

## MILITARY CONSTRUCTION

Mrs. HUTCHISON. Mr. President, I rise to speak in morning business about the military construction issue I spoke about in July. I raised concerns then about the Pentagon's overseas military construction program, particularly in Germany, Korea, and Guam, because, as the ranking member of the Military Construction Subcommittee, I am seeing that we are changing a strategy. Yet we have not had the strategy explained to us. This is the beginning of a huge taxpayer-funded influx of rebuilding overseas in a way that I think is perhaps duplicative and even against the interests that have been shown in our previous strategy. I think it is time to take a pause.

I rise to speak because the GAO has just released a study this week that says we should take a pause. The Military Construction Subcommittee, chaired by Senator JOHNSON—and I respect and appreciate his leadership in this so much—asked the GAO to do a study because we were seeing the Army coming in and asking for what is going to be a commitment for \$1 to \$2 billion to change their headquarters from Heidelberg to Wiesbaden and to add more BCTs than were originally intended to stay in Germany. We looked at this and said: Wait a minute. We are getting ready to duplicate a lot of effort that we have made in bases in America and at a great taxpayer expense. Yet we are not seeing the backup and the strategy proposed to support this kind of taxpayer expense.

Let me start back in the beginning. Prior to the 2010 Quadrennial Defense Review, the Army planned to return the four brigade combat teams stationed in Europe to the United States in fiscal years 2012 and 2013. It would save millions annually in overseas stationing costs. This was in response to the Overseas Basing Commission—that was passed by Congress—to adopt a force projection strategy. The Pentagon is reversing the recent efforts to transform the military and restation tens of thousands of military personnel back on U.S. soil. That is what the Overseas Basing Commission recommended, passed by Congress, supported by Congress, and now we seem to see a change in that strategy but without a projection of what the strategy would be.

What the Overseas Basing Commission found, and the Pentagon originally agreed with, is that training and deployment of forces was determined to be superior in the U.S. bases and certainly more cost efficient. We learned that there were constraints on transferring the members of our military into Iraq because we could not use the airspace of certain European countries, and we could not go on the train through certain European countries. It was costly to get our troops from Germany into Iraq, more costly than it should have been.

In addition, there are training constraints. The Overseas Basing Commis-

sion saw this. Many of us who have looked at bases overseas see that there are training constraints. There are constraints for live artillery training. There are constraints for use of the airspace. In looking at this, it was determined we should bring them home from Germany to train in America to accommodate our families in America and to deploy from America, where we would control the capability to deploy quickly and cost efficiently.

On that basis, we have invested \$14 billion in U.S. bases to accommodate the military and the families who were projected to come to American bases and have the training capabilities they need. Now we are seeing requests for military construction, and it triggered our committee to say: Wait a minute. We are supposed to be pulling out of Germany, but now we are seeing the Army get ready to put \$1 billion to \$4 billion into military construction, to change their headquarters from Heidelberg to Wiesbaden, and duplicate what we have already done in the United States for construction projects in Europe, Korea, and Guam, without demonstrating the cost efficiencies or projected future costs.

The ACTING PRESIDENT pro tempore. The Senator has used 5 minutes.

Mrs. HUTCHISON. I ask unanimous consent for an additional 5 minutes.

The ACTING PRESIDENT pro tempore. Is there objection? Hearing no objection, it is so ordered.

Mrs. HUTCHISON. I thank the Senator from Maryland.

Now we are seeing an expensive and duplicative strategy—well, there is not a strategy but request for spending. I am asking for a strategy.

The Government Accountability Office did issue a report this week that says the Army's justification for keeping the forces in Europe was based on a flawed analysis, and it would cost taxpayers up to \$2 billion, from 2012 to 2021, to pay for it. Let me reference a couple things from the report. The GAO found the decision to retain brigades in Europe to require the Army to seek roughly \$176 million annually to support the Bamberg and Swineford communities, again in fiscal year 2013. Those are the communities that would have had Army facilities.

The Army now estimates that not returning two of the four BCTs, brigade combat teams, in Europe to the United States could potentially cost between \$1 billion and \$2 billion between fiscal years 2012 and 2021. It will cost an average of \$60 million American dollars per year to retain those units in Europe that were scheduled to be moved to America.

Closing the Heidelberg facility and moving the headquarters to Wiesbaden—the Army estimated that move from Heidelberg to go to Wiesbaden would save hundreds of millions of dollars in 2013. But the GAO found the Army now admits they will need \$150 million annually to support the continuing operation in Heidelberg because of delays.

The GAO goes on to say that the Army has not documented the savings, nor why the move is necessary at that cost. The GAO concludes that with over \$1.3 billion invested since 2004 and another \$1.4 billion in infrastructure investments planned for the Wiesbaden consolidation and the recapitalization of medical facilities and the potential to increase costs, it would cost up to \$2 billion over the next 10 years if all four BCTs were kept in the Europe. The financial stakes are high.

The GAO is recommending in its report that the Secretary of Defense take advantage of a pause before final decisions are made on the Army's European force structure, conduct a comprehensive analysis of alternatives, and have a process that is credible in determining what the costs are and whether those units should be kept in Europe or, as originally planned and as invested in our military bases in America, what it is going to cost.

The GAO has concluded that we need a comprehensive analysis.

It conducted important cost-benefit analyses at the urging of the Military Construction and Veterans Affairs Subcommittee, chaired by Senator JOHNSON. The GAO report findings are instructive. I hope the Pentagon will pause and take a fresh look at this military construction program to determine, does it serve our Nation not to move those troops back? We prepared the bases for them. The families, the medical units, are in the United States now. So, please, I am asking the Pentagon to determine if it does serve our best military strategy and our taxpayers to keep those troops in Europe rather than moving them back.

I want to thank Senator JOHNSON for including a provision in the military construction/VA appropriations bill that would restrict the level of spending in overseas construction. Our bill would restrict the use of MILCON funds for Germany until the Department of Defense completes the following: an evaluation of the NATO strategy concept review, the U.S. assessment of its defense posture in Europe, a front-end assessment of DOD's global posture from fiscal year 2012 to 2016 in the program budget review cycle.

I have shared my concerns with the Secretary of Defense. I have asked him, as our committee has asked him, to provide to the Congressional defense committees a comprehensive Army basing strategy for Europe based on these assessments and a projected timeline and a cost estimate of what this will be.

In Korea, it is the same. We need a cost estimate for the decision that the Pentagon has apparently made to put more troops and families into Korea without any accommodation for the new facilities that will be needed for the accompanied families' military transfer into Korea.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mrs. HUTCHISON. I thank you for allowing me to have the extra 5 minutes. I thank the Senator from Maryland. This is a serious issue. The Department of Defense says they are trying to cut back on military spending, and this is a place that would be very important, because if we are going to have accompanied service people, more in Korea now, we have got to accommodate those families. There will be a longer duration of mission, and we have got to accommodate them.

There is going to be a cost, and we have not even seen the cost estimates for that yet. We should take a pause on this German MILCON until we know if that is the right thing for our global strategy. I thank the Senator from Maryland for accommodating me on the time. There will be further discussion, I assure you.

I ask unanimous consent that the summary from the GAO report be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. GOVERNMENT  
ACCOUNTABILITY OFFICE,

*Washington, DC, September 13, 2010.*

Subject: Defense planning: DOD needs to review the costs and benefits of basing alternatives for Army forces in Europe.

Hon. DANIEL K. INOUE,  
*Chairman, Committee on Appropriations, U.S. Senate.*

Hon. TIM JOHNSON,  
*Chairman, Subcommittee on Military Construction, Veterans Affairs, and Related Agencies, Committee on Appropriations, U.S. Senate.*

SUMMARY

Keeping more Army forces in Europe than originally planned would result in significant additional costs; however, it is unclear the extent to which DOD plans to weigh these costs against the benefits of having additional forces overseas, especially in light of an evolving European strategic concept and U.S. posture plans. In the near term, delays in decisions associated with two initiatives will impact the Army's costs in Europe. First, prior to the 2010 Quadrennial Defense Review, the Army had planned to return two of four brigade combat teams stationed in Europe to the United States in fiscal years 2012 and 2013, which would have saved millions annually in overseas stationing costs by allowing the closure of installations located at Bamberg and Schweinfurt, Germany. However, these plans are on hold pending an announcement of the North Atlantic Treaty Organization's strategic concept planned to be announced in November 2010, as well as ongoing U.S. assessments of the global defense posture, which have a less clear time frame for completion. The decision to retain these brigades in Europe will require the Army to seek funding of roughly \$176 million annually to support the Bamberg and Schweinfurt communities beginning in fiscal year 2013, according to Army estimates. Second, U.S. Army Europe estimated that closing Heidelberg and moving its headquarters to Wiesbaden would save hundreds of millions of dollars annually beginning in 2013. However, because of uncertainty for the funding of construction in Wiesbaden, Heidelberg will remain open longer than originally planned and the previously estimated savings will be delayed by 2 years or more. As a result, the Army esti-

mates it will need approximately \$150 million annually to support continued operations. Both our review and an analysis performed by the Army found gaps in the support used to justify the decision to close Heidelberg and consolidate forces in Wiesbaden. Our work revealed that the original analyses were poorly documented, limited in scope, and based on questionable assumptions. Department of the Army officials also found the U.S. Army Europe's original analysis inadequate and performed another more detailed analysis in mid-2009 that affirmed the decision to consolidate but lowered the estimated savings. In the longer term, if DOD decides not to return two of the four Brigade Combat Teams in Europe to the United States the incremental cost could be significant. The Army estimates that, depending upon the assumptions used, it will potentially cost between \$1 billion and \$2 billion more from fiscal years 2012-2021 to keep the two brigades in Europe than it would cost to return them to the United States. DOD is reconsidering retaining the brigades in Europe in part because senior military officials in Europe have said that four brigade combat teams in Europe are needed to meet operational and mission requirements. According to DOD officials, the evaluation of U.S. forces in Europe will be primarily focused on whether four combat brigades will be retained in Europe. DOD and Army guidance call for the department to consider alternatives as part of the economic analyses conducted when contemplating construction or real property acquisition, which are decisions that often arise in the basing decision process, but we found that prior analyses have been limited in scope, or based on assumptions that were questionable. Without a comprehensive analysis, the Army may lack sufficient information to determine the most cost effective approach to maintaining a continued military presence in Europe that will align with the evolving North Atlantic Treaty Organization strategic concept and U.S. defense posture.

Once DOD determines its force structure and basing plans for a region, it then needs to determine the types and quantities of facilities necessary to provide operational and quality of life support to its soldiers and families; however, we were unable to validate whether completed or planned facilities in Europe would meet Army facility planning criteria because U.S. Army Europe planners use inconsistent processes to generate facility requirements. The Army in Europe does not consistently use the official Army facility planning tools that are designed to calculate, using population data and facility space criteria, the facilities required to accommodate forces and ensure that quality-of-life and other facility standards are met. Army officials stated that its facility planning systems do not always include current force structure and installation population data because overseas basing decisions are sensitive and not reflected in the systems before public announcements are made. The Army's systems showed populations at some installations even after anticipated closure dates, making the requirements generated by the systems inaccurate. Army planners in Europe use unofficial, locally developed systems to determine requirements, and we found that planners at different installations were not using consistent methods to calculate requirements for barracks and other facilities. The Army planners in Europe told us that they are developing their own criteria for determining the requirements that varies among the installations. Because these alternative methods are not linked with the Army's official system and its resident facility criteria and vary among the installations, we were un-

able to determine if completed and planned facilities will meet the Army's quality-of-life and other facility planning criteria. Our inability to validate infrastructure requirements reflects systemic issues that have been brought to the Army's attention, but have not yet been resolved. For example, in a June 2010 report addressing domestic facility requirements, we reported that the Army's Real Property Planning and Analysis System did not always produce reliable results for some types of facilities because the systems have often relied on data that were not complete, current, or accurate. Until the Army has a process to calculate facility requirements based on current and accurate information, the department cannot be assured that planned Army facilities in Europe will meet quality-of-life and other facility standards.

We are recommending that DOD require the Army to conduct a comprehensive analysis of alternatives for stationing forces in Europe that, at a minimum, should be done as expeditiously as possible upon the completion of the North Atlantic Treaty Organization's strategic concept announcement and consider the costs and benefits of a range of force structure and basing alternatives. Additionally, we are recommending that the Army develop a consistent process to determine specific facility requirements associated with the various basing options. In written comments on a draft of this correspondence, DOD stated that it concurred with our recommendations and have already initiated a strategy-based assessment of U.S. defense posture to be completed by the end of calendar year 2010 and that the Army intends to develop a central, on line classified site containing Army Stationing and Installation Plan population data that will reflect out-year stationing decisions that are classified due to host-nation sensitivity.

BACKGROUND

Since 2004, as part of DOD's Integrated Global Presence and Basing Strategy, the Army has drawn down its forces in Europe and consolidated remaining forces and infrastructure at fewer locations. As a result, according to Army officials these efforts have resulted in significant recurring savings. As shown in figure 1, the Army's plan called for reducing the number of permanent, or enduring, major installations in Europe to six located in Germany at Wiesbaden, Baumholder, Kaiserslautern, Grafenwoehr, Stuttgart, and Ansbach, and one located in Italy at Vicenza. Figure 1 also shows installations located in Germany at Schweinfurt and Bamberg that the Army originally planned to close; however, the status of these installations is now uncertain because of the February 2010 Quadrennial Defense Review tentative decision to retain forces in Europe pending a global force posture review.

From fiscal years 2004 to 2009, the Army spent approximately \$1.3 billion dollars to support its infrastructure transformation and consolidation plans in Europe. The majority of this investment was used to undertake two main efforts: (1) the consolidation of operational forces close to Europe's training facilities at Grafenwoehr, Germany and (2) the consolidation of the U.S. Army Europe's Airborne Brigade Combat Team in Vicenza, Italy. In and around Grafenwoehr, the Army spent about \$473 million on facilities. These included new or renovated operational complexes, maintenance and operations centers, and barracks to support Army brigade combat teams and other units. Other work at Grafenwoehr included upgrading a medical and dental facility and constructing a new post exchange and commissary, dining facility, physical fitness center, as well as numerous other facilities to

support unit operations, the soldiers, and their families. Looking forward, the Army is planning military construction to build barracks facilities at Grafenwoehr to meet the current barracks standard, though this was not part of the original transformation and consolidation plan. At Vicenza, Italy, the Army has spent about \$424 million on facilities to accommodate an expected increase in the forces stationed in Italy. The Army's construction and renovation projects include headquarters and maintenance buildings, barracks, child development centers, and schools at various locations around Vicenza. The remainder of the Army's investment, including Payment-in-Kind and Sustainment, Restoration, and Modernization funds, were used to support transformation and consolidation-related projects throughout Germany, including at Ansbach, Heidelberg, and Kaiserslautern, among others.

In addition to the Army's projects at Grafenwoehr and Vicenza, the Army and TRICARE Management Activity have plans for two major infrastructure projects to support forces in Europe at a cost of almost \$1.4 billion. These include construction of an Army headquarters facility at Wiesbaden, Germany and construction of a replacement regional medical center adjacent to Ramstein Air Base near Kaiserslautern, Germany. Moving and consolidating several Army headquarters from Heidelberg and other locations to Wiesbaden is the last step in the U.S. Army Europe's transformation and consolidation plan that began in 2004. According to U.S. Army Europe officials, consolidating the headquarters would optimize command and control, intelligence, and signal capabilities; provide a more responsive organizational structure; offer better force protection options than at the current location in Heidelberg; and provide access to a nearby Army airfield. The Wiesbaden location would include a theater-level command and control center, a consolidated intelligence center, and a network warfare center at a cost of approximately \$240 million. The first increment of \$59.5 million was appropriated for fiscal year 2009 to build the command and control center and the U.S. Army Corps of Engineers began design work for the facility in the first quarter of the fiscal year 2010. DOD's second project is to replace the regional medical center located in Landstuhl and the Medical Clinic at Ramstein Air Base in Germany with a new consolidated medical center adjacent to Ramstein Air Base near Kaiserslautern, Germany at a cost projected at \$1.2 billion. According to DOD, this project is being driven by the effort to recapitalize medical facilities worldwide, and was not part of the effort to transform and consolidate Army forces in Europe. The medical center is a major hospital that provides primary care for more than 40,000 military personnel and 245,000 beneficiaries in the European Command. The facility also provides medical support for casualties that are air-evacuated from Iraq and Afghanistan: wounded personnel are flown into Ramstein Air Base and then taken by bus to Landstuhl Regional Medical Center, approximately 20 minutes away. According to TRICARE Management Activity officials, a 2002-2003 Army Medical Department study recommended that DOD renovate and add to the existing hospital in Landstuhl. However, in 2009, the Senate Appropriations Committee directed DOD to complete a site assessment for this approach and the Office of the Deputy Under Secretary of Defense (Installations and Environment) conducted a new analysis that included consideration of alternative sites. One of the reasons officials decided upon the new construction adjacent to Ramstein Air Base was because it allows for easier access to the airfield where wounded personnel arrive from combat zones.

Many defense organizations are involved in force structure and basing decisions. According to Army, Joint Staff and DOD guidance, unit commanders, U.S. Army Europe, and European Command are responsible for providing analytical support and coordinating proposed basing actions. For example, for stationing actions and unit moves, commanders of units stationed in Europe will review the mission, operational facilities, base support, available resources, potentially including available funds, and political and environmental effects of the proposed basing action. For force structure changes, Army Headquarters or U.S. Army Europe obtains input and comments from affected commands, including European Command, the functional combatant commands and the component commands. Army Headquarters transmits the resulting proposal to the Joint Staff and requests approval by the Secretary of Defense. European Command conducts an assessment of the implications of potential force structure changes, to inform the Joint Staff and Office of the Secretary of Defense of the relative values or benefits and costs or risks. The assessment includes political-military, operational risk, force structure, infrastructure, and resource implications of the proposed change, and it should address alternatives considered, where applicable.

**FUTURE PLANS FOR ARMY FORCES IN EUROPE ARE UNCERTAIN, BUT COSTS ARE LIKELY TO BE HIGHER THAN EARLIER ARMY ESTIMATES**

Keeping the four brigades in Europe will require the Army to seek funds to keep installations open in the near term (fiscal years 2013 and 2014) and future decisions about force structure could result in \$1 billion to \$2 billion in incremental costs in the long term if four combat brigades, rather than two, are retained. The Army's force structure in Europe is subject to the results of several pending reviews including a comprehensive review of U.S. defense posture worldwide. To date, however, DOD has not announced the details of the scope and timing for the completion of this comprehensive review.

*Retaining forces in Europe will require the Army to spend additional funds, lowering anticipated near-term savings*

Delays and changes in decisions will require the Army to seek hundreds of millions of dollars more annually than planned to support facilities in Europe that they originally intended to close. As part of its plans to return two brigade combat teams stationed in Europe to the United States in fiscal years 2012 and 2013, U.S. Army Europe intended to close installations located at Bamberg and Schweinfurt, Germany. However, the decision to retain these brigades in Europe delays or eliminates these savings and, according to Installation Management Command-Europe, will require the Army to seek funding of roughly \$176 million annually beginning in fiscal year 2013 to support base operations at these two communities.

In addition, U.S. Army Europe planned hundreds of millions in savings by closing Heidelberg and consolidating in Wiesbaden by 2013 and did not program funding to operate this installation beyond 2012. However, because of uncertainty for the funding of construction in Wiesbaden, Heidelberg will remain open longer than originally planned and the previously estimated savings will be delayed by 2 years or more. As a result, the Army estimates it will need approximately \$150 million annually to support continued operations.

Both our review and the subsequent analyses performed by the Army found gaps in the support used to justify the decision to close Heidelberg and consolidate forces in Wiesbaden. The original analyses were poorly

documented, limited in scope, and based on questionable assumptions. Army and DOD guidance describing economic analyses to support military construction projects or decisions about the acquisition of real property indicate that reasonable alternatives should be considered when contemplating projects. For example, DOD Instruction 7041.3 indicates that the analyses should address alternatives that consider the availability of existing facilities and estimated costs and benefits, among other factors. Similarly, Army Pamphlet 415-3 identifies the consideration and evaluation of alternatives as sound economic principles underlying the economic analyses to be performed in support of military construction projects. When we asked to see the original analyses for the 2005 decision, U.S. Army Europe officials provided us with an information paper that had been prepared in response to our request but did not produce documentation to support the original decision. Little detail was available about the alternatives that had been considered, or how quantitative criteria (like cost savings) and qualitative criteria (like force protection and access to airfields) were weighed in the decision. Army officials told us that alternatives to Wiesbaden had been considered in discussions, and that these were rejected in favor of Wiesbaden. In addition, although they noted that estimated cost savings was one of the key reasons for the decision, they also told us that the decision was primarily based on judgment. Furthermore, according to DOD officials, the analysis was not rigorous or documented. Department of the Army officials also deemed the analysis inadequate to defend the operational and business needs for the consolidation and as a result called for additional cost analysis to be conducted by officials from the Assistant Chief of Staff-Installation Management. A subsequent, more robust cost analysis completed in 2009 reduced the estimated annual cost savings to less than half of the original estimate, but affirmed the decision to consolidate in Wiesbaden. DOD has updated its plans and has announced that its current plan is to close the facilities in and around Heidelberg by 2015, but has not yet obtained all the funding to build the new headquarters complex in Wiesbaden.

*Keeping more forces in Europe than originally planned could cost up to \$2 billion in the long term*

DOD has not yet made a final decision on the number of brigades that will remain in Europe for the long term; however, the Army's Office of the Deputy Chief of Staff for Programs (G8) estimates that the long-term incremental costs for keeping the two brigades in Europe will be between \$1 billion and \$2 billion for fiscal year 2012 through 2021. The projected costs will vary depending on whether forces are sent from the United States to Europe for training to maintain a constant presence in Europe. Figure 2 compares the Army's annual estimated cost for fiscal years 2012 through 2021 for keeping the two additional brigades in Europe versus returning them to the United States, assuming no rotational costs. As shown, in years 2012 and 2013 the need to construct facilities in the United States to house the returning brigades would cost more than retaining the brigades in Europe at existing installations. However, Army analyses show that for fiscal year 2014 through 2021 it will cost on average \$360 million more per year to retain the brigades in Europe.

Several factors make keeping the two additional brigades in Europe more expensive than returning them to the United States. These include the cost to provide schools and commissaries overseas, increased personnel

costs due to overseas allowances, and additional funds for needed infrastructure projects to continue operations at Bamberg and Schweinfurt. For example, the Army estimates that for fiscal years 2016 to 2021 it will need approximately \$370 million to improve facilities at Bamberg and Schweinfurt to meet quality of life standards because improvements had not been planned for either of these locations as they had previously been scheduled to be returned to the German government.

Even with the potential significant long-term costs, senior military officials in Europe have argued that the larger force structure is necessary. In March 2010, the Commander of European Command stated in written testimony that without four brigade combat teams and certain headquarters capabilities European Command assumes risks in its capability to conduct steady-state security cooperation, shaping, and contingency missions and that deterrence and reassurance are at increased risk. He also stated that the loss of certain headquarters combined with significant force requirements in support of Overseas Contingency Operations outside the European Command region makes retaining four brigade combat teams critical to the United States Army Europe's and European Command's mission.

*DOD's plans for reviewing U.S. global defense posture are unclear, but alternatives under consideration are limited*

The Army's force structure in Europe is subject to the results of a pending review of the North Atlantic Treaty Organization's Strategic Concept and an accompanying U.S. assessment of the U.S. European defense posture network. The new North Atlantic Treaty Organization strategic concept is scheduled to be unveiled at a November 2010 meeting in Lisbon, Portugal. The 2010 Quadrennial Defense Review announced plans for a comprehensive review of U.S. defense posture worldwide and the Secretary of Defense issued a memorandum in May 2010 identifying global posture as a critical issue to be scrutinized in preparation for the fiscal year 2012 budget process. To date, DOD has yet to announce the details of the scope and timing for the completion of its comprehensive review of global posture.

DOD and Army guidance should prompt the department to consider alternatives when contemplating basing decisions. In our past work, we have found weaknesses in the department's process for adjusting defense global posture and linking it with current strategy. And, even though DOD has stated that it plans to conduct a comprehensive review of global posture, DOD and Army officials told us their review of Army forces in Europe will focus on whether four combat brigades will be retained in Europe. Additionally, until the North Atlantic Treaty Organization new strategic concept is unveiled, it is not known if DOD and the Army are making basing decisions that will support the new strategy.

#### INCONSISTENT PROCESSES TO DEVELOP FACILITY REQUIREMENTS HAMPERS VALIDATION OF FACILITY NEEDS

Once DOD determines its force structure and basing plans for a specific region, it then needs to determine the types and quantities of facilities necessary to provide operational and quality of life support to its soldiers and families; however, we were unable to validate whether completed and planned facilities in Europe meet Army facility planning criteria because U.S. Army Europe planners use inconsistent processes to generate facility requirements. The Army in Europe does not consistently use official Army facility planning tools to calculate its requirements. The Army's official tools for determining fa-

cility requirements do not use the most current and accurate information for European locations, such as installation population data and, in some cases, planners have used alternative or workaround methods to develop facility requirements.

Army guidance directs garrison planning staff to use an Army-wide system, known as the Real Property Planning and Analysis System, to conduct facility requirements analyses which determine requirements for the number, type, and size of facilities needed to accommodate forces stationed at each installation. The planning and analysis system uses installation population data from the Army Stationing and Installation Plan and Army standardized facility criteria needed to support the population and meet mission requirements and quality-of-life standards. For example, the system uses installation population data to determine the required number and size of headquarters and administrative buildings, maintenance facilities, barracks, medical and dental clinics, commissaries, and other support facilities needed at each installation.

According to Army officials, the force structure and installation population data used by the Real Property Planning and Analysis System are not current and thus not accurate. Army officials stated that its facility planning systems do not always include current force structure and installation population data because overseas basing decisions are sensitive and not reflected in the systems before public announcements are made. For example, we found in the case of Vicenza that the facility requirements in the planning and analysis system did not track with anticipated increases in the installation population. Specifically, the Army's force structure is expected to almost double in Vicenza, Italy for fiscal years 2010 to 2014, yet the planning and analysis system was not edited to reflect a corresponding increase in facility requirements.

Because the stationing data do not always reflect current or planned force structure decisions, U.S. Army Europe planners often use alternative methods to determine facility requirements. However, such methods use spreadsheets that are not linked to the planning and analysis system or the criteria database. And, because the alternative requirements determination methods are not linked with the official planning system and its resident facility criteria and standards, it is unknown if planned facilities will meet Army quality-of-life and other facility standards contained in that system. We found that planners were not using consistent methods to calculate facility requirements. To illustrate, key U.S. Army Europe officials told us that because accompaniment rates for troops in Europe are different than in the United States, Army installation planners in Europe were not using the Army's facility planning criterion for determining barracks and family housing requirements; instead, they are using their own subjective estimates that vary among the installations. Planners explained that it was a challenge to develop these rates because the documents available to them that provided details on installation population were not always up to date and did not accurately reflect future Army force structure decisions. This lack of consistency in the methods used by planners in Europe and not knowing to what extent the planners are using current information to determine facility requirements precluded us from validating whether completed or planned facilities in Europe would satisfy its infrastructure needs.

Our inability to validate infrastructure requirements reflects systemic issues that have been brought to the Army's attention, but have not yet been resolved. A 2006 Army

Audit Agency report on military construction requirements in Europe noted that Army systems for planning construction projects often contained conflicting or inaccurate information and planners sometimes generated incorrect requirements when they used the systems. Although the Army Audit Agency found that planned military construction projects were adequate to support U.S. Army Europe's installation plans, it also identified concerns with the accuracy of the information used to determine facility requirements in Europe. The report noted that project planners often did not maintain adequate documentation supporting how they determined requirements and, as a result, often had to recreate the information to support their analysis. In addition, in a June 2010 report that examined facility requirements for Army installations in the United States, we found that the Army's Real Property Planning and Analysis System did not always produce reliable results for some types of facilities because the system has often relied on data that are not complete, current, or accurate. For instance, we found that the facility design criteria had not been updated to reflect current standard designs for 47 of the 58 facility types in the system. As a result of our findings, to improve the accuracy and completeness of the Army's Real Property Planning and Analysis System as a tool for generating facility requirements, we recommended that the Secretary of Defense direct the Secretary of the Army to develop and implement guidance that requires the Army Criteria Tracking System which feeds standardized facility criteria into the Army's Real Property Planning and Analysis System to be updated to reflect changes to facility designs as they are made. DOD concurred with our recommendation and stated that the Army has already taken action to enhance the accuracy of its planning systems to better respond to changing requirements.

#### CONCLUSIONS

With over \$1.3 billion invested since 2004, another \$1.4 billion in infrastructure investments planned for the Wiesbaden consolidation and the recapitalization of medical facilities, and the potential to increase costs by up to \$2 billion over the next 10 years if all four Army brigades are kept in Europe, the financial stakes are high for DOD as it considers its future posture. Existing guidance should prompt the department to consider analyses of alternatives when contemplating basing options; however, previous Army analyses have not been well documented, and the plans being pursued are based on a previous strategy developed in 2004 and may not be aligned with a new strategic concept that has yet to be determined. In addition, the Army's approach to managing its facilities thus far has resulted in uncertainty concerning whether completed and planned facilities will meet infrastructure needs. Until facility requirements reflect quality-of-life and other standardized facilities criteria, there is inadequate assurance that the Army's facilities in Europe will fully meet the needs of soldiers and their families. Without a comprehensive review the Army may lack sufficient information to determine the most cost effective approach to maintaining a continued presence in Europe.

#### RECOMMENDATIONS FOR EXECUTIVE ACTION

To take advantage of the pause before final decisions on the Army's European force structure are made and determine the best course of action for its European posture, we recommend that the Secretary of Defense direct the Secretary of the Army to take the following two actions:

- 1, Conduct a comprehensive analysis of alternatives for stationing forces in Europe. At

a minimum, the review should be done as expeditiously as possible upon the completion of the North Atlantic Treaty Organization's strategic concept announcement and consider the costs and benefits of a range of force structure and basing alternatives.

2. Develop a consistent process to determine specific facility requirements associated with the various options.

We are sending copies of this report to other congressional committees and interested parties. We are also sending copies to the Secretaries of Defense and the Army. In addition, this report will be available at no charge on our Web site at <http://www.gao.gov>. If you or your staff have any questions about this report, please contact me. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in enclosure II.

JOHN PENDLETON,

*Director,*

*Defense Capabilities and Management.*

The ACTING PRESIDENT pro tempore. The Senator from Maryland.

#### SMALL BUSINESS LENDING

Mr. CARDIN. Mr. President, I take this time, first, to thank Senator LANDRIEU for her persistence in bringing forward legislation that is going to help small businesses. We are on the verge, I hope this week, to finally pass in the Senate legislation that will help the small businesses in our country—H.R. 5297 that is now before us. Hopefully we are going to be able to get this legislation through the Senate.

What this bill does is create jobs. I am proud to serve on the Small Business Committee. We have been working long and hard, and many of the provisions we have supported in our committee on a strong bipartisan basis are included in the legislation that is now before us.

This bill is about helping small businesses so we can create more jobs for our communities. I think my colleagues will all agree and acknowledge that more jobs are created through small companies than through large companies. If we are going to be able to grow our economy, we have to be able to help our small businesses.

It is also known that innovation is more likely to come from the opportunities from small companies. So we need to pay attention to and help our small companies help our economy grow. The bill that is before us incorporates many of the provisions that have been voted on in a bipartisan way by the Small Business Committee. But let me tell you this: I traveled the State of Maryland during our August break when we are back in our States. I had a chance to visit all parts of the State of Maryland and visited many small business owners. The No. 1 issue they continued to raise with me is the ability to be able to borrow money, to get credit for their businesses to expand.

We spent a lot of time trying to help the Wall Street bankers, but, quite frankly, it has not gotten to the small

business owners. They are not able to get the type of loan at an affordable cost so that they can expand their businesses. This bill will help. This bill provides strength to the SBA.

I think all of us agree, the Small Business Administration has the tools to help small companies. But we need to give them the tools that can work in the current economy. So this legislation extends the 7(a) loans under the SBA from \$2 million to \$5 million, the 504 loans from \$1.5 million to \$5.5 million, and the micro loans. They may not seem like a lot of money, \$35,000 to \$50,000, but that could be the key piece of the puzzle necessary for a company to start or expand and create more jobs in our communities.

The legislation also extends the SBA guarantees to 90 percent and waives the costs so we can make it affordable. The legislation sets up an intermediary lending program so that we encourage banks to make more loans to small businesses. In all, it is estimated that it will generate \$5 billion of credit for small businesses, creating 300,000 jobs. That is quite a step forward, quite an important step forward to help our communities.

In addition, the legislation includes help to our States. In the State of Maryland, we have our own program. Governor O'Malley has a program that is aggressively helping small companies in Maryland. The problem is, as you know, State budgets are strapped. This bill provides \$1.5 billion more for the programs our States are operating in order to expand those programs. That will be leveraged to far more than \$1.5 billion of new credit to small companies. It will provide substantial help in Maryland and all of the States of our Nation.

The bill also deals with the continuing problem of contracting. If you are a small company, you are trying to get a contract with the Federal Government—you do not have a lot of contract officers in your business, you are trying to be very efficient, you need help so you can get a fair shake in bidding for a Federal contract.

Unfortunately, today there have been abuses known as bundling where agencies have bundled together a lot of small contracts into a large contract, making it very difficult for a small company to get any part of that Federal contract. In addition, there is prime contractor abuse in not paying the subcontractors on time, which are generally more likely to be the smaller companies.

This legislation incorporates the work of our committee to make it easier for Federal procurement officers to enter into contracts with small businesses. The proposal is estimated to create another 100,000 jobs in our communities.

This is what we need to do. These are not partisan issues. These are bipartisan. I do not know of anyone who disagrees with our efforts to try to help small businesses with more credit or

make it easier for them to deal with the Federal Government.

One other major part that will create jobs in our communities is to make it easier for small companies to be exporting goods to other countries. We all talk about keeping jobs in America. Let's not outsource. Let's keep the jobs right here in America. Well, again, if you are a small company, and you are trying to get through the bureaucracy of exporting, it can become very difficult. This legislation makes it easier for our small companies to be able to participate in international trade, keeping jobs here in America, creating more jobs, helping our economy, reducing the balance of payment problems we have with other countries. It is a win-win situation for the U.S. economy.

In addition, this legislation provides tax relief for small companies. Tax relief. We all talk about that. You get higher deductions for startup costs so small companies can get help from the Federal Government as far as tax relief.

It provides tax equity for small companies in the deductions of their health insurance costs, and allows for the continued writeoff of capital expenditures that were included in the Recovery Act. So there are a lot of tools to help small companies grow. But here is the good news: It is done without adding any money to the deficit of the country. It is totally paid for. We all understand we have to energize the growth of jobs in our economy, but we cannot do it at the cost of raising the deficit. This bill provides the tools but makes sure that we do not add to the deficit of the country, again, strengthening the underlying economy so that we get true job growth.

I thank all who have been responsible to help bring this bill together. I think it is an important step forward in creating new jobs and helping our economy grow and helping small companies help our country. I am proud to support this legislation and hope we can move it quickly this week and get the tools out there helping our small companies grow, creating more jobs for the people in our communities.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Washington State.

Mrs. MURRAY. Mr. President, over the last several months I have been pushing very hard for this legislation that would help small business owners in my home State of Washington access the capital they need to expand and create jobs.

I stand here today to urge all of our colleagues to put politics aside and finally allow this critical legislation to pass. I spent the last month crisscrossing my home State of Washington talking to families and small business owners about ways that we can create jobs and grow the economy. What I heard again and again from so many of these small business owners is that one