

**MILITARY CONSTRUCTION AND VETERANS
AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2013**

WEDNESDAY, MARCH 28, 2012

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

The subcommittee met at 10:02 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Tim Johnson (chairman) presiding.

Present: Senators Johnson, Nelson, Pryor, Tester, Murkowski, and Coats.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

STATEMENT OF HON. JACKALYNE PFANNENSTIEL, ASSISTANT SECRETARY FOR ENERGY, INSTALLATIONS AND ENVIRONMENT

ACCOMPANIED BY:

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

REAR ADMIRAL DAVID BOONE, DIRECTOR, SHORE READINESS DIVISION, DEPUTY CHIEF OF NAVAL OPERATIONS (FLEET READINESS AND LOGISTICS)

OPENING STATEMENT OF SENATOR TIM JOHNSON

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

We meet today to discuss the President's fiscal year 2013 budget request for military construction (MILCON) and family housing for the Departments of the Navy and the Air Force.

I would note, for the benefit of our witnesses that although my Ranking Member Senator Mark Kirk temporarily is absent, I am told that he is making good progress toward recovery, and I look forward to his return to the subcommittee. In the interim, I will make sure that his interests are represented in all matters that come before this subcommittee.

I am pleased to welcome our first panel of witnesses from the Navy, Secretary Jackalyn Pfannenstiel, Assistant Secretary of the Navy; Major General James Kessler, Assistant Deputy Commandant for Installations and Logistics; and Rear Admiral David Boone, Director, Navy Shore Readiness Division.

This year's military construction and family housing budget for the Navy and Marine Corps is \$1.8 billion. This represents a 19-percent reduction in funding for Active Forces military construction from the fiscal year 2012 enacted level, but an 88-percent increase in Navy Reserve funding. Although the Navy Reserve funding went from small to middling, \$26 million to \$49.5 million, in these difficult economic times, I am pleased to see any increase in funding for the Reserve forces.

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

Again, thank you all for coming. We look forward to your testimony. Madam Secretary, I understand that you will be offering the only opening statement. Your full statement will be entered into the record, so I encourage you to summarize it to leave more time for questions. Please proceed.

SUMMARY STATEMENT OF HON. JACKALYNE PFANNENSTIEL

Ms. PFANNENSTIEL. Chairman Johnson, Senator Tester, I am pleased to appear before you today to provide an overview of the Department of Navy's investment in shore infrastructure.

I regret the absence of Senator Kirk. We wish him well and hope he is back with us soon.

The Department's fiscal year 2013 budget request includes \$13 billion for investment in military construction, facilities sustainment, restoration and modernization, previous rounds of base realignment and closure (BRAC), family housing, environmental restoration, and base-operating support.

The military construction request of \$1.8 billion supports our Combatant Commanders, new war-fighting platforms and missions, facility recapitalization, and servicemember quality-of-life initiatives for the Navy and Marine Corps.

Military construction projects in Bahrain and Djibouti support high-priority missions in the region, enhance our forward presence and provide stability for United States interests. Two projects in Spain support the forward-deployed naval forces, and a project in Romania supports the European-phased base adaptive approach infrastructure.

Equally important are military construction programs that invest in support facilities with joint strike fighter and MV-22B, infrastructure improvements, training and education facilities, and the safety and security of nuclear weapons in the United States.

I would specifically like to emphasize that we remain committed to establishing an operational Marine Corps presence on Guam. We know Congress has concerns regarding the execution of the Guam military alignment and we are taking the necessary steps to address them and move the program forward.

The United States Government is currently meeting with the Government of Japan to discuss adjustments to the 2006 realignment roadmap agreement. As Secretary Panetta has testified, Guam is an important part of the United States effort to reposture our forces in the Pacific. We believe the adjustments being dis-

cussed will address execution concerns, increase our flexibility and strengthen our presence in the region.

This is an important year for the Guam realignment. We will continue to work with you and our partners on Guam and in Japan as more information becomes available.

As for the 2005 round of BRAC, the Department met our legal obligations by the statutory deadline of September 15, 2001, and successfully implemented all required realignment and closure actions.

For BRAC 2005 installations our fiscal year 2013 budget request of \$18 million enables our ongoing environmental restoration, caretaker and property disposal efforts.

For the prior BRAC rounds, our fiscal year 2013 budget request of \$147 million will enable us to continue disposal actions for the remaining 7 percent of real property and meet the legal requirements for environmental cleanup.

The Department fully supports the Secretary's proposal for additional rounds of BRAC to assess and improve the alignment of our shore infrastructure with our force structure.

Finally, we intend to meet the energy goals set forth by Congress and the Secretary of the Navy. We recognize that energy is a critical resource for maritime, aviation, expeditionary, and shore missions. We must strengthen our energy security and reduce our vulnerability to price escalations and volatility.

With this in mind, the Navy and Marine Corps continue to reform how we produce, procure and use energy. Our budget request includes \$1 billion in fiscal year 2013 and \$4 billion across the fit-up that is to be invested in initiatives that provide energy independence and security as well as valuable tactical benefits and efficient facility restoration.

To help meet Congress' renewable-energy goals and our own goal of producing 50 percent of our shore energy from alternative sources, we're developing a strategy for large-scale, renewable power projects on naval installations where we'll use existing third-party financing mechanisms, such as power-purchase agreements, joint ventures and enhanced-use leases, to avoid adding cost to rate payers.

Currently, our bases support about 300 megawatts of renewable energy, 270 of which is produced by a geothermal plant at China Lake. We have awarded contracts for three similar projects in the southwest and are finalizing a solar contract for Hawaii.

The three existing purchase-power agreements at China Lake, 29 Palms and Barstow will save the Department \$20 million over 20 years. In each instance, we'll be paying less per kilowatt hour from day 1 than we would for conventional power.

PREPARED STATEMENT

In closing, your support of the Department's fiscal year 2013 budget request ensures that we can build and maintain facilities that enable our Navy and Marine Corps to meet the diverse challenges of tomorrow.

Thank you for the opportunity to testify before you today. I look forward to answering any questions you may have.

[The statement follows:]

PREPARED STATEMENT OF HON. JACKALYNE PFANNENSTIEL; MAJOR GENERAL JAMES KESSLER; AND REAR ADMIRAL DAVID BOONE

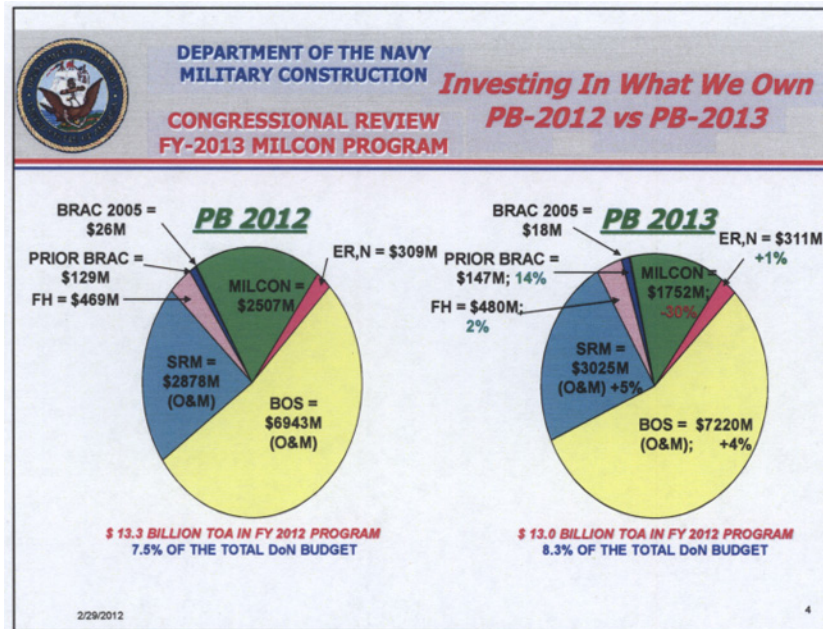
Chairman Johnson, Representative Kirk, and members of the subcommittee, I am pleased to appear before you today to provide an overview of the Department of Navy's (DON) investment in its shore infrastructure.

THE NAVY'S INVESTMENT IN FACILITIES

Our Nation's Navy-Marine Corps team operates globally, having the ability to project power, effect deterrence, and provide humanitarian aid whenever and wherever needed to protect the interests of the United States. Our shore infrastructure provides the backbone of support for our maritime forces, enabling their forward presence. The Department's fiscal year 2013 budget request includes a \$13.0 billion investment in our installations, a decrease of \$0.3 billion from last year.

The fiscal year 2013 military construction (Active and Reserve) request is \$1.8 billion. Although significantly less than the fiscal year 2012 request of \$2.5 billion, it represents continued investment enhancing Combatant Commander's capabilities, improving servicemember's quality of life, supporting mission requirements, continued emphasis on energy security, and recapitalizing aging infrastructure.

The fiscal year 2013 family housing request of \$480 million represents a 2-percent increase from the fiscal year 2012 request. The Navy and Marine Corps continue to invest in housing, including both the recapitalization of our overseas housing, and additional privatization to recapitalize inadequate housing in the United States. Having privatized virtually all family housing located in the United States, we are investing in a "steady state" recapitalization effort to replace or renovate housing at overseas and foreign locations where we continue to own housing.



Our BRAC program consists of environmental cleanup and caretaker costs, as well as property disposal costs for prior round BRAC and BRAC 2005 locations. We do not foresee potential for large revenue from land sales, which were used to fund the legacy BRAC program from fiscal year 2005 through fiscal year 2008. Thus, we again seek appropriated funds in fiscal year 2013 in the amount of \$147 million. The fiscal year 2013 BRAC 2005 budget request of \$18 million supports ongoing environmental restoration, caretaker costs, and property disposal efforts. The Department has completed implementation of the BRAC 2005 recommendations. The DON fully supports the Secretary's proposal for two additional rounds of BRAC to improve alignment of our shore footprint with our force structure.

Our fiscal year 2013 request for base operating support (BOS) is in excess of \$7.0 billion. The BOS program finances the operation of our DON shore infrastructure worldwide including programs that support ship, aviation, and combat operations, public safety, security, installation management, housing and quality of life for both Active and Reserve components. To maximize the impact of our BOS funding, we continue to pursue and realize more cost effective ways of providing base support functions.

Finally, the Department's budget request invests \$1.0 billion in fiscal year 2013, and \$4.0 billion across the Future Years Defense Plan (FYDP), to support the DON's aggressive energy goals to increase energy security and reduce dependency on fossil fuels.

MILITARY CONSTRUCTION

The DON's fiscal year 2012 military construction program requests appropriations of \$1.8 billion, including \$105 million for planning and design and \$17 million for Unspecified Minor Construction.

The active Navy program totals \$918 million and includes:

- \$176 million to fund eight Combatant Commander projects:
 - At Camp Lemonnier, Djibouti: A Joint operations center, a cold storage warehouse, containerized living/work units, and a fitness center;
 - In Souda Bay: An aircraft parking apron and an intermodal access road; and
 - In Bahrain: A bachelor quarters and dining facility.
- \$146 million to fund Quality of Life initiatives including:
 - A bachelor quarters at Naval Base Coronado, California, in support of the Chief of Naval Operations' Homeport Ashore initiative;
 - A training barracks at Naval Air Station Oceana, Virginia;
 - A bachelor quarters in Okinawa, Japan;
 - A dining facility at Naval Air Station Meridian, Mississippi; and
 - A fitness center at Naval Support Activity South Potomac, Virginia.
- \$280 million to fund: The second increment of a second explosives handling wharf at Naval Base Kitsap, Washington.
- \$284 million to fund 12 projects to achieve initial or final operational capability requirements for new systems and new missions:
 - A general purpose warehouse and high explosive magazine at Naval Station Rota, Spain;
 - An Aegis Ashore missile defense complex at Naval Support Facility Romania;
 - A Broad Area Maritime Surveillance (BAMS) mission control facility at Naval Air Station Jacksonville, Florida;
 - A BAMS maintenance training facility at Beale Air Force Base, California;
 - An H-60S simulator training facility at Naval Base Coronado, California;
 - An EA-18G flight simulator facility at Naval Air Station Whidbey Island, Washington;
 - A Littoral Combat Ship training facility at Naval Base San Diego, California;
 - Drydock electrical distribution upgrades for CVN78 at Norfolk Navy Shipyard, Virginia;
 - A cruiser/destroyer training facility at Naval Support Activity, South Potomac in Virginia;
 - A combat system engineering building at Naval Weapons Station Earle, New Jersey; and
 - A BAMS operational facility at an overseas location.
- \$32 million to fund additional critical Navy priorities:
 - A strategic systems evaluation lab consolidation at Naval Weapons Station Seal Beach, California, and
 - Communications infrastructure at Naval Support Facility, Diego Garcia.

The active Marine Corps program totals \$664 million and includes:

- \$18 million for the construction of unaccompanied housing at Naval Weapons Station Yorktown, Virginia, for the consolidation of the Marine Corps Security Force Regiment;
- \$13 million to provide quality of life facilities such as a mess hall at Quantico;
- \$31 million to construct student billeting for the Basic School in Quantico, Virginia;
- \$83 million to build infrastructure to support ingress/egress access at Marine Corps installations. These projects include road improvements, main gate improvements, anti-terrorism force protection posture improvements, and correct safety issues. These projects will have a direct effect on the quality of life of our marines along with alleviating both on-base and off-base community concerns;

- \$394 million to fund projects enhancing operational capability such as those needed for the MV-22 aircraft at Camp Pendleton, Hawaii, Miramar, and Yuma; Joint Strike Fighter at Beaufort and Iwakuni; and operational units in New River, Cherry Point, and Yorktown;
- \$53 million to provide training facilities at Camp Pendleton, Camp Lejeune, Beaufort, and Iwakuni;
- \$47 million for land expansion for MAGTF large-scale training exercises at 29 Palms;
- \$26 million for the second increment of the North Ramp Parking project at Anderson Air Force Base to support the relocation of marines to Guam.

The Navy and Marine Corps Reserve Military Construction appropriation request totals \$47 million and includes a Transient Quarters at Naval Air Station Joint Reserve Base New Orleans, Louisiana, a Commercial Vehicle Inspection Site at Naval Air Station Joint Reserve Base Fort Worth, Texas, a Joint Navy and Marine Corps Reserve Center at Des Moines, Iowa, a Marine Corps Reserve Training Center at Yuma, Arizona, and a Vehicle Maintenance Facility at Brooklyn, New York.

FACILITIES MANAGEMENT

Facilities Sustainment, Restoration and Modernization (SRM)

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

The fiscal year 2013 budget request funds sustainment at 80 percent and 90 percent of the model's recommended levels for the Navy and Marine Corps, respectively. To maximize support for warfighting readiness and capabilities, the Navy has requested overall facilities sustainment at 80 percent of the DOD model level. To enhance the quality of education at our premier institutes of higher learning, we will continue to fund the Naval Academy, Naval War College, and Naval Postgraduate School at 100 percent of this model. Additionally, the Navy has targeted the allocation of sustainment funds to increase the sustainment and maintenance of unaccompanied housing. The Navy has minimized operational impacts and ensured the safety of our sailors and civilians by prioritizing maintenance and repair efforts for facilities that directly affect mission operations such as piers, hangars, and communications facilities, as well as unaccompanied housing and family support centers. The Marine Corps will maintain sustainment funding at 90 percent of the model. Even this strong commitment will result in some facilities degradation. The Marine Corps will continue to prioritize and target facilities that directly affect mission operations for full sustainment.

Restoration and modernization provides major upgrades of our facilities. In fiscal year 2013, the Department of the Navy is investing \$0.6 billion of Military Construction, and \$1 billion of Operation and Maintenance funding into restoration and modernization of existing facilities.

NAVAL SAFETY

Protecting the Department's sailors, marines, and civilian employees and their dependents remains one of our highest priorities. I consider continual, marked improvement in our safety performance to be essential to maintaining the highest state of operational readiness for our Navy and Marine Corps team. During fiscal year 2011, DON once again achieved record-setting mishap rate reductions in numerous key mishap categories.

The Department continues to be a world-class safety organization, where, in step with civilian industry leaders, no avoidable mishap or injury is considered acceptable. In benchmarking against the Nation's largest, safest, and most productive commercial industries, we have recognized that our top initiative must be the development and deployment of a state-of-the-art Risk Management Information System or RMIS. RMIS will dramatically expand the quality and quantity of data available, improve DON safety information management and analysis, simplify reporting, enhance unit-level access to safety information, and automate unit-level safety program management. RMIS is a high priority for funding in our fiscal year 2014 budget.

Using fiscal year 2002 as a baseline, the Secretary of Defense established a goal for each Military Service and DOD Agency to achieve a 75-percent reduction in key mishap rates by the end of fiscal year 2012. By the end of fiscal year 2011, both

the Navy and the Marine Corps achieved mishap rate reductions which exceeded the DOD-wide average reduction in each of the three primary mishap categories being tracked by the Office of the Secretary of Defense. The three mishap categories and associated reductions from the fiscal year 2002 mishap rate baseline are depicted below:

Mishap category	USN reduction (%)	USMC reduction (%)	Average DOD-wide reduction (%)
Private Motor Vehicle Fatality Rate ¹	60	47	39
Aviation Class A Flight Mishap Rate ²	49	42	39
Civilian Total Lost Day Rate ³	43	47	39

¹Rate is number of deaths per 100,000 military members.

²Rate is number of mishaps per 100,000 flight hours. A Class A Aviation Flight Mishap occurs when there was intent for flight and greater than \$2 million damage, total loss of an aircraft, a fatality, or an injury resulting in total permanent disability.

³Rate is days lost per 100 persons per year (more of a FECA case management than safety metric).

I am committed to sustained, continuous improvement and our hard work is paying dividends. At the end of fiscal year 2011, the Department achieved the lowest on- and off-duty fatality rates ever recorded in our history. Similarly, for the first time we achieved the lowest ever fatality rates for on-duty, private motor vehicle and off-duty/recreational mishaps in the same year. On the civilian side, over the past 10 years, the Department has witnessed declines in civilian total and lost time case rates of 39 percent and 36 percent, respectively. These reductions are in line with annual Presidential injury and illness rate reduction requirements.

I am pleased to report that the Department of the Navy is the proud owner of nearly half of all Department of Defense OSHA VPP (Voluntary Protection Program) Star sites, and we recently recognized three OCONUS installations in Japan as VPP Star equivalent sites. Implementation of safety management systems, such as VPP, will be an important tool for our continued improvement in Department-wide safety results.

ENERGY

The Department of the Navy is committed to implementing an energy program that enhances our national security by reducing our dependence on imported fossil fuels. Its platform is that energy security is national security. The energy program is comprehensive—it involves both Services and contains initiatives to reduce energy demand and provide alternative forms of energy supplies on shore, afloat, in the air, and in theater.

The Department is a recognized leader and innovator in the energy industry by the Federal Government and private sector as well. Over the past decade, DON has received almost a quarter of all of the Presidential awards and nearly a third of all of the Federal energy awards. Additionally, DON has received the Alliance to Save Energy “Star of Energy Efficiency” Award and two Platts “Global Energy Awards” for Leadership and Green Initiatives.

Goals and Initiatives

The program for which fiscal year 2013 funding is sought will exceed the goals established by the Energy Independence and Security Act of 2007, Energy Policy Act of 2005, National Defense Authorization Act of 2007 and 2010, Executive Orders 13423 and 13514.

The Secretary of the Navy has set five aggressive department-wide goals to reduce DON’s overall consumption of energy, decrease its reliance on petroleum, and increase its use of alternative energy. Meeting these goals requires that the Navy and Marine Corps value energy as a critical resource across maritime, aviation, expeditionary, and shore missions.

The goals are:

- By 2020, 50 percent of total DON energy will come from alternative energy resources;
- By 2020, DON will produce at least 50 percent of shore-based energy requirements from alternative resources and 50 percent of Department installations will be net-zero;
- DON will demonstrate a Green Strike Group in local operations by 2012 and sail the Great Green Fleet by 2016;
- By 2015, DON will reduce petroleum use in commercial vehicles by 50 percent; and

—Evaluation of energy factors will be used when awarding contracts for systems and buildings.

A myriad of investments and activities will be directed to meeting the Secretary's goals. Principally, they will be geared toward behaviors and technologies that will reduce the Navy and Marine Corps' overall requirements for energy and technologies that can provide adequate substitutes for fossil-based energy. Two significant initiatives will be:

- The development of a biofuel alternative to the liquid fuels used in ships, tanks, and tactical vehicles. To meet the goal of 50 percent of total DON energy from alternative energy, the DON has partnered with the DOE and USDA to collectively pool \$510 million to spark development of the commercial advanced alternative fuels industry. The DON is using authorities provided by the Defense Production Act (DPA) title III for its contribution. This effort will help to obtain the 8 million barrels of biofuel needed by 2020. The alternative fuel must be available at prices competitive with the conventional petroleum fuels being replaced; it must not have negative consequences for the food chain; and it must be a "drop-in", that is, not requiring infrastructure or operational changes.
- Development of a gigawatt of renewable energy generation on DON installations. Pursuant to meeting the 50 percent shore energy goal, the Secretary has directed the establishment of a task force to facilitate the production of large-scale renewable power where possible on the bases. This development will use existing third-party financing mechanisms such as power purchase agreements, joint ventures and enhanced use leases. The projects will cost no more over their life than conventional energy sources.



Funding

The Department has budgeted \$1.0 billion in fiscal year 2013 and approximately \$4.0 billion across the FDYP for operational and shore energy initiatives. The strategy for executing these initiatives focuses on reducing our dependence on petroleum, lowering our energy cost, and complying with Federal legislation and energy mandates.

The funding sources are:

O&M Navy.—Projects would include propeller coatings, in-port ship energy conservation, Advanced Metering Infrastructure, combustion system improvements, Aviation & Maritime training in support of best practices for energy conservation (ENCON) and facility energy audits and facility energy efficiency upgrades.

O&M Marine Corps.—Projects would include completion of energy audits, shelter liners, advanced power systems, renovated HVAC system to increase efficiency, and completed SMART metering projects.

National Defense Sealift Fund (NDSF)/Other Procurement Navy.—Projects would include Shipboard Lighting Upgrades, shore power management/monitoring systems, ship engine automation upgrades.

Research, Development, Test, and Evaluation.—Projects would include undersea power systems, energy storage and power management, the shipboard energy dashboard, water purification technologies, man-portable electric power units, and energy storage and distribution.

Achievements

The Department is on track to meet its goals, and throughout 2011, we demonstrated progress through an assortment of energy programs, partnerships, and initiatives. This past summer, the Blue Angels flew all six planes on biofuels during their 2-day air-show at NAS Patuxent River.

Since flying the F/A18, dubbed “The Green Hornet”, at MACH 1.7 in 2010 as part of the test and certification process using a 50–50 blend of Camelina based JP–5, the Department has also successfully conducted test and certification on the MH–60 Seahawk helicopter, AV–8B Harrier, E–A6B Prowler, MQ–8B Fire Scout, T–45C Goshawk, MV–22 Osprey, ran a Riverine Command Boat, Landing Craft Air Cushion (LCAC), Landing Craft Utility (LCU), 7m Rigid Hull Inflatable Boat (RHIB), the ex-USS *Paul F. Foster*, and an Allison 501K turbine generator. The DON also partnered with Maersk to run a large merchant ship on renewable biofuel. These tests represent milestones necessary to meet the goal of sailing the Great Green Fleet in 2016.

The USS *Makin Island*, using a hybrid-electric drive to dramatically lower its fuel usage at slow speeds is currently deployed to the Pacific region on its maiden operational deployment. The Navy is continuing to move forward with installation of a similar system on new construction guided missile destroyers and to look at the feasibility of retrofitting the fleet with these systems in the course of routine shipyard availabilities.

Additional energy initiatives, such as propeller and hull coatings, were undertaken to make the existing inventory of ships more energy efficient. Stern flaps will also assist in reducing energy consumption, as will some combustor modifications and systems to monitor ship-wide energy use. Energy conservation programs were also put in place for both ships and aircraft to educate and incentivize the Fleets to reduce energy consumption and identify inefficient activities for improvement. The future Navy will use advanced materials on propellers, energy storage and power management systems, and advanced propulsion technology to make warships more efficient while allowing them to meet their combat capability.

Last year, the Marines tested equipment that could be deployed on battlefields at their Experimental Forward Operating Bases (ExFOB) at Twenty-Nine Palms. Technologies tested at the ExFOB are now deployed with marines in Afghanistan. Solar power generators and hybrid power systems are reducing the amount of fossil fuel needed to operate in a combat zone. This year’s ExFOB will concentrate on wearable electric power systems and lightweight man-portable water purification systems. By deploying these technologies, the Marines have proven that energy efficiency means combat effectiveness and increased safety for our deployed servicemembers as fewer convoys are needed to resupply fuel.

In addition to these tactical and platform applications, the DON has implemented a number of energy projects at our facilities ashore. We are actively exploring for new geothermal resources to augment our existing 270 MW geothermal power plant at China Lake. We have awarded three projects under our Solar Multiple Award Contracts (MAC) in the Southwest (SW) and are finalizing a similar solar MAC for Hawaii. One of the SW solar MAC awards will provide 13.8 MW of solar power at NAWS China Lake. This project will save the Department \$13 million over 20 years while also providing security from electric grid outages. The Hawaii solar MAC will install 28 MW of solar PV on DON installations including covering the runway on Ford Island with PV thus recreating the look of the runway as seen from the air. We are also looking at developing our wind resources, exploring Waste to Energy projects and developing ocean power technology at all DON installations.



We are also aggressively conducting facility energy audits while completing installation of “Smart” electric metering to implement a wide range of facility energy efficiency measures. By the end of this year, over 27,000 meters will be installed in our existing facilities and provide the means to better measure the amount of energy we are consuming. This will allow for our energy managers to provide “real-time” feedback to our leaders on our installations. At the same time, we continue to ensure that new construction is built to LEED Silver standards per the 2012 NDAA.

DON continues to explore how to implement and maintain culture change initiatives, beginning with education and training, to ensure that energy management is understood by all personnel to be a priority in tactical, expeditionary, and shore missions. Energy awareness campaigns will be used to encourage personal actions that show commitment to energy program goals. The Naval Postgraduate School has added an energy program to its curricula and we are partnering with the National Defense University to pilot two culture change demonstrations. The pilots, at MCB Camp Lejeune and NAVSTA Mayport, will focus on raising the energy awareness of civilian and military personnel.

The Department will continue to cultivate strategic partnerships with existing and new organizations to leverage our energy goals. By partnering with Federal agencies, such as the Department of Energy, the Department of Interior, the Department of Agriculture, and the Small Business Administration, we are raising the awareness at all governmental levels of the strategic importance of energy within DON. In addition, we are working with academic institutions and private industry to bring innovative ideas and approaches to the forefront.

Our budget request asks for continued support of these and similar projects in order to enhance our efficiency and maximize our move to greater independence and more resilient infrastructure.

RELOCATING THE MARINES TO GUAM

On February 8, 2012, the U.S. Government and Government of Japan acknowledged that they were meeting to discuss potential adjustments to the 2006 Realignment Roadmap. Both Governments remain committed to the establishment of an operational Marine Corps presence on Guam. We believe that the adjustments to the Guam force laydown that are being considered will be responsive to congressional concerns, while also maintaining and enhancing peace and security in the Asia Pacific region, one of two regions emphasized in the January 2012 Defense

Strategic Guidance. Bilateral discussions have only just begun and I expect that more information will be available in the next couple of months. The Department will keep Congress informed of these discussions and, upon a final decision on the Guam laydown, will provide you with updates on our planning, programming, and execution strategies for implementing any adjustments.

The fiscal year 2013 budget request includes \$26 million to construct facilities in support of the relocation of marines from Okinawa to Guam. The project funds the second increment of a facility necessary to support the relocating aviation element and, upon completion of both increments, will provide aircraft parking apron, taxiways, lighting, wash racks and supporting utilities at Andersen Air Force Base. This project supports the relocating aviation element and is required regardless of the final force laydown on Guam. In its Japanese fiscal year (JFY) 2012 budget (which runs April 1, 2012, through March 31, 2013), the Government of Japan has requested \$8 million in design funds for its direct cash contribution. The JFY-2012 budget request also includes \$83 million in funding for utilities financing, pursuant to the Realignment Roadmap, for water and power projects.

The Government of Japan remains committed to both the realignment of Marine Corps forces to Guam and the Futenma Replacement Facility. Of the \$6.09 billion Japanese share, \$834 million in direct cash contributions have been received to date. The Government of Japan has also committed to making concrete progress on the Futenma Replacement Facility. In December 2011, the Government of Japan delivered an Environmental Impact Statement to the Governor of Okinawa, a necessary precursor to the signing of the landfill permit. Further progress on the Futenma Replacement Facility and future Japanese financial contributions to the Guam realignment will be discussed in detail during ongoing bilateral negotiations.

A Record of Decision (ROD) for the Guam military realignment was signed in September 2010. The first military construction contracts were awarded following the ROD. Construction activity funded by both the United States and Government of Japan at Apra Harbor and Andersen Air Force base is now ongoing.

In response to public concerns regarding access to cultural sites near the preferred alternative site for the live-fire training range complex, a decision on the location for the live-fire training range complex was deferred in the September 2010 ROD. In January 2011, the DON committed that training activities would be conducted in a manner such that access to these sites would remain available 24 hours per day, 7 days per week as is currently available today. The DON has evaluated options to satisfy this commitment while fully meeting the training requirements of the relocating marines. It was determined that a Supplemental Environmental Impact Statement (SEIS) would be necessary prior to making a final decision on the location of the live-fire training range complex. Litigation regarding the live-fire training range complex was dismissed in December 2011 following the Navy's commitment to prepare the SEIS.

A Notice of Intent was published on February 9, 2012, which formally began the SEIS process. The SEIS is expected to take approximately 2 years to complete. Upon completion of the SEIS and the selection of a location for the training range complex, the DON will work with the Government of Guam and any affected private land owners in order to secure property necessary to meet training requirements.

Guam remains an essential part of the United States' larger Asia-Pacific strategy, which includes developing the island as a strategic hub and establishing an operational Marine Corps presence. The Department of Defense recognizes Congress' concerns regarding execution of the Guam military realignment as outlined in the fiscal year 2012 National Defense Authorization Act (NDAA) and is taking steps necessary to resolve critical issues that will allow the construction program to move forward. The United States and Japan are continuously looking for more efficient and effective ways to achieve the goals of the Realignment Roadmap. Both countries remain committed to maintaining and enhancing a robust security alliance, and the United States remains committed to enhancing the United States-Japan Alliance and strengthening operational capabilities while significantly reducing the impact of U.S. bases on the Okinawan people.

HOUSING

The following tenets continue to guide the Department's approach to housing for sailors, marines, and their families:

- All servicemembers, married or single, are entitled to quality housing; and
- The housing that we provide to our personnel must be fully sustained over its life.

A detailed discussion of the Department's family and unaccompanied housing programs, and identification of those challenges, follows:

Family Housing

As in past years, our family housing strategy consists of a prioritized triad:

- Reliance on the Private Sector.*—In accordance with longstanding DOD and DON policy, we rely first on the local community to provide housing for our sailors, marines, and their families. Approximately three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent homes in the community. We determine the ability of the private sector to meet our needs through the conduct of housing market analyses that evaluate supply and demand conditions in the areas surrounding our military installations.
- Public/Private Ventures (PPVs).*—With the strong support from this committee and others, we have successfully used PPV authorities enacted in 1996 to partner with the private sector to help meet our housing needs through the use of private sector capital. These authorities allow us to leverage our own resources and provide better housing faster to our families. Maintaining the purchasing power of BAH is critical to the success of both privatized and private sector housing.
- Military Construction.*—Military construction (MILCON) will continue to be used where PPV authorities do not apply (such as overseas), or where a business case analysis shows that a PPV project is not feasible.

Our fiscal year 2013 budget includes \$102 million in funding for family housing improvements (including planning and design). This request provides for the revitalization of approximately 200 Navy and Marine Corps housing units in Japan and Guam and the second phase of privatization in the Pacific Northwest, involving almost 900 homes. The budget request also includes \$378 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory.

The Navy and Marine Corps privatized family housing inventory consists of over 63,000 homes. With over 90 percent of the housing stock privatized, our focus, and my priority, continues to be the oversight of the Department's privatized housing portfolio to ensure that the public/private ventures are financially viable and self-sustaining, that our private partners meet their obligations under the governing business agreements and that residents are satisfied with both their housing and the services they receive.

Surveys continue to reflect steady, significant improvement in reported resident satisfaction. Where issues have been identified, the Department has worked with the partners to resolve them as quickly as possible. We have taken, or are taking, a number of actions to further strengthen our oversight. These include:

- Identifying and flagging key indicators (e.g., number and type of service calls, response times);
- Identifying common issues and trends identified in comments provided along with resident surveys;
- Increasing and reinforcing resident awareness of the Services' role in privatized housing and advocacy for members and their families; and
- In conjunction with the partners, developing a risk communications plan to respond to resident concerns.

Unaccompanied Housing

Our budget request includes over \$133 million in funding for the construction of unaccompanied housing and student quarters to support over 1,000 single sailors and marines. This includes a \$76 million unaccompanied housing project at Naval Base Coronado, California, to support the Chief of Naval Operations commitment to achieve the Navy's "Homeport Ashore" objective by 2016.

The following are areas of emphasis within the Department regarding housing for single sailors and marines:

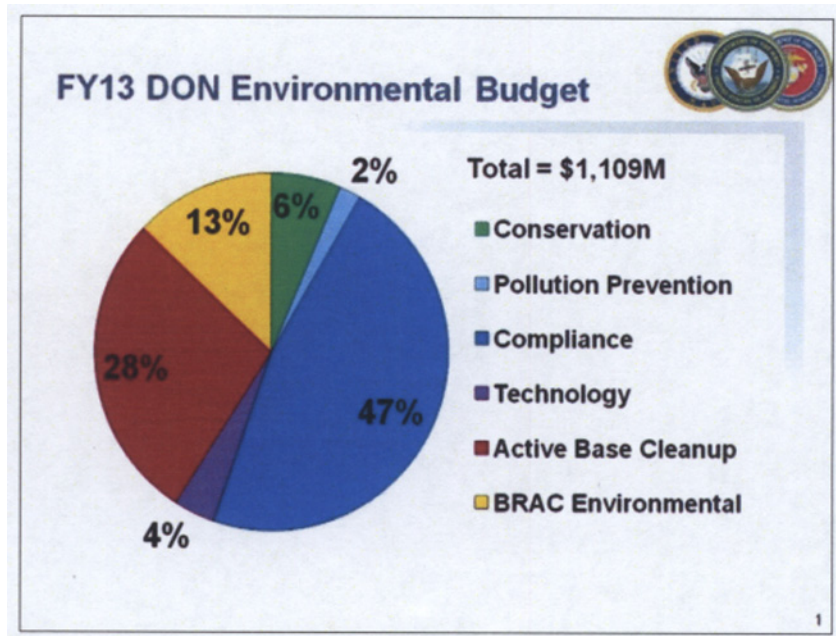
- Provide Homes Ashore for Our Shipboard Sailors.*—The Homeport Ashore initiative seeks to provide a barracks room ashore whenever a single sea duty sailor is in his or her homeport, so they need not live on the ship. The Navy has made considerable progress towards achieving this goal through military construction, privatization, and intensified use of existing barracks capacity. The Navy remains on track to provide housing ashore for all junior single sailors, assigned to sea duty, by 2016.
- Condition of Unaccompanied Housing.*—The Department continues to address the challenge of improving the condition of existing Navy and Marine Corps unaccompanied housing. The Navy has increased its level of Restoration and Modernization funding targeted to unaccompanied housing across the Future Years' Defense Plan to ensure that 90 percent of the Navy's unaccompanied housing inventory is adequate by fiscal year 2022. With the construction of a large amount of new housing under the recently completed Commandant's BEQ ini-

tiative, almost 90 percent of the Marine Corps' unaccompanied housing is now considered adequate.

ENVIRONMENT

In fiscal year 2013, the Department of the Navy (DON) is investing over \$1 billion in its environmental programs across all appropriations. This level of investment has remained relatively consistent over the past few years.

The relative distribution of environmental funding across the environmental program areas, as displayed within the chart [below], remains stable.



While fulfilling its national security mission, DON continues to be a Federal leader in environmental management by focusing our resources on achieving specific environmental protection goals and proactively managing emerging environmental issues. The Department continues its commitment to environmental compliance, stewardship, and responsible fiscal management that support mission readiness and sustainability. In this regard, DON is continuing efforts to integrate sound environmental policies and long-term cost considerations into the early stages of the acquisition process to achieve cleaner, safer, more energy-efficient and affordable weapons, materials, processes, and technologies across the naval enterprise.

Compliance—Sustainability

The Department's environmental budget will ensure continued compliance with existing regulations, while also smartly investing in a more agile and sustainable Navy and Marine Corps. Sustainability is seen by DON as a means of supporting our mission while also reducing lifecycle costs. DON has instituted many policies and practices implementing sustainability tenets including retrofitting/constructing buildings to optimize energy and water use, adopting goals for renewable energy use and stormwater management on facilities, and conducting integrated solid waste management.

As an example, to reduce afloat solid waste, Naval Supply Systems Command (NAVSUP) has several packaging initiatives underway. These include two programs (Plastics Removal In Marine Environment (PRIME) and Waste Reduction Afloat Protects the Sea (WRAPS)) that reduce the amount of solid waste generated at sea and encourage use of environmentally friendly products. Under these programs, NAVSUP is working with the General Services Administration (GSA) to identify items that can be shipped with reduced packaging that is free of plastics and is implementing a reusable water bottle pilot project. NAVSUP is also working with GSA

on industry packaging strategies that shift the mindset from point of sale packaging to e-commerce packaging that features recyclable boxes that are easy to open and free of excess materials such as hard plastic clamshell cases, plastic bindings, and wire ties.

National Ocean Council

The National Ocean Council (NOC) is a Cabinet-level body established by Executive Order in July 2010 which includes a mandate for the use of spatial planning as a tool to maximize compatible use. Including the Department of the Navy (DON), there are 27 Federal agencies and offices tasked to develop a comprehensive national ocean policy which uses ecosystem based management and coastal and marine spatial planning as foundational building blocks. The DON is extensively engaged in supporting the President's NOC goals while working to ensure our current operating areas remain accessible within the comprehensive national ocean policy: For the first time comprehensive spatial planning is being conducted in the Exclusive Economic Zones (EEZs) including the western Pacific, Alaska and the Arctic, the Gulf of Mexico, and the Caribbean. DON is supporting the NOC in a variety of activities, including collecting and developing information about military activities in the coastal and marine zone, writing strategic plans, serving as the Federal co-lead for the South Atlantic Regional Planning Body, and participating in developing Coastal and Marine Spatial Plans for each of the nine identified regions.

The Department participates in numerous interagency ocean-policy working groups formed under the NOC. The Department of the Navy also participated in developing the NOC Implementation Plan, which was released to the public in January 2012. To foster more effective Federal engagement with tribal governments regarding coastal and marine spatial planning, DON is coordinating delivery during 2012 of the DOD Tribal Communications and Coastal and Marine Spatial Planning courses to participants from all four military services plus the President's Council on Environmental Quality, the U.S. Coast Guard, National Oceanic and Atmospheric Administration, and Bureau of Ocean Energy Management.

Chesapeake Bay

After issuing the Chesapeake Bay Strategy in May 2010, the Department continues to demonstrate environmental leadership working with the other Federal agencies to achieve Chesapeake Bay restoration goals. DON represents DOD as the Executive Agent for the Chesapeake Bay program. As such, DON has participated with the Federal Leadership Council to ensure that the Strategy sets forth aggressive, measurable, and attainable goals to restore the health of the Chesapeake Bay, a National Treasure. DON continues working with the States as they develop their Watershed Implementation Plans. Our goal is to identify our nutrient and sediment sources, prioritize areas for nutrient and sediment reduction projects, and implement these projects to meet or exceed our reduction targets.

Natural Resources Conservation

Department of the Navy natural resources program managers continue to provide Installation Commanders with special subject matter expertise, products and services necessary to ensure they can access, test, train, and execute construction projects with as little environmental constraint as possible, while also protecting the natural resources under our stewardship. The basis of our conservation program centers on the preparation and implementation of Integrated Natural Resources Management Plans (INRMPs). These plans integrate natural resources management with the installation's operational and training requirements as well as address the needs of our Federal and State partners and other stakeholders to ensure our INRMPs remain current and effective. A primary objective of our INRMPs is to implement conservation measures which protect threatened and endangered species and their habitat as required by the Endangered Species Act, which can help to reduce or eliminate the need to designate critical habitat on DON property. The Department has been very successful in protecting and conserving natural resources on our installations and near-shore areas while ensuring our Installation Commanders have the land, sea, and airspace necessary to test and train in a realistic manner.

A recent noteworthy accomplishment involved the installation of a living shoreline at Naval Support Activity Panama City, Florida. The Navy partnered with the Florida Department of Environmental Protection to restore approximately 2,800 feet of shoreline. This shoreline was restored by establishing 175 separate reefs created from recycled oyster shells obtained from local restaurants and plantings of approximately 22,000 donated marsh grasses. This living shoreline is a natural substitute for the typical hardened sea wall or rip rap that would otherwise be necessary to address years of erosion from natural and manmade causes. This enduring project

was supported by 2,840 volunteer hours, both military and civilian, who worked together to provide this living shoreline which will support interactive educational opportunities provided by the Navy.

Cultural Resources Conservation

Cultural resources under the Department of Navy's stewardship include infrastructure, ships, and objects of our Navy and Marine Corps heritage; vestiges of our colonial past; and Native American/Alaskan Natives/Native Hawaiian resources. We take great pride in our heritage, and the many cultural resources on our installations serve as reminders of the long and distinguished course we have charted and of those who lived on the lands before they were incorporated into our bases. The objective of the Department's cultural resources program is to balance our current and future mission needs with our stewardship responsibility to the American taxpayer and our desires to preserve our cultural heritage for future generations. The primary mechanism to achieve these goals is an Integrated Cultural Resources Management Plan (ICRMP), which remains the key mechanism for gathering information about an installation's history and resource inventory, assessing potential use/reuse candidates with our built environment and ensuring that our installation planners and cultural resources managers are working closely together to protect cultural resources while supporting the DON mission.

To increase awareness of many of the Nation's cultural resources under the stewardship of DON, this past year, the Marine Corps began the development of a poster series, titled "Defending Our Cultural Heritage," that celebrates and educates the public on Marine Corps stewardship of cultural resources. The initial four posters in this series highlight the National Historic Landmarks under Marine Corps stewardship, as well as the partnership initiative with the Advisory Council on Historic Preservation, the National Park Service, and the State Historic Preservation Offices in the four States represented by these posters.

Installation Restoration Program (IRP)

The DON continues to make significant progress remediating past contaminants. At the end of fiscal year 2011, the Department had completed cleanup or has remedies in place at 86 percent of the 3,909 contaminated sites on active installations. We are projecting that all but 46 of these sites will be cleaned up or have remedies in place by 2014. These remaining sites will be subject to newly established DOD metrics to drive successful completion in the coming years.

Munitions Response Program (MRP)

The DON is proceeding with investigations and cleanup of Munitions and Explosives of Concern and Munitions Constituents at all Navy and Marine Corps munitions response sites. Our major focus through fiscal year 2011 was initiating remedial investigations and completing site inspections for newly identified sites. Of the 361 sites in the program, site inspections have been completed at 99 percent of these sites, with only one remaining. This site had a removal action underway that was necessary prior to the start of the investigation. Additional funding was also obligated to address high-priority sites at Vieques, Puerto Rico. DON is using the results of the completed site inspections to prioritize the next phases of work. DON plans to achieve cleanup or remedies in place at 99 percent of MRP sites by fiscal year 2020, with the remaining five sites reaching remedy in place by fiscal year 2024.

Marine Mammals

The Department of the Navy is continuing its focused research and monitoring programs addressing marine mammals and anthropogenic sound. The Navy is investing over \$25 million per year to continue research into the effects of sound on marine mammals, develop products and tools that enable compliance with marine mammal protection laws for Navy training and operations, provide a scientific basis for informed decisionmaking in regulatory guidance and national/international policy, continue research to define biological criteria and thresholds, and to predict location, abundance, and movement of high risk species in high-priority areas.

Using our improved scientific knowledge developed from our research, the Navy has started a second round of environmental documentation focused on marine mammal and sound issues. Phase II Environmental Impact Statements will include all of the spatial areas covered by Phase I, plus increased coverage to include parts of the global commons.

COMPATIBLE LAND USE

The Department of the Navy has an aggressive program to promote compatible use of land adjacent to our installations and ranges, with particular focus on limiting incompatible activities and protecting important natural habitats. A key element of the program is Encroachment Partnering (EP), which involves cost-sharing partnerships with States, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges. Encroachment Partnering agreements help prevent development that would adversely impact existing or future missions. These agreements also preserve important habitat near our installations in order to relieve training or testing restrictions. The program has proven to be successful in leveraging Department of Defense and Department of Navy resources.

The Department of Defense provides funds through the Readiness and Environmental Protection Initiative (REPI) that are used in conjunction with Navy and Marine Corps O&M funds to leverage acquisitions in partnership with States, local governments, and nongovernmental organizations. For fiscal year 2011, the Marine Corps acquired restrictive easements over 3,349 acres. REPI and Marine Corps funds totaled \$3.4 million while the encroachment partners provided \$3.6 million. The Navy acquired 1,908 acres with combined REPI and Navy funds of \$9.36 million and \$6.4 million provided by partners.

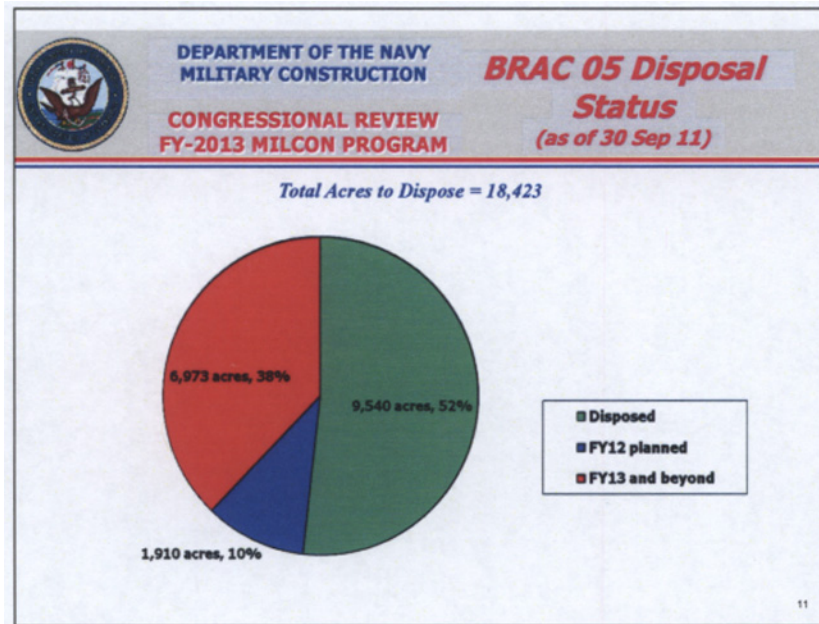
To-date, the Marines have acquired restrictive easements for 33,862 acres of land with \$50.8 million of REPI and Marine Corps funding. Encroachment partners have contributed \$55.7 million. The Navy has acquired 9,851 acres to date with \$28.4 million of REPI and Navy funding, and \$35.5 million contribution from encroachment partners.

Vital to the readiness of our Fleet is unencumbered access to critical water and air space adjacent to our facilities and ranges. An example is the outer continental shelf (OCS) where the vast majority of our training evolutions occur. The Department realizes that off-shore energy exploration and wind development play a crucial role in our Nation's security and are not necessarily mutually exclusive activities with military training. Therefore, we are engaging with the other Services, the Office of the Secretary of Defense, and the Department of Interior to advance the administration's energy strategy. We are poised to coordinate with commercial entities, where feasible, in their exploration and development adjacent to installations and our operating areas along the OCS that are compatible with military operations. However, we must ensure that obstructions to freedom of maneuver or restrictions to tactical action in critical range space do not degrade the ability of naval forces to achieve the highest value from training and testing.

BRAC IMPLEMENTATION

BRAC 2005 Implementation

The Department met its legal obligations by the statutory deadline of September 15, 2011, and successfully implemented all required realignment and closure actions as specified in our established business plans. Going forward, our fiscal year 2013 budget request of \$18 million enables ongoing environmental restoration, caretaker, and property disposal efforts at BRAC 2005 installations.



BRAC 2005 provided an important opportunity to improve operational efficiencies, reduce excess infrastructure, add Joint Bases, and produce savings. In total, the Department led 33 recommendations which involved 484 realignment and closure actions and 118 BRAC construction projects. We invested our dollars to build state-of-the-art facilities which vary in function from administrative to industrial to research and development that are necessary to support our warfighters.

During the past year, DON closed Naval Air Station Brunswick, Maine, Naval Air Station Joint Reserve Base Willow Grove, Pennsylvania, and the Naval Support Activity New Orleans, Louisiana, along with a number of Navy Marine Corps Reserve Centers. The Department established the Marine Corps Support Facility in the first-of-its-kind Federal City New Orleans. We led the effort and completed the relocation of five DOD Investigative, Counterintelligence and Security agencies to Marine Corps Base Quantico. The Department invested over \$400 million on construction and outfitting of 11 facilities to establish a state-of-the-art Research, Development, Acquisition, Test and Evaluation center for Integrated Weapon System and Armaments and Fixed Wing Air Platforms at Naval Air Warfare Center China Lake, California.

By the end of fiscal year 2011, the Department disposed of 52 percent of the property that was slated for closure in BRAC 2005. These disposal actions were completed via a combination of lease transfers and terminations, reversions, public benefit conveyances, Federal and DOD agency transfers, and an Economic Development Conveyance (EDC). Of interest for fiscal year 2011 is the conveyance of 1,133 acres at Naval Air Station Brunswick to several recipients using various real estate authorities supporting economic redevelopment of the community and public uses, such as education and parks.

For 2012, the Department will continue its disposal efforts at Brunswick with another 1,593 acres planned for conveyance. The 2012 Plan also includes transfer of remaining real property at Naval Station Ingleside, Texas, Marine Corps Support Activity Kansas City, Missouri, and Naval Support Activity New Orleans, Louisiana. Other significant disposals include completing all disposal actions at five smaller facilities.

Naval Support Activity New Orleans, Louisiana.—Construction for the new building that houses Headquarters, Marine Forces Reserve and Marine Corps Mobilization Command was completed in June 2011.

Naval Air Station Brunswick, Maine.—The Department's largest BRAC 2005 operational action closed Naval Air Station Brunswick and consolidated the East Coast maritime patrol operations in Jacksonville, Florida. Runway operations in

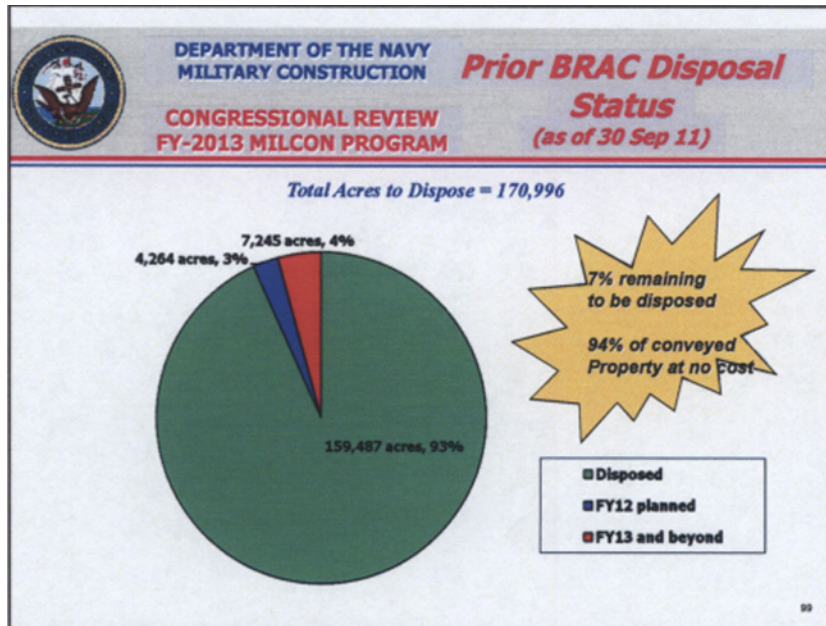
Brunswick ceased in February 2010. The closure ceremony occurred in May 2011. The disposal of NAS Brunswick has been a stunning success story to support the reuse and economic redevelopment of the base and mid-coast Maine. Almost 1,200 of the base's 3,400 acres have already been disposed. This includes 750 acres of runway and aviation facilities to start a private airport before the base even closed, and almost 300 acres through an EDC. This EDC was transferred at fair market value with Navy receiving a portion of the mixed use redevelopment proceeds for the next 20 years. Smaller conveyances have also been made to the local community college for classroom facilities and to the Town of Brunswick for parks and recreation reuse.

Over the last year, we spent \$16 million in cleanup at BRAC 2005 locations. The majority of this funded environmental activities at Naval Air Station Brunswick, Maine, Naval Weapons Station Seal Beach Detachment Concord, California, and Naval Air Station Joint Reserve Base Willow Grove, Pennsylvania. Our remaining environmental cost to complete for fiscal year 2012 and beyond is \$189 million.

Prior BRAC

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic installation footprint and generating savings. All that remains is to complete the environmental cleanup and property disposal on portions of 14 of the original 91 bases and to complete environmental cleanup, including long-term monitoring at 26 installations that have been disposed.

We disposed of 839 acres of real property in fiscal year 2011, for a total of 93 percent of real property disposed in the first four rounds of BRAC. In fiscal year 2011, we completed the disposal of nearly 400 acres at the former Naval Air Station Barbers Point, Hawaii, to the City and County of Honolulu via a National Parks Service-sponsored public benefit conveyance. This will allow the City and County of Honolulu to develop much needed parks, ball fields, and preserve open space in the rapidly developing Kalaheo area of Oahu. We continue to use the variety of the conveyance mechanisms available for Federal property disposal, including the Economic Development Conveyance that was created for BRAC properties. Ninety-one percent of the property conveyed has been at no consideration to the Federal Government. Our fiscal year 2013 budget request of \$147 million will enable us to continue disposal actions and meet the legal requirements for environmental cleanup.



With 64 percent of our remaining property requiring supplemental National Environmental Policy Act (NEPA) analysis and completion of environmental remediation activities, disposal actions will continue after fiscal year 2012. Due to changing redevelopment plans, we are finalizing Supplemental NEPA analyses at Naval Shipyard

Hunters Point, California, and recently completed efforts at Naval Station Roosevelt Roads, Puerto Rico.

In fiscal year 2012, we have already conveyed nearly 600 acres at Naval Air Station South Weymouth, Massachusetts, and over 1,000 acres at Naval Station Roosevelt Roads via EDCs. Other significant actions include the initiation of a public sale at Naval Station Roosevelt Roads, Puerto Rico, for about 2,033 acres and the initial impending conveyance of property at Naval Station Treasure Island via an EDC. With the completion of these actions, we will have disposed of 96 percent of our Prior BRAC real properties.

The Department has now spent about \$4.6 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through fiscal year 2011. Our remaining environmental cost to complete for fiscal year 2012 and beyond is approximately \$1.36 billion. This includes about \$150 million cost growth which is due in part to additional radiological contamination at Naval Air Station Alameda, California, Naval Station Puget Sound, Washington, and Naval Station Treasure Island, California. The increase is also associated with ground water cleanup at sites at Naval Air Station Moffett Field, California, and additional investigation and remediation at Naval Shipyard Mare Island, California.

BRAC Summary

The Department met its legal obligation to complete the BRAC 2005 closure and realignment actions by September 15, 2011. While the relocation of Navy organizations from leased locations in the National Capital Region to DOD-owned space continues to require some effort, we expect to be fully complete this spring.

For the Prior BRAC installations, we transferred 1,041 acres at Naval Station Roosevelt Roads, Puerto Rico, and 557 acres at Naval Air Station South Weymouth, Massachusetts, to the respective Local Redevelopment Authorities. Additionally, we are working with the Naval Station Treasure Island Local Redevelopment Authority to complete the first transfer of property required for the construction of the Oakland Bay Bridge. Although the remaining prior round BRAC installations present cleanup and disposal challenges, we continue to work with regulators and communities to tackle complex environmental issues, such as low-level radiological contamination, and provide creative solutions to support redevelopment priorities, such as Economic Development Conveyances with revenue sharing.

CONCLUSION

Our Nation's Sea Services continue to operate in an increasingly dispersed environment to support the maritime strategy and ensure the freedom of the seas. We must continue to transform and recapitalize our shore infrastructure to provide a strong foundation from which to re-supply, re-equip, train, and shelter our forces. With your support of the Department's fiscal year 2013 budget request, we will be able to build and maintain facilities that enable our Navy and Marine Corps to meet the diverse challenges of tomorrow.

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

Senator JOHNSON. Thank you for your opening statement.

For the information of Senators, we will begin with a 7-minute round of questions.

OVERSEAS MILCON

Secretary Pfannenstiel, the Navy's Future Years Defense Plan (FYDP) includes a \$300-million wedge from fiscal years 2015 to 2017 for unspecified Pacific engagement military construction. The administration has indicated that its pivot to the Pacific region includes rotating United States forces to Australia, Singapore, and the Philippines. Will that require the construction of new bases overseas? What is the purpose of the \$300-million wedge for Pacific engagement?

Ms. PFANNENSTIEL. Senator, I will take the specifics on the wedge, the \$300 million, for the record. Perhaps General Kessler will answer some of what will be happening during that timeframe as we rotate to the Pacific.

General KESSLER. Thank you, Mr. Chairman. While some of the specifics are not yet available, the intent for that money is to invest in infrastructure necessary to support the presence, both in the Western Pacific and in the Indian Ocean, focused on regional cooperation, stability, and humanitarian assistance in disaster-relief requirements.

And it is important, I think, to note that these funds are separate from our requirements for Guam.

Ms. PFANNENSTIEL. Admiral Boone, did you want to add to that?

Admiral BOONE. Yes, ma'am. Mr. Chairman, the Navy has multiple projects planned in the coming years to support the Department's emphasis on the Asia Pacific region, like the forward stationing the littoral combat ships in Singapore. So for programming considerations, we included this wedge to give a current rough estimate of what these projects may cost in the out-years.

Of course, we will refine these estimates in future budget submissions as we determine our strategic lay-down infrastructure requirements and availability of host-nation support in the Pacific.

MILCON PLANNING

Senator JOHNSON. Secretary Pfannenstiel, when do you expect firm decisions to be made on the number and mix of marines that will be relocated to Guam, a revised timetable for the move and a revised MILCON cost estimate? Do you expect that master plan for Guam reflecting these decisions to be available by the time the fiscal year 2014 budget is submitted? If not, when will it be available?

Ms. PFANNENSTIEL. Mr. Chairman, even as we speak, discussions are ongoing between the United States Government and the Government of Japan to resolve many of those issues that you have raised, the structure of the Marine contingent on Guam, the timing, and the cost.

Once the agreement is reached with the Government of Japan, we will need, most likely, to redo our environmental analysis for Guam. That's a couple-of-years process. And until you have completed that, it's hard to know with specifically what the construction requirements will be.

However, having said that, we are hopeful we can reach preliminary agreement with the Government of Japan within the next couple of months, make an announcement thereof and begin the environmental work that is needed.

Senator JOHNSON. Secretary Pfannenstiel, the Navy's fiscal years 2013 through 2017 FYDP reflects a 25-percent decrease in MILCON funding below the FYDP submitted with the fiscal year 2012 budget. Given the new requirements imposed on the Navy by the Pacific realignment, does this mean that the Navy plans to defer or eliminate previously programmed projects? If so, will this impact projects that had been planned for bases in the United States?

Ms. PFANNENSTIEL. Fundamentally, the reduction in the MILCON request is because of the completion of the Grow the Force for the Marine Corps. Past FYDP estimates were designed to increase the capacity for a 202,000-member Marine Corps. That now, of course, has been completed, and we're ramping the other

way, having completed the construction that's necessary. That's really the driver of the reduction going forward.

MARINE CORPS PACIFIC LAYDOWN

Senator JOHNSON. General Kessler, the United States and the Government of Japan have begun official talks to address the 2006 Realignment Roadmap for Okinawa and Guam. Notably, this includes delinking the construction of the Futenma replacement facility from the Guam relocation. In anticipation of the Guam and Okinawa realignments, funding for restoring or replacing aging facilities at the current Marine Corps Air Station in Futenma has been very limited.

If there are further delays constructing the Futenma replacement facility, what are the requirements and what is the timeline for facility investments in Marine Air Station Futenma to maintain mission readiness?

General KESSLER. Thank you, Mr. Chairman. Yes, sir, you're absolutely correct that the delinking of the Futenma replacement facility has taken place. And as a result of that, we've been able to, I think, continue to make very necessary progress on some of the other strategic elements of the Defense Policy Review Initiative.

As a result of that, what that has allowed us to do is to, as we revisit the facility needs at Marine Corps Air Station Futenma, is to recognize that there is still a requirement for Marine aviation elements of III Marine Expeditionary Force to be able to operate out of Marine Corps Air Station Futenma.

OVERSEAS MILCON

So we are looking right now, sir, at what those requirements are, not as much in terms of MILCON, but more in terms of sustaining the existing facilities that are there to ensure that those facilities are not only safe, but operationally capable to support the air wing in Okinawa.

Senator JOHNSON. Admiral Boone, the Navy is requesting \$89.4 million in fiscal year 2013 for military construction at Camp Lemonnier in Djibouti. With the recent increase in the base's special operations missions, facilities at Camp Lemonnier are currently overcrowded.

Given the funding request, the increase in mission and the limited space, when do you anticipate having a master plan to chart and organize a well-developed way forward? Does the current footprint at Camp Lemonnier have the potential to meet our long-term operational needs or will additional land be required?

Admiral BOONE. Thank you, Mr. Chairman. Major General Faulkenberry, who is the J4 for the United States Africa Command, testified about a month ago on their requirements as a Combatant Command (COCOM) imposed on Djibouti, and there have been some significant changes.

Together with the other COCOMs that utilize that footprint—the U.S. Transportation Command, U.S. Special Operations Command, and U.S. Central Command—we are integrating those requirements and anticipate by this summer, August, we will have a master plan to present to you.

Senator JOHNSON. Senator Tester.

Senator TESTER. Yes, thank you, Mr. Chairman, and I want to thank all of you for being here today, and the people that you represent. Thank you for your service to this country.

First of all, even though Montana doesn't have a huge naval presence, I will say that the work that you folks are doing in energy we can be a part of with biofuels and other things.

And I want to thank you for the work that you're doing and the goals that you have to help this country become more energy independent. We all understand that the more energy independent we are the more secure we are. So thank you in that work.

DOMESTIC MILCON ASSETS

I have a question that revolves around the \$13 billion, and maybe this is a question for you, Jackalyne, or anybody. Your assets and how they're spread out domestically and around the world, can you give me an idea on what percentage are domestic assets in the United States versus foreign assets?

Ms. PFANNENSTIEL. What percent of our bases are domestic?

Senator TESTER. Yes.

Ms. PFANNENSTIEL. I can tell you that between the Navy and Marine Corps we have about 100 bases. General Kessler, do you know how many of the Marine Corps bases are overseas?

General KESSLER. I—

Senator TESTER. You can get back—

Ms. PFANNENSTIEL. Yes, let me get back to you—

[The information can be found at <http://www.acq.osd.mil/ie/download/bsr/bsr2011baseline.pdf>]

Senator TESTER. I'm actually—

Ms. PFANNENSTIEL. That's an easy enough number—

FOREIGN-DOMESTIC MILCON SPLIT

Senator TESTER. The next question is the question that I really want to find the answer to and is you set aside \$13 billion for your installations. Is that evenly split between foreign and domestic bases, No. 1? And if it's not, tell me why.

Ms. PFANNENSTIEL. Let me offer the fact that of the \$1.8 billion MILCON dollars—

Senator TESTER. Yes.

Ms. PFANNENSTIEL. About 30 percent of the MILCON dollars are, in fact, for overseas investments. And those are very specifically COCOM investments, as Admiral Boone was talking about, specific needs in Djibouti, in Rota, in Romania. So they're both COCOM and new, new platform investments. So a large part of that.

In terms of the base-operating support dollars—

Senator TESTER. Right.

Ms. PFANNENSTIEL. Those are spread depending on any agreement we might have with host nations.

Senator TESTER. I've got you. But from a MILCON standpoint, if what I heard you say is correct, 30 percent is going to foreign bases, 70 percent stays domestic. Yes, I see some heads nodding.

And that split actually will depend upon the answer to the first question. And I don't really have a problem; however, it's split. I just want a justification. If more of it's going to domestic, what are

we doing differently? And if more of it's going foreign, why do we need that investment?

Thank you, guys. And we'll get that. If you can get that to me, that'd be great. Thank you for being here today. Appreciate it, and keep up the good work.

Ms. PFANNENSTIEL. Thank you, Senator.

Senator JOHNSON. Senator Coats.

Senator COATS. Mr. Chairman, thank you.

Madam Secretary, thank you for your testimony, and general, and admiral. Appreciate hearing from you.

I've got three quick questions. Try to get it in my 7-minute time limit here.

First, with recent announcement about looking more toward the Western Pacific in terms of locating some facilities, we already know that there's going to be a rotating Marine contingent up North West Australia.

Recently, the White House announced that—and the military announced that there would be some shifting, more naval presence in that part of the world, particularly, again, in Australia.

Have you had an opportunity to factor in what kind of cost that might incur in terms of MILCON facilities that might be needed to accommodate this new direction? I know it's very early in the process, but where are you on that?

OVERSEAS MILCON REQUIREMENTS

Ms. PFANNENSTIEL. I think you made exactly the right point. It's early in the process. On some of these, we do have some requirements built in. For example, for Guam, we anticipate some expenses, as well as some of what Admiral Boone mentioned.

In Singapore, for example, where we know there is a movement, a lot of the specifics will depend on further development of the Pacific posture.

Senator COATS. General, anything you want to add to that?

General KESSLER. Yes, sir. Thank you. And I agree with everything Ms. Pfannenstiell just said. It is a bit early to know the details that are specific to the Defense Policy Review Initiative adjustments. We know, in general terms, that we'll have roughly 5,000 marines on Guam, so we know, in general terms, what some of those things are. The specifics are yet to be worked out.

But in addition to that, we also have other movements that aren't necessarily directly related to that. For example, we have two MV-22 squadrons and one Marine light attack helicopter (HMLA) squadron going to Hawaii. So we have some MILCON projects that are planned to accommodate the arrival of those squadrons.

So there is, in some of the areas of our adjustment of our footprint in the Western Pacific some pretty good detail, and those exhibits, obviously, accompany the requests for MILCON. Those that are still being worked out with the negotiations, the bilateral negotiations, now we just don't have those details.

Senator COATS. Specific to the rotational effort we're going to have—I think it's a conjunction with the Australians—are we just taking advantage of their facilities as part of that effort or do we have to construct new—

General KESSLER. You are correct, sir. We will be looking to collocate on an existing Australian facility. That is one of those areas where we don't know, at this time, the specific details of any potential MILCON. We've got to take a look to see if that's going to be necessary. It is not our plan at this time, though, to establish a wholly separate Marine Corps installation in North West Australia.

Senator COATS. And admiral, I think there's some discussion now about a greater naval presence in that particular region of the world. Does that conjure up any kind of significant MILCON for the Navy?

Admiral BOONE. Thank you, Senator. As the general stated, the first piece is establishing what the force-structure requirements are and whether it's a permanent station or rotational forces. And that question drives, to a great extent, the impact on an installation and what the requirement is, and we're certainly working through that.

The other piece that's critically important is once we determine where we would desire to be stationed out of, the host-nation agreements that we work through to establish what the relationship is critically important. So all that's being worked now, and so we'll definitize it as we sort through that.

BUDGET CONTROL ACT IMPACTS AND PLAN B

Senator COATS. Madam Secretary, given the Budget Control Act that was passed by the Congress last August and the automatic sequester that takes place if we don't make adjustments before the end of the year, have you factored in—do you have a plan B in terms of how does that affect MILCON going forward, because it's across-the-board cuts, so, if it goes into effect.

Ms. PFANNENSTIEL. Yes, Senator. We do not yet have a plan B. We understand, as you do, that it would be an across the board, although again, even that is relatively uncertain at the time.

We know perhaps, as others have told you that it could have catastrophic effects, depending on how it's applied. And so no, we have not yet developed our plan B.

Senator COATS. I'd urge you to do so. I think there's bipartisan interest in trying to adjust that, but we don't always succeed in reaching our goals here. So it might be good to have something on the shelf, at least know what your impact on your particular—

Ms. PFANNENSTIEL. Yes, absolutely. Thank you.

Senator COATS. Last question, and this is a parochial one. We have a joint Navy-Army base in the middle of Indiana. It is on a lake, but it's not on an ocean, and so it's kind of foreign—I think it's a little familiar to the Army, but it's a little foreign to the Navy.

But the Naval Surface Warfare Center there does some extraordinary work, but there's also a whole host of contractors that are working there doing special ops, electronic warfare, some really amazing things. I just wanted to bring it to your attention. Love to have you come and visit it.

You will see water if you go, but you'll also see a 6,400-acre base that employs a lot of engineers and highly skilled people, along with military doing some really special and interesting things, particularly important to the kind of future warfare that we're potentially looking at, all the electronics going on there.

And so offer to any of the three of you an invitation to visit that facility. We just don't want it to be overlooked because it's landlocked. And with BRAC coming up and so forth, I think the value of that ought to be understood by all those in the business of making decisions.

Ms. PFANNENSTIEL. Thank you, Senator. I will see if I can get out there. I'd love to.

Senator COATS. Good. We'll give you a good visit. I think you'll enjoy it. That's open to the two of you also.

Mr. Chairman, thank you.

GUAM MILCON REQUIREMENTS

Senator JOHNSON. Secretary Pfannenstiel, the fiscal year 2012 National Defense Authorization Act (NDAA) prohibits the Navy from obligating funds in Guam provided by the Government of Japan until certain roadmap conditions are met.

Accordingly, I was recently informed that the Navy is canceling \$455 million in Japanese-funded contract solicitations for four projects in Guam. Are there any additional projects that have been placed on hold or canceled in accordance with this language?

Once the realignment roadmap agreement is reached, do you anticipate that these Japanese contributions will still be available for obligation?

Ms. PFANNENSTIEL. First, Mr. Chairman, on the cancellation of the contracts, what that was was some bids that had been received under the Japanese-funded contracts. And the bids were expiring and we could either extend them, continue to extend them and, in some cases, they had already been extended—or close the bids, cancel those bids and then go back out.

In terms of other contracts that will be canceled, I don't know of any that have been awarded or bids that have been solicited that would need to be canceled.

The deeper question of when will we meet the conditions of the NDAA and therefore be able to move forward, we're working to meet those conditions now. We would hope to do so in the near future such that the condition will be lifted and we can move ahead.

As for whether the Japanese dollars will be available to us, that's part of the negotiation that is ongoing with the Government of Japan.

ADDITIONAL COMMITTEE QUESTIONS

Senator JOHNSON. Thank you for your participation in this panel, and you may be excused.

Ms. PFANNENSTIEL. Thank you, Mr. Chairman.

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

QUESTIONS SUBMITTED TO HON. JACKALYNE PFANNENSTIEL

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

U.S. NAVAL ROTATIONS TO AUSTRALIA

Question. Secretary Pfannenstiel, in the subcommittee's hearing with the Department of Defense (DOD), the Department indicated that the Australians are inter-

structured in a U.S. Naval rotational presence. How would such a rotational presence be structured, and what MILCON needs would be required?

Answer. The Department of the Navy (DON) is still developing how we will specifically support the Department of Defense's emphasis on the Asia-Pacific region in the future. As we determine our strategic laydown, infrastructure requirements and availability of host nation support, DON's infrastructure investments, including military construction, will be defined and included in future budget submissions. The Department of Navy will continue to inform your staff on the structure of the Naval rotational presence and the development of the MILCON requirements.

CAMP LEMONNIER

Question. Secretary Pfannenstiel, the mission requirements of Camp Lemonnier have shifted over the past several years, and this has impacted the types of military construction we have undertaken at the base. Do you expect the mission to continue to shift? If so, are the requested and planned projects adaptable to our changing needs? What is the status of acquiring additional land to expand the footprint of Camp Lemonnier?

Answer. Although it is always challenging to meet evolving requirements, Navy continues to work closely with applicable Combatant Commanders to perform necessary master planning efforts and ensure facilities can meet current and future infrastructure requirements. All four projects in Navy's fiscal year 2013 budget request support a wide range of operations at Camp Lemonnier and serve functions that are required independent of mission changes.

We continue to investigate and evaluate the need for additional land and will include this information in the updated Camp Lemonnier Master Plan, which will be submitted to the Congressional Defense Committees by August 31, 2012.

QUESTIONS SUBMITTED BY SENATOR MARK KIRK

AFRICOM INVOLVEMENT IN CAMP LEMONNIER

Question. Ms. Pfannenstiel, our staffs have been working unsuccessfully for over 2 years with your staff trying to lockdown a construction master plan for Camp Lemonnier. I know the Navy is the executive agent for the camp and is responsible for the construction plans, and I also know the operational requirements from the Combatant Commands, most especially AFRICOM, change at a rapid rate, making this task seemingly impossible.

Department of Defense doctrine dictates that the executive agent must provide support for the Combatant Commands, but I would like to ask about the unique nature of this particular location. Camp Lemonnier is vital to our national security and is used by four different commands, and as such may deserve special consideration.

Ms. Pfannenstiel, in light of the special circumstances and uniqueness of Camp Lemonnier, would it be helpful to all concerned if the Secretary of Defense directly tasked the AFRICOM Commander to assume more responsibility for the camp since it is in its Area of Responsibility (AOR)? For example, the AFRICOM Commander, in consultation with the Department of the Navy, shall direct and sign a Construction Master Plan for Camp Lemonnier? Your thoughts on this would be most appreciated.

Answer. No. The roles and responsibilities of Combatant Commanders and Services are clearly defined by law and Department of Defense policy. At this time we do not believe an exception for Camp Lemonnier is necessary.

Although it is always challenging to capture evolving requirements in a concise Master Plan, Navy continues to work closely with applicable Combatant Commanders to perform necessary master planning efforts.

We have nearly completed the extensive facilities planning effort to support current and emerging Combatant Commander requirements at Camp Lemonnier. We intend to submit an updated Camp Lemonnier Master Plan, to the Congressional Defense Committees by August 31, 2012.

BAHRAIN

Question. Ms. Pfannenstiel, the Secretary of Defense has announced that as part of the new force posture realignment in the Middle East new or additional combat ships will be stationed in Bahrain, a very important location for U.S. forces. Would you please tell us what the MILCON requirements will be for these additional combat ships and any other missions you might be putting at our facilities in Bahrain?

Answer. [A response was not provided.]

GENERAL/FLAG OFFICER QUARTERS

Question. Ms. Pfannenstiel, the Navy reports only nine flag office quarters will exceed the \$35,000 annual cost cap, but the most noteworthy flag officer quarters exceeding this amount is in Naples, Italy. Villa Nike is an 11,322 square foot house and the operating budget request for this house in 2013 is \$433,500 (\$84,800 for management services, \$116,200 for utilities, and \$232,500 for maintenance and repair).

Ms. Pfannenstiel, would you please provide the justification for the Villa Nike property at Naples, Italy; any alternatives that would be more economical to the taxpayer; and a detailed list of expenses, particularly the \$84,000 cost for "management services", \$88,000 for china and furniture, and any other projects that justify the \$433,500 annual cost?

Answer. [A response was not provided.]

QUESTIONS SUBMITTED BY SENATOR DANIEL COATS

MILCON DECISION PROCESS

Question. In recent years the Navy has changed how it makes decisions on funding for military construction projects as well as the process for deciding what gets input to the Future Years Defense Plan (FYDP). How has this impacted the major commands like the Naval Sea Systems Command, Space and Naval Warfare Systems Command, and Naval Air Systems Command and their requests for new facilities? Who is making the decision and does the activity/installation command have any say or "vote" in the process?

Answer. Prior to our fiscal year 2010 budget, the MILCON process used a bottom-up, advocacy-based shore investment strategy.

Today, the Navy uses a deliberate, capabilities-based process that holistically integrates warfare enterprises' and providers' requirements. This new process prioritizes required capabilities and ensures they are provided at the proper time. It converts the Chief of Naval Operations' (CNO's) guidance into an analytical and objective model that accounts for Strategic Alignment and Guiding Principles; Mission Dependency; and Facility Conditions. As a result, our MILCON program ensures support of fielding new systems/platforms, critical war fighting requirements, Quality of Life/Quality of Service initiatives, and infrastructure recapitalization.

The Systems Commands, like all other Navy commands, absolutely have a voice in the MILCON process. The CNO ultimately makes decisions by balancing risk across the Navy to provide the most capability within fiscal constraints.

CAPABILITY CONSOLIDATION

Question. Has the Navy considered consolidation of capabilities of mission areas, such as electronic warfare, to move more work to facilities that have the capability and capacity to receive increased workload and personnel?

Answer. The Navy continually seeks out and evaluates opportunities to improve delivery to the warfighter through efficiency and cost improvements, while ensuring that national security needs and statutory requirements are met.

ENVIRONMENTAL PERMITTING PROCESS

Question. The Navy stood up Commander, Naval Installations Command (CNIC) in 2004 and regionalized the facility maintenance and base ownership functions. This has resulted in a command that does not have a direct tie to the mission of Working Capital Funded (WCF) commands like NSWC Crane and does not appear to appreciate the full impact regionalization has had, or can have, on the mission of supporting the warfighter with the tools needed to perform their role. An effort is underway to force Working Capital Funded commands to relinquish control of environmental permits for hazardous operations and processes to the CNIC/NSA host command. There is growing concern about the financial impact as well as the mission impact of this methodology. How does a Working Capital Funded activity ensure the proper permits are maintained, and processes monitored, to allow them to perform their required functions? How do you justify the additional cost to Working Capital Funded customers of having someone else control and monitor the permits?

Answer. CNIC and NAVFAC resource and manage complex environmental programs at over 70 installations world-wide with a track record of maintaining high-quality environmental compliance programs, despite current fiscal challenges. Commander, Naval Installations Command (CNIC) was established and authorized to improve shore installations management to mission tenants across the Navy.

NAVFAC, CNIC, and Installation Commanders fully understand the importance of maintaining environmental compliance. This responsibility includes legal compliance at the installation and successfully performing environmental compliance functions to support all tenants, including many Working Capital Funded commands.

In most situations, the Commanding Officer of the host command is responsible for obtaining and maintaining required permits and as the permit owner is responsible for ensuring compliance with all permit conditions. The host command coordinates permit conditions with all affected tenant commands and ensures that responsibilities related to environmental and natural resources program permits are addressed in host/tenant agreements. The Installation Commanding Officer has a number of forums and opportunities to communicate, to coordinate and to interface with tenant organizations' leadership so all understand requirements and expectations.

The planned realignment of permits at Crane is based on a careful and detailed study of responsibilities that was mutually performed by the installation, NAVFAC, and NSWC Crane. The financial impacts of realigning environmental support at Crane have been carefully analyzed jointly by the installation, NAVFAC, and NSWC Crane and will not add costs to NSWC Crane customers.

DAVIS-BACON REQUIREMENTS

Question. If Davis-Bacon was waived, how much money would it save the Department of the Navy's MILCON program?

*Answer.*¹ The Department of the Navy does not expect any savings, principally because our installations reside primarily where the prevailing wages paid by contractors are at or above the D-B rates. The likely effects on bids on DON construction in other locations are unknown but are estimated to be minimal because bid savings are driven more by broader economic conditions within the industry, such as availability of resources, material prices, prices for capital, design considerations, acquisition methods, and competition.

QUESTIONS SUBMITTED TO MAJOR GENERAL JAMES KESSLER

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

USMC FORCE STRUCTURE REALIGNMENT

Question. Major General Kessler, it is my understanding that under the revised plans for relocating 8,700 marines from Okinawa, a contingent will be based in Hawaii. How many marines will be moving to Hawaii? Are there currently adequate facilities in Hawaii for these additional marines and/or their families?

Answer. According to the United States (U.S.)-Government of Japan (GOJ) Joint Statement of the Security Consultative Committee dated April 27, 2012, the United States plans to locate Marine Air-Ground Task Forces (MAGTF) in Hawaii, along with Okinawa and Guam. The Joint Statement also acknowledged that the United States informed GOJ that U.S. Marines will move to Hawaii to enhance operational capability there. However, detailed force structure moves and numbers have not been decided. A final decision on the number of marines potentially moving to Hawaii will be informed by a full planning analysis that would evaluate, among other topics, environmental, cultural resources, socioeconomic, off-base infrastructure, and facility impact. Detailed relocation numbers will be announced after completion of planning analysis.

USMC RELOCATION

Question. Major General Kessler, can you add specifics regarding where the rest of the marines will be going and whether they will be accompanied or unaccompanied tours?

Answer. A final decision on lay down of Marine forces in the Pacific has not been determined.

¹The response was approved by Mr. Roger Natsuhara.

DEPARTMENT OF THE AIR FORCE

STATEMENT OF HON. TERRY A. YONKERS, ASSISTANT SECRETARY
FOR INSTALLATIONS, ENVIRONMENT, AND LOGISTICS

ACCOMPANIED BY:

**KATHLEEN I. FERGUSON, DEPUTY ASSISTANT SECRETARY OF THE
AIR FORCE FOR INSTALLATIONS**

**MAJOR GENERAL WILLIAM H. ETTER, DEPUTY DIRECTOR, AIR NA-
TIONAL GUARD**

**MAJOR GENERAL JAMES JACKSON, DEPUTY CHIEF, AIR FORCE
RESERVE**

Senator JOHNSON. I'm pleased to welcome our second panel of witnesses, Secretary Terry Yonkers, Assistant Secretary of the Air Force for Installations, Environment and Logistics; Ms. Kathleen Ferguson, Deputy Assistant Secretary of the Air Force for Installations; Major General William Etter, Deputy Director, Air National Guard; and Major General James Jackson, Deputy Chief, Air Force Reserve.

This year's military construction and family housing budget request by the Air Force is frankly astonishing, a full 67 percent below fiscal year 2012. The request for Active component MILCON is only \$388 million as compared to \$1.3 billion last year. I'm confident that the requirements haven't dropped that much.

I understand that the Air Force has taken what it considers to be a deliberate pause in military construction in light of the current budget constraints. But I'm concerned that MILCON funding, especially investments in current mission requirements, is being used to offset investments in other areas, such as weapons systems.

MILCON is a very small part of the overall defense budget, but to our military members and their families, it is a very important investment. We recognize that MILCON investment in new mission requirements is critical, but it should not come at the expense of displacing urgent current mission requirements to be placed in inadequate or failing facilities.

I'm especially concerned with the fiscal year 2013 MILCON request for the Air Force Reserve. The request of \$10.9 million funds only one project. Considering the importance of supporting a total integrated force, it is disturbing to me that the MILCON request for the Air Force Reserve is barely 2 percent of the total Air Force military construction request.

I understand that times are tough, but I believe that adequate funding for military construction for Active as well as Reserve components is vital to the well-being of our troops and their families.

I thank our witnesses for coming today and will look forward to your testimony. Your full statements will be entered into the record, so I encourage you to summarize them to leave more time for questions.

Secretary Yonkers, please proceed.

STATEMENT OF HON. TERRY A. YONKERS

Mr. YONKERS. Thank you, Mr. Chairman and Senator Tester. Good morning and thanks for having us here today to be able to talk to you about our Air Force installation military construction programs and to say thank you again to this subcommittee for your unwavering support of our airmen and their families.

Our fiscal year 2013 budget request responds to two main drivers, the Budget Control Act that the Congress put into place last year, and of course, the new strategic defense policy the President and Secretary Panetta announced in January.

As we prepared the fiscal year 2013 budget, we looked across the entire Air Force portfolio and made some very difficult decisions to achieve the Air Force's share of that \$487 billion in the Budget Control Act.

In our installations and military construction portfolios, we're focusing on investments in the critical infrastructure needed to sustain our installations and the quality-of-life improvements for our airmen and their families.

We're requesting funding to meet the Combatant Commanders most critical facility requirements and most urgent facility modifications to bed down and sustain new weapons systems, such as the joint strike fighter, MQ-9 remotely piloted aircraft (RPA) and the standup of an additional B-52 squadron at Minot Air Force Base in North Dakota.

We are ever cognizant of the smart investments that will drive down our cost of doing business. And we're requesting over \$300 million this budget year to reduce our energy footprint by demolishing old, inefficient buildings and upgrading heating, ventilation, and cooling (HVAC) and other high-energy-use systems, investments that will have tangible payback across the Future Years Defense Program.

Across our energy program, we're requesting \$530 million in fiscal year 2013, the \$215 million I already mentioned and \$315 million more in science and technology to develop more energy-efficient jet engines and to complete our certification of the aircraft to fly on alternative fuels.

Our fiscal year 2013 budget contains \$3.9 billion for military construction, family housing and facilities sustainment, restoration and modernization. For military construction we are, in fact, requesting \$442 million, which is \$900 million less than fiscal year 2012.

We're channeling our limited resources to fund our most urgent Combatant Commander needs, our most pressing new mission work in continuing our efforts to take care of our airmen. This deliberate pause in our program is prudent in light of force structure decisions stemming from the new defense strategic guidance.

For this year, we have made a deliberate effort to build only where existing capacity is not available or where the cost-benefit analysis validates demolishing aging facilities and construction of more efficient and functional replacements.

In our fiscal year 2013 budget request, we are also continuing to emphasize first-class housing and strive to improve the overall quality of life for our airmen. Our new 2012 to 2016 dormitory

master plan will guide our future investments for sustaining existing facilities and recapitalizing those which are inadequate.

As we progress through 2012, we are nearing completion of our efforts to privatize family housing in the continental United States and to renovate family housing overseas, especially in Japan.

Our fiscal year 2013 budget request for military family housing is \$580 million. The funding is going to be used to improve more than 400 homes and infrastructure, such as utilities and water and sewer systems at a couple of Japanese bases.

On September 15, 2011, the Air Force successfully completed its BRAC 2005 realignment and closure program on time and within the original \$3.8 billion budgeted that was approved by Congress. The upfront BRAC investment is now resulting in \$1.4 billion in annual savings to the Department.

With that being said, I must say that the BRAC 2005 fell short in terms of reducing the Air Force's excess installation capacity. The 2004 Secretary of Defense report provided to Congress showed that the Air Force was 24 percent over capacity and would expect similar findings if we conducted that analysis today.

PREPARED STATEMENT

So that is my opening remarks. I want to thank, again, the subcommittee for your support of our airmen and their families. And I look forward to any questions that you may have.

[The statement follows:]

PREPARED STATEMENT OF HON. TERRY A. YONKERS

INTRODUCTION

The United States is in the midst of a deliberate evolution in the role of the military in achieving our national interests. This evolution is shaped by a dynamic geostrategic environment, uncertain economic circumstances, and the diffusion of regional centers of influence. In order to effectively deal with this new paradigm, the Department of Defense issued new Strategic Guidance which focuses our limited resources on deterring and defeating aggression across all domains, maintaining a safe and effective nuclear deterrent, and protecting the homeland, while reducing the quantity of our forces to ensure the quality of our force.

The United States Air Force plays an integral role in this refined guidance, and we have taken care to protect the distinctive capabilities we provide every day to our Joint, Interagency, and Coalition partners. These enduring capabilities include control of air, space, and cyberspace; providing global intelligence, surveillance, and reconnaissance; rapidly moving people and materiel around the planet; and holding targets at risk—anytime and anywhere.

Difficult decisions were made to achieve the Air Force's share of the \$487 billion in defense savings mandated by the Budget Control Act of 2011. These decisions fell into five broad categories: Force Structure, Readiness, Modernization, More Disciplined Use of Defense Dollars, and Taking Care of Our People. These five focus areas were integral to the allocation of the resources entrusted to us by the taxpayer.

Within the portfolio of Installations, Environment, & Energy we focused investments in critical installation facilities and infrastructure and quality of life improvements for our airmen and families; reducing our energy footprint by demolishing old, energy inefficient buildings and upgrading HVAC and other high energy use systems and continuing to build on our excellence in environment, safety, and occupational health across our Air Force.

The Air Force is striving to identify opportunities and initiatives in each of the above areas that will enable us to maximize the impact of every dollar we are given with an eye of every investment have a return on those dollars. We are reevaluating how we can improve the way we manage our military construction, housing, real estate, environmental, and energy portfolios by centralizing these functions and services into a single Field Operating Agency. By doing so, we are substantially re-

ducing manpower and overhead costs, streamlining processes and decisionmaking and centralizing program management and accountability under one agency.

As funding for military construction becomes more austere we have made a deliberate effort to build only where existing capacity is not available or where the cost-benefit analysis validates demolishing aging facilities in lieu of more efficient and functional replacements. Since 2008, we have demolished 23 million square feet of building space with an estimated savings of \$184 million. Furthermore, we are re-evaluating our policies and contracting mechanisms in the areas of military construction and environmental cleanup with the objective of reducing construction and environmental costs.

As we work our way through the current fiscal challenges the Air Force is committed to charting a path that fulfills the promises made to the American people today and in the future while staying true to our airmen and their families.

INSTALLATIONS

Military Construction

Our fiscal year 2013 President's budget request contains \$3.9 billion for military construction, military family housing, and facility sustainment, restoration, and modernization. For military construction we request \$442 million, \$900 million less than fiscal year 2012. This deliberate pause in our program is prudent in light of force structure decisions stemming from the new Defense Strategic Guidance.

Our most critical projects are captured in this request and align with our priorities of continuing to strengthen the nuclear enterprise, partnering with the Joint and Coalition team to win today's fight, developing and caring for our airmen and their families, modernizing our air, space, and cyber inventories, organizations, and training, and recapturing acquisition excellence. Removal of the C-27 program is one example of how force structure decisions have affected our fiscal year 2013 military construction program and the corollary elimination of facilities that would otherwise be needed to support the C-27 aircraft here in the continental United States.

We are accepting minor risk by electing to wait a year to fund current mission requirements, channeling the limited funds we have requested to fund Combatant Commander and new mission needs—especially facilities needed to bed-down the Joint Strike Fighter. And while we strove to fund our Active, Guard, and Reserve components in accordance with their equity in built infrastructure, the combination of austere funding and how the components derived their priorities led to a small shortfall in the Air Force Reserve.

We continue to stay focused on the needs of our airmen and their families and are requesting nearly \$500 million to sustain and modernize our overseas housing, while supporting housing privatization here in the United States. Unaccompanied airmen, likewise remain a top priority and we are requesting \$118 million to build new dormitories or upgrade existing dorms to the Air Force standard—keeping us on track to meet our goal of eliminating inadequate housing for unaccompanied airmen by 2017.

Finally, we request restoration and modernization funding at 90 percent of historical levels, and sustainment funding at slightly over 80 percent of the OSD model. For the first time in the Air Force, restoration and modernization funds will be centrally managed giving us the ability to prioritize new requirements across the enterprise while improving our ability to forecast where sustainment dollars should be invested to minimize risk in infrastructure maintenance and emergency repairs. This "Asset Management" approach to facility and infrastructure management is adopted from industry best practices—where industry has realized double digit savings. We expect to achieve similar results and are confident that by centralizing our management we can sustain our air bases on the dollars we have requested in this budget.

Continue To Strengthen the Nuclear Enterprise

The Air Force boasts a legacy of stewardship for two-thirds of the Nation's Nuclear Triad, providing security and maintenance for the weapons that enable a safe and effective deterrent. Accordingly, our number one priority remains the strengthening of the nuclear enterprise, with a continued focus on reliability, accountability, and compliance from the men and women who fly the bombers and man the missile silos in a state of constant vigilance. The fiscal year 2013 budget request supports the stand-up of an additional B-52 squadron at Minot Air Force Base, North Dakota, with a \$4.6 million munitions equipment maintenance facility addition.

Partner With the Joint and Coalition Team To Win Today's Fight

The Air Force continues to be an indispensable member of the Joint team as our airmen make significant contributions in controlling the domains of air and space,

providing unprecedented advantages in intelligence, surveillance, and reconnaissance, moving people and cargo around the world, and providing the ability to hold at risk any target on Earth. We currently have more than 35,000 airmen deployed, including nearly 2,300 Air Force civil engineers. In particular, our Air Force Rapid Engineer Deployable Heavy Operational and Repair Squadron Engineers (RED HORSE) and our Prime Base Engineer Emergency Force (Prime BEEF) personnel are the recognized experts in providing installation engineering and airfield capabilities to the warfighter. Red Horse assets are in high demand by Combatant Commands in deployed locations.

Our fiscal year 2013 budget request invests \$193.3 million in projects that support our Joint partners around the world. Examples include:

- Projects Supporting Our Combatant Commanders That Will Greatly Enhance Ongoing Operations.*—This includes the recapitalization of Headquarters, United States Strategic Command at Offutt Air Force Base, Nebraska.
- New Facilities for Operations and Mission Support.*—An expanded air support operations facility at Fort Stewart, Georgia, will allow us to consolidate personnel on the same installation as their Joint partners, enabling the synergistic effects of training, working, and living together.
- Intelligence, Surveillance, and Reconnaissance Facilities.*—The new MQ-9 maintenance hangar at Holloman Air Force Base, New Mexico, will provide adequate cover to work on this sensitive aircraft under any weather condition or any hour of the day—ensuring the training needs of aircrews are met.

Develop and Care for Airmen and Their Families

The all-volunteer force is the foundation of the capabilities we contribute to the defense of the Nation. In our fiscal year 2013 budget request we continue to emphasize providing first-class housing and striving to improve the overall quality of life for our airmen and their families. Our new 2012–2016 Dormitory Master Plan will guide our future investments for sustaining existing facilities and recapitalizing those which are inadequate.

Billeting

As part of our basing efficiencies initiative, we propose construction of a \$17.6 million transient contingency dormitory to house personnel supporting rotational aircraft transiting through Europe. This project, when coupled with the elimination of the host nation maintenance contract and real property consolidation, has a payback period of only 2 years.

Dormitories

The Air Force continues to place a high priority on quality housing for our unaccompanied airmen. Our fiscal year 2013 budget request includes two dormitory projects totaling \$42.5 million. One of these projects is located at Joint Base San Antonio, Texas, replacing an inadequate facility with severe infrastructure problems and historically high sustainment costs. The other, at Thule Air Base, Greenland, replaces an inadequate 58-year-old building and is also the lynchpin of consolidation efforts at Thule that will provide a payback in 3 years. This initiative will reduce energy use by 35 percent and is estimated to save \$20 million annually.

Military Family Housing

As we progress through 2012, we are nearing completion of our efforts to privatize family housing in the continental United States. This allows us to deliver high-quality homes to our members faster than ever before, and at significant savings to the taxpayer. Our fiscal year 2013 budget request for military family housing is \$580 million. Included in this request is \$84 million to improve 400 homes and upgrade infrastructure in Japan, as well as nearly \$500 million to fund operations, maintenance, utilities, and leases, and to manage privatized units for the family housing program.

Modernize Our Air, Space, and Cyberspace Inventories, Organizations, and Training

Even in the face of declining budgets, we must continue to modernize our force to meet the Nation's requirements. Although the pace and scope of this modernization will slow, we must protect programs that are critical to future warfighter needs. Our fiscal year 2013 request continues to invest in the beddown of new weapons systems. We request \$93.5 million for a variety of military construction projects, including:

- Three Projects To Continue the Bed Down of Our Newest Fighter, the F-35.*—These projects provide facilities at Hill Air Force Base, Utah, for the first operational F-35 unit, which is scheduled to begin receiving aircraft in 2015.

- Three Projects Supporting Our HC/C-130J Fleet.*—These projects include a fuel systems maintenance hangar at Little Rock Air Force Base, Arkansas, and flight simulators at Little Rock Air Force Base and Moody Air Force Base, Georgia.
- Other Projects.*—These will support diverse mission areas, including F-22 support at Tyndall Air Force Base, Florida, F-16 training at Aviano Air Base, Italy, and the overseas basing efficiencies discussed previously, which are projected to save up to \$120 million across the FYDP.

Base Realignment and Closure

On September 15, 2011, the Air Force completed its 2005 Base Realignment and Closure (BRAC) program on time and within its original \$3.8 billion budget. This up-front Air Force BRAC investment has resulted in \$900 million in annual savings to the Department of Defense that are being reinvested in emerging missions starting in fiscal year 2013. During the 6-year implementation period of BRAC 2005, the Air Force implemented 64 base closure commission recommendations affecting 122 installations, closing 7 installations and realigning 63 others.

Even so, BRAC 2005 fell short of the Air Force goal to reduce overhead and operational costs by reducing excess installation capacity. Today, 7 years later with almost 500 fewer aircraft in the inventory, the Air Force continues to maintain large amounts of excess infrastructure that is costing hundreds of millions of dollars each year—dollars that we need to invest in other areas. The Air Force has over 24 percent excess installation capacity (DOD's 2004 Report to Congress). This excess capacity can only be effectively eliminated by closing installations. As such, we fully support the Secretary of Defense's request for two more rounds of base closures in 2013 and 2015 to right-size our infrastructure and reduce our overhead and operating costs. We need Congress' help and support—we can't do BRAC if you're not in our corner on this. Without the ability to consolidate and close bases, the Air Force will be forced to make harder choices in the future that will degrade our ability to invest in those assets that directly affect our ability to defend this Nation.

Joint Basing

As the Air Force emerges from its first full year of joint basing, we remain committed to providing superior and standardized installation support to our sister Services. Efficiencies were always expected from consolidation of the Joint Bases—this year we will realize a small return of that investment—about 500 personnel across those Joint Bases for which the Air Force has operational responsibility. We continue to assess our processes and information systems, services support, and other key areas to garner greater savings from our Joint Bases. In fiscal year 2011, we met 88 percent of the Office of the Secretary of Defense (OSD) Tri-Service standards, and will continue to increase the effectiveness in which we provide installation support while lowering costs in fiscal year 2013.

Encroachment Management

The Air Force has taken a leadership role in developing encroachment management and compatible land use policies—and coordinating these efforts with communities around our installations. As a follow-on to the Nevada Forum, in January 2011, the Air Force on behalf of OSD, hosted a key interagency meeting aimed at finding ways to “clear” renewable energy projects that had no or little impact to military operations. Those efforts culminated in a cross-functional team and the DOD's Siting Clearinghouse policy and subsequent Air Force policy. In the last year we reviewed and “cleared” 486 Energy Projects.

Privatized Housing

We remain committed to providing quality housing to our airmen and their families. Under the housing privatization initiative, \$485 million in Government funding has garnered \$7.85 billion in private sector funding thus far, providing quality homes to our airmen and their families much more quickly than our standard military construction process. Approximately 41,500 units at 48 bases have been privatized to date, which is 76 percent of our housing inventory in the continental United States (CONUS), Alaska, and Hawaii. In addition, more than 37,000 inadequate units have been eliminated. Our goal is to privatize all CONUS housing by closing the remaining four privatization projects in 2012, which will result in 53,800 privatized homes across the Air Force portfolio.

Enhanced Use Leasing

The Air Force continually seeks to improve our stewardship of real estate assets and to leverage appropriated dollars with investments from the private sector. With the authorities provided to execute enhanced use leases (EUL), we're pursuing inno-

vative ways to leverage our unused real estate to return value from our installations. The Air Force has set a goal of unlocking \$5 billion in net present value from EULs through fiscal year 2020. In pursuit of this goal, we've executed nine leases with a net present value of \$233 million and are close to completing a comprehensive survey of all Air Force installations to identify non-excess real estate assets that could be put to use to generate revenue to meet installation requirements.

As we pursue EULs our intent is to extract the greatest value possible for the asset, and in the current environment renewable energy projects provide significant opportunities. Today, the Air Force is actively pursuing 11 projects valued at about \$700 million, 7 of which are related to renewable energy. We've identified another 21 opportunities and have developed a set of initiatives to determine where market demand aligns with our available assets to create additional EUL opportunities.

ENERGY

Energy and energy security is the corner stone of the Air Force's ability to maintain global vigilance, reach, and power at home and abroad. The Air Force defines energy security as "having assured access to reliable supplies of energy and the ability to protect and deliver sufficient energy to meet operational needs." To enhance its energy security, the Air Force has developed a three-part strategy:

- Reduce energy demand through conservation and efficiency;
- Increase renewable and alternative energy sources; and
- Ensure the culture of the Air Force recognizes the necessity and criticality of energy to its operations.

We have set a number of aggressive goals across our entire portfolio—goals that, if met, will help us avoid over \$1 billion a year (based on today's energy prices) and improve energy security for our critical assets.

Budget Impact

The Air Force is the largest single consumer of energy in the Federal Government and as energy costs increase and budgets decrease, this means that energy is consuming a greater proportion of the Air Force budget. In fiscal year 2010, the Air Force spent \$8.2 billion for fuel and electricity, an amount that increased to \$9.7 billion in fiscal year 2011 due primarily to the increased cost of crude oil. Ironically, our demand for both fuel and electricity was down over the same period.

At our installations, the Air Force spent more than \$1 billion for facility energy in both fiscal year 2010 and fiscal year 2011. However, as a result of the initiatives put in place over the last 8 years, the Air Force avoided over \$250 million in additional facility energy costs in fiscal year 2011 alone.

In the fiscal year 2013 President's budget, the Air Force is requesting more than \$530 million for aviation, infrastructure, and RDT&E energy initiatives to reduce energy demand, improve energy efficiency, diversify supply, and improve mission effectiveness. Included in this request is \$215 million for energy conservation projects on Air Force installations, a continuation of the nearly \$800 million we have invested in such projects over the last 4 years.

Energy Conservation

Overall, our focus is to reduce our energy footprint across all operations. While we have reduced our overall facility energy consumption since fiscal year 2003 by nearly 20 percent, and reduced energy intensity by more than 16 percent, installation energy costs have increased by 32 percent over that same period. The Air Force is on track to reduce its energy intensity by 37.5 percent by 2020 and increase its renewable energy use to reach 25 percent by 2025.

As a result of our energy conservation efforts, we have cumulatively avoided over \$1.1 billion in facility energy costs since 2003 that can be redirected to better enable warfighters to complete their missions. Investments we are making in fiscal year 2012 to improve our facility energy efficiency and reduce our energy requirement are expected to start generating savings in fiscal year 2014, and the majority are expected to payback before or just shortly after the FYDP.

The Energy Conservation Investment Program (ECIP) is a critical element of the Air Force's strategy to improve the energy performance of its permanent installations. In fiscal year 2011, we completed 15 ECIP projects at a cost of under \$20 million. The Air Force estimates these projects will save more than 253,000 million British thermal units (MBTUs) annually and nearly \$54 million over the life of the projects. We have submitted six projects to OSD for inclusion in the fiscal year 2012 ECIP program. If funded, these projects will save over 213 billion BTUs.

The Air Force is also looking to reduce demand by building in smarter ways, including maximizing energy efficiency and using environmentally friendly materials,

and identifying and demolishing 20 percent of our old, unnecessary, and high-energy use facilities by 2020.

Renewable Energy

The Air Force is looking to improve its energy security and diversify its energy supply through increased use of renewable energy. In fiscal year 2011, more than 6 percent of the electrical energy used by the Air Force was produced from renewable sources. Moving forward, our goal is to develop more than 1,000 megawatts (MW) of renewable power, including more than 600MW from solar, on our installations by 2016. By making the most of private sector knowledge, technology, and financing, we plan to improve our energy security by capitalizing on underutilized land on our installations to develop those projects. Currently, the Air Force has 131 operational renewable energy projects and another 50 under construction across a wide variety of renewable energy sources, including 8.7MW from wind energy, 26.2MW from solar, and 2.4MW from waste-to-energy projects.

In fiscal year 2011, the Air Force had 46 projects funded through the MILCON appropriation with at least one renewable energy component, such as solar photovoltaic systems or cool roof attributes.

The Air Force is not just limiting its efforts to renewable energy projects, but is also incorporating alternative fueled ground vehicles into our fleet. With the support of other private and public stakeholders, the Air Force is currently working to develop an all plug-in electric vehicle fleet at Los Angeles Air Force Base, California. When the initiative is completed later this year, Los Angeles Air Force Base will be the first Federal facility to replace 100 percent of its general-purpose vehicle fleet with plug-in electric vehicles. By working with OSD and our Sister Services, we have identified 15 other potential locations where such vehicles will support the mission and improve our energy security. We will use the lessons learned at Los Angeles Air Force Base to continue to refine the business case and operational analyses to determine where best to employ electric vehicles.

Third-Party Financing

While the Air Force has made considerable progress to reduce our energy demands and increase our energy diversity, there is still more to do. The Air Force is aggressively pursuing a third-party financing approach for both renewable and energy conservation projects.

Direct Air Force renewable energy project funding through Air Force capital sources is rarely cost-effective when compared to commercial utility rates. To address this, the Air Force is using existing authorities, such as EULs and Power Purchase Agreements, to attract private industry to develop renewable energy projects on underutilized land on Air Force installations. The Air Force is anticipating third-party investments could reach more than \$1 billion over the next 5 years to construct on-base renewable projects, while we plan to invest only \$5–\$8 million for renewable projects over the same period. The Air Force has set a goal to identify \$5 billion worth of EULs and over half of this value will be energy EULs.

The Air Force is reinvigorating third-party financing to fund energy conservation projects through energy savings performance contracts (ESPC) and utility energy service contracts (UESC). The Air Force is targeting over \$260 million in potential ESPCs and UESCs over the next 2 years. While the Air Force did not award any third-party financed projects in fiscal year 2011, we anticipate awarding six such projects in fiscal year 2012 that would save approximately 1.1 million MBTUs, and are evaluating three projects for fiscal year 2013.

ENVIRONMENTAL

Our environmental programs are designed to provide the mission-ready people, infrastructure, and natural resources necessary to meet today's and tomorrow's mission requirements. The Air Force is committed to conducting our operations in an environmentally responsible way; meeting all environmental standards and legal obligations applicable to these operations; planning future activities to consider environmental and community impacts, and minimize them where practicable; eliminating pollution from activities wherever and whenever we can; cleaning up environmental damage resulting from past activities; and responsibly managing our irreplaceable natural and cultural resources in a sustainable manner. To address these commitments, the Air Force's fiscal year 2013 President's budget request seeks just over \$1.1 billion for our environmental programs.

In meeting our environmental commitments, the Air Force is re-emphasizing improved efficiency and effectiveness as necessary outcomes for program management and for a host of process improvement efforts we have underway. Following are only a few examples of the initiatives we are championing.

Environmental Restoration

Our fiscal year 2013 President's budget request seeks \$529 million for cleanup of active installations, and \$115 million for cleanup of BRAC installations. We established our cleanup program in 1984 to cleanup former hazardous waste disposal sites on active and BRAC installations. Our past focus was on completing investigations and getting remedial actions in place—many of which were designed to operate for decades. In early 2011, we put into place a new policy and new metrics—one that shifts the goal from remedy-in-place to closing sites; from one that tolerated decades to complete the cleanup to one that rewards innovative technologies that get the job done in 8–10 years; from one that was cost-plus to one that is fixed price and performance based and incentivizes contractors to develop innovative ways to get to site closure; and to one that considers the total lifecycle cost informed by a solid business case analysis.

Our new goals are to achieve accelerated completion of 90 percent of Air Force BRAC cleanup sites and 75 percent of non-BRAC sites by 2015, in order to place the emphasis on bringing the program to closure. Through the use of improved performance-based contracting, coupled with this new policy, we are cleaning up sites three times faster, with lifecycle cost-savings as much as 19 percent, and it is our expectation this will go even higher as we mature this contracting approach. By using this approach, we're not only closing sites faster, we're eliminating land use restrictions, while still being fully protective of human health and environment.

We continue to work with State and Federal regulators on socializing this new approach. We have received positive feedback from many of the regulators on the overarching goal to finish cleanup, but there are historical concerns with the execution of performance-based contracts that we are addressing.

Environmental Quality

Our fiscal year 2013 President's budget request seeks \$469 million in Environmental Quality funding for compliance, environmental conservation, pollution prevention, and environmental technology investment. As in our cleanup program, we are refocusing our efforts to streamline and more effectively manage our Environmental Quality program activities. One example is how we've changed our approach in our National Environmental Policy Act (or NEPA) program. Every decision we make is backed by environmental analyses—with major efforts and cost going into the development of Environmental Impact Statements (EISs) and Environmental Assessments (EAs). As we looked at how to become more efficient in all our functional areas, we found that over time our NEPA process had become stagnant and bureaucratic. We had migrated away from the Council on Environmental Quality Guidance that emphasizes clear, concise, and analytical analyses rather than encyclopedic documents. On average, EISs were taking 3½ years to complete and EAs half that time. Our decisionmaking process was being crippled by such tasks as elaborate internal reviews and steps that added very little value to the quality of the analysis.

In September 2010, we issued a policy to refocus our NEPA process. The policy emphasizes use of performance-based contracts to incentivize contractors to provide quality environmental analyses that are fully compliant with the spirit and intent of NEPA, that are aimed at better decisionmaking. Likewise, to refocus our internal reviews the policy sets goals for completion of EISs in 12 months and EAs in 6 months. To execute the new policy the Air Force established a NEPA center of excellence to standardize the Air Force approach to NEPA management and contracting and to provide reach back to major commands and installation NEPA professionals. Results to date are very promising; our first contract actions are hitting the 12-month and 6-month schedules and we're doing this without sacrificing quality.

We also have some initiatives underway that will change how the Air Force manages waste. Pollution prevention and waste minimization provide great potential to realize efficiencies while at the same time sustaining the Air Force mission, maintaining a safe and healthy workplace for our people, and improving the environment in which we live. This year, we are establishing pollution prevention and waste minimization goals; we will use our environmental management system to achieve these goals; and we fully expect to see our operations become more efficient, more protective of the workforce, while realizing cost-savings. We are also striving to change how our culture considers waste and the environment. The Air Force believes that "green" is a smart way to do business. Simply put: Green is money; green is innovation; green is safety; and green is good stewardship.

Our pollution prevention initiative provides a great segue to something the Air Force is very excited about. We are embarking on an aggressive initiative to transform how the Air Force manages energy, water, green house gas production, and solid waste. This year, we are rolling out a net zero policy for the Air Force. This

initiative will strengthen the Air Force's commitment to supporting the Air Force's operational mission by leading in energy and environmental management. We will do this by complying with legal requirements, reducing unacceptable risk to operations from energy-related considerations and environmental impacts, by continuously improving energy and environmental management practices to be more effective and efficient, and to ensure sustainable management of the resources we need to adequately fly, fight, and win into the future. There is no question that responsible and prudent stewardship of the natural and other resources with which we are entrusted is of great importance to national and economic security.

Working together with regulatory agencies, other Federal partners, and industry experts, the Air Force is continuously innovating and adopting best practices to lessen the environmental impact of its operations while helping the Air Force maintain its mission-ready posture and capabilities.

CONCLUSION

Our fiscal year 2013 budget request satisfies our most pressing needs while supporting the greater good of the Nation's fiscal security. It stays true to the fundamental priorities of our Air Force:

- Continue to strengthen the nuclear enterprise;
- Partner with the Joint and Coalition team to win today's fight;
- Develop and care for our airmen and their families;
- Modernize our air, space, and cyber inventories, organizations, and training; and
- Recapture acquisition excellence.

We continue to mature our use of centralized asset management principles to mitigate accepted risk in facilities funding. Our total force airmen and their families can rest assured that they are cared for as we strive to eliminate inadequate family housing by 2018 and privatize housing in the United States by 2013.

Finally, we continue to think about the taxpayer with every dollar we spend. Our commitment to continued efficiencies, a properly sized force structure, and right-sized installations, combined with steadfast stewardship of our energy resources and environment, will enable us to provide our trademark support to the Joint fight without imposing fiscal hardship on the Nation.

Senator JOHNSON. Thank you, Mr. Secretary.

General Etter, please proceed.

General ETTER. Yes, sir. Chairman Johnson, Senator Tester, thanks for having us here today. I'm honored to be here before you today representing over the 106,000 dedicated men and women of our Nation's Air National Guard.

The Air National Guard's military construction priorities for fiscal year 2013 include bedding down new missions and facilitating mission changes to provide the best possible environment to support both the training and deployment of our guard airmen.

Our four major projects in the fiscal year 2013 President's budget request allow for the conversion of two weapons systems, conversion of a facility at Kirtland Air Force Base, New Mexico, for incoming intelligence mission and construction of the building of the first simulator in Cheyenne, Wyoming.

These projects are mission essential and would help ensure the men and women of your Air National Guard will continue to protect both the Nation and their local communities.

In addition, there are four MILCON projects previously funded by Congress that we request to be rescope and reauthorized and executed in the same locations. The first of these four projects is at Fort Wayne, Indiana. Four-million dollars were appropriated in fiscal year 2012 for Air National Guard MILCON to convert the facilities of F-16s for the A-10. The 122nd Fighter Wing is now programmed to convert to MC-12s.

We request your support in keeping these funds available to bed down the 122nd's new mission and provide appropriate operations and maintenance facilities for this MC-12.

The second project is at Nashville, Tennessee. The 118th Airlift Wing had been programmed to bed down the intelligence squadron and a C-130 flying training unit. Subsequently, the wing was designated to convert to an intelligence group, a cyberwarfare group and a remotely piloted aircraft remote split operations unit.

Congress appropriated \$5.5 million in fiscal year 2011 to Air National Guard MILCON for the intelligence-squadron conversion and for the C-130 training units. We request your support to keep these funds available to provide operations facilities for the new missions just assigned.

The third project is at Otis Air National Guard Base in Massachusetts. At Otis Air National Guard Base in Massachusetts the 102nd Intelligence Wing had expected to bed down a component numbered Air Force (CNAF) augmentation unit.

Congress appropriated \$7.8 million in fiscal year 2012 to Air National Guard MILCON to provide facilities for this unit. However, the Air Force has determined that the CNAF unit is no longer needed. It will not be assigned to Otis.

We request your support in keeping these funds available to construct the facilities to consolidate remaining functions at Otis in the most efficient campus environment possible.

The fourth project is at Martin State in Maryland. At Martin State Airport near Baltimore, Maryland, the 175th Wing had been programmed to convert to C-27 aircraft. Congress appropriated \$4.9 million in fiscal year 2012 to Air National Guard MILCON to provide a squadron operations facility for the inbound C-27s.

The Air Force has determined that the unit will instead convert to an intelligence, surveillance, and reconnaissance group and a network warfare squadron while continuing to host A-10 attack aircraft.

We request your support to keep the funds available to provide operations facilities for the new cyber and intelligence missions just assigned.

Thank you for inviting me here today. Thank you for your service to the Nation and your support of the Air Force and its Reserve components. I look forward to your questions, Mr. Chairman.

Senator JOHNSON. Thank you. General Jackson.

General JACKSON. Mr. Chairman, Senator Nelson, and Senator Tester, thank you very much for your invitation today. Just a few brief opening remarks and then we'll be happy to entertain your questions.

I appreciate the opportunity to appear before you today, obviously, and to discuss the state of the Air Force Reserve, and particularly our military construction program.

First, I'd like to take a moment to thank this subcommittee for the tremendous support we've received in past military construction appropriations. Your generous support allows us to continue to meet the needs of the combatant commander and the Nation with a viable operational and strategic Air Force Reserve. Thank you.

During budget formulation this year, the Air Force total force, the Air National Guard and the Air Force Reserve, again applied

asset-management principles to ensure maximum efficiency, building only where infrastructure was required.

As a part of the broader Air Force strategy, we are also taking a deliberate pause in funding for current mission projects. The total force MILCON request ensures construction is closely aligned with weapons system deliveries and strategic base initiatives.

The Air Force Reserve MILCON budget request for fiscal year 2013 is a \$10.9 million request. This request funds only one mission project, as you know, the construction of a regional C-130 flight simulation facility at Niagara Falls Air Reserve Station in New York, home of the 911th Airlift Wing.

It provides planning and design funds needed to prepare for the fiscal years 2014 and 2015 programs, along with some minor construction funding. They'll be used to accomplish urgent and compelling projects which cost less than \$2 million.

Mr. Chairman and members of this subcommittee, I take great pride in the fact that when our Nation calls on the Air Force Reserve, we are trained and ready to go to the fight. Your support enabled us to contribute and be proud members of the total Air Force team. We are a strategic reserve leveraged every day for an operational use, and we thank you very much for your support.

Senator JOHNSON. Thank you, General Jackson.

Secretary Yonkers, Ellsworth Air Force Base is scheduled to activate a new MQ-9 Reaper operation mission this spring. Drones are an increasingly important component of American military power, and it seems reasonable to expect the Air Force's drone fleet to increase over the next decade. As the Air Force reviews its force structure, is it examining whether to increase Ellsworth Air Force Base's role in drone operations?

Mr. YONKERS. Thank you, Senator. As you know, we're going in our unmanned aerial vehicle RPA program to 65 combat air patrols. It is a growth industry for us. I think it's recognized across the Department of Defense as a very important role, an asset for intelligence, surveillance, and reconnaissance, and where it eventually goes is yet to be determined.

In terms of specifics for Ellsworth Air Force Base, it is going to support five combat air patrols in the future. And I'd like to see if either one of the other panel members would have comments with regards to your specific roles at South Dakota.

General ETTER. Yes, sir. From the Air National Guard there's no specific change to Ellsworth Air Force Base at this time.

Senator JOHNSON. Ms. Ferguson, last November, the Air Force selected a company to carry out its final housing organization plan, the Northern Group Housing Initiative, which includes Ellsworth Air Force Base.

Could you give me an update on where we are with Northern Group Housing as well as what type of oversight the Air Force will provide to ensure that our servicemen and women receive quality housing under this program?

Ms. FERGUSON. Mr. Chairman, thank you for that question. I appreciate the patience of you and your staff as we've worked our way through the Northern Group. As you know, it's taken us quite a long time to get there.

We are happy to announce we are in final negotiations with our selected privatized contractor, Balfour Beatty, and we are anticipated to close that project by the end of this fiscal year, by the end of September.

Senator JOHNSON. General Etter and General Jackson, the Air National Guard and the Air Force Reserve offer this country tremendous value for a relatively small investment. Guard and Reserve units have served admirably in Iraq and Afghanistan, and after a decade of war, it is important that we continue to make MILCON investments that will preserve the unit cohesiveness and ability to fight future missions.

The fiscal years 2013 through 2017 FYDP shows Guard and Reserve MILCON decreasing by a combined 17 percent below the estimates in the fiscal year 2012 FYDP. Given current funding constraints and the uncertain budget outlook for the future, what are the key military construction challenges and priorities that the Guard and Reserve face over the next 5 years? General Etter.

General ETTER. Mr. Chairman, thank you for that categorization. We are proud of the service of our Guard and Reserve component.

We have difficult times. We need to make very informed and intelligent choices here as we move forward. New mission is currently our priority and it will probably remain so for the next couple of years, and then, at some point in time, we'll, of course, have to go back to our existing missions to catch up.

But at this point in time, the new missions and the changes that have occurred with the fiscal year 2013 are probably going to drive our decisions for the next couple of years.

Senator JOHNSON. General Jackson, as I indicated in my opening statement, I'm very disappointed with the meager budget request for the Air Force Reserve. This is not the first time that the Air Force Reserve has been, in my opinion, short changed in the budget process.

I hope this year is an exception, but even in the best of times, the Air Force Reserve MILCON budget is not robust. What is the current quality rating, on average, for Air Force Reserve facilities and what is the current rehabilitation rate?

General JACKSON. Mr. Chairman, thank you very much for the question. As you mentioned, and General Etter did also, the Air Force takes a total force look at all the requirements for military construction. We bring our projects to the table, and some of those, to be honest, do not score out very well because they're a current mission or because there are training requirements.

So we support the process that's in place, and we believe that going into next year, as you mentioned, Mr. Chairman, we should have a better look and a capability to go ahead and increase our MILCON percentage there.

As for the recapitalization rate, sir, it's approximately \$1.25 billion to go ahead and recapitalize the Air Force Reserve Command infrastructure, and we're monitoring that very closely.

Our A-7 has gone out to every location, done a focus study on every single one of our locations to make sure we know where the priorities are, and we're taking those scarce resources and applying those, as required, to those priorities, sir.

Senator JOHNSON. Secretary Yonkers, the Air National Guard provides 35 percent of the Air Force's capability with 6 percent of the budget. The Air Force Reserve provides 20 percent of the Air Force capability with only 4 percent of the total Air Force budget.

The Guard and Reserve are truly the work horses of the Air Force. Are you comfortable with the share of the fiscal year 2013 Air Force MILCON budget request directed to the Guard and Reserve?

Mr. YONKERS. Sir, as we talked about in our opening remarks, we did make some hard choices in fiscal year 2013 to try to balance the requirements across the Air Force in our enterprise.

Next year and the following years in the FYDP we are going to be returning to a more robust military construction program, \$1.5 billion in 2014, the same in 2015, going to almost \$2 billion in 2016.

So, at this point in time, given the constraints that we have and looking at the distribution of \$442 million to meet primary mission requirements, I am comfortable with where we are.

Senator JOHNSON. Secretary Yonkers, the Air Force FYDP includes a \$215-million wedge between fiscal years 2014 and 2016 for specific resiliency initiative. Can you explain what this program is, where the funding would be used and what types of projects it would fund?

Mr. YONKERS. Similar to the response that the Navy gave, this is an operations plan that is yet evolving. The wedge is to look at the possibilities, but until such time as that game plan comes together, sir, we haven't got any specifics for you.

Senator JOHNSON. Is this program linked to the Air Force expansion plans at Anderson Air Force Base in Guam?

Mr. YONKERS. Sir, for the most part, the Guam strike projects that we funded in the past and the one in the fiscal year 2012 budget for the fuel maintenance hangar are apart from the resiliency part of the Pacific laydown.

Senator JOHNSON. Senator Tester.

Senator TESTER. I'll defer to the good Senator from Alaska and then go after her.

Senator MURKOWSKI. Mr. Chairman, thank you, and thank you to my colleague. I appreciate it. I know we're all trying to be in two different places at once, so, gentlemen, Ms. Ferguson, thank you for being here.

I want to ask questions about the status as it relates to the proposal at Eielson moving the F-16 squadron. I would ask, Secretary Yonkers, for a clear statement in terms of what the Air Force plan is for Eielson Air Force Base, how many positions will be eliminated when that plan is fully implemented?

Mr. YONKERS. Ma'am, right now, there's actually two things that are going on with regards to personnel across the Air Force. One is the 9,900 military reduction, but the other part of it is the Resource Management Decision (RMD) 703, which got at the civilian force. For the civilians at Eielson Air Force Base, there's about 41 of those positions that are going to be reduced as a matter of the RMD 703. For the move of the F-16s from Eielson Air Force Base to Joint Base Elmendorf-Richardson, that composition, in terms of military, is about 630 or 640 personnel.

Senator MURKOWSKI. Six-hundred and thirty. What is the business justification for moving the Aggressor squadron from Eielson Air Force Base to Joint Base Elmendorf-Richardson, and ultimately, putting Eielson Air Force Base in a warm-basing status?

Mr. YONKERS. There's still, ma'am, a viable KC-135 mission that will be remaining at Eielson Air Force Base, and the force protection, civil engineering, maintenance, control tower, and other functions that are associated with a robust mission will stay resident at Eielson Air Force Base.

The justification or the rationale for moving the Aggressors from Eielson Air Force Base to Joint Base Elmendorf-Richardson was a cost-savings justification.

Senator MURKOWSKI. Talk to me a little bit about the cost-savings. Have we identified how much will actually be saved, where that comes from, whether it's in personnel reductions or from infrastructure cost reductions?

Mr. YONKERS. It'll be a little bit of both, but it's primarily going to come from personnel, and we're looking at about \$165 million across the FYDP in savings by consolidating one jet fighter squadron now at Eielson Air Force Base down to Joint Base Elmendorf-Richardson.

Senator MURKOWSKI. We've been trying to get some understanding in terms of how this tabletop exercise was conducted, and what specifically was used in terms of data, how reliable that data was and whether or not it was any different than that which was used back in 2005 when Eielson Air Force Base, again, was considered under that BRAC round. Can you give me some more details on that tabletop exercise?

Mr. YONKERS. I can give you some, and I'll ask Ms. Ferguson to embellish here. The analytics that went behind it, ma'am, were looked at—a number of different things, certainly, in terms of the consolidation of the one fighter wing into Joint Base Elmendorf-Richardson.

We looked at personnel. We looked at base-operating support. We looked at some of these other service functions that I've talked about. And when you do the analytics, it comes out that it is actually more efficient to move the Aggressors from Eielson Air Force Base to Joint Base Elmendorf-Richardson, and as I mentioned, about \$165 million savings across the FYDP as a result of doing—

Senator MURKOWSKI. But, again, was there any data that was different this go-around in this tabletop exercise than what we saw back in 2005?

Mr. YONKERS. I would like to defer to Ms. Ferguson. She was in the building when that study was done.

Ms. FERGUSON. Okay. We'd like to take that for the record. I don't think either one of us was actually in the analytical phase of this, but we'll take that back and—

[The information follows:]

2005 TABLE TOP EXERCISE

Senator, thank you for your question. The Air Force's 2005 BRAC recommendation called for the realignment of the F-16 Aggressors to Nellis Air Force Base whereas the move in the Air Force's recent force structure announcement relocates the F-16 Aggressors to Joint Base Elmendorf-Richardson (JBER), where they will

be located with the 3rd Wing. The F-16 Aggressors will support air-to-air training for the F-22 Raptors assigned to Joint Base Elmendorf-Richardson and will continue to support RED FLAG-Alaska exercises. The movement of the F-16 Aggressors will garner efficiencies by reducing maintenance supervision overhead and support base functions.

Senator MURKOWSKI. I'd be curious to know because it was—again, we're looking at this and saying this is exact same exercise that we saw back in 2005. It was rejected. Now, it's before us. So I am trying to drill down and discern whether there is something new that we have learned. So if we can get that information, I would appreciate that.

The site survey team is going to be coming up to the State in April, going to the interior to validate the information that apparently was generated during this tabletop exercise. But there seems to be some ambiguity in terms of what the site survey team's mission actually is. Some think that it's an effort to validate both the short-term and the long-term plans for Eielson Air Force Base.

Others say it's simply to figure out how to implement the short-term plan for Eielson Air Force Base, which is moving the Aggressors there to Joint Base Elmendorf-Richardson. Can you tell me what exactly the mission of the site survey team is?

Mr. YONKERS. Ma'am, as I understand it, the site survey team was going to look at the more focused move of the F-16s to Joint Base Elmendorf-Richardson. But based on your comments and observations, it seems prudent to me that we take a broader look, and I'm going to have that conversation with the folks out at the Pacific Air Forces.

Senator MURKOWSKI. I would appreciate that a great deal. I've had an opportunity to sit and visit with many of the leaders within the interior community there. Of course, they're very engaged in this, and we have asked for a level of discussion when the members of the site survey team come.

The mayor of the Fairbanks North Star Borough has requested a meeting with the survey team to basically share some relevant information on local issues. Can you think of any reason why you should not be able to accommodate that meeting?

Mr. YONKERS. I think we can accommodate it, but we'd like to accommodate it with the wing commander who has had that long-term relationship with those community leaders as sort of being a focal point for those discussions.

Senator MURKOWSKI. So the wing commander with the local mayor?

Mr. YONKERS. They have a close relationship. And that's part of the function and role and responsibility of the wing commander is that outreach and having that discussion with local civic leaders on all issues affecting that airbase.

Senator MURKOWSKI. And I do understand that he is that liaison, but I also recognize that our wing commanders are there for very brief periods and then they move on. We appreciate all the good work that they do, but if there is any way to include a meeting with the mayor of the Fairbanks North Star Borough so that he can share, again, some of these very local issues that I think are relevant I would certainly encourage that.

And we will wait for further information from you and Ms. Ferguson.

And again, I thank my colleague my colleague from Montana. Thank you, Mr. Chairman.

Senator JOHNSON. Senator Tester.

Senator TESTER. Yes, thank you, Mr. Chairman. And thank you all for being here, and thank you for the people that you represent. Thank you for your service.

I will echo what I told the Navy folks. Thank you for your work on energy. I think it's critically important work. I think it's good work. I think Montana can help in that work.

We've got a facility—we've got a university 100 miles away from the facilities in Great Falls. Montana State University-Northern is doing some great work in biofuels. I encourage you to utilize them when you need them.

I also want to thank particularly you, Mr. Yonkers and General Etter, for meeting with the Central Montana Defense Alliance, taking time out of your busy day. Those are great supporters of our installations in Great Falls, and they're great supporters of the military. So I thank you for taking time out for that.

I am appreciative of the fact that myself and members of the Great Falls community were able to welcome the Air Force announcement of a C-130 mission for the State of Montana. While I oppose the loss of the F-15 fighter mission, I'm thankful the Air Force worked with myself and Senator Baucus to identify a new mission that's particularly well suited for Montana, particularly, we have airmen with a world-class reputation.

This fleet of C-130s, as you well know, placed in Great Falls would ensure that we have those Montana airmen play a critical role. They are a great asset to our Nation's defense. It would also help the State, the region and the country better address critical and urgent disaster response.

And I look forward to work with you to make sure the mission conversion happens in an efficient, a timely manner, and that the Montana Air National Guard is able to maintain its status as one of the best in the country.

Secretary Yonkers, in carrying out the Air Force's proposal of restructuring, I believe it's critical we start now. Before we can get those planes on the ground, we need to compete necessary design work and we need to get funds flowing to address any construction needs that are needed up there. Could you give me an idea when the C-130s will arrive in Great Falls, Montana?

Mr. YONKERS. General Etter can give you a lot more of the specifics, but we have accommodated, in the fiscal year 2013 budget request, I think it's about \$27 million to look at doing modifications, as necessary, to accommodate the eight C-130Hs that are planned to be there.

Senator TESTER. Major General.

General ETTER. Yes, Senator, we're looking at fiscal year 2014. Of course, we'd like to do that as early as possible, but we're still in the planning stages, so I'm unable to commit to an exact order. But we do know that we need to do that to dovetail in, as one mission draws down that another mission comes up. Of course, we need time to send folks to school.

Additionally, we've stood up an operations execution working group, which is a number of people from all around the country to

make sure that we address not only the MILCON issues, but also those of training, conversion, new facilities, and sequencing.

Senator TESTER. Okay. When will you have a time for the C-130s' arrival? When will that be set into stone? The point you make is absolutely correct. If there's a huge mission gap between the F-15s leaving, the C-130s leaving, we are in trouble. You've said when the F-15s are leaving. When will you know the C-130s are coming?

General ETTER. Sir, I think we can do that within 90 days and get back to you. And of course, we know when the last mission changed there was going to be a little bit wider point of time between the two aircraft, and I don't believe that'll be a factor this time. But we'll get back to you within 90 days, hopefully earlier than that, sir.

[The information was not available at press time.]

Senator TESTER. Thank you very much.

The timetable—you talked about \$27 million available for construction. When do you anticipate that to start? The conversion construction, because it's—there are different—I don't have to tell you guys that, you know.

Mr. YONKERS. I think, going back to General Etter's point, when the specifics are laid down with regards to the arrival of the aircraft, we'll define the requirement better than we have right now, and then look at how we sequence that construction project, so that when those airplanes show up, there's no hang-up with regards to where we're going to put them or how we're going to take care of them.

Senator TESTER. Okay. We're talking March 2012 right now, potentially 2 years from now. Right now, those planes could be on the ground, potentially. Do you plan on starting the military construction conversion upon their announcement within the 90 days? When do you plan on starting it?

Mr. YONKERS. Do you want to address that?

General ETTER. Yes, sir. There is definitely a possibility that this is moving so fast that the hangar will not be done before the first aircraft arrives. That said, they do have hangars where they can nose in the aircraft and stuff like that, sir.

So we know that we need to move forward with this quickly, but it's not a fiscal year 2013 MILCON project at this time. Therefore, we would be in fiscal year 2014 to try to do that design and construction.

Senator TESTER. The \$27 million is adequate for fiscal year 2013 to get the job done for this year—for that year?

General ETTER. Sir, I believe that's a fiscal year 2014 number, not a fiscal year 2013 number.

Senator TESTER. Okay. Okay. What is in the fiscal year 2013 budget?

General ETTER. This particular construction project is not in the fiscal year 2013 budget, sir.

Senator TESTER. Okay. So we don't anticipate any conversion going in the next fiscal year.

General ETTER. We have started conversions in the past without the MILCON being completely finished, and I believe that we

would track down that. So if it's okay, I could get you a detailed plan on how we get from A to B.

Senator TESTER. I would really like that a lot.

General ETTER. Yes, sir.

Senator TESTER. Thank you. I want to talk about intercontinental ballistic missiles (ICBMs) for a second. There are challenges facing the Air Force and the Defense Department and a number of ways we could achieve savings when it comes to a nuclear arsenal. I think ICBMs—it's the wrong direction to go. I think the most cost efficient, we get some great airmen on the ground. Are there any changes to the ICBM portion of this budget that require military construction dollars?

Mr. YONKERS. Sir, the plan for the ICBM portion of the triad is fully funded in the FYDP for construction and the other modifications that need to be made.

Senator TESTER. Okay. So this budget does not apply to those changes to the ICBM portion. We're talking about potentially idling 30 ICBM over three bases. That's not in this budget?

Mr. YONKERS. As I understand it, and you're way out of my swim lane here, those discussions and how those weapon warheads are going to be allocated are yet in discussion. So, at this point in time, I couldn't give you a definitive answer.

Senator TESTER. We need to catch the swimmer that's in that lane, and so if you could give us that name that'd be great.

One last question, and then I'll boogey on here. The Air Force continues to consider alternative missions you guys talked about, RPAs, but the fact is there are alternatives—leave the RPAs out of it. There are alternatives particular to a proposal by the Council of Governors in regard to C-130s, which has been an interesting debate over the last 2 weeks. As far as the Council of Governors' proposal, can you update me where we're at in that process? Go ahead.

Mr. YONKERS. I can give you a little bit, and then, General Etter, if you want to embellish. This is something that Secretary Panetta said that he would take under consideration. So as far as I know, he is still taking that under consideration.

Senator TESTER. Okay. Go ahead, Major General.

General ETTER. Yes, sir. I could probably expand just a small amount on that. There's been three meetings subsequent to that between representatives of the Council of Governors, adjutant generals, and the top four leaders of the United States Air Force. These discussions are still ongoing. I don't know when there will be a conclusion to that, but they're still active and ongoing at this time, sir.

Senator TESTER. Okay. One last question. Given the cost of permanently stationing C-130s overseas, would it not make more sense to bring those C-130s back to—you can say yes.

Mr. YONKERS. I'd like to take it for the record, but I'll tell you—in the specifics—but the European assets that we have over there serve definite missions with regards to airlift.

So, as you all know, we're looking at a BRAC-like European reduction in the overall facility footprint over there, and those discussions and that work is still continuing as well.

[The information follows:]

C-130 STATIONING

Senator, thank you for your question. While cost-savings are part of the decision-making process, the most important factor is the Air Force's ability to provide the capabilities required by the new Defense Strategic Guidance.

There is only one squadron of C-130s remaining in Europe and they provide support to two combatant commanders: U.S. European Command and U.S. Africa Command. These aircraft are critical to our overseas engagement strategy and provide valuable intra-theater support training to NATO and our Eastern Europe and African partners. The Air Force does maintain special operations C-130s in Europe, but these aircraft are of a specialized nature and are used in Africa, Europe, and the Middle East.

Senator TESTER. I want to thank you very much for your service, once again.

Thank you for the flexibility, Mr. Chairman.

Senator JOHNSON. Senator Nelson.

Senator NELSON. Thank you, Mr. Chairman. And welcome to our panelists today. Thank you for your service and for the men and women in uniform all across our world.

Secretary Yonkers, I think we've had this conversation before, but not before this subcommittee. As you know, currently, progress is being made toward constructing a new command-and-control complex for United States Strategic Command (USSTRATCOM) with military construction funds requested by the President and authorized and appropriated by this Congress for the fiscal year 2012.

The mission of USSTRATCOM is at the forefront of our national security, and as the command and control of our nuclear enterprise, USSTRATCOM plays an important role. As America complies with a new START Treaty, it's imperative that our nuclear command-and-control node have all the support and resources that it needs to carry out its mission.

And as you know as well, the entire project has been authorized, but because of the nature of this project, size just alone, the Defense Department will have to request phased or incremental funding for construction funds until the project is complete.

Secretary Panetta has visited the current headquarters, and knows that the facility's shortcomings put at risk the mission and personnel, and that a continued acceleration of the construction of the new headquarters is in the best interest of our national security.

In this time of constrained budgets, hard choices have to be made within the Department of Defense. And I know this is one of those hard choices, but one that I believe we all agree protects our strategic missions for cyber, missile defense, nuclear command-and-control now and the future, where these threats will not likely dissipate, certainly not any time soon.

Originally, the project was scheduled to receive incremental funding over a 3-year period. Last year, however, the \$150 million requested for the project was cut to \$120 million requiring that the funding be spread out over 4 years as opposed to 3 years. Is the full \$161-million request for fiscal year 2013 actionable on the project for the year?

Mr. YONKERS. Sir, as you noted, the project was reconfigured last year and now is in 4 years as opposed to 3.

And as far as the \$161.0 million that's in the fiscal year 2013 budget, it is executable. But as we talked about before, we're still waiting to fine-tune this.

With the Army Corps of Engineers about ready to make that award in the next several weeks, what we're looking for from the award winner will be their sequencing of how they think they're going to proceed with the construction of that project.

And so we'll have a much better feel, in a few weeks, as to how that will actually get executed. But right now, we think we've got the game plan pretty well marked out.

Senator NELSON. Okay. I hope we can continue to work toward funding at that level. I do understand awarding the contract, but if it's executable within that budget sequencing will be important, but we want to make sure that as much of the \$161-million allocation will be used during this timeframe. Is that fair?

Mr. YONKERS. It's fair, sir.

Senator NELSON. Turning to BRAC, one of everyone's favorite subjects in Washington, the budget is asking for two more rounds. Obviously, the economy is slow. A lot of the progress made is fragile, and I am very concerned about it being reversible as well.

The last round of BRAC took place in 2005, and the changes it implemented were only completed this past fall. Your request seeks authorization for the first BRAC in 2013 to be followed by another in 2015. And reportedly, the two new rounds of closures could reap savings in 5 to 8 years, but would have a great cost up front to move personnel, equip it, and the overall costs of shutting down and associated environmental impacts.

In Europe, we're eliminating two heavy brigades, and some of those missions and personnel will need to be relocated if bases are closed. Relocation of those missions and personnel back in the United States might make sense.

So wouldn't it make most sense to look at our bases globally first, not just here at home, to see what the needs are going to ultimately be here at home with any closure or realignment of overseas bases?

Mr. YONKERS. Sir, it does make sense, and we are looking at it globally. And the Department of Defense, led by Dr. Dorothy Robyn's team, has already made two trips to Europe to start that view of what is or what can be done over in the European Theater.

As you know, the Air Force has taken one squadron of A-10s out of Spangdahlem Air Base, Germany. There is more that can be done over there, and we're going to take a look at that.

We hoped that if the Congress were to approve a 2013 BRAC round we would do this in parallel. The driver here obviously is we're spending a lot of money on infrastructure that we don't need, and so does it make sense to continue those expenditures when we've got a lot of other things that we could spend that money on?

Senator NELSON. One of the things we always want to pursue is reassessment of our needs as circumstances change.

Now, in the fiscal year 2012 NDAA, there was a provision that would require an independent study on these overseas basing decisions in the presence of overseas forces. The study is designed to look at the location.

Ms. Ferguson, is there any indication for that independent study as to what should be accomplished in terms of needs on our overseas bases?

Ms. FERGUSON. Senator Nelson, my understanding is those will be looked at as part of a study. The Office of the Secretary of Defense (OSD) is leading that effort in accordance with the NDAA. And our anticipation is they will look at those things, as Mr. Yonkers pointed out, in concert as well with the ongoing visits that OSD, Acquisition, Technology, and Logistics, and the services are accomplishing overseas.

Senator NELSON. If we don't have the study completed at the moment, so that we don't know what the recommendations are going to be, but we're moving forward with a budget request; is the cart before the horse here? Can it be done parallel?

Do we know what time the study will be accomplished or will we be appropriating within the budget for something that we don't have the study accomplished for to tell us where the money would be spent?

Ms. FERGUSON. We believe that it will all be tied together, that the OSD study will be done in time and would help inform the force structure requirements and what would be required in the continental United States (CONUS).

Senator NELSON. Is there a date when we can expect and have a pretty sufficient guarantee that the study will be done? A date? Timeline? Secretary Yonkers?

Mr. YONKERS. Sir, I haven't seen a timeline. I know that it was required in the NDAA this year to perform that study, and I know that we are moving ahead on it.

Senator NELSON. But I always worry about a study that's not done, in anticipation we're going to authorize and/or appropriate money on the assumption of what the study's going to say before we have the actual conclusions of the study, if you follow my linear approach to it.

Mr. YONKERS. I see your observation, sir.

Senator NELSON. Okay. All right. I hope you'll keep that in consideration as we move forward. Thank you.

And thank you, Mr. Chairman.

Senator JOHNSON. Senator Pryor.

Senator PRYOR. Thank you, Mr. Chairman, and thank you for hosting this hearing today.

And Secretary Yonkers, I would like to start with you. But first, I want to thank General Jackson and General Etter for coming into the office in recent weeks to talk about one of the things I want to talk to you about today. That is my concern that during the process of creating this budget the National Guard and Reserve components were perhaps at the table, but perhaps not listened to when it came to some of the priorities for funding.

And one of those in particular that touches my State is the funding for A-10s and moving the A-10s, or some of the A-10s, out of the National Guard system.

We have the 188th in Fort Smith, Arkansas, and they have this winning combination there. Of course, they have very well-trained personnel, and they're phenomenal in all the things that they've done, but they also have great facilities. They have great air space,

which I know is a premium, but in the area where they are located, they're over some national forests and they have this great training space over very mountainous terrain.

Additionally, something that you just cannot find anywhere else is they have the National Guard Training Center there just off the end of the runway at Fort Chaffee. And so not only do National Guard units from all over the country train in Fort Chaffee, Arkansas, but the Navy Seals and many others train there as well.

So it's just an unbeatable combination, and I'm very concerned that all of this was not taken into consideration when it came time to make decisions on the budget.

So let me start with questions about that. The numbers I've seen indicate that it is cheaper to fly and train and house the A-10s in the National Guard as opposed to the Active Duty. I've asked repeatedly for a cost analysis used by the Air Force, and there's been reluctance on behalf of the Air Force to share the cost analysis with me. I'm not sure I understand why, and I'd ask you if you've seen the cost analysis? I'd like for you to share it with the subcommittee and with my office.

Mr. YONKERS. Sir, I haven't seen any of the cost analysis. Again, it's something that I would typically not look at. I mean, I'd look at the military construction and that part of those decisions.

I think when you look at the A-10s, and again, we're taking about one-third of them out of the inventory. And the idea here, as we went through the budget considerations, was to pull out those aircraft, whether they were heavy-lifters, fighters, et cetera, that were the oldest and the most expensive for us to operate and maintain.

Senator PRYOR. And that's what's hard for us to know, if we don't know the cost analysis, if we don't know the real numbers.

Also, this is something else I'd be very interested in getting from someone at the Department of Defense and the Air Force, I'd like the amount of construction money that will have to follow these moves. And it sounds like, based on what you're saying and the way I read the numbers, it sounds like the airplanes would move in fiscal year 2013, but I'm not sure there's sufficient construction money to have the planes go somewhere and be housed properly somewhere in 2013. Do you know the answer to that?

Mr. YONKERS. It's part of the deliberate pause. I mean, we went through the force structure considerations and weren't quite sure how that was going to work out with regards to the military construction. So that's part of the reason that we only looked at new mission in the military construction program this year.

We should catch up next year when we start looking at where the implications of those particularly Guard and Reserve were in the force structure announcements that were made just a few weeks ago.

Senator PRYOR. And I understand that we are in a shrinking-budget environment. I completely get that and appreciate that.

At the same time, one of the reasons why I'm so interested in the cost analysis is because I'm curious about how there can be real savings here. If you can house and train and maintain the aircraft in a National Guard facility cheaper than you can in Active Duty,

and you have to pay some construction cost in the out-years, it's hard for me to understand where the savings are coming from.

So if you could help provide any sort of cost analysis or put in a good word with whoever might have that information, I think it's important that this subcommittee see that.

Mr. YONKERS. Sir, we'll look at that and see what we can get you. I think you need a full explanation, though, of everything that went into the logic here.

I mean, part of it, and I'll defer to, again, to General Etter, but a lot of this had to do with trying to balance the total force and looking at things such as dwell times.

I think the chief had talked in terms of the objective for Guard and Reserve to be a dwell of about 1 point—a 1-to-4 or a 1-to-5. They have their day jobs. So, being on station 6 months and home for 2 or 2½ years was something that would ease that burden on the employers that they work for, and also for the Active Duty. But I'll see if General Etter has something he wants to add to this.

General ETTER. Sir, I think Secretary Yonkers described this correctly that it was a balance between cost and the dwell to deploy time. So I think you categorized that correct, sir.

Senator PRYOR. Like I said, I'd still like to see the numbers to satisfy my curiosity about how much we'd actually be saving there.

Let me ask about BRAC. I know you've had several questions about BRAC. I haven't done an exhaustive survey of our colleagues in the Senate, but my impression is that there's not a lot of enthusiasm for a BRAC round. And if there is, it would be probably structured more along the lines of doing an overseas BRAC first and then a domestic BRAC second.

We can talk about that and have that discussion, and I'm sure that you all will need to be talking to lots of Senators about that because there's not a lot of support for that right now, for the BRAC as you propose it right now.

But back on the A-10s, I don't understand the sequence there if you're making decisions about A-10, C-130s, all these other things that we're making decisions on in this budget, and then if you're also, at the same time, asking for a BRAC. It seems inconsistent or incompatible because it's almost like you're making BRAC-type decisions before there is a BRAC.

And what if BRAC comes back and tells you something totally different and says, no, you need to restructure it this other way. And now we've lost 1 year and have all the wasted spending and wasted time. So why is the idea to do all these changes now and then have a BRAC?

Mr. YONKERS. Let me see if I can respond to you. First of all, the Budget Control Act was a player here, and certainly the new defense strategy, as we looked across what has changed in the last year or so and looking at how we would go to war with one major effort and trying to halt any aggressors in another location.

That balanced out what we thought we needed with regards to the fighter force, with regards to the airlift and with regards to the other assets. So our fiscal year 2013 budget was based primarily on that new defense strategy and those changing requirements independent of BRAC.

When we looked at where we ended up after BRAC 2005—and you will recall that we actually had put on a couple of installations to foreclose that the commission changed and so we didn't go down that path, but when you look at that and look at the analysis that was done at the end of—or that 2005 timeframe, we had 24-percent excess capacity in the continental United States.

And so now, after 7 years, we've taken almost 500 airplanes out of the inventory, from the combat air forces reduction that went into place 3 or 4 years ago, as well as what is in the fiscal year 2013 proposal, and we're going to have fewer aircraft, which begs the question how do you sustain or how do you continue to sustain the same facility footprint that you have with fewer aircraft?

Senator PRYOR. Let me also make this point, and I know Senator Tester asked good questions a few moments ago and had to leave, but I do share a concern that he sort of raised, but I want to be clear on it.

For example, the C-130 is going to Montana and they may not have the proper facilities up there, which apparently they don't. The BRAC process moves forward and they look at Montana and they say, we need to get rid of these airplanes here, because they don't have the proper facilities, and it's going to be a lot more expensive to put them here than it is elsewhere, so let's move those planes somewhere else.

So it seems to me that could be a huge wasted effort, and not to mention that you're getting expectations up in Montana. It could be a huge wasted effort. And so that's why I question the sequencing of how you're doing this. I understand the Budget Control Act and I get all that, but I am not sure that it all makes sense. That's one of the reasons why I think there's quite a bit of reluctance in the Senate on a BRAC round this time.

And plus, in addition to that, you take a community like Montana or Fort Smith, Arkansas, and some of these things may change later. In a BRAC round you actually get some financial support through the whole BRAC process to help that community adjust after the fact.

Whereas, if you just do what you're doing now, you don't get that, and whether it goes through a BRAC or whether it's just a decision at the Pentagon, it still hurts that community and there's a void in that community that they just don't have much of a chance to fill.

Mr. YONKERS. Sir, if I could respond, I spent 6 years standing up the base realignment and closure office in the Air Force back in 1990, and I've looked at the first 88, 91, 93, and 95 rounds of BRAC. They were painful for definitely the communities, painful for Members of Congress and painful for the Air Force and the other services that had to go through those—

Senator PRYOR. We lost an airbase in one of those—

Mr. YONKERS. But I think when you look at the financial situation that we're in, we're having to make some really difficult choices here. And the longer we delay on implementing or approving a BRAC, the more those expenses pile up. And so that was part of the reason for trying to execute something in 2013 or get a 2013 BRAC round started. The idea was with 2015 to make the adjustments, if there were any needed to be done, as a follow-on to it.

So, I mean, this is part of the logic. It's not something that any of us, I think, look forward to, but under the financial considerations today, it's one of the options I think we have to consider.

Senator PRYOR. Mr. Chairman, I way exceeded my time, but just one last point. I think that is one reason why you're seeing some reluctance. Obviously, there are political reasons too, but some reluctance in the Senate, in the committee, and in the subcommittee specifically, because we don't have the data and analysis to look inside those numbers to understand the savings and all the things we're talking about. We all agree that we're going to have to find savings. It's hard for us to agree if we only are working with a little part of the information, not the whole picture. So thank you, again. Thank you, Mr. Chairman.

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

ADDITIONAL COMMITTEE QUESTIONS

For the information of members, questions for the record should be submitted by the close of business on April 18.

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

QUESTIONS SUBMITTED TO HON. TERRY A. YONKERS

QUESTION SUBMITTED BY SENATOR TIM JOHNSON

Question. Secretary Yonkers, the Air Force Future Years Defense Plan (FYDP) includes a \$215 million wedge between fiscal year 2014 and 2016 for a "Pacific Resiliency" initiative. Can you explain what this program is, where the funding would be used, and what types of projects it would fund? Is this program linked to the Air Force expansion plans at Anderson Air Force Base on Guam?

Answer. Pacific Resiliency refers to the ability to mitigate risk to operational plans and contingency responses by providing resiliency through various measures to include hardening, distributed basing, passive/active defense capabilities, and pre-positioned equipment throughout the Pacific area of responsibility. Early phases of this initiative provided money to harden two hangars on Guam. Future projects around the Pacific theater include hardening POL systems, increasing bulk fuel storage locations, aircraft parking aprons, and fuel hydrants. The remaining phases are not necessarily tied to Guam, nor are they linked to other programs such as Guam Strike or the Marine relocation to Guam.

QUESTION SUBMITTED BY SENATOR MARK KIRK

ENERGY CONSERVATION INVESTMENT PROGRAM

Question. Secretary Yonkers, I am concerned that the Air Force participation in the Energy Conservation Investment Program is disproportionately lower than that of the other services.

Can you offer your opinion as to why the Air Force did not compete well in the OSD selection process for ECIP funds?

Answer. The Air Force consistently receives approximately \$30 million in Energy Conservation Investment Program (ECIP) from the Office of the Secretary of Defense (OSD) per year, and is postured to execute ECIP much more aggressively through design-build, if OSD can increase the Air Force share of ECIP funding. Given the traditional conservation focus of ECIP, an increase of \$10 million to \$20 million per year would significantly help the Air Force meet Federal energy intensity and water intensity reduction goals. Additionally, under the new OSD grading criteria ECIP funding can also help the Air Force meet Federal renewable energy goals.

QUESTION SUBMITTED BY SENATOR DANIEL COATS

Question. If Davis-Bacon was waived, how much money would it save the Department of the Air Force's MILCON program?

Answer. The Air Force does not collect cost differentials, attributable to Davis-Bacon Act (DBA) wages, between the Government and the private sector. The cost differential will be different based on location (i.e., area wages, cost of living, and union status) and the economy (i.e., when the economy is strong and overall prices high, the DBA impact is less. When the economy is weak and overall prices low, the relative DBA construction cost impact increases). While we cannot conclusively determine the monetary savings if Davis-Bacon were waived, we investigated the cost associated with the "Labor Statute Clauses" (to include Davis-Bacon Act, Project Labor Agreements, and Payroll Reporting Burden). We estimate the cost increase for Labor Statute Clauses when compared to commercial facility equivalent costs are an average of approximately 6 percent across the Air Force's military construction portfolio.

CONCLUSION OF HEARINGS

Senator JOHNSON. This hearing is recessed.

[Whereupon, at 11:34 a.m., Wednesday, March 28, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]