United States Air Force

Presentation

Before the Senate Appropriations Subcommittee on Military Construction and Veterans Affairs

Military Construction, Housing, Environmental, Energy, and BRAC

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Principal Deputy Assistant Secretary Performing Duties as Assistant Secretary of the Air Force (Installations, Environment & Logistics)

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BIOGRAPHY

UNITED STATES AIR FORCE

KATHLEEN I. FERGUSON

Kathleen I. Ferguson, is the Principal Deputy Assistant Secretary of the Air Force for Installations, Environment and Logistics, Office of the Assistant Secretary of the Air Force for Installations, Environment and Logistics, Washington, D.C. She acts for and assists in executing the responsibilities of the Assistant Secretary for matters in the formulation, review, and execution of plans, policies, programs and budgets for installations, energy, environment, safety and occupational health as well as weapon system logistics support.

Ms. Ferguson began her career in 1981 as a design civil engineer at Plattsburgh Air Force Base, N.Y. She transferred to Langley AFB, Va. in 1983, and held a variety of positions with the 1st Fighter Wing, Headquarters Tactical Air Command and Headquarters Air Combat Command until 1993. In 1994, she moved to the Pentagon where she worked with environmental and civil engineering programs.

Ms. Ferguson became Chief of the Installation Support Panel with the Office of the Deputy Chief of Staff for Installations and Logistics when the Air Force corporate structure stood up in 1995. From 1997 to 1999 she served on the headquarters staff for the U.S. Air Forces in Europe Command at Ramstein Air Base, Germany. She returned to the Pentagon and the IL office as Chief of the Installation Support Panel with the Office of the Civil Engineer. From 2000 to 2002, she worked for IL as the Combat Support Division Chief for the Directorate of Supply. Prior to assuming her current position, she was the Deputy Air Force Civil Engineer. Ms. Ferguson is a registered professional engineer in Virginia.

EDUCATION

1980 Bachelor of Science degree in civil engineering, University of New Hampshire
1989 Air Command and Staff College, Maxwell AFB, Ala.
1989 Master's degree in public administration, Auburn University
2001 Program for Senior Managers in Government, John F. Kennedy School of Government, Harvard University

CAREER CHRONOLOGY

1. 1981 - 1983, design engineer, 380th Civil Engineering Squadron, Plattsburgh AFB, N.Y.
2. 1983 - 1988, Chief, Engineering Branch; Chief, Contract and Environmental Planning Section; and Contract Programmer, 1st Civil Engineering Squadron, Langley AFB, Va.
3. 1988 - 1989, student, Air Command and Staff College, Maxwell AFB, Ala.
4. 1989 - 1994, Deputy Chief, Programs Division, Headquarters Air Combat Command Civil Engineering; Chief, Military Construction Programs Branch, Headquarters Tactical Air Command Civil Engineering; later, Project Manager for MILCON Design and Construction, Headquarters Tactical Air Command Civil Engineering, Langley AFB, Va.
5. 1994 - 1997, Chief, Civil Engineer Programs and Analysis Branch; Chief, Installation Support Panel; and Environmental Program Manager, Civil Engineer Legislative Affairs Analyst and resource allocation team member, Office of the Deputy Chief of Staff for Installations and Logistics, Headquarters U.S. Air Force, Washington, D.C
6. 1997 - 1999, Chief, Programs and Resources Division, Civil Engineer Directorate, Headquarters U.S. Air Forces in Europe, Ramstein Air Base, Germany
7. 1999 - June 2000, Chief, Civil Engineer Programs and Analysis Branch and Chief, Installation Support Panel, Office of the Civil Engineer, Office of the Deputy Chief of Staff for Installations and Logistics, Headquarters U.S. Air Force, Washington, D.C.
8. June 2000 - April 2002, Chief, Combat Support Division, Directorate of Supply, Office of the Deputy Chief of Staff for Installations and Logistics, Headquarters U.S. Air Force, Washington, D.C.
9. April 2002 - October 2007, Deputy Air Force Civil Engineer, Headquarters U.S. Air Force, Washington, D.C.
10. October 2007 - September 2012, Deputy Assistant Secretary of the Air Force for Installations, Office of the Assistant Secretary of the Air Force for Installations, Environment and Logistics, Washington, D.C.
11. September 2012 - present, Principal Deputy Assistant Secretary of the Air Force for Installations, Environment and Logistics, Office of the Assistant Secretary of the Air Force for Installations , Environment and Logistics, Washington, D.C.

AWARDS AND HONORS

2005 Meritorious Executive Presidential Rank Award
2010 Distinguished Executive Presidential Rank Award

(Current as of March 2014)

Introduction

The mission of the United States Air Force is to fly, fight and win …in air, space and cyberspace. We do so through our six core capabilities of air and space superiority, global strike, rapid global mobility, precision engagement, information superiority and agile combat support. These capabilities are enabled and reinforced by our global network of Air Force installations, and managing those installations involves understanding and balancing mission requirements, risk, market dynamics, budgets, and the condition of our assets. As such, the health of our installations, environment and energy programs directly contributes to overall Air Force readiness.

Installations

Ready installations are an integral part of ensuring a ready Air Force. We view our installations as foundational platforms comprised of both built and natural infrastructure which: (1) serve as enablers for Air Force enduring core missions - we deliver air, space and cyberspace capabilities from our installations; (2) send a strategic message to both allies and adversaries - they signal commitment to our friends, and intent to our foes; (3) foster partnership-building by stationing our Airmen side-by-side with our Coalition partners; and (4) enable worldwide accessibility in times of peace, and when needed for conflict. Taken together, these strategic imperatives require us to provide efficiently operated sustainable installations to enable the Air Force to support the Defense Strategic Guidance.

In our Fiscal Year 2015 President's Budget request, the Air Force attempted to strike the delicate balance between a ready force for today with a modern force for tomorrow while also recovering from the impacts of sequestration and adjusting to budget reductions. To help achieve that balance the Air Force elected to accept risk in installation support, military construction (MILCON) and facilities sustainment. The Air Force funded facilities sustainment at 65 percent of the OSD's Facilities Sustainment Model; reduced the restoration and modernization account by 33 percent and MILCON by

28 percent from the Fiscal Year 2014 President's Budget. In doing so, we acknowledge near-term facilities sustainment, restoration & modernization, and MILCON program reductions will have long term effects on the health of infrastructure. However, these reductions are critical to maintaining adequate resourcing across the Future Years Defense Program (FYDP) for some of the Air Force's unique capabilities.

In total, our Fiscal Year 2015 President's Budget request contains $3.32 billion for military construction, facility sustainment, restoration and modernization, as well as another $328 million for Military Family Housing operations and maintenance. For sustainment, we request $1.8 billion; for restoration and modernization, $547 million; and for military construction, we request $956[1] million, which is $366 million less than our Fiscal Year 2014 President's Budget request. This decrease in military construction defers infrastructure recapitalization requirements while supporting Combatant Commander (COCOM) requirements, weapon system beddowns, capabilities to execute the Defense Strategic Guidance, and distributes MILCON funding equitably between Active, Guard, and Reserve components. Ensuring component equity targets were met, approximately $95 million (9.9%) and $50 million (5.2%) was distributed to the Guard and Reserve components respectively. This is an increase in component equity for both the Guard and Reserve from FY14 to FY15.

Readiness

Our Fiscal Year 2015 President's Budget request includes vital facility and infrastructure requirements in support of Air Force readiness and mission preparedness. Examples of this include investments in projects which strengthen our space posture at Clear Air Force Station, Alaska, and support Total Force cyberspace and intelligence, surveillance, and reconnaissance projects at several locations including W.K. Kellogg Airport, Michigan; Willow Grove, Pennsylvania; and Des Moines

[1] $956M is the Total Force funding request including Active, Guard and Reserve

International Airport, Iowa.

Consistent with Defense Strategic Guidance, the Asia-Pacific Theater is a key focus area for the Air Force where we will make key investments to ensure our ability to project power into areas which may challenge our access and freedom to operate, and continue efforts to enhance resiliency. Guam remains one of the most vital and accessible locations in the western Pacific. For the past eight years, Joint Region Marianas-Andersen Air Force Base (AFB) has accommodated a continuous presence of our Nation's premier air assets, and will continue to serve as the strategic and operational center for military operations in support of a potential spectrum of crises in the Pacific.

To fully support Pacific Command's strategy, the Air Force is committed to hardening critical infrastructure, mitigating asset vulnerabilities, and increasing redundancy, as part of Pacific Airpower Resiliency. In 2015, we plan to continue the development of the Pacific Regional Training Center (PRTC) by constructing a combat communications infrastructure facility, a RED HORSE logistics facility, and a satellite fire station. These facilities will enable mandatory contingency training and enhance the operational capability to build, maintain, operate, and recover a 'bare base' at forward-deployed locations, and foster opportunities for partnership building in this vitally important area of the world.

Modernization

The Fiscal Year 2015 President's Budget request includes key infrastructure investments to support the beddown of the F-35A and KC-46A. Our ability to support the beddowns of our new fighter and tanker aircraft depends on meeting construction timelines for critical infrastructure - facilities such as aircraft maintenance hangars, training and operations facilities, and apron and fuels infrastructure. This year's President's Budget request includes $187 million for the beddown of the KC-46A at three locations. This consists of $34 million at McConnell AFB, Kansas, the preferred alternative for Main Operating Base (MOB) 1, $111 million at Tinker AFB, Oklahoma, for KC-46A depot maintenance, and $42

million at Pease International Tradeport Air National Guard Base (ANGB), New Hampshire the preferred alternative for MOB 2. This request also includes $67 million for the beddown of the F-35A at two locations, consisting of $40 million at Nellis AFB, Nevada, and $27 million at Luke AFB, Arizona.

Our Fiscal Year 2015 program also supports vital COCOM priorities, such as continuation of a multi-year effort to recapitalize the U.S. Strategic Command headquarters facility at Offutt AFB, Nebraska, construction of the U.S. Cyber Command Joint Operations Center at Fort Meade, Maryland, and construction of the U.S. European Command Joint Intelligence Analysis Center Consolidation (Phase 1) at RAF Croughton, United Kingdom.

People

During periods of fiscal turmoil, we must never lose sight of our Airmen and their families. Airmen are the source of Air Force airpower. Regardless of the location, the mission, or the weapon system, our Airmen provide the knowledge, skill, and determination to fly, fight and win. There is no better way for us to demonstrate our commitment to service members and their families than by providing quality housing on our installations. We are proud to report that as of September 2013, the Air Force has privatized our military family housing at each of our stateside installations. To date, the Air Force has awarded 32 projects at 63 bases for 53,323 end-state homes.

The Air Force continues to manage more than 18,000 government-owned family housing units at overseas installations. We use Military Family Housing Operations and Maintenance (O&M) sustainment funds to sustain adequate units, and MILCON to upgrade and modernize homes older than 20-plus years, to meet the housing requirements of our Airmen and their families, and the Joint service members we support overseas.

Similarly, our focused and efficient investment strategy for dormitories has enabled the Air Force to remain on track to meet the DoD goal of 90 percent adequate permanent party dorm rooms for

unaccompanied Airmen by 2017. The Fiscal Year 2015 President's Budget request for military construction includes one dormitory at Hanscom AFB, Massachusetts-our Dormitory Master Plan's top priority. With your support, we will continue to ensure wise and strategic investment in these quality of life areas providing modern housing and dormitory communities. More importantly, your continued support will take care of our most valued asset, our Airmen and their families.

Closures and Realignments

We do all of this while recognizing that we are carrying infrastructure that is excess to our needs. This excess infrastructure and pending future force structure and personnel reductions make it clear the Air Force needs another round of BRAC.

While we have no recent excess infrastructure capacity analysis from which to draw, the Department's capacity analysis from 2004 estimated that the Air Force had 24 percent excess infrastructure capacity. Base Realignment and Closure (BRAC) 2005 directed the Air Force to close only 8 minor installations and 63 realignments affecting 122 installations. Since then the Air Force has reduced our force structure by more than 500 aircraft and reduced our active-duty military end strength by nearly 8 percent. So, intuitively we know we still have excess infrastructure.

Since the last BRAC round, we have strived to identify new opportunities and initiatives that enable us to maximize the impact of every dollar we spend. Our efforts to demolish excess infrastructure, recapitalize our family housing through privatization, unlock the fiscal potential value of under-utilized resources through leasing, and reduce our energy costs have paid considerable dividends.

Since 2006, we have demolished 44.2 million square feet of aging building space that was excess to our needs and we estimate the resultant savings at greater than $300 million. We have demolished antiquated administrative facilities, ill-suited for today's technological age; we have

eliminated aircraft operations and maintenance facilities that we no longer need based on reductions to the size of our aircraft fleet; and we have demolished old and energy-inefficient warehouse facilities no longer needed due to rapidly evolving supply chains that reduce the need for localized storage.

Despite our best efforts and the innovative programs, the Air Force continues to spend money maintaining excess infrastructure that would be better spent recapitalizing and sustaining our weapons systems, training to improve readiness, and investing in the quality of life needs of our Airmen. Divestiture of excess property on a grander scale is a must; the Air Force strongly supports DoD's FY15 President's Budget request for another round of BRAC.

European Infrastructure Consolidation

The Secretary of Defense directed a capacity analysis to explore opportunities for reducing long-term expenses through infrastructure consolidation in Europe, and the Air Force fully supports this effort. Since 1990, the Air Force has reduced the number of Main Operating Bases (MOBs) in Europe from 25 to 6 and reduced the number of aircraft, personnel, and infrastructure in Europe by almost 75 percent. Currently, the Air Force is thoroughly evaluating its European infrastructure. Today we operate from six main operating bases to support our NATO commitments and provide throughput and global access for six unified combatant commands. We removed one A-10 squadron in Europe in Fiscal Year 2013, programmed for the reduction in the level of operations at Lajes Field, Portugal to better match infrastructure requirements to mission demand, and divested one Air Control Squadron and two Air Support Operations Squadrons. Through the Office of the Secretary of Defense-led European Infrastructure Consolidation study, we are using a comprehensive process to analyze a variety of scenarios.

Environmental

Our environmental programs priorities are to, 1) comply with legal obligations; 2) reduce risk; and 3) continuously improve. The President's 2015 budget request seeks a total of $919 million for environmental programs. This is $127 million less than last year and reflects savings in two broad areas – centralized program management and innovative acquisition strategies. Through centralized program management, Air Force has reduced approximately 12% of our overhead and management costs allowing us to eliminate 270 positions. Further, our environmental programs are designed to provide the mission-ready people, infrastructure and natural resources necessary to meet mission requirements today and tomorrow.

Environmental Restoration

Our Fiscal Year 2015 President's Budget request seeks $494 million in Environmental Restoration funding for cleanup of both current installations and those closed during previous BRAC rounds. We established our cleanup program in 1984 to clean-up former hazardous waste disposal sites on these installations. Our focus has been on completing investigations and getting remedial actions in place, to reduce unacceptable risk to human health and the environment in a prioritized manner. Ultimately, we seek to make real property available for mission use at our non-BRAC installations, or for transfer and reuse at our BRAC installations. We believe this balanced approach continues to serve our mission needs, our regulators' requirements, and our stakeholders' interests well.

With over 7,100 restoration sites at our non-BRAC installations, and over 5,800 sites at our BRAC installations, the Air Force has made progress over time in managing this complex program area. In addition to regulatory and mission requirements, the DoD has committed to restoration program execution goals to help ensure an acceptable pace is maintained in program execution. While our BRAC

restoration sites are on-track to meet the next DoD milestone to have 95% remedies-in-place by the end of FY14, our non-BRAC restoration sites are currently projected to fall 19% short of this goal.

In early 2011, we recognized our performance for this goal at our non-BRAC restoration sites was not acceptable and put into place a new policy and a new contracting strategy specifically to improve our performance. Since a large component of our cleanup program relies on expertise acquired under contracts, this policy made a change to fixed-price, performance-based contracts that reward increased use of innovative technologies and cleanup strategies that consider the total life cycle cost of getting remedies in place and sites cleaned up.

After two-plus years of focused effort, our new policy and performance-based contracting strategy has generated substantial improvements, but work still remains to meet DoD goals for non-BRAC installation cleanup. With our new approach, we are finding better solutions and are cleaning up sites faster with lower projected lifecycle costs. Due to the efficiency and effectiveness of this approach, we expect our performance and progress to accelerate over the next year.

We continue to meet federal, state and other stakeholder requirements in implementing this new approach. We have received positive feedback from many regulators on our intent and means to finish clean-up more expediently and more efficiently. Our focus is to return real property for mission use or reuse under BRAC.

Environmental Quality

Our Fiscal Year 2015 President's Budget request seeks $425 million in Environmental Quality funding for environmental compliance, environmental conservation, pollution prevention, and environmental technology investments. We have programmed for all known, eligible environmental quality requirements to keep us in compliance with the law and allow us to continue to be good stewards of the environment.

In our environmental quality programs, we have refocused our efforts to streamline and more effectively manage our compliance, conservation and environmental planning activities. We have instituted a standardized and centralized requirements development process that prioritizes all Air Force environmental requirements in a manner that minimizes risk to Airmen, the mission and the natural infrastructure. Our environmental quality budget request follows our prioritized list and ensures the continued availability of land, air, and water resources at our installations and ranges so we can train and operate today and into the future.

The Air Force remains committed to a robust environmental conservation program in Fiscal Year 2015. Prior appropriations allowed the Air Force to invest in conservation activities on our training ranges, providing direct support to mission readiness. The conservation program in Fiscal Year 2015 builds on the efforts of past years to continue habitat and species management for threatened and endangered species, improve the inventorying and management of Cold War context and other historic properties, and enhance our consultation activities with Native American tribes. The Fiscal Year 2015 President's Budget request also provides for continued cooperation with other agencies, like the U.S. Fish and Wildlife Service, to maintain current Integrated Natural Resource Management Plans, and to operate the Wildland Fire Center to manage risk from wildfires, enhance ecosystem resilience through application of prescribed fire, and provide key fire-related information for planning and incident response.

We will maintain our strong performance as good environmental stewards complying with legal requirements, reducing risk to our natural infrastructure, and honing our environmental management practices. Working together with regulatory agencies, other federal partners, and industry experts, the Air Force continuously innovates and adopts best practices to lessen environmental financial liabilities and the impact of our operations. We do this to maintain the Air Force's mission-ready posture and

meet Combatant Commander requirements. With this approach, we seek the sustainable management of the resources we need to fly, fight, and win into the future.

Energy

Energy is a corner stone of the Air Force's ability to maintain global vigilance, reach, and power which requires a robust energy security posture. Energy security means "having assured access to reliable supplies of energy and the ability to protect and deliver sufficient energy to meet operational needs." And to enhance its energy security, the Air Force is focused on four priorities:

1) Improve resiliency to ensure the Air Force has the ability to recover from energy interruptions and sustain the mission,

2) Reduce demand through operational and logistical efficiencies and new technologies, without losing mission capabilities,

3) Assure supply by diversifying the types of energy and securing the quantities necessary to perform its missions, and

4) Foster an energy aware culture by increasing our Airmen's understanding of energy and its impact to the mission.

Budget Impact

The Air Force is the largest single consumer of energy in the federal government. As energy costs increase and budgets decrease, energy places greater pressure on the Air Force budget. In Fiscal Year 2013, the Air Force spent approximately $9 billion on fuel and electricity, with over 85 percent of those costs dedicated to aviation fuel. That $9 billion represented over 8 percent of the total Air Force budget, and this is only expected to increase in future years as the price of energy continues to rise. Every dollar the Air Force does not need to spend on energy allows the Air Force to invest that dollar into enhancing a high quality and ready force.

As part of our ongoing effort to achieve our energy vision to sustain an assured energy advantage, the Air Force is requesting over $614 million for targeted energy initiatives in Fiscal Year 2015. This includes $24.5 million for aviation energy, over $60 million for facility energy initiatives, and $193.7 million for materiel acquisition and energy research, development, test and evaluation opportunities. Additionally, over $200 million of our facility sustainment, restoration, and modernization projects will have additional energy savings as a secondary benefit by updating inefficient infrastructure and building components. While these energy improvements are small on a project-by-project basis, collectively they make a meaningful contribution to reducing the Air Force's energy consumption and build upon the nearly $855 million the Air Force has invested for such projects over the last four years.

Although sequestration in Fiscal Year 2013 deferred the spending of the $216 million energy focus fund until late in the fiscal year, the Air Force did fund 135 of the planned 220 projects to improve our facility energy efficiency. The savings from these investments are expected to begin in Fiscal Year 2015, and the majority are expected to payback before or just shortly after the Future Years Defense Program. However, the delay due to sequestration may cause the Air Force to miss its 2015 target year energy intensity reduction of 30 percent. Additionally, sequestration deferred spending on facility audits, advanced meter and advanced meter reading system installations, and delayed utilities privatization contract awards.

Energy Conservation

The Air Force takes a centralized asset management approach in infrastructure investments, which has led to a reduction in our overall facility energy intensity by more than 22 percent since Fiscal Year 2003. However, the 67 percent increase in energy unit costs over that same period has resulted in a relatively stable amount the Air Force spent to power its facilities since Fiscal Year 2006. Nonetheless,

our energy conservation efforts have helped the Air Force cumulatively avoid over $1.7 billion in facility energy costs since 2003, enabling the Air Force to use those funds to increase mission effectiveness.

The Energy Conservation Investment Program (ECIP) is a critical element of the Air Force's strategy to improve the energy performance of its permanent installations. The Air Force Fiscal Year 2014 program includes 12 ECIP projects totaling $35.1 million. The Air Force Fiscal Year 2015 program submitted to OSD includes 14 projects totaling $40.8 million. The Air Force is also looking to reduce demand by using smarter construction methods that maximize energy efficiency and use environmentally-friendly materials while continuing our initiative to identify and demolish 20 percent of our old, unnecessary, and high-energy use facilities by 2020.

By reducing our aviation fuel consumption more than 24 percent since Fiscal Year 2006, the Air Force avoided almost $2.5 billion in aviation fuel costs in Fiscal Year 2013, compared to Fiscal Year 2006. Moving forward, the Air Force is looking towards an efficiency goal to improve our aviation productivity by 10 percent by Fiscal Year 2020. At our installations, the Air Force spent more than $1 billion in Fiscal Year 2013 for facility energy. However, without our efforts to reduce consumption over the last 10 years, our facility energy bill would have been over $270 million higher last year.

Renewable Energy

The Air Force is looking to improve its energy security and diversify its energy supply through the increased use of renewable energy. In Fiscal Year 2013 eight percent of the electrical energy used by the Air Force was produced from renewable sources, and the amount of renewable energy used by the Air Force continues to increase every year. Moving forward, our goal is to develop 1,000 megawatts (MW) of renewable energy capacity on our installations. By making the most of private sector knowledge, technology, and financing, we plan to capitalize on underutilized land on our installations to develop those projects. Currently, the Air Force has 256 renewable energy projects in operation across

a wide variety of renewable energy sources, including wind, solar, geothermal, and waste-to-energy projects, increasing energy production by over 53 percent from 2012 to 2013. This year, we are planning projects that are expected to provide over 31 MW of capacity, with another 31-41 MW of capacity planned for Fiscal Year 2015.

The Air Force is not limiting its efforts to renewable energy projects, but is also incorporating alternatively fueled ground vehicles into our fleet. With the support of private and public stakeholders, the Air Force is currently working to develop an all-electric vehicle fleet at Los Angeles AFB, California, the first federal facility to replace 100 percent of its general-purpose vehicle fleet with electric vehicles. Additional vehicles are slated for several other DoD installations, including Joint Base Andrews- Naval Air Facility Washington and Joint Base McGuire/Dix/Lakehurst.

Third-Party Financing

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

Direct Air Force renewable energy project funding through Air Force capital sources is rarely cost-effective when compared to commercial utility rates. To address this, the Air Force is using existing authorities, such as Enhanced Use Leases (EULs) and Power Purchase Agreements (PPAs), to attract private industry to develop renewable energy projects. We see tremendous potential for third-party investments to construct on-base renewable projects.

The Air Force is reinvigorating third-party financing to fund energy conservation projects through Energy Savings Performance Contracts (ESPC) and Utility Energy Service Contracts (UESC). Since Fiscal Year 2012, the Air Force awarded $94 million in such contracts, improving our energy conservation with no upfront capital required. Over the next two years, the Air Force anticipates awarding five ESPC

and five UESC projects. These projects will help the Air Force achieve its goal under the President's Federal Energy Performance Contracting Challenge.

Conclusion

The Air Force made hard strategic choices during formulation of this budget request. The Air Force attempted to strike the delicate balance between a ready force for today with a modern force for tomorrow while also recovering from the impacts of sequestration and adjusting to budget reductions. To help achieve that balance the Air Force elected to accept risk in installation support, Military Construction and facilities sustainment. We believe this risk is prudent and manageable in the short-term, but we must continue the dialogue on right-sizing our installations footprint for a smaller, more capable force that sets the proper course for enabling the Defense Strategy while addressing our most pressing national security issue - our fiscal environment.

In spite of fiscal challenges, we remain committed to our Airmen and their families. The privatization of housing at our stateside installations provides our families with modern homes that improve their quality of life now and into the future. We also maintain our responsibility to provide dormitory campuses that support the needs of our unaccompanied Airmen.

Finally, we continue to carefully scrutinize every dollar we spend. Our commitment to continued efficiencies, a properly sized force structure, and right-sized installations will enable us to ensure maximum returns on the Nation's investment in her Airmen, who provide our trademark, highly valued airpower capabilities for the Joint team.