

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2016

WEDNESDAY, APRIL 15, 2015

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

The subcommittee met at 10:33 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Mark Kirk (chairman) presiding.
Present: Senators Kirk, Murkowski, Tester, and Schatz.

DEPARTMENT OF DEFENSE

JOINT CHIEFS OF STAFF

U.S. PACIFIC COMMAND

STATEMENT OF MAJOR GENERAL MICHAEL G. DANA, USMC, DIRECTOR FOR STRATEGIC PLANNING AND POLICY (J5)

OPENING STATEMENT OF SENATOR MARK KIRK

Senator KIRK. Our witnesses are Major General Clark and Major General Dana, and from the Defense Health Agency (DHA), Mr. Marshall, and from the Missile Defense Agency (MDA), General Todorov. Thank you all for being here.

We are going to be hearing from the military departments, the Navy, the Air Force, the Combatant Commanders, to make sure we get down to what projects are doing actually for the national defense.

We will go with the early bird rule and alternating sides, and I will defer to Mr. Tester for any opening statement you might have.

STATEMENT OF SENATOR JON TESTER

Senator TESTER. Thank you, Chairman Kirk. I want to welcome the witnesses today and thank all of them for appearing before this subcommittee and for their service to this country.

Today's hearing brings together some of our Nation's most critical defense capabilities. This includes Special Operations Command (SOCOM) and our special operators at the forefront of defending our Nation. Pacific Command (PACOM), the Combatant Command, at the heart of the 21st century defense policies and geopolitics, and DHA and MDA, the defense agencies charged with the sacred duty of keeping our servicemen and women healthy in

protecting our shores and those of our allies from the threat of missile attack.

Military construction (MILCON) is a key component to readiness. The facilities that we invest in today form the framework of our strategy for tomorrow. It follows that poorly planned investments not only waste taxpayer dollars but also threaten U.S. strategic interests and the ability of our war fighters to protect this Nation.

Forward thinking, properly planned and resourced infrastructure investment is particularly relevant for the key commands and missions represented by the witnesses before us today. This is especially true in weighing the requirement for MILCON investments in the United States versus overseas.

Given the budget pressures that the Department of Defense (DOD) is currently facing, it is imperative to ensure that the Continental United States (CONUS) MILCON requirements are not short-changed and accommodate overseas MILCON investment. Host nation support plays a key role in leveraging our investments in overseas MILCON.

Thus, we must make sure that our allies are paying their fair share of the MILCON bill for overseas initiatives that benefit both the United States and those allies.

I look forward to your testimony. I hope you can assure this subcommittee that the very substantial fiscal year 2016 MILCON funding that you are requesting is based on rigorous planning and long-term strategy, not only to meet the near term requirements but also future strategic needs.

Thank you all for being here today. I look forward to your testimony and look forward to the questions that will follow. Thank you, Mr. Chairman.

Senator KIRK. Thank you. We are going to turn to our four witnesses. The MILCON request is about \$8.4 billion. I want everybody to focus on how your request directly supports the national defense, to talk about bricks and mortar and strategic goals for the United States. I want to make sure you focus on your area of responsibility (AOR) and look at what is necessary to do.

Over to you, General.

SUMMARY STATEMENT OF MAJOR GENERAL MICHAEL G. DANA, USMC

General DANA. Mike Dana. I am the PACOM J5. Thanks for the opportunity, sir, to be here today. My boss is in the building today also, so you have two folks from PACOM.

Sir, on the way over here I was talking to the team in the van. I wanted to share with you that I have six uncles that served in World War II, three in the Pacific, two in the European theater, then my Uncle Joe is at Brooklyn Navy Yard, but he did his time. Those three uncles served in combat in the Pacific.

That generation put in place for us a security framework in the Pacific that is still in existence today, at terrible cost; 111,606 servicemen were killed in the Pacific in World War II. When you look at the GDP that was consumed during World War II in 1944, 43 percent of GDP was committed to the fight.

The point of this is this investment that we are making in MILCON now and through the future, through 2030, through 2032,

keeps the security framework in place that has had great dividends to the United States and for the region.

I have been a marine for 33 years. I first went to the Pacific in the mid-1980s. I spent a lot of time in my current job in the Pacific. It is just amazing the economic growth and the quality of life and how things have improved in places like the Philippines, Indonesia, Malaysia, and Singapore. For all these areas it is absolutely critical that we maintain our presence.

The main theme I have for you today is the 29 projects, the \$1 billion in investment in the Pacific is going to pay dividends, and it pays dividends in the following ways: it provides us a forward presence. We have forces in the Pacific forward deployed that can do the following things: key engagements, training exercises, building partner capacity.

The forces from the United States are very important. It is great to have these forward position forces where we can interact with allies and partners and future partners to achieve the U.S. strategy and the PACOM strategy for the Pacific, which is peace, security, stability, and prosperity in the region. When we are there, it matters, and our allies and partners like us being there.

You talked about costs, and I think what is most striking if you look at the top four projects, MILCON projects that are ongoing, and the Secretary of Defense mentioned this in his speech, if you look at Camp Humphreys and the Anjeong-ri relocation in Korea, if you look at Iwakuni, where they literally moved mountains, literally, then the Futenma Replacement Facility and the Okinawa consolidation, Guam-CNMI, as we take that from now, sir, to 2028 when we have full operating capability in Guam, in that time span, \$37 billion bill, that is a lot of money, but the good news is our Korean and Japanese allies are paying \$30 billion of that bill. I wish I could find a bank to give me that kind of return on investment.

We greatly appreciate the investment. I look forward to your questions, and thanks for the time today.

[The statement follows:]

PREPARED STATEMENT OF MAJOR GENERAL MICHAEL G. DANA

Chairman Kirk, Senator Tester, and distinguished members, thank you for the opportunity to address the subcommittee. I am Major General Michael Dana, USPACOM J5, Director for Strategic Planning and Policy. In concert with ADM Locklear's testimony provided to the House Appropriations Defense Subcommittee, I am prepared to discuss how USPACOM fiscal year 2016 military construction (MILCON) requirements support National strategic objectives.

STRATEGY

USPACOM Strategy reflects our contribution to U.S. efforts to rebalance in the region. In accordance with national guidance, our desired end state is that the Indo-Asia-Pacific is secure and prosperous, underpinned by U.S. leadership and a rules-based international order. To this end, we will strengthen alliances and partnerships, maintain an assured presence in the region, and effectively communicate our intent and resolve to safeguard U.S. national interests. Proceeding from a hierarchy of national level planning guidance, the strategy provides the Commander's vision for resourcing in light of national level emphasis on the Indo-Asia-Pacific.

Through supporting the development of strong regional institutions and partnerships capable of supporting common solutions, we will attempt to shape China's behavior as its regional and global influence grows. In addition, we will encourage the outlook of key external powers to promote cooperation with the United States in the region by strengthening U.S. and regional partner capacity to meet emerging challenges. By supporting democratic development through the promotion of good gov-

ernance, human rights, and inclusive participation, USPACOM will pursue denuclearization and reduce the risk of weapons of mass destruction proliferation from North Korea.

BACKGROUND

The U.S. Pacific Command (USPACOM) area of responsibility (AOR) encompasses approximately half the earth's surface and more than half of its population. The 36 nations that comprise the Asia-Pacific include: two of the three largest economies and five of the smallest; the most populous nation; the largest democracy; the largest Muslim-majority nation; and the smallest republic in the world. The region is a vital driver of the global economy and includes the world's busiest international sea lanes and nine of the ten largest ports. By any meaningful measure, the Indo-Asia-Pacific is also the most militarized region in the world, with seven of the world's ten largest standing militaries and five of the world's declared nuclear nations. Under these circumstances, the strategic complexity facing the region is unique.

FORWARD PRESENCE

Fundamental to USPACOM's mission is the ability to deter aggression and prevail in crisis. USPACOM maintains forward-deployed ready forces as credible deterrents, to support and defend national security interests, while providing assurance and protection to allies and partners. Assured forward presence is supported through posturing the right capabilities (forces) at the right locations (footprints) with the right host nation access (agreements) to ensure forward deployed forces can support National objectives. USPACOM strives to maintain a force posture that effectively communicates U.S. intent and resolve, safeguards U.S. national interests, strengthens alliances and partnerships, maintains a politically sustainable presence in the region, prevents conflict, and if necessary, is able to respond rapidly and effectively across the full range of military capabilities.

MILCON

USPACOM comprises over 21 percent of the entire joint force, to include approximately 100,000 servicemembers, not including dependents, forward deployed to Japan, Korea, and Guam. The size and scope of the forward deployed forces and the emergent security environment require recapitalization and capability improvement in the AOR. To that end, the fiscal year 2016 MILCON projects largely reflect requirements that support the fielding of new capabilities in the AOR, to include the Joint Strike Fighter, CV-22, C-130J, and the F-22. Additional investments support resiliency initiatives and infrastructure recapitalization on Guam and Hawaii, critical munitions throughput recapitalization in California (MOTCO), and quality of life investments for our force's dependents in Korea and Japan.

HOST NATION CONTRIBUTIONS

The Department appreciates the significant host nation investment made by key partners and allies as we look to expand our access and operations in the USPACOM AOR, providing mutual benefit to our partners' and our interests. Our strategy seeks to provide the correct level of capital investment to support established posture initiatives and commitments, including efforts in Korea (Yongson Relocation Plan (YRP) and Land Partnership Plan (LPP)) and Japan (Okinawa Consolidation (OKICON) and the Defense Policy Review Initiative (DPRI)). In support of these initiatives, the Government of Japan has committed up to \$3.1 billion to help realign U.S. Marines from Okinawa to Guam and other locations and \$4.5 billion to expand the airfield and associated facilities at Marine Corps Air Station Iwakuni. In addition to these specific programs, Korea and Japan maintain robust Host Nation Funded Construction (HNFC) programs which play vital roles in supporting U.S. presence and enduring capabilities in the region.

Our legacy installations in Northeast Asia date from the cold war and are showing their age. During these times of austere budgets, the services struggle to maintain infrastructure Sustainment, Restoration, and Modernization (SRM) accounts at appropriate levels. As we look to the future, we do not anticipate creating large footprint U.S. installations throughout the theater. Rather, by working in concert with our partners in the region, we can deploy capabilities through agreed upon locations requiring only modest levels of infrastructure improvement.

CONCLUSION

It has been over 3 years since the President announced the U.S. Rebalance to the Asia-Pacific. The Rebalance is focused on modernizing and strengthening treaty alliances and partnerships through cooperative agreements, building partner capacity, and increasing regional cooperation, interoperability, and security capabilities. Through assured forward presence, the Department will continue to maintain its momentum and commitment to the Rebalance while simultaneously achieving objectives defined in national level planning guidance. Thank you for your continued support to USPACOM and our men and women, and their families, who live and work in the Indo-Asia-Pacific.

Senator KIRK. Thank you, General.

U.S. SPECIAL OPERATIONS COMMAND

STATEMENT OF MAJOR GENERAL STEPHEN A. CLARK, USAF, DIRECTOR OF FORCE STRUCTURE, REQUIREMENTS, RESOURCES, AND STRATEGIC ASSESSMENTS (J8)

General CLARK. Good morning, Chairman Kirk, Ranking Member Tester, and distinguished members of the subcommittee, on behalf of General Votel and the entire Special Operations Command (SOCOM) family, thank you for the opportunity to discuss our fiscal year 2016 military construction program through the lens of operational impacts and imperatives.

Over 11,000 Special Operations Forces (SOF) stations were operating in over 80 countries on any given day in support of the geographical command requirements. In some areas, they comprise large to medium formations and in others small or single individuals. They may be discrete or directly enabling a conventional unit or partner nation across the range of military activities.

Building this skilled and specialized force is a demanding and time-intensive process. Every day our forces put forth an extraordinary level of effort and personal sacrifice while enduring grueling physical and mental demands to meet mission requirements. These are mature, educated, and highly trained individuals for whom our Nation expects exceptional outcomes.

In order to ensure these exceptional outcomes, they depend on exceptional facilities to maximize their organizational, educational, operational training, and equipment requirements.

One of our SOF truths is that humans are more important than hardware. This axiom reminds us that it is our people who make the decisions, our people who execute the mission, and our people who live with the consequences. Our MILCON program is focused on those same people, their mission, and their success.

We do this not only through the design and capabilities within facilities, but also pay close attention to their functional alignment, location, and relationship to each other. This functional alignment maximizes facility utilization, increases training time available, increases training impact, and increases time available with family between deployments.

It ensures the force is rapidly deployable and is a robust sustainment base from which to draw on. Upon return, they have a solid foundation for recovery, reset, and redeployment.

In short, we devise our MILCON to maximize the readiness of the available force.

The second SOF truth is that most special operations require non-SOF support. MILCON is no different. Most special operations units are tented units on Service-run installations.

Our MILCON program is geared to support SOF capabilities, operations, maintenance, training, and storage, while we rely on the services to support service-common functions such as base operating support, family housing, dormitories, dining facilities, chapels, utility infrastructure, and facilities' sustainment, restoration, and modernization.

The services have been exceptional partners both on and off the battlefield, and we appreciate their continued support.

Ladies and gentlemen, our SOF warriors and their families have benefitted greatly from the support of this committee, the Congress, and the American public. It is our honor to demonstrate how we guard the trust they have placed in us.

Thank you for your time, and I look forward to your questions. [The statement follows:]

PREPARED STATEMENT OF MAJOR GENERAL STEPHEN A. CLARK

Chairman Kirk, Ranking Member Tester and distinguished members of the subcommittee, I am truly honored to appear before you as the Director of Force Structure, Requirements, Resources, and Strategic Assessment of United States Special Operations Command (USSOCOM). On behalf of General Votel and the entire Special Operations Forces (SOF) Community, we appreciate the opportunity to present our Military Construction (MILCON) Posture and thank you for your unwavering support. We will constantly strive to earn a high level of trust by maintaining an open and honest dialog and by remaining accountable stewards of U.S. tax dollars. I will describe USSOCOM's posture in the context of our Commander's Five SOF Priorities and provide a summary overview of our military construction program.

USSOCOM synchronizes the planning of world-wide special operations and provides SOF to Geographic Combatant Commands (GCC) to support persistent, networked, and distributed operations to protect and advance our Nation's interests. SOF commanders and staff's plan and lead a full range of lethal and non-lethal special operations missions in complex and ambiguous environments. Also, SOF personnel serve as key members of joint, interagency, and international teams.

FIVE SOF PRIORITIES

In order to strengthen SOF posture and capabilities, General Votel established five priorities for USSOCOM: These five priorities require facilities to meet the operational demands of the SOF warrior and our MILCON program supports these requirements:

- Ensure SOF readiness by developing the right people, skills, and capabilities to meet current and future requirements.
- Help our Nation win in today's challenging environment and contribute to keeping the nation safe.
- Continue to build relationships with our partners through sustained security cooperation, expanded communication architectures and liaison activities.
- Prepare for the future by investing in SOF that are able to win in an increasingly complex world.
- Preserve our force and families providing for their short- and long-term well-being. People are our most important asset; military, civilian and families.

USSOCOM's MILCON program is appropriately sequenced and synchronized to support these five priorities.

MILCON PROJECTS

USSOCOM invests in MILCON to effectively support SOF operations, training, maintenance, and storage facility requirements. This concerted effort addresses MILCON requirements attributable to new capabilities and missions, force structure growth, and inherited antiquated infrastructure.

USSOCOM evaluated 278 prioritized MILCON requirements, valued at more than \$5 billion, as part of the annual review of its MILCON program. This includes 60

legacy requirements related to the recapitalization and modernization of facilities that pre-date the standup of USSOCOM. As a result of this evaluation, the Command selected 120 prioritized projects valued at \$2.5 billion for inclusion in its fiscal year 2016 President's Budget Future Years Defense Program. USSOCOM remains committed to sustaining an appropriate level of MILCON investment in 2016 and beyond to address the critical infrastructure needs of SOF operators worldwide.

In fiscal year 2016, the USSOCOM MILCON request is \$504 million consisting of \$457 million in major construction for 19 projects in seven States, one overseas location, and one unspecified Continental United States (CONUS) location, \$32 million for planning and design; and \$15 million for unspecified minor construction. The \$457 million of major construction provides \$315.4 million for operations facilities, \$62.3 million for maintenance facilities, and \$79 million for training facilities required to support the missions, objectives, and priorities of USSOCOM.

CLOSING

We look forward to working with Congress as we prepare our SOF operators for the complex situations they face on a daily basis. Your oversight, support, and partnership will ultimately help us provide better service to our Nation. Thank you for the opportunity to appear before you today and for your continued support of USSOCOM.

MISSILE DEFENSE AGENCY

STATEMENT OF BRIGADIER GENERAL KENNETH E. TODOROV, USAF, DEPUTY DIRECTOR

General TODOROV. Good morning, Chairman Kirk, Ranking Member Tester, distinguished members of the subcommittee. I am Brigadier General Ken Todorov. I am the Deputy Director at the Missile Defense Agency, and it is an honor to be here today to testify before you.

The fiscal year 2016 missile defense program will continue to support the warfighter and needs of the Combatant Commands with the development and deployment of interceptors, sensors, and the command, control, battle management and communications systems for the Integrated Ballistic Missile Defense System.

The Missile Defense Agency requests \$169.15 million for military construction in fiscal year 2016. This request supports the construction of an Aegis Ashore Missile Defense System complex in Redzikowo, Poland, which is part of phase 3 of the European Phased Adaptive Approach (EPAA). This site is on track to be operational by the end of calendar year 2018.

The Aegis Ashore complex will be equipped with the next version of the Baseline 9 Weapon System, including BMD 5.1 software, and have the capability to launch Standard Missile-3 Block IA, IB, and IIAs. These upgrades will significantly increase our battle space to provide improved defensive coverage against medium and intermediate-range threats.

In coordination with the United States European Command (EUCOM), we continue to have positive interactions with the Polish Government regarding the land use implementing arrangement and spectrum approvals, and anticipate agreement to meet the construction time line. Construction at Redzikowo is expected to begin in April 2016.

Design of the entire Aegis Ashore Missile Defense complex is in the final stage of review and incorporates many lessons learned from experiences in constructing similar facilities in Romania.

For example, we developed better designs for placing the HEMP shielding and HEMP electrical enclosures. Following the Depart-

ment's Better Buying Power 3.0 Memo to achieve greater efficiency and productivity in defense spending, the Design-Bid-Build project will include firm fixed price with incentive fee to promote better project schedule formulation and increased oversight of subcontractors, especially foreign companies less accustomed to working with the U.S. MILCON process.

Based on lessons learned from Romania, the U.S. Army Corps of Engineers is also implementing a more robust management team to oversee the technical complexity associated with the construction to support the Aegis Ashore Weapon System.

In accordance with the Department of Defense and Office of Management and Budget guidance, MDA is requesting this subcommittee provide full MILCON funding in fiscal year 2016 for the Poland Aegis Ashore site. Full funding will provide a full commitment of resources for an on time project delivery of phase 3 of the European Phased Adaptive Approach by the end of 2018.

Mr. Chairman, the Aegis Ashore project in Poland and all of those that this committee has supported in the past, including the long range discriminating radar, have enormous strategic implications for the defense of our Nation and of our allies, friends, and partners.

We are grateful for your continued support of these vital projects. I look forward to answering your questions today.

[The statement follows:]

PREPARED STATEMENT OF BRIGADIER GENERAL KENNETH E. TODOROV

Chairman Kirk, Ranking Member Tester, distinguished members of the subcommittee, I appreciate this opportunity to testify before you today.

The Missile Defense Agency is developing and deploying defenses for our Nation, forward-deployed forces, allies, and international partners against increasingly capable ballistic missiles. The fiscal year 2016 missile defense program will continue to support the warfighter and needs of the combatant commands with the development and deployment of interceptors, sensors, and the command, control, battle management and communications system for the integrated Ballistic Missile Defense System. Our program plan for fiscal year 2016 will improve and expand homeland and regional missile defenses and invest in advanced technology development and future capabilities to counter the increasingly complex threat.

The Missile Defense Agency requests \$169.15 million for military construction in fiscal year 2016. MDA has five on-going military construction efforts supporting the deployment of Ballistic Missile Defense System assets.

Working with our Japanese partners, the second AN/TPY-2 radar at Kyogomisaki, Japan was delivered for operational use in December 2014. MILCON efforts culminated in February 2015 to complete the support facilities. Together with the Shariki AN/TPY-2 radar in the north, the new radar will enhance the ability to defend our forward deployed forces, Japan, and the U.S. homeland from ballistic missile attack by providing improved tracking coverage for launches out of North Korea.

CONSTRUCTION OF THE GROUND BASED INTERCEPTOR IN-FLIGHT INTERCEPTOR

Communication System Data Terminal (IDT) complex at Fort Drum, New York is nearing completion and systems equipment is being installed and tested. The capability will give the United States an enhanced homeland defense capability. The east coast IDT will enable communication with GBIs launched from Fort Greely, Alaska and Vandenberg Air Force Base in California over longer distances and improve defenses for the eastern United States.

We completed the 100 percent design of the Missile Field #1 Mechanical Electrical Building at Fort Greely, Alaska. Construction is restarting this month after a winter hiatus. Construction of this High-altitude Electro-Magnetic Pulse (HEMP) and blast protected building includes upgrading of utility lines supporting the missile silos, enhanced protection of associated utilities, and the upgrading of security infrastructure to protect System Security Level-A assets. The project, which supports the em-

placement of an additional 14 Ground Based Interceptors at Fort Greely to provide a more robust home defense capability, is on track for completion by May 2016.

In collaboration with the U.S. Air Force, we will continue missile defense upgrades of the Early Warning Radar in Clear, Alaska to enhance the homeland defense capability. Upgraded Early Warning Radars provide long-range early warning and precise threat missile tracking data to the Ballistic Missile Defense System. We expect to complete the Clear radar construction project in January 2016 and complete the radar equipment upgrades in 2017.

Finally, we are on track to complete the construction of the Aegis Ashore site in Deveselu, Romania as part of Phase 2 of the European Phased Adaptive Approach (EPAA) in defense of our European NATO allies. Once the site is operational, it will include the upgraded Aegis Baseline 9 weapon system and will have the ability to launch both Standard Missile-3 Block IA and IB variants. The site will enhance a more robust regional ballistic missile defense against short- and medium-range ballistic missiles. Required military construction, installation, integration and testing activities will be complete for technical capability declaration in calendar year 2015. We are on track to turn over Aegis Ashore Romania to the Navy in August of this year.

Our fiscal year 2016 military construction request supports the construction of the Aegis Ashore site in Poland. We will continue to support the defense of our deployed forces and NATO European allies through the construction of an Aegis Ashore Missile Defense System Complex in Redzikowo, Poland, which is part of EPAA Phase 3, and will be operational by the end of calendar year 2018. The Aegis Ashore complex will be equipped with the next version of the Baseline 9 Weapon System, including Ballistic Missile Defense (BMD) 5.1, and have the added capability to launch SM-3 Block IIAs. These upgrades will significantly increase our battle space to provide improved defensive coverage against medium- and intermediate-range threats. In coordination with EUCOM, we continue to have positive interactions with the Polish Government regarding the land use implementing arrangement and spectrum approvals, and anticipate agreement to meet the construction timeline. Construction at Redzikowo is expected to begin in April 2016.

The Aegis Ashore deckhouse, which houses the weapon system, will be a duplication of the site in Romania. Design of the entire Aegis Ashore Missile Defense Complex is in the final stage of review and incorporates many lessons learned from experiences in constructing similar facilities in Romania. For example, we developed better designs for placing the HEMP shielding and HEMP electrical enclosures, which will better protect the site. Following the Department's Better Buying Power 3.0 memo to achieve greater efficiency and productivity in defense spending, the Design-Bid-Build project will include firm fixed price with incentive fee to promote better project schedule formulation and increased oversight of subcontractors, especially foreign companies not well versed in the U.S. MILCON process. The U.S. Army Corps of Engineers is also implementing a more robust management team to oversee the technical complexity associated with the construction to support the Aegis Ashore weapon system. In addition, MDA is requesting full funding in fiscal year 2016 to provide contract flexibility and full commitment of resources for on-time project delivery in Poland by the end of 2018.

Thank you, Mr. Chairman. I look forward to answering the subcommittee's questions.

DEFENSE HEALTH AGENCY

STATEMENT OF JOSEPH B. MARSHALL, JR., SES, DIRECTOR, BUSINESS SUPPORT DIRECTORATE

Mr. MARSHALL. Good morning, Chairman Kirk, Ranking Member Tester, and distinguished members of the subcommittee. Thank you for the opportunity to present the President's budget request for fiscal year 2016 medical MILCON. I am Joe Marshall from the Defense Health Agency.

The Defense Health Agency is fully committed to providing the facilities necessary to enable safe, reliable, responsive, and efficient healthcare in support of the Army, Air Force, and Navy Surgeon Generals.

Our 2016 medical MILCON budget aligns with our national security and defense strategies and considers military health system,

combatant commands, and service imperatives through a structured MILCON prioritization process.

Our 2016 budget request of \$678 million funds seven projects to include Rhine Ordnance Barracks Hospital replacement in Germany and the Fort Bliss Hospital replacement in Texas, both of these are key strategic healthcare delivery platforms supporting the services' warfighting requirements.

We are targeting MILCON funds to support enduring readiness platforms, forward deployed missions supporting COCOMs, and optimization of healthcare delivery at installations state-side and overseas.

We appreciate the subcommittee's continued commitment to the military health system and to the deserving men and women in our care. I look forward to answering your questions.

[The statement follows:]

PREPARED STATEMENT OF JOSEPH B. MARSHALL, JR.

Chairman Kirk, Ranking Member Tester and distinguished members of the subcommittee, thank you for the opportunity to present and discuss medical military construction (MILCON) submission in the President's fiscal year 2016 budget request for the Department of Defense Medical MILCON program.

I will focus on the fiscal year 2016 budget request in terms of strategic alignment, but also briefly discuss the European Infrastructure Consolidation effort and important projects already underway. This fiscal year 2016 budget request of \$678 million is the lowest since fiscal year 2009 with the exception of fiscal year 2015. It funds seven projects, to include Rhine Ordnance Barracks Hospital Replacement, Germany and the Fort Bliss Hospital Replacement, Texas, both key strategic healthcare delivery platforms supporting the services warfighter requirements. We are targeting medical MILCON funds to support enduring readiness platforms; forward deployed missions supporting Combatant Commands (COCOMs), Asia-Pacific rebalance, and optimization of healthcare delivery market performance at enduring installations stateside and overseas.

STRATEGIC ALIGNMENT

Our fiscal year 2016 Medical MILCON budget request supports the 2015 National Security Strategy, and the Military Health System Quadruple Aim of: increased readiness, better health, better care, at lower cost. We are committed to sustaining the medical readiness of our force, the clinical skills of our medics, and the world-class treatment and rehabilitation for those who fight our Nation's battles today, yesterday and tomorrow, along with their families. This budget request also supports our Military Health System strategy to enhance DOD and our Nation's security by providing health support for the full range of military operations and maximizing the health of all those entrusted to our care. This strategic guidance is paramount during our annual prioritization of MILCON requirements through a structured Capital Investment Decision Making process that considers COCOM and Service requirements from an enterprise perspective.

FISCAL YEAR 2016 BUDGET REQUEST

The fiscal year 2016 budget request includes \$673 million for seven projects to upgrade our military treatment facilities. They include \$124 million for a behavioral health/dental clinic addition at Schofield Barracks, Hawaii (COCOM/optimize market performance/Asia-Pacific rebalance); \$122 million for replacement of a medical/dental clinic at Marine Corps Air Station Kaneohe Bay, Hawaii (COCOM/optimize market performance/Asia-Pacific rebalance); \$85 million for the fifth increment of the Rhine Ordnance Barracks Hospital Replacement, Germany (strategic treatment/evacuation hub supporting U.S. European Command (USEUCOM), U.S. Central Command (USCENTCOM), U.S. Africa Command (USAFRICOM) and U.S. Special Operations Command (USSOCOM)); \$239 million for the seventh, and last increment of the Fort Bliss Hospital Replacement, Texas (enduring power projection/readiness platform); \$62 million for the fourth phase of the Ambulatory Care Center at Joint Base San Antonio, Texas (eliminate obsolete excess square footage); \$34 million for the medical/dental Clinic addition at Spangdahlem Air Base, Germany (COCOM, supports force structure realignment due to closure of Bitburg); and \$7

million for the replacement of the Satellite Pharmacy at Wright-Paterson AFB, Ohio (optimize market performance).

These projects are crucial to ensuring we can deliver the quality healthcare our service members and their families deserve when stationed stateside and during overseas deployments.

EUROPEAN INFRASTRUCTURE CONSOLIDATION

Over the last 2 years, the Department conducted a comprehensive review of the infrastructure requirements necessary to support U.S. forces and their missions in and around Europe. While this European Infrastructure Consolidation effort resulted in 26 recommendations that will result in more than \$500 million in annual recurring savings once all actions are fully implemented, the medical infrastructure in the USEUCOM theater remained mostly unchanged due to the need to maintain current inpatient services to support service missions and to provide a U.S. standard of care to assigned servicemembers and their families. This analysis further solidified Kaiserslautern Military Community as an enduring hub and the long term critical need for the Rhine Ordnance Barracks Medical Center Replacement project as long as potential conflicts in USEUCOM, USCENTCOM, USAFRICOM or USSOCOM areas of operation remain. We thank Congress for their continued support of this important strategic requirement.

IMPORTANT PROJECTS IN THE WORKS

The Department is fortunate to have benefitted from continued support from Congress for military medical construction over the last 8 years. Over 50 projects are currently under construction (\$6 billion), to include major replacement facilities at Ft. Hood, Texas; Ft. Bliss, Texas; Ft. Riley, Kansas; Rhine Ordnance Barracks, Germany; USARMIID, Ft. Detrick, Maryland; and Institute of Chemical Defense, Aberdeen, Maryland. Completed hospitals include Ft. Benning, Georgia; Camp Pendleton, California; Ft. Belvoir, Virginia; and Guam. The Military Health System has also benefitted from a strong collaborative relationship with its Design/Construction agents (U.S. Army Corps of Engineers and Navy Naval Facilities Engineering Command), which has resulted in over 90 percent of projects being completed within cost.

CONCLUSION

Thank you for the opportunity to present the fiscal year 2016 budget request for the medical MILCON program. As I have outlined above, our request is lower than in the years prior to the Budget Control Act limitations but still allows us to address urgent requirements. We are focused on providing infrastructure to support an integrated world-class Military Health Care system that is safe, reliable, responsive, and efficient. We appreciate Congress' continued support for our enterprise and look forward to working with you as you consider the fiscal year 2016 budget.

Senator KIRK. Mr. Marshall, let me begin by asking a question, that you have a very different philosophy and corporate culture in building hospitals than the VA. This subcommittee is really wrestling with the incredible overrun at the Denver VA Hospital.

Is there something the taxpayer could get, the overlap between how you build a defense medical facility? I wonder if we could have you act as a consultant to the VA? Would you be open to that?

Mr. MARSHALL. Yes, Mr. Chairman, we would be happy to help in any way possible on that. I can tell you again we are not familiar with our VA colleagues' challenges, we are familiar with our own challenges. We consider medical MILCON as a shared service. We are full partners with the services in figuring out how do we structure the medical MILCON going forward.

We take a very serious and hard look at our facilities on an ongoing basis so that when they require replacement, we are aware of that, and we have a planning horizon for those projects coming up. We then do some detailed analysis of the market to see what DOD should be doing in that market, whatever the DOD needs for readi-

ness and so forth, and then we structure that into our planning effort.

We prioritize these projects because we know there is never enough money to build all the things that we would like. We then prioritize those through our leadership so we have full engagement, considering operational requirements and needs, and then we become heavy partners with our construction agents in the U.S. Army Corps of Engineers and the Naval Facilities Command, and we work carefully and closely with them as we structure these projects so we do not have missteps or misalignments, which as we all know can occur in construction.

We then follow this project carefully through execution, watching the change orders, managing carefully. Again, we take seriously our responsibility from the Congress to manage to the budget totals and to manage to the schedule.

As we all know, things occur in those realms, so management is actively required. We work these projects to conclusion and into transition and into service, and we do this on a continuing basis. It is a cradle-to-grave approach for us.

We would be delighted to help our VA colleagues in any way.

Senator KIRK. Mr. Tester, I think we may have to look at the subcommittee possibly mandating that mission to address the Denver problem. As I understand, the Denver problem was the medical staff got to put in change orders in the construction, which I understand DHA does not allow, that you have experienced construction people who just manage it and lock down the change order process, which could lead to incredible overruns.

We may need to consider you having some oversight for the VA construction process. I think that would be more competently run.

Mr. MARSHALL. Yes, Mr. Chairman. Thank you for the question. You certainly cannot build hospitals without input from clinicians, so there is certainly a time in the process you want that input, you need that input. We find you structure that early on, but then you have to structure any such subsequent changes in the process so you keep control over costs and schedule. But again, glad to help, Mr. Chairman.

MDA—REDZIKOWO

Senator KIRK. Thank you. General Todorov, on Redzikowo, it is my top priority for this subcommittee. I have one question for you. If President Putin calls and orders our President to pull the plug on this project in Poland, what would you do?

General TODOROV. Mr. Chairman, I can tell you it is a top priority, Redzikowo, for the Missile Defense Agency as well. I think this project will go a long way to maintaining our commitments to our friends and partners in the region and defending all of Europe and NATO from principally a ballistic missile threat, frankly, a robust ballistic missile threat from Iran.

The Iranians have the most robust arsenals of short and middle range missiles that threaten the continent. We see the Redzikowo project as integral to maintaining defense of the region and our commitments to our friends and allies in the world.

Sir, I would assure you that this project is of the utmost importance to the Missile Defense Agency.

Senator KIRK. Do you not need the Standard Missile-2 Bravo to reach an Iranian projectile that is potentially on a flight path towards New York at that altitude?

General TODOROV. Sir, the site in Poland will be equipped, as I mentioned, with the 1 Alpha, 1 Bravo, and 2 Alpha missiles. We see it really as a regional defense system and not having a capability to defend our U.S. homeland. Of course, we have the Ground-Based Midcourse Defense System in place, which is another large initiative that we are focused on that defends our homeland from an intercontinental ballistic missile threat.

Senator KIRK. Thank you.

General TODOROV. Yes, sir.

Senator KIRK. Mr. Tester for questions.

Senator TESTER. Thank you, Mr. Chairman. I am going to follow up on the chairman's questions with you, Mr. Marshall, very quickly. You are building two world-class facilities, one in Fort Bliss and the other, Rhine Ordnance Barracks in Germany. We are going to leave the Germany one aside because there are different challenges there.

How long have you been working on the hospital in Fort Bliss? Since when, 2012?

Mr. MARSHALL. Yes, sir.

Senator TESTER. Do you have the number originally what that hospital would cost, what it was originally projected at?

Mr. MARSHALL. I have a current number of \$907 million total.

Senator TESTER. Has that figure changed from 2012?

Mr. MARSHALL. I cannot say. I can take that for the record, if you would like.

Senator TESTER. I would love to get it. It is not to hang you guys out. I just want to find out if you typically start with one number and end up with another number.

[The information follows:]

The Fort Bliss hospital replacement project was originally estimated to cost \$966,000,000 in February 2010, at the time of the fiscal year 2011 President's budget submission. The current estimate to complete construction of this project is \$906,570,000. Hospital construction is scheduled to complete in May 2017, 4 years after contract award.

Senator TESTER. At what percent of design do you award a contract?

Mr. MARSHALL. Usually, that is 35 percent, sir.

Senator TESTER. Thirty percent design, you award the contract. Following up on what Senator Kirk said, you take in the medical professionals' advice early on in design, and they are not allowed to do change orders; is that correct?

Mr. MARSHALL. We are not insensitive to change but we try to manage that input so that it does not become disruptive with either costs or schedule.

Senator TESTER. Okay. How do you mitigate cost overruns?

Mr. MARSHALL. We track the cost performance, we follow that closely. Again, we have a track history over time of how projects have executed in new construction. If we see a project that is coming on in terms of costs that is hot and heavy, if you will, then we engage in an active discussion or proactive discussion to say what is going on here and what is driving this.

Senator TESTER. A lot of the time, cost overruns are created by change orders. How do you handle change orders?

Mr. MARSHALL. We have a process on the ground of managing the change orders. We have a product delivery team, a manager on-site and customer representatives, so we have an active dialogue about those change orders.

Senator TESTER. Who is building this hospital? Is it somebody from the private sector or is it RED HORSE? Who is doing it? Is it the Army Corps of Engineers?

Mr. MARSHALL. It is the Corps of Engineers, sir.

Senator TESTER. You have a standardized process when it comes to building hospitals in the United States?

Mr. MARSHALL. We have a standardized process for working the prioritization of those projects, our construction agents have a pretty thorough process for how they go about building the hospitals.

Senator TESTER. Good. If you could get back to me on what the original cost projections were and where you are at right now in 2015 for Fort Bliss.

Mr. MARSHALL. Yes, sir.

[The information follows:]

The Fort Bliss hospital replacement project was originally estimated to cost \$966,000,000 in February 2010, at the time of the fiscal year 2011 President's budget submission. The current estimate to complete construction of this project is \$906,570,000. Hospital construction is scheduled to complete in May 2017, 4 years after contract award.

Senator TESTER. That would be great if you could. This is a question for the entire panel. I think a concern for all of us who serve on this subcommittee is to make sure that we meet your needs and we are not wasting money.

I would hope that was also what you were looking at, making sure we do what we need to, make sure we are taking care of things in the short and long term, because of a number of things, sequestration and other things, we do not want to waste any money.

Could you briefly discuss, with emphasis on briefly, how the projects within this fiscal year 2016 budget contribute to what you want to accomplish? Your enduring mission requirements, your broader strategic aims. We will just go left to right, starting with you, General Todorov.

HOW PROJECTS CONTRIBUTE TO MISSION

General TODOROV. Sir, as stated, the project in Redzikowo, Poland is integral to the defense of our interests, not only in the region but I would say globally.

It follows closely on the heels of a very similar project that we are completing now in Romania.

Senator TESTER. Are they patterned after one another?

General TODOROV. Yes, sir. Absolutely, they are. To your point on efficiency and making sure we are spending these precious resources appropriately, I would say we have learned a lot of lessons from the work we have done——

Senator TESTER. In Romania.

General TODOROV. In Romania; yes, sir. We are on track to deliver that capability, EPAA phase 2 in Romania, by this calendar year. That is when we stated we were going to do it.

Senator TESTER. It will be operational by the end of this year?

General TODOROV. Yes, sir. We will deliver that capability by the end of this year. We have learned an awful lot from that initiative in Romania that we are then going to translate to the project in Poland. I think we are confident that we will be even more efficient with the construction in Redzikowo.

Again, to your point, this project has enormous strategic impact for the Nation.

Senator TESTER. Yes, I got you. No disagreement here. I just think we need to make sure we are pinching every penny we can but doing it right.

General TODOROV. We agree.

Senator TESTER. General Clark.

General CLARK. Yes, sir. We have allocated an annual level of effort of about \$500 million each year of the future years defense plan (FYDP). That comes out of our baseline dollars. Internal to that, we have taken about 280 projects which are derived from commander requirements, so our component commanders put in their requirements based upon either a new mission, for structure growth, or recapitalization of older facilities that we inherited when SOCOM stood up.

Under those 280, we have been able to place about 120 into the FYDP, 19 of which are in fiscal year 2016. What I would offer is 100 percent of those projects, every one of those goes into readiness of the force, and the focus is principally to co-locate facilities better, to maximize operational training time and operational planning time. Those are spread across all of the components.

Senator TESTER. Okay. Thank you. Quickly, Major General Dana.

General DANA. Sir, if I could, just real quick. I had my team look at force posture in the Pacific in the 1980s on 194,000 personnel with a concentration in Northeast Asia, fixed bases in Korea, Japan, Philippines, Alaska, and Hawaii.

Where we are going now at PACOM, sir, is not bases but access to places. As we look at that infrastructure, what I call the older bases that need modernization and upkeep, and as you look at this year, we have nine projects in Hawaii, barracks and things like that that need to be rejuvenated, eight in Guam, same conditions, seven in Japan, three in Alaska, one in California, Maco Pier, critical for things we would need in a fight.

The good news story this year, sir, is these investments are set in conditions to modernize our bases, allow us to project power, and then later as we are shifting to Australia, the Philippines, and other areas where we can get areas to train and work with allies and partners.

Senator TESTER. Got you. Joe.

Mr. MARSHALL. Yes, sir. The environment is very important as well as having facilities that match the changes in medical practice and technology. Schofield Barracks has seen a 24-percent increase in the number of encounters they had with patients. They cannot handle the load. They are pressurizing Tripler down the road. We

have to keep some balance in the system and upgrade Schofield Barracks.

At Kaneohe Bay in Hawaii, the current facility is over 60 years old. It is not meeting Marine Corps' readiness requirements. Pulling that into the 21st Century is key.

Rhine Ordnance Barracks remains a strategic hub, and has seen tremendous service in the last dozen years, as you well know. Fort Bliss is 40-percent undersized and 40 years old. They have seen a 100-percent increase in their enrollment since 2003, so they cannot handle the load. That is why Fort Bliss is one of the projects.

We are finishing up a project in San Antonio for an ambulatory care center, so we need to eliminate some obsolete square footage and demolish the old hospital down there.

Senator TESTER. Okay.

Mr. MARSHALL. There is a project in Germany at Spandahlem, the Bitburg closure, as you are aware, has forced some folks onto Spandahlem. There are folks working out of old dormitories, not a great patient care environment.

Wright-Patterson has a satellite pharmacy that is 50 percent too small for their workload and cannot handle changes in robotics for pharmacies.

Senator TESTER. Okay. Thank you, all. We will get to another round. Thank you for your flexibility, Mr. Chairman.

Senator MURKOWSKI. Mr. Chairman.

Senator KIRK. Ms. Murkowski, go ahead.

Senator MURKOWSKI. Thank you, Mr. Chairman. Gentlemen, thank you for your leadership on many issues. I would like to start my comments this morning with you, General Dana, relating to Guam.

The President is looking at a \$104 million increase for Guam. I think we have seen the issue of Guam and the build up discussed here in this subcommittee over the years, and it seems like it waxes, it comes and goes in terms of that level of support.

I think it is important to note there are a number of think tanks out there that believe pretty strongly it is time we put our money where our mouth is here when it comes to the Pacific build up, and that Guam is the place to do just that.

It is interesting to note that in Alaska we have a very sizeable handful of contractors who have figured out how to make things happen in places that are remote and high cost, and have looked to Guam to be of assistance in that regard.

In PACOM's judgment, should the committee be less skeptical than we have been in past years about the projects in Guam? Speak to the justification here for the President's increase by \$104 million for fiscal year 2016.

General DANA. Yes, ma'am. I would like to preface my comments by saying I have trained in Alaska and really enjoyed it.

Senator MURKOWSKI. Come back any time.

General DANA. Thank you. Guam is critical to the rebalance, ma'am. I will give you some reasons why. As we look at the geography of the Pacific, I read a book by General Holcomb who was a Commandant back in the 1930s, and the one area he focused on was Guam because of its central location in the Pacific. When I say

central, central to crisis and conflict response, 3,952 miles west of Hawaii.

This build up on Guam will allow us to get down to 11,000 marines in Okinawa, and it is not about the numbers reducing, it is more about dispersal of forces. As you look at the anti-access area, the area denial threat, what we want to do with U.S. forces is have resilient forces and have dispersed forces.

This Guam initiative, and I was just in Guam three weeks ago, ma'am, I met with Governor Calvo, and they are all in. As you know, the Marine Corps, and I am wearing this uniform, there was some pain to that master plan, but I can say with confidence—I just took Senator Sullivan around—our numbers are good, our requirements are solid, and we know where we are going.

In terms of Guam, what an incredible location, with Apra Harbor. Two weeks ago, 16 naval ships, U.S. and Japanese, were operating out of there. Anderson Airfield construction, going for an air and passenger terminal. Hangars, which are much needed. Fuel lines, hardening those also. All these things are moving together very nicely and gives us an absolutely critical hub.

Guam is not as expensive as other areas. I got that question earlier from a different senator in a meeting earlier today. It is just when we look at the Pacific, we want resilient and dispersed forces, and we want the ability to aggregate forces for crisis and conflict and engage with our allies and partners.

Alaska, we do not want to see the brigade combat teams (BCTs) go. Hawaii, we are going to plus them up by 2,700 marines by 2028. The presence in Guam with 5,000 marines plus our air and able forces there.

Access from Guam, we can radiate out the enhanced defense cooperative agreement with the Philippines. We are looking at various locations for training and interoperability. The Marines' rotational force in Australia soon to be a couple of years from now 2,500 and 1,170 right now, plus the Air Force rotational presence at Darwin and Tindal.

This allows us to literally navigate through the entire Pacific in the air and maritime domain to make allies and partners know that we are there and we are there to stay. Thank you.

Senator MURKOWSKI. Good. You sound very bullish on where we are with Guam and what that future holds, as we really build out that operational capacity in the Pacific.

General DANA. I can say from one on one interface with Governor Calvo and working this for the past 18 months, ma'am, I am very optimistic about Guam. At CNMI, we do have some challenges that we are working through, but we are going to get there. I spend more time in Guam than I do home.

Senator MURKOWSKI. I appreciate your efforts on that. In my time remaining, I would like to move over to North Korea. We were all fixated here these past couple of weeks and focused on what is going on with the Iran negotiations. We are also in Alaska very keenly aware of our proximity to North Korea.

Last week, Admiral Gortney suggested that North Korea has an operational road mobile missile that can carry nuclear weapons to the United States, and then on Friday, the Commander of the United States forces in Korea said he thinks North Korea is capa-

ble of producing a miniaturized nuclear device, which of course, is a necessary step towards a nuclear missile capability.

You are sitting there with North Korea in your area of responsibility, General Dana, in PACOM. What do you think North Korea is up to, and based on what we are seeing, is there discussion or assessment about when North Korea would have nuclear capability that could land in Alaska? That is what we worry about.

General DANA. Yes, ma'am. I think the intelligence community is working through that. What I would say is as we look at the entire region, 36 countries, and all the challenges we have, we break things down into most dangerous and most likely scenarios. For the Peninsula, that is the most dangerous, and the weapon systems he could potentially bring to bear are a concern.

I will say in this setting my number one from my boss, the number one priority, is working on the family of plans that deals with any crisis or contingency on the Peninsula.

He has told me my two main efforts are force posture, so I spent a lot of time in Guam, and tomorrow I am doing defense tri-lateral talks with the Japanese and Koreans, with United States forces Korea, and that is our number one priority.

In a different setting, in a closed setting, I could go into more detail, but I will take your question for the record, ma'am, and complete it.

Senator MURKOWSKI. I appreciate that. To my chairman, these are issues that we have had many, many discussions about. General Todorov, I would ask you from the missile defense perspective, MDA is obviously responsible for developing and fielding the technology to not only protect Alaska but North America.

Based on what we heard last week, are we where we need to be in terms of response, or do we need to step up our game here? Does the President's budget give us what we need given what we are seeing and what we are hearing out of North Korea, do we need to be more aggressive here?

General TODOROV. Senator, thanks for that question. It is an important topic for the Missile Defense Agency to be sure. We are where we need to be today to counter that threat. I think the warfighter would say that he has—Admiral Gortney has confidence in the Ground-Based Midcourse Defense System today to deal with the threat.

Senator MURKOWSKI. What about tomorrow?

General TODOROV. The threat, we see it evolving, and there are many things that are on our plate to continue to outpace that threat. Central to all that work frankly, is the long-range discriminating radar that is part of the budget, part of the program in the out-years.

That speaks really to the two most important things we see to continue to outpace that threat you referenced. That is the reliability of our Ground-Based Midcourse Defense System, the interceptors, the RKV, the ground systems, and frankly the need to discriminate an increasingly complex threat that has countermeasures, levels of sophistication we have not seen before.

That is the direction we are anticipating the threat to go. The program that we have in place, I think, will continue to allow us to outpace that threat.

Senator MURKOWSKI. Do we need to step it up on LRDR?

General TODOROV. Senator, I am sorry.

Senator MURKOWSKI. Do we need to accelerate where we are with the long range discrimination radar?

General TODOROV. I think the program we have in place and the time line we have in place is sufficient to deal with the threat as the intelligence community continues to inform our work. We intend to award that contract some time this year, with sort of an initial capability, lights on, if you will, in the 2020 timeframe.

In the interim, we have the BMDS capable of handling the threat to include things like the sea-based X-band radar, the SBX, to include a new radar in Japan, which this committee supported and will go a long way to defending our homeland.

Senator, I would say we think the program in place is sufficient, and we have a plan to deal with the threat as it evolves.

Senator MURKOWSKI. I appreciate that, but know this is something that we are watching very, very intently. Again, there are a lot of signals out there that make us a little bit nervous, and some of us perhaps a little more nervous than others. We do not want to lose focus of this important deterrent.

Thank you, Mr. Chairman.

Senator KIRK. Mr. Tester.

BURDEN SHARING

Senator TESTER. Thank you, Mr. Chairman. I want to go to you, General Dana. In your opening statement, you talked about what is going on with Korea and Japan and their contributions to the relocation efforts. Of course, we appreciate that.

I guess the question I have is up to this point, are they living up to their end of the agreement?

General DANA. Sir, they absolutely are in every facet. I would say especially in Guam, we actually were a little slow to start using those funds to abrogate them towards different projects. I am basing this again on 18 months of engagement and several trips to each one of those countries and high level talks, they are all in, sir.

Senator TESTER. That is good. As plans for the Pacific continue to take shape, efforts are underway to seek additional cost sharing agreements with our allies—this is a question—are efforts underway to seek additional cost sharing agreements with our allies in order to equitably share the burden?

General DANA. Yes, sir; they are. I will start with Australia. We have the Marines' rotational force at Darwin, and we also have the Air Force rotational presence that will be there. OSD, the Office of the Secretary of Defense, has done a very good job of talks at their level with their counterparts in Australia for cost sharing, co-use, construction stance.

Senator TESTER. Who else?

General DANA. Next, sir, would be the Philippines, with the Enhanced Defense Cooperative Agreement (EDCA), looking up to 24 different locations, really focused on three right now.

Senator TESTER. The Philippines and Australia, have those agreements been signed/ratified, whatever you do?

General DANA. Yes. The Australia agreement, we are expecting a signature for some of the fine print I just talked about in June,

sir. With the EDCAs before the Supreme Court of the Philippines, looking for adjudication of that some time between June and September.

Senator TESTER. Are there any other countries you are working with?

General DANA. Informally at the Mil-to-Mil level, we are spending a lot of time in Singapore, Malaysia. Singapore has the littoral combat ships (LCS). We have fighters that rotate through there.

Senator TESTER. Good. Could I just ask for a white paper of what is in those agreements once they get done so we know? Is that a possibility? Can you do that?

General DANA. Yes, sir. I will talk to the Office of the Secretary of Defense to make sure we can get that to you.

[The information follows:]

Once our scope of initiatives, consultative, and cost sharing implementing arrangements are concluded, OSD would be happy to provide you an overview on our way forward with Australia. Similarly, if the Philippines Supreme Court upholds the Enhanced Defense Cooperation Agreement (EDCA) and our rotational presence plans are finalized, OSD will provide an overview of our way forward with the Philippines.

OKINAWA

Senator TESTER. That would be good. It is my understanding that last month the Governor of Okinawa, and you talked a little bit about challenges in Okinawa, sought to suspend work on a military airfield in Camp Schwab, and handily won re-election in November on a promise to block expansion of Camp Schwab to accommodate that airfield.

Can you give me an update on the current status of the construction efforts there, and do you expect them to proceed in accordance with reassurances from Tokyo?

General DANA. Sir, I would like to start with that. The good news is that Prime Minister Abe and the Central Government in Japan are putting a lot of pressure. They are all in. The Governor, he has been fighting it. There are protesters. Construction is moving forward, not at the pace we would like, but we are still on track.

Sir, for the rotation and what I call the rebalance, we are not going to move out of Futenma until the facility is built. We have already moved some forces, C130s moved up to Iwakuni out of Futenma, so we are operating there until we get the replacement facility. It is critical to the rebalance.

SOCOM AND BRAC

Senator TESTER. Okay. General Clark, the MILCON request is a 21-percent increase over fiscal year 2015, a 21-percent increase, that is pretty healthy. I guess the question I have—your presentation was very good on why you are doing what you are doing and what the money is going to be utilized for and what your long term vision is.

I guess the question I have is is the timing right for SOCOM to program so much MILCON while concurrently we have the Department of Defense calling for another base realignment and closure (BRAC) round?

General CLARK. Yes, sir. The delta you see from the enacted numbers in 2015 to what we are requesting in 2016, there are a couple of pieces to that, and those were some marks that were against the program for Preservation of the Force and Family that we are working together on with OSD to get some responses back to the Congress on with those projects.

There is also some MILCON that is related to the Pacific that we had moved because of waiting on a grant from the Japanese Government that has moved from 2015 and now there is a portion in 2016 where the runway is done in Kadena and also a larger chunk that goes into 2017.

What we are trying to balance is the increase in force structure that we received in 2006 and 2010 from the Quadrennial Defense Review (QDR), our force structure has increased from 45,000 to 70,000, so taking on those additional persons, we had to find places and facilities for them. They are currently disaggregated out across the installations they are on, they are undersized facilities.

Yes, we think it is absolutely important that we bring those together so we can create a greater operational capacity, if we are leveled off at that amount.

We do believe that we have settled on about a level of effort that we would like to achieve of \$500 million a year, and as we finish off the force structure increase, bringing on those facilities, you will start to see a taper come in in about fiscal year 2019.

Senator TESTER. How about as it applies to BRAC? As we approach potentially another round of BRAC, is that taken into consideration when you are talking about your construction?

General CLARK. Sir, not knowing where BRAC will take place, the facilities we tend to be on, I do not think those are really hard looked at from a risk perspective.

Senator TESTER. At risk; okay. That is what I need to know. Thank you. Thank you, Mr. Chairman.

Senator KIRK. Let me follow up and ask General Clark, I could not get a good handle around your expansion of the Bragg facility. What does that give the Nation? Can you summarize the military capability that you get from the expansion of Bragg?

General CLARK. Senator, if I could ask for a clarification, BRAC facility?

Senator KIRK. Bragg.

General CLARK. Bragg. I apologize, sir. I just had my 50th birthday here. I am getting a little hard of hearing.

Senator KIRK. You see a lot of cubicles and a lot of computers. What does it give SOCOM as a capability enhancer?

General CLARK. Yes, sir. Bragg is the home of both the U.S. Army Special Operations Command and also Joint Special Operations Command.

Senator KIRK. I was hoping you would tell me the delta, what can you do extra with this added facility?

General CLARK. Sir, with the added facility, it is really about consolidation of facilities. When we talk about units that spend an hour a day per person traveling to and from ranges or getting weathered out from ranges, those are some of the principal things we are taking a look at. Also, the disaggregation across the Fort Bragg installation.

It is really about time and capacity and capability. I do not have an exact figure that I can say——

Senator KIRK. We are finally getting guys in the same building.

General CLARK. Yes, sir, and we are getting them in facilities that are sized for what functions we are asking them to do. This is a human endeavor, so people's ability to sit down and talk to each other face-to-face and to plan and go out and train and execute.

When we are spending say 30 percent of the day doing the planning and another 30 percent doing the training and the refit, every hour that you can save in that day maximizes their opportunity to be ready to go down range, which they are principally on an one-to-one dwell, we are trying to get them to an one to two dwell. They have been running at this for about 13 years, sir.

Senator KIRK. I was hoping you were going to say they could have the total quad of situational awareness and a complex evolution of a SOCOM operation.

General Dana, talk to me about Marines Special Operations at Pendleton.

General DANA. Sir, I have been away from the Marine Corps for 18 months. I am sorry. I could not talk to you about that. I will take that for the record. Hopefully, I will be back to the Marines Corps soon and will be able to talk to you about that.

[The information follows:]

To date, there have been seven (7) completed MILCON projects at Camp Pendleton. They are:

- Headquarters building for 1st MSOB and 1st MSOSB
- BEQ and messhall
- Warehouse and Supply facility
- Paraloft
- Academic Facility
- Supporting facilities (Motor Transport, Armory, etc.)
- Multi-Purpose Canine kennels/facility

There is currently one project under construction scheduled to be completed in late fiscal year 2015/early fiscal year 2016.

- Range 130 support facilities (shoothouse, range and head/shower)

One project is in its final design phase and will be awarded for construction before the end of fiscal year 2015.

- Communication-Electronics Maintenance Facility

Two fiscal year 2016 projects are currently in design and are included in USSOCOM's fiscal year 2016 Budget Submission.

- Combat Service Support facilities
- Performance Resiliency Training Center

There are three remaining projects, two in fiscal year 2018 and one in fiscal year 2019. The fiscal year 2018/2019 projects are programmed in USSOCOM's POM-16 Submission.

- (Fiscal Year 2018) Company/Team facilities
- (Fiscal Year 2018) Motor Transport facility expansion
- (Fiscal Year 2019) Explosive Ordnance Disposal facility

Upon completion of the fiscal year 2019 project in fiscal year 2021, a total of 14 MILCON projects will have been completed for MARSOC units at Camp Pendleton, California and all known MILCON requirements satisfied.

Senator KIRK. As a Navy guy, I would like to say this to all my Marine Corps' friends, thank you for your support for the Department of the Navy. You are going to say Defense Department, you are part of the Defense Department.

General DANA. I know who my boss is, sir.

MARINE SPECIAL OPERATIONS REGIMENT

Senator KIRK. Yes. General Clark, tell me about the Marine Special Operations Regiment (MARSOC) facility.

General CLARK. Yes, sir. MARSOC is our newest component. We have them both on the west coast and also the east coast, at Pendleton and down at Lejeune. These are units that are continuing to grow. We are bringing on their operational battalions and then principally right now in 2016 support battalions.

Again, we are creating two campuses, one on the west coast and one on the east coast, at Stone Bay, and trying to consolidate them inside their own compound where security is that they control, but then also just like we have discussed with Bragg, so they can maximize the utilization of the facilities they have and increase their combat power.

We are about halfway through consolidating those compounds. If you go down to Lejeune, you will see a fairly significant construction going on at Stone Bay. I was down there just a couple of weeks ago to see what was going on. It is coming along rather nicely, sir. We believe we are on schedule.

Senator KIRK. Thank you.

INCENTIVE FEES

Senator TESTER. I believe, General Todorov, you talked about incentive fees? No?

General TODOROV. Sir, referring to sort of some of the lessons learned again from Romania that we would structure perhaps some of the contract vehicles going forward a little differently.

Senator KIRK. He is going to ask you about the problems he had in the high-altitude electromagnetic pulse (HEMP) structure in Romania, what key lessons did you learn from that construction?

General TODOROV. Yes, sir. I would lump them into three broad categories for lessons learned. The HEMP facilities that you mentioned, frankly the facilities were built too small for the electronic equipment that was going to go inside them. There are 24 small Conex box type facilities that harden all the sophisticated electronic gear that supports the facility.

That was frankly on us perhaps, and the Corps of Engineers did not structure that contract appropriately. We have since learned that lesson. I think we will do it differently for Poland. We will not have that problem.

The other ones really have to do with sort of synchronization of the schedule. Again, this is the first time we have built a facility like this overseas. We learned a lot about the timing of everything, synchronizing everything, so that when the contractor was done building a pad, for instance, another was ready to come in and put the equipment on top of it.

We are a lot smarter about that. The third broad category, sir, I would just say it is in such a remote location, I like to say there is not a Home Depot nearby to go out and get parts and supplies, so we really learned a lot about the lead time required for logistics and supplies to keep the program on track.

That is why the full funding is so vitally important to us.

Senator TESTER. I want to jump back a little bit. The contracts you now have do not have incentive fees, but you think there may be a plus putting them in in the future?

General TODOROV. Yes, sir. If you will allow me not to commit to exactly the type of structure, I think it is something our experts that do that for a living are sort of taking the lessons from Romania, and we will probably restructure some things as we award them for Poland.

Senator TESTER. How about you, General Clark? Are there incentive fees in these construction projects, as far as timeliness, coming in under budget, those kinds of things?

General CLARK. Yes, sir. I will have to take that for the record. I am not that familiar with it.

Senator TESTER. That is fine.

[The information follows:]

USSOCOM does not use incentive fees for construction projects. Our Military Construction (MILCON) contracts are firm-fixed-price contracts without incentive fees and reflect 10 U.S.C. 2858 and Federal Acquisition Regulations (FAR) guidance.

1. 10 U.S.C. 2858 Limitation on the use of funds for expediting a construction project: "Funds appropriated for military construction . . . may not be expended for additional costs involved in expediting a construction project . . ."

2. FAR para 16.102: "Contracts resulting from sealed bidding shall be firm-fixed-price contracts." USSOCOM, when determining the contract type for MILCON projects, also utilizes additional FAR 16.103 guidance as follows:

(a) . . . "The objective is to negotiate a contract type and price . . . that will result in reasonable contractor risk and provide the contractor with the greatest incentive for efficient and economical performance."

(b) "A firm-fixed-price contract, which best utilizes the basic profit motive of business enterprise, shall be used when the risk involved is minimal or can be predicted with an acceptable degree of certainty."

Senator TESTER. General Dana? I am just curious. No?

General DANA. I will have to provide that for the record.

[The information follows:]

In USPACOM, none of the Component (Navy, Army, Air Force) construction agents currently use incentive fees in their MILCON and other construction contracts.

An exception was made in 2009 when NAVFAC Pacific issued a Global Multiple Award Construction Contract (Not to Exceed \$900 million) and Small Business Multiple Award Construction Contract (Not to Exceed \$450 million) to support projects awarded as a result of the American Recovery and Reinvestment Act (ARRA). Both contracts used the award fee provision to reward superior quality contractor work.

Senator TESTER. That is fine. What about you, Joe?

Mr. MARSHALL. Same for the record. It varies by project.

[The information follows:]

DHA's Construction Agents, U.S. Army Corps of Engineers and Naval Facilities Engineering Command, do not use incentive fees on our contracts.

Senator TESTER. It does vary by project, but there are incentive fees out there. I am trying to get to are they based upon time, are they based upon coming in under budget, what do you base them on. I am not opposed to them, by the way. I am not trying to set you up or anything. I think they are worthwhile if they are enforced in the right way.

Mr. MARSHALL. I think we will have to put that level in the record.

HOSPITAL CONSTRUCTION

Senator TESTER. That is fine. Joe, very quickly, you talked about the rebuild of many of these hospitals. I think the other guys had builds, new builds, and moving to different locations. When you are talking about building a new hospital, do you ever look at the old hospital and say can we rebuild what we have, add on to it, move forward? Do you ever do any cost analyses on what that might cost and see if that would work as good?

Mr. MARSHALL. Yes, sir. That is very much part of the analysis that goes into the requirements of what does DOD need, what can the market supply, and how do we change up the facility.

I would note for you over the last 8 years, we have touched about 44 percent of our hospitals, 23 out of 55 in the Military Health System, with MILCON. Ten of those were new builds, the other 13 were additions or modernizations.

Senator TESTER. That is good to know. I would assume that all of your new builds are built with expansion in mind if you need it.

Mr. MARSHALL. We build for the capacity——

Senator TESTER. Current capacity, but with the potential for expansion or not? You cannot do that with hospitals?

Mr. MARSHALL. It depends. We certainly have a large number of hospitals that have had extensions or additions added to them. As to whether or not we build that into the design up front, I will have to take that for the record.

[The information follows:]

Military Construction is requested only for justified requirements. DHA requires its architects to develop and present alternatives of how the project could be economically expanded, up to 20 percent, if expansion would be required in the future. The space is not built until justified, authorized and appropriated.

Senator TESTER. A hospital is different from a school, but I can tell you when I have been involved with school construction, we always built it hoping we would never have to add on, but if it is there, we do not have to rebuild the whole damn structure to add on a few thousand square feet, if you know what I mean.

Mr. MARSHALL. I do.

Senator TESTER. That is good. I will just close by saying thank you all, thanks for your testimony. There may be a few written questions we fire off to you for the record and for our own benefit. I want to thank you where I started, thank you for your service to this country.

SUBCOMMITTEE RECESS

[Whereupon, at 11:30 a.m., Wednesday, April 15, the subcommittee was recessed, to reconvene at a time subject to the call of the Chair.]