

RECORD VERSION

STATEMENT BY

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BEFORE THE

**SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
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**FY2022 DEPARTMENT OF DEFENSE BUDGET
REQUEST FOR MILITARY CONSTRUCTION AND FAMILY HOUSING**

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**NOT FOR PUBLICATION UNTIL RELEASED BY THE
COMMITTEE ON APPROPRIATIONS**

Chairman Heinrich, Ranking Member Boozman and members of the Subcommittee: on behalf of the Soldiers, Families, and Civilians of the United States Army, thank you for the opportunity to present the Army's Fiscal Year (FY) 2022 budget request for installation infrastructure.

We would like to express our gratitude to members of this committee for your strong support of Army installations, Soldiers, and Families. Thank you for supporting our budget request and providing additional funding for key programs such as barracks, Family housing, and childcare facilities. This year, we are requesting \$7.1 billion for Army's installation infrastructure—\$1.7 billion for Military Construction, and \$5.4 billion in Facilities Sustainment, Restoration, and Modernization (FSRM).

The Army strategy provides a clear path to transform and achieve overmatch against its adversaries in great power competition. The Army priorities are People, readiness, and modernization. This reprioritization and recognition of the importance of alliances and partnerships, reflect the Army's success in rebuilding and sustaining tactical readiness over the past six years, establishing strategic readiness, investing in critical capabilities, and recognizing the fundamental role of our People and facilities in driving readiness and modernization. In support of the Army Strategy and priorities, the Army published additional supporting strategies, amongst them, the *Army People Strategy*, *The Army Modernization Strategy* and the *Army Installations Strategy*, all of which help to guide resource and programmatic allocations.

The Chief of Staff of the Army has said, and the Secretary agrees, People are our number one priority, our greatest strength, our most valuable asset, and our most important weapon system. *The Army People Strategy* describes how we will more deliberately manage the talents of our Soldiers and Civilians. The Secretary has said she will prioritize the full range of People issues to ensure our Soldiers and civilians have the best quality of life possible and strive to continue improving Army housing, healthcare, childcare, and spouse employment. People drive our success in readiness, modernization, and reform.

Our FY 2022 Budget and our Quality of Life initiatives are guided by the *Army Installations Strategy* in developing modern, resilient, sustainable installations;

enhanced strategic readiness that can operate in a contested environment; and provide quality facilities, services, and support to our Soldiers, Families, and Civilians.

THE ARMY INSTALLATIONS STRATEGY

Installations are platforms from which we sustain Army culture, care for our People, and project and sustain forces essential to strategic readiness and the Army's ability to deploy, fight, and win our nation's wars. With timely, adequate, predictable, and sustained funding, we will ensure that our People remain a priority and this will help us continue to recruit, train, and retain an Army of high quality Soldiers, supported by their Families and civilians, and prepared to win our Nation's wars.

The Army's Installations Strategy published in December 2020, represents a pivot from Industrial-Age facility design concepts of single-function, single-tenant buildings and purpose-built specialization, to Information-Age infrastructure that is multi-functional, multi-tenant, and easier and less expensive to customize or reconfigure. A forthcoming Army Infrastructure Investment Strategy will tie planned Army investments to measurable effects.

Taking Care of People

The Army wins through its People. Adaptable and tailorable quality of life programs for Soldiers, Civilians, and Families improve Army readiness and reduce uncertainty. Our People promote the Army as a great team to join, and installations as the best places to work and live. Facility conditions; modern services; Family programs; and Morale, Welfare, and Recreation functions are essential components for taking care of our People. Winning matters—the Army must be able to compete for and win the fight for talent—both for those who serve in uniform and those who seek to be part of our civilian workforce. What matters most to our People is not whether the Army owns or operates a facility but whether the services are delivered in a quality, safe facility, which are responsive, user friendly, and convenient.

Quality of Life Priorities

Recognizing the important role quality of life plays in recruitment, retention, and readiness, we are focused on improving military housing and barracks, ensuring the best health care, expanding access to child care, improving opportunities for spouses to gain meaningful employment and build their own careers, and reducing the turbulence of moving. Another priority is support and resilience where our focus is on increasing support and resources to some of our remote, isolated, and challenged installations. These focused efforts help strengthen the Army team.

Family Housing and Barracks

Our Soldiers and Families deserve high quality, safe housing. Our focus is on fixing the privatized housing issues were first brought to light in fall of 2018, while simultaneously working with the Military Housing Privatizing Initiative (MHPI) companies to strengthen the long-term financial health of the Army's Residential Communities Initiatives (RCI) privatized housing portfolio. We are conducting 100 percent quality assurance inspections on change of occupancy and life, health, and safety maintenance work orders.

The Army continues to prioritize privatized housing reform actions that will improve the tenant experience, rebuild tenant trust, and maintain RCI housing project financial viability. This includes implementing requirements for a Tenant Bill of Rights, a universal lease, a dispute resolution process, and other elements set out in the FY 2020 and FY 2021 NDAs. Six of seven of the Army's RCI partners have agreed to implement the 18 tenant rights set out in the FY20 NDAA at their existing projects, and at least 17 of those rights are now available at nearly every Army installation with privatized housing. The final right – standard documentation (focused on a universal lease framework) – is available at 37 or 84% of Army's installations with RCI housing, and with few exceptions, we expect all 18 tenant rights to be fully available by the end of FY 2021.

Our priority going forward is to continue implementing MHPI reforms that improve safety, quality, and maintenance of the privatized housing, continue engagement with residents, and ensure accountability at all levels within the Army and the MHPI

companies to perform our oversight as originally intended at the outset of housing privatization. We continue to host weekly housing meetings with key stakeholders and RCI companies on a rotating basis to review physical and financial condition of privatized housing. We conduct quarterly Town Hall meetings with Commanders and residents; we have hired independent third-party experts to perform comprehensive financial and development reviews; we have established an enforceable incentive fee metric to reward improved work order response times, achieve better quality work, and increase resident satisfaction. We also have worked with our MHPI companies to accelerate investment in RCI home renovations and replacement. Our MHPI companies have obtained \$1.5 billion of additional private sector financing and are reinvesting another \$1.3 billion from privatized project reinvestment accounts to perform significant improvements to the housing they own and operate on Army installations.

Over the past three years, the Army has invested \$1.73 billion in Army Family Housing, to include government-owned housing improvements and construction. In addition, the Army has also invested \$2.1 billion in barracks for construction, operations & maintenance, and restoration & modernization over the last three years. The Army is focused on modernizing barracks standards that incorporate user feedback and the latest technology. We must continue to work to increase the overall quality of housing—Army-owned and privatized housing, and Army-owned barracks.

Over the next 10 years, the Army has programmed over \$11.5 billion to improve barracks. Our investment in military construction and repair and maintenance projects will help ensure that Army meets DoD's goal to maintain 90 percent of our unaccompanied housing in good or better condition. We also are requiring greater leadership presence in the barracks, as part of the Army Barracks Management Program. This program empowers leaders to exercise oversight and upkeep of barracks.

The Army Maintenance Application (App) allows Soldiers to submit a maintenance claim quickly from their cell phone without having to wait for their chain of command or make an appointment. The app will eventually become the primary tool for maintenance inquiries for residents of Army-owned Family housing and barracks across the Army.

Historic Housing Program

The Army is faced with the extraordinary challenge of managing the largest inventory of historic housing in the federal government. The Army must provide quality of life for Soldiers and their Families; manage high renovation costs for historic housing; address hazards found in historic building materials such as lead-based paint and asbestos; and address the need for expanded living space and modernization of mechanical systems, all while preserving the historic and architectural character of its huge inventory of over 30,000 historic homes. Issued in September 2020, the *Program Comment for Department of the Army Inter-War Era Historic Housing, Associated Buildings and Structures, and Landscape Features (1919-1940)* establishes a new paradigm for integration of National Historic Preservation Act requirements as part of the solution to the Army's most critical military Family housing concerns for over 3,200 Inter-War Era homes. The management actions addressed by the Program Comment directly improve the material living conditions and the quality of life, health, and safety for the thousands of Army Family members who live in Inter-War Era housing, while mitigation measures ensure the historic and architectural character of this housing is preserved.

Health Care

Access to high-quality healthcare is an essential part of taking care of Soldiers and their Families. Attending to our beneficiaries' medical needs improves their quality of life, enabling Army readiness. Partnering with Defense Health Agency, Army Medicine will continue to deliver world-class care for our beneficiaries across our installations to maintain our Army Family's health. As the Military Health System reforms, our focus is readiness. This means that we will emphasize operationally oriented training, modernized capabilities, and innovative operational concepts. We are grateful to Congress for increases in Health Professional Officer special pay caps. This needed investment ensures we can sustain the recruiting and retention of the best quality healthcare professionals for the sustainability of the force.

Child Care

Army Families do not always have the stability of an established neighborhood or the proximity of relatives to allow for a constant and reliable child care plan; thus Soldiers look to the Army to provide services that assist them in safely caring for their children so that they can focus on their mission and spouses on their careers. The Army is challenged by child care capacity, mainly for infants and toddlers. Additionally, availability of quality off-post care is limited in many communities, reducing options for Soldiers who cannot access on-post care. This drives longer wait times at some locations like Hawaii, the National Capital Region, and Joint Base Lewis-McChord. The Army is implementing mitigation strategies to maintain and, in some cases, increase access to care. This includes planning an additional 21 Child Development Centers over the next ten years, which will add up to 4,000 new spaces. Expanding Family Child Care, with aggressive marketing, recruitment and retention incentives, will increase the number of providers from 149 to 275 by the end of FY 2022. Finally, improving retention of staff through a comprehensive recruitment and retention strategy, including staff compensation adjustments in accordance with updated DoD guidance to remain competitive in local job markets.

Spouse Employment

Spouses are the “force behind the force,” balancing professional careers, Family, health, and well-being, all in the context of the unique Army lifestyle that includes deployments, frequent moves, and mission requirements. They often sacrifice their personal career goals for the benefit of the Army. Supporting spouse employment and careers without excessive delay or extra expense reduces Permanent Change of Station (PCS) move stress, improves quality of life, and contributes to readiness and retention. The Army is grateful for the attention and support that Congress has provided in this area.

The Army continues to make improvements in the spouse employment arena. We are improving policies for military spouse preference and non-competitive civil service appointments and conducting a pilot program for advanced application of Military Spouse Preference in certain foreign overseas locations. We are also assessing

an initiative that better connects spouses to hiring officials prior to an overseas move. We reimburse up to \$1,000 for qualified relicensing costs for fees or costs associated with getting the same or similar license in a new state after a move. We improved the portability of home-based businesses, streamlining the application and approval process to operate home-based businesses on our installations. We have 582 home-based businesses on installations and 478 are operated by spouses. The Army Civilian Employment Assignment Tool allows certain non-appropriated fund employees to transfer between installations quickly. Since inception in August 2018, there have been 449 successful transfers; 259 were military spouses. We are adding an additional 31 Employment Readiness Program Staff in the next 90 days. The Army continues to work with Office of the Secretary of Defense to promote workforce development scholarships, improve state license reciprocity and professional license compacts, and reduce barriers to overseas employment.

Permanent Change of Station (PCS) Moves

PCS moves are significant, and at times frustrating, events for Army Families. To ease the stress and reduce financial burdens, the Army is making great strides to improve the household goods and relocation experience. We continue to follow health protection protocols to ensure safety of everyone involved in the moving process. We are issuing orders earlier (120 days prior to report date) to help Soldiers and Families better plan moves. We are hiring additional quality assurance inspectors with approximately 365 inspectors on board to include 41 spouses or Family members to ensure moving companies comply with DoD standards. Finally, we have increased the Personally Procured Move monetary allowance from 95% to 100% of the estimated cost the government would have paid a moving company.

Last year, we also launched a new interactive app, "Army PCS Moves," which includes information on entitlements, move types, planning/scheduling moves, and claims procedures; with more than 13,000 downloads.

Strengthen Readiness and Resilience

Climate Change

The Army recognizes climate change as a growing global security threat. In line with the President and the Secretary of Defense's direction, we are prioritizing climate change considerations in our threat picture, strategic plans, operations, and infrastructure design. We will include climate risk analyses in our war-gaming, modeling and simulation activities, and our daily operational missions. The Army is poised to build on past efforts with a focus on integrating climate security factors within assessments and planning, installation resilience, science and technology, operational energy, sustainable land management, and procurement. We are taking significant steps to address climate change and extreme weather impacts, which include the Army Directive 2020-08, U.S. Army Installation Policy to Address Threats Caused by Changing Climate and Extreme Weather, the Army Climate Assessment Tool, and the Army Climate Resilience Handbook. In March 2021, the Army established the Army Climate Change Working Group to synchronize and direct Army activities to address climate implications and policy, planning, and implementation across the force, and execute climate change objectives.

Energy and Water Resilience

The Army is the largest consumer of installation energy in the Department of Defense, spending more than \$1 billion per year on facility energy and water. Our installations rely, with few exceptions, on commercial energy and water sources to accomplish critical missions. The vulnerabilities in the interdependent electric grids, natural gas pipelines, and water resources supporting our installations jeopardize mission infrastructure, installation security, and the Army's ability to project power and sustain global operations.

The *Army Installation Energy and Water Strategic Plan* sets a vision and establishes goals, strategic objectives, and measurable targets to shape efforts to achieve long-term infrastructure resilience, efficiency, and affordability. Building and measuring resilience enables Army readiness by improving the ability to prevent and recover from disruptions to vital energy and water utility services.

We gain valuable insights into our existing infrastructure condition and capability gaps, resource access, and system operations and plans through planning and condition assessments. Installation Energy and Water Plans (IEWPs) outline critical mission needs, characterize energy and water baseline conditions, and propose prioritized approaches for projects and operational activities to increase energy and water resilience. The Army has 30 IEWPs at or near-completion; all remaining installations are scheduled to be completed by the end of FY 2022. IEWP results will be incorporated into installation master plans. Black Start Exercises assess capabilities and reveal gaps, which are not always discoverable during table top exercises. They have also resulted in improved communications between the Army, local community, and utility companies that service an installation.

Modernize and Innovate

The Army Modernization Strategy states installations must modernize “at pace” with the rest of the Army to support a modernized Army by 2035. To do this, installations must provide facilities, ranges, airfields, and support infrastructure that possess the appropriate physical characteristics required by new Army weapons systems.

Army modernization requires that installations provide the facilities, systems, and connectivity to support the Army on its path toward full multi-domain operations readiness by 2035. Installation management practices must transform to accommodate new information-era technologies. Innovation efforts support the Army priority of Reform. We will prioritize those that create efficiencies, expand workforce productivity, and generate resilience.

The Army will plan for upgrades to maintenance facilities, motor pools, ranges, network infrastructure, administrative facilities, housing, barracks, secure facilities, and utilities upgrades to keep pace with other modernization efforts. Force projection also requires assessment of roads and highways, bridges, ramps, marshaling yards, ammunition supply points, railways, and airfields. Real property master plan processes will expand in technical sophistication, using data-informed analysis and modeling to accommodate new specifications for modern equipment and achieve better

environmental analysis necessary to fulfill requirements of the National Environmental Policy Act.

The Army is updating its facilities standards and standard designs to meet and support fielding of new weapon systems. The objective Army of 2035 will have systems that exceed the current facilities criteria. Examples of change include the tactical equipment maintenance facility at Fort Hood where the revised Army Standard will include minimum dimensions for bay space clearance and an additional 35-ton crane for overhead lift capability. The Supply Support Activity is a specialized facility from a general purpose warehouse with changes to include adding a second floor/mezzanine for automation and robotics capabilities and climate control for corrosion prevention.

The Army Standard and Standard Design for permanent party barracks will also change to take care of our number one asset, the Soldier. We'll be improving resilience, readiness, and Quality of Life of our Soldiers by equalizing the have and have-nots and take care of HVAC as part of health/life/and safety issues and promote promising changes from research on behavioral and social health of barracks residents. Additional changes, like replacing communal laundries with built-in washer dryers and adding self-service food kiosks to common areas, will improve Quality of Life.

FY 2022 BUDGET REQUEST FOR INSTALLATION INFRASTRUCTURE

The Army's FY 2022 budget requests funding to take necessary near-term actions to help make installations multi-domain ready and resilient.

Military Construction

Army Military Construction. The Army's FY 2022 Military Construction request for \$1.7 billion (appropriation and authorization of appropriations) will improve Installation readiness, Industrial Base readiness and Soldier Quality of Life. The Quality of Life investments consist of five new barracks projects for \$262 million and one Family Housing project for \$92 million. The total request includes \$835 million for the active component, \$257 million for the National Guard, \$65 million for the Army Reserve, \$491 million for Army Family Housing (Construction and Operations), and \$65 million in the

Base Closure Account for environmental remediation, caretaker services, and program management costs at BRAC sites.

Military Construction, Army (MCA). Inside the Active Army's request there is \$399 million supporting installation readiness (\$141 million Training, \$95 million Command & Control and \$51 million Maintenance, \$96 million Industrial Base and \$16 million in support of European Combatant Command) and \$249 million for barracks. The Active Component also has \$27 million for Host Nation Support.

Pilot Program for Additional Child Development Center Construction. In the FY 2021 National Defense Authorization Act, section 2865, the Services were directed to conduct a pilot program under which the services may carry out military construction projects not otherwise specified in law. The Army plans to utilize the existing \$27 million authorization provided in FY 2020 to accelerate a Child Development Center project at Fort Gordon.

Military Construction, Army Reserve (MCAR). The FY 2022 MCAR budget request supports three major construction projects: Area Maintenance Support Activity facility in Southfield, Michigan, valued at \$12 million; Wright Patterson AFB Army Reserve Training Center, valued at \$19 million; and Fort McCoy, Wisconsin transient training building, valued at \$12.2 million.

Military Construction, Army National Guard (MCNG). The National Guard's request supports readiness by funding \$139 million for Readiness Centers and \$43 million for Maintenance Facilities. It also provides \$13 million for barracks.

Minor Construction/Planning & Design. All three components have funds planned for Unspecified Minor Construction and Planning and Design.

Army Family Housing (AFH). The Army's request for \$92.3 million in construction funding supports one new/replacement project providing 130 new homes (Vicenza, Italy) and necessary planning and design funds. The Army's request for \$391.2 million in Family Housing Operations funding provides for Army Family Housing operations, maintenance and repair, utilities, leasing, and management of Residential Communities Initiative.

Base Realignment and Closure (BRAC). The Army's request for \$65.3 million includes \$7.1 million for continuing caretaker and program management requirements

at remaining BRAC installations closed or realigned under the five previous BRAC rounds (BRAC (1988, 1991, 1993, 1995, and 2005) and \$58.2 million for environmental cleanup requirements. Additionally, the Army has included \$21 million in prior year funds for Polyfluoroalkyl Substances (PFAS) cleanup requirements, a carryover from the \$35 million PFAS funding provided to the Army in FY 2021. The Army continues to work with federal and state regulators to resolve complex environmental issues, including in regard to PFAS, that exist on Army's BRAC sites, to allow the property to be conveyed and used for a beneficial non-military purpose.

Operation and Maintenance of Facilities

Facilities Sustainment, Restoration, and Modernization (FSRM). The Army is requesting \$5.4 billion in FSRM to address our backlog of facilities maintenance and provide sustainment to slow degradation of facilities and demolish facilities (\$90 million) no longer required.

Army Sustainment. The Army's FY 2022 Facilities Sustainment request for \$3,767 million (Active \$2,832 million, USAR \$255 million, ARNG \$682 million) will provide 80% of the Facility Sustainment Model requirements for all Components. It will allow maintenance work orders on all facilities and preventative maintenance orders on Quality of Life and mission readiness facilities. Army intends to ramp to the Office of the Secretary of Defense goal of 90% of FSM in future years.

Restoration and Modernization (R&M), Active Army. The FY 2022 request for the Active Army is \$1,142 million and will primarily fund restoration projects for barracks and Child Development Centers across the Army and readiness facilities including vehicle maintenance facilities and transportation infrastructure at key installations.

Restoration and Modernization (R&M), Army Reserve. The FY 2022 request for the Army Reserve is \$87 million and will primarily fund restoration projects for barracks, maintenance activities, and Reserve Centers.

Restoration and Modernization (R&M), Army National Guard. The FY 2022 request for the Army National Guard is \$263 million and will primarily fund restoration projects for barracks and training facilities.

Beyond the Budget

Leveraging Partnerships: The Army has a long history of leveraging public-public, public-private, and/or third party partnerships to optimize use of other than appropriated funds, improve Army readiness, and address underfunded requirements. These partnerships come in a variety of forms, but generally lead to increased investment on Army installations, enhanced provision of services, modernized infrastructure, and improved cooperation with other Services, communities, and organizations. The Army appreciates Congressional support for partnerships.

CONCLUSION

Army readiness begins on our installations. We need ready and resilient installations to ensure our Soldiers are properly trained and can be deployed anywhere in the world in order to fight and win our Nation's wars. Your continued advocacy helps to ensure we will remain an attractive option for current and future generations who want to serve their Nation and also retain the current force by meeting the expectations of an all-volunteer Army with capable, high-quality, and modernized installations.

Thank you for the opportunity to present this testimony and for your continued support of our Soldiers, Civilians, and Families.