. The Montana Army National Guard is the primary DOD user of the training area but it is also used by Reserve and Active components from all branches of the military services for live-fire, mounted and dismounted maneuver training and aviation training. The legislative withdrawal of the Limestone Hills Training area is necessary because the BLM has determined that it no longer has the authority to permit the use of the property for military use under a right-of-way instrument. If the legislative withdrawal is not enacted, the use of the training area will be suspended and the Department will lose access to valuable training areas, operational readiness will be negatively impacted and training costs will increase.

*MCAGCC Twentynine Palms.*—At MCAGCC Twentynine Palms, the Department proposes to withdraw approximately 154,000 acres of public lands adjacent to the Combat Center. The added training lands would create a training area of sufficient size with characteristics suitable for the Marine Corps to conduct Marine Expeditionary Brigade (MEB) level training. MEB training requires sustained, combined-arms, live-fire and maneuver training of three Marine battalions with all of their associated equipment moving simultaneously towards a single objective over a 72-hour period. The Department has no other training area within its inventory, including the National Training Center at Fort Irwin, California, where it can conduct such training.

The Department has worked since 2007 with the Department of the Interior, the BLM, and the Federal Aviation Administration in preparation for the withdrawal. During that period, the Department of the Navy has received numerous comments concerning the potential loss of use of the proposed withdrawal property to off-road recreational vehicle use. The Department's proposed withdrawal provides for continued access by off-road recreational vehicles to just under half of the Johnson Valley Off-Highway Vehicle (OHV) area. About 43,000 acres of the withdrawn lands will be open to year-round OHV use and an additional 43,000 acres of the withdrawn lands will be available to OHV use for 10 months out of the year provided there is no active military training. Without the legislative withdrawal of these lands, the Marine Corps will be unable to train its premier forcible entry force, Marine Expeditionary Brigades, to deploy and perform the missions and operations that the Department requires of them.

Because of the looming expiration dates of the current withdrawals for NAWS China Lake and CMAGR and the BLM issued right-of-way for the Limestone Hills Training Area, as well as the continuing Marine Corps training requirement shortfalls, DOD, with DOI's concurrence and cooperation, is leading the renewal process and proposes that the withdrawals be enacted with the fiscal year 2014 National Defense Authorization Act. This is somewhat different, in that in past withdrawals, the Department of the Interior typically introduced the withdrawal proposals to its congressional committees. However, the Department opted to combine these four

withdrawals into a single legislative proposal. Unlike prior legislative withdrawals which were uncodified, stand-alone provisions of law, DOD is proposing that these withdrawals be made in a new chapter of title 10, United States Code. This would allow commonality among the withdrawal provisions, place them in a location that is easy to find and refer to, and, if used for future withdrawals, reduce the need to reconsider and revise provisions on responsibilities, rights and requirements with each proposal. An important objective of the consolidated approach is to make the withdrawal process substantially more efficient.

The need to enact legislation and authorize these four withdrawals is urgent. The consequences of failing to enact withdrawal legislation could, in some of these instances, cause severe impacts on the Department if it is forced to stop training and operations. In all cases, the Department has a compelling need for the withdrawn land in order for it to successfully conduct its training, missions and operations with the capabilities and competence that it must maintain.

Senator JOHNSON. Thank you.

For the information of Senators, we will begin with a 7-minute round of questions. We will use the early bird rule, and I will recognize members from alternating sides in the order in which they arrive.

#### PRESSURES ON MILCON BUDGET

Secretary Hale, as I mentioned in my opening statement, I am concerned that MILCON will have a place at the table when upcoming decisions are made in light of the overall constraints on the DOD budget. I fully understand the priority of operational readiness, but I also understand that MILCON plays an important role in readiness, not only in providing mission-critical training and operational facilities, but also in providing for military families during wartime operations.

Last year, the Air Force took what it called a strategic pause in MILCON to fund higher priorities. Sustainment, Restoration, and Maintenance (SRM) is being underfunded by all of the services in both fiscal years 2013 and 2014 due to budget constraints. I worry that MILCON, especially quality of life MILCON, will fall victim to budget pressures. Could you comment on that?

Mr. HALE. Well, Mr. Chairman, I think there is a risk. First, let's hope that we can reach a broad budget agreement, that the Congress can work with the administration, and we can go back to the levels that appear in both the House and Senate budget resolutions for fiscal year 2014 for Defense. They are all pretty consistent with the President's budget request. So if there were a broad budget deal, it seems to us we will get back to the level that both the President and the Secretary of Defense believe is appropriate.

But if we find ourselves taking \$52 billion out of that request, as would be required if there is no changes in the Budget Control Act, then the suddenness of that decline will cause serious problems. You would need to cut force structure, and we will if we are allowed. But you generate very little savings in the first year because it takes a while for people to leave. Modernization will certainly have to be cut severely, but there is only so much you can do. I think in that case, there will be a risk to military construction.

We want a balanced drawdown. That is the right way to do this. What we need is some time to do that and a ramp down if we're going to go to a lower level rather than falling off a cliff. So let's hope that either we can stay at the level that we believe is the

right one, or we can drawdown gradually. If we fall off the cliff, I think there is a risk. I hope I haven't been too blunt.

Senator JOHNSON. Yes. You are not.

Secretary Hale, I understand that OSD and the services believe they can deal with the fiscal year 2013 MILCON sequestration without major problems by applying funds from bid savings to backfill any project shortfalls. However, if bid savings continue to be used to backfill current projects, this ability will likely diminish. Does OSD have a plan B for executing the fiscal year 2014 MILCON under a sequester if future bid savings are not sufficient?

Mr. HALE. Well, I wish you had said plan B and stopped there rather than under sequestration. My preferred plan B, as I have said, would be a broad budget deal that avoids sequestration. If it happens, I think you are right. I mean, we still may see some bid savings as the economy recovers, but I suspect you are right, that they will get smaller, and I think we will be forced in that case into changes we don't want to make in the scope and timing of these projects. Let's hope not.

As you said, we will avoid most of them this year. We are still looking at some of the details. I don't want to sit here and tell you there won't be effects, but we don't believe there will be significant ones in 2013. I think there is more risk in 2014.

#### QUALITY OF LIFE PROJECTS

Senator JOHNSON. Secretary Hale, do OSD and the services have prioritization guidelines if necessary for fiscal year 2014, and where do quality of life projects fall on that priority list?

Mr. HALE. Well, I assume you are asking about the guidelines in the event of a big cut, right? We are working on that now. We still support the President's budget and I want to emphasize that point. As I said in my testimony, we are hopeful that there will be a budget deal that allows the Congress to support that level.

We recognize that we may have to make changes, and so the Secretary has initiated his strategic choices and management review, which is looking at those priorities. So I think the answer to your question, Mr. Chairman, is we understand that we need to maintain our facilities. I was in the Air Force in the 1990s. We struggled. All of DOD did. We were under-investing significantly in facilities sustainment, restoration and modernization, and in MILCON as well. I think we have gotten well to some extent in the subsequent decade, but I do fear that we may be going back down that path again. I mean, it is certainly a risk, and if I am at the Pentagon at that point, I will be mindful of that risk.

Senator JOHNSON. Mr. Conger, DOD is currently working on the European basin setting report that will align the master plan for the future force laydown in Europe. The report is currently scheduled to be released in December 2013. However, we hope to conference and pass the fiscal year 2014 MILCON bill before then.

#### EUROPEAN BASIN REPORT

Can the European basin report be expedited so that the subcommittee can review it, or at least its interim findings, prior to conferencing with the House this autumn?

Mr. CONGER. I think the short answer is that we are certainly going to keep the subcommittee informed, and we are hopeful that we can provide some early information that will inform your process. The original schedule was to start in January, kicked off by the Secretary's memo, to finish with some results in December. Mr. Kendall, the leader of the process—he chairs the senior steering group that governs it—has asked us to accelerate that as well, and he is looking for answers in October.

There is a concentrated amount of effort that we are going to have to do in order to do this work. We will try to get some preliminary answers on that schedule. We are certainly going to work toward that end. Because this is not BRAC but rather BRAC-like, we have more freedom to talk to the Congress about interim results, to tell you guys where we are going, to give insight into which bases might very well be the enduring ones in advance of the final product. In BRAC, that wouldn't be possible. In this analysis, it would be.

Senator JOHNSON. One last question. In the 2014 budget, there are numerous requests for projects located in Europe. How can this subcommittee be assured that the fiscal year 2014 project requested in Europe will be supported by the findings of the pending report?

Mr. CONGER. It's a fair question. Recall back when we have conducted BRAC rounds before, we didn't have any sort of a MILCON pause then. We are not intending to have a MILCON pause in Europe while we are doing this analysis. However, our goal is to be sure to inform the subcommittee as results become apparent so that we don't make investments in places that we don't expect to be enduring. I think the plan that you have in front of you actually has construction at locations we expect to hold onto. That said, we will commit to have a regular conversation with this subcommittee so that we can inform your process as you go forward.

Senator JOHNSON. Senator Kirk.

Senator KIRK. Thank you, Mr. Chairman. I have one strategic question. More and more, I am worried about MILCON and Guam, and I want to make sure we can eventually defend that investment, no matter what, for the United States, since the President has outlined the importance of the Pacific. My hope is that you guys could come forward with us for making permanent the THAAD deployment there, and that we can build a structure around that to preserve that asset out of MILCON. For lack of a better term, I will call it a THAAD-in-the-box just to pop out and make sure we defend our enormous investment in Guam so that that entire infrastructure is always there when we need it.

Mr. HALE. Well, I think I need to—I don't know if I can make any full commitments, Senator Kirk. We have the fat over there for obvious reasons in connection with North Korea, and it's an important deployment, and I think we will be looking carefully at our next steps. But I am not going to sit here and tell you I have a firm answer to your question.

#### INVESTMENT IN GUAM

Mr. CONGER. I think that we are certainly committed to moving forces to Guam into the plan moving forward, and the Navy panel

that is coming up behind me is going to be able to answer these questions to a larger degree. So rather than dance up here and come up with an incomplete answer, I think that we might defer the questions to them.

Senator JOHNSON. Senator Udall.

Senator UDALL. Thank you, Chairman Johnson and Ranking Member Kirk. And I want to thank everyone on the panel. Thank you for your service, and thank you for being here with us today.

As you know, in New Mexico, military construction is very important to our bases. They are important for providing important mission capabilities to our soldiers, and also important for ensuring that there is adequate quality of life for both servicemembers and their families. I am supportive of the President's request for military construction in New Mexico. Thank you for working to ensure that our soldiers, sailors, airmen, and marines have the facilities they need to train, operate, and carry out their missions.

However, I have to tell you, I am also skeptical about the need for another BRAC. We need to know a lot more from DOD before we move forward and authorize another round of BRAC.

#### WHITE SANDS MISSILE RANGE (WSMR)

Now to questions, Mr. Conger. I want to thank you for the time you have spent with the New Mexico delegation and addressing the important issues posed by the Sunzia transmission project and the White Sands Missile Range (WSMR). My understanding is that a technical working group has been formed by the Department of Defense to explore options to mitigate against any impacts the transmission line might have on WSMR's national security missions. The New Mexico delegation has encouraged the projects sponsor to minimize any impacts to WSMR, but also believes that transmission infrastructure is very important to tap New Mexico's vast renewable energy resources. I am urging DOD and the Bureau of Land Management (BLM) to continue to work together to resolve these difficult issues.

Along those lines, I would like to ask about possible DOD mitigation options. Has DOD examined modification to military tasks and evaluation activities, military training routes or military training procedures, or the acquisition of new systems by the DOD and other departments and agencies of the Federal Government as a possible way to mitigate against the preferred route?

Mr. CONGER. The short answer is yes. We have looked at a variety of impacts, and we certainly don't want to highlight problems when we can simply get around them. There are problems. If the line does go in without any sort of mitigation, it will impact test programs that are going to be difficult to replicate and are difficult to change. I certainly would be happy to offer you a briefing on more specifics on that particular program that might get into the classified arena.

That said, we are working with BLM to identify mitigations if the line goes in along that route. The possible mitigations could include specific siting to minimize impacts, burial of portions of the route. There are a variety of items that we have outlined both to the developer and to BLM, and we hope to be able to come to resolution on those.

Senator UDALL. Thank you for doing that. Has DOD considered the cost of military construction for constructing a new launch facility south of the current desert ship which could meet mission needs? And if not, when does DOD plan on determining if such a facility is a feasible mitigation option?

Mr. CONGER. I would like to defer that specific question for the record because I think that we are going to need to talk to the specific program manager to get you the details on that. But the short answer is that desert ship is close to the southern edge of the installation, and as it has been outlined to me, there is not a whole lot of room for it to move, even if we were going to invest the money to use that as an accommodation for this particular situation.

Senator UDALL. Thank you, and we would be happy to take you up on the briefing that you mentioned.

In 2011, the Congress appropriated military construction funds for barracks at White Sands Missile Range. To date, we have only heard excuse after excuse why this project has not broken ground. Our soldiers at White Sands Missile Range deserve better, and I believe that it is about time that DOD and the Army carried out this appropriation. What can you tell me about the status of the barracks, and when will we be able to see this project get started at White Sands Missile Range?

Mr. CONGER. I have to admit, I am not familiar with the particular project. We will get you an answer for the record.

[The information follows:]

An fiscal year 2011 MILCON project was authorized and appropriated to replace the existing barracks at White Sands Missile Range. The project was designed and advertised for construction award, but was placed on hold pending final decisions in force structure. If the final decision in force structure continues the requirement to station the 2nd EN BN at White Sands Missile Range, the replacement of the barracks may be prudent. The existing barracks meet Army standards and currently have an occupancy rate of 79 percent. The Army will continue to provide routine maintenance and repair of the existing barracks until a decision to proceed is made.

Senator UDALL. Okay, thank you.

#### HIGH-SPEED TEST TRACK

The Central Test and Evaluation Investment Program has been a crucial program for defense testing, including testing done at Holloman Air Force Base's high-speed test track. The track is a cost-effective alternative for reducing expensive air vehicle testing. The current track, however, is limited to useful speeds up to Mach 1, and DOD is currently working on programs which far exceed this capacity.

Is DOD still committed to the high-speed test track? Would DOD support updating this technology to allow vibration-free testing up to Mach 3 in order to expand ground-based testing at reduced cost compared to airborne testing?

Mr. HALE. I think we'll have to take that one for the record, too. I apologize. Maybe some of our subsequent witnesses can help you. I'm sorry.

[The information follows:]

*Question.* Is DOD still committed to the high-speed test track?

*Answer.* Yes. The Holloman High Speed Test Track (HHSTT) is recognized as a national test and evaluation (T&E) asset and included as a component part of the

DOD's designated Major Range and Test Facility Base. The test capabilities resident at the HHSTT are viewed as important elements that fill the gap between laboratory investigations and full-scale flight tests.

As a point of clarification, the HHSTT is currently capable of operations exceeding Mach 9. The technology referenced in the question is most probably the Holloman Magnetic Levitation Track (MAGLEV) currently being developed to provide a low vibration environment for payloads on rocket-propelled sleds for speeds from subsonic to Mach+. The MAGLEV can now achieve Mach 1 speed and future plans increase this capability to Mach 3.

*Question.* Would DOD support updating this technology to allow vibration-free testing up to Mach 3 in order to expand ground-based testing at reduced cost compared to airborne testing?

*Answer.* Yes, but there is concern that the technology may not be mature enough for full-scale development at this time. The suggested update to technology might be a candidate for either an Air Force budgeted capability improvement or possibly as a Service proposed Central Test and Evaluation Investment Program (CTEIP) project. CTEIP competitively evaluates proposed projects that best align with the objectives of the Strategic Plan for DOD Test and Evaluation Resources and provide enterprise solutions that benefit the Department as a whole.

Senator UDALL. Okay. Just as a final comment here and focusing back on BRAC, it seems to me that with the large numbers of foreign bases we have, that that is the first place we ought to be looking. I know from your comments that we have made some progress there, and you have listed this out, that you have turned 100 sites in Europe back to their respective host nations and that the Army is planning to close 33 additional sites between 2013 and 2016. But I think it is important that we see the overall plan and understand the savings, how much has been done there. I would just like a lot more transparency on that front to know that you have done a thorough analysis, that you have really looked hard at that and you have squeezed out the savings that can be had there before we look at a domestic BRAC.

So with that, I really appreciate your service.

Mr. HALE. May I just respond briefly?

Senator UDALL. Yes, please.

Mr. Chairman, I'm out of my time.

Mr. HALE. All right. Well, I will be very brief.

#### BASING DECISIONS

You know, we face some really serious budget problems, and I would urge you to let us proceed concurrently. We know that we are going to be able to make changes in our European basing, but we also need to make changes in the continental United States, and we can only do those effectively and fairly with BRAC. It takes several years for a BRAC to come into being.

So I believe we need to get started, and we will obviously provide you every bit of information we can along the way about the European efforts. But I would hope you wouldn't delay this request. We are costing the American taxpayers more money.

Senator UDALL. Well, when I talk about overseas bases, I am talking about our bases all over the world. I highlighted the European because that is in your statement, but I think you need an overall analysis of all of those bases and tell us what the plan is, tell us how much the savings is so that we can see you have really done the analysis and done the work.

Sorry, Mr. Chairman, for going over. Thank you very much.

Senator JOHNSON. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

FURLOUGHS OF CIVILIAN EMPLOYEES

Secretary Hale, I met this morning with a group of supervisors from the Portsmouth Naval Shipyard in Kittering, Maine, and they were extremely persuasive in presenting me with additional data to supplement that which I have already brought to your attention and to the Secretary's attention, along with my colleague Senator King, that suggests that if you impose a disruption on a ship's maintenance or modernization schedule at one of our public shipyards—and Kittering, as you know, overhauls submarines—that you end up paying more in the long run than if you had kept on schedule, not to mention the fact that the submarines are going to be delayed in being returned to the fleet and the obvious impact on readiness that that has.

Yesterday, Assistant Secretary of the Navy, Sean Stackley, testified before an Armed Services Sea Powers Subcommittee hearing that there is going to be more than a one-for-one impact if you furlough civilian employees at one of our public shipyards, and he went on to say, "Everyone understands that the shipyards are a special case in terms of direct impact on readiness," and he said that the shipyards are "in the mix for possible exceptions to the Department-wide furloughs."

The fact is that if we furlough these employees and then you have not budgeted for increased costs in fiscal year 2014, the costs are very real. They are going to occur to both the taxpayer and the military. That's why the Navy has come up with an alternative approach that still meets the budget targets but does so without resorting to furloughs.

So I would like you to give me your view on whether we should be accepting the Navy plan, as I believe we should, to avoid these higher costs and these adverse impacts.

Mr. HALE. Well, Senator Collins, Secretary Hagel hasn't made a decision yet, so I am not going to get ahead of my boss. But let me tell you, we are faced with a truly nasty set of choices. I mean, the United States Air Force has stopped flying in 12 combat-coded squadrons. The Army has stopped all of its combat training center rotations for the rest of the year. Many of our units in the Army and the Navy will be below acceptable readiness levels by the end of the year if the sequestration continues.

We are actively looking at ways to mitigate those problems, and we are faced with some truly nasty choices, like will you take an action over here that you know is stupid—furloughs are a bad idea for everybody—in order to avoid an action even more stupid over here? Like I said, I am not enjoying this job right now. But we haven't made a final decision, and we are well aware, the Navy has made this abundantly clear, their feelings on this issue. We haven't made a final decision, so I can't give you that decision.

Senator COLLINS. Well, it just seems to me that if a service can come up with an alternative way of meeting the budget target, that that ought to be accepted, embraced, and applauded.

Mr. HALE. Well, perhaps we should move that money if something over here in the Air Force and the Army is even more stupid.

I mean, that is the dilemma we face. It's a really nasty set of choices.

Senator COLLINS. Well, it seems to me each service is responsible for coming up with its own plan, and has done so. The National Guard also has a plan to avoid furloughs and still meet the targets. I'm just perplexed by the reluctance here.

I want to bring up a related issue, and that is, according to the most recent figures from your office, the shortfall in the military readiness accounts is not due solely to sequestration, and let me go on record again. I agree with you that sequestration is an extraordinarily poor policy, and it makes no sense not to set priorities. But that's what the Navy is trying to do, is set priorities. It shouldn't be blocked from doing so.

But the fact is that a portion of the shortfall in the readiness accounts, about 25 percent, maybe even a little more, is not due to sequestration. It's due to unanticipated costs related to the wars.

So is the Department going to submit a supplemental request to cover these unanticipated war costs? It's not fair to furlough employees when the Department understandably did not anticipate correctly what the war costs would be. You should be coming to us for additional funds for the war costs.

Mr. HALE. Well, I don't think we will submit a supplemental request. I mean, in this environment, I think it would be a fool's errand. But we will submit a reprogramming request. Now, unfortunately, Congress also limits the amount of transfer authority we have, and although we asked for an increase, it was not granted. So we won't be able to meet all of the wartime shortfalls. But we will very soon, I hope, submit a large reprogramming request to try to move money from investments and military personnel accounts into the operation and maintenance accounts to significantly reduce that wartime shortfall or meet much of that gap.

Senator COLLINS. Well, I personally think that it's not fair for the Department to blame the readiness crisis entirely on sequestration, even though I am totally opposed to sequestration, when in fact at least one-quarter of it is due to unanticipated war costs.

Mr. HALE. I agree with that. Whenever I speak, I always say it's not just sequestration, there are problems with the wartime costs. It's also our choice, which we thought we had to make to protect the wartime operating costs. We are not going to leave General Rumford and his troops over there without the resources they need, and that means more money out of the base budgets. So that is another problem.

Senator COLLINS. Which is why I would urge you to submit a supplemental for those unanticipated war costs.

Just one more point, if I may, Mr. Chairman. Since so many of us mentioned the proposal for another round of BRAC, I just want to remind all of us what the results of the 2005 BRAC round cost data were, and it's why you see such skepticism among so many members of this subcommittee.

The Government Accountability Office (GAO) did an analysis which was released in June of last year and found that the one-time cost grew from \$21 billion, estimated by DOD, to \$35 billion. That was a 67-percent increase. Overall, the military construction costs increased 86 percent from the original estimate, \$13.2 billion

to \$24.5 billion. And the 20-year net present value savings expected to be reaped by the Department of Defense decreased by 72 percent. I'm not saying that there aren't annual recurring savings, but the fact is the Department was way off in its estimates, and from my perspective we lost some valuable assets in this country.

I can't tell you how many very high-ranking naval officers have told me what a mistake it was to close the Brunswick Naval Air Station, the last Active Duty air station in the Northeast, and now the P-3s have to come from Jacksonville, Florida, to patrol the North Atlantic shipping lanes, and we've lost a lot of other advantages as well. So I just want to go on record as sharing the skepticism of my colleagues about having another BRAC round.

Thank you, Mr. Chairman.

Senator JOHNSON. Senator Begich.

Senator BEGICH. Thank you very much, Mr. Chairman. Let me follow up and associate at least some of my comments with Senator Collins on the issue of furlough, if I can just ask this question. Have you received, you or your office or other offices, from the Navy or Air Force other proposals to save the money rather than furloughs?

Mr. HALE. Yes.

Senator BEGICH. Can you share that with the subcommittee?

Mr. HALE. I think we probably already have in testimony. But I can tell you what they are. We started in January with a whole set of initiatives including hiring freezes, and reducing facilities, sustainment, restoration and modernization. As discussed today, we also cutback in base operating costs. All of the services did that. The next step, which you will see soon, is a reprogramming effort to transfer money to offset the shortfalls, mainly the wartime shortfalls. That was all we could do within the constraints of the law other than cutting training and maintenance, and we have made far-reaching cuts—

Senator BEGICH. Can you—

Mr. HALE. So furloughs are the last issue. The question is do we cut more training and maintenance, or do we move to furlough?

Senator BEGICH. Just on those two departments, I would like to, even if you have—I don't have them right here, so I would like it if you would submit—

Mr. HALE. Sure, we'd be happy to get you that information.

[The information follows:]

To buy back civilian furloughs, the Navy would defer 50 percent of its fiscal year 2013 restoration and modernization program for reducing Q4 barracks. This could delay the Department's goal of maintaining all barracks at Q1 and Q2 condition by fiscal year 2022, but is a lower overall readiness impact than civilian furlough. Additionally, Navy would slightly reduce funding for fleet operating targets for ship repair parts/consumables/repairables and other administrative requirements.

To buy back civilian furloughs, the Marine Corps would defer \$58.3 million of facility sustainment, restoration and modernization projects planned to improve the habitability at headquarters elements and bases and stations across the Marine Corps. This action could result in falling short of the facility sustainment goal, but balances overall readiness impacts and recognizes the critical work performed by civilian marines.

To enable the buyback of civilian furloughs, the Air Force must have full support of its \$1.8 billion emergency reprogramming request and, even then, the absence of furloughs would end any chance of restarting much-needed flying operations. Buying back 11 days of civilian furloughs would cost approximately \$220 million, which is roughly equivalent to the cost of flying hours necessary to return at least 10 cur-

rently stood down active combat coded fighter and bomber squadrons to combat mission ready flying rates; as well as associated funding for ranges and a portion of training forces. Training forces include aggressor and weapons squadrons, as well as their deferred weapons system sustainment.

While these specific buyback proposals have been received, furloughs must be considered in view of the Department's overall fiscal situation. The Army is having significant problems meeting wartime needs. Part of the solution is to transfer funds from the Navy to Army, as has been requested in the current reprogramming action. Furloughs help make this possible. As noted above, Air Force furloughs may help restart some flight training.

Senator BEGICH. That would be great.

#### UNANTICIPATED WAR COSTS

And on the unanticipated war costs, again, it may be in the mill here, but I know you're not going to request that, but can you give me something that just says here's what the unanticipated war costs were, even though you're not asking for it, to say what that number is?

Mr. HALE. Sure. I can tell it to you, too. It ranges from \$7 billion to \$10 billion. Most of it is the Army, primarily two things.

Senator BEGICH. Is it mostly transferring of goods back?

Mr. HALE. Two things. That's part of it, but that's a smaller part of it. We didn't anticipate the closure of the ground lines of communication in Pakistan, obviously, and the sluggish reopening of them, which has raised our transportation costs. But the bigger part of it is higher than expected operating tempo, and it's not just the Army. It occurred in the Air Force and to a lesser extent in the Navy, as well. But, yes, I can give you the numbers.

Senator BEGICH. That would be great. I'm just trying to watch my time here. So let me, if I can, last year, when we did the annual authorization bill, one of the pieces we changed in the law in DOD, the ability to realign, to limit DOD's ability to realign enclosed bases, like section 993 and 268 of title 10, which I worked on when I was on the Armed Services Committee to strengthen that. The idea was to ensure that there wouldn't be a backdoor BRAC process, and I want to make sure—I'm going to be very specific here.

#### EIELSON AIR FORCE BASE

As you know, Eielson Air Force Base was slowly being stripped away or proposed to be stripped away, and other bases were being affected around the country. I want to make sure you concur with the understanding that Congress has on this, that you would not propose, like last year, when the Air Force tried to backdoor an effort, especially on Eielson Air Force Base, do you concur with the language and what its intent is?

Mr. HALE. Well, we certainly concur. We're going to obey the law.

Senator BEGICH. Good. That's the first question. Good.

Mr. HALE. Right.

Senator BEGICH. So the second question is do you also agree that the Air Force, again because of the changes, they must seek congressional approval before proposing any significant realignments at Eielson or any other installation, based on the law?

Mr. CONGER. Let me take that one. The language, as far as realignments go, requires notification to Congress, and that is still the law. We are still going to follow the law.

Senator BEGICH. You acknowledge that's the rule.

Mr. CONGER. The second piece of the puzzle, though, if I recall, if I am getting the reference that you made for a backdoor BRAC, the rule said you can't make transfers that lowers the number below the threshold of 300 and then say, oh, it's below 300, we can close the base.

Senator BEGICH. Correct.

Mr. CONGER. We acknowledge the new rule and the constraint that that places on us.

Senator BEGICH. Very good. I'm doing that because I can tell you in Fairbanks, Alaska, where Eielson touches, you hear rumblings all the time, and I want to make sure it's clear, and this is a great place to do it, to make sure it's on the record and that it's very clear how this process works, because that's what was happening last year. So we appreciate that kind of acknowledgment.

Mr. CONGER. So the question then becomes is what the Air Force proposed a backdoor closure?

Senator BEGICH. Last year it was.

Mr. CONGER. The idea that was the base going to be closed or kept at sort of a more empty—

Senator BEGICH. Stripped down.

Mr. CONGER. And a stripped-down base is not a closed base.

Senator BEGICH. Well, I'll tell you, to the Fairbanks economy, it sure as heck is.

Mr. CONGER. I understand that as well, and I don't mean to debate that point. I just want to be clear that the impact of the legislation said you can't close the base. Well, actually, it said you have to wait a certain amount of time.

Senator BEGICH. Right. But you understand that the new piece of the puzzle was the 300 threshold, because what was slowly happening was it was being picked away. You're right, we don't want to debate this because we agree on the law. I just remember when I was mayor of Anchorage and they would say, my guys would say in transit, well, this bus service isn't getting a lot of riders. And I would say, well, what's the frequency? They'd say, well, it's only once a day. And I'd say, well, of course. And then they'd say, well, we should close it because there's not a lot of riders, right? But if they did it five times a day, they'd have a lot more riders, a lot more use. So I just want to make sure that we are clear that the threshold is there and that you understand and concur with the law, and it sounds like the answer is yes.

Mr. CONGER. Of course, we're going to obey the law.

Senator BEGICH. Let me go to the broader BRAC, if I can, because I think, again, I associate my comments with many people here. I know before I got here, Senator Kirk made some additional comments on it. I agree with him, we should be continuing to look overseas and seeing where we can and squeeze down where we can there.

On the \$12 billion or so that you estimate that you are saving on the last BRAC per year—

Mr. CONGER. The last five.

Senator BEGICH. The last five, can you give me the detail of how those savings are associated, where they come from, and then what other agencies unrelated to the Air Force—oh, I'm sorry—to the

DOD that may be recurring costs but are not included in your analysis, if any?

BASE REALIGNMENT AND CLOSURE (BRAC) SAVINGS

Mr. CONGER. I'm not sure how we would calculate how much additional cost a different agency incurs with the BRAC decision.

Senator BEGICH. Let me do it a different way, then. Can you just indicate what agencies may be affected? And then we'll talk to the agencies. Like the Department of Education was probably affected to some degree, right? Because you had education facilities.

Mr. HALE. This goes back to the 1980s.

Senator BEGICH. Well, do what you can, okay?

The other, if I can, we've asked—I sent a letter last week, but this has been a pending request by the Army, to go look at Eielson Air Force Base for some of the work they are going to do on unmanned aircraft, because they see opportunity to maximize some of the use of that facility there for saving money, which I think we are all into that. They have had this request sitting at the Air Force side for months, almost 5 months, with no answer. It makes no sense, what I'm about to say to you. The Air Force will say to the Army, hey, sure, no problem, go look at our assets up there and determine if that fits into your plan, because if it does, with unmanned aircraft, with unmanned aircraft utilization, then let's consider it. But the Air Force has been sitting on that request by the Army for 5 months, and I just sent a letter last week trying to jack that loose. Can you look at that? I don't understand why—

Mr. HALE. I'm not familiar with the details.

Senator BEGICH. It seems so simple, a base that has opportunities. So if you could do that, I'd greatly, greatly appreciate it.

Mr. CONGER. Sure.

[The information follows:]

There are several ways in which the costs associated with constructing a facility by DOD differ from the private sector. While there were no details provided on the \$40 million and \$14 million school projects, in general, differences in the costs can be attributed to whether any support facilities are included in the private sector project, how the educational requirements are factored in each project, and the specific Federal statutes and regulations that apply to DOD.

Specific to school designs, DOD costs are higher because designs reflect costs of adopting 21st Century Education Specifications developed by the DOD Education Activity. These specifications reflect lower student/teacher ratios, thereby requiring more classrooms and teachers for a given number of students. Most public school districts have not adopted these standards.

More generally, the Department recently completed a study to identify and quantify factors that contribute to cost differences between DOD and private sector construction projects. The study concluded that statutes, regulations, and policies that apply to the DOD and not to the private sector create a cost premium the study estimated that DOD has to pay 20–30 percent more for the same building type than it would cost for an equivalent private sector facility.

Driving factors include: the application of prevailing labor wages required under the Davis-Bacon Act; DOD's internal design practices that differ from the private sector; anti-terrorism and force protection standards; Federal sustainability and energy-conservation standards; safety standards and enforcement; and base access restrictions for construction personnel and material delivery. DOD is looking further at the factors contributing to higher construction costs to determine where we can make changes that continue to provide quality facilities at a lower cost.

Senator BEGICH. Thank you all very much.  
Thank you, Mr. Chairman.

## SCHOOL RENOVATION

Senator JOHNSON. Senator Kirk and I have one last question. Mr. Conger, the fiscal year 2014 budget request includes \$798 million to renovate 17 DOD schools. Seven of these projects are elementary school replacements in the United States. It costs around \$40 million each. However, the National Clearinghouse for Educational Facilities places the average national cost of a comparable private-sector 600-student elementary school at \$14.8 million. What are the reasons for this dramatic cost difference between DOD schools and the equivalent private-sector schools? Are there ways that the DOD can maintain high standards while getting closer to private-sector costs?

Mr. CONGER. Let me answer that question in two parts. We are fully cognizant of the fact that it costs more money to build the same building on a base with military construction than it does for the commercial sector to build a similar building off base. We have been exploring the reasons for that and studying it, and there are a few things that bubble up as to the rationale.

There are Federal rules. When you spend Federal money, there is additional regulation that is imposed, prevailing wage rates, et cetera. There are military requirements on how one can construct the building. There are anti-terrorism force protection requirements that aren't required off base. There are additional costs to construction when one has to get through security. Just the access to the site adds cost.

That cost delta is significant but not on the scale that you just described. The information that we've got implies something on the order of a 30-percent premium that we pay. We are looking at those rules to find out what is in our control and what we can change in order to create a more balanced number, something that has less of a premium. We want to get the same building for less, we really do.

The second piece of this is the school-specific piece. In order to figure out why a \$40 million school, on the one hand, has a comparable analog of \$14 million—I think those were the numbers you cited—that we are going to have to dig into a little bit more because I wasn't familiar with that order-of-magnitude difference.

[The information follows:]

On May 28, 2013, the Secretary of the Air Force approved the Army's request to conduct a site survey of Eielson to assess its potential to host a MQ-1C Gray Eagle company. Once all the site surveys are complete, the results will be evaluated and a recommendation presented for decision. This decision is expected to occur later this summer.

Senator JOHNSON. It's somewhat the same with the Indian country schools. I've been mystified, and as soon as you can come up with an answer, that is welcome.

Senator Kirk.

Senator KIRK. Mr. Chairman, I will turn to the Pacific, which I think I completely agree with the President on. I understand that we deployed B-2s to Anderson in Guam, but they do not have hardened facilities. I want to make sure that it is typhoon hardened as well and we don't lose an asset like the B-2 that is essential to our diplomacy to calm the Koreans down.

Mr. CONGER. I know that we are investing a significant amount of funds in Guam for resiliency and hardening. The specific typhoon hardening that you are referring to, we can find out if the specs meet that requirement.

Senator KIRK. Over to you, Mr. Chairman.

#### ADDITIONAL COMMITTEE QUESTIONS

Senator JOHNSON. This panel is excused.

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

#### QUESTIONS SUBMITTED TO HON. ROBERT F. HALE

##### QUESTIONS SUBMITTED BY SENATOR MARK L. PRYOR

*Question.* There are three fiscal year 2013 military construction projects in Arkansas: \$6.8 million for Field Maintenance Shop, Army Guard, Searcy; \$4.17 million for C-130J Flight Simulator Addition, AF Active Duty, LRAFB; and \$26 million for C-130J Fuel Systems Maintenance Hangar, AF Active Duty, LRAFB.

Have these projects been cut or delayed as a result of sequestration?

Answer. The two fiscal year 2013 Air Force military construction projects (C-130J Flight Simulator Addition project and C-130J Fuel Systems Maintenance Hangar project) located at Little Rock Air Force Base, Arkansas, were not cut or delayed as a result of sequestration. The Air Force military construction account did not experience sequestration cuts because of crediting provisions in the current law.

The Field Maintenance Shop project located at Searcy, Arkansas, and funded in the Military Construction, Army National Guard appropriation has been reduced by \$214,000 due to sequestration. A below threshold reprogramming will be able to restore funding if necessary.

*Question.* How many military construction projects have currently been delayed or canceled as a result of sequestration?

Answer. At this time, our intent is to not cancel any projects and to date, no projects have been canceled as a result of sequestration. Due to the late receipt of fiscal year 2013 appropriations and the subsequent sequestration, all projects have been delayed. Further delays will be experienced for projects that will require congressional prior approval reprogramming to restore the lost sequestration funding to make the projects executable at full scope.

*Question.* How much do you think it would cost to deal with any necessary contract renegotiations, penalties for delays, and any additional design, planning and engineering work needed to address a reduced project scope for fiscal year 2013 military construction projects?

Answer. The Department does not plan to reduce the scope of any projects as a result of sequestration. At this time, the Department intends to use its reprogramming authorities to fund projects at full scope.

*Question.* Does the fiscal year 2014 budget request account for the impacts of contract renegotiations, penalties for delays, and any additional design, planning and engineering work as a result of a reduced project scope for fiscal year 2013 military construction projects caused by sequestration?

Answer. No. Our intent is to not reduce the scope of any projects. At this time, the Department intends to use its reprogramming authorities to fund projects at full scope.

*Question.* Has the Department of Defense already begun new contract negotiations as a result of sequestration?

Answer. No. Our intent is to not reduce the scope of any projects as a result of sequestration. At this time, the Department intends to use its reprogramming authorities to fund projects at full scope.

*Question.* What is the impact on military readiness for fiscal year 2013 military construction project delays or cancellations?

Answer. At this time, the Department does not plan to cancel any projects as a result of sequestration. Due to the late receipt of fiscal year 2013 appropriations and the subsequent sequestration, all projects have been delayed. However, we do not anticipate any degradation of military readiness as a result.

*Question.* Senate Report 112-173, to accompany S. 3254, the National Defense Authorization Act for Fiscal Year 2013, specifically addressed the "Critical manufac-

turing capabilities and capacities” within the defense organic industrial base. Specifically, the report states, “the committee directs the Secretary of Defense to identify critical manufacturing capabilities and capacities that should be government owned and government operated, identify the level of work needed to sustain capabilities, and report to the congressional defense committees on these matters no later than February 28, 2013.” When can Congress expect to receive this report?

*Answer.* The Assistant Secretary of Defense for Logistics and Material Readiness is completing the required report. Consistent with the letter to you from the Under Secretary of Defense for Acquisition, Technology, and Logistics dated April 26, 2013, the Department anticipates providing the report by the end of June 2013.

*Question.* Will the February 28, 2013, report address both the level of work needed to sustain capabilities, and the level of work required to remain a cost-effective production solution?

*Answer.* The report required by Senate Report 112-173, which accompanied S. 3254, directs the Secretary of Defense to, “. . . identify critical manufacturing capabilities and capacities that should be government owned and operated, identify the level of work needed to sustain capabilities and report to the congressional defense committees on these matters no later than February 28, 2013.” Consistent with the letter to you from the Under Secretary of Defense for Acquisition, Technology, and Logistics, dated April 26, 2013, the Department anticipates providing the report by the end of June 2013.

This report will identify workload estimates, in direct labor hours, required to sustain critical manufacturing capabilities. The report will not specifically address workload estimates required for a cost-effective production solution since this direction was not included in Senate Report 112-173. However, the Department has initiated a study to develop a proven, repeatable methodology for the identification of minimum sustaining workloads, economic sustaining workloads, and surge requirements necessary to protect critical manufacturing capabilities. The results of this study will be available by March 2014.

*Question.* In 2010, the Department of Defense established a policy that new construction and major repair and renovation projects be certified at least LEED-Silver, or its equivalent; however, the Department has not clearly defined an equivalent standard. Further, it is my understanding that the LEED standard does not accept over 75 percent of wood grown in the United States, therefore opening the door for use of foreign wood products. Is the Department updating its current policy and how is the Department making sure that all certification standards are treated equally?

*Answer.* The Department has published a new building standard (Unified Facilities Criteria) that does not rely on third-party rating systems, but instead draws from consensus green building standards like ASHRAE 189.1. The new building standard establishes a minimum level of performance that all new buildings and major renovations must meet. This new standard does not articulate any preference for a third-party certification system or for a particular kind of wood.

*Question.* I am concerned that specifically naming the LEED-Silver standard in the Department’s policy creates a bias towards using the LEED standard despite existence of other acceptable standards, and in some cases, other standards may be more cost-effective. What are the other acceptable green building rating systems that the Department has determined to be equivalent to the LEED-Silver standard?

*Answer.* In accordance with the Energy Independence and Security Act (EISA) section 436, the Department of Energy determines which green building rating systems are acceptable for use by Federal agencies. Notwithstanding the DOE decision, DOD has published a new building standard (Unified Facilities Criteria) that does not rely on third-party rating systems, but instead draws from consensus green building standards like ASHRAE 189.1. The new building standard establishes a minimum level of performance that all new buildings and major renovations must meet. This new standard does not articulate any preference for a third-party certification system.

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#### QUESTIONS SUBMITTED BY SENATOR MARK KIRK

##### BASE REALIGNMENT AND CLOSURE (BRAC) AUTHORIZATION—OFFICE OF THE SECRETARY OF DEFENSE

*Question.* While Congress is debating the new BRAC proposal, the Department of Defense is conducting a study on European Infrastructure Consolidations. The goal of this study is to “reduce expenses by eliminating excess capacity in Europe”. According to the DOD policy guidance, the services and COCOMS are to analyze capacity and compare the current facility inventory to the requirements of planned

force structure. Unfortunately, this study is not planned to be completed until December 2013, well after Congress has to vote on the authorization for a new CONUS BRAC authority. Many members want to see what facilities will be closed in Europe and if forces will return to the United States before they agree to another round of closures in the United States.

Mr. Hale, can you offer a reasonable explanation as to why we should vote to authorize another round of U.S. base closures before the Department completes the European Consolidation Study?

Answer. BRAC is recognized as the only fair, objective, and proven process for closing and realigning military installations within the United States and its territories. Without statutory BRAC authorization, the Department is limited in its ability to reduce infrastructure in a comprehensive manner.

The Department has initiated a comprehensive infrastructure analysis to identify opportunities for consolidation in Europe, beyond the significant reductions already accomplished in this area. This effort, however, is not focused on relocating forces and organizations back to the United States, but instead on trimming capacity that is excess to what is necessary to support our enduring presence in Europe. The process will ultimately result in a validation of those enduring European infrastructure requirements, providing an analytical basis to support sustainment funding and future recapitalization.

Given the size of the current budget cuts and the uncertainty of the Department's future fiscal circumstances, it is unrealistic to expect all reductions to come from overseas sources. This is why the Department has requested authority to conduct a BRAC round, which is a critical element of our strategy to reduce infrastructure and personnel costs.

#### GUAM—OFFICE OF THE SECRETARY OF DEFENSE

*Question.* The Navy is requesting \$318 million for projects in Guam while the Air Force is requesting \$176 million, that's nearly a half a billion dollars this year alone. Looking back in 2013 we appropriated \$102 million; \$168 million in 2012; in 2011 we appropriated \$246 million; and in 2010 we appropriated \$675 million. That means in the last 5 years alone the appropriations are nearing \$2 billion. And, we are planning over \$10 billion more once we work out the issue on transferring the marines there. That is a huge investment for one location—granted an important strategic location—but my point is with that investment we have not adequately planned to protect it.

Mr. Hale, the original Guam master plan called for a missile defense of the island. Only recently did we even put a deployable THAAD unit on Guam. Will you comment from the OSD perspective why we have not adequately planned on a permanent missile defense to protect such an important yet vulnerable strategic location and will the current Secretary revisit that decision?

Answer. Guam is clearly an important strategic hub in the Asia-Pacific and the facilities there play a critical role in our ability to project power into the region. It is also a United States sovereign territory, and accordingly, we consider the defense of Guam and other U.S. territories against the threat of intermediate and long-range missile strikes a priority—a position demonstrated by our decision earlier this year to deploy a ballistic missile defense (BMD)-capable Aegis ship and the Terminal High Altitude Area Defense (THAAD) system to the island in response to North Korea's threat to strike U.S. bases in the Pacific with intermediate range ballistic missiles.

We will continue to evaluate the requirement for forward deployment of missile defense capabilities in defense of Guam and the Commonwealth of the Northern Mariana Islands as the situation with North Korea unfolds. However, it's important to note that because global demand for missile defense assets exceeds their availability, the Department of Defense is purposefully developing an array of mobile, re-locatable missile defense capabilities—such as the Aegis BMD and THAAD systems—that make possible our ability to shift additional assets into an area in times of crisis. Each of these systems is capable of providing protection to U.S. citizens and forces forward-deployed in our territories and foreign countries.

DEPARTMENT OF THE NAVY

STATEMENT OF ROGER M. NATSUHARA, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE NAVY (ENERGY, INSTALLATIONS AND ENVIRONMENT)

ACCOMPANIED BY:

MAJOR GENERAL JAMES A. KESSLER, COMMANDER, MARINE CORPS INSTALLATIONS COMMAND AND ASSISTANT DEPUTY COMMANDANT FOR INSTALLATIONS AND LOGISTICS (FACILITIES)

REAR ADMIRAL KEVIN SLATES, DIRECTOR, CHIEF OF NAVAL OPERATIONS, ENERGY AND ENVIRONMENTAL READINESS DIVISION

Senator JOHNSON. Will the second panel please be seated?

I am pleased to welcome our second panel of witnesses. Mr. Roger Natsuhara, Principal Deputy Assistant Secretary of the Navy for Energy, Installations and Environment; Major General James Kessler, Commander of the Marine Corps Installations Command and Assistant Deputy Commandant for Installations and Logistics; and Rear Admiral Kevin Slates, Director, Chief of Naval Operations Energy and Environmental Readiness Division.

This year's military construction and family housing budget request for the Navy and Marine Corps is \$2.4 billion, roughly equal to the fiscal year 2013 request. I note, however, that the budget request for the Naval Reserve is decreased 33 percent from the fiscal year 2013 request, \$33 million from \$49 million. However, the Naval Reserve received a robust 88-percent increase in fiscal year 2013. It is important that we continue to make wise, long-term investments in Reserve and Guard forces during this time of budget belt tightening.

The Navy's MILCON request encompasses several important and evolving mission requirements, including the pivot toward the Pacific, the relocation of marines from Okinawa to Guam, and the continued build-up of facilities in Djibouti. I look forward to discussing these initiatives with our witnesses today.

I thank our witnesses for coming today, and we look forward to your testimony.

Mr. Natsuhara, I understand that yours will be the only opening statement. Your full statement will be entered into the record. Please proceed.

SUMMARY STATEMENT OF ROGER M. NATSUHARA

Mr. NATSUHARA. Thank you, Mr. Chairman. Chairman Johnson, Ranking Member Kirk, and member Begich, I am pleased to appear before you today to provide an overview of the Department of the Navy's investment in its shore infrastructure. For fiscal year 2014, the Department is requesting over \$12 billion in various appropriation accounts to operate, maintain, and recapitalize our shore infrastructure.

This level of funding represents continued investment to enhance combatant commanders' capabilities, improve servicemembers' quality of life, and recapitalize aging infrastructure. The fiscal year 2014 budget also demonstrates the Department's commitment to energy security by funding cost-effective projects that will improve our energy infrastructure and reduce our energy consumption.

Additionally, the budget request provides \$185 million for military construction and operation and maintenance projects to address critical requirements at our shipyards.

Our request includes \$1.7 billion in military construction projects supporting several key objectives of the Defense Strategic Guidance of 2012. For instance, the Navy and Marine Corps have programmed approximately \$657 million to enhance warfighting capabilities in the Asia-Pacific region such as the new hangar, apron and infrastructure at Marine Corps Base Hawaii and the Navy's warfare improvements at Naval Base Guam; \$200 million in projects such as the Broad Area Maritime Surveillance hangars in California and Guam; and the EA-18G Growler and P-8 Poseidon projects in Washington State that will ensure the United States remains capable of projecting power in anti-access and area denial environments.

The Navy's investment in a barracks and armory at Camp Lemonnier, Djibouti, provides supporting infrastructure enabling Special Operations forces to carry the fight forward, conducting stability and counterinsurgency operations for U.S. Central and U.S. Africa Commands.

The strength of our Navy and Marine Corps teams lies not only in advanced weaponry and faster, stealthier ships and aircraft. Our naval forces also derive their strength from the sailors and marines who fire their weapons, operate and maintain their machinery, fly the planes, and the families and civilians supporting them. Toward this end, the Navy and Marine Corps have programmed over \$224 million in military construction funds for operational and technical training, professional development, and academic facilities; nearly \$100 million for unaccompanied housing; \$463 million to support family housing construction and operations.

Guam remains an essential part of the United States' larger Asia-Pacific strategy, which includes developing the island as a strategic hub and establishing an operational Marine Corps presence. The Department recognizes congressional concerns regarding execution of the Guam military realignment and is taking steps necessary to resolve critical issues that will resolve the construction program and move forward.

Furthermore, the United States and Japan are continuously looking for more efficient and effective ways to achieve the goals of the realignment roadmap. Both countries remain committed to maintaining and enhancing their robust security alliance, and the United States remains committed to enhancing the United States-Japan alliance and strengthening operational capabilities.

Our Nation's Navy and Marine Corps team operates globally, having the ability to project power, effect deterrence, and provide humanitarian aid whenever and wherever needed to protect the interests of the United States. The Department's fiscal year 2014 request supports critical elements of the Defense Strategic Guidance

by making needed investments in our infrastructure and people and preserving access to training ranges, afloat and ashore.

PREPARED STATEMENT

I look forward to working with you to sustain the warfighting readiness and quality of life for the most formidable expeditionary fighting force in the world. Thank you for the opportunity to testify before you today, and I welcome your questions.

[The statement follows:]

PREPARED STATEMENT OF ROGER M. NATSUHARA

Chairman Johnson, Ranking Member Kirk, and members of the subcommittee, I am pleased to appear before you today to provide an overview of the Department of the Navy's investment in its shore infrastructure.

MEETING THE CHALLENGE OF FISCAL UNCERTAINTY

The American public expects its military to spend wisely the resources entrusted to us. The fiscal uncertainty we now face as a Nation only heightens the need to make prudent investments that ensure our Navy and Marine Corps team remains ready to respond to crises wherever and whenever they may occur. We appreciate the support of the Congress in passing the Defense and the Military Construction, Veterans Affairs, and Related Agencies Appropriations Acts for fiscal year 2013. They provide us with the critical funding necessary to repair, maintain, and modernize our infrastructure and support new platforms as they arrive on station. Yet, since balanced deficit reduction was not enacted, the sequestration reductions must be taken from these funds and applied in a manner that provides no flexibility.

The Department continues to consider options that could mitigate the impact of sequestration to the extent possible. With respect to military construction, Department of the Navy's objective is to preserve project scope and limit any project deferrals to the greatest extent possible. The Department intends to achieve this by re-programming existing bid savings and any that may accrue in the future. The Department is still in the process of evaluating the precise impact of the sequester and will have more definitive information when our analysis is complete.

The effects of the fiscal year 2013 sequester will persist beyond the current year and profoundly affect the Navy and Marine Corps' ability to carry out their missions in today's threat environment using the protocols and force structure that currently exist. Moreover, the President's fiscal year 2014 budget request assumes the Congress will reach a compromise on deficit reduction; otherwise, the programs and projects we present today will be subject to reductions as well.

INVESTING IN OUR INFRASTRUCTURE

*Overview*

Our installations provide the backbone of support for our maritime forces, enabling their forward presence. The Department is requesting over \$12 billion in various appropriations accounts, a decrease of \$619 million from the President's fiscal year 2013 request, to operate, maintain and recapitalize our shore infrastructure. Figure 1 provides a comparison between the fiscal year 2013 and fiscal year 2014 budget request by appropriation.

(Dollars in millions)

Category	PB 2013	PB 2014	Delta	Delta (percent)
Military Construction, Active and Reserve .....	\$1,752	\$1,733	\$ -19	-1.1
Family Housing, Construction .....	102	73	-29	-28.4
Family Housing Operations .....	378	390	12	3.2
BRAC .....	165	145	-20	-12.1
Sustainment Restoration & Modernization (O&M) .....	3,025	2,829	-196	-6.5
Base Operating Support .....	7,220	6,848	-372	-5.2
Environmental Restoration, Navy .....	311	316	5	1.6
<b>Total .....</b>	<b>12,953</b>	<b>12,334</b>	<b>-619</b>	<b>-4.8</b>

Figure 1: DON infrastructure funding by appropriation.

Although smaller, the fiscal year 2014 request supports the Defense Strategic Guidance of 2012 and represents continued investment in enhancing Combatant Commanders' capabilities, improving servicemember quality of life, and recapitalizing aging infrastructure. The fiscal year 2014 budget also demonstrates the Department's commitment to energy security by funding cost-effective projects efforts that will improve our energy infrastructure and reduce our consumption.

#### *Military Construction*

Our fiscal year 2014 President's budget request of \$1.7 billion keeps pace with last year's request and supports several key objectives of the Defense Strategic Guidance of 2012. For instance, the Navy and Marine Corps are investing approximately \$657 million to enhance warfighting capabilities in the Asia-Pacific region such as the new hangar, apron, and infrastructure (\$132.2 million) at Marine Corps Base, Hawaii that will support the second squadron of MV-22 "Osprey" aircraft arriving in 2016; and Navy's wharf improvements (\$53.4 million) at Naval Base Guam.

Additionally, the Navy is investing over \$200 million in projects such as the Broad Area Maritime Surveillance Hangars in California (\$17.5 million) and Guam (\$61.7 million) and the EA-18G Growler (\$32.5 million) and P-8 Poseidon (\$85.2 million) projects in Washington State that will ensure the United States remains capable of projecting power in anti-access and area denial environments. The third increment of the Explosive Handling Wharf (\$24.9 million) at Naval Submarine Base Bangor, Washington, supports the objective of maintaining a safe, secure, and effective nuclear deterrent. The Marine Corps is investing \$84 million in a new cyber operations and headquarters facility at Fort Meade, Maryland, that will leverage proximity to U.S. Cyber Command and the National Security Agency to operate effectively in the cyberspace domain. And finally, the Navy's investments in a barracks and armory (\$29 million) at Camp Lemonnier, Djibouti, provides supporting infrastructure enabling Special Operations Forces to carry the fight forward, conducting stability and counterinsurgency operations for U.S. Central and U.S. Africa Commands.

The Department continues efforts to reduce our energy costs. The fiscal year 2014 request includes nearly \$70 million to decentralize steam plants at Marine Corps Base Camp Lejeune and Marine Corps Recruit Depot San Diego, installing new gas-fired energy-efficient space and domestic water-heating systems. Additionally, the Department will benefit from nearly \$61 million in energy and water conservation projects funded through the Defense-Wide Energy Conservation Investment Program. These funds will enhance energy security at Camp Smith, Hawaii (\$8 million) and Marine Corps Air Station Miramar, California (\$18 million); increase sources of cost-effective renewable energy (\$1.7 million); improve water conservation efforts (\$2.4 million); and increase energy efficiency in many other locations (\$30.7 million). However, the almost \$600 million fiscal year 2014 reduction in SRM/O&M and Base Operating Support (figure 1 above) in addition to the sequester reductions in fiscal year 2013 will make the statutory energy intensity goals more difficult to achieve. Moreover, a reduced investments in energy projects now will result in lost opportunity for savings in the future, higher utility costs and, ultimately, reduced readiness as funds are diverted to pay these bills.

#### *Facilities Sustainment, Restoration and Modernization (FSRM)*

The Department of Defense uses a Facilities Sustainment Model to calculate lifecycle facility maintenance and repair costs. Using industry-wide standard costs for various types of buildings and geographic areas, the model is updated annually. Sustainment funds in the operation and maintenance accounts are used to maintain facilities in their current condition. The funds also pay for preventative maintenance, emergency response to minor repairs, and major repairs or replacement of facility components (e.g., roofs, heating and cooling systems).

The Navy budgeted \$1.5 billion (80 percent of the model) in fiscal year 2014 and continues to take risk in its shore infrastructure to increase investment in afloat readiness and capabilities. It manages this risk by prioritizing work to address mission-critical facilities in poor condition and resolve life-safety issues. Projects not meeting these criteria are deferred. There are, however, exceptions to the "80 percent" rule. Maintenance dredging, flagship educational institutions, Camp David, and the Naval Observatory receive 100 percent of the funding recommended by the model. Furthermore, the Navy programmed \$425.1 million to meet the 6 percent capital investment in depots required by title 10, U.S.C. section 2476.

The Marine Corps will continue to fund sustainment funding at 90 percent of the model (\$691 million) in fiscal year 2014. Even this strong commitment will result in some facilities degradation. The Marine Corps will continue to prioritize and target facilities that directly affect mission operations for full sustainment.

Restoration and Modernization provides major upgrades of our facilities. In fiscal year 2014, the Department of the Navy is investing \$570 million of Military Construction, and \$618 million of Operation and Maintenance funding into restoring and modernizing existing infrastructure.

#### INVESTING IN OUR PEOPLE

##### *Overview*

The strength of our Navy-Marine Corps team lies not in advanced weaponry or faster, stealthier ships and aircraft. Our naval forces derive their strength from the sailors and marines who fire the weapon, operate and maintain the machinery, or fly the plane, and from the families and civilians supporting them. We continue to provide the best education, training, and training environments available so our forces can develop professionally and hone their martial skills. Providing quality of life is a determining factor to recruiting and retaining a highly professional force. To this end, we strive to give our people access to high-quality housing, whether Government-owned, privatized, or in the civilian community, that is suitable, affordable, and located in a safe environment.

##### *Training and Education*

Of the \$1.7 billion request for military construction, the Navy and Marine Corps together have programmed over \$224 million in operational and technical training, professional development, and academic facilities. For example, the Navy, in order to accommodate an increased student load at Nuclear Power Training Unit in South Carolina, will expand pierside berthing for an additional moored training ship that will provide “hands on” propulsion plant training in a realistic environment (\$73.9 million). The Marine Corps will consolidate its Command and Control Training and Education Center of Excellence, Civil Military Operations School, and Marine Air Ground Task Force Staff Training Program into one 69,000 square foot facility (\$25.7 million). This project will allow the Marine Corps to carry out its Marine Corps University recapitalization program.

##### *Unaccompanied Housing*

In addition to expeditionary housing the Navy will build in Djibouti, the fiscal year 2014 request includes two projects that will provide accommodations for 1,220 transient and permanent party personnel. The first project replaces outdated and deteriorating housing for initial skills training (“A” School) students at Naval Station, Great Lakes (\$35.9 million). The second project, at Naval Base Ventura County, acquires and converts 300 existing leased section 801 family housing units and two supporting facilities to address pressing billeting needs (\$33.6 million).

The Marine Corps is benefiting from prior investments in unaccompanied housing made in support of the Commandant’s Barracks Initiative and the Grow the Force effort that increased end-strength from 175,000 to 202,000 marines. Despite the projected decline in end-strength, the Marine Corps is well-positioned to accommodate its projected steady-state troop strength of 182,000 without excess inventory, having only programmed an amount to support 90 percent of its unaccompanied housing requirement. The results of the ongoing force structure analysis will determine whether some locations might require additional resources.

##### *Family Housing*

The Department continues to rely on the private sector as the primary source of housing for sailors, marines, and their families. When suitable, affordable, private housing is not available in the local community, the Department relies on Government-owned, privatized, or leased housing. The fiscal year 2014 budget request of \$463.3 million supports Navy and Marine Corps family housing operation, maintenance, and renovation requirements.

Both the Navy and Marine Corps have requested fiscal year 2014 funding for post-acquisition construction projects necessary to improve existing Government-owned family housing in overseas locations. These include projects in Japan that will revitalize 68 homes at Commander Fleet Activities Sasebo (\$21.6 million); another 50 homes at Marine Corps Air Station Iwakuni while metering 736 units (\$24.2 million); and 59 homes at Naval Base Guam (\$23.1 million).

Through the Military Housing Privatization Initiative, the Department has virtually eliminated its entire inventory of inadequate housing. While the Navy does not privatize any additional housing in fiscal year 2014, the Marine Corps has awarded phase 6 of its Camp Lejeune project this year, but is continuing to review the need for other previously approved projects as part of an assessment of Marine Corps-wide requirements.

Additionally, the Navy and Marine Corps estimate spending almost \$75 million to lease over 2,500 housing units domestically (781) and abroad (1,763). Over the past several years, the Navy has reduced its number of foreign “high-cost” leases (based on thresholds contained in U.S.C. title 10, section 2828. This past year, the Department instituted a policy to limit the leasing of high-cost homes overseas (based on 10 U.S.C. 2828 thresholds). We will only consider such leases for designated high-risk billets/high-risk personnel where there are no less costly options to provide secure housing or where it can be demonstrated that such a lease is in the best interests of the Government.

Finally, the Department has programmed \$287.3 million that will provide for the daily operation, maintenance, and utilities expenses necessary to manage its military family housing inventory. The budget request also includes another \$27.6 million to provide oversight and portfolio management for over 63,000 privatized homes to ensure the Government’s interests remain protected and quality housing continues to be provided to military families.

#### MANAGING OUR FOOTPRINT

##### Overview

It is a basic tenet that the Department of Defense should own or remove from public domain only the minimum amount of land necessary to meet national security objectives. Coupled with the fiscal imperative to conserve resources, especially in this era of deficit reduction, the Department of the Navy has more than enough incentive to reduce its footprint both at home and abroad.

##### European Consolidation

To meet these twin objectives, the Department is ready to conduct a capacity analysis that will provide the basis for consolidating military infrastructure in Europe. It should be noted the Navy has a limited footprint in the European theater, relocating its European headquarters from London to Naples in 2005 and closing Naval Air Station Keflavik in 2007 and Naval Support Activities Gaeta and La Maddalena in 2006 and 2008, respectively. We are undertaking preliminary capacity assessments of our remaining bases at Naval Station Rota, Naval Air Station Sigonella, and the naval support activities in Naples and Souda Bay that will inform a Defense-wide path forward. Our assessment will also include, in partnership with NATO and Norway, a review of the Marine Corps’ prepositioning site in central Norway.

##### Base Closure and Realignment (BRAC)

With respect to consolidating our domestic infrastructure, the Base Realignment and Closure process offers the best opportunity to assess and evaluate opportunities to properly align our domestic infrastructure with our evolving force structure and laydown. Since the first round of BRAC in 1988, the Department has closed 186 domestic installations and activities, including 52 major installations. Figure 2 demonstrates the evolution of the Department’s force structure since 2005:

Year and service	Battle force ships	Primary authorized aircraft-active	Personnel-active	Installations
PB 2005:				
Navy .....	290	1,402	365,900	94
USMC .....	.....	995	175,000	26
Total .....	.....	2,397	540,900	120
PB 2013:				
Navy .....	284	2,012	322,700	83
USMC .....	.....	1,041	197,300	25
Total .....	.....	3,053	520,000	108

Figure 2: Force structure vs. number of installations.

The Department has programmed \$145 million to continue environmental clean-up, caretaker operations, and meet property disposal plan. By the end of fiscal year 2012, we had disposed 91 percent of our excess property through a variety of conveyance mechanisms with less than 17,000 acres remaining. Here are several examples of what we were able to achieve in the past year.

Since the former Naval Air Station Brunswick in Maine closed in 2011, the Navy has disposed of 79 percent of the surplus property. The community is experiencing success in creating short-term and long-term jobs as it continues to implement its redevelopment plan for the property.

In fiscal year 2012, the Navy completed the last disposal action at the former Naval Station Ingleside, Texas, with the public sale of 155 acres on October 7, 2011, to Kiewitt Offshore Services, LTD for approximately \$2 million.

Finally, at the end of 2012, the Navy and South Shore Tri-Town Development Council reached agreement on an economic development conveyance amendment that resulted in the disposal of 556 acres of the former Naval Air Station South Weymouth in Massachusetts. This agreement brought the total percentage disposed at South Weymouth to 93 percent, with less than 150 acres pending disposal upon completion of environmental remediation actions.

Overall, the Navy continues to reduce its inventory of properties closed under BRAC. Of the original 131 installations with excess property, the Navy only has 23 installations remaining with property to dispose. We anticipate reducing this number by six installations this year, with the remainder to be disposed as we complete our environmental remediation efforts.

Under the previous BRAC efforts, the Navy has been able to realize approximately \$4.4 billion in annual recurring savings. BRAC 2005 alone resulted in approximately \$863 million in annual recurring savings. Although there remain clean-up and disposal challenges from prior BRAC rounds, we continue to work with regulators and communities to tackle complex environmental issues, such as low-level radiological contamination, and provide creative solutions to support redevelopment priorities, such as economic development conveyances with revenue sharing.

#### *Compatible Land Use*

The Department of the Navy has an aggressive program to promote compatible use of land adjacent to our installations and ranges, with particular focus on limiting incompatible activities that affect Navy and Marine Corps' ability to operate and train, and protecting important natural habitats and species. A key element of the program is Encroachment Partnering (EP), which involves cost-sharing partnerships with States, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges.

The Department of Defense provides funds through the Readiness and Environmental Protection Initiative (REPI) that are used in conjunction with Navy and Marine Corps O&M funds to leverage acquisitions in partnership with States, local governments and non-governmental organizations. Figure 3 represents the activity and funding for restrictive easements the Department acquired in fiscal year 2012:

	Expenditures in fiscal year 2012 using multiple fiscal year funding				Total expenditures from fiscal year 2005 to present					
	Fiscal year 2012 acres	DOD REPI (O&M)	Service (O&M)	Partner funds	Total funds	Total acres	DOD REPI (O&M)	Service (O&M)	Partner funds	Total funds
Navy .....	5,197	\$14,369	\$682	\$15,580	\$30,632	16,468	\$41,840	\$5,699	\$53,421	\$100,960
Marine Corps .....	2,200	4,974	2,682	8,755	16,411	44,094	45,538	17,698	70,272	133,509
<b>Totals .....</b>	<b>7,398</b>	<b>19,343</b>	<b>3,365</b>	<b>24,335</b>	<b>47,043</b>	<b>60,562</b>	<b>87,378</b>	<b>23,397</b>	<b>123,693</b>	<b>234,469</b>

Figure 3. Restrictive easements acquired through encroachment partnering in fiscal year 2012.

Vital to the readiness of our naval forces is unencumbered access to critical land, water and air space adjacent to our facilities and ranges. The Department understands that energy exploration, on land and off-shore, plays a crucial role in our Nation's security and are activities not necessarily mutually exclusive with military training. However, we must ensure that obstructions to freedom of maneuver or restrictions to tactical action in critical range space do not degrade the ability of naval forces to achieve the highest value from training and testing. As an active participant in the DOD Clearinghouse, the Department of the Navy assisted in the evaluation of 1,769 proposed energy projects submitted through the formal Federal Aviation Administration's Obstacle Evaluation process during calendar year 2012. Ninety-eight percent (1,730) of the projects were assessed to have little or no impact on military operations.

The 1,730 projects cleared by the Clearinghouse represent potentially 38 gigawatts (GW) of renewable energy projects. The wind-turbine developers, in particular, were responsible for a large increase in U.S. green energy during 2012—over 13 GW of nameplate wind-turbine capacity were completed in 2012.

#### *Land Withdrawals*

A number of Department of Navy installations are located wholly or partially on public lands that have been withdrawn from the public domain. Withdrawals exceeding 5,000 acres must be authorized in statute. As part of the National Defense Authorization Act for fiscal year 2014, the administration requests to renew the withdrawals for Naval Air Weapons Station, China Lake, California, and the Chocolate Mountains Air Gunnery Range, California, managed by the U.S. Marine Corps. The Marine Corps also seeks to withdraw an additional 154,000 acres at its Air Ground Combat Center, Twentynine Palms, California, to support increased training requirements. These three withdrawal actions have been combined into a single legislative proposal with the Army's request to convert its use of public lands at the Limestone Hills Training Area, Montana. Each of these withdrawal actions would extend for a period of 25 years.

### RELOCATING MARINES TO GUAM

#### *Overview*

Guam remains an essential part of the United States' larger Asia-Pacific strategy, which includes developing the island as a strategic hub and establishing an operational Marine Corps presence. The Department of Defense recognizes Congress' concerns regarding execution of the Guam military realignment as outlined in the fiscal year 2012 and 2013 National Defense Authorization Acts (NDAA) and is taking steps necessary to resolve critical issues that will allow the construction program to move forward.

#### *Moving Forward*

In April 2012, the United States-Japan Security Consultative Committee (SCC) announced an adjustment to reduce the number of marines relocating from Okinawa to Guam from approximately 8,600 to approximately 5,000. In October 2012, the Department issued a new notice of intent expanding the scope of the Supplemental Environmental Impact Statement (SEIS) for the Live Fire Training Complex to also evaluate alternatives for the Main Cantonment, Family Housing, and impacts on Guam's civilian infrastructure, scaled according to this reduction in relocating marines.

The first military construction contracts funded by both the United States and Government of Japan at Apra Harbor, Andersen Air Force Base and along Marine Corps Drive (Defense Access Roads) were awarded following the record of decision in September 2010 and are now proceeding. These projects are not impacted by the SEIS.

The fiscal year 2013 budget request included \$26 million to construct facilities in support of the Marine Aviation Combat Element at the Andersen Air Force Base North Ramp on Guam. We appreciate the support of Congress in authorizing and appropriating funds that enables the second increment of a project providing an aircraft parking apron, taxiways, lighting, wash racks, and supporting utilities to proceed.

The fiscal year 2014 budget request includes \$85.7 million for construction of a type II hangar at the Anderson Air Force Base North Ramp. To match the U.S. effort in fiscal year 2013, the Government of Japan has agreed to reallocate \$10.8 million to fund planning and design for the second increment of North Ramp utilities and site improvement using their Japan fiscal year 2009 funds already transferred to the United States and for fiscal year 2014, transferring \$114.3 million of Japan

fiscal year 2011 funds for the construction of this project. None of these projects are impacted by the SEIS.

Finally, the United States and Japan are continuously looking for more efficient and effective ways to achieve the goals of the Realignment Roadmap. Both countries remain committed to maintaining and enhancing a robust security alliance, and the United States remains committed to enhancing the United States-Japan Alliance and strengthening operational capabilities.

#### CONCLUSION

Our Nation's Navy-Marine Corps team operates globally, having the ability to project power, effect deterrence, and provide humanitarian aid whenever and wherever needed to protect the interests of the United States. The Department's fiscal year 2014 request supports critical elements of the Defense Strategy of 2012 by making needed investments in our infrastructure and people; reducing our world-wide footprint; and preserving access to training ranges, afloat and ashore.

Yet, unless Congress acts to enact a comprehensive and measured approach to deficit reduction, our programs will be subject to reductions in planned spending even larger than the ones we are grappling with today. I look forward to working with you to sustain the war fighting readiness and quality of life for the most formidable expeditionary fighting force in the world.

Thank you for the opportunity to testify before you today and I welcome your questions.

#### GUAM BASING

Senator JOHNSON. Thank you. Mr. Natsuhara, in your testimony you noted that Guam remains an essential component of the U.S. Pacific strategy. Last year there were significant changes to the administration's strategic plan for the Pacific AOR, providing for U.S. rotations of our forces in Australia, Singapore, and the Philippines. The planned U.S. marine presence at Guam was reduced from 8,600 to 5,000, with an additional 2,500 marines shifted to Hawaii.

I understand that a comprehensive basing plan for Guam may not be finalized until 2015. Without a plan, how can we know that the investments the Navy is making in the Pacific fit with DOD's long-term strategy?

Mr. NATSUHARA. The current investments in Guam for the Navy this year are for our existing missions. So our logistics force has been stationed and operating out of Guam; our MSC ships resupply the current fleet. So the bulk of the funds for fiscal year 2014 for the Navy, all of the funds for Guam are for the existing mission.

The project we are requesting for 2014 for the Marine Corps is to support a need for a current mission that we have in Guam where the marines come for training. So it is for an existing mission, and it will also be used for the upcoming new laydown of marines as they come to Guam from Okinawa.

#### FUTENMA BASING PLANS

Senator JOHNSON. General Kessler, in the 2014 budget, there is a request for airfield security upgrades at Marine Corps Air Station Futenma in Okinawa. However, after years of negotiations, a timeline to relocate U.S. forces from Futenma remains uncertain at best. How do the marines plan to balance investments needed to maintain operations at the current Futenma facility in the next 10 to 15 years without making an over-commitment of resources given the policy of relocating the base?

General KESSLER. Thank you, Mr. Chairman. That particular project that we have in the fiscal year 2014 MILCON submission is a \$5 million project for a security fence. Over about a 3-year pe-

riod, we will have a total of about \$11 million requested for additional MILCON, and probably about \$36 million in FSRM requests. Those are all in there in order to ensure that we maintain a level of safety and operational capability at Futenma for as long as we will be there.

As you stated, we expect that is going to be at least 10 to 15 years. Futenma has been looked at for closure for such a long time that it has had some neglect over the years, that we simply have to ensure that we take care of it to ensure its future use.

#### MARINE CORPS AIR STATION FUTENMA TIMELINE

Senator JOHNSON. General Kessler, what is the timeline for facility investment at Marine Corps Air Station Futenma to maintain mission readiness? Are the needed projects in the fiscal year 2014 to 2018 future years defense plan (FYDP)?

General KESSLER. Yes, sir. The timeline that we are looking at right now, we expect that we will be at Futenma for probably the next 10 or 15 years. You know that the Futenma replacement facility, or the FRF, is the planned replacement for Futenma. The prime minister recently delivered to the Governor of Okinawa a permit for a landfill. That was delivered in March of this year. The Governor has 1 year in which to sign that. We expect he will take that year to do so, at which time we can actually begin the Futenma replacement facility up in Honoko.

So we expect, Mr. Chairman, that we are going to need to continue to support Futenma over that 10- or 15-year period. The investments that we do make there are going to be very targeted and very precise investments to ensure safety and operational capability, but not to over-invest, knowing that we aren't going to be there forever.

#### CAMP LEMONNIER INVESTMENTS

Senator JOHNSON. Admiral Slates, in the 2013 update to the Camp Lemonnier, Djibouti master plan, the Navy knows that the construction standards are being developed for Camp Lemonnier. These include the minimal permanent structures, footprint and finishes to meet the mission. Yet, the same report states that the master plan is based on a 25-year time horizon, indicating that Camp Lemonnier is an enduring mission, one in which we expect to invest close to \$1 billion in construction.

With the understanding that we must seek the best value for our investment, will the austere standards being applied at the camp meet our long-term mission requirements at the base?

Admiral SLATES. Mr. Chairman, the answer is yes. I think we have evaluated the construction standards for the environment in Djibouti. When we say austere, they are standards that meet life, safety, health construction codes for the environment, provide a better quality of living standard than the facilities that we have that last a 25-year life cycle. But austere means they don't necessarily have all of the finishings and furnishings and the nice features that we would have for a facility here in one of our bases in the United States.

So we have two projects in the fiscal year 2014 budget. One is a barracks project with 60-plus rooms to be able to house up to four

people in each of those rooms. That doesn't mean we will. Our first priority would be to get people out of tents and to get people out of the facilities that don't have water.

#### PACIFIC LAYDOWN PLANS

The other project is a secure armory facility, which is basically just a facility intended to consolidate all of the units and their weapons storage and their weapons maintenance and cleaning into one secure structure instead of having them dispersed in temporary facilities around the base.

Senator JOHNSON. Senator Kirk.

Senator KIRK. I would just say that I am hoping for all of you, on the implementation of the sequester, that we move away from what I would call the insidious implementation of the sequester, meant to harm the Nation to make a political point, to blame the Congress, on the eve of a potential conflict with Korea. I think it is completely reprehensible to have an Air Force that doesn't fly and a Navy that doesn't sail and an Army that doesn't train.

I'm going to follow up on something totally different. My understanding is in the future-year program, you have three \$200 million plugs for the Pacific laydown. As I best remember it, the President announced the deployment of roughly a platoon of marines to Darwin, Australia. That kind of works out to \$200 million, \$220 million per marine. I'm sure those guys would love accommodations like that.

So my question is for further detail on those \$200 million plugs on the Pacific laydown.

#### TRAINING FACILITIES IN ALASKA

Mr. NATSUHARA. Sir, we continue to work with our colleagues both in DOD and in DON and our international partners, and part of that is working through and finalizing the laydown, but also working with our international partners on how much they will be contributing to the move, in Australia in particular. We are not there yet. It is a joint discussion between OSD policy, State Department, and the Australians. So we are aware of that. We will try to get the answer as quickly as possible.

Senator JOHNSON. Senator Begich.

Senator BEGICH. Thank you, Mr. Chairman.

First off, this is a comment and a question. I really appreciate the work you all have been doing to enhance the training facility in Alaska for SEALS. We know it is a great place to do training because the weather conditions are tough, and we appreciate that. I think a couple of years ago there was project, maybe \$18 million or so, give or take, and I think they broke ground last year, or maybe they are doing it this year. I just would love to get an update. If you don't have that now, for the record, how that project is going.

And then also, as you continue to develop it, as I understand, at some point in the training for the SEALS, they are going to go to Alaska. Everyone goes there at some point. Are there additional things that you may need in the future that you should let us know about? I don't know if anyone wants to answer that first.

Mr. NATSUHARA. Sir, I will have to take that for the record.

Senator BEGICH. Okay.

Mr. NATSUHARA. I believe that is actually funded through SOCOM.

Senator BEGICH. Okay.

Mr. NATSUHARA. I don't think that's a Navy project, but we will verify that and we will take that for the record, sir.

[The information was not available at press time.]

Senator BEGICH. Sure, that would be great. Also, just a side note again, to the Navy and marines, we just did the ceremony in Alaska on the USS *Anchorage*, a great ceremony, an incredible facility. Seeing the marines and the Navy there, Anchorage loved it, incredible technology on that ship, and impressive to talk to the manufacturers of that facility, as well as meeting some of the crew and the folks. So I just want to tell you that that was a real uplift for the community. Hopefully, the folks that were there felt it, too. But we really appreciated the work on that. That was a fantastic ceremony and a fantastic ship to add to the fleet.

Let me ask you two things, maybe three. One is on energy security. Obviously, I come from an energy State. I know the DOD has been under attack in the past for some of the technology developments because of fuel costs per gallon. I am not one of those. I think it's like when we first bought our first flat screen TV, we mortgaged our house to get it. When we got our first cell phone, now they give them free. Technologies around energy will cost a lot on the front end as you develop it, but the critical need is down the road if you can have multiple sources.

#### ENERGY SECURITY PLANNING

Can you just give me an indication of are you, in the development of energy security, what kind of relationships you have with the private sector and the partnerships that you're developing on these new technologies? And I know there is a lot of different stuff in the mill. Can you give me just any general comments from whoever feels comfortable to do that?

Mr. NATSUHARA. Overall, we in the Department established a new deputy assistant secretary for energy to focus just on that.

Senator BEGICH. Which we've had in Alaska, which we are very happy about that.

Mr. NATSUHARA. And we are happy to see that the other services have also established a counterpart. So Mr. Hicks, Tom Hicks, is our—

Senator BEGICH. And there is one for the whole DOD, if I remember right.

Mr. NATSUHARA. Correct. Ms. Burke—

Senator BEGICH. Yes, that's who we had, yes.

Mr. NATSUHARA [continuing]. Is the operational energy assistant secretary. So as a Department, we have a structure now to do that, and particularly for the Department of the Navy. Mr. Hicks, along with the Navy team and the Marine Corps energy team, have worked very closely with industry in all forms, the biofuels energies, all the operational energy. The Marine Corps holds energy forums. Essentially, they call it Experimental Forward Operating Base (ExFOB), where they bring industry out and let them show

their technologies that the marines have taken to the battlefield very quickly.

Senator BEGICH. I have seen some of the solar energy that the marines have utilized in the Forward Operating Bases (FOBs), and it is unbelievable. I didn't mean to interrupt you, but I know the marines don't want to be humping batteries all around. They want to have their weapons and bullets, and to know that you went from a big facility down to a much smaller, that has to be life-saving, energy-saving, and operational saving. Is that a fair statement?

Mr. NATSUHARA. Yes.

General KESSLER. Yes, sir, it certainly is. The Marine Corps has taken a very holistic approach, I think, to energy in general. The Commandant published his energy policy called Bases to Battlefields. The part that you saw, sir, is our expeditionary energy, and we really truly can translate some of those activities into saved lives. It means fewer convoys on the road, less exposure to our marines and sailors that are out in harm's way.

Along with that, though, I would say the other part of energy is the installation side, and putting those two together, we have developed what we are calling an energy ethos. That is, while we practice those things to save lives on the battlefield, we want to carry those same energy-minded efficient practices to our installations as well. So it really is a very concerted effort both on the installations and expeditionary side.

Senator BEGICH. Very good.

Admiral.

Admiral SLATES. Sir, if I might, I think from the Navy perspective, we have really two focus areas. One is the shore side, and the other is the operational. On the shore side, our real focus to date has been on consumption reduction. The kilowatt hour or the barrel of oil we don't use is one we save forever and ever. So that has been the primary focus. Renewables, where they make sense, and they make sense in a lot of places, and then also instead of maybe energy security, energy resilience. We need to make sure that key facilities and infrastructure on our bases can continue to operate and to support the fleet as it goes forward.

On the operational side, it may be a little more complex than in the Marine Corps because we are talking very big systems, ships and aircraft primarily. The focus has been on how do we get additional efficiencies out of those platforms that we have for 30 to 40 years so that we can have additional capability for the commander who operates that.

So we see that efficiency on the operational side basically goes hand-in-hand with enhanced combat capability in the future.

#### SERVICE PARTNERSHIPS

Senator BEGICH. Let me say one piece, and I know it is a sister agency, the Coast Guard, who is on the water too. They are doing some great stuff I know in Alaska with biomass and their Sitka operation, and now looking at their Kodiak operation. It's going to save them unbelievable amounts of money in the operational on-shore. So my guess is you are watching all these as they are being developed to see how you can integrate these into your own operation. Is that a fair statement?

Admiral SLATES. Yes, sir. It is a pretty good partnership between all the services, including the Coast Guard, on our energy initiatives.

Senator BEGICH. Very good.

Last question, Mr. Chairman, if I could, and that is I know the Navy has been a lead on this, and that is with Task Force Climate Change, the work you have recognized. I know that people don't want to say the words "climate change." They all flip out. They want to talk about the science. But I know from you guys, you have had an extra effort because of the impacts it could have.

#### TASK FORCE CLIMATE CHANGE

Have you done an analysis on the construction needs of the future that may be required because of changing water depths with so much of your infrastructure? And I don't know who wants to answer that, but Alaska is Ground Zero when it comes to climate change. We are losing shoreline. You name it, we are impacted. So we live it every day.

But I'm wondering, I know you have Climate Change Task Force. It has been very successful with a lot of information, but I know it gets controversial because they wonder why the military is even talking about climate change. Well, because you've got infrastructure, and it's lots of money.

Have you done an analysis of the cost of what this would require with changing water depths?

Mr. NATSUHARA. We have not done an analysis of that yet. We are aware of that. We have started some studies on trying to identify some of the impacts. We will be working with OSD and our interagency counterparts because we believe this is much bigger than the Navy and bigger than DOD. So we have started some analysis, but we don't have any costs right now.

Senator BEGICH. I'll leave it on that and just say I look forward to further discussion on this because I think we have to be real about what these costs will be, because they will not be in the thousands, they will not be in the millions. They will be in the billions because of the amount of shore requirements, just what we saw with the climate change that created the storm in the Northeast. It impacted everybody. So I would be interested as you progress on that.

Thank you, Mr. Chairman.

#### CAMP LEMONNIER RESTRICTIONS

Senator JOHNSON. One last question for Mr. Natsuhara. The mission requirements at Camp Lemonnier have shifted over the past several years, impacting the types of MILCON projects that DOD has taken at the base. Last year, however, the Government of Djibouti demanded that the United States move drone operations from Djibouti International Airport to a French-operated airfield which is well outside the perimeter of Camp Lemonnier.

Are there indications that the Djibouti Government will impose additional limitations on operations and our construction at Camp Lemonnier? And if so, how does that impact our MILCON strategy at that location?

Mr. NATSUHARA. We continue to monitor the situation at Camp Lemonnier with the Djiboutians. As of a couple of weeks ago, and I believe still to date, we have not shifted our RPAs, remotely piloted aircraft, to the outlying field at Chebelley.

The Djiboutians continue to challenge us. We have a great team there that continues to work with them through these challenges. Right now, our construction is going fairly well. We continue to monitor it. We work with the State Department on that and the Ambassador on the ground. It will continue to be a challenge, but our team continues to work through those.

Senator JOHNSON. I thank all of our witnesses for appearing before the subcommittee today. We look forward to working with you this year.

#### ADDITIONAL COMMITTEE QUESTIONS

For the information of members, questions for the record should be submitted by the close of business on May 14.

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

#### QUESTIONS SUBMITTED TO ROGER M. NATSUHARA

##### QUESTION SUBMITTED BY SENATOR JON TESTER

*Question.* On September 27, 2012, I sent a letter to Navy Secretary Mabus requesting the Navy name its newest *Virginia*-class submarine, the USS *Montana*. In response, Secretary Mabus shared that the Navy would keep my request under consideration as opportunities presented themselves. In this context, can you provide a list of the most recent naval vessels that have been named, and when each occurred? Additionally, can you provide a list of naval vessels that have yet to be named, as well as expectations for when that will happen?

*Answer.* The Secretary of the Navy is responsible for ship naming and receives recommendations from many sources. Members of Congress, business and community leaders, military personnel, naval historians, and private citizens are among those who suggest names for ships. All recommendations are carefully considered and hundreds of possible names are reviewed by the Secretary of the Navy during the naming process. Naming conventions for recently named ships are:

- JHSV—Joint High Speed Vessels named for small American cities and counties.
- LPD—Amphibious Transport Dock ships named for major American cities and communities attacked on 9/11.
- LCS—Littoral Combat Ships named for regionally important American cities and communities.
- AGOR—Auxiliary General Oceanographic Research vessels named for nationally recognized leaders in exploration and science.
- DDG—Guided Missile Destroyers named for deceased members of the Navy, Marine Corps and Coast Guard, including Secretaries of the Navy.
- SSN—*Virginia*-class attack submarines are named for States.

In April 2013, seven ships were announced:

- USNS *Trenton* (NJ)—JHSV 5.
- USNS *Brunswick* (GA)—JHSV 6.
- USNS *Carson City* (NV)—JHSV 7.
- USS *Portland* (OR)—LPD 27.
- USS *Wichita* (KS)—LCS 13.
- USS *Manchester* (NH)—LCS 14.
- R/V *Sally Ride*—AGOR 28.

In May 2013, the following were announced:

- USS *Paul Ignatius*—DDG 117.
- USS *Daniel Inouye*—DDG 118.

Congress was recently notified of the Secretary of the Navy's intent to name the following ships:

- USNS *Yuma* (AZ)—JHSV 8.
- USNS *Bismarck* (ND)—JHSV 9.

- USNS *Burlington* (VT)—JHSV 10.
- USS *Billings* (MT)—LCS 15.
- USS *Tulsa* (OK)—LCS 16.

In view of ship naming conventions, the most appropriate vessel type to bear the name of a State would be a submarine.

In 2012, six submarines were named:

- USS *Illinois*—SSN 786.
- USS *Washington*—SSN 787.
- USS *Colorado*—SSN 788.
- USS *Indiana*—SSN 789.
- USS *South Dakota*—SSN 790.
- USS *Delaware*—SSN 791.

A block of four submarines will be under contract around October 2013 and the name “Montana” will be given strong consideration.

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#### QUESTIONS SUBMITTED BY SENATOR MARK KIRK

*Question.* Background: For the second year in a row the Navy’s Future Years Defense Plan contains very specific “Pacific Engagement Wedges,” with no explanation or backup justification. The wedges are:

- 2015—\$44,000,000;
- 2016—\$49,900,000; and
- 2016—\$101,300,000.

Mr. Natsuhara, last year we asked to see some planning justification for the Pacific Engagement wedges but nothing was provided. This year’s FYDP still contains the wedges with no justification. When will you be able to share this planning data?

*Answer.* The Department of the Navy is committed to supporting the Department of Defense’s emphasis on the Asia-Pacific region. So, for programming considerations, we included “wedges” for “Pacific Engagement” in fiscal year 2015 and fiscal year 2016 to accommodate possible infrastructure costs once basing decisions are made. We will include specific data in future budget submissions as we finalize the strategic laydown, infrastructure requirements and availability of host nation support in the Pacific.

*Question.* Background: I understand the Department of Navy has done an outstanding job advocating energy-efficient and alternative energy projects, but there is one aspect of the new energy program that I am concerned about and that is energy security. Our power grids are indispensable to the operational missions of our bases and a cyber attack on a grid that makes the base go dark could prove disastrous. I applaud the focus on renewable sources of energy but I do not see the same focus on energy security.

Is the focus on renewable energy more of a priority than energy security?

*Answer.* The centerpiece to the Department of the Navy’s shore energy program is energy security. The Navy is committed to enhancing combat capability, reducing total ownership costs, and ensuring energy security through investments directed toward efficiency to reduce overall energy demand, while optimizing the use of renewable energy where financially viable, and improving the resilience to grid failures.

*Question.* There are several microgrid demonstration projects underway at this time and the marines are requesting funds for two microgrid projects. I would like to know if you plan to incorporate more microgrid technology into your energy programs to ensure greater energy security.

*Answer.* The Department of Navy is committed to smart grid and microgrid technologies where it is viable from a mission, technical and financial perspective.

*Question.* What are you doing to ensure energy security, particularly cybersecurity, is part of the plan for energy projects?

*Answer.* The Department of the Navy ensures that our energy projects are appropriately secure from a cybersecurity perspective. For example, the Navy’s smart grid demonstration integrates Advanced Metering Infrastructure (AMI) and Industrial Control Systems (ICS) into a cyber-secure, NETWARCOM-accredited base network.

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#### QUESTIONS SUBMITTED BY SENATOR DANIEL COATS

*Question.* What is the future of the National Museum of the United States Navy? Does the U.S. Navy intend to have a world-class museum like the U.S. Marine Corps?

*Answer.* The Navy does intend to have a world-class museum and will consider all options, including relocation off the Washington Navy Yard, to promote the pro-

tection and preservation of the collection of art, artifacts, and records contained in the National Museum of the United States Navy and to make the collection more accessible to the public.

The Navy plans to take more concrete steps toward this vision in the future as the fiscal climate allows.

*Question.* The Naval Inspector General found in their December 2011 report that the, "Naval History & Heritage Command (NHHC) facilities and offices at the Washington Navy Yard are inadequate to support the command's mission of historic preservation and the administrative requirements of the staff. NHHC facilities do not meet temperature and humidity control requirements to preserve the Navy's historical archives and artifacts." What initiatives are being taken by Navy to ensure that their facilities are being upgraded to meet the proper temperature and humidity levels required for the long term preservation of art, artifacts, and archival documents?

*Answer.* Navy is currently pursuing completion of the NHHC Global Strategic Infrastructure Plan, NHHC Facilities Design Standards, and NHHC Commemorative Facilities Study. When completed, these planning efforts will support an integrated set of facility requirements to support critical operations and enable targeted facility project planning for best use of limited available funding.

In 2012, Navy executed a repair project for the HVAC and mechanical systems of the Navy Historical Center at the Washington Navy Yard at a cost of \$8.1 million.

*Question.* What resources is Navy placing against this requirement?

*Answer.* Navy funded \$954,000 for development of the three planning measures identified above in addition to the \$8.1 million repair project.

*Question.* What is the projected completion date for all required facilities renovations or construction?

*Answer.* The results of the planning effort are needed in order to develop the proper renovation and/or construction requirements.

*Question.* Has the Navy reviewed the Army support facility at Fort Belvoir?

*Answer.* The Navy has made numerous visits to the site to assess suitability for storage and the possibility of partnering with the Army. The site is not adequately zoned internally to house collections for artifacts requiring separate environmental conditions. In addition, available storage space at this facility is quickly becoming limited as Army collections continue to arrive for caretaking.

*Question.* Does the Navy have any plans to replicate this facility for Navy artifacts, art, and documents?

*Answer.* The Navy is currently conducting an infrastructure review which will balance required capabilities with existing assets. Upon completion of that study at the end of fiscal year 2013, the Navy will better understand if a similar facility is required. In addition, aspects of the design criteria used at the Army support facility will be incorporated into the new NHHC facilities design criteria.

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#### QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

*Question.* The minor MILCON authority for Defense Laboratories (section 2805(d)) empowers laboratory directors with the authority to fund unspecified military construction projects up to \$4 million with the caveat that the Congress must be notified on projects over \$2 million. Can you identify projects that your lab directors are trying to accomplish this year or are considering in the near future using this authority?

*Answer.* At this time, there is only one proposed project, which seeks to accomplish work in excess of \$35 million to revitalize the Electronics and Technology Lab at the Naval Research Lab, Washington, DC. The current scope of the project exceeds the authorities provided under section 2805(d). We are reviewing changes to scope and other funding alternatives for pursuing this requirement.

*Question.* I understand that the Navy Research Laboratory Director may have projects that could use help getting out of the Pentagon. Will you check into this and ensure the committee that the approval process for Navy Laboratory Revitalization projects is operating efficiently?

*Answer.* The Department of the Navy is continuing to work with the appropriate stakeholders to identify opportunities and find an effective means to use the 2805(d) authority and other mechanisms to address laboratory revitalization.

SUBCOMMITTEE RECESS

Senator JOHNSON. This subcommittee will reconvene on Wednesday, May 15, at 10 a.m. to hear testimony from the Departments of the Army and the Air Force.

This hearing is recessed.

[Whereupon, at 3:55 p.m., Thursday, May 9, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, May 15.]