

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

TUESDAY, MARCH 27, 2012

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

The subcommittee met at 10:05 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Tim Johnson (chairman) presiding.
Present: Senators Johnson, Pryor, Murkowski, and Blunt.

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY

STATEMENT OF HON. ROBERT F. HALE, UNDER SECRETARY (COMPTROLLER)

ACCOMPANIED BY:

DR. DOROTHY ROBYN, DEPUTY UNDER SECRETARY FOR INSTALLATIONS AND ENVIRONMENT

DR. PETER LAVOY, PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR ASIAN AND PACIFIC SECURITY AFFAIRS

OPENING STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. Good morning. This hearing will come to order. I welcome everyone to today's hearing to discuss the President's fiscal year 2013 budget request for military construction (MILCON) and family housing for the Department of Defense (DOD) and the Department of the Army.

Before beginning, I would like to acknowledge the temporary absence of my friend and ranking member, Senator Mark Kirk. I wish him a speedy recovery, and I look forward to his return to this subcommittee. In the interim, you can be sure that I will represent his interests in all matters that come before our subcommittee.

Our first panel today will be DOD Comptroller Bob Hale; Dr. Dorothy Robyn, Deputy Under Secretary of Defense for Installations and Environment; and Dr. Peter Lavoy, Principal Deputy Assistant Secretary of Defense for Asian and Pacific Security Affairs.

Secretary Hale, Dr. Robyn, and Dr. Lavoy, thank you for coming. We look forward to your testimony.

The President's military construction and family housing budget request for fiscal year 2013 totals \$11.2 billion, a plunge of nearly 25 percent from the fiscal year 2012 request. I recognize that this reduction is a result of budget constraints and uncertainty of mili-

tary construction requirements in the face of planned end strength reductions and military realignments.

Nevertheless, I am concerned that MILCON not be the bank for investments in other defense programs, as critical as they might be. Infrastructure is the backbone of our military and a mainstay of support for our troops and our military families. We must give it the priority it requires.

There are a number of issues in the fiscal year 2013 MILCON budget request that compel our attention, including the impact of planned end strength reductions, overseas military realignments, and the proposal for new base realignment and closure (BRAC) rounds in fiscal years 2013 and 2015. The President's new focus on strengthening U.S. military presence in the Pacific is another area that will impact future MILCON, and I hope Dr. Lavoy will be able to give us a preview of that initiative from a MILCON perspective.

I look forward to the testimony of our witnesses on these and other important issues.

Secretary Hale, Dr. Robyn, Dr. Lavoy, thank you again for appearing before our subcommittee. Your prepared statements will be placed in the record, so I encourage you to summarize your remarks to allow for more time for questions.

Secretary Hale, please proceed.

SUMMARY STATEMENT OF HON. ROBERT F. HALE

Mr. HALE. Thank you, Mr. Chairman, members of the subcommittee. And Mr. Chairman, I guess I should say thank you for the opportunity to discuss the MILCON portion of the budget.

Let me start with two pieces of introduction, one to express our concern and are glad to hear that Senator Kirk is recovering. We certainly wish him a speedy and complete recovery. Second, I want to thank you, Mr. Chairman, and all the members for your support of the men and women in uniform and also the civilians that support them.

I'll summarize briefly my statement. Consistent with the Budget Control Act, we reduced defense funding for fiscal year 2013 to 2017 by a total of \$259 billion, compared to last year's plan. After these changes, we ask for \$525.4 billion in discretionary budget authority for fiscal year 2013. Adjusted for inflation, that's a 2.5 percent decline, the third consecutive year of real decline in defense budgets.

As we accommodated these reductions, we were guided by a new defense strategy, as you alluded to, Mr. Chairman, and three related principles. I'll briefly discuss the new strategy and these three principles. I'll try to focus on areas of particular concern to military construction.

We will accommodate reduced defense spending in part through more disciplined use of defense resources, trying to stretch our defense dollars. Among the changes is substantial re-phasing of military construction, pushing off projects until we know the nature and location of force cuts, which we just don't yet in a number of cases. We'll also seek administrative savings and streamlining to reduce base support costs.

Our new defense strategy provides some other opportunities for savings. We're planning for a smaller, leaner force, with ground

forces no longer sized for large, prolonged stability operations such as the ones we carried out in Iraq. We're reducing Active Duty end strength by 102,000 between the end of 2012 and the end of fiscal year 2017, and that's mostly about 90 percent in our ground forces, the Army and the Marine Corps.

Another strategic goal involves rebalancing our forces toward the Asia-Pacific and Mideast regions. This will involve increasing our presence in areas like—Singapore and Australia, moves that may eventually have effects on military construction costs.

We're planning investments in high-priority initiatives, including special operations forces, unmanned aerial vehicles, and cybersecurity. We're making judicious reductions in weapons programs, which I won't spend much time on those today.

Finally, we'll continue to support the All-Volunteer Force. However, we propose to slow the growth in selected components of military pay and benefits to gain control over our personnel costs.

So what does all this mean for the dollars in the MILCON and family housing portions of the budget? For fiscal year 2013, we're asking \$11.2 billion for military construction and family housing, including \$9.1 billion for military construction, \$0.5 billion for BRAC expenses, and about \$1.7 billion for family housing.

These are the numbers. I'd like to draw your attention to several specific issues that may be of interest to the subcommittee. During fiscal years 2012 and 2013, we will re-phase military construction, as I mentioned, pushing off projects until we know the nature and location of force cuts. As a result, military construction has been reduced, markedly, by 17 to 63 percent, depending on the military department, between fiscal years 2012 and 2013.

The exception is defense-wide military construction, which grows by about 6 percent between fiscal years 2012 and 2013. Among other things, this growth reflects support for high-priority improvements in hospitals and DOD-dependent schools.

We request new BRAC authority for fiscal years 2013 and 2015 to accommodate in two rounds of BRAC. Given planned force cuts, we know that we need to consolidate our domestic infrastructure, and BRAC is the only effective means to meet that goal. We recognize the political difficulty of providing BRAC authority, but we need your support to help us hold down long-term costs.

We're also working to formulate a new plan to relocate marines from Okinawa to Guam in a manner consistent with our larger Asia-Pacific strategy. The new plan will maintain support for the Futenma relocation facility, but we will delink that facility from the moves of marines off Okinawa. We now plan to move fewer than 5,000 marines to Guam. We're currently discussing the details of the new plan with the Government of Japan, and we'll continue to consult with Congress.

Other initiatives in the Asia-Pacific area include forward deployment of littoral combat ships in Singapore and the rotational presence of U.S. military personnel in Australia. We are still working details with Singapore. But placeholder funds for the deployment to Singapore are included in our Future Years Defense Plan. No military construction funding is currently planned for the United States rotational presence in Australia, but we'll continue environmental studies and facility assessments.

Last, we recently announced reductions in United States troops stationed in Europe. We will remove from Europe an Army headquarters, two heavy combat brigades, an attack air squadron, an air control squadron, and other enablers. Despite these changes, the United States will maintain a strong presence in Europe with greater emphasis on joint exercises and training.

But these changes will lead to reductions in our overseas infrastructure, and we will take those into account. We don't need BRAC for that. We will do that in tandem with our two rounds of BRAC which will be aimed at domestic infrastructure.

PREPARED STATEMENT

In conclusion, Mr. Chairman, we believe that our overall budget request, including military construction and family housing, is prudent and balances the needs of the armed forces with the Nation's economic situation. We request your support for our proposals.

That concludes my statement. Dr. Robyn will have an opening statement. Dr. Lavoy will not. But then we will all three be available to answer your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. ROBERT F. HALE

Mr. Chairman, members of the subcommittee, thank you for the opportunity to discuss the Military Construction and Family Housing portion of the fiscal year 2013 budget for the Department of Defense.

As always, your support is essential if America's all-volunteer force is to have the infrastructure and facilities needed to ensure our national security and to carry out its missions around the world.

To put the Military Construction and Family Housing requests into context, I will begin with a brief summary of the President's budget for the entire Department—with a focus on the portions of the Defense budget that most affect Military Construction and Family Housing. Then I will highlight a few key financial issues related to facilities.

BASE BUDGET AND OCO REQUESTS

Mr. Chairman, the Department's request for fiscal year 2013 seeks \$525.4 billion in discretionary budget authority. Adjusted for inflation, that is a reduction of 2.5 percent, the third consecutive year of real decline in the Defense budget. In the years beyond fiscal year 2013, the budget will grow modestly, enough to keep up with inflation and in some years a bit more.

In addition, for Overseas Contingency Operations, we are asking for \$88.5 billion in fiscal 2013, a reduction of \$26.6 billion below the fiscal enacted amount of \$115.1 billion in fiscal year 2012. This proposed budget reflects the withdrawal of combat troops from Iraq last December, as well as savings due to operational progress in Afghanistan and the beginning of the transition to Afghan responsibility for their security.

Our overall budget is consistent with the provisions of title I of the Budget Control Act of 2011. However, our request does not assume the sequestration specified in title III. If enacted, the President's budget would provide a basis for halting sequestration, while ensuring the maintenance of a strong national defense.

To reach the base funding requested in this budget, and to be consistent with the Budget Control Act of 2011, we reduced defense funding for fiscal year 2013–2017 by a total of \$259 billion compared to last year's plan. Our budget reductions were shaped by a new strategy for defense and by three key principles related to that strategy:

- More disciplined use of resources;
- Reductions in forces and investment consistent with the strategy; and
- Support for the All-Volunteer Force but also a review of military compensation.

We achieved \$60 billion in savings—about one-quarter of the total required reduction—through more disciplined use of Defense resources. Our proposals include reducing expenses in the Office of the Secretary of Defense and the Defense Agencies,

continued efforts to cut back on IT expenses, and improved buying practices. Of particular interest to this subcommittee, we rephased Military Construction projects in view of planned force structure cuts.

Our new national security strategy provides additional opportunities for savings through force structure reductions. By the end of fiscal year 2017, the Army will eliminate a minimum of eight brigade combat teams, the marines will disestablish six battalions and four tactical air squadrons, the Air Force will eliminate seven tactical air squadrons and a number of mobility aircraft, and the Navy will retire nine ships.

In short, we are planning for a force that is smaller and leaner, with ground forces that are no longer sized for large, prolonged stability operations. We are reducing Active Duty end strength by 102,400 between the end of fiscal year 2012 and the end of fiscal year 2017. These reductions mostly affect ground forces. The new 5-year budget plan calls for an end strength reduction of about 72,000 Army soldiers and about 20,000 marines by fiscal year 2017. This will result in an Army of 490,000 soldiers and a Marine Corps of 182,100 marines. Reductions in the Navy and Air Force will be substantially smaller. By fiscal year 2017, we will also reduce end strength in the Reserve components by 21,500, resulting in a total Reserve force of 825,600, with Navy Reserve and Air Force National Guard components experiencing the greatest Reserve force reductions.

These reductions in force structure require that we consolidate our infrastructure. We are, therefore, asking Congress to authorize two new rounds of the Base Realignment and Closure (BRAC) program, one in fiscal year 2013 and the other in fiscal year 2015.

The Department's shift to a smaller, leaner force increases the need to ensure that our forces are ready and agile. That puts an emphasis on Special Operations forces, which are increasing in size. We will also maintain the current size of our bomber and carrier forces, which can essentially self-deploy. Readiness concerns led us to increase our Operation and Maintenance budget, which will increase by 6 percent in our request even as our overall budget falls by one percent.

Another goal is to rebalance our forces towards the Asia-Pacific and Middle East regions. Of particular interest to this subcommittee, we have made a commitment to enhance U.S. military presence in Australia on a rotational basis and are discussing options to improve security cooperation with the Philippines. We will also forward deploy a number of littoral combat ships in Singapore and three patrol craft in Bahrain. Since we do not expect to fight alone, our fiscal year 2013 budget continues to invest in strong alliances.

We must plan for other investments in high-priority initiatives. That does not mean that we will spend as much as we planned last year, but investments will be substantial even in these difficult times. Specifically, we will invest substantially in our Special Operations forces, unmanned aerial systems, and cybersecurity.

At the same time, we are making judicious reductions in key weapons where those cuts are consistent with our new strategy and good management. Compared with last year's plans, we are reducing funding by \$15.1 billion over the next 5 years for the Joint Strike Fighter, and we are cutting shipbuilding by \$13.1 billion with an emphasis on cutbacks in support ships. We will terminate six weapons programs including the Global Hawk Block 30 program—a program that is no longer cost-effective as a replacement for the U-2 aircraft. Instead we will extend the life of U-2 planes.

Turning to the All-Volunteer Force (AVF), we will continue to support many programs—family support, healthcare, and others—that nurture the AVF. At the same time, we cannot ignore the growth in military pay and benefits—up almost 90 percent since 2001 (about 30 percent more than inflation) while net end strength grew only 3 percent.

Obviously, we need a military compensation system that is commensurate with the stress in military life. That means we cannot simply copy the civilian system. We have to be sure that we have a system that allows us to attract and retain the people we need. And we are committed to ensuring that no one's pay is cut.

However, we found it necessary to slow growth in pay and benefits to avoid overly large cuts in force structure and modernization. We are proposing changes that will save about \$30 billion over the Future Years Defense Plan (FYDP) or slightly more than 10 percent of our \$259 billion savings target.

Our budget for fiscal year 2013 includes a pay raise for the military that is consistent with the Employment Cost Index (ECI). We will propose a raise in 2014 that is consistent with the ECI but, in later years, we will propose raises that are lower in order to control personnel costs. Restricting changes to future years will provide servicemembers and their families with time to plan. Adjustments to pay raises will lead to savings of \$16.5 billion over the FYDP.

For military healthcare, we are proposing increases in TRICARE Prime enrollment fees, using a tiered approach with higher fees for higher ranking retirees earning greater retired pay and lower increases for more-junior retirees earning lower retired pay. That's for Prime, the HMO version of TRICARE. For TRICARE Standard/Extra, which are the fee-for-service options, we will ask Congress to enact a new enrollment fee and higher deductibles. We will also ask for a new enrollment fee in the TRICARE for Life program—for retirees 65 and over—again using a tiered approach. And we will continue to increase pharmacy co-pays, aimed at encouraging people to order by mail and to use generic-brand prescriptions. Medically retired members, their families, and survivors of members deceased while on Active Duty would be exempt from these benefit adjustments.

We are also asking Congress to set up a Military Retirement Modernization Commission that will have the time and staff to look at this complicated area of military compensation and to make recommendations. We envision a process much like those followed by past BRAC commissions. The administration believes in full grandfathering to protect the benefits for current retirees and those serving in the military at the time of enactment.

MILITARY CONSTRUCTION AND FAMILY HOUSING

The Military Construction and Family Housing portion of this budget supports the various objectives I just noted. For fiscal year 2013, we are asking for \$11.2 billion for Military Construction and Family Housing.

Of the \$11.2 billion requested, \$9.1 billion is for Military Construction. This request will provide operational and training facilities and supporting infrastructure. It also continues to recapitalize aging facilities—beginning with those with the greatest needs—and to modernize DOD facilities to support the U.S. military and their families, including dependent schools, dorms and barracks, and medical facilities.

The fiscal year 2013 budget includes \$0.5 billion for BRAC-related environmental clean-up and caretaker costs and \$1.7 billion for construction, operation, and maintenance of Government-owned family housing worldwide. This investment will help to provide and maintain quality, affordable housing for U.S. military personnel and their families stationed in locations lacking adequate rental housing.

SELECTED ISSUES

I would like to complete my testimony by saying a few words from the Comptroller's standpoint about several specific Military Construction issues.

This budget rephases Military Construction funding for each of the Military Departments. As a result, between fiscal year 2012 and fiscal year 2013, Military Construction funding has been reduced by 17 to 63 percent, depending on the Military Department. We must determine what bases and installations will experience force structure reductions and avoid unneeded Military Construction projects at those facilities. The only exception to this rephasing is in the Defense-wide Military Construction accounts. They grow by about 6 percent, reflecting support for high-priority improvements in hospitals and DOD dependents' schools.

As I mentioned earlier, the Department seeks two new rounds of BRAC in fiscal year 2013 and fiscal year 2015 in order to reduce excess infrastructure. The change in force structure and fiscal constraints make it imperative for the Department to close and realign unnecessary military installations, and we can only do this effectively using BRAC authority. An internal working group is refining the Department's goals for BRAC and deciding how to manage our preparation for BRAC 2013.

Another issue involves the relocation of marines from Okinawa to Guam. Consistent with the DOD strategic goal of rebalancing our global posture, Guam remains an essential part of our larger Asia-Pacific strategy. The United States and Japan have begun official discussions to adjust our current posture plans. This includes reviewing the unit composition and number of marines who will relocate to Guam and delinking progress on the Futenma Replacement Facility (FRF) from the relocation of marines to Guam. However, both countries remain committed to the construction of the FRF. We will continue to consult with Congress as these discussions progress. Pending further definition of our plan, the fiscal year 2013 budget request includes \$51 million for construction of a parking ramp on Andersen Air Force Base and continued planning and design efforts.

Other initiatives in the Asia-Pacific area include the rotational presence of U.S. Marines and Air Force personnel in Australia and forward deployment of littoral combat ships in Singapore. Neither involves infrastructure funding in fiscal year 2013. Funds for the deployment to Singapore are programmed in the FYDP. While no funding request is planned in the FYDP for the United States rotational presence

in Australia, we will continue planning efforts such as environmental studies and facility assessments.

Lastly, we recently announced changes in U.S. troops stationed in Europe. These include inactivation of force structure associated with the Army's V Corps headquarters and two heavy brigades, an A-10 aircraft squadron, an Air Control squadron, and various enablers. These changes notwithstanding, the United States will maintain a strong presence in Europe to support our Article 5 commitments and to meet the full range of 21st century challenges. There will be a greater emphasis on joint exercises and training to enhance interoperability for coalition operations, as well as new capabilities such as missile defense.

CONCLUSION

In conclusion, I believe that the fiscal year 2013 budget is prudent, given the needs of the Armed Forces and the Nation's economic situation. The budget supports a reasonable and responsible Military Construction and Family Housing program. I request your support.

Again, Mr. Chairman, members of the subcommittee, thank you for your strong support of the men and women of the Department of Defense. That concludes my statement. I welcome your questions.

Senator JOHNSON. Thank you, Secretary Hale.

Dr. Robyn, please proceed. I understand you were in something of an accident.

STATEMENT OF DR. DOROTHY ROBYN

Dr. ROBYN. No. I had committed to speak to 400 military engineers. Unfortunately, they were in Rockville, Maryland. So it was a just-in-time appearance.

Thank you very much, Chairman Johnson and Senator Pryor.

I want to touch on three issues: Our military construction and family housing budget, our request for two new BRAC rounds, and what we're doing in environment and energy. Mr. Hale covered all of the statistics that I had in my opening statement on the MILCON budget, so what I want to do is highlight what we are not asking money for in our MILCON budget, namely, family housing here in the United States. We're not asking money for that because we have now privatized nearly all of our 200,000 units of family housing.

Using the power of the commercial market, we have leveraged a \$3 billion DOD investment to generate \$27 billion worth of high-quality, well-maintained homes, and that has done a lot to improve the quality of life for military families. It's an extraordinary success story, the most successful reform my office has carried out and something we should be looking to do much more broadly, particularly as budgets tighten.

The second issue is BRAC. As Mr. Hale said, we need another BRAC round, ideally two. The math is straightforward. Force reductions produce excess capacity. Excess capacity is a drain on resources. Only through BRAC can we align our infrastructure with our strategy.

It has not gone unobserved that Congress is not terribly enthusiastic about this. So let me try to anticipate a couple of your criticisms.

The first: Can't we close bases in Europe before we have a BRAC round here? Let me say that we have already made significant reductions in our European footprint. In the last 20 years, we have reduced U.S. force presence, as measured by personnel and installation sites, by 80 percent. Just since 2003, we have returned more

than 100 sites in Europe to their respective host nations, and we've reduced personnel by one-third. Between fiscal years 2012 and 2015, the Army alone will close 23 additional sites as previously announced.

With the recently announced force structure changes in Europe, we can do more to consolidate our infrastructure. And we have a BRAC-like process that my office is leading, working closely with the United States European Command (EUCOM) theater commander, his component commanders, and the service leadership here in Washington. But even if we make a significant cut in our footprint in Europe, which we will, we still need a domestic BRAC.

Now, the second criticism is: How can we do another BRAC round when the last one, the 2005 round, doesn't pay off until 2018? And that's a fair question. But let me say that the 2005 round is not the right comparison.

Unlike the first four BRAC rounds, which paid off in a relatively short period of time, the 2005 round was not about savings and eliminating excess capacity. Carried out in a post 9/11 environment, when the Department was at war and the military was growing, it was about transforming installations to better support the war fighter. The Army, in particular, used BRAC 2005 to carry out major transformational initiatives such as the modularization of brigade combat teams.

To quote the Assistant Chief of Staff of Army Installation Management, "the urgency of war drove the Army to leverage BRAC 2005 as the tool to integrate several critical transformational initiatives which, if implemented separately, might have taken decades to complete."

So the 2005 round is not the right comparison. Because the focus was on transforming, as opposed to saving, it's a poor gauge of the savings the Department can achieve through another BRAC round. The prior BRAC rounds, the 1990s rounds, which reduced capacity and paid off in a relatively short period of time, represent a better gauge of such savings.

Finally, let me briefly address what we're doing on the environment and energy. We're requesting \$4 billion for environmental programs, and my statement details our progress and our goals with respect to cleanup and pollution prevention. Separately, I describe our four-part installation energy strategy, which is designed to reduce our energy costs and make our installations more resilient in the event of disruption to the commercial power grid.

Let me highlight one common theme across both energy and the environment in our efforts, and that is technological innovation. Technological innovation has been Department of Defense's comparative advantage for 200 years. Although we tend to talk about technology in the context of weapon systems and combat operations, it is important to harness that advantage for what we are trying to do with respect to both the environment and energy.

Let me give you an example. A decade ago, the two department-wide environmental technology programs, which I oversee, took on a challenge, developing technologies that could discriminate between scrap metal and hazardous unexploded ordnance (UXO), in other words, telling beer cans from bombs. Current cleanup methods lack the ability to do that. Their false positive rate is 99.99 per-

cent. As a result, contractors must dig up hundreds of thousands of metal objects in order to identify and remove just a few pieces of UXO. Because this process is so labor-intensive, it is very expensive, and our estimated bill to clean up known UXO is more than \$14 billion.

The two programs that I oversee, after 10 years of investment, have yielded 10 technologies that can discriminate between UXO and harmless metal objects with a very high degree of reliability. No less important, we are doing live site demonstrations of this technology on an accelerated basis, and we're working with the UXO cleanup firms and State regulators to get them comfortable with what is a fundamentally new approach to UXO cleanup, one that we think can save the Department billions of dollars.

Similarly, the Department's facility energy strategy is attempting to exploit DOD's extraordinary strength as a technological innovator. To illustrate, 3 years ago, my office created the Installation Energy Test Bed run by the same people who solved the UXO problem. The rationale is similar.

In the energy area, as in the environmental area, emerging technologies offer a way to significantly reduce DOD's costs and improve its performance. But because of fundamental market failures, those technologies are very slow to get to market. The valley of death is very deep, if you will.

As the owner of 300,000 buildings, it is in the Defense Department's direct self-interest to help industry overcome the barriers that inhibit innovative technologies in this area in order to get them commercialized and deployed on DOD installations. We do this by using our installations as a distributed test bed to demonstrate and validate the technologies in a real-world integrated building environment. And I could give you lots of wonderful examples. By centralizing the risk and distributing the benefits of new technology to all DOD installations, the test bed can provide a significant return on DOD's investment.

In sum, the two themes I want to hit: Competition and technological innovation. The management of installations and the related energy and environmental issues is one of the most business-like activities the Department of Defense carries out. We should be taking full advantage of market mechanism and competition to do that, and we should be leveraging our extraordinary talent for driving technological change.

PREPARED STATEMENT

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

PREPARED STATEMENT OF DR. DOROTHY ROBYN

Chairman Johnson, Senator Kirk and distinguished members of the subcommittee: Thank you for the opportunity to present the President's fiscal year 2013 budget request for the Department of Defense programs to support installations, facility energy and the environment. My testimony covers four topics: International and domestic basing, including the Department's request for authorization of two new rounds of base realignment and closure; our management of the built environment, including the programs that support military construction, family housing, and sustenance and recapitalization; our strategy for managing facility energy to reduce costs and improve installation energy security; and our management of the

natural environment, including the programs that support environmental conservation and restoration, environmental technology and compatible development.

THE GLOBAL PICTURE: INTERNATIONAL AND DOMESTIC BASING

To project power globally, the Department must have the right mix of forces and facilities at strategic locations. My office supports the Department's strategic security objectives by ensuring that decisions about basing of troops and facilities are the product of joint planning and rigorous analysis. We also seek to reduce our installation footprint wherever possible.

REBASING MARINES FROM OKINAWA TO GUAM

The United States is rebalancing its global posture to reduce its presence in certain regions and enhance it in others. As the recent United States-Japan joint statement made clear, the United States and Japan are strongly committed to strengthening our robust security alliance, which is dedicated to the security of Japan and to the maintenance of peace and security in the Asia-Pacific region. The United States has conducted a strategic review of its defense posture in Asia in order to achieve a more geographically distributed, operationally resilient and politically sustainable force structure. Japan has welcomed this initiative.

Based on that review, the development of Guam as a strategic hub, with an operational Marine Corps presence including marines relocated from Okinawa, remains an essential part of the Alliance's Asia-Pacific Strategy. The United States and Japan have begun official discussions to adjust our plans as set forth in the 2006 Realignment Roadmap. In particular, we propose to delink the movement of marines to Guam and the resulting land returns south of Kadena from progress by Japan on the Futenma Replacement Facility (FRF) near Camp Schwab. We remain committed to mitigating the impact of U.S. forces on Okinawa and to construction of the FRF as the only viable way forward. That said, we believe the two sides must invest in the Futenma facility in the near-term, to ensure both safety and combat readiness.

The President's fiscal year 2013 budget request includes \$51 million for construction to support the Marine relocation to Guam. Our request includes another \$139.4 million for Guam civilian infrastructure to address population growth there, of which \$106.4 million is for Guam water and wastewater infrastructure capital improvements such as water treatment plant modifications, supply well improvements and provision of backup power at wastewater pump stations.

BASE REALIGNMENT AND CLOSURE

After a decade of war the United States is at a strategic turning point. With changes in strategy come changes—in this case reductions—in force structure. Simply stated, the cuts in force structure that we are implementing must be accompanied by cuts in supporting infrastructure, including military bases. Absent a process for closing and realigning bases, the Department will be locked in a status quo configuration that does not match its evolving force structure, doctrine and technology. Given the high cost of our infrastructure, moreover, if we retain bases that we do not need, we will be forced to cut spending on forces, training and modernization.

Overseas Basing Review

The Department's request for additional rounds of BRAC comes at a time when we are looking aggressively at where we can close bases overseas—particularly in Europe. (Although domestic closures require legislative authority, overseas closures do not.)

We have already made significant reductions in our European footprint. Since 2003, the Department has returned more than 100 sites in Europe to their respective host nations, and we have reduced our personnel by one-third. Between fiscal year 2012 and fiscal year 2015 the Army alone will close 23 additional sites as previously announced.

With the recently announced force structure changes in Europe, we can do more to consolidate our infrastructure with the goal of reducing long-term costs while still supporting our operational requirements and strategic commitments. First, we can reduce the number of discrete installation sites we maintain in Europe. We have more than 300 such sites—ranging from small communications posts to robust Main Operating Bases—of which about 200 house most of our activities. Second, we can eliminate excess support infrastructure such as warehouses, administrative space and housing. The infrastructure located off-base presents a particularly attractive

target for consolidation. Third, we can take advantage of the capacity made excess by force structure changes to accommodate new functions.

My office has undertaken the first step in this process: We are working with the EUCOM theater commander, his component commanders and Service leadership here in Washington to measure the capacity of all of our European installations. This inventory will allow us to analyze how much capacity can be shed and where. With the goal of long-term cost reduction, we will assess the costs and savings of each proposed action and identify those with the highest payback. We anticipate having preliminary options for the Secretary to review by the fall.

Domestic Basing: The Need for BRAC

Even a significant reduction of our footprint overseas will not achieve the needed cuts to overall infrastructure—hence our request for a parallel, BRAC process. It makes sense to look at our domestic and overseas bases at the same time, moreover, so that the two reviews can inform one another. The Department took this approach in 2004–2005, and it would be no less useful now given the major strategic realignment underway. Let me briefly summarize the case for BRAC.

First, the same strategic and fiscal factors that compel consolidation overseas require it here. In addition to the global posture shifts discussed above, we are shaping a joint force for the future that, while agile and technologically advanced, will be smaller and leaner across the board. The Army is reducing force levels by 72,000, the Marine Corp is resizing to 182,000 Active Marines, and the Air Force is eliminating approximately 300 aircraft over 5 years. We are also delaying, restructuring and canceling modernization programs. To adjust to these strategic changes, and to eliminate the excess capacity that results from reductions in force structure, the Department will need to close and realign installations in the United States as well as Europe.

Moreover, the overhead cost to maintain, sustain and protect bases is high. In recent years we have spent about \$40 billion a year on facilities construction, sustainment and recapitalization. Other costs associated with operating military installations (e.g., air traffic control, religious services and programs; payroll support; personnel management; morale, welfare, and recreation services; and physical security) have averaged about \$15 billion a year. If we retain bases that are excess to need, we will be forced to cut spending on forces, training and modernization.

Second, the statutory commission process provided by BRAC is the only fair, objective and proven method for eliminating excess domestic infrastructure and reconfiguring what remains. BRAC provides for a sound, thorough and transparent analytical process, based on a 20-year force structure plan developed by the Joint Staff; a comprehensive inventory of installations by the Department to ensure a thorough capacity analysis; and defined selection criteria that place priority on military value. The requirement to look at every installation means DOD must consider a broad range of approaches, not just the existing configuration; and the transparency of the process facilitates independent review by the commission and affected communities. Most important, the requirement that the President and Congress accept or reject the Commission's recommendations on an "all-or-none" basis insulates BRAC from political interference.

Third, the savings from BRAC are real and substantial. Of all the efficiency measures that the Department has undertaken over the years, BRAC is perhaps the most successful and significant. The first four rounds of BRAC (1988, 1991, 1993, and 1995) are producing a total of about \$8 billion in annual recurring savings, and the comparable figure for BRAC 2005 is \$4 billion. This amount (\$12 billion) represents the additional costs that the Department would incur every year for base operating support, personnel and leasing costs had we not had BRAC. These annual savings, or avoided costs, are equivalent to what the Department would spend to buy 300 Apache attack helicopters, 124 F/A–18E/F Super Hornets or four Virginia class submarines.

Understandably, some have questioned the specifics of our savings calculations, and critics have pointed to the 2005 round as evidence that BRAC does not produce the hoped for savings—or at least not in a reasonable timeframe. I will respond to these criticisms in more detail tomorrow when I testify before the House Armed Services Committee's Subcommittee on Readiness, but let me say this here: The 2005 round took place during a period of growth in the military, and it reflected the goals and needs of that time. Because the focus was on transforming installations to better support forces—as opposed to saving money and space—it is a poor gauge of the savings that the Department can achieve through another BRAC round. The prior BRAC rounds—which reduced capacity and paid off in 2 to 3 years—represent a better gauge of the savings potential of future BRAC rounds.

Joint Basing

A significant action under BRAC 2005 that my office has championed is the consolidation of 26 installations into 12 Joint Bases. This action responded to persistent internal and external criticism that base support was duplicative. The Department also felt that joint operation would enhance the military value of Service-unique installations, making them a DOD-wide asset.

The creation of a Joint Base is complex. The commander must merge diverse, service-specific financial systems, management structures, operating procedures, and staffs, so as to jointly manage functions ranging from facilities sustainment to mail delivery to the provision of family support services. Considering the size of many of our installations, such a consolidation is equivalent to the merger of two corporations. As with corporate mergers, moreover, the cultural differences are often the hardest to bridge.

I chair a flag-level group (the Senior Joint Base Working Group, SJBWG) that has met regularly for the last 3 years to oversee the implementation and operation of Joint Bases. The SJBWG created the initial framework for joint basing, including a body of policy guidance (Joint Base Implementation Guidance) and a collaborative governance structure (Joint Management Oversight Structure). Throughout the process, the SJBWG made key strategic decisions.

First, to hold the lead Service accountable, the SJBWG created a comprehensive set of Common Output Level Standards, or COLS. Previous efforts to create Joint Bases had encountered strong resistance because of concerns by one Service that another Service would not provide adequate base support—i.e., that it would adopt a “lowest-common-denominator” approach to installation management. To allay this fear, the SJBWG led an exhaustive effort to define a COLS metric for every relevant aspect of base support—274 COLS in all.¹ Significantly, in every case the SJBWG opted for the highest standard used by any of the Services as the COL standard for Joint Bases. Although this “highest-common-denominator” approach allayed the fears that had doomed joint basing in the past, it did so at a price: Installation support costs for the Joint Bases have gone up by 6 percent on average. However, we expect the savings from consolidation to offset this. Moreover, COLS give the Department a solid basis for estimating and budgeting for installation support requirements—a best practice that we hope to apply to all military bases.

Second, the SJBWG opted to give the Joint Bases a transition period to merge their organizations before asking them to achieve a savings target.² This represents a conscious decision by the Services to defer the near term savings from joint basing in order to increase the odds that it will succeed in the long run. It is directly analogous to the Department’s approach to traditional BRAC actions, which often require an up-front investment in order to achieve the long-term savings.

Joint Bases represent a fundamental change in our approach to installation management. Although these bases have been operating for only a short time, we are already beginning to see the expected economies of scale from consolidation. For example, by combining its recycling operations, Joint Base McGuire-Dix-Lakehurst is avoiding \$1 million in facility and equipment costs and \$200,000 a year in contract costs. Less expected, however, is that our Joint Bases are proving to be incubators for innovation, as the commanders, faced with inconsistent Service rules and requirements, adopt new, cross-cutting business processes. For example, at Joint Base San Antonio, the commander standardized security procedures and created a single chain-of-command across the three facilities that make up the installation, thus facilitating cooperation with State and local law enforcers.

I have had the opportunity to meet personally with most of the Joint Base Commanders. They get it. They see “jointness” not just as a more efficient and effective way to support the installation missions on their bases but as a superior way to support the soldiers, sailors, airmen and marines learning to fight together. I strongly believe their ability to transcend traditional practices and develop innovative solutions to long-standing inefficiencies will position us for future, Department-wide reforms.

¹ For example, one COLS metric specifies the maximum height that grass on an installation can reach before it must be cut. In addition to defining the underlying metric (grass height, measured in inches), the SJBWG selected the actual value (standard) for that metric to which the Joint Bases as a whole would be held.

² Specifically, Joint Base commanders were given leeway to adjust resources within their portfolios, for fear that premature staff reductions could compromise the design and implementation of their new organizational constructs. Ironically, the Joint Bases have had to function with a large number of civilian vacancies largely because of the Services’ backlog of personnel actions.

MANAGING OUR BUILT ENVIRONMENT

The President's fiscal year 2013 budget requests \$11.2 billion for Military Construction (MILCON) and Family Housing—a decrease of approximately \$3.5 billion from the fiscal year 2012 budget request. This decrease primarily reflects the declining budget environment and the Services' decision to defer facility investments at locations that may be impacted by changes in force structure.

TABLE 1.—MILCON AND FAMILY HOUSING BUDGET REQUEST, FISCAL YEAR 2012 VS. FISCAL YEAR 2013

[Dollars in millions]

	Fiscal year 2012 request	Fiscal year 2013 request	Change from fiscal year 2012	
			Funding	Percent
Military Construction	12,006.4	8,540.6	(3,465.8)	(29)
Base Realignment and Closure	582.3	476.0	(106.3)	(18)
Family Housing	1,694.4	1,650.7	(43.7)	(3)
Chemical Demilitarization	75.3	151.0	75.7	100
Energy Conservation Investment Program	135.0	150.0	15.0	11
NATO Security Investment Program	272.6	254.1	(18.5)	(7)
Total	14,767.0	11,222.7	(3,544.3)	(24)

MILITARY CONSTRUCTION

We are requesting \$8.5 billion for “pure” military construction—i.e., exclusive of BRAC and Family Housing. This addresses routine needs for construction at enduring installations here and overseas and for specific programs such as the NATO Security Investment Program and the Energy Conservation Investment Program. In addition, we are targeting three priorities.

First and foremost are the operational missions. Our fiscal year 2013 budget requests \$3.5 billion to support operations and training requirements, including a second Explosives Handling Wharf at Kitsap, Washington; communications facilities in California and Japan that are needed for operations in the Pacific region; specialized facilities for Special Operations forces at various global locations; and range and training facilities for ground forces at several Army installations.

Second, our budget request continues the recapitalization of DOD-owned schools as part of the 21st Century Schools Initiative. We are requesting \$547 million to replace or renovate 11 schools that are in poor or failing condition, primarily at enduring locations overseas. By the end of fiscal year 2018, more than 70 percent of the DOD-owned schools will have been replaced or undergone substantial renovation. The new buildings, intended to be models of sustainability, will provide a modern teaching environment for the children of our military members.

Although it is not part of the military construction budget, the fiscal year 2013 budget also requests \$51 million to construct, renovate, repair or expand schools that, while located on military installations, are operated by Local Education Agencies (LEA). This request represents a third year of funding for LEA schools (Congress set aside \$250 million for LEA schools in fiscal year 2011 and again in fiscal year 2012, in response to concerns about poor conditions and overcapacity). The request is part of DOD's proposed budget for the Office of Economic Adjustment (OEA), which Congress designated to execute the LEA school funding it provided. OEA is working with other parts of the Department and giving priority to those schools with the most serious deficiencies.

Third, the fiscal year 2013 budget request includes \$1 billion for 21 projects to upgrade our medical infrastructure. By modernizing our hospitals and related facilities, we can improve healthcare delivery for our servicemembers and their families, and enhance our efforts to recruit and retain personnel. The fiscal year 2013 request provides the next increment of funding to replace the William Beaumont Army Regional Medical Center in Texas (\$207 million) and the Landstuhl Regional Medical Center in Germany (\$127 million). It also provides for continued improvement of the medical research facilities that support our chemical-biological mission.

FAMILY AND UNACCOMPANIED HOUSING

The Services rely largely on privatization to provide family housing on U.S. bases. As I have said many times, privatization of family housing—where the Services partner with the private sector to generate housing built to market standards—is

the single most effective reform my office has carried out. Prior to privatization, the Services' chronic underinvestment in their facilities had created a crisis, with almost 200,000 of the Department's family housing units rated "inadequate." Privatization leveraged the power of the commercial market to serve our needs. With an investment of approximately \$3.6 billion, the Services have generated \$29.7 billion in construction to build new and renovate existing family housing units. The Services also transferred responsibility for maintenance, operation and recapitalization for 50 years to (private) entities that have an incentive to maintain the housing so as to attract and retain military tenants. My office works closely with the Office of Management and Budget to ensure that the relevant Federal budget policy continues to support this much-heralded success story.

TABLE 2.—FAMILY HOUSING BUDGET REQUEST, FISCAL YEAR 2012 VS. FISCAL YEAR 2013
[Dollars in millions]

	Fiscal year 2012 request	Fiscal year 2013 request	Change from fiscal year 2012	
			Funding	Percent
Family Housing Construction/Improvements	372.7	190.6	-182.1	-49
Family Housing Operations & Maintenance	1,318.2	1,458.3	+140.1	+11
Family Housing Improvement Fund	2.2	1.8	-0.4	-18
Homeowners Assistance Program	1.3	-1.3	-100
Total	1,694.4	1,650.7	-43.7	-3

Most of the remaining Government-owned family housing is on (enduring) bases overseas. The fiscal year 2013 budget requests \$1.7 billion for government-owned family housing. This allows us to maintain 90 percent of non-Navy, Government-owned family housing in good or fair condition in keeping with the goal we will meet this year; the Navy-owned family housing will not achieve this goal until fiscal year 2017. The request includes \$191 million for construction and improvements of Government-owned family housing and \$1.4 billion to operate and maintain it.

The Department is committed to improving housing for our unaccompanied personnel as well. In recent years, we have made sizable investments in this area to support initiatives such as BRAC, global restationing, force structure modernization and Homeport Ashore—a Navy program to move Sailors from their ships to shore-based housing. The fiscal year 2013 budget request includes \$1.1 billion for 28 construction and renovation projects that will improve living conditions for more than 10,000 unaccompanied personnel. We are also focusing on long-term sustainment of the modernized inventory. My office has worked closely with the Comptroller to establish performance goals for sustaining our permanent party unaccompanied housing. Under these standards, 90 percent of the non-Navy Government-owned housing for unaccompanied personnel must be in good or fair condition by fiscal year 2018; the Navy will not achieve that benchmark until fiscal year 2022.

FACILITIES SUSTAINMENT AND RECAPITALIZATION

In addition to investing in new construction, we must maintain, repair, and recapitalize our existing facilities. The Department's Sustainment and Recapitalization programs strive to keep our inventory of facilities mission capable and in good working order. Moreover, by maintaining a consistent level of quality in our facilities, we can improve the productivity and quality of life of our personnel.

TABLE 3.—SUSTAINMENT AND RECAPITALIZATION BUDGET REQUEST, FISCAL YEAR 2012 VS. FISCAL YEAR 2013
[Dollars in millions]

	Fiscal year 2012 request	Fiscal year 2013 request	Change from fiscal year 2012	
			Funding	Percent
Sustainment (O&M & MilPers)	8,835	8,674	(161)	(2)
Recapitalization (O&M, MilCon, MilPers, RDT&E)	9,031	5,331	(3,700)	(41)
Total	17,866	14,005	(3,861)	(22)

The fiscal year 2013 budget request includes \$8.7 billion for sustainment, which is the single most important investment we make to keep our facilities in good

working condition. Sustainment includes regularly scheduled maintenance and repair and replacement of facility components.

Our policy calls for the Services to fund sustainment at no less than 90 percent of the requirement generated by DOD's Facilities Sustainment Model, which uses industry benchmarks to estimate the annual cost of regularly scheduled maintenance and repair for different types of facilities. Nevertheless, for fiscal year 2013, as was the case in fiscal year 2012, the Navy and Air Force are funding sustainment at only 80 and 82 percent of their requirement, respectively. Thus, our budget request funds sustainment DOD-wide at only 84 percent of the FSM-generated estimate.

The fiscal year 2013 budget requests \$5.3 billion for recapitalization, a reduction of \$2.5 billion from last year. Recapitalization (restoration and modernization) serves to keep the inventory of facilities modern and relevant, extend the service life of individual facilities and restore capability lost due to man-made or natural causes. The reduction in recapitalization funding reflects an overall decrease in both O&M- and MilCon-funded replacement and renovation projects.

A final category of investment (one not shown in the table) is demolition, which allows the Services to eliminate facilities that are excess to need or no longer cost effective to repair. Our fiscal year 2013 budget request includes \$123 million in operations and maintenance funding, which will allow us to demolish 5 million square feet of facilities. With this funding, we will reach our formal goal, established in fiscal year 08, to eliminate over 62 million square feet by fiscal year 2013. We are also working with the Services to identify facilities that could be repurposed—for example, the use of barracks as administrative space.

ONGOING INITIATIVES TO REDUCE COSTS

Finally, I would like to mention three ongoing initiatives designed to improve the Department's management of the built environment. The first initiative has to do with the Department's anti-terrorism/force protection (AT) standards, which impose certain minimum requirements on all buildings and add as much as 9 percent to the cost of leased space and new construction. The rest of the Federal Government uses a somewhat different approach, based on the Interagency Security Committee (ISC) standards, which were developed by a 21-agency group led by the Department of Homeland Security and issued in updated form in April 2010. The ISC standards reflect the risk to an individual building, including its size, location, mission criticality and symbolism.

To evaluate the two approaches, my office looked first at leased space. Working closely with the General Services Administration (GSA), which is responsible for incorporating AT standards into its leases, we commissioned an expert analysis that compared the scope, cost and effectiveness of the DOD standards versus the ISC standards for six DOD leases in the National Capital Region. Based on that expert analysis, an internal DOD working group, led by the Office of the Under Secretary of Policy and the Joint Staff, is evaluating the merits of adopting the ISC process for leased space. Once the Department has made a decision on whether to alter DOD's AT standards with respect to leased space, we will pose the same question for on-base buildings.

Second, my office is looking at how to promote innovation and efficiency in the construction industry—in particular, military construction. The U.S. construction industry is plagued by high costs and low productivity growth as a result of low investment in research and development, a fragmented industry structure and other factors. Moreover, some data suggest that the Federal Government's construction costs are higher than those of the private sector for comparable facilities. Finally, the contractual incentives for Federal construction projects lead to a focus on reducing "first costs"—the cost of constructing a building—as opposed to the much larger costs associated with building ownership and operations (life cycle costs).

We are working with the GSA to identify ways that the two largest Federal customers for construction (DOD and GSA) can incentivize behavior on the part of construction firms that will lead to more innovation and lower costs, including life cycle costs. Two areas offer promise. We are looking at accelerating requirements for the use of new technologies, such as building information modeling (BIM), which can improve the efficiency and reduce the cost of the construction process as well as lead to lower life cycle costs for the buildings themselves. In addition, we are looking at alternative contracting methods, such as ones that reward contractors based on how well they meet the owner's objectives (e.g., optimal energy efficiency).

Third, we are analyzing the effect that investments in energy efficiency and sustainability have on the long-term cost of owning and operating our buildings. Building on past studies, we are working with the National Research Council to under-

stand the impact of the requirement that DOD facilities be built to certain sustainability standards—namely, LEED (Leadership in Energy and Environmental Design) Silver or an equivalent standard and/or the five principles of High Performance Sustainable Buildings, as well as consensus based standards such as the American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE) 189.1. The study will help us invest smartly in our buildings to reduce the total cost of ownership while increasing mission effectiveness.³

MANAGING OUR ENERGY USE

Facility energy is important to the Department for two reasons.⁴ The first is cost. With more than 300,000 buildings and 2.2 billion square feet of building space, DOD has a footprint three times that of Wal-Mart and six times that of GSA. Our corresponding energy bill is \$4 billion annually—roughly 10 percent of what DOD spends to maintain its installation infrastructure. There are non-monetary costs as well: Although facility energy represents only 20–25 percent of DOD’s energy costs, it accounts for nearly 40 percent of our greenhouse gas emissions.

Second, facility energy is key to mission assurance. Our military installations here at home support combat operations more directly than ever before, and they serve as staging platforms for humanitarian and homeland defense missions. DOD installations are almost entirely dependent on a commercial power grid that is vulnerable to disruption due to aging infrastructure, weather related events and (potentially) direct attacks. According to the Defense Science Board, DOD’s reliance on a fragile grid to deliver electricity to its bases places critical missions at risk.⁵

The Department’s facility energy strategy is designed to reduce costs and improve the energy security of our fixed installations. It has four elements: Reduce the demand for traditional energy through conservation and improved energy efficiency; expand the supply of renewable and other distributed (on-site) generation sources; enhance the energy security of our installations directly (as well as indirectly, through the first two elements); and leverage advanced technology.

Reduce Demand

First and most important, we are reducing the demand for traditional forms of energy through conservation and improved energy efficiency. The Department’s fiscal year 2013 budget includes more than \$1.1 billion for energy conservation investments—up from \$400 million in 2010. Almost all of that funding is designated for energy efficiency improvements to existing buildings.⁶

In addition to their own funding, the Services are using third-party financing tools, such as Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs), to improve the energy efficiency of their existing buildings. In response to the President’s memo calling on the Federal Government to initiate \$2 billion worth of these performance-based contracts over the next 2 years, the Department has as its own goal to execute roughly \$465 million in ESPCs and UESCs in fiscal year 2012 and \$718 million in fiscal year 2013.

In addition to retrofitting existing buildings, we are taking advantage of new construction to incorporate more energy-efficient designs, material and equipment into our inventory. Currently, all new construction projects must meet the LEED Silver or an equivalent standard and/or comply with the five principles of High Performance Sustainable Buildings. This year my office will issue a new construction code for high-performance, sustainable buildings, which will govern all new construction, major renovations and leased space acquisition. This new code, which will draw on ASHRAE 189.1, will accelerate DOD’s move toward efficient, sustainable facilities

³The study will also meet the requirement to report to Congress on the return on investment from using consensus standards such as ASHRAE 189.1.

⁴Facility energy refers to the energy (largely electricity) used to operate the buildings on DOD’s 500+ fixed military installations in the United States and overseas. It also includes the fuel used by DOD’s approximately 200,000 non-tactical vehicles. Facility energy is distinct from operational energy—largely fuel used for mobility (military aircraft, ships and tanks) and by the generators that produce power on our forward operating bases.

⁵“More Fight-Less Fuel,” Report of the Defense Science Board Task Force on DOD Energy Strategy, February 2008.

⁶Of the \$1.1 billion, \$968 million is in the Military Components’ operations and maintenance accounts, to be used for sustainment and recapitalization projects aimed at energy efficiency, including improved lighting, high-efficiency HVAC systems, double-pane windows, energy management control systems and new roofs. Another \$150 million is for the Energy Conservation Investment Program (ECIP), a MilCon fund that my office distributes to the Services for specific projects (see discussion below). Only about \$35 million of ECIP’s budget will go for investments in distributed and renewable energy as opposed to energy efficiency and water conservation.

that cost less to own and operate, leave a smaller environmental footprint and improve employee productivity.

As DOD strives to improve its energy efficiency, accurate, real-time facility energy information is becoming essential. Although we collect a massive amount of data, we lack the standardized processes and integrated systems needed to systematically track, analyze and benchmark our facility energy and water use and the related costs. The absence of usage and cost data reduces the efficiency of our existing facility operations, and it limits our ability to make the right investments in new, efficiency-enhancing technology and tools.

To fill this gap, my office has been leading the development of an Enterprise Energy Information Management system (EEIM) that will collect facility energy data in a systematic way. The EEIM will also provide advanced analytical tools that allow energy professionals at all levels of the Department both to improve existing operations and to identify cost-effective investments.

I will also be issuing an updated policy on the metering of DOD facilities; in addition to lowering the threshold for buildings that must be metered, the policy will address the types of meters that can be used and establish guidelines for determining when advanced meters make financial sense. No less important, the policy will help ensure that installed meters can securely deliver data to the energy professionals in the field. As an example, Naval District Washington has developed an innovative approach that uses a secure network to integrate data on energy usage with information on building management so as to allow for active management of facility energy. We would like to see this approach or one like it deployed throughout the Department.

Expand Supply of On-Site Energy

Second, DOD is increasing the supply of renewable and other distributed (on-site) sources of energy on our installations. On-site energy is critical to making our bases more energy secure. Together with the kind of smart microgrid and storage technologies discussed below, it allows a military base to maintain its critical operations “off-grid” for weeks or months if necessary.

DOD’s installations are well situated to support solar, wind, geothermal and other forms of distributed energy. In response to a congressional directive, my office commissioned a study of the potential for solar energy development on military installations in the Mojave and Colorado Deserts in California and Nevada. The year-long study looked at seven military bases in California and two in Nevada. It found that, even though 96 percent of the surface area of the nine bases was unsuited for solar development because of military activities, the presence of endangered species and other factors, the solar-compatible area on four of the California bases was nevertheless large enough to support the generation of 7000 megawatts (MW) of solar energy—equivalent to the output of seven nuclear power plants.⁷

The study also confirmed the logic of the approach the Department is already taking for large-scale renewable energy projects—namely, third-party financing. (Third-party financing makes sense because private developers can take advantage of tax incentives that are not available to Federal agencies.) In September, the Army established its Energy Initiatives Task Force to work with the private sector to execute 10+ MW projects at Army installations. The Army hopes to develop around one gigawatt of renewable energy on its installations by 2025, and it has projects underway at Fort Bliss, TX, and White Sands Missile Range, NM. The Navy has used the Title 10 authority in Section 2922a to contract for renewable energy development in California, including a 3 MW landfill gas facility at Marine Corps Air Station Miramar, a 14 MW solar photovoltaic (PV) array at Naval Air Weapons Station China Lake, and a 1 MW solar PV array at Marine Corps Air Ground Combat Center Twentynine Palms. The Air Force is using the title 10 authority in Section 2667 to lease non-excess land for the development of large-scale renewable projects, the first of which is under negotiation at Edwards Air Force Base.

My office is working closely with the Department of Interior (DOI) to identify and overcome impediments to the execution of renewable energy projects on public lands withdrawn for military purposes (many of the sites identified in the ICF study are on “withdrawn land”). Where renewable energy development is compatible with the military mission, these lands offer a significant opportunity to improve our energy security while lowering the cost of energy. However, we must first overcome the pol-

⁷ ICF International, Solar Energy Development on Department of Defense Installations in the Mojave and Colorado Deserts (January 2012). <http://www.serdp.org/News-and-Events/News-Announcements/Program-News/DOD-study-finds-7-000-megawatts-of-solar-energy-potential-on-DOD-installations-in-Mojave-Desert>

icy and authority challenges posed by this unique construct whereby DOD uses and manages land under the administrative jurisdiction of DOI.

Enhance Security

The first two elements of our facility energy strategy contribute indirectly to installation energy security; in addition, we are addressing the problem directly. A major focus of my office is smart microgrid technology. Smart microgrids and energy storage offer a more robust and cost effective approach to ensuring installation energy security than the current one—namely, back-up generators and (limited) supplies of on-site fuel. Although microgrid systems are in use today, they are relatively unsophisticated, with limited ability to integrate renewable and other distributed energy sources, little or no energy storage capability, uncontrolled load demands and “dumb” distribution that is subject to excessive losses. By contrast, we envision microgrids as local power networks that can utilize distributed energy, manage local energy supply and demand, and operate seamlessly both in parallel to the grid and in “island” mode.

Advanced microgrids are a “triple play” for DOD’s installations. Such systems will reduce installation energy costs on a day-to-day basis by allowing for load balancing and demand response. They will also facilitate the incorporation of renewable and other on-site energy generation. Most important, the combination of on-site energy and storage, together with the microgrid’s ability to manage local energy supply and demand, will allow an installation to shed non-essential loads and maintain mission-critical loads if the grid goes down.

The Installation Energy Test Bed, discussed below, has funded 10 demonstrations of microgrid and storage technologies to evaluate the benefits and risks of alternative approaches and configurations. Demonstrations are underway at Twentynine Palms, California; Fort Bliss, Texas; Joint Base McGuire-Dix-Lakehurst, New Jersey; Fort Sill, Oklahoma; and several other installations.

Although microgrids will address the grid security problem over time, we are taking steps to address near-term concerns. Together with the Assistant Secretary of Defense for Homeland Defense and Americas’ Security Affairs, I co-chair DOD’s Electric Grid Security Executive Council (EGSEC), which works to improve the security, adequacy and reliability of electricity supplies and related infrastructure key to the continuity of critical defense missions. In addition to working across DOD, the EGSEC works with the Departments of Energy and Homeland Security. The three agencies recently created an Energy Surety Public Private Partnership (ES3P) to work with the private sector. As an initial focus, the ES3P is collaborating with four utilities in the National Capital Region to improve energy security at mission critical facilities.

Finally, my office is updating the DOD Instruction on “Installation Energy Management” (DODI 4170.11), which provides guidance to installation commanders and energy managers on a range of energy security and energy efficiency matters. For example, we are updating the requirements for fuel distribution plans to ensure that emergency generators can operate for a sufficient time.

Leverage Advanced Technology

As the discussion of microgrids illustrates, one of the ways DOD can lower its energy costs and improve its energy security is by leveraging advanced technology. Technology has been DOD’s comparative advantage for 200 years, as evidenced by the military’s leadership in the development of everything from interchangeable machine made parts for musket production to the Internet. This advantage is no less important when it comes to facility energy.

To leverage advanced technology relevant to facility energy, 3 years ago my office created the Installation Energy Test Bed, as part of the existing Environmental Security Technology Certification Program (ESTCP). The rationale is straightforward. Emerging technologies offer a way to cost effectively reduce DOD’s facility energy demand by a dramatic amount (50 percent in existing buildings and 70 percent in new construction) and provide distributed generation to improve energy security. Absent outside validation, however, these new technologies will not be widely deployed in time for us to meet our energy requirements. Among other problems, the first user bears significant costs but gets the same return as followers. These barriers are particularly problematic for new technologies intended to improve energy efficiency in the retrofit market, which is where DOD has the greatest interest.

As the owner of 300,000 buildings, it is in DOD’s direct self-interest to help firms overcome the barriers that inhibit innovative technologies from being commercialized and/or deployed on DOD installations. We do this by using our installations as a distributed test bed to demonstrate and validate the technologies in a real-

world, integrated building environment.⁸ Projects conduct operational testing and assessment of the life cycle costs of new technology while addressing DOD unique security issues. For example, the Test Bed is doing a demonstration of an advanced control system that could increase boiler efficiency by 10 percent; if the technology proves out, DOD can deploy it on thousands of boilers and see a meaningful energy savings. More generally, by centralizing the risk and distributing the benefits of new technology to all DOD installations, the Test Bed can provide a significant return on DOD's investment.

The Test Bed has about 70 projects underway in five broad areas: Advanced microgrid and storage technologies, such as the project at Twentynine Palms; advanced component technologies to improve building energy efficiency, such as advanced lighting controls, high performance cooling systems and technologies for waste heat recovery; advanced building energy management and control technologies; tools and processes for design, assessment and decisionmaking on energy use and management; and on-site energy generation, including waste-to-energy and building integrated systems. (See the next section for additional detail.)

Progress on Goals

In 2011, the Department made progress in its performance with respect to facility energy and water although it fell short of its statutory and regulatory goals for energy.

- DOD reduced its energy intensity by 2 percent—a meaningful improvement but less than the 3 percent needed to meet the annual goal. Overall, DOD has reduced its energy intensity by 13.3 percent since 2005, compared to the cumulative goal of 18 percent.
- With respect to the renewable energy goal (produce or procure 25 percent of all electricity from renewable sources by 2025), DOD lost ground, going from 9.6 percent to 8.5 percent. The drop was partly the result of a policy decision to buy fewer Renewable Energy Credits.⁹ It also reflected a decline in the output of the 270 MW geothermal facility at China Lake.
- DOD continued to reduce its consumption of petroleum, reaching a cumulative reduction of 11.8 percent since 2005—just shy of the 12 percent goal.
- DOD reduced its potable water intensity (measured as consumption per gross square foot) by 10.7 percent from 2007 to 2011—well above the goal of 8 percent.

FISCAL YEAR 2013 BUDGET REQUEST

The President's fiscal year 2013 budget request includes funding for the ESTCP Installation Energy Test Bed as well as the Energy Conservation Investment Program (ECIP).

INSTALLATION ENERGY TEST BED

The budget request includes \$32 million in fiscal year 2013 for energy technology demonstrations under ESTCP.¹⁰ ESTCP began these demonstrations—now known as the Installation Energy Test Bed—as a \$20 million pilot in 2009. Seeing its value, the Department continued to fund the Test Bed on an annual basis the \$30 million level. Starting this year, we have funded the test bed, as an RDT&E line, across the FYDP. Although a modest investment, the Test Bed is a high leverage program that the Department believes will produce major savings.

ESTCP awards funds based on rigorous competition. The process begins with a solicitation to firms and others to identify emerging technologies that would meet installation needs. The response has been huge: The 2012 solicitation drew 600 proposals from leading companies in the building energy sector, small startups with venture capital funding and the major DOE labs. The proposals are reviewed by teams made up of technical experts from inside and outside of DOD along with Service representatives familiar with the installations' needs; winning proposals are matched up with a Service and an installation at which to demonstrate the tech-

⁸The approach is similar to one that ESTCP has used since 1995 to demonstrate innovative environmental technologies on DOD sites and in doing so help them transition to the commercial market. As discussed in section IV below, ESTCP has a strong track record of reducing DOD's environmental costs.

⁹The purchase of renewable energy credits (RECs) is an alternative to the actual development of renewable energy; DOD has decided to meet the goals by adding supply on its installations as opposed to buying RECs.

¹⁰As discussed in section IV, we are also requesting \$43.9 million for ESTCP for environmental technology demonstrations. These two demonstration programs appear as separate lines under ESTCP in the fiscal year 2013 budget.

nology. ESTCP has funded about 70 projects, and the fiscal year 2010 projects will begin reporting results this year.

The timing for an Energy Test Bed is ideal—one reason the response from industry has been so strong. The Federal Government has invested significant resources in energy R&D, largely through DOE, and the private sector is making even larger investments as evidenced by the growth of venture capital backing for “cleantech.” As a structured demonstration program linked to the large DOD market, the Test Bed can leverage these resources for the military’s benefit.

ENERGY CONSERVATION INVESTMENT PROGRAM

The fiscal year 2013 budget requests \$150 million for ECIP, \$15 million above the fiscal year 2012 appropriation. ECIP has a long history of producing savings for the Services, and we have reoriented the program to give it even greater leverage.

ECIP traditionally has funded small projects that promised a significant payback in reduced energy costs, and the Services relied heavily on it to achieve their energy goals. In keeping with DOD’s focus on energy, last year we began to reshape the role that ECIP plays—from one of funding the Services’ routine energy projects to one of leveraging their now-larger investments in ways that will produce game-changing improvements in energy consumption, costs or security. Two other changes are worth noting. To encourage long-term planning, we are requiring the Services to build a 5-year program of projects that they want to get funded through ECIP. To encourage them to put forward their best ideas, we are replacing formula-funding with competition. In fiscal year 2013, we incorporated competition but guaranteed each service a minimum level of funding. Beginning in fiscal year 2014, we will award the funds based purely on competitive merit.

ENVIRONMENTAL MANAGEMENT

The Department has long made it a priority to protect the environment on our installations, not only to preserve irreplaceable resources for future generations, but to ensure that we have the land, water and airspace we need for military readiness. Over the last 10 years, the Department has invested more than \$40 billion in its environmental programs, and our steady level of expenditure has produced quality results. In the President’s fiscal year 2013 budget, we are requesting \$3.97 billion to continue the legacy of excellence in our environmental programs. While this is below the fiscal year 2012 request, the reduction reflects management efficiencies and improved technology rather than any decline in effort.

ENVIRONMENTAL PROGRAM BUDGET REQUEST, FISCAL YEAR 2013 VS. FISCAL YEAR 2012

[Dollars in millions]

	Fiscal year 2012 request	Fiscal year 2013 request	Change from fiscal year 2012	
			Funding	Percent
Environmental Restoration	1,467	1,424	– 43	– 2.9
Environmental Compliance	1,552	1,449	– 103	– 6.6
Environmental Conservation	380	378	– 2	– 0.3
Pollution Prevention	104	111	+ 6.4	+ 6.1
Environmental Technology	227	220	– 6.9	– 3.0
Legacy BRAC Environmental	394	318	– 75.6	– 19.2
BRAC 2005 Environmental	127	73	– 54.2	– 42.7
Total	4,250	3,974	– 277	– 6.5

ENVIRONMENTAL CONSERVATION

In order to maintain access to the land, water and airspace needed to support our mission needs, the Department continues to manage successfully the many threatened and endangered species found on our lands. (Military installations are home to more than 400 threatened and endangered species, about 40 of which are found only on our installations.) DOD develops and implements detailed Installation Integrated Natural Resource Management Plans (INRMPs) in coordination with the U.S. Fish & Wildlife Service (USFWS) and its State counterparts. These plans help us avoid critical habitat designations—thereby maintaining our flexibility to carry out mission activities—while providing equal or greater protection for endangered species.

To preserve mission readiness while complying with the Endangered Species Act, we must prepare for new requirements. The USFWS is required to evaluate 251 “candidate” species for potential listing on the Federal Endangered Species List by 2017. The Services have identified some 60 of these as species sufficiently present on our bases that a listing could impact mission activities. We are establishing a partnership with USFWS to share management and scientific data and discuss natural resource management actions that can benefit these species. We are also working with the Services to ensure they are actively managing the candidate species that pose the greatest risk to mission, including making the appropriate changes to their INRMPs.

In addition to natural resources, the Department is responsible for thousands of archaeological sites, historic buildings and other cultural resources. DOD owns or manages the nation’s largest inventory of Federal historic properties and continues to use many of these historic properties to meet mission requirements. Use of these properties allows DOD to retain significant cultural resources for future generations. In addition, many older buildings have features that are now considered “green,” such as high ceilings to encourage air circulation, large windows to provide maximum natural light and operational shutters to reduce heat gain.

The Department is requesting \$378 million in fiscal year 2013 for environmental conservation, which includes \$213 million in recurring funds for ongoing activities and \$165 million in non-recurring funds for one-time projects directed at threatened and endangered species, wetland protection, or other natural, cultural and historical resources.

ENVIRONMENTAL RESTORATION

The Defense Environmental Restoration Program provides funds for two types of environmental cleanup. The Installation Restoration Program (IRP) manages the cleanup of hazardous substances, pollutants and contaminants—things that cause human health concerns. The Military Munitions Response Program (MMRP) manages the cleanup of unexploded ordnance and discarded military munitions—things that may explode. The cleanup occurs at three types of locations: Active military bases, bases closed through the BRAC process, and other Formerly Used Defense Sites (FUDS).

By the end of 2011, the Department, in cooperation with State agencies and the U.S. Environmental Protection Agency, completed cleanup activities on 78 percent of IRP sites and is now monitoring the results. For MMRP sites, the comparable figure is 40 percent. The Department determines the order of cleanup for both IRP and MMRP sites on the basis of risk: By cleaning up the “worst first,” we reduce our long-term liability and expedite the return of properties to productive reuse.

Our cleanup program is mature enough that we can begin to envision completion. We are approaching 2014, by which time we have committed to have a remedy in place (RIP) or response complete (RC) for every cleanup site. In anticipation of reaching that milestone, we are developing the next major goal for our environmental cleanup program. We have established as goals to achieve RC at 90 percent of our active installations in 2018 and at 95 percent in 2021. The sites that remain will be the most complex ones, and we will need to conduct another review of the cleanup program when we reach that point.

We are requesting \$1.8 billion for fiscal year 2013 to clean up IRP and MMRP sites. This includes \$1.42 billion for “Environmental Restoration,” which encompasses active installations and FUDS sites, \$318 million for “Legacy BRAC Environmental” and \$73 million for “BRAC 2005 Environmental.” While these figures represent reductions from fiscal year 2012, we have not reduced our commitment to the program, as evidenced by our ambitious goals for achieving 95 percent RC over the next decade. Rather, the cut to Environmental Restoration is attributable to program reforms and reorganized oversight of the FUDS program by the Corps of Engineers. In addition, we have temporarily reduced investments in the MMRP portion of our program, anticipating validation of a major new cleanup approach able to detect and characterize unexploded ordnance (see the discussion below). We expect the MMRP request to increase once the new technology is validated and put into wider use. Finally, the BRAC investments are decreasing because we are making progress completing the much smaller number of BRAC sites.

POLLUTION PREVENTION

For fiscal year 2013, the DOD is requesting \$110 million for pollution prevention efforts. DOD’s approach to pollution prevention has many elements: Recycling, reducing the use of hazardous materials and developing safer alternatives to them, eliminating the use of ozone-depleting substances, purchasing environmentally pref-

erable products, and ensuring that DOD activities do not adversely impact the nation's air, water and land resources.

DOD is working to incorporate sustainable practices into acquisition and maintenance operations of military systems and into the day-to-day operations of our installations. By designing systems or practices such that waste (hazardous or non-hazardous) is minimized or eliminated, we reduce the overall cost of operations over the long term. For operational systems that are well past the design phase, the pollution prevention program funds initiatives that will, for example, change maintenance practices or find alternatives for toxic substances used to prevent corrosion.

With its limited budget, DOD's pollution prevention program has emphasized cost-effective investments that lower lifecycle costs and improve efficiency. These investments continue to pay dividends. In fiscal year 2011, the Department diverted 4.1 million tons or 64 percent of our solid waste from landfills, avoiding approximately \$148 million in landfill disposal costs. We generated over 4 million tons of construction and demolition debris, diverting more than 77 percent of that debris to reuse and recycle. Additionally, the Department realized a 4-percent reduction in Toxic Release Inventory reportable releases in 2010 compared to 2009.

ENVIRONMENTAL COMPLIANCE

Clean water and air are essential to the health and well-being of our communities and ecosystems. The Department continues to maintain a high level of compliance with environmental laws and regulations. For example, the Department provides safe drinking water to the 3.4 million men, women, and children working and living on our military installations. Our fiscal year 2013 budget requests \$1.4 billion for environmental compliance—\$103 million below last year's request. This decrease reflects the fact that the Department has completed many one-time repairs and upgrades to infrastructure, such as hazardous waste storage facilities, underground storage tanks, and waste water treatments facilities.

ENVIRONMENTAL TECHNOLOGY

A key part of DOD's approach to meeting its environmental obligations and improving its performance is its pursuit of advances in science and technology. The Department has a long record of success when it comes to developing innovative environmental technologies and getting them transferred out of the laboratory and into actual use—on our installations, in our depots and in the very weapon systems we acquire.

To accomplish this, the Department relies on two closely linked programs—the Strategic Environmental Research and Development Program (SERDP) and the Environmental Security Technology Certification Program (ESTCP). SERDP is DOD's environmental science and technology program; its mission is to address high priority cross-service environmental requirements and develop solutions to the Department's most critical environmental challenges. As one of the only R&D programs aimed at reducing DOD operating costs, SERDP has allowed Department to avoid spending billions of dollars for environmental cleanup, environmental liability and weapons system maintenance. ESTCP's mission is to transition technology out of the lab. It does this by demonstrating the technology in a real-world setting, such as a clean-up site on a military installation or at an aircraft maintenance depot. This "direct technology insertion" has proven key to getting regulators and end users to embrace new technology.

A decade ago, SERDP and ESTCP took on a challenge—developing technologies that could discriminate between scrap metal and hazardous UXO ("beer cans and bombs"). Current clean-up methods lack that ability—their false-positive rate is 99.99 percent. As a result, contractors must dig up hundreds of thousands of metal objects in order to identify and remove just a few pieces of UXO. Because this process is so labor-intensive, it is very expensive: The estimated cost to clean up UXO on known DOD sites is more than \$14 billion. However, as I reported last year, 10 years of investment by SERDP and ESTCP have yielded technologies that can discriminate between UXO and harmless metal objects with a high degree of reliability. This is a remarkable achievement and one that many clean-up experts thought was impossible.

ESTCP has initiated live-site demonstrations to acquire the data needed to validate, gain regulatory approval for and fully transition these technologies into the field. Beginning in fiscal year 2011, we accelerated these demonstrations so that the technology would be ready by 2015, when the Services undertake major UXO clean-up efforts. We have conducted demonstrations on seven sites exhibiting diverse conditions, and the results show that on most sites the new technologies can distinguish the metallic scrap 70–90 percent of the time.

The challenges to implementing new technology go beyond demonstration of technical success, however. For these new UXO technologies to get deployed, our key partners—commercial cleanup firms, State and Federal regulators, and DOD contracting experts—must all be comfortable with what represents a fundamentally new approach to UXO cleanup (e.g., with the current technology, DOD pays contractors for each hole they dig up). Toward that end, my office is engaging with each group to work through its concerns. For example, contractors want to be sure they can recoup their investment in expensive new equipment; and regulators want to provide for management of the residual risk (i.e., any UXO found after the cleanup is complete). The interactions to date have been promising: All of our partners appear committed to adopting the new technologies once we have answered their concerns. State regulators are particularly supportive because they recognize that DOD will be able to clean up UXO sites sooner.

The fiscal year 2013 budget request includes \$65.3 million for SERDP and \$43.9 million for ESTCP for environmental technology demonstrations. (The budget request for ESTCP includes an additional \$32 million for energy technology demonstrations, as discussed in section III above.) Of the \$43.9 million requested for ESTCP environmental technology demonstrations, \$14 million will go to support the UXO live-site technology demonstrations.

The fiscal year 2013 budget request for Environmental Technology overall is \$220 million. In addition to SERDP and ESTCP, this includes funding for the Services' environmental research and development. The Services' investments focus on Service-unique environmental technology requirements and complement the larger, cross-Service SERDP and ESTCP investments. SERDP and ESTCP work closely with the Services to coordinate and leverage their investments.

COMPATIBLE DEVELOPMENT

Encroachment is a growing challenge to the military mission, particularly test and training. Sprawl, incompatible land use and other forms of encroachment put the Department's test and training missions at risk and reduce military readiness. For example, lights from developments near installations reduce the effectiveness of night vision training, and land development that destroys endangered species habitat causes those species to move onto less developed military lands, resulting in restrictions on the type, timing and frequency of test and training. I want to highlight three efforts I oversee that are designed to deal with this challenge.

READINESS AND ENVIRONMENTAL PROTECTION INITIATIVE

The Readiness and Environmental Protection Initiative (REPI) is a key tool for combating the encroachment that could negatively impact the operations of our bases. Under REPI, the Department partners with conservation organizations and State and local governments to preserve buffer land around our installations and ranges. The preservation of buffer land allows the Department to avoid much more costly alternatives, such as training workarounds or investments to replace existing testing and training capability. Through its unique cost-sharing partnerships, REPI directly leverages the Department's investments one-to-one. In the current real estate market, where property is more affordable and there are a great many willing sellers, REPI is a particularly good investment.

REPI's utility can be enhanced by looking beyond the immediate vicinity of installations and leveraging it across a regional landscape. For example, the airspace in and around Eglin Air Force Base has become increasingly crowded as new missions drive testing and training requirements. To avoid saturating the airspace, the Air Force is looking at the possibility of conducting missions across the entire Gulf Coast region (lower Alabama, Mississippi and the Florida Panhandle) in an effort called the Gulf Regional Airspace Strategic Initiative (GRASI). REPI can help GRASI achieve its goals by conserving key areas well outside Eglin—effectively expanding the training space available to Eglin and other installations in the region. This strategy will allow the Air Force to expand capacity at a fraction of what it would cost to acquire additional installations and build permanent infrastructure. Further, REPI hopes to take advantage of its unique authority by leveraging funding from environmental organizations that have a similarly ambitious plan to conserve lands in this region, providing an opportunity to meet compatible military and environmental goals at reduced cost for each stakeholder.

The President's fiscal year 2013 budget requests \$50.6 million for REPI.

OFFICE OF ECONOMIC ADJUSTMENT'S COMPATIBLE USE PROGRAM

OEA's Compatible Use Program provides direct assistance to communities to help them prevent and/or mitigate development that is incompatible with nearby military

operations. OEA provides technical and financial assistance to State and local governments to undertake a Joint Land Use Study (JLUS) in cooperation with the local military installation.

A JLUS serves as a powerful tool to bring a military installation and the surrounding community together to identify and address compatible use issues, develop a set of compatibility guidelines and implement specific measures to ensure the long-term viability of the military mission. The kinds of implementation measures that come out of a JLUS include: Conservation buffers; aviation easements; the establishment of military influence areas with associated limits on development; the incorporation of sound-attenuation measures into building codes; requirements for disclosure of military activities (e.g., aircraft noise) in real estate transactions; ordinances to limit lighting that would interfere with night vision training; the transfer of development rights; and local development review procedures that ensure military input.

OEA has more than 70 JLUS projects currently underway, and they provide a useful complement to REPI's efforts. For example, through the JLUS process, military and stakeholder communities may identify an issue for which a REPI project may provide resolution.

RENEWABLE ENERGY SITING

Although most transmission and renewable energy projects are compatible with the military mission, some can interfere with test, training and operational activities. Until recently, the process by which DOD reviewed projects and handled disputes was opaque, time-consuming and ad hoc, resulting in costly delays. Spurred in part by Congress, DOD created the DOD Siting Clearinghouse to serve as a single point of contact within the Department on this issue and to establish a timely and transparent review process. The goal is to facilitate the siting of energy projects while protecting test, training, and operational assets vital to the national defense.

The results are impressive: To date, the Clearinghouse has overseen the evaluation by technical experts of 506 proposed energy projects; 486 of these projects, or 96 percent, have been cleared, having been found to have little or no impact. These 486 projects represent 24 gigawatts of potential energy from wind, solar and geothermal sources. The 20 projects that have not been cleared are undergoing further study, and we are working with industry, State and local governments, and Federal permitting and regulatory agencies to identify and implement mitigation measures wherever possible.

In addition to reviewing projects, the Clearinghouse has conducted aggressive outreach to energy developers, environmental and conservation groups, State and local governments, and other Federal agencies. By encouraging developers to share project information, we hope to avert potential problems early in the process. We are being proactive as well in looking at regions where renewable projects could threaten valuable test and training ranges.¹¹ The Clearinghouse is working with DOE, DHS, and the Federal Aviation Administration to model the impact of turbines on surveillance radars, evaluate alternative mitigation technologies, and expedite fielding of validated solutions.

Finally, the Clearinghouse is taking advantage of section 358 of the fiscal year 2011 NDAA, which allows DOD to accept voluntary contributions from developers to pay for mitigation. The Clearinghouse and the Navy recently negotiated an agreement that provides for the developer to pay the cost to mitigate the impact of wind turbines on the precision approach radar on a runway at Naval Air Station (NAS) Kingsville, Texas. The agreement facilitates the continued growth of wind energy generation along the Texas Coastal Plain while providing for the safety of student pilots at NAS Kingsville and NAS Corpus Christi. We believe there will be many other situations in which a developer is willing to pay the relatively small cost of mitigation in order to realize the much larger value of the project; section 358 is an extremely useful, market-based tool that allows us to negotiate those win-win deals.

¹¹DOD is conducting a study to identify areas of likely adverse mission impact in the region that is home to China Lake and Edwards Air Force Base in California, and Nellis Air Force Base and the Nevada Test and Training Range in Nevada. These installations are the Department's premier sites for test and evaluation and require a pristine environment clear of interference. The results of the study will be used to inform stakeholders of areas where the Department is likely to oppose the siting of wind turbines and solar towers.

CONCLUSION

My office takes seriously our mission to strengthen DOD's infrastructure backbone—the installations that serve to train, deploy and support our warfighters. Thank you for your strong support for the Department's installation and environment programs and for its military mission more broadly. I look forward to working with you on the challenges and opportunities ahead.

Senator JOHNSON. Thank you, Dr. Robyn. Thank you for your opening statements.

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

SEQUESTRATION

Secretary Hale, several months ago, Secretary Panetta said that sequestration, if military personnel costs are exempt, could hit an across-the-board cut in defense programs of as much as 23 percent in fiscal year 2013, although I understand that projection has since been revised downward. What is the current projection, and how would that impact the fiscal year 2013 MILCON program? Would the MILCON program be executable? Could you give us some examples of what sequestration would mean to the fiscal year 2013 MILCON program?

Mr. HALE. Let me try to be helpful, Mr. Chairman. First, the 23 percent was compared to last year's plan. We have now submitted a budget that makes significant cuts, 8 to 9 percent in the overall defense budget. And we've also learned more about this arcane law that—the Budget Control Act that was passed last year, amended the 1985 act that budget junkies will remember as the Gramm-Rudman-Hollings legislation. So we're all dusting off our knowledge.

Given what we know now, it'll probably be more in the range—compared to this plan, the one that's before you at the moment—8 to 10 percent. And I think our lawyers believe, and we believe, that it would be applied at what's called the program project and activity level, which means the percentage would have to be the same for every military construction project.

I think this overall sequestration would be highly disruptive. It would be disruptive to military construction programs. You would eat up the reserves for sure. You might not have enough money to complete buildings or to fully make them ready for occupancy.

Outside of the military construction account, it would be devastating. We would be forced into probably furloughs of our civilian personnel with adverse effects on readiness. We would disrupt dozens if not hundreds of weapons programs which would also have to be cut by the same sort of 8 to 10 percent.

An overall sequestration was never a policy that was meant to be implemented. It's a bad idea. I think we all recognize that. It was meant as a prod to the Congress to pass a large balanced cut in the deficit and then a law halting sequestration. So we're still hoping you do just that. It's a bad idea. We don't want to do it.

BASE REALIGNMENT AND CLOSURE

Senator JOHNSON. Dr. Robyn, DOD has proposed two additional BRAC rounds for fiscal years 2013 and 2015. Direction by Congress thus far has been less than encouraging. You have stated that if

Congress does not approve a new BRAC round, DOD will have to use existing authorities to eliminate excess inventory.

What are those authorities, and how would they be applied? Does DOD have the authority to actually close or realign bases in the United States absent a BRAC or simply starve them of a mission, possibly creating even more excess inventory?

Dr. ROBYN. Let me give you a two-part answer. We do have limited authority, and we've said that if we don't get BRAC authority, because of the urgency of the need to reduce the budget, that we will have to move ahead using our existing authorities. And our existing authority consists of what we can do under section 2687. That specifies that the Secretary may not close any military installation at which at least 300 civilian personnel are authorized to be employed, meaning things below 300 civilian personnel with the appropriate notification, procedural steps, can be done outside of the BRAC process.

Now, I should say that to date, the Department has not ever been successful in using section 2687 for a closure. So what we would probably do would be to eliminate personnel over a longer period of time at many installations rather than quickly close individual installations.

Let me say why we don't want to go that route. The communities that have hosted installations are enormously important to us. They have been our partners, our hosts. In the past, they were not particularly well-treated after bases were closed.

And Senator Pryor, you know this very, very well.

When I first got involved in this as a member of President Clinton's economic team right after on the verge of the 1993 round, the way the military treated communities was not good. They would take any excess property that they could. They would rip sprinkler systems out of the ground and take them when they closed a base.

Environmental cleanup took forever. Property disposal was slow, bureaucratic, and penny-pinching. And I led the effort—the Clinton administration's effort to reform that process with enormous help from other Pryors, and my single biggest backer in the Clinton administration was then Office of Management and Budget (OMB) Director Leon Panetta, who represented the district in California where Ford Ord had been closed as part of the 1991 round.

So we dramatically improved—it's still not perfect by any means, but we have a much, much better approach to working with communities. And we do that under authorities that we have in the BRAC law. So if we have to realign and close bases without BRAC authority, we can't do it in a way that is good for communities. They're left to fend for themselves. So we very much want to do this with the protection that the BRAC law provides for communities.

Senator JOHNSON. Dr. Lavoy, the President has announced a new strategic defense pivot to the Asia-Pacific region. And the Washington Post reported this morning that military ties with Australia, in particular, could be broader than previously discussed.

Could you give us an overview of the force structure and military construction implications of this initiative as they relate to Japan, Okinawa, Guam, Korea, Australia, Singapore, and the Philippines, and any other nations that might be affected?

Dr. LAVOY. Thank you for that question, Mr. Chairman. It's a pleasure to answer this question, because I think it's a very important part of the new defense strategy—the rebalancing toward the Asia-Pacific and, in fact, rebalancing within the Asia-Pacific region.

As the President indicated and as the Secretary of State has indicated on many occasions, we are rebalancing and prioritizing the Asia-Pacific because of the centrality of this part of the world to our economy and, indeed, to the global economy. And of course, the economic growth in this part of the world was premised on stability and peace for many decades. These are conditions that we need to see continue and, in fact, all of the countries in the region want to see continue.

And so the new defense strategy emphasizes five elements that are aimed at perpetuating this peace and stability and economic prosperity in this region. And I will just list these and then talk about the countries in question that you addressed.

First of all is to ensure that the U.S. military capability remains as robust as it always has been and we can achieve all the operational missions that we're responsible for.

Second, a key feature of the strategic guidance is emphasizing the importance of our alliances in the Asia-Pacific. We have five vital allies in this part of the world, and strengthening and modernizing these alliances is critical.

The third aspect is supporting multilateral institutions, ASEAN being the biggest one among them.

Fourth is building partner capacity, working not only with our allies but with a whole array of countries in the region to help them improve their defense capabilities and strengthen and professionalize their militaries, including for humanitarian and disaster relief operations.

And the final feature of this defense strategy involves our new force lay-down, our force posture in the region, which, Mr. Chairman, was the focus of your question. And we have three principles that guide our force posture considerations in this region.

First of all, we want this to be politically sustainable. Any force movements in the region have to mesh with the politics in the region and, in fact, our politics.

Second, our forces have to be operationally resilient. They can't be distributed in a way that blunt or minimize their operational impact.

And finally, we focus on geographical distribution of the forces. In the past, we've had forces focused mainly in northeast Asia, Japan and South Korea, in particular. Today, we're looking at a much more balanced force posture, and thus the interest in having a rotational presence of marines in Australia to provide more of that balanced force posture.

So that's a key element that—a decision that President Obama announced in November when he was in Australia is to move a group of marines, ultimately totaling about 2,500. Over several phases, they'll get to that number. Right now, the number is much smaller. So that's one piece.

Of course, we're also talking to Australia about other kinds of military cooperation, and the article that you mentioned that came out today talked about some of the interests of the Australians in

a naval rotational presence there. But I need to tell you we're at a very early stage in discussions with the Australians about that. The only decision today is on the marine rotational presence.

But in addition to Australia, we, of course, are maintaining our military presence on the Korean peninsula. That's, of course, vital to peace and deterring conflict in that region, and as well, we're adjusting our force lay-down in and around Japan. And the key elements of this, as Secretary Hale already indicated, are keeping a marine presence on Okinawa and also in mainland Japan and moving approximately 5,000 or just under 5,000 marines to Guam. So that's a significant adjustment.

But we're also not linking the movement of marines to Guam any more to the marines on Okinawa. And of course, we continue to be interested in—the Futenma replacement facility is really the ideal location and the only operationally viable alternative to the current Futenma facility on Okinawa for our marines.

We're also in discussions with Singapore and have agreed with the Singapore government to have a rotational presence of littoral combat ships to and through Singapore. And we're also in very early discussions with other countries in the region about rotational movements of forces and helping them improve their military capabilities.

Thank you.

Senator JOHNSON. Senator Pryor.

Senator PRYOR. Thank you, Mr. Chairman.

And thank you, Dr. Robyn, for referring to my father. He was very, very focused on BRAC and all the implications and how that process would be handled in the various communities where that happened. Thank you for your work back then and thank you for the work you're continuing to do.

Let me follow up on a BRAC point. You mentioned that overseas, you're going through a BRAC-like process right now. I would say that most of the Senators I've talked to on this think that if we do a BRAC, we should do an overseas BRAC first, and then maybe come back and do a domestic BRAC. But you seem to argue that we should do the domestic BRAC now, because you already have something going on overseas.

OVERSEAS BASING

What is going on overseas? And you say it's BRAC-like. Is it the same as BRAC, in that you're making these decisions and realigning and closing and doing all the things that a normal BRAC Commission would do?

Dr. ROBYN. We, of course, don't need legislative authority to do it overseas. Let me start by saying that we would like to do the two in tandem. We would like to do the analysis of domestic installations at the same time that we are looking at consolidation overseas.

The advantage of doing that—and we were able to do in 2004, 2005. It worked very well. The advantages is that it helps us be more efficient in where we place returning soldiers and airmen returning from Europe. If we are not able to do a domestic BRAC at the same time, then we have to put people where we have available space. And ideally, that isn't always the best place to put them.

And so if we can do the two processes in tandem, then we're able to be more efficient in where we put people who are returning from Europe. So we would like to be able to do them in tandem.

We're in the early stages—as I mentioned, there is a lot that's already been announced. We're going to close 23 sites in the next 3 years, the Army alone. But we're working closely with the European Union (EU) commander, Admiral Stavridis, his theater commanders, the services here at home, looking at everything that we have in Europe.

We have 300 sites in Europe. Most of our activity is on 200 of those sites. We're looking at, in particular, infrastructure support, administrative sorts of support. We're looking at where—the goal is reducing our costs over the long term while maintaining our strategic and our operational commitments. So we're looking at how much can we cut and where, and we will give the Secretary options later this year as to where we think we can—

Senator PRYOR. What's your timeframe on that? How long until you know what you're going to do, and then how long will it take to actually do it?

Dr. ROBYN. We're proposing to give the Secretary options later this year. I don't know how long it will take—1 year or 2, I would think.

Senator PRYOR. Just depends?

Dr. ROBYN. Yes.

Senator PRYOR. Okay. Thank you for that.

Mr. Hale, let me ask you a question. I know that there's this long process that everybody goes through to get to this point where you are today with the budget and all these changes and proposals, and I appreciate that.

AIR NATIONAL GUARD AND AIR RESERVE

I am concerned, though, that the Air National Guard and the Air Reserve component were not necessarily listened to with regard to some of the decisions that were made by the Air Force in terms of consolidating, eliminating, and transferring missions. One, in particular, is the issue of the National Guard losing most of their A-10s, the Warthog.

Did the Air Force listen to the Air National Guard and to the Reserve component?

Mr. HALE. Yes, I believe they did, Senator Pryor. I mean, they're well represented through a member of the Joint Chiefs of Staff, who represents their interests. The Air Force looked carefully at balancing its Active Duty and Guard forces in light of their needs and also costs, and I believe they were fully heard. That doesn't mean that everything the Guard wanted occurred.

But I believe their arguments were heard, and obviously, we're now having further discussion, and that's fine. We'll work with the Congress to answer questions through the Air Force. But at the moment, at least, we certainly want to stay with our proposal with regard to the Guard.

Senator PRYOR. One of the things that I'm not at all convinced of is the cost savings achieved by doing this, specifically with the A-10s. I have seen numbers that indicate that it's quite a bit

cheaper to maintain and fly the A-10s in the Guard than it is in Active Duty.

And one of the frustrations I've had, as well as several other members of this body, is that the cost analyses have not been forthcoming from DOD. I know I've requested repeatedly to get the DOD's cost analyses on this move and others, and I've been greeted with reluctance to share the data. Because there's a lack of transparency and a lack of sharing of information, I have a lot of questions about it, and others do, too.

Is it possible for you to share those numbers with the subcommittee and with my office?

Mr. HALE. Let me see what I can do. I need to take that one for the record. I certainly don't have it in my head. Let me just say, in general, once you call up a Reserve unit, its costs are pretty similar to that for an Active unit.

So I think the Air Force is looking at its wartime needs and how quickly forces are needed and making a judgment about the balance, and then considering, obviously, cost—to the extent we can use reserves that we'll only call up occasionally, the overall cost would be less. But there are operational considerations as well.

As far as cost analysis, I will take that one for the record and check for you and see what I can do.

Senator PRYOR. That would be great. I'd appreciate it.

[The information follows:]

Based on the current fiscal environment, the Air Force budget balanced reductions with the need to maintain a more capable force.

While cost savings are part of the decisionmaking process, the most important factor is the Air Force's ability to provide the capabilities required by the new Defense Strategic Guidance, "Sustaining U.S. Global Leadership: Priorities for 21st Century Defense." This new strategy directs the services to build a leaner, more flexible, and technologically advanced force. As a result, the Air Force is rebalancing our Total Force to match the capability and capacity requirements of the new guidance. The proposed Reserve component force structure reductions were determined using a deliberate and collaborative process which leveraged careful analytical review of warfighting scenarios consistent with the new strategic guidance. Two decades of military end strength and force structure reductions in our Active Duty component have changed the Active and Reserve component mix, and achieving the appropriate Active and Reserve component mix is critical to sustaining Air Force capabilities for forward presence and rapid response, as well as meeting high rate rotational demands with a smaller force.

Air Force analysis, based on scenarios consistent with the new Defense Strategic Guidance, resulted in a reduced requirement for tactical combat aircraft and intra-theater airlift. The analysis identified a preference for multi-role aircraft to provide the most flexible capability within each scenario. As a result, A-10 retirements were selected in lieu of other combat aircraft and the Air Force made the difficult choice to retire five A-10 squadrons totaling 102 A-10 aircraft.

As mission demands evolve and resource constraints emerge, the Air Force will continue to leverage the collective talent and experience of our Air Force Reserve and Air National Guard partners to provide the most effective and efficient air, space, and cyberspace power for the Nation.

Senator PRYOR. And last, because I'm out of time here, there seems to be something inconsistent with the Air Force's plan. For example, the A-10s, the Air Force wants to eliminate several A-10 Guard missions, but at the same time requests a BRAC. Shouldn't the Air Force wait until the BRAC does its work before making a determination on where the A-10s should be located?

Mr. HALE. And we will. What we're seeking now is authority for BRAC. And I'd ask Dr. Robyn if she wants to add to this. We're

seeking authority for BRAC at the moment. Once we get it, we will go through a full analysis of every base and installation in the Department of Defense, measuring both its cost and its mission, and that will be the basis for deciding what's closed or reorganized in some fashion.

So I think we're not prejudging that, but we need the authority to do that in order to move forward to try to get a more efficient installation.

Dorothy, do you want to add to that?

BASE REALIGNMENT AND CLOSURE

Senator PRYOR. But do you understand the inconsistency? The Air Force wants to do it now before there's a BRAC, before there's the thorough review. And I would call the BRAC Commission an independent study and analysis of everything. And they're wanting to do it now before there's a BRAC. Do you know why?

Dr. ROBYN. I think they want to do what they can do within the law now. I mean, it's certainly well within their authority to do that.

Senator PRYOR. Thank you, Mr. Chairman.

Senator JOHNSON. Senator Blunt.

Senator BLUNT. Thank you, Mr. Chairman. I have a statement for the record. I might summarize it just briefly by saying that it talks about the importance of the big base we have in our State, the big Army base, Fort Leonard Wood, and some single-soldier housing questions I have there, and also a hospital question. But I think we can get to those pretty quickly.

[The referenced statement was not available at press time.]

HOSPITALS

I agree with Senator Pryor that he and I and many of our colleagues want to be sure that we've done all the overseas repositioning before we make the domestic decisions about bases. And I may have a question about that.

Mr. Hale, on hospitals, I think the Fort Leonard Wood hospital is No. 2 on the priority list for construction behind Fort Knox. And I think your Department makes that decision rather than the service. I think the Army had the Fort Leonard Wood No. 1 and Fort Knox No. 2. And I'm wondering what criteria you would have used to reprioritize what the Army thought they needed to do on these two bases.

Mr. HALE. I think, Senator, it's a collaborative process. I mean, we certainly hear the Army needs. We also look broadly at defense-wide requirements, and many of these hospitals are funded in the defense-wide military construction appropriation.

My understanding is we have some funds programmed in the out-years to replace the Fort Leonard Wood hospital. I can't tell you exact details of why it's in 1 year or another, but I would be glad to answer that one for the record. I can tell you we do talk to the Army, and we try to come up with a set of recommendations that are consistent across the Department in terms of the priorities of hospitals.

Dorothy, do you want to add to that?

Dr. ROBYN. Typically, we take the input from the services, and then Health Affairs, which is part of our Personnel and Readiness in the Office of the Secretary of Defense, does the ranking.

Senator BLUNT. I think the Army did rank these, though, when they submitted them. Right?

Mr. HALE. Right.

Dr. ROBYN. I think that's right.

Senator BLUNT. And I'd be glad to have more information on that.

Mr. HALE. Okay.

Senator BLUNT. You don't have to have it today, but I'd like to know what—

Mr. HALE. Would be glad to.

Senator BLUNT [continuing]. Criteria you would use on two Army bases that would reverse the priority that the Army had for those two bases. This is not a system-wide—it's an Air Force versus an Army base. You've got two Army bases. The Army said they thought that Fort Leonard Wood needed to be built first and Fort Knox second. And I'd like to know why you changed that ranking.

[The information follows:]

The OSD (Health Affairs) and the Army's Surgeon General staff have reviewed the priorities used in the development of the fiscal year 2013 President's budget. The Fort Knox Hospital Replacement was submitted as the Army's No. 2 priority. The Fort Irwin Hospital Replacement was the first priority. The Fort Leonard Wood Hospital was not one of the Army's top three priorities in the fiscal year 2013 program development process. In actuality, the Army's priorities were unchanged from what was submitted to the OSD (Health Affairs). The Fort Leonard Wood project, as were scores of other medical facilities projects, was evaluated through the Military Health System's Capital Investment Model. The major criteria used through the evaluation and prioritization process were strategic alignment, effectiveness of the infrastructure, and collaborative synergies. As a result of this evaluation and prioritization process, and as reflected in the fiscal year 2013 President's budget FYDP, a replacement for the Fort Leonard Wood Hospital is planned for fiscal year 2015.

BASE REALIGNMENT AND CLOSURE

Senator BLUNT. Also, Secretary Robyn, on the realignment opportunities, do I understand that you feel like that the overseas realignment is completed in your answer—in your response to Mr. Pryor?

Dr. ROBYN. No. No, I did not. I misstated if I implied that. No. I think we have already—I made the point that we have already done a lot over the last 20 years, and we have 23 closures already announced that the Army alone will be doing over the next 3 years. But we're just beginning the BRAC-like process that my office leads to look at everything we have in Europe and figure out—to what extent can we consolidate. And it will be looking at discreet installations, our discreet sites, of which we have 300, ranging from small communication posts to robust operating bases.

We're looking at excess infrastructure, such as warehouses, administrative space, and housing. And in particular, we're looking at things that are located off-base as a particularly attractive target, and then we're trying to take advantage of capacity that's made excess by force structure changes to accommodate any new functions. So it's a fairly elaborate process. We've started it, working closely

with the EU, EUCOM, Admiral Stavridis, with his component commanders and with service leadership here in Washington.

Senator BLUNT. And is it possible that some of these things are not going to be left overseas would come back to bases here?

Dr. ROBYN. We've already announced the reduction in force structure, so yes, that's right, which is why we want to do a domestic BRAC simultaneously, so that we can be more efficient in where we put people.

Mr. HALE. Although, Senator, I would add that many of the units that come out of Europe will be disestablished because of the overall drawdown. We're cutting 100,000 troops out of eight brigade combat teams. So I think in many cases these units will be disestablished. The Army hasn't made all the decisions; other services are involved as well. But many of these are just going to go away.

Senator BLUNT. I'm definitely not an opponent of forward positioning our troops. At the same time, you know, if you're going to have an economic impact in a community, I think we ought to be sure that we have first looked at where we're stationed overseas that might possibly benefit a base here or a station here of some kind, and I hope you're doing that. And I think many of our colleagues will want to have as many of those questions answered as possible before we go into the domestic BRAC process.

Mr. Chairman, I may have questions for the second panel, but I think that's all I've got here.

Senator JOHNSON. Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman, and thank you all this morning.

Dr. Robyn, I want to speak a little bit this morning about where we are with Eielson Air Force Base. As you know, there has been a proposal that would move the F-16 Aggressor Air Squadron from Eielson down south to Joint Base Elmendorf-Richardson (JBER). This is more than a little bit troubling to the interior economy and to the folks up north there. Back in 2005, this same proposal was put before the BRAC Commission, and the commission then went ahead and rejected it.

Many up north feel that the Air Force, since it was not able to get this proposal through the BRAC Commission, is simply trying to accomplish this through a different means. You've mentioned the two statutes that are on the books, section 2687, and there's also section 993, which require the submission of the detailed information and then congressional consultation before the service realigns outside of a BRAC round.

It seems to me that the Air Force is taking the position that it can avoid the intent of either of these two statutes by—rather than realigning Eielson in one action, they simply cut the size of Eielson in half through a series of moves, none of which would trigger application of either of the two statutes, which, in my opinion, looks like it is going around the intent of the statute, failing to keep faith there.

And I guess the question that I would have to you is, first, whether or not you think that is what we're dealing with and whether or not we're honoring the intent of the statute, and then, also, as the Air Force is looking at this issue, whether it should defer from either taking any action to implement any realignment

until it has considered or complied with either of these two statutes or put the entire plan before Congress early on.

I'm concerned that what it looks like is we're trying to break Eielson down in small pieces to put it in a situation where it really doesn't stand on its own, that that warm base in a cold place just doesn't work out. Can you speak to me directly about these two statutes and the implementation as they relate to Eielson?

Dr. ROBYN. You've given me some facts that I'm not familiar with, so I'm hesitant to talk about what you describe as the Air Force going ahead and doing something that was rejected by the commission. So I can't reconcile the fact that they asked the commission for approval to do something—it sounds like, though, what they're doing is within the law.

I think what I can say is that when a base like Eielson, if we do a BRAC analysis, we look at all bases equally. The fact that the Air Force is moving things out of Eielson would not affect Eielson's analysis.

Senator MURKOWSKI. Right. But this is not a BRAC analysis at this point. Is that correct?

Dr. ROBYN. Right. No. It sounds like they are——

Senator MURKOWSKI. And this is——

Dr. ROBYN [continuing]. Doing what they can within the law outside of BRAC.

Senator MURKOWSKI. Without, then, triggering again——

Dr. ROBYN. Right.

Senator MURKOWSKI [continuing]. These statutes.

Dr. ROBYN. It sounds that way, yes.

Senator MURKOWSKI. You know, contained within the BRAC process, there are significant, I guess, economic resources that are made available to the communities to adapt to any changes, whether social or economic. But with this somewhat ad hoc realignment proposal that is now out there on the table for Eielson, it doesn't bring any of that assistance to the communities.

Is the Air Force looking at any aspect of that, if, in fact, this proposal were to advance?

Dr. ROBYN. I don't know.

Senator MURKOWSKI. Is there somebody that can get back to me on that?

Dr. ROBYN. Yes. I'll take that for the record. I apologize.

[The information follows:]

The Department relies on the Office of Economic Adjustment (OEA) to work with communities that are affected by a defense action, including defense industry downsizing, establishment or expansion of a military installation, a base closure or realignment under BRAC, or a (smaller) realignment done outside of BRAC. Under any of those scenarios, OEA is ready to work with the affected community as soon as it is ready—even before the realignment or other action has been finalized. OEA typically assigns a project manager to the community, provides planning grants, and if appropriate helps the community organize an ad hoc organization to speak with one voice on behalf of affected workers and firms. The community can use the planning grant to start the economic adjustment process, including doing such things as a workforce assessment, a workforce development strategy, a housing market evaluation, a business assessment, a school system business plan, and a review of local economic strengths, weaknesses, opportunities and threats (SWOT). OEA also serves as a single point of contact for a defense community and helps the community get access to other Federal agencies that have funds with which to implement its economic adjustment strategy.

Senator MURKOWSKI. Secretary Hale.

Mr. HALE. Senator, I wonder if I might put your question and the answer in a broader context, though.

Senator MURKOWSKI. Okay.

Mr. HALE. The United States Congress passed the Budget Control Act last year—required us to be consistent, whether we take \$45 billion out of the budget in 2013 alone or \$259 billion over the 5 years. I would take exception to the ad hoc statement at least, broadly, we weren't ad hoc.

We tried to look across a range of missions. We came up with a new strategy. We made major changes in investment—tried, frankly, to minimize force structure changes, but made those that were consistent with that strategy.

I know it's hard to make any force structure changes, but we had to. Had we not done so, we would have ended up with investment accounts that were just not enough to sustain this military. As it was, we made major changes in investment, particularly military construction.

So we were confronted with a major challenge budgetarily by the Congress. I think we met it as best we could, and I don't think it was ad hoc. I think it was very much consistent with the strategy.

Senator MURKOWSKI. And I appreciate that, most certainly. But I also recognize that with or without the Budget Control Act, we still have in place these statutes that require a consultation process, that require a submission of detailed information. What is proposed currently takes half, half of the population from Eielson, reducing the structure from 3,000 to about 1,500, so clearly triggering both of these statutes. And yet we're not seeing any consultation. We're not getting the required information that we would have under those two statutes.

So, again, I appreciate that the Budget Control Act puts us in a very difficult spot. But I also recognize that there is an obligation for consultation. There is an obligation for that information.

And I would appreciate, Dr. Robyn, if you can get me some information on the resources that might be made available outside of the BRAC.

One final point that I'd like to bring up here is calling attention to the fact that on JBER we currently have a situation where housing capacity is limited. We've got our soldiers that are living in trailers. So the observation that you can take 1,500 from Eielson, move them down to JBER in a situation where we're already over capacity with housing, causes me to question whether or not we have the ability not only to take them in, but how from a budgetary perspective, because that's what we're talking about here—how we allow and accommodate that.

Also, if new hangars are going to be needed for the F-16s as we relocate them, where do we find the funds to not only provide for the housing, but to provide for the hangars if we're looking at a 68-percent reduction in this fiscal year 2013 MILCON program. So I throw that out to you.

I know that the site survey team is going up there within the next month, and I think we'll find out some of this information. But it is more than a bit disconcerting to know that the proposals have been made, everything is on a very aggressive schedule to im-

plement, and in fact, we simply don't have information available on some pretty basic areas. So if you can get back to me with information, I would appreciate it.

[The information follows:]

All the family housing on Joint Base Elmendorf Richardson (JBER) is privatized. The installation has over 3,100 homes and with an occupancy of around 97 percent. Approximately 60 percent of the families reside off the installation in the Anchorage area. While the Air Force does not anticipate any housing issues as a result of this move, they are still reviewing the information to determine the ability of the installation and the local community to accommodate the increase in families. Should additional homes be required on JBER, they could be constructed through housing privatization.

The draft 2012–2016 Air Force Dorm Master Plan projects a future deficit of 162 bed spaces for airmen at JBER in fiscal year 2015. To meet this deficit, the plan recommends a 144-room dormitory be considered for construction. In the case that the 18th Aggressor Squadron relocates to JBER (about 127 airmen), the total deficit will increase to about 289 bed spaces. To cover this deficit, the Air Force recommends reprogramming the fiscal year 2012 Eielson Air Force Base 168-room dormitory to JBER, as well as programming a dormitory in future year plans. As an interim measure until the final dorm is constructed, the Air Force will allow airmen to live off-base or place them in any available Army barracks.

Air Force personnel assessed available hangar space at JBER, and determined there will not be a need for new hangars driven by the F–16 move.

Senator MURKOWSKI. Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator JOHNSON. Thank you.

The first panel may be excused. Thank you.

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

QUESTIONS SUBMITTED TO HON. ROBERT F. HALE

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

Question. Under Secretary Hale, language that I included in the fiscal year 2012 National Defense Authorization Act (NDAA) requires the Department of Defense (DOD) to submit to Congress a report on its current authority for multiyear contracts and additional authorities needed.

What is the status of that report?

Answer. The Department is in the process of analyzing its needs and determining what legislative language, if any, might be needed to provide the Department with appropriate long-term contracting authority. After this process is completed, the report will be completed.

Question. What options are available to the Department to provide the biofuels industry with sufficient certainty with respect to purchasing the supply of such fuel?

Answer. The Department currently has authority to enter into contracts for alternative fuels for up to 5 years. A major impediment to issuing such contracts are fiscal scoring rules which require funds for the entire contract to be allocated in the first year of the contract. These rules significantly overestimate the risk associated with the Department's use of long-term contracting authority, as the Department would only enter into such contracts for alternative fuels on a cost-competitive basis with their conventional counterparts, and the Department would be purchasing the same quantities of fuel regardless of whether they are alternative or conventional.

Question. Do you believe legislative authority is needed for the Department to enter into long-term contracts for alternative fuels?

Answer. The Department currently has authority to enter into 5-year contracts for alternative fuels. Potential biofuels suppliers have indicated to DOD that long-term contracts of at least 10 years are necessary because of the commercially underdeveloped production capabilities for these types of fuels. A major impediment to issuing such contracts are current fiscal scoring rules, which require funds for the entire contract to be allocated in the first year of the contract. DOD is looking into

what longer term contracting authorities might be prudent and beneficial, and what additional legislative authority these options would require.

Question. Has the Department considered the option of using the Defense Working Capital Fund contract authority for a long-term (20+ years) biofuels contract as a way of meeting the needs of the industry while not increasing the budget authority requirements?

Answer. The Department has considered this option and, at the volume and scale required to cost-competitively purchase operational quantities of fuel, found it to be unworkable. An exceptionally large amount of funding, covering the full projected cost of the contract, would need to be allocated in the first year of the contract, thus imposing significant budgetary constraints on the Defense Working Capital Fund. This would considerably reduce the Fund's ability to meet its primary obligation, which is to ensure that our forces have the fuel they need in the year of execution.

Question. If so, what legislation or executive direction would be required to accomplish this option of Working Capital Fund contract authority?

Answer. As noted in the answer to [the previous question], because this option is unworkable, additional legislative authority or executive direction is not required.

QUESTION SUBMITTED BY SENATOR MARK KIRK

BUILDUP OF FORCES ON GUAM

Question. Mr. Hale, in your statement you emphasize the Administration's new emphasis on Asia and the Pacific. Last year during our hearing we tried to discuss alternatives to Guam for the stationing of Marine forces and you told us there were none. Now we see there are, in fact, alternatives, and the United States and Japanese Governments are renegotiating the entire plan. A lot has changed since last year, but a tremendous number of decisions have yet to be made.

Mr. Hale, the Future Years Defense Plan (FYDP) has over \$800 million in "undistributed Guam Wedges" in it starting in 2014, with the wedges for 2015, 2016, and 2017 being for \$270 million each. In total, there are over \$1.3 billion in the FYDP for Guam. That is a lot of total obligation authority to tie up considering we have no idea what the final Pacific theater review will recommend. Would you please comment as to why the FYDP contains such large wedges and other projects in the FYDP when the Department's review of the entire Pacific region has yet to be completed?

Answer. Consistent with the DOD strategic goal of rebalancing our global posture toward Asia-Pacific, as well as the President's emphasis on the importance of the Asia Pacific region, Guam remains critical as part of our larger Asia-Pacific strategy. Both the United States and Japan have recently underscored that the development of Guam as a strategic hub remains an essential part of the Alliance's Asia Pacific Strategy. In support of that, the fiscal year 2013 FYDP includes funding toward that end. Since the United States and the Government of Japan (GOJ) have just recently re-visited the terms of the 2006 Realignment Roadmap and the Guam International Agreement, the detailed project information normally included in the FYDP is still under development and we will continue working the details in preparation for future budget submissions. As we continue work to adjust our current posture plans with the Japanese, we understand the need to keep Congress informed and are committed to balancing fiscal realities with achieving a military presence in the region that is operationally resilient, geographically distributed, and politically sustainable.

QUESTION SUBMITTED BY SENATOR DANIEL COATS

Question. If Davis-Bacon was waived for military construction projects, how much would it save the Department of Defense in fiscal year 2013?

Answer. The Department does not have empirical data to assess the effect of a waiver of the Davis-Bacon Act on military construction. The Department is aware of anecdotal data, supplied by opponents and proponents of the act, to support either cost savings (through lower wage and benefit payments and administrative costs) or cost increases (through increased building costs and higher accident rates on projects with lower paid, less-skilled workers). The Department has experienced contracts where wages paid are at the Davis-Bacon rate, and some where the wages paid exceed the Davis-Bacon rates. One of many unknowns with a Davis-Bacon waiver is whether the Government would see cheaper, but equally qualified, or lesser qualified tradesmen being hired for our jobs as a result of lower wages than those found to be prevailing by the applicable wage rate.

The closest impartial consideration of the Davis-Bacon issue can be found in the February 24, 2010, GAO report (GAO-10-421) www.gao.gov/new.items/d10421.pdf. That report looked at the effect of applying the Davis-Bacon Act to a number of American Recovery and Reinvestment Act (ARRA) funded Federal programs, including some that had not previously been subject to the ARRA. A very brief summary of those findings—small construction projects in more rural areas would be impacted (i.e., cost more) because of Davis-Bacon required wages and administrative costs. The labor rates and payroll administration costs of major construction projects, particularly in large metropolitan areas, would not incur additional cost due to Davis-Bacon coverage.

QUESTIONS SUBMITTED TO DR. DOROTHY ROBYN

QUESTION SUBMITTED BY SENATOR TIM JOHNSON

Question. Dr. Robyn, according to your written testimony, DOD is reshaping the Energy Conservation Investment Program (ECIP) to focus on larger investments that produce “game-changing” improvements in energy consumption. What constitutes a “game-changing” improvement, and are there any in the fiscal year 2013 budget request?

Answer. Game-changing improvements are intended to leverage the Services’ larger investments in energy to create synergistic effects on the energy consumption, utilities cost or energy security of a particular installation. The six overarching program objectives for this concept are:

- Dramatically change the energy consumption at an individual installation or Joint Base;
- Implement a technology validated in a demonstration program sponsored by the DOD such as the Environmental Security Technology Certification Program (ESTCP);
- Integrate multiple energy savings, monitoring, and renewable energy technologies to realize synergistic benefits;
- Integrate distributed generation or storage to improve energy security and supply resilience for critical loads;
- Implement an energy security plan at a given installation especially when such an investment entails partnering with the Department of Energy; and
- Maximize contribution towards a Service’s or installation’s energy intensity, renewable energy and water consumption reduction goals put forth in the Department’s Strategic Sustainability Performance Plan.

In the fiscal year 2013 program, there are two projects which could be considered game-changing on a small scale. A 1.0 MW solar microgrid at Fort Hunter Liggett, California, incorporates distributed renewable energy production to improve energy security and provide reliable energy supply for critical loads on the base. This project is also a critical element in the Army’s efforts to make Fort Hunter Liggett one of its net-zero energy bases, integrating multiple technologies to help it maximize its contribution to the Army’s strategic energy plan. A combined heat and power plant in Quantico, Virginia, similarly creates reliable distributed generation to improve energy security on base. The plant also contributes to the base’s energy intensity goals by efficiently reusing the waste heat that is generated by the plant.

QUESTION SUBMITTED BY SENATOR TIM JOHNSON

Question. Dr. Robyn, you note that in fiscal year 2014, DOD will replace ECIP formula funding with competitive, merit based funding. What criteria will you use to determine which projects have the most merit? Are you taking steps to make sure the services are aware of these criteria and that the process is transparent?

Answer. The Department issues annual ECIP guidance to the Services to establish priorities, processes and criteria for their project submissions. The criteria used for fiscal year 2013 ECIP project selection are identified in the table below. Before issuing guidance to the Services for their fiscal year 2014 ECIP submissions, we intend to conduct a series of working group meetings with ECIP stakeholders from the DOD services and agencies to refine these criteria and our evaluation process.

QUESTIONS SUBMITTED BY SENATOR MARK KIRK

ENERGY SECURITY

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

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

Answer. Energy security is the primary reason we are pursuing renewable energy development, since it provides an independent energy source for our installations. Due to the intermittent nature of most renewable energy, however, we must combine these projects with microgrids and energy storage technologies.

The combination of on-site energy and storage, together with the microgrid's ability to manage local energy supply and demand, will allow an installation to shed non-essential loads and maintain mission-critical loads if the grid goes down. DOD had made the development of advanced microgrids a major priority. Towards this end, the Environmental Security Technology Certification Program (ESTCP) is pursuing a wide range of technology and innovation efforts. ESTCP has funded 10 demonstrations of microgrid and storage technologies to evaluate the benefits and risks of alternative approaches and configurations.

Question. There are several microgrid demonstration projects underway at this time and I would like to know if you plan to incorporate microgrid technology into your energy programs to ensure greater energy security. Do you have any thoughts on this technology yet?

Answer. A major focus of my office is advanced, or "smart," microgrid technology. Smart microgrids and energy storage offer a more robust and cost effective approach to ensuring installation energy security than the current one—namely, back-up generators and (limited) supplies of on-site fuel. Although microgrid systems are in use today, they are relatively unsophisticated, with limited ability to integrate renewable and other distributed energy sources, little or no energy storage capability, uncontrolled load demands, and "dumb" distribution that is subject to excessive losses. By contrast, we envision microgrids as local power networks that can utilize distributed energy, manage local energy supply and demand, and operate seamlessly both in parallel to the grid and in "island" mode.

Advanced microgrids are a "triple play" for DOD's installations. First, they will facilitate the incorporation of renewable and other on-site energy generation. Second, they will reduce installation energy costs on a day-to-day basis by allowing for load balancing and demand response—i.e., the ability to curtail load or increase on-site generation in response to a request from the grid operator. Most important, the combination of on-site energy and storage, together with the microgrid's ability to manage local energy supply and demand, will allow an installation to shed non-essential loads and maintain mission-critical loads if the grid goes down.

The Installation Energy Test Bed, discussed below, has funded 10 demonstrations of microgrid and storage technologies to evaluate the benefits and risks of alternative approaches and configurations. We are working with multiple vendors so as to ensure that we can capture the benefits of competition. Demonstrations are underway at Twentynine Palms, California (General Electric's advanced microgrid system); Fort Bliss, Texas (Lockheed Martin); Joint Base McGuire-Dix-Lakehurst, New Jersey (United Technologies); Fort Sill, Oklahoma (Eaton); and several other installations.

In addition to funding technology demonstrations, my office has commissioned three studies from outside experts. First, Massachusetts Institute of Technology's Lincoln Laboratory is reviewing all of the Department's work on microgrids from a technical standpoint, and its report will be completed in May. In addition to helping us understand the range of ongoing activity, Lincoln Lab's work will serve to classify different microgrid architectures and characteristics and compare their relative cost-effectiveness. Second, a private organization is just beginning a financial analysis of the opportunities for installations to use smart microgrids and other energy security technologies (on-site generation, load management, stationary energy storage and electric vehicle-to-grid) to generate revenue. Although some installations engage in demand response even with their existing energy systems (typically, a base agrees to use backup generators on a few peak demand days in return for a payment from the local utility), advanced microgrid and storage systems will create opportunities for much more sophisticated and lucrative transactions. Third, Business

Executives for National Security (BENS), a nonprofit, is analyzing alternative business models for the deployment of microgrids on military installations. As part of that analysis, which will be completed this summer, BENS is looking at the appropriate scale and scope for an installation microgrid (e.g., Should it stop at the fence or include critical activities in the adjacent community?) and at the impediments to widespread deployment.

ENERGY SECURITY

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

Answer. The Department is pursuing use of microgrid technology, combined with on-site energy generation, to improve the energy security of its fixed installations. Our installations rely almost completely on the U.S. electric grid for power. Since the grid is vulnerable to cyber threats, use of microgrids must be cyber secure to provide reliable backup in the face of a cyber threat. The Department will use existing standards, such as National Institute of Standards and Technology (NIST) and DOD Information Assurance Certification and Accreditation Process (DIACAP), to ensure its microgrids are protected from everything that can prevent critical applications from satisfying their intended requirements, including insider and outsider misuse, malware and other system subversions, physical damage, and environmental disruptions. The application of existing recognized approaches to DOD microgrids, such as NIST's Guidelines for Smart Grid Cyber Security, will ensure that the Department is able to meet today's cyber threat challenges.

These approaches are being used in the DOD's Environmental Security Test and Certification Program's (ETCPs) microgrid demonstration projects. ESTCP has funded 10 demonstrations of microgrid and storage technologies to evaluate the benefits and risks of alternative approaches and configurations. The Department is also testing the adequacy of these standards for cybersecurity in the Smart Power Infrastructure Demonstration for Energy Reliability and Security (SPIDERS) program. This effort is investigating cyber protection of industrial control systems and integration of distributed generation with renewable energy sources, including conducting exercises to test performance against cyber threats. SPIDERS will provide a replicable cybersecurity template when employing microgrids at DOD installations.

ROCK ISLAND ARSENAL

Question. In May 2011, the G-4 Director for Maintenance Policy, Programs, and Process briefed me on the Army's ongoing Organic Industrial Base Policy Review. Since then, the Army continues to refuse requests to provide updates on that strategy refresh. The fiscal year 2012 budget that the committee supported contained MILCON that the Army requested to expand capacity at Army organic industrial base (OIB) facilities. While the fiscal year 2013 contains limited MILCON at organic industrial facilities, we remained concerned about the absence of a strategy.

Could you please outline the Army's strategy for work-loading its organic industrial base to a sufficient level to ensure it remains viable to meet future wartime needs, and specifically the Joint Manufacturing and Technology Center Rock Island Arsenal?

Answer. The Army's workload will decline in the future because of the drawdown from current contingency operations. Linking the depots and arsenals, including the Rock Island Arsenal Joint Manufacturing and Technology Center, with the critical items they repair and manufacture will be the first step in establishing a sound baseline to determine required capability, capacity, capital investment requirements, and workload. This will allow both the depot maintenance and arsenal manufacturing competencies to remain complementary with private industry, and support the Army's action to right size the Government-owned maintenance and manufacturing base and encourage more public-private partnerships.

The Army is assessing ways to maintain critical skill sets at organic facilities like Rock Island Arsenal by:

- Exploring Foreign Military Sale opportunities to manufacture components for foreign nations;
- Investing in organic facilities infrastructure to ensure modernization with advanced technological capabilities;
- Encouraging organic facilities to partner with commercial firms to meet future requirements; and
- Encouraging involvement with the programs managers at the beginning of the acquisition process to ensure consideration of organic facility capabilities when economically feasible.

The Army will designate critical items to be manufactured at facilities based on manufacturing economies or unique manufacturing capabilities such as those at Rock Island Arsenal. This sustains efficient and cost-effective facilities. In such cases, the Army will identify the type of work and resources needed to sustain the capability and capacity and will develop an implementation strategy to do so.

Further, the Army has taken a number of steps to ensure that our organic facilities are postured to support requirements by identifying and prioritizing core requirements; sizing the facilities, infrastructure, and workforce to meet and sustain those core requirements; and using proven practices like Lean Six Sigma to ensure that its organic facilities maintain their core competencies and capabilities to meet future requirements.

The Army's will ensure that the Army's OIB, including Rock Island Arsenal, remains viable and relevant by investing in new technology; providing training and plant equipment to support the modernization of Army weapon systems; identifying and aligning core competencies and resources to support current and future surge requirements; investing to maintain state-of-the-art capabilities and quality of work environment standards; and prioritizing funding to achieve the desired end state—viable and relevant OIB facilities.

Question. To date, there has been no substantive joint-service work-loading of the Arsenal. What steps is the Army taking to engage the other services and expand access to its industrial base facilities, specifically Rock Island Arsenal? Please be specific and offer a timeline.

Answer. The Army is working to ensure that the capabilities of the Army manufacturing arsenals are known and provided to all Department of Defense (DOD) Program Managers. This helps maintain the viability of the Army manufacturing arsenals and the unique capabilities of these arsenals to support the national security interests of the United States. We are encouraging the DOD Program Managers to compete or partner with commercial manufacturing sources for weapon system assembly, sub-assembly, and component manufacturing workloads. Partnering between the arsenal and commercial section should occur if it's economical to do so or if it's needed to support a unique, necessary capability of the arsenal.

Workloads in all Army organic industrial base facilities are projected to decline at moderate rates through fiscal year 2015 as operational requirements are reduced in Iraq and Afghanistan. Throughout this period and beyond, the Army's arsenals will continue to be designated as Centers of Industrial and Technical Excellence (CITE) for maintenance and repair; for example, Rock Island Arsenal Joint Manufacturing Technology Center is designated as a CITE for Mobile Maintenance Systems.

Question. Are there any studies, reviews, and/or activities underway within the Army that could lead to the closure of the Joint Manufacturing and Technology Center Rock Island Arsenal? Please list all studies, reviews, and/or activities; the responsible USG/Army entity; and the final decision maker for each.

Answer. We know of no study that specifically recommends the closure of the Joint Manufacturing and Technology Center Rock Island Arsenal. The Secretary of Defense has requested Base Realignment and Closure (BRAC) legislation in order to give the Department of Defense (DOD) a tool for reshaping and right-sizing its infrastructure. Potential closures or realignments of any Army installation would be considered as part of this process.

In 2011, the Secretary of the Army directed the Army Materiel Command and the Assistant Secretary of the Army for Acquisition, Logistics and Technology to conduct a study on the optimization of materiel development and sustainment. The study will examine ways to improve the Army materiel and sustainment processes and institutions and is currently on-going.

QUESTIONS SUBMITTED TO DR. PETER LAVOY

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

Question. Dr. Lavoy, under the accelerated plan to withdraw 8,700 marines from Okinawa, the Department of Defense (DOD) has said that 4,700 marines will relocate to Guam, and the remaining 4,000 marines will rotate through the Pacific or shift to Hawaii.

How many forces do you expect will be home-based in Hawaii, and what MILCON requirements will that entail? Where will the rotational forces be home-based, and where will they be deployed? Do you expect future year MILCON needs for these components?

Answer. A final determination of the military construction (MILCON) funding requirements for the expected end strength of 8,800 marines in Hawaii will depend on the outcome of environmental studies and other considerations. Rotational forces are globally sourced, which in practical terms usually refers to Marine units rotating from bases in the continental United States or Hawaii. The MILCON funding requirement for the rotational forces to be located in Australia, estimated at \$1.3 billion, is very preliminary, and will depend on such factors as environmental assessments and Australian contributions.

Question. Dr. Lavoy, according to your testimony, maintaining USFK is a key component of U.S. strategy in Asia. With the effective cancellation of Tour Norm, what do you foresee for our future MILCON needs on the Peninsula? How will future MILCON in Korea augment our medium and long-term strategies?

Answer. A final determination of the military construction (MILCON) funding requirements for the expected end strength of 8,800 marines in Hawaii will depend on the outcome of environmental studies and other considerations. Rotational forces are globally sourced, which in practical terms usually refers to Marine units rotating from bases in the continental United States or Hawaii. The MILCON funding requirement for the rotational forces to be located in Australia, estimated at \$1.3 billion, is very preliminary, and will depend on such factors as environmental assessments and Australian contributions.

QUESTION SUBMITTED BY SENATOR MARK KIRK

PACIFIC ENGAGEMENTS

Question. The Future Years Defense Plan contains very specific “Pacific Engagement Wedges,” even though the review for the Pacific region has yet to be completed. The wedges are:

- 2015: \$50,000,000;
- 2016: \$49,905,000;
- 2016: \$101,317,000; and
- 2017: \$101,183,000.

Dr. Lavoy, today’s (March 27) Washington Post ran a story about the administration’s plans to broaden ties to Australia and other nations in the Pacific region. The article mentioned expanding the carrier port in Perth, Australia; deploying combat ships to Singapore; operating UAV’s from Cocos Island; and even operating out of Viet Nam. Can you please supply details of the plans as you see them thus far? A classified briefing will be acceptable.

Answer. [Follows:]

Australia.—Our alliance with Australia is solidly grounded on shared values and common security concerns and approaches. Australia and the United States see many shared regional challenges in South East Asia and Oceania, including responding to natural disasters, ensuring freedom of navigation, combating piracy, and enhancing regional stability. The force posture initiatives announced last November by President Obama and Australian Prime Minister Gillard—including the rotation of U.S. Marines to Darwin and an increased U.S. Air Force presence in northern Australia—are examples of increased United States and Australian cooperation to address these regional challenges.

The United States continues to discuss a wide range of ways to enhance military cooperation with allies and partners, including ways to increase our cooperation and interoperability with Australia. Discussions on force posture initiatives are ongoing; however, no decisions have been made by either the United States or Australian Governments regarding initiatives beyond those announced last November.

Singapore.—Singapore is an active security partner with a strong commitment to promoting regional and international security. Singapore shares the belief that a strong United States presence in the Asia-Pacific enhances this security. We are working with Singapore to operationalize the partnership agreed upon in the 2005 Strategic Framework Agreement (SFA). The SFA provides the foundation for our overall bilateral relationship.

As one part of this effort, we have agreed to forward deploy littoral combat ships (LCS) to Singapore on a rotational basis as an example of our operational engagement. The LCS will not be based in Singapore and will be home-ported in the United States. This marks a significant movement in terms of our cooperation with Singapore. Once forward deployed to Singapore, the LCS will make port calls in the region to engage regional navies through activities such as exercises and exchanges. The LCS is a fast, agile, mission-focused platform designed to operate in near-shore environments. The modular design allows the ship to be tailored specifically for the

mission at hand. The operational details of forward deploying LCS to Singapore, including the timeline, are still under discussion. More information will be made available as Singapore and the United States finalize plans.

On April 4, Secretary Panetta met with Singaporean Defense Minister Ng and discussed the forward deployment of LCS to Singapore. This deployment signals the U.S. commitment to the region and enhances our ability to train and engage with regional partners.

Vietnam.—This year marks the 17th anniversary of the normalization of diplomatic relations between the United States and Vietnam. The United States and Vietnam continue to build an increasingly robust bilateral defense relationship based on shared objectives for peace and stability in the region. Improving defense cooperation is a reflection of the overall improving relationship between the two countries.

Since the first ship visit of the USS *Vandegrift* to Vietnam in November 2003—the first United States Navy ship to visit Vietnam in 30 years—the United States has made a port call in Vietnam every year, establishing a routine pattern of United States Navy maritime engagement. These ship visits have played a critical role in enhancing our maritime security cooperation with Vietnam, and helping to expand our overall bilateral defense relationship. We memorialized maritime security cooperation with Vietnam in the 2011 Memorandum of Understanding (MOU) for Advancing Bilateral Defense Cooperation. The MOU also identified four other priority areas to move the defense relationship forward: Routine dialogues and exchanges, search and rescue, UN Peacekeeping Operations, and humanitarian assistance/disaster relief.

To continue our routine naval engagements, the United States and Vietnam navies conducted a port call in Da Nang, Vietnam in April 2012. Both countries designed this activity to foster friendship, mutual understanding, and improve defense relations.

These kinds of activities underscore the closer ties between the United States and Vietnam. They enhance collective regional capabilities and cooperation, promote understanding, and improve the interoperability of our forces. However, it would be inaccurate to suggest that these activities feature U.S. naval assets “operating out of Vietnam.” To the contrary, these activities involve U.S. vessels making brief visits before departing to continue operations elsewhere in the region.

DEPARTMENT OF THE ARMY

STATEMENT OF HON. KATHERINE G. HAMMACK, ASSISTANT SECRETARY OF THE ARMY, INSTALLATIONS, ENERGY, AND ENVIRONMENT

ACCOMPANIED BY:

LIEUTENANT GENERAL MICHAEL FERRITER, ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT AND COMMANDING GENERAL, ARMY INSTALLATION COMMAND

MAJOR GENERAL TIMOTHY KADAVY, DEPUTY DIRECTOR OF THE ARMY NATIONAL GUARD

TAD DAVIS, CHIEF EXECUTIVE OFFICER OF THE ARMY RESERVE COMMAND

Senator JOHNSON. I am pleased to welcome our second panel of witnesses.

I am pleased to introduce Secretary Katherine Hammack, Assistant Secretary of the Army for Installations, Energy, and Environment; Lieutenant General Michael Ferriter, Assistant Chief of Staff for Installation Management and Commanding General, U.S. Army Installation Command; Major General Timothy Kadavy, Deputy Director of the Army National Guard; and Mr. Tad Davis, Chief Executive Officer of the Army Reserve Command.

This year's military construction and family housing budget request for the Army is \$3.6 billion, 32 percent below the fiscal year 2012 enacted amount. This steep decline in funding reflects the uncertainty injected into the Army MILCON planning as a result of recent policy decisions, including the reduction of 72,000 Army personnel and at least eight brigade combat teams through fiscal year 2017.

While these uncertainties are reflected in the fiscal year 2013 budget request, they are more glaringly apparent in the Army's fiscal years 2013 through 2017 Future Years Defense Plan (FYDP). The Army's revised FYDP for fiscal years 2013 through 2017 is a full 70 percent lower than last year's FYDP projections.

Clearly, the Army is facing a huge task in manpower and facility resourcing as it transitions from a wartime footing. This subcommittee stands ready to assist in helping the Army make this transition in terms of military construction, but it is imperative that we have a clear picture of the Army's way ahead as we make these decisions.

I thank our witnesses for coming today, and we look forward to your testimony. I understand that each of the witnesses will make a very brief opening statement. Your full statements will be entered into the record, so I encourage you to summarize them to leave more time for questions.

Madam Secretary, please proceed.

SUMMARY STATEMENT OF HON. KATHERINE G. HAMMACK

Ms. HAMMACK. Thank you, Chairman Johnson, Senator Blunt. On behalf of soldiers, families, and civilians of the U.S. Army, thank you for the opportunity to present our military construction budget for fiscal year 2013.

I do want to recognize the absence of Senator Kirk from Illinois. His support and representation of Rock Island Arsenal is appreciated. We also wish him a speedy recovery.

We know the fiscal challenges that this Nation faces and are planning accordingly to implement what was asked of us by the Budget Control Act. The MILCON budget before you, as you mentioned, supports an Army in transition while at war and is a 32-percent reduction from prior year.

Pending strategic decisions in the Army's end strength reductions, force structure, and stationing has required us to prioritize our facility investments and to defer some of those investments that could be impacted. Once a Total Army Analysis (TAA) is complete later this year, we will then rebalance the fiscal year 2014 military construction budget to meet the needs of a realigned force.

I do want to talk about BRAC. As Dr. Robyn said in the previous panel, BRAC 2005 was a very different BRAC round for the Army from previous rounds. It was a transformational BRAC with a focus on restructuring to train and man the way that we currently fight. Although there are cost savings, they are much longer term cost savings than all prior rounds of BRAC.

BRAC 2005 also benefited the Army Guard and Reserve. In some areas, they consolidated on a 3-to-1 basis out of failing facilities into newer facilities, returning land to communities for greater economic and taxpaying use. And I'm sure you'll hear more about that from my fellow panelists.

The Army does support the administration's request for a BRAC in fiscal years 2013 and 2015. We know that changes in force structure will necessitate evaluation of our facilities to optimize usage, capabilities, and costs.

We have listened to Congress and have followed your guidance to reduce cost and footprint in Europe and in Korea. And as Dr. Robyn mentioned on the panel previously, in Europe, over the last 6 years, we have closed 97 sites and returned 23,000 acres to the host nation. In the next 4 years, we plan to close another 23 sites and return 6,400 acres primarily in Germany.

In Korea, over the last 6 years, we have closed 34 sites with 7,300 acres returned. And in the next 4 years, we plan to close another 20 sites and 9,400 acres returned to host nation. So we have been implementing a BRAC-like base realignment and closure overseas for many years, similar to what has been done in the United States.

I want to briefly touch on our Energy and Sustainability program. Since 2003, we have reduced our installation energy consumption by over 13 percent. We have implemented a Net Zero Initiative which focuses on reducing energy, water, and waste on our Army installations, and we currently have 17 installations that are striving to reach Net Zero by 2020.

Our Energy Initiatives Task Force is focusing on large-scale alternative energy production on Army installations which will give us the energy security that we require. At the same time, we have accelerated the use of Energy Saving Performance Contracts.

Each of these initiatives that I mentioned is leveraging private sector capital, not appropriated funds, utilizing authorities that members of Congress have given us. This enables us to enhance energy security, promote job growth in local communities, and leverage the cost effectiveness of the private sector.

PREPARED STATEMENT

In closing, I want to thank you for the opportunity to appear before you today and for your continued support for our Army soldiers, families, and civilians. I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. KATHERINE G. HAMMACK; LIEUTENANT GENERAL MICHAEL FERRITER; MAJOR GENERAL TIMOTHY J. KADAVY; AND TAD DAVIS

INTRODUCTION

Chairman Johnson, Senator Kirk and members of the subcommittee, on behalf of the soldiers, families and civilians of the United States Army, I want to thank you for the opportunity to present the Army's Installation Management Community fiscal year 2013 Military Construction budget request.

The Army's fiscal year 2013 Military Construction budget request supports an Army in transition while still at war. We understand the fiscal challenges faced by the Nation. Through efforts like the Army Facility Strategy 2020, the Army Family Covenant, the Army Community Covenant, and the Army Energy Enterprise, the Installation Management Community is focused on providing the facilities to support a trained and ready land force. We continue to be careful stewards of both the fiscal and environmental resources provided to the Army.

Over the past 4 years, the Army, with the support of the Congress, has regained balance, restoring strategic flexibility for the Nation. Continued support of the Congress will ensure the Army remains manned, trained, equipped and ready for all challenges and to protect America's interests at home and abroad. The subcommittee's commitment to our soldiers, families, and civilians and support of the Army's military construction program is deeply appreciated. The Army's strength is its soldiers—and the families and army civilians who support them. They are and will continue to be the centerpiece of our Army. America's Army is the strength of the Nation.

OVERVIEW

The Army's fiscal year 2013 President's budget requests \$3.6 billion for Military Construction (MILCON), Army Family Housing (AFH), and Base Realignment and Closure (BRAC). This request is \$1.7 billion less or a 32-percent reduction from the fiscal year 2012 request. The \$3.6 billion request represents 3 percent of the total Army budget. Of the \$3.6 billion requested, \$1.9 billion is for the Active Army, \$614 million is for the Army National Guard, \$306 million is for the Army Reserve, \$186 million is for BRAC, and \$535 million is for AFH. In addition and in support of Army installations and facilities the President's budget requested \$9.0 billion for Base Operations Support (BOS) and \$1.17 billion for environmental programs.

The 32-percent reduction in this budget request reflects the new fiscal reality that we are facing as a Nation. The Budget Control Act of 2011 combined with the pending strategic decisions on Army end-strength reductions and force structure and stationing across the country required the Army to review the facility investments necessary to sustain an All Volunteer Army. This MILCON budget request reflects the investments required in training, maintenance, operations, and quality of life facilities to preserve the all volunteer force.

ARMY FACILITY STRATEGY 2020

As we shape the Army of 2020 through a series of strategic choices over the coming months and years, the Installation Management Community looks to implement its Army Facility Strategy 2020 (AFS 2020) to provide quality, energy efficient facili-

ties in support of the Force. AFS 2020 provides a strategic framework to manage facilities at Army installations and is integrated with Army Systems and Force Structure decisions. AFS 2020 proposes a more cost-effective and efficient approach to facility investments that reduces unneeded footprint, saves energy by preserving more efficient facilities, consolidates functions for better space utilization, demolishes failing buildings and uses appropriate excess facilities as lease alternatives while meeting future Force drawdown as a 2020 objective.

AFS 2020 incorporates a facility investment strategy using MILCON funding to build out critical facility shortages; MILCON and Operation & Maintenance-Restoration & Modernization (O&M R&M) funding to improve existing facility quality; O&M Sustainment funding to maintain existing facilities; and O&M Demolition and Disposal funding to eliminate failing excess facilities. Investments from MILCON and O&M funding will support facilities grouped in the following categories: Global Defense Posture Realignment; Redeployment/Force Structure; Modularity; Barracks; Recapitalization/Deficit; and Ranges and Training Facilities. The fiscal year 2013 budget request begins the implementation of the AFS 2020 Facility Investment Strategy (FIS) by building out shortfalls for barracks, maintenance facilities, ranges, and Reserve component facilities.

FISCAL YEAR 2013 BUDGET REQUEST

MILITARY CONSTRUCTION, ARMY

The Active Army fiscal year 2013 Military Construction, Army (MCA) budget request is for \$1,923,323,000 (for appropriation and authorization of appropriations) to support the Army facility investment strategy. There are no requests for construction in Germany as we reassess our force structure in that country. The MCA budget has been further reduced by deferring projects that could be impacted by the Total Army Analysis (TAA). Upon completion of the TAA, future MCA budget requests will be rebalanced to meet the needs of a realigned force.

Barracks Buyout (\$401 Million/21 Percent).—The fiscal year 2013 budget request will provide for 1,180 new permanent party barracks spaces that will meet Department of Defense “1 + 1” construction standard and contribute to the reduction of inadequate permanent party barracks and deficits. The locations of these projects are at Joint Base San Antonio, Texas; Wheeler Army Air Field and Schofield Barracks, Hawaii; and Camp Ederle, Italy. The fiscal year 2013 request will also provide our soldiers 2,280 new training barracks spaces that meet applicable standards. The locations of these projects are at Fort Jackson, South Carolina; Fort Lee, Virginia; and Fort Leonard Wood, Missouri. The total barracks buyout investments will provide 3,460 spaces at seven installations.

Global Defense Posture Realignment (\$128 Million/7 Percent).—The fiscal year 2013 budget request includes two projects that support forward deployed forces in the Pacific Theater: \$45 million for a battalion complex at Army Garrison Humphreys in South Korea and \$18 million for a vehicle maintenance facility in Sagami, Japan. The request also includes \$65 million for two mission projects for units currently stationed at Fort Leonard Wood, Missouri in temporary or failing structures.

Modularity (\$301 Million/16 Percent).—The fiscal year 2013 budget requests \$78 million to support a critical strategic communication facility required by the Army's Network Enterprise Technology Command in its continuous pursuit of improved command and control, communication and intelligence linkages between Combatant Commanders and the National Command Authorities. Another \$128 million supports barracks and mission facilities for unaccompanied soldiers at Fort Campbell, Kentucky and Joint Base Lewis-McChord, Washington. The remaining \$95 million will provide aircraft maintenance hangers for the Combat Aviation Brigade at Fort Drum, New York.

Redeployment/Force Structure (\$165 Million/9 Percent).—The fiscal year 2013 budget request includes \$30 million for infrastructure necessary to support six Special Operations Command (SOCOM) buildings programmed in fiscal years 2012 and 2013. Senate Report 104–116 accompanying the Military Construction Appropriation Bill, 1996, prohibited the inclusion of infrastructure improvements in SOCOM Defense Wide MILCON budget requests and Senate Report 104–116 directed the military departments responsible for supporting the special operations forces to provide installation infrastructure as well as other common support facilities. The request includes \$107 million to support the fielding of the Gray Eagle units at Fort Bragg, North Carolina; Fort Campbell, Kentucky; Fort Hood, Texas; Fort Riley, Kansas; and Fort Stewart, Georgia. As a result of the Energy Independence and Security Act of 2007 and Executive Order, the remaining \$28 million replaces failing heating systems with ground source heat transfer systems at Fort Benning and Fort Gordon, Georgia.

Recapitalization/Deficit: (\$572 Million/30 Percent).—The fiscal year 2013 budget request includes 11 projects with investments of \$94 million for operations facilities, \$202 million for operational support facilities and \$276 million for institutional support projects. Included in the \$202 million is \$91 million for a waste water treatment plant at Joint Base Lewis-McChord, Washington. Joint Base Lewis-McChord must recapitalize this plant to meet the more stringent Puget Sound effluent standards and avoid escalating environmental violations. Also included is \$93 million to support the upgrade of the Army's aging critical industrial base facilities located at Corpus Christi Army Depot, Texas; Joint Base McGuire-Dix-Lakehurst, New Jersey; and the Military Ocean Terminal Concord, California. The two institutional support projects are the Cadet Barracks at the United States Military Academy for \$192 million and the expansion of the Arlington National Cemetery for \$84 million. The Cadet Barracks will provide 325 modern two-person rooms for the future leaders of the Army, eliminating current overcrowding. The expansion of the Arlington National Cemetery's Millennium Site will provide hallowed burial grounds for soldiers, sailors, airmen, and marines beyond 2025.

Ranges and Training Facilities (\$232 Million/12 Percent).—The fiscal year 2013 budget request includes \$160 million for training ranges to support multiple weapon systems and \$72 million in digital/simulations training facilities. The Army ranges and training facilities are used by all components of the Army to achieve mission combat readiness. The current ranges do not meet the quantity required by training demands and/or require modernization to meet current weapons qualification standards.

Other Support Programs (\$124 Million/6 Percent).—The fiscal year 2013 budget request includes \$65 million for planning and design of MCA projects and \$34 million for the oversight of design and construction of projects funded by host nations. As executive agent, the Army provides oversight of host nation funded construction in Japan, Korea, and Europe for all Services. The fiscal year 2013 budget also requests \$25 million for unspecified minor construction to address unforeseen critical needs.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The Army National Guard fiscal year 2013 MILCON budget request of \$613,799,000 (for appropriation and authorization of appropriations) is focused on Modularity, Recapitalization/Deficit, Ranges and Training Facilities, Barracks, and other support programs.

Modularity (\$227.2 Million/37 Percent).—The fiscal year 2013 budget request is comprised of 15 projects, which include nine Readiness Centers/Armed Forces Reserve Centers, two Combined Support Maintenance Shops, two Army Aviation Support Facilities, one Field Maintenance Shop, and one Refill Station Building.

Recapitalization/Deficit (\$310.5 Million/51 Percent).—The Army National Guard budget requests 18 projects to replace failing, inefficient facilities. There is one Maneuver Area Training & Equipment Site, four Regional Training Institutes (RTI), five Readiness Centers/Armed Forces Reserve Centers, two Operations Readiness Training Complexes, three Field Maintenance Shops, one Taxiway, Ramp & Hangar Alterations, one Unit Training Equipment Site, and one RTI enlisted barracks. These projects will provide modernized facilities to enhance the Guard's operational readiness.

Ranges and Training Facilities (\$34.4 Million/5 Percent).—The fiscal year 2013 budget request includes four projects which will support the Army National Guard's training of its operational force. These funds will provide the facilities soldiers require as they train, mobilize, and deploy. Included are one Live Fire Shoot House, one Combined Arms Collective Training Facility, one Urban Assault Course, and one Scout Reconnaissance Range.

Other Support Programs (\$41.7 Million/7 Percent).—The fiscal year 2013 Army National Guard budget request includes \$26.6 million for planning and design of future projects and \$15.1million for unspecified minor military construction to address unforeseen critical needs.

Special Program Considerations.—The Army National Guard requests a technical correction to the scope of the fiscal year 2010 North Las Vegas, Nevada Readiness Center. Due to technical errors, the DD form 1391 did not reflect the correct size for two line items and omitted one line item from what was presented to Congress. The Readiness Center should read 68,593 square feet (SF) vice 65,347 SF, and the unheated equipment storage area read 10,000 SF vice 4,800 SF. In addition 25,000 SF unheated vehicle storage must be added. All changes in scope can be executed within the appropriated amount of the project.

MILITARY CONSTRUCTION, ARMY RESERVE

The Army Reserve fiscal year 2013 MILCON budget request for \$305,846,000 (for appropriation and authorization of appropriations) is for Recapitalization/Deficit; Ranges and Training Facilities, Barracks, and other support programs.

Recapitalization/Deficit (\$258.8 Million/85 Percent).—The fiscal year 2013 Army Reserve budget request includes \$258.8 million for facilities that prepare our soldiers for success in current operations. The construction of six new Army Reserve Centers, one Armed Forces Reserve Center, and one Operational Readiness Training Complex will provide modernized training classrooms, simulations capabilities, and maintenance platforms that support the Army force generation cycle and the ability of the Army Reserve to provide trained and ready soldiers for Army missions when called. The construction of one Equipment Concentration Site will enhance maintenance, equipment training set and storage capacity at Fort McCoy, Wisconsin. In addition, the request includes a new Central Issue Facility and a consolidated Dining Facility at Fort McCoy. The construction of these two facilities will provide modern, technologically advanced and energy efficient facilities, as well as demolish eight failing World War II-era wood structures.

Ranges and Training Facilities (\$15.9 Million/5 Percent).—The budget request includes three ranges that enable soldiers to hone their combat skills. Two ranges will be constructed at the Devens Reserve Forces Training Area, Massachusetts, and one will be constructed at Joint Base McGuire-Dix-Lakehurst, New Jersey, to support Reserve component soldiers in the northeastern part of the country.

Barracks Buyout (\$4.3 Million/1 Percent).—The budget request includes an Unaccompanied Personnel Housing (UPH) barracks project for permanent party soldiers assigned to Fort Hunter-Liggett, California.

Other Support Programs (\$26.8 Million/9 Percent).—The fiscal year 2013 Army Reserve budget request includes \$15.9 million for planning and design of future year projects and \$10.9 million for unspecified minor military construction to address unforeseen critical needs.

ARMY FAMILY HOUSING

The Army's fiscal year 2013 budget request for \$534,692,000 (for appropriation and authorization of appropriations) is for the Army's investment in and operation of its worldwide inventory of family housing assets. The Army relies first on the local economy to provide housing for our soldiers. When housing on the economy is not available, the Army provides housing by various means including Government-owned, privatized, and leased housing. The Army has successfully privatized 98 percent of on-post housing assets inside the United States, while overseas we primarily house families in Army-owned and leased quarters.

Residential Communities Initiative (RCI).—In 1999, the Army began privatizing housing assets and the RCI continues to provide quality housing that soldiers and their families and senior single soldiers can proudly call home. The Army leverages appropriated funds and existing housing by engaging in 50-year partnerships with nationally recognized private real estate development, property management, and home builder firms to construct, renovate, repair, maintain, and operate housing communities.

RCI Family housing is at 44 locations, with a projected end state of over 85,000 homes—98 percent of the on-post Family housing inventory inside the United States. Initial construction and renovation investment at these 44 installations is estimated at \$12.7 billion over a 3- to 14-year initial development period, which includes the Army's contribution of close to \$2.0 billion. From 1999 through 2012, our partners have constructed 27,497 new homes, and renovated another 23,025 homes.

The RCI program for Senior Unaccompanied Housing includes four installations for a total of 1,394 accommodations for senior single soldiers in grade Staff Sergeant and above including officers at locations where there is a deficit of adequate accommodations off post. The four locations are Forts Irwin, Drum, Bragg, and Stewart.

ARMY FAMILY HOUSING CONSTRUCTION

AFH Construction (\$4.6 Million/1 Percent).—The Army's fiscal year 2013 Family Housing Construction request is \$4.6 million for planning and design of future projects to continue our significant investment in our soldiers and their families. This supports our goal to improve Army-owned housing and eliminate our remaining inadequate inventory at enduring overseas installations.

ARMY FAMILY HOUSING OPERATIONS

AFH Operations (\$530 Million/99 Percent).—The fiscal year 2013 budget request includes \$530.1 million for: Operations, Utilities, Maintenance and Repair, Leased Family housing, and management of RCI. This request supports over 16,000 Army-owned homes, in the United States and in foreign countries, as well as almost 7,500 leased residences and provides Government oversight of more than 83,000 privatized homes.

Operations (\$102.9 Million).—The operations account includes four sub-accounts: management, services, furnishings, and a small miscellaneous account. All operations sub-accounts are considered “must pay accounts” based on actual bills that must be paid to manage and operate the AFH-owned inventory.

Utilities (\$88.1 Million).—The utilities account includes the cost of delivering heat, air conditioning, electricity, water, and wastewater support for owned or leased (not privatized) Family housing units. The overall size of the utilities account is decreasing in proportion to the reduction in supported inventory due to RCI.

Maintenance and Repair (\$109.5 Million).—The maintenance and repair account supports annual recurring projects to maintain and revitalize AFH real property assets. Since most Family housing operational expenses are fixed, maintenance and repair is the account most affected by budget changes. This funding ensures that we appropriately maintain housing so that we do not adversely impact soldier and family quality of life.

Leasing (\$203.5 Million).—The Army leasing program is another way to provide soldiers and their families adequate housing. The fiscal year 2013 budget request includes funding for a total of 7,490 housing units, including 250 existing section 2835 (“build-to-lease”—formerly known as 801 leases), 1,478 temporary domestic leases in the United States, and 5,762 leased units overseas.

Privatization (\$26.0 Million).—The privatization account provides operating funds for management and oversight of privatized military family housing in the RCI program. RCI program costs include: Civilian pay, travel, and contracts for environmental and real estate functions; training; real estate and financial consultant services, and oversight to monitor compliance and performance of the overall privatized housing portfolio and individual projects.

BASE REALIGNMENT AND CLOSURE

BRAC 2005

The Army met its BRAC obligations within the 6-year implementation window on September 15, 2011. The implementation of BRAC 2005 enabled the Army to reshape the infrastructure supporting the Operating Force, the Generating Force and the Reserve component transforming how the Army, trains, deploys, supplies, equips, cares for and garrisons its soldiers, families, and civilians. BRAC 2005 closed 12 installations, 387 Reserve component sites, realigned 53 installations and/or functions at an investment of almost \$18 billion which included 329 major construction projects. The completion of those recommendations, combined with the efficiencies achieved in the completion of the other Army BRAC recommendations, generates almost \$2 billion in annual recurring savings. BRAC 2005 relocated three (3) four-star and five (5) three-star headquarters to multi-use installations that support the missions of those headquarters, six (6) Joint and Army Training Centers of Excellence, a Human Resources Center of Excellence, seven (7) Joint bases, four (4) Joint mobilization sites, and two (2) Joint technical and research facilities. It transformed the Army’s industrial base, medical infrastructure and authorized 125 multi-component Armed Forces Reserve Centers and realigned the Army Reserve command and control structure. The Army has also conveyed an unprecedented 47 percent of its 70,311 BRAC 2005 total excess acreage as of January 2012. The remaining focus for BRAC 2005 is to dispose of the balance of excess property.

The Army fiscal year 2013 budget request for BRAC 2005 is \$106,219,000. The funding request includes \$48.4 million to support facility caretaker requirements. In fiscal year 2013, the Army will continue environmental closure, cleanup and disposal of BRAC properties. These activities will continue efforts previously ongoing under the Army Installation Restoration Program and will ultimately support future property transfer actions. The budget request for environmental programs is \$57.8 million, which includes management of munitions and explosives of concern as well as hazardous and toxic waste restoration activities. The timely execution of environmental restoration projects in fiscal year 2013 at several industrial sites, such as Riverbank Army Ammunition Plant, California, Lone Star Army Ammunition Plant, Texas and Kansas Army Ammunition Plant, Kansas is critical to transferring property back into productive re-use and job creation.

BRAC 1990

The Army is requesting \$79,863,000 in fiscal year 2013 for prior BRAC rounds. The request includes \$4.5 million for caretaking operations and program management of remaining properties and \$75.4 million for environmental restoration to address environmental restoration efforts at 280 sites at 36 prior BRAC installations. The funds requested in fiscal year 2013 are needed to keep planned clean-up efforts on track, particularly at Forts Ord, California; McClellan, Alabama; Wingate, New Mexico; Devens, Massachusetts; and Savanna Army Depot, Illinois. The Army has disposed of 178,357 acres (85 percent of the total acreage disposal requirement of 209,291 acres), with 30,934 acres remaining. Similar to BRAC 2005, prior BRAC also produces recurring savings which the Army estimates at nearly \$1 billion annually.

Future BRAC

The Department of Defense is requesting BRAC authority in 2013 and 2015. In BRAC 2005, the National Guard and Reserve benefited greatly through consolidation of facilities into joint readiness centers. On a 3-to-1 basis, the Army closed and returned land and buildings to local communities, consolidating onto military or other lands. The benefit to the local communities and Army was both economic and operational. We anticipate that there could be similar efficiencies in a future BRAC round. Additionally, with the anticipated end-strength reduction, BRAC could facilitate realignment of leased facilities onto installation facilities vacated due to TAA. Although no analysis has been completed, further study could identify other opportunities to gain efficiencies and reduce costs.

ENERGY

The Army is the largest facilities energy user in the Federal Government. To maintain an effective readiness posture as energy costs escalate, the Army has implemented a comprehensive Energy and Sustainability program based on culture change, increased energy efficiency, and development of renewable and alternate sources of energy. Reducing energy use at Army facilities is mission critical, operationally necessary and financially prudent.

Army installations and facilities require secure and uninterrupted access to energy. Dependence on fossil fuels and a vulnerable electric power grid jeopardizes the security of Army installations and mission capabilities. Investment in renewable energy and energy efficient technologies will help ensure the Army can meet mission requirements today and into the future. The Army evaluates every single energy investment opportunity to determine its long-term benefits for the Army. For investments on our installations we examine projects based on positive return on investment and demonstrated cost savings over its lifetime. We also expect projects to make positive contributions to energy security and improve the quality of life experienced by soldiers and their family members.

Since fiscal year 2003 the Army has reduced its installation energy consumption by 13.1 percent while its total number of Active soldiers and civilians has increased 20 percent. In addition, the Army has adopted the highest building code in the Federal Government, ASHRAE 189.1 which will reduce energy and water consumption on average 40 percent annually in our new construction program and in existing facilities that undergo major renovations.

In fiscal year 2013 the Army's Installation Energy budget totals \$1.453 billion and includes \$50 million from the Department of Defense (DOD) "Defense-Wide" appropriation for the Energy Conservation Investment Program (ECIP), \$343 million for Energy Program/Utilities Modernization program, \$1,053 million for Utilities Services, and \$7.1 million for installation related Science and Technology research and development. The Army conducts financial reviews, business case and life cycle cost analysis and return on investment evaluations for all energy initiatives.

The Army's fiscal year 2013 allocation of the ECIP program, \$50 million, includes seven renewable energy projects, six energy conservation projects, one water project, and two Energy Security projects. In accordance with DOD guidance, fiscal year 2013 project submissions are divided into four categories: Renewable Energy; Energy Conservation; Water, and Security. Effective with fiscal year 2013, ECIP has established a new funding category to capture a project's contribution to enhancing water and/or grid security. The Army is taking a strategic look at requirements, including a thorough project validation and prioritization process, to develop an ECIP Future Years Defense Program to fund additional requirements should such an opportunity arise.

The Utilities Services account pays all Army utility bills and is used to finance the repayment of Utilities Privatization, Energy Savings Performance Contracts

(ESPCs) and Utilities Energy Service Contracts (UESCs). ESPCs and UESCs allow the Army to implement energy efficiency improvements through the use of private capital, repaying the contractor for capital investments over a number of years out of the energy cost savings.

Reducing consumption and increasing energy efficiency are among the most cost effective ways to improve installation energy security. The Army funds many of its energy efficiency improvements through the Energy Program/Utilities Modernization program account. In addition to funding O&M project execution, this account enables planning and developing of third party financed renewable energy initiatives such as the Energy Initiatives Task Force (\$29 million) and integrated holistic design strategies for managing resources on Army installations such as the Net Zero Initiative (\$2.2 million).

The Army is moving forward to address the challenge of Energy and Sustainability to ensure the Army of tomorrow has the same access to energy, water, land, and natural resources as the Army of today. Our energy goals include a 30-percent reduction in facilities energy intensity by 2015 from the 2003 baseline; generation of 25 percent of energy from renewable resources by 2025; reduction in petroleum use in non-tactical equipment by 20 percent by 2015; and elimination of the use of fossil fuel generated energy in newly constructed buildings by 2030.

In fiscal year 2011, the Army announced two key initiatives, the Net Zero Initiative and the Energy Initiatives Task Force (EITF). These initiatives will make the Army a leader in sustainable practices and use of renewable energy. The Net Zero Installation initiative is advancing an integrated approach and will improve the management of energy, water, and waste. Net zero installations will consume only as much energy or water as they produce and eliminate solid waste to landfills, and when fully implemented, will establish Army communities as models for energy security, sustainability, value, and quality of life. Seventeen installations have been identified for this effort, with plans to reach Net Zero by 2020.

The EITF strengthens Army Energy Security and Sustainability by developing a comprehensive capability to plan and execute cost-effective large-scale renewable energy projects by leveraging private sector financing. The EITF will serve as a one-stop shop and augment installation staff for the development of renewable energy projects greater than 10 MW on Army installations to obtain secure, sustainable, and affordable energy from a diversity of sources. The EITF is currently evaluating 12 projects at 8 installations to determine whether they are worthy of further development and has identified further opportunities at 21 installations.

The Army is incorporating cost effective Energy Efficient Measures into the MILCON Program. The Army has implemented energy efficiency requirements into all new facilities construction, renovation and modernization requirements.

The Army is committed to contributing to our Nation's energy security by reducing our dependence on foreign oil. In the Army, "Every Soldier is a Power Manager" and energy is a consideration in every aspect of how we do business. We are committed to advancing energy security by changing our doctrine, our behavior, and our technological advancement throughout all aspects of our enterprise. We will build on our past accomplishments and ensure our soldiers and civilians wisely employ the resources entrusted to them.

ENVIRONMENT

The Army fiscal year 2013 Environmental program provides \$1.17 billion in support of current and future readiness. The environmental program includes Army Working Capital Fund, BRAC 2005 and Prior BRAC, and Army O&M programs. This program ensures an adequate environmental resource base to support mission requirements, while maintaining a sound environmental compliance posture. Additionally, it allows Army to execute environmental aspects of re-stationing, Global Defense Posture Realignment and BRAC while increasing programmatic efficiencies, and addressing the Army's past environmental legacy.

As a land-based force, our compliance and stewardship sustains the quality of our land and environment as an integral component of our capacity to effectively train for combat. We are committed to meeting our legal requirements to protect natural and cultural resources and maintain air and water quality during a time of unprecedented change. We are on target to meet DOD goals for cleaning up sites on our installations, and we continue to manage environmental compliance requirements despite operating in a constrained resource environment.

SUSTAINMENT/RESTORATION AND MODERNIZATION

The Army continues its commitment to fund sustainment at 90 percent of the OSD Facilities Sustainment Model (FSM) requirement. The Army views 90-percent

sustainment funding as the absolute bedrock of proper facilities stewardship, and is an essential objective of the Army facilities investment strategy. The Army has chosen not to take risk in the sustainment of our facility inventory valued at \$329 billion. In keeping with the Army Facility Investment Strategy (FIS), the Army has increased its investment in facility restoration through the O&M Restoration and Maintenance account. This will fully restore trainee barracks, enable progress toward energy objectives and provide commanders with the means of restoring other critical facilities. Facilities are an outward and visible sign of the Army's commitment to providing a quality of life for our soldiers, families, and civilians that is consistent with their commitment to our Nation's security.

BASE OPERATIONS SUPPORT

The Army's fiscal year 2013 Base Operations Support (BOS) request is \$9.0 billion and is consistent with our fiscal year 2012 BOS budget request. The Army's fiscal year 2013 BOS strategy continues to prioritize funding for Life, Health and Safety programs and Army Force Generation (ARFORGEN) requirements ensuring soldiers are trained and equipped to meet demands of our nation at war. Army remains committed to its investment in Army Family Programs and continues to evaluate its services portfolio in order to maintain relevance and effectiveness. Army will meet the challenge of day-to-day requirements by developing more efficient service delivery or adjusting service levels while managing customer expectations. These efforts will encourage program proponents to evaluate policies, seek alternative and find innovative solutions to meet these challenges. The Army is committed to developing a cost culture for increasing the capabilities of BOS programs through an enterprise approach. Additionally, the Army will continue to review service delivery of its soldier, family, and civilian programs to ensure the most efficient and effective means of delivery are realized.

CONCLUSION

The Army's fiscal year 2013 installations management budget request is a balanced program that supports the Army in transition while at war, supports our soldiers, families, and civilians, and recognizes the current fiscal reality. The Army Facility Strategy 2020 and facilities investment strategy will be accomplished through the Congress' continued commitment to timely and sustained funding of the military construction, BRAC and family housing budget request.

In closing, thank you again for the opportunity to appear before you today and for your continued support for our soldiers, families, and civilians.

Senator JOHNSON. Thank you.

General Kadavy—General Ferriter. Excuse me.

STATEMENT OF LIEUTENANT GENERAL MICHAEL FERRITER

General FERRITER. Thank you, Mr. Chairman. I thought you were going to make my remarks very brief.

Chairman Johnson and Senator Blunt, it's an honor for me to be with you here this morning representing the soldiers and the families and the civilians of the United States Army and to discuss the fiscal year 2013 Army military construction, family housing, and base realignment and closure budget request. Before I start, I do want to thank you and thank the subcommittee for its support to the Army, our soldiers, families, and civilians.

I assumed my current position as the Installation Management Command Commanding General and the Assistant Chief of Staff for Installation Management for the Army shortly after departing Iraq where I was the Deputy Commanding General for Advising and Training of the Iraqi Security Forces. So, for me, this position is a perfect fit, because, you see, I was raised in an Army family, and while my father was on Active Duty we moved 18 times to different installations around the world.

My wife, Margie, also comes from an Army family. And together we raised four wonderful children, three of whom are serving in the

Army. My two sons each are Stryker Company Commanders and each have deployed four times, and our daughter, First Lieutenant Mary Whitney Whittaker, is stationed at Fort Benning. So we sincerely thank you for your support. We've been the recipient of Army family programs and services.

As Madam Secretary discussed earlier regarding the pending Army decisions and fiscal realities we face as a Nation, this budget represents the prudent actions taken by the Army to be good stewards of the tax dollars provided to the Army by this subcommittee and the taxpayers of the Nation.

I'd like to highlight three areas of this budget request. First is barracks. The Army's Barracks Modernization Program for permanent party and initial entry training barracks was to be completed and occupied by fiscal years 2015 and 2017. As a result of previous reductions, the Budget Control Act, and pending Army force structure and end strength decisions, both barracks program completion dates have been delayed.

With that said, the Army is investing \$721 million of this year's budget request in 12 critical barrack projects that will accommodate over 4,700 soldiers. These projects will build out barrack shortages, reduce the number of barracks with common area latrines, and replace temporary buildings.

As for the cadet barracks at the United States Military Academy, this is not a barracks in a traditional sense, but rather a dormitory with cadet living and learning spaces, as well as company and battalion operation facilities for the cadre that train and mentor the future leaders of the Army and our Nation.

The second area I'd like to highlight is overseas construction. As we've heard today, understanding the subcommittee's desire to minimize military construction investment overseas, the Army cannot ignore our soldiers who are forward deployed as the vanguard of our Nation.

The five overseas projects program for \$209 million in this request provides critical facilities in support of the President's increased focus in the Asia-Pacific theater and works to complete the requirements in Europe in support of Europe and Africa combatant commanders. As a part of the Army's prudent actions, 43 overseas projects worth \$831 million were deferred outside of the Future Year Defense Program until Army force structure and end strength decisions are made.

Finally, the last area I want to discuss is the need to modernize our range and training facilities. The \$232 million for the 17 projects in this budget are critical and necessary in training today's Army and the Army of the future. With the subcommittee's support of the military construction program, the Army will be able to maintain the edge and the experience that 10 years of combat have given to this force.

In closing, again, I want to thank the subcommittee for this opportunity to address the Army's most critical constructions needs, and I look forward to your questions. And I will now be followed by Major General Tim Kadavy, Director of the Army National Guard.

Senator JOHNSON. Thank you.
General Kadavy.

STATEMENT OF MAJOR GENERAL TIMOTHY J. KADAVY

General KADAVY. Thank you, Chairman Johnson and distinguished members of the subcommittee. It's truly an honor and a privilege to be here today representing the 350,000-plus citizen soldiers of the Army National Guard.

Since September 11, 2001, the Army National Guard has completed more than 495,000 individual soldier mobilizations in support of a full range of Federal missions. Today, we have more than 35,000 soldiers serving away from their families. I'd be remiss if I did not acknowledge the toll of those deployments. We have 5,539 Army National Guard soldiers who have been wounded in action and 685 soldiers who have sacrificed their lives for our Nation.

In fiscal year 2012, the Army National Guard will execute a military construction budget of \$773 million across 48 projects in 38 States and territories. We are again forecasting a first-year project execution rate of 90 percent or greater. This will be our fourth consecutive year the Army National Guard has achieved this level of execution.

This year's budget request of \$614 million is for 37 military construction projects to cross 26 States and territories and represents 17.2 percent of the Army's military construction request. The request is a 21-percent reduction from the President's budget request of fiscal year 2012. These projects will include readiness centers, ranges, maintenance shops, and training facilities.

We do support another Reserve component BRAC, if it is structured the same as in 2005 with voluntary participation by the States. This would help us to meet a real need and achieve a more effective inventory. We would use the program to replace our old failing facilities that are not configured for today's missions, that are energy inefficient, and facilities that are in the wrong location due to population shifts over the last 40 years. A BRAC would help us by providing new facilities which would improve our efficiencies and our soldier readiness.

The Army National Guard is truly a community-based force. Our readiness centers are central to their communities. They provide a connection between our military and hometown America. But many facilities now fail to meet the needs of the 21st century operational force. Despite this, we are committed to maintaining a ready force.

Mr. Chairman and members of the subcommittee, the Army National Guard would not be the operational force that it is today without the support of Congress and this subcommittee. Thank you again for this opportunity to speak here today. I look forward to your questions. And I'll be followed by Mr. Davis.

Senator JOHNSON. Thank you.

Mr. Davis.

STATEMENT OF TAD DAVIS

Mr. DAVIS. Thank you, Mr. Chairman, Senator Blunt. And thanks for the opportunity to appear before you all here today. It's an honor to be here on behalf of the more than 205,000 Army Reserve citizen soldiers currently serving at home and abroad.

The increased reliance on the Army Reserve in the future is quite clear, as is the need to maintain the readiness of the Army

Reserve as an operational force. Continued investment in the Army Reserve places it on a solid path to support contingency operations and theater security cooperation missions worldwide.

Army Reserve forces provide critical enablers to the Active component and members of the joint force as a complementary and essential capability, but not as a redundant force. Currently, over 17,000 Army Reserve soldiers are deployed in 23 different countries worldwide.

The military construction Army Reserve request for \$306 million in fiscal year 2013 is in compliance with the Budget Control Act and supports the Army Reserve mission. It provides the necessary replacement for failing Army Reserve centers, modernization of ranges and training support facilities, and enhanced logistical and mobilization capabilities.

Implementation of the Army Reserve Facility Investment Strategy will ensure we have sufficient facilities to meet mission requirements at the lowest possible cost with acceptable quality and quantity and at the right locations to support the demographics of the Army Reserve. Army Reserve centers are no longer just a meeting location for our units, but are now state-of-the-art facilities essential to training Army Reserve soldiers for overseas contingency operations, enhancing our support to domestic response missions, and enabling the day-to-day activities of the Army Reserve.

BRAC 2005 had a significant impact on the organizational structure of the Army Reserve, enabling us to transform to a truly operational force. Further, we were able to close 179 aging and failing facilities and consolidate our units in many cases with other joint organizations and the Army National Guard into 125 new, state-of-the-art, more energy-efficient facilities with adequate force protection. Future rounds of BRAC would allow us to continue to further consolidate units where it makes sense, to reduce reliance on leased spaces, and potentially maximize the use of existing facilities that might be vacated by other components or other services.

In closing, Mr. Chairman, our citizen soldiers will continue to be the centerpiece of the Army Reserve. We recognize that their ability to perform assigned missions successfully depends upon the continued staunch support of Congress and this subcommittee, in particular. And, again, on behalf of our Army Reserve soldiers and their families, I'd like to thank you for your continued support.

Senator JOHNSON. Thank you for your opening statements.

Senator Blunt, you may proceed. I'll finish up.

Senator BLUNT. Thank you, Senator Johnson.

NET ZERO INITIATIVE

Secretary Hammack, you and I have talked about the barracks situation at Fort Leonard Wood and the single-soldier barracks. I was able to visit there last month, and certainly, they're doing everything they can to refurbish the existing quarters. There's still a shortage. I know that you and I both believe that proper quarters for our troops is critically important here.

I guess my question would be in a case like this where you really have a need for single-soldier housing, why is that lower on the priority list now than like the Net Zero energy initiative would be?

Ms. HAMMACK. Thank you for your question. The Net Zero energy initiative is not a project funding mechanism. It is guidance and direction on how to appropriately spend SRM (sustainment, restoration, and modernization) money and MILCON money. The barracks program has been significantly reduced, and that is primarily focused on the Total Army Analysis to ensure that we do not build excess capacity anywhere. Once the Total Army Analysis is complete, we will be reevaluating and bringing in those barracks projects that are required and are not impacted by any force downsizing or restructuring.

Senator BLUNT. And are you building any barracks anywhere in the upcoming cycle?

Ms. HAMMACK. Yes. In fiscal year 2013, as General Ferriter mentioned, there are, I believe, 12 barracks projects.

Senator BLUNT. Twelve barracks projects all over the country?

Ms. HAMMACK. Yes, sir.

Senator BLUNT. And how does that comport with the idea that you're waiting to see how the troops settle out before you expand housing?

Ms. HAMMACK. Those are barracks projects in areas that we do not believe will be impacted by the results of the Total Army Analysis. So one of the large projects is at West Point. And at West Point, we have severe overcrowding, have had for a while, and have come up with a strategy and design that will relieve that. That is not an area that would be impacted by the Total Army Analysis.

Senator BLUNT. And will there be any money available for upgrading current facilities? Are you able to find some more money there than we might otherwise have? We're using facilities that otherwise I think we'd be replacing. I wonder what our thoughts are about that.

Ms. HAMMACK. Absolutely. We have sustainment, restoration, and modernization money, or SRM money, that is being used to restore facilities. In many cases, what we are finding is existing barracks buildings have the structural integrity and are sized appropriately, but what they need is extensive renovations. And so, we are finding that it costs us only a quarter of the amount to do the renovation as it would new construction. So we would, in that case, prioritize renovation over new construction.

Senator BLUNT. And SRM money at Fort Leonard Wood—do you have any report for me on that?

Ms. HAMMACK. I don't have that information with me right now. But I can take that for the record and get the information to you.

Senator BLUNT. I appreciate that.

[The information follows:]

The Army is projected to spend \$58.5 million of sustainment, restoration, and modernization funding at Fort Leonard Wood in fiscal year 2013 on the renovation of four barracks buildings, two battalion headquarters buildings, and two enlisted dining facilities.

Senator BLUNT. And Mr. Chairman, I just want to say to all the members of the panel I appreciate your service and being here today and your leadership at a challenging time for our defense structure. But I'm glad that you all are part of it.

ARMY NATIONAL GUARD AND RESERVE MILITARY CONSTRUCTION
REQUIREMENTS

Senator JOHNSON. Thank you.

This question is directed at both General Kadavy and Mr. Davis. General Odierno has noted that the reduction in the Army end strength will require the military to rely more heavily on the Army Guard and Reserve to maintain its capability to engage in major combat operations. He also suggested that the United States will have to keep its Reserve forces at a higher level of readiness than it did before the wars in Iraq and Afghanistan.

How does this translate to military construction requirements? I'm concerned because the fiscal years 2013 through 2017 FYDP shows an 18-percent reduction for the Guard and a 14-percent reduction for the Reserve below the projected out-year funding in last year's FYDP. How might this impact the ability of the Guard and Reserve to provide the necessary training facilities to support the increased readiness requirement?

General Kadavy, would you like to answer first?

General KADAVY. Thank you for the question, Senator. The Army training strategy is focused on taking the strengths of all three components as it deals with installations and training areas and ranges, et cetera, and prioritizing them for the units that are within the force generation model in the available year. So for those units that are preparing for an upcoming deployment, the ranges and the facilities are available. And we also believe that in the current budget request, we are able to get after requirements to critical requirements where ranges don't exist or to remodel or modernize those that are failing or failed.

Thank you, Senator.

Senator JOHNSON. Mr. Davis.

Mr. DAVIS. Thank you, Mr. Chairman. I'd come at this question maybe a little bit differently than General Kadavy. I think first and foremost what we're seeing from the Army Reserve perspective and from the Guard's perspective is no detriment to our current end strength. Hence, the investments that are being made in our facilities are done so based on what we believe is our current end strength at 205,000, which we believe will be consistent through the FYDP, again, based on things like TAA, based on things like possible sequestration.

But as we look to the future with that steady state of 205,000 reservists, we believe that if we receive a steady state of MILCON funding through that period that you mentioned, fiscal years 2013 to 2017, that we will be able to adequately address those things that we need to focus on most, again, as General Kadavy mentioned, replacement of our aging and failing Army Reserve facilities that are out there, enhancements to our ranges and training areas, and upgrades to our ability to conduct simulation type training exercises, and then, finally, as you know, our all important equipment concentration sites and consolidated maintenance facilities.

And so we will look at those major categories of facilities into the future, and if we continue to get in that range of \$175-\$180 million, which is what the projection is right now, we think we will be able to adequately provide the support from a MILCON perspec-

tive to the Army Reserve as an operational force through that period.

FORCE RESTRUCTURING

Senator JOHNSON. General Ferriter, since 2003, the Army has reduced its total personnel in Europe by 50 percent. In addition to this previous force reduction, the Army has announced that it is also planning on withdrawing two brigade combat teams and Army 5th headquarters from Germany. While there is no new Army MILCON for Germany in fiscal year 2013, how will force restructuring impact future Army MILCON needs in Europe? How much money will the Army save in terms of operations and maintenance expenses with the withdrawal of two brigade combat teams and 5th headquarters?

General FERRITER. Thank you for that question, Mr. Chairman. For the first part, the consolidation and movement of the Army forces and the families within Germany and within Europe by General Hertling, who is the United States Army Europe Commanding General—he is shrinking his footprint down to accommodate the smaller numbers of forces.

In accordance with our view towards our forward presence at places such as Grafenwoehr and Hohenfels, they become keen training sites and housing sites for the United States presence and for the United States to work with our partners and allies. In shrinking down his footprint and moving and consolidating at a place such as Wiesbaden, then he expects that he'll be saving over \$100 million in terms of being at multiple sites and the operating of many smaller sites.

They have a very, very comprehensive plan. Now, much of it still is also tied to the Army's total Army view of itself and what forces, the size of our forces, and the overall decisions taken by the Secretary of the Army and the entire Department here. So, overall, I think they're in good shape, and they have a good plan to tighten their facilities and their costs over there.

EUROPEAN FACILITIES

Senator JOHNSON. Secretary Hammack, what additional military construction costs do you expect from the consolidation and disposing of unneeded facilities in Europe?

Ms. HAMMACK. Many of the facilities in Europe as are closed are being returned to host nation. And so the costs are not incurred in the disposing of facilities. The costs are more incurred in the relocation of material to wherever we decide its end destination is.

There may be some costs as we consolidate in replicating facilities in a new location in order to close an existing location. Maybe we need more warehouses or other facilities. But that is part of the analysis that we're undergoing right now as we determine how to move the troops out.

Senator JOHNSON. Is the Army planning on maintaining vacated infrastructure in EUCOM for contingency purposes? If so, has any analysis been conducted to determine the annual operation and maintenance (O&M) costs for maintaining contingency facilities?

Ms. HAMMACK. The plan right now is not to maintain contingency facilities, but we plan to have a rotational force. So we will

not need family housing, but we would need barracks for our rotational force. So we will need some facilities for our rotational force and for training, whereas we would not be planning for a contingency.

Senator JOHNSON. General Ferriter, with the planned drawdown in Afghanistan, the Army has indicated that it will rotate units through Europe in lieu of permanent basing there. Where will these forces be located in Europe? Will they occupy vacated space from the force restructuring and troop reductions?

General FERRITER. Mr. Chairman, principally, they'll be at and near the training facilities, the large and beautiful training facilities that we already have there. And these won't be just the forces coming directly out of Afghanistan. But rather this will be a part of the Army force generation and training model, so to push forces from the United States forward for a limited period of time to conduct the training for themselves, to have the opportunity to train with our allies, and then to return to their home station base in the United States.

ARLINGTON NATIONAL CEMETERY

Senator JOHNSON. Secretary Hammack, this is relative to Arlington National Cemetery. In fiscal year 2013, the Army is requesting \$103 million for military construction and planning and design and \$25 million through Army O&M funds to support needed improvement projects at Arlington National Cemetery (ANC).

While I support the Army's goal of correcting challenges posed by prior mismanagement at Arlington Cemetery, ANC has long been an independent agency reflecting the importance of ensuring that Arlington Cemetery is not a footnote in the Army's overall defense budget. Given the past mismanagement at Arlington Cemetery, which I think we all recognize as a genuine concern, is the Army considering plans to absorb ANC into the Army budget? If so, would there be any requirement to maintain it as an independent agency?

Ms. HAMMACK. Right now, there are many discussions as to the future of Arlington and the management of Arlington. But our primary focus is to ensure that our dead are being buried appropriately and the Army appropriately stewards Arlington for all of the services. The money that we are asking in the MILCON project or in the MILCON program is for the Millennium Project, which is an expansion of Arlington Cemetery.

Current forecasts are that we will run out of burial space and niches by 2025, and so we need to ensure that we are utilizing all of the land available. And so the Millennium site is an old Park Service warehouse, an area of the nearby fort and some Arlington land that has been underdeveloped. And so that is what the request is for.

It is under OMB direction that we are putting it in the MILCON program, and it is a bit of an anomaly. But we believe that the Army, with the stewardship of the Army Corps of Engineers, can appropriately manage this expansion, and it is a necessary project.

Senator JOHNSON. Secretary Hammack, as you know, defense O&M funds are appropriated through the Defense Appropriations Subcommittee. ANC's O&M budget is currently appropriated

through this subcommittee. Appropriating money for Arlington through different subcommittees raises questions over the commingling of funds and how to maintain effective oversight of the ANC budget.

If the subcommittee were to approve this request for fiscal year 2013, how does the Army propose to differentiate and ensure transparency between ANC O&M funding through the independent agency account and O&M funding through the Army?

Ms. HAMMACK. I would have to take that one for the record. Our intention is that they be managed independently, and that this is a bit of an anomaly to correct challenges that ANC has had in the past. We have yet to decide what the appropriate path forward is.

We do understand the use of security funds versus non-security funds. And so it is something that we are going to have to work collectively with Congress to determine what the appropriate path forward is.

[The information follows:]

To ensure that the Army and Arlington National Cemetery (ANC) maintain transparency between these two appropriations, the Army will use ANC's Management Decision Package (MDEP) code as part of the project line of accounting to identify those operation and maintenance, Army (OMA) funds used to support each ANC project. ANC's MDEP code is unique for the OMA account and can be used to track these expenses.

PRIVATIZED FAMILY HOUSING PROJECTS

Senator JOHNSON. Secretary Hammack, what effect will the planned reduction in Army force structure have on the Army's privatized family housing projects? Do you anticipate that the financial viability of any privatized housing projects will be jeopardized or that certain projects will be forced to rely on waterfall occupancy to remain viable? Which, if any, projects are at risk?

Ms. HAMMACK. We have yet to identify projects as risks because we have not completed the Total Army Analysis. But as you correctly stated, sir, there is a waterfall plan which identifies alternate uses. And several of our RCI (Residential Communities Initiative) projects are already in the waterfall phase, in that civilians, retirees, or other entities are utilizing the housing on the Army base to ensure that the RCI program remains viable.

ADDITIONAL COMMITTEE QUESTIONS

Senator JOHNSON. I would like to thank all of our witnesses for appearing before this subcommittee today. We look forward to working with you this year. For the information of members, questions for the record should be submitted by the close of business on April 17.

[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. KATHERINE G. HAMMACK

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

ARMY PRIVATIZED HOUSING

Question. Secretary Hammack, what effect will the planned reduction in Army force structure have on the Army's privatized family housing projects?

Do you anticipate that the financial viability of any privatized housing projects will be jeopardized, or that certain projects will be forced to rely on waterfall occupancy to remain viable?

Which if any projects are at risk?

Answer. The impact of possible future Army restructuring decisions may generate deficits or surplus housing at some Army installations. The Army is carefully reviewing and considering major new housing investments, only approving actions that align with known decisions.

We are working to gather more facts as the situation develops and can't provide an absolute answer at this time. On average, 35 percent to 40 percent of assigned personnel live in installation housing and the majority of our Residential Communities Initiative (RCI) projects maintain significant waiting lists of perspective tenants so any impact would be minimal. Currently, of the over 85,000 homes currently in the Army RCI program, approximately 3 percent are occupied by personnel under a waterfall agreement.

None of the Army RCI projects are currently at risk of failure due to Army stationing activities. Any projected or actual occupancy shortfalls are immediately addressed through a collective effort between all stakeholders including HQDA (Headquarters, Department of the Army), the installation and the RCI partner to determine an effective strategy to increase demand.

QUESTION SUBMITTED BY SENATOR DANIEL COATS

DAVIS-BACON ACT

Question. If Davis-Bacon was waived for military construction projects, how much would it save the Department of the Army in fiscal year 2013?

Answer. The Department is not aware of any internal data or studies that have been able to quantify the financial effect of repealing Davis-Bacon. If such information exists, the Department of Labor, as the Davis-Bacon rate setter, would be a likely source. The Department has experienced contracts where wages paid are at the Davis-Bacon rate and some where the wages paid exceed the Davis-Bacon rates. One of many unknowns with Davis-Bacon repeal is whether the Government would see cheaper, but equally qualified, or lesser qualified tradesmen being hired for our jobs as a result of lower wages than those found to be prevailing by the applicable wage rate.

SUBCOMMITTEE RECESS

Senator JOHNSON. This hearing is recessed.

[Whereupon, at 11:40 a.m., Tuesday, March 27, the subcommittee was recessed, to reconvene subject to the call of the Chair.]