S. HRG. 106–649

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 2001

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

ON

H.R. 4425/S. 2521

AN ACT MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2001, AND FOR OTHER PURPOSES

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MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 2001

TUESDAY, FEBRUARY 29, 2000

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

The subcommittee met at 9:15 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.

Present: Senators Burns, Craig, and Murray.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

STATEMENT OF HON. ROBERT B. PIRIE, JR., ASSISTANT SECRETARY OF THE NAVY FOR INSTALLATIONS AND ENVIRONMENT

ACCOMPANIED BY:

REAR ADM. LOUIS SMITH, CIVIL ENGINEER CORPS, U.S. NAVY, COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND/ CHIEF OF CIVIL ENGINEERS

BRIG. GEN. HAROLD MASHBURN, U.S. MARINE CORPS, DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS

REAR ADM. JOHN COTTON, U.S. NAVAL RESERVE, DEPUTY DIRECTOR, NAVAL RESERVE

OPENING STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. We will call to order this Subcommittee on Military Construction of the Senate Appropriations Committee, and first of all, we want to thank everybody this morning here. We wanted to get a jump on it, and I was late. We had a Chinese delegation, trade delegation, who visited Montana last week, and they were in town this morning, so we felt we had better meet with them, as we didn't get to meet with them in the State.

We will hear first this morning from the Department of the Navy. We're pleased to have before us this morning Assistant Secretary of the Navy for Installation and Environment, Mr. Pirie. Secretary, it's good to see you again. We have sat across this table more times than we both want to admit, but we're still grazing the green side, and that has something to say about the relationship. It's always a pleasure to have you with us and to lay out some things. We have Admiral Smith, Major General Mashburn, and Admiral Cotton, and we appreciate all of you coming this morning.

Compared to last year's budget submission proposal, the fiscal year 2001 budget appears to be in somewhat better shape. We still have some wrinkles to iron out, but nevertheless, I think there's no

real mountains here to climb, but just to smooth out the edges a little bit. However, there is still insufficient funding in the budget for adequately addressing those critical mission and quality of life shortfalls. We're disappointed in that area. Although if your fiscal year 2001 budget attempts to provide funding for a limited number of barracks, family housing, water projects and airfield facilities, it's more of a question of allocating shortages across the Department of the Navy.

Also of great concern is a loss of the 5 percent contingency fund for all military construction and family housing projects. I'm worried about this and the impact it may have, and I have to ask are we compromising our quality standards, and are we slowing up the projected execution and possible deferment of some projects? I'm concerned about that.

I look forward to hearing about this and the potential impact of all the witnesses as they present their testimony. We look forward to working with you to ensure that the most critical requirements are met in the budget, and, yes, we are very, very sensitive to retention and recruitment and the quality of life of our military people because we feel like that this is very, very important to our overall national structure, force structure, and, of course, our national defense.

I would ask you this morning if you could keep your statements brief. Your entire statement will be made a part of the record, and then we can start a dialogue. It's my pleasure to see Senator Murray here this morning. We have worked together on this committee now for the third or fourth year in a row, and it is always a pleasure working with her and her staff. Thank you for coming this morning.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you very much, Mr. Chairman. I especially appreciate your scheduling this hearing today on the fiscal year 2001 military construction programs proposed by the Navy and our Defense agencies. I welcome all of our witnesses today, and I look forward to your testimony.

I was pleased and I'm sure you were, too, Mr. Chairman, to see that this year's proposed military construction is back on track. It is a 1-year budget and not hitched to a 2-year funding wagon as it was last year.

Having worked as hard as we did to fully fund the fiscal year 2000 military construction appropriations bill without impacting readiness, I would have welcomed a stronger effort on the part of the Services to more robustly fund this year's military construction budget, particularly for the Reserves. Congress made great progress last year in addressing readiness issues, and I am encouraged to see Secretary Cohen's emphasis on improving housing and health care opportunities in this year's defense budget, but I would have liked to have seen a corresponding increase in military construction funding.

That said, I do see some promising trends in this budget. I am especially interested in the Navy's homeport ashore program, and I look forward to hearing more about that. I am also very interested in the status of the school facilities studies being undertaken

by the defense education activity, and I appreciate the effort that has been put towards that study this year. However, I also see some disturbing trends in this budget, including the decision by DOD to eliminate the 5 percent contingency funding for military construction projects.

I understand from your advance testimony, Mr. Pirie, you also have some concerns in this regard, and I would be interested to hear you elaborate on those.

Finally, I look forward to hearing more about the Navy's family housing and barracks privatization plans, particularly as they apply to Washington State. I think there is merit in the privatization program, but there are also a lot of questions, and I think it is important that we keep a close eye on that program.

Mr. Chairman, thank you again for scheduling this hearing, and I thank our witnesses for coming. I look forward to hearing from all of you.

Senator BURNS. Thank you, Senator Murray. Secretary Pirie, welcome this morning, and we look forward to your statement.

STATEMENT OF ROBERT B. PIRIE, JR.

Mr. PIRIE. Thank you, Mr. Chairman. Good morning. And good morning, Senator Murray. I am glad to be back here once again. As you say, I think it would be best if I simply summarize a few points from my testimony.

On balance I think the budget that we have submitted to Congress this time is the strongest one that we have put forward during my 6-year tenure in this job.

There is good news in the area of housing. The Secretary of Defense proposes to reduce the out-of-pocket housing expenses for members who own or rent homes in the community. An increase in the basic allowance for housing would cut out-of-pocket expense from 19 percent to 15 percent in fiscal year 2001 and eliminate it by fiscal year 2005. That will make housing more affordable for the nearly three quarters of Navy and Marine Corps families and the many single sailors and Marines who live in private sector housing.

We have renewed our commitment to family housing construction. We are asking you to approve six Navy and two Marine Corps projects for the next fiscal year. These projects would build a total of 861 homes, all of them in the United States. And in keeping with our philosophy of fixing what we own, nearly all of these replace deteriorated homes that we still need but are beyond economical repair.

HOUSING

We are proceeding with our housing privatization efforts. We have seven pilot projects that were previously authorized and appropriated and are in various stages in the acquisition process. Any necessary funding will come from prior year appropriations. We are not asking for any new PPV funds in this budget.

I think we are approaching success here. Later this year I expect to provide Congress with the required notification of our intent to award contracts for most of these PPV projects because we have been slower than we hoped, we will not have all the data we would like about how our Public-Private Ventures (PPVs) will work. Nev-

ertheless, I continue to believe they are important to getting better housing sooner for our people, and I ask your support for extending the PPV authority for another 5 years.

We are also exploring an initiative to dramatically improve housing for our most junior sailors assigned to ships. When deployed away from homeport, all sailors must endure bunk beds, sharing cramped spaces with dozens of shipmates, and living out of a small locker. When they return to homeport, their peers who are married or assigned to aviation squadrons or submarines get housing ashore. Shipboard E–1s through E–4s, however, must continue to live aboard the ship in homeport.

The proposed new homeport ashore program would provide these sailors with housing, either in a Bachelor Enlisted Quarters (BEQ) or in the community, when their ship is in homeport. In order to create space within the housing budget for the rapid buildup of Bachelor Quarters (BQ) spaces that would be required for this initiative, we would build new spaces to the 2 plus 0 configuration rather than the 1 plus 1 that is the current Department of Defense (DOD) standard.

Ultimately we intend to return to the 1 plus 1 standard, but in the meantime, we will have provided decent places for our young bachelor sailors in homeport. As we work out the details of implementing this initiative, we will keep the committee informed.

I am very proud of our efforts to clean up closed bases and get the property into the hands of local communities. Through four rounds of Base Realignment and Closure (BRAC), we have a total of 178 closures and realignments to accomplish. Only two remain. Both will be completed next year. Cleanup and property disposal are now the major focus in this activity.

With respect to BRAC funding, the apparent large increase in funding requested in fiscal year 2001 requires some explanation. Last year's advance appropriation scheme shifted fiscal year 2000 funds to 2001 based on expected outlays in military construction, family housing construction, and BRAC accounts. The Congress rejected the idea of advanced appropriations, but made us whole—for which I am indeed very grateful—in fiscal year 2000 by restoring funds to the military construction and family housing construction accounts.

BRAC

However, BRAC funding was not restored. This left our fiscal year 2000 BRAC program severely short. We are doing our best to work with communities to make do with much smaller than planned fiscal year 2000 funds. The fiscal year 2001 funds are critical to continue the work begun this year and get us—and community redevelopment plans—back on track. Cleanup delays will inevitably stretch our property disposal schedules and be a major setback to community redevelopment plans.

We have accomplished two "Section 334" early transfers of BRAC property. The former fleet industrial and supply center, Oakland, California, transferred to the Port of Oakland in June. This transfer is unique in that, with funding from us, the Port will do the cleanup as part of their redevelopment plans, saving both time and money for all parties.

We also transferred the former Naval Air Station, Memphis, Tennessee, to the Millington Municipal Airport Authority. In this case we will continue to do the cleanup but also in concert with the community's redevelopment effort.

While we have avoided including a major irritant this year such as advance funding for Military Construction (MILCON) and family housing, there are aspects of our budget that may be problematic. One such item is the lack of contingency funding for MILCON and family housing. Now, we will certainly do our best to manage our projects carefully, but inevitable fact of life changes will confront us with the need to downscope projects or reprogram for increased costs. I do not propose to compromise on quality.

HISTORIC QUARTERS

Another issue that we are working but have not arrived at a complete solution is that of historic and flag officer housing. These historic buildings represent a part of our national heritage, of which the Navy Department is the steward. We need to preserve these places for the benefit of present and future generations of Americans. As a general rule, these places are difficult and expensive to maintain. There is a real question in equity whether the family housing account should bear this burden when we have shortages elsewhere.

The idea of creating a separate account, however, has proved very unpopular. I have created a working group in the Department of the Navy to seek a long-term solution, and I will keep you informed also about our progress in that area. Ideas are certainly welcome at any time.

PREPARED STATEMENT

Mr. Chairman, it has been a pleasure to work with the members of this committee over the course of the last 6 years. I am extremely grateful for your consideration both of the Navy and its programs and of me personally, and I look forward to continuing this dialogue. Thank you.

[The prepared statement follows:]

PREPARED STATEMENT OF HON. ROBERT B. PIRIE, JR.

Good day, Mr. Chairman and members of the Committee, I am Robert B. Pirie, Jr., Assistant Secretary of the Navy (Installations and Environment). I appreciate the opportunity to speak to you today on the Department of the Navy's (DON) installations and facilities program.

My statement today will cover these areas:

—The infrastructure budget;
—Program highlights for family housing, military construction, real property maintenance, and Base Realignment and Closure (BRAC);
—Infrastructure efficiency efforts.

THE INFRASTRUCTURE BUDGET

A perspective

I am quite pleased with our fiscal year 2001 infrastructure budget. It is, on balance, the strongest budget submitted to the Congress during my nearly 7-year tenure in this position. Our military construction, family housing, real property maintenance, and base closure accounts are in sum above last year's budget request.

This budget builds on the significant additions supported by this Committee in last year's budget; it represents a 2-percent increase over last year's enacted level. The military construction budget request is larger than at anytime since 1992; our

family housing construction request has not been exceeded since 1997; our base closure account represents the largest single-year effort we have ever made to clean up contamination on our closed bases, thereby helping communities turn these bases into economic engines for local redevelopment and job creation. We are embarking on a new quality of life initiative for our shipboard Sailors.

Basic Allowance for Housing (BAH) is outside of the infrastructure budget, but it directly affects our ability to adequately house our Sailors, Marines and their families. As you know, BAH is a housing stipend paid to the military member. I strongly support the Secretary of Defense's initiative to reduce out-of-pocket expenses, now 19 percent, to 15 percent in fiscal year 2001, and eliminate it entirely by fiscal year 2005. The BAH increases will make housing more affordable for our members and their families, and help reduce the inequity between those living in government quarters (no out-of-pocket expenses) and those living in the private sector.

This success at the budget table is a result of the continued commitment to quality of life by the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps. As the Department of the Navy, and indeed the Department of Defense as a whole, struggles to attain the proper balance between short-term needs (e.g., readiness, personnel, quality of life) and long-term needs (e.g., modernization of weapon systems), we are putting into place strong programs to support our people where they live and where they work.

Let me describe our budget highlights in more detail.

Compared with overall DON fiscal year 2000 budget

The Department of the Navy installation budget includes these appropriations: Military Construction, Navy (MCON); Military Construction, Naval Reserve (MCNR); Family Housing, Navy and Marine Corps (FHN); Base Realignment and Closure (BRAC); and Environmental Restoration, Navy. Base operations support and real property maintenance functions are included in the Operation and Maintenance accounts. In aggregate, our fiscal year 2001 installation program totals $7.9 billion, or about 8.6 percent of the DON fiscal year 2000 budget of nearly $92 billion.

Compared with fiscal year 2000

Our fiscal year 2001 installation program (MCON, MCNR, FHN, BRAC) of $2.5 billion is 7 percent more ($166 million) than the fiscal year 2000 enacted level of $2.34 billion, and 15 percent more ($329 million) than our fiscal year 2000 budget request of $2.18 billion.

A large portion of this increase is in the BRAC account. It is the remnant of last year's Advance Appropriation request.

You will recall that last year's budget request proposed the use of Advance Appropriations for all Department of Defense construction accounts, including BRAC. That budget request shifted large portions of the fiscal year 2000 appropriation request to fiscal year 2001. About half (i.e., $254 million) of the Department of the Navy's fiscal year 2000 BRAC budget request was moved to fiscal year 2001. The Congress rejected the use of this financing technique, and added money to fully fund military construction, and family housing construction and improvement projects. However, no such funds were added to make the BRAC account whole. The result is that we are left with a much smaller BRAC program in fiscal year 2000 than we needed, and a seemingly high BRAC request in fiscal year 2001. Nearly all of the BRAC funding is for time-critical cleanup of contamination at closed bases to support property disposal and community reuse efforts. Because of the distortion caused by last year's Advance Appropriation request, I ask that you look at our fiscal year 2001 BRAC program as a two-year (fiscal year 2000 and fiscal year 2001) window. I will explain in more detail the importance of this funding and how we are managing program execution later in my statement.

Our military construction (active and reserve) request, though below last year's enacted level, is nearly on par with last year's authorization request, which was highly leveraged due to Advance Appropriations. Our fiscal year 2001 appropriation request of $769 million is the largest we have submitted during this Administration. The Military Construction, Navy request comprises 49 projects totaling $552 million for the Navy, and 19 projects totaling $130 million for the Marine Corps. It also includes $8 million in unspecified minor construction, and $63 million in planning and design. Most of the projects are for operational, maintenance and training facilities, barracks, and other quality of life projects. The Military Construction, Naval Reserve request comprises six Navy projects totaling $8 million and one Marine Corps project of $6.4 million. It also includes $2 million in planning and design funds.

Our fiscal year 2000 Family Housing program is summarized in the following table. We have renewed our commitment to the new construction program as we

proceed with our privatization efforts. Our budget request includes funds for six Navy and two Marine Corps housing construction projects. All are for enlisted personnel, and all located in the United States. We are not requesting any funds in the Department of Defense Family Housing Improvement Fund, relying on prior year construction and improvement funds to proceed with our pilot privatization efforts. Our Family Housing Operations and Maintenance request declines primarily due to inventory reductions of about 600 homes and reduced utility costs due to energy conservation measures. The reduction in leasing is due to expected delays in individual leases at six locations in Europe.

[Dollars in millions]

	Fiscal year		
	2000 enacted	2001 requested	2001 homes
Construction	$339.3	$362.8	.....
New Construction	[133.9]	[159.3]	861
Improvements	[187.7]	[183.5]	2,292
Planning & Design	[17.6]	[20.0]	
Operations & Maintenance	741.4	739.9	.....
Leasing	145.3	142.7	7,446
Total Family Housing, Navy & Marine Corps	1,226	1,245	.....

Our fiscal year 2001 Real Property Maintenance (RPM) request of $1.7 billion is $276 million above the fiscal year 2000 level. RPM funds in the Operation and Maintenance account are for repairs, preventive and recurring maintenance, minor construction and centrally managed demolition. Despite putting more money into this program, I must note that our backlog of Maintenance and Repair Projects is projected to grow by $237 million, crossing the $4 billion threshold in fiscal year 2001. The Department of Defense has not requested any funds in fiscal year 2001 for the Quality of Life Enhancements, Defense account.

Elimination of contingency funding

While there are many positive aspects of our program, two items will lead to execution challenges. The Department of Defense has opted to eliminate all contingency funding in our military construction, family housing construction, and family housing improvement projects for fiscal year 2001 and future years. A total of $52 million was cut from our construction projects. Previously, the budget cost of each project included a 5 percent allowance to cover construction uncertainties such as unknown subsurface conditions, unfavorable bid climate, material cost changes, or requirements that are discovered after the design is completed. (As you know, the construction cost estimates submitted in the budget are based on having completed at least 35 percent of the design of the project or parametric cost estimates, not 100 percent design.)

The Department of Defense deleted contingency in the construction accounts in part because of the concerns expressed by the Congress last year that contingency funds were being used to "gold plate" projects. That is not the case.

I believe the absence of contingency funds may compromise our ability to maintain full project scope, high construction standards, or ability to execute all fiscal year 2001 authorized projects. We will pursue innovative acquisition strategies and implement even more stringent management of cost growth to execute within available funds. However, in construction, as in life, we cannot predict the unforeseen.

Across-the-board rescission

The Consolidated Appropriations Act 1999 (Public Law 106–113) directed an across the board rescission of fiscal year 2000 appropriated funds which, for the Department of Defense, amounted to 0.52 percent after exclusion of military pay accounts.

We have applied this reduction with an eye to preserving maximum execution flexibility. In the military construction appropriations, an across the board reduction was taken against all construction projects to ensure no single project was significantly impacted or cancelled. We hope our design build construction efforts can produce enough savings to offset this reduction.

The allocation for our Operation and Maintenance accounts, however, is more problematic. These accounts total $26.4 billion in fiscal year 2000. A number of options were evaluated by the Secretary of the Navy. All were troublesome. The na-

ture of Operation and Maintenance makes targeting specific programs and separating least critical funding very difficult. Everything funded in these appropriations is in some way connected to force readiness. In the end, the decision was made to target the entire $136 million O&M rescission to the real property maintenance accounts. This action avoids immediate readiness problems, and can be done with the least risk of reduction-in-force or furloughs. It also provides the greatest potential for amelioration during the course of the year or even late in the year if additional assets or resources become available.

Nonetheless, this decision amounts to a 9 percent reduction in fiscal year 2000 Real Property Maintenance funds, and clearly contributes to the growth in the backlog of maintenance and repairs previously mentioned. All types of facilities, including barracks and other quality of life facilities, will be impacted. The impact will generally be greater on the Navy than the Marine Corps, as the Navy has more facilities, and they tend to be in worse condition as measured by facility readiness C-ratings[1] and the size of the critical backlog of repairs. The fiscal year 2001 budget is sufficient to fund Navy mission critical facilities (waterfront, airport, training, bachelor housing, and utilities) to a C–2 facility readiness level, while all other facilities (e.g., supply, administrative, etc.) are funded to C–3 readiness. Unless additional Real Property Maintenance funds are found, even these mission critical facilities will be funded to a C–3 readiness condition this year.

The across-the-board reduction to the Family Housing Operation and Maintenance account was also applied to maintenance and repair.

FAMILY HOUSING

The family housing triad

Our family housing strategy consists of a triad:

—access to housing in communities surrounding our bases;

—use of traditional military construction and leasing funds to improve or acquire housing either on base or in the community; and

—developing public/private ventures to leverage private sector capital to provide housing that is available on a priority basis to our members.

We traditionally rely first on the private sector to provide housing for our Sailors, Marines and their families. Our bases have housing referral offices to help newly arriving families find suitable homes in the community. They are aggressively pursuing rental agreements with private sector property owners to house Navy and Marine Corps families. In fiscal year 1999, about 74 percent of Navy families and 65 percent of Marine Corps families worldwide lived in a home they owned or rented in the community. The substantial pay raise enacted last year, combined with the proposed 3.7 percent pay raise and BAH increases included in the fiscal year 2001 budget, will certainly make housing more affordable for our members assigned at U.S. locations.

Fix what we own

Even with full implementation of BAH, there will remain many locations where there are not enough suitable[2] homes in the community for our members. In such locations, we have used family housing funds to build or acquire additional homes. At the end of fiscal year 1999, the Navy had an inventory of 60,515 homes worldwide and the Marine Corps had 22,780 homes. We also lease homes both here in the United States and abroad. At the end of fiscal year 1999, the Navy had about 5,200 and the Marine Corps had 1,000 leased homes.

Our core family housing philosophy remains to first fix what we own. The Navy's Neighborhoods of Excellence, and the Marine Corps Family Housing Campaign Plan, embody the Department's efforts to revitalize major home components for an entire neighborhood, rather than piecemeal improvements on individual homes. We use family housing new construction funds when an economic analysis indicates that replacement construction is the more viable alternative. Our fiscal year 2001 program provides for the construction of 861 homes, a 22-percent increase over the enacted fiscal year 2000 level. This funding level demonstrates that we will continue

[1] A C rating refers to the facility condition criteria used as part of the overall readiness rating. It is based on subjective and objective criteria unique to that type of facility (e.g., criteria for air operations includes a pavement condition index, while port operations include dredge depth vs. design depth at berth). Generally, C–2 means operations are impacted 5–10 percent of the time. C–3 means operations are impacted 10–20 percent of the time.

[2] Suitability is based on the following DOD criteria: location (within one hour commute); cost (rent, utilities, etc. meets DOD criteria); size (minimum square footage and number of bedrooms); condition (unit is well maintained and structurally sound). All owner occupied housing is deemed suitable.

to use housing new construction funds as a tool to revitalize our inventory of government owned homes.

[Dollars in millions]

Location	Number of Homes	Cost
NAS Lemoore, CA	160	$27.8
CNB Pearl Harbor, HI (Hale Moku)	98	22.2
CNB Pearl Harbor, HI (Pearl City)	62	14.2
CNB Pearl Harbor, HI (Radford Terrace)	112	23.7
NAS Brunswick, ME [1]	168	18.7
NAS Whidbey Island, WA [2]	98	16.9
Subtotal Navy	698	123.5
MCAGCC Twentynine Palms, CA	79	13.9
MCB Kaneohe Bay, HI	84	21.9
Subtotal Marine Corps	163	35.8
Total	861	159.3

[1] Includes 16 new homes and 152 replacement homes.
[2] Includes 2 new homes and 96 replacement homes.

Using traditional family housing funds, our fiscal year 2001 improvement program renovates 1,781 Navy homes at 12 locations inside and two locations outside the United States at a cost of $155 million. It also renovates 511 Marine Corps homes at 2 locations inside and 1 outside the United States at a cost of $28 million.

Examples of housing improvement projects include:

—$18.7 million for 184 enlisted homes at Naval Sub Base, New London, CT. This project will replace kitchens and baths; upgrade electrical and plumbing systems; abate lead and asbestos; install new vinyl siding; replace roofs, doors, and windows; replace the heating system; provide neighborhood repairs.

—$25.0 million for 332 enlisted and officer homes at Marine Corps Base, Camp Pendleton, CA. This project will upgrade fixtures and electrical, plumbing and mechanical systems; perform structural, architectural and site improvements; allow interior and exterior repairs; install fire suppression systems; and put in new landscaping.

Public/Private ventures

As the members of this Committee recognize, the pace of new and replacement construction and improvements would not let us eliminate the backlog of repairs and shortage of homes. We worked closely with the Congress to establish ground breaking new authorities in fiscal year 1995 and fiscal year 1996 to use public/private ventures (PPV) as a housing tool. Under a 5-year pilot program that expires next year, we can provide cash, direct loans and loan guarantees, and differential lease payments (DLP). We can also convey land or lease land, housing and facilities to a developer in exchange for renovation or construction of homes for our military members and their families.

As the Secretary of Defense announced a few years ago, our objective was to use these tools to solve a 30-year housing problem in 10 years. Using a mix of family housing construction, improvement funds and public/private ventures, both the Navy and the Marine Corps remain on track to meet the Defense Planning Guidance goal to eliminate the repair/improvement backlog by fiscal year 2010.

Pilot Project PPVs

These powerful new tools provide exciting new opportunities, and prompted a mountain of dialogue on how best to apply them. All of us—the Congress, the Department of the Navy, and private developers—share the same goal: to provide appropriate, affordable housing for all Navy and Marine Corps members and their families and to operate and maintain it in the most cost-effective and efficient manner.

We have worked extremely hard to build consensus across many constituencies within the Navy and the Marine Corps—from the Sailor or Marine on the deckplate to the senior leadership at Fleet headquarters and at the Pentagon; to developers;

and to the members of the Authorization and Appropriation Committees who must review and endorse a PPV project before we can award it. All of us want to do the right thing with these new tools.

There are many paths to success. Last year, we used the fiscal year 1996 authorities to institute differential lease payments (DLPs) in our existing projects in Texas and Washington State to "buy down" rents so that member's BAH can fully cover their rents and average utilities. The first monthly payments were made to the PPV partnership (not the member) in October 1999, amounting to about $200 per month for an E–5. With the new BAH initiative, we expect that the DLP payments for these units will be reduced. We are pleased with the performance of these early projects.

We are proceeding with a pilot project approach for five Navy and four Marine Corps projects, seven of which are in various stages in the acquisition process. These projects provide a mix of backlog reduction and deficit reduction:

—Four projects (Everett 2, Kingsville 2, Albany, Camp Pendleton) are in exclusive negotiations with a single entity;

—Three projects (San Diego, South Texas, New Orleans) are in, or about to enter, the technical proposal/evaluation phase;

—Two projects are in internal review. Congressional notification was given in June to issue a solicitation at both Stewart Army SubPost in Newburgh, NY and Chicopee, MA. We are planning to re-notify the Committees of our plan to move forward with the Stewart project, but defer Chicopee pending a Marine Corps review of requirements. We also expect to provide notification of our intent to issue a solicitation for a Beaufort/Parris Island project in the near future.

We are continuing to look at other opportunities to either reduce the shortage of family housing or revitalize our existing inventory through the use of the privatization authorities. We will continue to propose additional locations that we determine to be feasible privatization candidates.

I believe we are on the cusp of providing the required notification to the Congress of our intent to award contracts for most of these projects this year. I am optimistic that our first notification may occur this spring for Kingsville 2. We have the necessary funds from prior year appropriations to proceed with these projects. The Navy and the Marine Corps are retaining $89 million/$39 million respectively to fund these pilot projects. We have released all other prior year family housing construction and improvement funds. All of the previously held projects are scheduled for award before the end of this fiscal year.

New BAH rate impact on housing

The Secretary of Defense's BAH initiative represents a major turning point in our efforts to improve living conditions for our single and married Sailors, Marines, and their families. It will directly affect almost three-quarters of Navy and Marine Corps families and approximately 27 percent of our single Sailors and Marines who live in private sector housing.

In the short-term, the BAH increase will influence the dynamics of rental income streams for PPV projects, while also making private sector housing more affordable. We have initiated studies to help us analyze the long-term impacts of this initiative on the supply and demand for military housing. Our first opportunity to address possible impacts will be when we provide the Family Housing Master Plans due to the Congress in July. These master plans will provide a base-by-base identification of how we will meet the goal to eliminate our inadequate family housing units by fiscal year 2010. A note of caution: we may be able to model outcomes based on assumptions about supply and demand, but the real effects will have to await how individual and market forces react. Our ultimate objective is to strike the appropriate balance between reliance on the private sector and, where necessary, the provision of government quarters.

Legislation to extend the fiscal year 1996 PPV authorities

The existing PPV authorities implemented in the Fiscal Year 1996 Defense Authorization Act (Public Law 104–106) expire in February 2001. The Department of Defense is submitting legislation to extend these authorities for another five years. I ask your support for this extension. We will need PPVs in our toolbox to accomplish the DOD goal to eliminate the backlog of inadequate homes by fiscal year 2010. We continue the staff work necessary to develop PPV family and bachelor housing projects for the future.

MILITARY CONSTRUCTION

Our military construction program continues our approach of budgeting for those projects that meet the highest priority of readiness and quality of life needs of the Fleet and Fleet Marine Force, and their Reserve Components. The Navy convenes a Shore Facilities Programming Board and the Marine Corps convenes a MILCON Program Evaluation Group each year to consider, evaluate, and prioritize military construction projects. Projects are selected based on a number of different criteria, including fleet priorities and the most critical readiness, quality of life, and compliance needs.

Military Construction policy, like Family Housing, focuses on first fixing what we own. To this end, 59 percent of the active and reserve military construction program for the Navy and 75 percent for the Marine Corps is dedicated to replacement and modernization projects.

Phased funded projects

I should point out that four projects in our fiscal year 2001 program have a total cost above $50 million, and under existing Department of Defense criteria, are phased funded over two or more years. We ask for full authorization for each project in the first year, and request in appropriations language to fund fiscal year 2001 and subsequent increments needed to completed these projects. We commonly resort to phase funding pier replacement projects because they are very expensive, and require a lengthy construction period. Many of our piers and wharves were built in the 1940s, and cannot support the deep draft, power intensive ships in the Fleet today. We must rebuild them to meet the needs of today and tomorrow. The fiscal year 2001 program includes:

—$12.8 million to complete the second increment of a berthing wharf at Naval Air Station North Island, San Diego, CA. Phase one was funded in the fiscal year 2000 budget;

—$35.7 million for the first of two increments for a $53.2 million repair pier at Naval Station San Diego, CA;

—$38 million for the first of two increments for a $62.5 million pier replacement at Naval Ship Yard Bremerton, Puget Sound, WA;

—$35.6 million for the second of three increments of a $86 million CINCPAC headquarters at Camp HM Smith, HI. Phase one was funded in the fiscal year 2000 budget.

Operational and training facilities

Our construction program funds 26[3] operational facilities totaling $268 million. Examples include:

—*Taxiway extension and lights at Naval Air Station Norfolk, VA.*—This $6.4 million project provides a full-length taxiway so that large, ordnance laden aircraft no longer have to taxi past an air passenger terminal, and updates approach landing lights to meet Federal Aviation Administration criteria.

—*Combat Aircraft Loading Apron at Marine Corps Air Station Yuma, AZ.*—This $8.2 million project provides an efficient, safe, and properly sized aircraft ordnance loading/unloading area, resolving a flight safety operations waiver.

There are also seven training projects totaling $67 million. Examples include:

—*Physical Training Facility at Naval Training Center, Great Lakes, IL.*—This $35.0 million project will provide an indoor track, fitness, aerobics and free weight areas, replacing several buildings constructed in the early 1940s that have serious structural flaws.

—*Urban Assault Course at Marine Corps Air-Ground Combat Center, Twentynine Palms, CA.*—This $2.1 million project will construct a live fire range with simulation capability to support urban assault training now being conducted with blank ammunition.

Maintenance, storage, and compliance facilities

There are 16 maintenance and storage projects totaling $99 million. Examples include:

—*Aircraft Maintenance Hangar at Naval Station, Norfolk VA.*—This $13.3 million project is the third of five projects planned to replace nine old WW II maintenance hangars designed for aircraft no longer used by the Navy.

—*Operations/Maintenance/Storage Facility at Camp Lejeune, NC.*—This $14.0 million project replaces five buildings constructed in the late 1940's that have inadequate space, insufficient electrical power, and is without climate control or indoor plumbing.

[3] Includes the phased funded projects.

There is one environmental compliance project and two safety projects which together total $19 million. One example is:

—*Chemical Metallurgical Laboratory at Naval Shipyard Bremerton, WA.*—This $9.4 million project consolidates functions now performed in two trailers and four buildings constructed more than 60 years ago. These buildings compromise laboratory testing functions, have numerous safety violations, and resulted in the laboratory operations to not be reaccredited by the American Industrial Hygiene Association.

Quality of life

There are important quality of life projects included in our fiscal year 2001 budget. The single largest effort is for the construction and modernization of Bachelor Enlisted Quarters (BEQs).

The DOD adopted a 1+1 construction standard in 1995 for permanent party personnel. This configuration consists of two individual living and sleeping rooms with closets, and a shared bath and service area. The Marine Corps has been granted a permanent waiver to use an alternate 2+0 configuration for junior enlisted, i.e., two persons per room with a shared bath. This allows the Marine Corps to foster team building and build unit cohesion. The 1+1 standard does not apply to recruits, students, and transients. Overseas locations may also have unique considerations.

The Navy has seven BQ projects totaling $205 million.

—Four projects are being built to the 2+0 configuration for permanent party enlisted personnel. They provide a total of 912 bed spaces[4]. These projects are located at Naval Air Station Lemoore, CA; Naval Support Activity Naples, Italy; Naval Station Pearl Harbor, HI; and at an undisclosed location.

—One project at Norfolk Naval Shipyard is being built to the 2+0 configuration for transients. It provides 400 bed spaces.

—Two open bay projects at Naval Recruit Training Center Great Lakes, IL that will provide 2,112 bed spaces for recruits.

The Marine Corps has three BQ projects totaling $50 million: Washington Marine Barracks, Washington, D.C.; Marine Corps Base Kaneohe Bay, HI; Marine Corps Base Camp Lejeune, NC. All three Marine Corps projects are being built to the 2+0 standard. They provide a total of 1,032 bed spaces for junior enlisted personnel.

There are also five other quality of life projects totaling $51 million in the fiscal year 2001 program. Examples include:

—*Navy Museum Annex at the Washington Navy Yard, Washington DC.*—The Navy museum now only has sufficient space to display U.S. Naval artifacts from Revolutionary times through WW II. This $2.4 million project will provide permanent exhibit space to safely display and preserve Cold War, Korean War, and Vietnam artifacts. This is the official museum of the Navy Service, with over 400,000 visitors per year.

—*Child Development Center, Marine Corps Base Camp Lejeune, NC.*—This $4.4 million project will provide affordable on-base child care facilities for 305 children.

Navy homeport ashore program

In our continued commitment to improve the quality of life of our Sailors, the Navy is addressing one of its most pressing challenges—the 25,000 E–1 through E–4 enlisted unaccompanied Sailors who now live aboard ship when in homeport[5]. Studies, surveys, and my own personal observation have shown that these young Sailors have the worst accommodations in the Department of Defense. When deployed, these Sailors have no choice but to endure sleeping in bunk beds in cramped spaces with dozens of their shipmates, with little more than a small locker to store their personal belongings. When the ship returns to homeport, these Sailors must continue to live aboard ship. In contrast, unaccompanied E–1 through E–4s assigned to aviation squadrons or submarines live aboard ship when deployed, but merit BEQ spaces when the ship is in homeport. A 1999 Navy Quality of Life Domain Study concluded that shipboard life and standards of living are major dissatisfiers for target retention groups.

The Secretary of the Navy and the Chief of Naval Operations have committed to developing a Homeport Ashore program that will provide these Sailors accommodations, either in a BEQ or in the community, when their assigned ship is in homeport. We have a pilot project underway at Naval Base Pearl Harbor, HI, where a unique combination of recent fleet reductions, a large initial inventory of BEQ

[4] Bed spaces reflects maximum capacity for E1—E4 personnel.

[5] Another 15,000 shipboard E–1 through E–4 personnel are deployed with their ships at any given time.

spaces, and a desire of more senior enlisted to live in the community, has made BEQ spaces available. So far about 900 shipboard E–1 through E–4 at Pearl Harbor have "moved ashore" into BEQ spaces, with plans to house the rest ashore by this summer. Initial results are extremely positive.

The Navy remains committed to providing housing that meets the "1+1" barracks construction standards. As an interim step to kick start the Homeport Ashore effort, my office granted a waiver to use the "2+0" configuration to construct the fiscal year 2001 Navy BQ projects. Because "2+0" spaces cost about one third less than "1+1," we were able to provide spaces for more than 400 single Sailors than we would have been able to do under the "1+1" standard. These "2+0" spaces would be converted in the future to equivalent "1+1" spaces through assignment policy.

While I am pleased to announce this broad commitment, there are key aspects that must still be resolved. I will keep the Committee informed on our progress with this important quality of life initiative:

—Legislation is needed to pay BAH to E–4s assigned to large ships if adequate quarters ashore are not available.

—An implementation plan is being developed to address timing, phasing, and funding approaches. This plan is to be completed by this summer.

BASE REALIGNMENT AND CLOSURE

Realignment and closure status

We are implementing four rounds of base realignment and closure (BRAC), 1988 under Public Law 100–526 and 1991, 1993, and 1995 under Public Law 101–510. As a result of these decisions, we are implementing a total of 178 actions consisting of 46 major closures, 89 minor closures, and 43 realignments.

We will complete the actual closure and realignment of the bases by the statutory deadline of July, 2001—97 percent are already completed. Only two remain:

—Naval Management Systems Support Office Chesapeake, VA will close in March 2001;

—Naval Sea Systems Command, Arlington, VA will realign to the Washington Navy Yard in July 2001.

BRAC costs and savings

We have closed or realigned bases to make the Navy's shore infrastructure more proportional to its force structure and to provide resources to recapitalize our weapons systems and platforms. We are reaping the financial rewards of our past investments: as of the end of fiscal year 1999, we had spent $9.1 billion on all four BRAC rounds to construct new or adapt existing facilities, move personnel, equipment, ships and aircraft to their new homeports, and clean up contamination. We will have saved $10.5 billion from no longer having to operate, maintain, and staff these bases. The result is a net savings of $1.4 billion. And by the end of fiscal year 2001, when all four rounds will be completed, we project that the DON will have achieved net savings of $5.8 billion. Beginning in fiscal year 2002, we will save an additional $2.6 billion each year. These net savings estimates have been validated by several independent sources.

Environmental cleanup

Our main focus is now on finishing environmental cleanup and completing property disposal. This is no easy task. We have already spent more than $1 billion through fiscal year 1999 on environmental work at our BRAC bases for environmental baseline studies to identify potential contaminated sites and assess the nature and extent of contamination prior to doing the cleanup, removing underground storage tanks, and closing hazardous material storage facilities.

Each base has established a BRAC cleanup team composed of remedial managers from the Navy, the State, and the Environmental Protection Agency to review, prioritize, and expedite the necessary cleanup consistent with reuse plans. We recognize the dynamics of reuse and stand prepared to phase our cleanup plans as needed to support a community's redevelopment needs.

One measure of our progress in cleanup of contaminated property is the number of acres that have become suitable for transfer under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Community Environmental Response Facilitation Act (CERFA). Four years ago, 65 percent of all BRAC acres were environmentally suitable for transfer, compared to 89 percent as of the end of fiscal year 1999. Four years ago, 28 percent of BRAC property had not been completely evaluated, compared to only 5 percent as of the end of fiscal year 1999.

There are about 1,000 contaminated sites at 53 BRAC installations. A contaminated site crosses the "cleanup finish line" when it achieves Remedy-in-Place/Re-

sponse Complete (RIP/RC) and the environmental regulator subsequently concurs. As of the end of fiscal year 1999, we had achieved RIP/RC status at 56 percent of all BRAC sites. By the end of fiscal year 2001, when BRAC ends, we expect to have completed cleanup at 88 percent of all BRAC sites. Cleanup at the remaining sites will extend through fiscal year 2010.

We are using promising cleanup technologies and as studies reach completion, are finding that for a number of sites, monitored natural processes will control and eliminate the contaminants. We continue to work with regulators and communities to tie cleanup standards to realistic reuse needs. We use a BRAC Cost-to-Complete (CTC) index as a measure of our efforts to reduce cleanup costs. At the beginning of fiscal year 1996, our BRAC CTC estimate was $2.8 billion. At the end of fiscal year 1999, it was $1.2 billion. The CTC reduction of $1.6 billion is the result of execution of $1.12 billion in appropriated funds and $480 million in cost avoidance, such as changes in risk based approaches to cleanup, new information on the nature and extent of contamination, and use of new technologies for study or cleanup.

Section 334 early transfer

Section 334 of the Fiscal Year 1997 Defense Authorization Act established a framework for the DOD to initiate an early transfer of contaminated property to the community. This authority allows DOD to defer the CERCLA requirement that all remediation actions have been taken before the date of property transfer.

Section 334 requires that we first meet a number of conditions. We must obtain concurrence from the governor of the State where the property is located. If the property is listed on the National Priorities List, the Administrator of the U. S. Environmental Protection Agency must also concur with the early transfer. Furthermore, we must determine that the property is suitable for transfer for the use intended by the transferee. We may place restrictions in the deed limiting the use of the property, if necessary, to protect human health and the environment. This authority does not relieve us from full compliance with CERCLA.

I am pleased to report that we completed two early transfers of BRAC property under this authority last year:

—The former Fleet Industrial and Supply Center Oakland, CA was conveyed to the Port of Oakland in June 1999. The conveyance involved the entire main site comprising 528 acres, including submerged land. This transfer is unique in that Navy contracted with the Port of Oakland to do the cleanup. The Port was able to receive title to the property four years earlier than planned, allowing it to integrate clean up with its commercial development. This opportunity for the Port to begin construction early saved both the Navy and the Port millions of dollars, and greatly enhanced the Port's economic development. The Port assumed responsibility for the entire cleanup and long-term monitoring, buying insurance to cap its environmental cleanup costs. The Navy remains responsible under CERCLA only for "catastrophic" unforeseen cleanup, if any are encountered.

—The former Naval Air Station Memphis, TN was conveyed to the Millington Municipal Airport Authority in December 1999. This conveyance, which involves 142 acres to be used for airfield operations at the municipal airport, occurred three years earlier than initially envisioned. The site contains residual trichloroethylene groundwater contamination from solvents used in past Navy aircraft operations. The Navy continues to conduct the cleanup.

Nearly a dozen other early transfer candidates are being evaluated, including portions of Naval Station Barber's Point, HI; Naval Air Station, Guam; and Naval Shipyard Mare Island, CA. At these sites and others, the necessary documents (e.g., Finding of Suitability for Early Transfer; National Environmental Policy Act Record of Decision) are complete or nearly complete. Local Redevelopment Authorities and environmental regulators are fully engaged in the process. I am optimistic we will accomplish several more early transfers this year.

Advance appropriation aftermath

I have already explained that the apparent increase in fiscal year 2001 BRAC funds is due to the Department of Defense shifting half of the planned fiscal year 2000 BRAC funds to fiscal year 2001 prior to submission of the fiscal year 2000 budget. We have kept that increment of fiscal year 2000 funds in the fiscal year 2001 column of this budget, and view it as critical to completing cleanups in support of community reuse efforts.

We are dealing as best as we can with the $197 million available in fiscal year 2000, which, after other congressional reductions, is less than half of what we had planned for execution. We notified regulators and local redevelopment authorities of the funding situation, and are working with them to make the best allocation of

available resources. We are seeking to recoup prior year unobligated or unexpended funds in all BRAC accounts and realign them to pressing BRAC environmental fiscal year 2000 needs. This is a painstaking process of reviewing and tracking accounting records for individual projects through different accounting systems. We have recovered and reapplied $21 million to date, but I am not optimistic there is much more to be had. We are also re-phasing our contract work orders into smaller, but more numerous task orders. This action will increase work that we can get underway, but also raises administrative costs for both the Navy and the contractor.

Despite these actions, we are already experiencing cleanup delays at some of our bases. Loss of the fiscal year 2001 funds will slow cleanups, requiring us to stretch out property disposal plans and schedules, and limit promising opportunities for early property transfers. The greatest burden, however, will be on the BRAC communities' redevelopment plans and time frames. They have made tremendous strides to prepare mature and realistic redevelopment plans that will be seriously undermined by cleanup and disposal delays.

Property reuse

The National Environmental Policy Act (NEPA) of 1969 requires that we consider the potential environmental impacts of disposal and reuse of base closure property before we convey property. We evaluate issues involving historic preservation, air quality, noise, traffic, natural habitat, and endangered species. The NEPA process concludes with the issuance of a Record of Decision (ROD). All disposal RODs should be completed this calendar year except for one (Naval Activities, Guam) which is scheduled for September 2001.

As the Local Redevelopment Authorities develop and refine their reuse plans, we strive to support immediate reuse opportunities through Interim Leases and Leases in Furtherance of Conveyance. We must first prepare a Finding of Suitability to Lease (FOSL) document. At the end of fiscal year 1999, we had approximately 125 FOSLs in place.

At the end of fiscal year 1999, we had 121 interim leases in place between the Navy and LRAs, plus 4 Leases in Furtherance of Conveyance. Leased property is being used for a variety of purposes: port usage, movie production, steel fabrication, general manufacturing and repair, education, housing, child care, shipbreaking, and police facilities. These leases have created several thousand jobs to help communities recover from the loss of the Navy and the Marine Corps presence. The leases include protection and property maintenance clauses and generate significant revenue for the LRAs.

Property disposal

While leases are desirable, they are only an interim step to the ultimate BRAC goal of property disposal. The DON must dispose of 434 parcels of land covering 166 thousand acres at 91 BRAC bases. Each BRAC base has a disposal strategy tailored for that base that incorporates LRA reuse plans with environmental cleanup timetables, NEPA documentation, conveyance plans and schedules.

Like the FOSL, a Finding of Suitability to Transfer (FOST) is needed before we actually convey property. Here again, we are making good progress.

As of the end of fiscal year 1999, we had completed 146 FOSTs covering nearly 20,000 acres.

Through the end of fiscal year 1999, we had conveyed through economic development conveyances, negotiated sales, public sales, or Public Benefit Transfer over 1,850 acres.

After a base closes, disposal of the base closure property presents the most complex challenge. Section 2821 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106–65), amended the Department of Defense's Economic Development Conveyance (EDC) authority to give us the authority to transfer property to local redevelopment authorities for no consideration for job creation purposes. Section 2821 also provides authority to modify previously approved EDC agreements if a change in economic circumstances necessitates such a modification. Although we expect many of the LRAs to apply for a "no cost" EDC of our remaining bases, this will only expedite disposal of base closure property to a certain extent. LRAs must still satisfy certain regulatory criteria to acquire property by way of an EDC, and the real key to disposal of BRAC property is environmental remediation of the property.

INFRASTRUCTURE EFFICIENCY EFFORTS

Need for two more rounds of BRAC

I have discussed our investment plans to improve our existing infrastructure. However, we still have significantly more infrastructure remaining after four BRAC

rounds than needed to support the conceivable force structure of the future. The Quadrennial Defense Review, Defense Reform Initiative, the National Defense Panel, and an April 1998 DOD Report to Congress all concluded that more rounds of BRAC are required to further shrink the military infrastructure. Our estimates show that DON infrastructure has only decreased 17 percent since the first round of BRAC, compared to a 40 percent reduction in ships and a 30 percent reduction in Sailors.

I again ask your support for two more BRAC rounds.

Re-inventing shore infrastructure

As we ask for two more rounds of BRAC, we have not been sitting idle. Under the leadership of the Secretary of Defense, the Secretary of the Navy, the Chief of Naval Operations and the Commandant of the Marine Corps, we have a multitude of initiatives well underway to make our infrastructure more effective and less costly.

We have charted an ambitious course. Many of these initiatives require us to invest money, sometimes significant sums of money up front to do the necessary analyses. We are carefully evaluating proposals, and where the potential payback appears convincing, we are putting money in the budget to pursue the most promising initiatives. A group of senior flag officers and senior executives representing the Fleet, System Commands, and headquarters elements of the Navy, Marine Corps, and Secretariat meet periodically to review and coordinate initiatives.

Here are some examples:

Strategic Sourcing.—Our outsourcing efforts have evolved to one based on Strategic Sourcing. In short, we consider eliminating, consolidating, restructuring, or re-engineering our activities and process before we make a sourcing decision (i.e., retain in-house or contract out) via the traditional Office of Management and Budget Circular A–76 procedure. After submission of the fiscal year 2000 President's Budget, the Department of the Navy refined its objectives and identified in excess of 90,000 civilian and military positions to be reviewed as part of Strategic Sourcing. We hope to achieve annual net savings of $1.7 billion by fiscal year 2005. One good example is in the area of child care, where laws and regulations require higher professional development standards than are often competitively available. Over 50 percent of our child development program employees are military spouses who form a well trained, transferable pool of invested talent. We are using the wealth of data previously accumulated to best re-engineer our child care centers in efforts to meet the DOD child care goals and still reduce cost.

Demolition.—The demolition program eliminates aging, unneeded and often unsightly facilities and their associated operating and maintenance costs. The Navy plans to demolish over 9.9 million square feet by fiscal year 2002, and the Marine Corps 2.2 million square feet by fiscal year 2000. Both the Navy and the Marine Corps have centrally managed demolition programs with funds included in Real Property Maintenance Operations and Maintenance accounts. Through the end of fiscal year 1999, the Navy has invested about $57 million and the Marine Corps $10.8 million to demolish 4.6 million and 1.5 million square feet of space respectively. The Navy added an additional $9 million for demolition in the budget, for a total of $39 million in fiscal year 2001. The Marine Corps has budgeted $5 million in fiscal year 2001 to continue its demolition efforts. One good example is the demolition last year of an old, vacant reserve center in Youngstown, OH. The center was in a residential neighborhood across the street from a high school. It was a public eyesore, a security/problem, and a safety hazard for the community. After demolition, the real estate was returned to the City.

Privatization of Utilities.—Defense Reform Initiative Directive 49 directed the Services to privatize all their natural gas, water, wastewater and electrical systems except where uneconomical or where the systems are needed for unique security reasons. This is expected to reduce costs while providing quality utility services. The Department of the Navy has a total of 998 systems at 122 activities worldwide. There are three key Department of Defense milestones: a determination by 30 September 2000 of which utility systems to try to privatize; issue all Requests for Proposals by 30 September 2001; and award all contracts by 30 September 2003. We are making good progress on this effort. The first to be privatized was Refuse Derived Fuel Power Plant at Naval Shipyard Norfolk, VA in July 1999.

Claimant Consolidation/Regionalization of Base Operating Support (BOS).—Effective 1 October 1998, the Navy consolidated 18 major commands with BOS responsibilities to 8. Regional BOS Commands have been established and BOS delivery services have been standardized. Regional planning is underway, better accounting systems are being evaluated, and better business process metrics are being devel-

oped. This initiative will have a powerful synergistic effect with our Strategic Sourcing efforts.

Energy Efficiency.—Executive Order 13123 requires federal agencies to reduce energy consumption 30 percent by fiscal year 2005 and 35 percent by fiscal year 2010, using fiscal year 1985 as the baseline. To meet the fiscal year 2005 goal, we must cut consumption at a rate of 1.5 percent per year, and then at a rate of 1 percent per year from fiscal year 2006 through fiscal year 2010. I am pleased to say that we have met and exceeded that benchmark with a cumulative reduction of 22 percent through fiscal year 1999. We are using a variety of efficiency technologies and energy awareness programs, combined with internal and third party financing available through Demand-side Management and Energy Savings Performance Contracts to reduce energy consumption to meet these goals.

Smart Base.—Smart Base brings off-the-shelf modern technology and business practices to Navy needs. One example is the PortMaster automated port operations management system. It provides a tool for the regional commander to manage all port operations while improving services and scheduling, yet lowers manpower needs. This system has been deployed through the mid-Atlantic region and is being expanded to airfield operations.

Smart Work.—Like Smart Base, this initiative substitutes capital for labor with the goal of reserving Sailor and Marine time for high value-added work and combat training. Off the shelf tools can ensure safe, healthy, and efficient working conditions. One example is construction of a sewage line to connect ships in port at Gaeta, Italy to the municipal sewage system, replacing the use of contract barges, with a return on investment in less than one year.

CONCLUSION

In conclusion, I believe the DON infrastructure program is in a strong position as we begin the new millennium. Our infrastructure budget request for fiscal year 2001 is the best it has been during my tenure. We have robust military construction and family housing construction programs that are focused on fixing what we own. I believe that we will soon be bringing notification to this Committee and the other Military Construction Committee of our intent to award PPV contracts. We have embarked on a new quality of life initiative aimed at improving the living conditions of junior enlisted Sailors assigned to ships. We have preserved the increment of fiscal year 2000 BRAC environmental funds that shifted to fiscal year 2001 during last year's proposed use of Advanced Appropriations to accomplish time critical cleanups to support community reuse and redevelopment of closed BRAC bases. We are proceeding with numerous promising initiatives to make our infrastructure more responsive and less costly.

That concludes my statement. I appreciate the support that this Committee and its Staff has given us in the past, and I look forward to continued close cooperation through the remainder of the Administration.

CONTINGENCY

Senator BURNS. Thank you, Mr. Secretary. Let us maybe look into a little further, with the loss of the contingency funds, we realize those contingency funds are used in some areas. The loss of—the reduction could change the overall scope of things because we have always used those contingency funds in some areas where we incurred overruns. How would you deal with that? Have you given that any thought, as we know there is less dollars there now?

Mr. PIRIE. While the horseback answer is that when we run into unforeseen contingencies—and all of them are unforeseen—we will be faced with a choice of either downscoping the project or reducing the quality of the construction or coming back to you for a reprogramming, and a large outburst of reprogramming actions will clog up the works between here and the other side of the river, it seems to me, and that is not a particularly desirable situation. Admiral Smith will actually have to deal with this problem on the ground. Perhaps he can add to that.

Admiral SMITH. Thank you, sir. Mr. Chairman, as the execution agent, as the head of Naval Facilities Engineering Command

(NAVFAC) for the military construction program, the subject concerns me and my staff worldwide very greatly. I spent a lot of time looking at the construction industry, and I would tell you that industry standard cost growth on new construction runs somewhere between 12 and 15 percent, depending on where in the United States you are.

Historically both the Corps of Engineers and those of us in the Navy at NAVFAC have run between 8 and 9 percent cost growth. We are trying new and innovative contracting strategies such as design build that can bring cost growth down to 4 to 5 percent. The problem is virtually no one can run a new construction project with zero percent cost growth.

Senator BURNS. Tell me, will the loss of these funds slow up execution?

Admiral SMITH. Ultimately, sir, I would expect that will happen, and I say that because as Secretary Pirie said, we do not want to compromise scope, we do not want to compromise quality, which will lead us ultimately to reprogrammings. We have been very fortunate almost over the last decade in getting good bids from the construction industry, but, of course, construction, like the rest of the economy, is booming right now, and I do not think we can rely on just getting good bids to save us for the foreseeable future.

Senator BURNS. Last year you informed us on the committee the Navy spent approximately 1.7 to 1.8 percent of its plant replacement value per year on facility maintenance. We had quite an experience of upgrades in I think the last 2 years. Has that number changed? Will you still operate in that particular 1.7–1.8 percent range?

Mr. PIRIE. I think that is about the value. Our real property maintenance budget for fiscal year 2001 is, in fact, an increase over prior years, and I think it is headed—we are headed towards 2 percent.

VIEQUES

Senator BURNS. Tell me about the situation in Puerto Rico, the current situation there with respect to the island and the announcement that was made yesterday.

Mr. PIRIE. The announcement made yesterday has to do with the conveyance of 110 acres to the Federal Aviation Administration (FAA) to be later conveyed to the Puerto Rican airport facility, and it has to do with airport expansion. It was an action that was in the works, has been in the works for several years, and was ready to go before the unfortunate incidents of the last year. But it was put on hold until the resolution of the Vieques controversy could be reached. So it really—while we think it is an expression of goodwill to turn this over and expand the Vieques airport, it really was an action that was already in train.

Senator BURNS. Now, also in conjunction with that, I understand we have got to come up with $40 million in economic development funding, and that is dependent on the resumption of training. Now, I understand—I just asked Sid here where that $40 million was coming from, and I guess that is going to come out of supplemental, but it is going to come out of other places than military construction, which I was worried about that, coming in this morning.

Mr. PIRIE. As I understand it, it is not going to come out of the defense budget at all but will be in the Department of Commerce budget.

Senator BURNS. Tell me, the directive allows no more than 90 days of annual training down there. Is 90 days enough?

Mr. PIRIE. I am not the expert in this area. I know that the Commandant and the Chief of Naval Operations were in these negotiations hard and fast every minute. I think it is a judgment, it is fair to say, that has been made by them. I would defer to my military colleagues.

Senator BURNS. Admiral, would you like to comment? Does anybody want to comment on that?

Admiral SMITH. No, sir. Again, as the civil engineer, I know the Chief of Naval Operations was personally involved in those negotiations.

Mr. PIRIE. And the Commandant of the Marine Corps as well.

General MASHBURN. The Commandant was deeply involved.

Senator BURNS. Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman. Mr. Pirie, I noted in my opening remarks that I was interested in the Navy's homeport ashore initiative you talked about. That is of particular interest to me as Naval Station Everett is and obviously will continue to be a carrier homeport, but it is also of interest to me in the broader impact that this initiative will have on recruitment, retention, and quality of life factors. Would you explain to us how this program is going to work and what impact it will have on homeport communities like Everett?

HOMEPORT ASHORE

Mr. PIRIE. What we would like to do is build enough BQ spaces so that we can accommodate something approximating 20,000 single sailors in pay grades E–1 through E–4 that are on ships who have no shore accommodation now when they're in homeport. So the real question is can we accelerate the building of BQs within our limited resources to make that happen. The scheme that we have come up with involves backing off the 1 plus 1 standard, which is the current DOD standard, to a 2 plus 0 standard, using the resources that are saved in that way to accelerate the building of these BQs.

The first two of them are, in fact, in the fiscal year 2001 budget. We are currently—I do not want to use the word haggle, but we are currently negotiating within the Department of the Navy how fast we can do this. I, of course, want to do it as fast as we possibly can. Then there is a question about the phasing of who benefits first. Do we accommodate our shore deficit with these BQs first or do we start moving the sailors off the ships now? I think we will do a little of both.

Senator MURRAY. Do you know how many sailors would be affected?

Mr. PIRIE. I think it is on the order of between 16,000 and 20,000 sailors. It is—I think it is an important move.

Senator MURRAY. Do you know how much it will cost?

Mr. PIRIE. I have seen various estimates, and it really depends on how fast we want to do it. I have seen estimates that would in-

crease our BQ requirements by something like $80 million a year. That is the fast track. I would like to see the fast track. There is a real question inside the Navy Department about priorities and whether we can break loose that much money.

Senator MURRAY. I am very interested in this. Hopefully we will work toward that, assuming no disparities in the basic allowances for housing, it has caused a lot of concern in my home state of Washington. I understand that Secretary Cohen has ordered an end to the disparities in the Basic Allowance for Housing (BAH) rates. Has that order taken effect yet? And if not, when is it going to take effect?

Mr. PIRIE. In the fiscal year 2001 budget, there is adequate resources to reduce the out-of-pocket, average out-of-pocket expenses from where it is now, 19 or a little more percent down to 15 percent, but in the future year defense program, there are resources to reduce it to zero by 2005. This is an important move. This will make a big difference.

Senator MURRAY. Explain to me exactly how it is going to look in the future.

BAH

Mr. PIRIE. Well, over the course of the next five years, incrementally we will buy down the 15 percent which will be left over at the end of fiscal year 2001. We will put increasing amounts of money into the budget to increase the BAH allowances, so that by our calculations the average out-of-pocket expense over and above their allowances which sailors will have to undergo to get housing in the community will be reduced.

It is a rather complicated business because it depends on surveys of housing costs, and I have to say the surveys are not my business, they are the business of my colleague, Carolyn Becraft, the Assistant Secretary for Manpower and Reserve Affairs and fundamentally of the office of the Secretary of Defense. I have not been particularly pleased by some of the survey news that I have heard, and I think we need to pay very careful attention to how these are done so that we do not see serious inequities.

I think going into the BAH concept and going to the concept of reducing the out-of-pocket expenses for those who draw BAH was a really important way to get rid of one inequity which was that people living in government housing were subsidizing people who were living not in government housing. So we have gotten that inequity behind us. Now we have to be careful that these surveys do not create other inequities.

Senator MURRAY. That is exactly what happened in Washington State. I understand what your long-range goal is, but the short-range effect was that many people were going to get less BAH and they really saw that as a real slap in the face in Washington State, but I understand Secretary Cohen has ordered an end to that disparity. Does the Defense Department intend to seek congressional approval to make changes retroactive, and, if so, retroactive to when?

Mr. PIRIE. Retroactive changes?

Senator MURRAY. In the BAH.

Mr. PIRIE. Not that I know of. I do not know. We will look into it and let you know.

[The information follows:]

The roll-back to 1999 rates for low cost areas went into effect on March 1, 2000, however the money for March will not be seen until the 1 April paycheck. OSD intends to seek legislative authority to allow retroactive payment from January 1, 2000 to February 29, 2000 for all members who transferred into these low cost areas during that time.

Senator MURRAY. I appreciate that. Naval Station Everett is one of the Navy's public-private venture housing sites. Can you give me an update on the status of that project currently?

Mr. PIRIE. We have—as you know, we do have a project at Everett and another one going in, and it is one of the seven that are currently in negotiation. And we have finally worked through the supplemental to buy down the rates for the first project to be a more tolerable rate for the people, but do you have further news?

Admiral SMITH. The procurement is going along very well. We are in active discussions in what we call Everett 2. There really are, probably as you know, three contracts there. The first was one of our first PPVs. It went extremely well with beautiful units. I hope you get a chance to see them. We then modified that contract and put in what we call a Differential Lease Payment (DLP), something that brings a little more money to the table for the people living in the housing, and enables them to get to a zero out-of-pocket condition.

What we are doing now we call Everett 2 because it is basically the original contract, the original concept. We are in active negotiations. I hope by the summer or early fall to come over to you all with a proposed award, but it is going very well, and I visited both the naval station and the Marysville site. It is very pretty.

Senator MURRAY. Yes, it is very nice. I look forward to working with you on that. Thank you. Thank you, Mr. Chairman.

Senator BURNS. Senator Craig.

Senator CRAIG. I am here to talk about our naval bases in Idaho.

Mr. PIRIE. We have a terrific base at Lake Pend Oreille.

Senator CRAIG. I was testing your knowledge. And, of course, Bayview is an important facility. A lot of folks do not realize that we have that naval installation in our state, and I think it has been recognized as probably a premier facility when it comes to acoustical testing, extremely valuable for our submarine fleet and probably for other surface vessels also.

I guess my question, and my frustration, because I see what is being offered by the administration as it relates to plant replacement value, and I see our goal of reaching 3 percent of plant replacement value for naval facilities for annual real property maintenance, I watched Bayview, and I know that the reason we have a good relationship there and some positive things going on is because of Congress intervening and helping, and we will continue to do that, and I guess my question of you is what are you doing to reach the goal of allocating 3 percent?

Mr. PIRIE. The real property maintenance budget is generally problematical for us. We do not have—I mean, other than the 3 percent number, we do not really have good industry standards at the moment for maintaining the property we have, and we do not

have a scheme that gives us hard and fast requirements numbers in this area. As a result, in the internal budget allocation process in the Navy Department, higher priority items such as readiness funding, procurement of major weapons systems, imperatives in that area tend to impact negatively into our real property maintenance budget.

I would certainly be the first to agree that we ought to take our stewardship of Federal facilities seriously and work to maintain these properties in good shape for the long term, and my small voice in the resource allocation discussions that go along over in the Pentagon tends to that effect. We could use more money for real property maintenance, there is no question about it. These questions become very important from time to time, including the procurement budget and concerns about whether we will be able to sustain the 300-ship Navy or be able to sustain the air wings that we put on the carriers.

When those questions appear on the horizon, the question about keeping the buildings in good shape sometimes gets pushed to one side.

Senator CRAIG. Well, I appreciate that answer because that is a struggle we face and are going to continue to face. This committee has made an effort to step in where the administration has chosen not to go, and we will continue to do that, I hope. It is a matter of maintenance, it is a matter of the ability to deliver. It is also a quality of life factor for a good many of our folks in uniform, and to be in a competitive marketplace today, I think that is something we have to be terribly sensitive to. Not of your watch, but I did have a windshield tour of my air base the other day out in Idaho looking at housing, and I am not at all happy with what I am seeing, and we are struggling to keep our airmen and women, and it is not just the bonus, it is the overall environment in which they live, and I think that is true in the other services. We have got to be sensitive to that. Acoustical research detachment, the one I am talking about on Lake Pend Oreille, and the growing importance of stealth technology, do you see other missions coming our way?

Mr. PIRIE. Once again, I am way out of my depth here. I could defer to my military colleagues, and I assume it is the acoustical testing that is done so preeminently there.

Admiral SMITH. Sir, having been to that beautiful lake and the fine facility that is there, you know, we are the Navy, we exist to float, the hydrodynamic research as well as the acoustic research that is there gets more and more important to us every day, and I look at what we are doing in the Navy meteorological command as well as the research and development fields within the Naval Sea Systems Command, and it just gets more and more advanced and you need cleaner and cleaner water where you can do that kind of work. That is one of the beauties of that site, so it certainly has an active life, but you would have to talk to a slightly different kind of engineer than a civil engineer, I am afraid.

Senator CRAIG. I will continue to pursue that. Thank you, gentlemen, very much. Mr. Chairman, thank you. Let me ask unanimous consent my opening statement be a part of the record.

Senator BURNS. Without objection, it will be a part of the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR LARRY CRAIG

Mr. Chairman, it is truly a pleasure to serve on the Military Construction Subcommittee. I am proud of the accomplishments and impact which we have had on not only the Department of Defense, but also on the men, women and their families who serve diligently in defending this great nation of ours. We have worked hard in the past to ensure funds are provided and available for the crucial projects needed at our all important military installations, and unfortunately we are required to work even harder this year to keep funding at even an adequate level.

As we all know, the military construction budget is to provide necessary funding for the planning, design, construction, alteration, and improvement of military facilities world-wide. Over the last couple of years I get the feeling this has been lost on the Clinton-Gore Administration. Both Houses of Congress have continually debated with the current administration about whether military construction funding and long-term planning are adequate.

The Department of Defense's stated goal for real property maintenance is 3 percent, which is below funding used for public facilities nationwide. In light of this, it is mind boggling to think that some of the Services are budgeting only 1 percent of the plant replacement value. How can we expect to keep our military infrastructure maintained at a functioning level when the maintenance budget won't even cover the day-to-day replacement costs due to normal aging?

Due to the lack of adequate budgeting and planning, Congress has felt the need to intervene and fund programs which we fill are in the "best interest" of the services. A good example of this cooperation between Congress and the Navy is the Acoustic Research Detachment, located at Lake Pend Oreille in Bayview, Idaho. This facility develops and evaluates advanced submarine technology. The lake's depth and mild currents provide an unmatched environment to test the stealthness of our submarine designs. In fact, I heard that it was Admiral Giambastiani who said, "for the Navy Submarine Fleet, the most important body of water is Lake Pend Oreille."

However, in spite of the successes, I feel that Congress is being held hostage by the Clinton-Gore Administration. They know that we will not let our men and women of the armed forces down and will increase the funding for military construction, which the Congress has done to the tune of about $3,500,000,000 over the last 5 years.

Although military construction is not the most glamorous issue, it is becoming more and more important in the quality of life and morale of our troops and their families. I will continue to support projects which enhance mission readiness and quality of life initiatives which will help in retaining our superb men and women of the armed forces.

Senator BURNS. Thank you very much. I just have a couple of more questions. When we look at overall spending and everything, Mr. Secretary, and this type thing, and we knew what we were doing last year, but despite everything the BRAC is more than doubled, it goes up to $477 million this year. Now, does that get done what we need to get done? Do we have shortfalls there also?

Mr. PIRIE. No. That will get—if we have that money——

Senator BURNS. That fulfills our obligation, that is what I am concerned about?

Mr. PIRIE. Yes, sir, and it is really a question of does Admiral Smith have enough confidence that the money is going to be there so that he can continue to spend and keep these things going right up to September 30 so that on October 1st there is the new checkbook to start writing from. We confront a fairly massive number of conveyances in this next year, and the cleanup is key to that. I will provide counsel a copy of what is called our star chart, the number of conveyances that we have to get done this year. It is truly impressive.

[The information follows:]

DEPARTMENT OF THE NAVY—FISCAL YEAR 2001 BRAC ENVIRONMENTAL FUNDING

The Department of the Navy's planned fiscal year 2000 BRAC funding was significantly reduced as $255 million of fiscal year 2000 funds were moved to fiscal year 2001 as part of the Administration's proposed use of Advance Appropriation for the military construction accounts in the fiscal year 2000 President's Budget Submission. Although the Congress denied the use of Advance Appropriations and restored full funding for the Military Construction and Family Housing Construction accounts, BRAC was not restored. The bulk of the funds that shifted from fiscal year 2000 to fiscal year 2001 last year, remain in the fiscal year 2001 budget. Thus the steep increase in BRAC funds from fiscal year 2000 to fiscal year 2001.

The impacts of this shift in funds have been reduced site cleanups, increased project administration costs due to required contract changes, strained relations with the regulatory community, and a loss of credibility among the public, regulators and the redevelopment community as pertains to cleanup schedules and commitments. The impact of delayed funding also impacts transfer opportunities across the program. Facilities, utility systems, installed equipment, and infrastructures deteriorate rapidly after base closure. Redevelopment authorities and other federal agencies are not motivated to take on property with deteriorated infrastructure or where Navy's commitments to timely cleanup are questionable. Nor do they view opportunities for early transfers as viable options when we delay funding with direct impacts on agreed upon cleanup schedules supporting community redevelopment projects.

The Navy has worked hard to mitigate funding obstacles to meet FOST, regulatory and transfer dates. To do so, we reworked project schedules and contract documents coupled with stop-gap incremental funding methods to keep the maximum number of projects moving forward. This effort was accomplished by dividing hundreds of task orders into smaller phases, and adjusting contract award and completion schedules to match the expected appropriations cycle rather than accelerated cleanup and transfer schedules. As a result, we are positioned to obligate the fiscal year 2001 increment of these critical projects very early in the first quarter of fiscal year 2001, thereby restarting the delayed work as quickly as possible. This rework has resulted in some changes in the fiscal year 2001 budget request, where nearly all of the BRAC funds are for environmental cleanup. The continued execution of the fiscal year 2000/2001 program will only work if fiscal year 2001 funding is received in full. The following list outlines those areas where 74 percent of all fiscal year 2001 BRAC funds are being spent.

Despite these actions to maintain momentum with limited funds, we have already experienced some unavoidable impacts:

Mare Island

Reduced or delayed funding in fiscal year 2001 will result in conveyance delays. Mare Island is divided into 22 parcels, which were delineated with the environmental cleanup schedules as a primary consideration. Reduced or delayed funding would impact disposal of 14 parcels, or a total of 5,000 acres.

The majority of the developed and developable land was requested for transfer under an Economic Development Conveyance application, which was approved in September 1999. Most of this property is scheduled to be conveyed in fiscal year 2002 when the environmental work would be completed if we proceed as currently scheduled. There are two developers now working under a LIFOC. Further postponements of remediation projects on EDC parcels will delay deed transfer, which will adversely impact the community's ability to raise capital to fund redevelopment projects.

Large portions, approximately 3,600 acres, of the wetlands revert to the State of California. Currently these parcels are scheduled for conveyance in 2004 and 2005. There is interest in an early transfer of these parcels to support a commercial dredging operation in the Bay Area. Additionally, the LRA has informally notified Navy they are planning to make application for an early transfer of all other parts of the Mare Island complex this year as well. Reduced or delayed funding would seriously jeopardize our ability to make a meaningful commitment to early conveyance of this property in fiscal year 2001.

FISC Oakland

Funding included for the Fleet Industrial Supply Center (FISC) Oakland is for two installations—FISC Alameda Annex and Naval Fuel Depot Point Molate. Both of these sites were the subject of special legislation and will be transferred via a quit claim deed. We are pursuing an agreement between the Navy and the City of Alameda, California, to transfer the FISC Alameda Annex property to the City in April 2000 with Navy to complete environmental cleanup to support the City's rede-

velopment project. The City's $100 million development project will be jeopardized if environmental cleanup funding is delayed from fiscal year 2001 to an outyear.

Point Molate NEPA will be completed this fall. Navy could then convey the property except that environmental cleanup will not have been completed. If funding is delayed, transfer of the first two parcels, or 40 acres, currently scheduled for December 2003 will not be met. City is actively considering early transfer and has hired consultant(s) to assess their risks and advise them on early transfer. In that case, lack or delay of funding in fiscal year 2001 would also undermine our ability to commit to an early transfer in the near term.

Naval Air Station in South Weymouth, MA (NAS SOWEY)

The limited fiscal year 2000 funding affected our opportunity for an early transfer of NAS SOWEY. The Local Reuse Authority (LRA) for NAS SOWEY has put together a redevelopment plan that includes retail shopping, office space and recreational parks. The centerpiece of the redevelopment is a one million square foot shopping mall. The Mills Corporation, developers of the mall, is prepared to begin construction in January 2001. However, Mills cannot begin construction without a long-term lease (LIFOC) or ownership of the property. Mills also requires a connector road to access the mall. This road would go completely across the base. The mall and the connector road are the keys to redevelopment of NAS SOWEY.

In order to meet the January 2001 construction start date, the LRA had asked Navy to provide property transfer or LIFOC for the Mall Parcel and Connector Parcel by 1 October 2000. The shift in funding greatly affected Navy's ability to either transfer or reach LIFOC for the Mall Parcel and the Connector Parcel. A number of remediation projects must occur in fiscal year 2000 to meet the mall construction schedule. Any delay in fiscal year 2001 funding will make it impossible to achieve a FOST by the date requested by the LRA. This will delay the start of Mills' construction and may even drive the Mills Corporation out of the project completely thereby destroying the reuse plan.

Moffett Field

At Crows Landing, the land has been transferred from NASA to Stanislaus County. The new owner wants to convert this base to an Agricultural Airport for rapid transportation of perishables produced by the farmers in the area. Any delays will affect the farms that surround the base. A regional Treatment System, which is integral to redevelopment, was planned to be in place by August 2000; but due to the fiscal year 2000 budget reduction, the cleanup implementation has been pushed out one year to August 2001. We intend to utilize recovered monies from prior year unobligated/unexpended balances to fund fiscal year 2000 requirements at Moffet. However, if funds are unavailable in fiscal year 2001, the schedule will be further impacted.

At Moffett Field, the main base real estate has already been transferred to NASA. Due to the reduction in fiscal year 2000 funding, the cleanup of Site 22 was delayed from August 2000 to August 2001. If fiscal year 2001 is not fully funded, it will have a ripple effect on remediation work carried out, such as the cleanup at ecologically sensitive areas (Site 27). This will also affect the agreement Navy has signed with NASA as it impacts their future land use plan. Moffett is a National Priorities List site. Public reaction is also expected (a very active RAB exists at Moffett); they have already questioned the budget cuts at several RAB meetings.

NAS Alameda

Shortfalls or delayed funding in fiscal year 2001 would result in EDC Parcels 1, 2, 6, 7, 8, 9, 10, 11, 14, 16 and Fed 2, 4 conveyance and cleanup delays. A planned 575-acre wildlife refuge is also affected. Delays would result in missed milestones contained in the pending Federal Facilities Agreement, with possible payment of stipulated penalties. Reuse and development delays will cost the city millions of dollars in revenue. Since the community has been an active participant in the cleanup process, additional cleanup delays will increase public resentment and outrage. If all parcels at Alameda must be cleaned before transfer, the final transfer to the City would not occur until May 2007. In all likelihood, a delay of this length will cause the City to miss the prevailing positive economic cycle, which could leave this parcel undeveloped for this entire decade.

NAS Memphis

Memphis is the first early transfer where Navy agreed to continue environmental cleanup after transfer. As such, it is being watched by other BRAC communities considering similar opportunities to accelerate reuse. Memphis has a cleanup schedule specified in the Covenant Deferral Request. We are currently conducting the Corrective Measures Study at Memphis, with the remedies to be selected the second

and third quarter of fiscal year 2001. We may not be able to pursue cleanup at Memphis as negotiated with the State of Tennessee if fiscal year 2001 funds are reduced. This would send a strong adverse signal to the other states considering early transfers. Navy would loose all credibility for any schedule established and future conveyance agreements that would rely on post-conveyance environmental cleanups.

Charleston Naval Complex

The Redevelopment Authority has indicated a willingness to entertain early transfer in the summer of 2000 because of a fixed price environmental restoration contract already signed that uses private sector insurance to guarantee the price and cleanup. This contract is incrementally funded over two years and places the investigative and cleanup requirements on one prime contractor for expedited transfer and environmental closure. Reduction in funding of the fiscal year 2001 budget request would have an extremely adverse impact on the time schedule and total cost of the contract as well as the timeline for transfer of the property. The FOST date for EDC phase 3 would be delayed at least a year.

NAVSTA Treasure Island

Reduced or delayed funding in fiscal year 2001 would result in conveyance and cleanup delays from fiscal year 2007 to fiscal year 2009, igniting public resentment. Seven conveyance parcels on Treasure Island would be directly impacted. The planned reuse/development, for housing, film studios, ferry terminal and a marina, has high political interest in California and in Congress. Reuse and development delays could cost the city millions of dollars in revenue. More importantly, the Navy would be in direct violation of the signed Federal Facilities—State Remediation Agreement resulting in possible stipulated penalties.

The City of San Francisco has expressed interest in early transfer of Treasure Island this year. There are basically two scenarios possible: (1) Fixed-price buy-out with cleanup included in redevelopment by the new owner, and (2) Early transfer with cleanup to be completed by the government after conveyance. Congressional reductions in Navy's fiscal year 2001 budget requests would eliminate any possibility of a fixed-price buy-out because funds would not be available when needed to consummate such a deal. Fiscal year 2001 funding delays or reductions would also significantly undermine the City's confidence in timely federal cleanup following an early transfer. Our best hope to accelerate conveyance and economic development of this property is full funding of Navy's request in fiscal year 2001.

Hunters Points NSY

Navy is currently exploring early transfer of Hunters Point with the City of San Francisco and their master developer. Congressional support of Navy's fiscal year 2001–2003 budget requests will be absolutely critical to consummating an early transfer for this troubled property. The City's economic development cycle is in high-gear and accelerated development of Hunters Point is a City imperative since this is one of the last major parcels of undeveloped waterfront real estate in the San Francisco area. Even if early transfer and fixed-price buy-out negotiations are unsuccessful, any funding reductions in fiscal year 2001 would adversely impact Site 78 on Parcel F. Because of reduced fiscal year 2000 funding, the Regional Sediment Report will be incrementally funded. If the balance of funds is not provided in fiscal year 2001, the Navy will be in violation of the Federal Facilities Agreement schedule. These delays will require approval from the BRAC Cleanup Team (in particular, the regulatory agencies). If funds are not provided until fiscal year 2002, this will delay the Remedial Investigation phase, followed by the Feasibility Study phase, Record Of Decision, Remedial Action phases and the planned transfer date of January 2004 (which would be pushed to January 2005) to the City of San Francisco.

NAS Dallas

Early transfer is being pursued for the Navy's "L" Parcel with the City of Dallas. Cuts in fiscal year 2001 would delay both the FOST and disposal date. On the property leased from the city of Dallas, the Navy is negotiating with the City regarding the extent of cleanup required and a possible cooperative agreement, with cleanup funding passed from the Navy to the City. Funding reductions would probably end discussions on a cooperative agreement and most likely lead to lawsuits and a judicial solution.

NOS Louisville

The Navy anticipates an early transfer of the entire property with cleanup being finished by the Navy after transfer. Funding cuts would not allow us to meet the FOST dates specified; and the early transfer, which the district's Congressional representative champions as a must have for the local economy, would be in jeopardy.

This would negate all reuse planning to date and require a total reevaluation of the reuse plan.

NAS Cecil Field

The FOSTs for six parcels would not be met if funding is reduced in fiscal year 2001. These include parcels already delayed from both the PBCs and EDCs by earlier budget reductions. The FOSTs for two parcels scheduled for November 2000 would not be met if fiscal year 2001 funding is delayed. Delays must be avoided to preserve the community's reuse plan since the aircraft related activities could easily relocate to another facility in the southeast portion of the country, leaving the property undeveloped for years to come.

NAWC Indianapolis

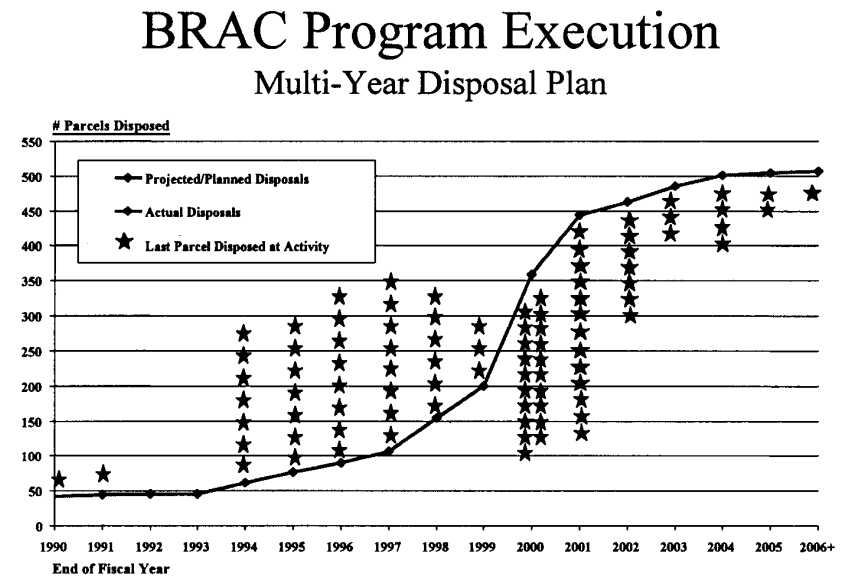
The FOSTs for two parcels scheduled for fiscal year 2003 will not be met if fiscal year 2001 funding is shorted. This property is leased until transfer is complete. Should the cleanup effort be suspended or postponed, the lease could be terminated and the property abandoned.

NTC Orlando

The FOST for three parcels scheduled for 2001 will not be met if fiscal year 2001 funding is reduced. We expect delays to most of the currently scheduled FOSTs and transfers of property, and delays in pursuing ultimate cleanup.

SUMMARY

Navy has accommodated the incremental impacts in fiscal year 2000 by restructuring the cleanup contracting strategies across the program. Increased labor and increased costs of the cleanup work are inevitable. Some delays are already occurring but the promise of full follow-on funding in fiscal year 2001 has been used effectively to allay community and regulator concerns. Navy is also actively pursuing early transfers and fixed-price buyouts at several major bases. Reductions or even indications of potential reductions in Navy's BRAC budget request during congressional reviews over the next few months will have devastating affects on timely and successful conclusion of the BRAC program. Impacts to community redevelopment efforts and job generation will result across the country.



Senator BURNS. Mr. Secretary, if you could, and then sort of detail some of those, where those conveyances will be made and kind of keep the committee informed, I would like that, and I know that

you have a pretty robust schedule this year with regard to that, and we appreciate that, but you know every time you see a spike in there, that always draws a little bit of attention. How come we are doing that, and of course some of that, some of the steps we have taken in the past 2 years has caused part of that, too, we also understand that. And we will work with you. But if you could provide the committee on those conveyances and where we are in our cleanup with more detail, I would certainly appreciate that.

Mr. PIRIE. Definitely. I have got a memorandum on some of the trapeze acts that we have had to do with the communities just to get through this year, and I will provide that as well.

[The information follows:]

MEMORANDUM FOR STAKEHOLDERS IN THE DEPARTMENT OF THE NAVY ENVIRONMENTAL RESTORATION PROGRAM

FISCAL YEAR 2000 CLEANUP FUNDING

Funding for cleanups at installations undergoing Base Realignment and Closure (BRAC) is provided from the Navy's BRAC account, which is part of the Military Construction appropriation. When the Department of the Navy developed the BRAC budget, $382 million, in environmental projects was planned for fiscal year 2000. This figure represented a $107 million real increase from fiscal year 1999 to fiscal year 2000 and would have funded our fiscal year 2000 BRAC environmental requirements. During final budget deliberations within the Department of Defense, $233 million was shifted from fiscal year 2000 to fiscal year 2001 leaving $149 million (about 40 percent) available for BRAC account fiscal year 2000. This shift of funds, called an Advanced Appropriation, was based on the premise that not all funds are needed in the year a cleanup project is initiated. After a project is initiated by awarding a contract, work progresses over many months and progress payments are made to the contractor accordingly. Only when the contractor "cashes" the government checks are funds expended from the federal treasury. Historically, the BRAC cleanup program has expended about 40 percent of funds in the first year, with the remaining funds expended over the following 12–18 months. Having pre-approved, future appropriations (an Advanced Appropriation) would have allowed the military services to contract for the same BRAC cleanup projects as planned in fiscal year 2000 and have funds available for cleanup projects as they progressed into fiscal year 2001. Congress did not approve the Advanced Appropriation concept. We have been unsuccessful in restoring fiscal year 2000 BRAC funds to the level first planned.

Fiscal year 2000 will be a difficult year for Navy execution of the BRAC environmental program. Because funds have not been appropriated, we will not be able to contract for all the cleanup projects we had planned. We have asked the Naval Facilities Engineering Command and their field divisions to consult with stakeholders at BRAC bases to ensure we make the best use of available funds. The risk to human health and the status of property reuse actions will be prime factors in prioritizing our efforts. However, we are aware that not all requirements can be satisfied in fiscal year 2000. We appreciate your understanding and cooperation as we strive to meet our regulatory obligations and commitments to your community.

Installation	Disposal date	
	Month	Year
Adak	3	2001
Agana	9	2001
Alameda	6	2005
Annapolis	9	2001
Barbers Pt	9	2001
Brooklyn	9	2002
Cecil Fld	9	2002
Chastn Com	12	2001
Chase (Goli)	2	2000
Coconut Gr	2	2000

Installation	Disposal date	
	Month	Year
Dallas	12	2002
Davisville	1	2001
El Toro	5	2004
Glenview	2	2001
Guam PWC	9	2001
Guam SRF	12	1999
Hunters Pt	9	2005
Huntsville	11	1999
Indianapolis	11	2003
Jamestown	3	2000
Key West	1	2001
Long Bch Sy	12	2000
Long Bch NS	1	2000
Louisville	10	2003
Mare Island	12	2005
Memphis	12	1999
New London	6	2000
Oakland Fisc	7	2004
Oakland NH	3	2000
Oakland NRL	4	2000
Orlando NTC	6	2001
Perth Amboy	5	2000
Philadel NH	10	200
Philade NS	.....	2002
Pittsfield	1	2000
Salton Sea	12	1999
San Diego	3	2002
San Fran PWC	1	2002
Sand Point PU	12	1999
South Weymo	9	2002
Staten Island	1	200
Stockton CA	3	2000
Treasure Is	3	2003
Trenton Naw	7	2000
Tustin	2	2003
Warminster	9	2000

Senator BURNS. Well, you have made it through that minefield pretty good. We think you have done a good job. And of course I would say to my good Marine friends, you know, everybody else is worried about housing. We would take some of your housing at probably Home Air Force base. We Marines are used to sleeping just in a tent, you know.

Senator CRAIG. I have heard those lines from you before. I don't believe them.

ADDITIONAL COMMITTEE QUESTIONS

Senator BURNS. You guys have to get a life. I have no further questions for this panel, and I appreciate you coming this morning. Again, we look forward to working with you as we complete this process, and if we can be of any help to you, we are certainly here to provide that for you. Thank you, Mr. Secretary, for coming this morning.

Mr. PIRIE. Thank you, Senator.

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

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

FUNDING LEVELS

Question. The Navy's fiscal year 2001 overall budget represents a two percent increase over last year's enacted level, about $166 million. However, a large portion of this increase is in the BRAC account. Their construction program is in fact below last year's enacted level.

Secretary Pirie, while your fiscal year 2001 budget looks stronger than last year's budget, a good portion of the increase is actually allocated to the BRAC account. Why is this a good news story?

Answer. Yes, most of the increase is in the BRAC account, because that area had the greatest need. During the fiscal year 2000 budget deliberations within the Department of Defense, Navy BRAC environmental funds were shifted from fiscal year 2000 to fiscal year 2001 as part of a request for Advanced Appropriation in the construction accounts. Congress did not approve the Advanced Appropriation concept, and fully funded the fiscal year 2000 military construction and family housing construction accounts. BRAC funding, however, was not similarly restored. Thus, the large increase in fiscal year 2001 BRAC funding represents requirements and funding, nearly all of which is to cleanup BRAC properties, deferred from fiscal year 2000 and added to our fiscal year 2001 requirements. These projects are closely tied to redevelopment and reuse of the property by Local Redevelopment Authorities and need to be completed to stay on schedule with redevelopment plans.

Our fiscal year 2001 request retains this higher level of funding. We consider this funding vital to support redevelopment efforts by town, communities and cities adversely affected by base closures, and to keep the disposal of excess Navy property on schedule so that the savings can be applied elsewhere in Navy's budget. Fiscal year 2001 represents the single largest year for planned property transfers for the Department of Navy.

Our fiscal year 2001 request is also higher than fiscal year 2000 in other areas as well. Our Family Housing Construction appropriation request is seven percent above the fiscal year 2000 enacted amount. Our Real Property Maintenance request is nine percent greater than the fiscal year 2000 enacted level, after inclusion of the Department of the Navy's share of Quality of Life Enhancement, Defense in fiscal year 2000 and the effect of the fiscal year 2000 rescission. Our Family Housing Operations and Maintenance account, and Base Operations Support are about the same as the fiscal year 2000 enacted level. Only our Military Construction, Navy and Military Construction, Naval Reserve accounts are below the fiscal year 2000 enacted level. They are, however, similar to the fiscal year 2000 budget request level before Department of Defense decision to eliminate contingency funding.

Overall, this is the strongest facilities budget submitted to the Congress during my six year tenure in this position.

Question. What will be the impact of taking all of the fiscal year 2000 across-the-board reduction for the operation and maintenance account against only the real property maintenance accounts?

Answer. Targeting the entire $136 million operation and maintenance rescission to the real property maintenance accounts, although difficult, avoids immediate readiness problems and can be done with the least risk of reduction-in-force or furloughs. Nonetheless, the decision amounts to a nine percent reduction in fiscal year 2000 Real Property Maintenance funds, and contributes to the growth in the backlog of maintenance and repairs. Unless other sources of funds can be found, all types of facilities, including barracks and other quality of life facilities, will be adversely impacted. Even mission critical facilities (e.g. waterfront, airport, Bachelor Quarters, and training) that we fund at a C–2 facility readiness level will be funded at the reduced level of C–3 readiness this year as a result.

PUBLIC/PRIVATE VENTURES (PPV)

Question. Secretary Pirie, how will Secretary Cohen's recent announcement to buy out the basic allowance for housing for those Service members living on the economy impact family housing privatization?

Answer. The impact of this initiative on family housing privatization is uncertain at this time. We have begun efforts to analyze the long-term impacts of this initiative on the supply and demand for military housing. Preliminary analysis of on-

going privatization projects indicate that all remain viable and meet applicable statutory thresholds for Government participation. Our first opportunity to address possible impacts will be when we provide the Family Housing Master Plans due to congress in July. Our objective is to strike the appropriate balance between reliance on the private sector and, where necessary, the provision of Government quarters, through public/private ventures and traditional military construction.

Question. I understand the Navy is looking at privatizing barracks. Please describe how such an initiative would work?

Answer. The Navy is evaluating the feasibility of a private Bachelor Quarters (BQ) project for Naval District Washington (NDW). The proposed scope is a 200 unit, apartment-style project intended for single sailors in paygrades E–5 and E–6 stationed in the Washington D.C. area.

The Navy is also evaluating the feasibility of a BQ privatization effort at Mitchel Field, Long Island, New York, as part of a combined bachelor and family housing PPV project.

Under both projects the Navy would provide land to a developer who in turn would build apartments that our unaccompanied Sailors could rent within their Basic Allowance for Housing (BAH). There would be no guaranteed rental rates to the developer. Presently the Navy does not anticipate the need to provide any up front cash investment.

The Marine Corps is exploring the possibility of privatizing a Bachelor Officer Quarters at The Basic School in Quantico, Virginia. The Marine Corps is currently conducting industry interviews.

We are continuing to explore the potential use of unaccompanied housing privatization to support the Navy's new initiative to berth shipboard Sailors ashore in homeport. Additional projects may be developed if they are cost effective and consistent with single Sailor policy objectives.

Question. I continue to be concerned about how installations with family housing privatization ventures and other privatization ventures will be treated in future rounds of BRAC. Have we created a system of "haves" and "have-nots" with regards to BRAC?

Answer. In future rounds of BRAC, decisions to close or realign bases will be made independently of the presence (or absence) of privatized housing. The Department of the Navy's approach to family housing privatization will provide flexibility in the event of changing conditions such as base closures or realignments. The Department of the Navy is not using any BRAC guarantees in its housing privatization program. Also, the Navy's Public Private Venture business approach, which involves becoming a minority partner in a public-private entity through investment, results in the right to participate in certain key decisions, including decisions on how to react to fluctuations in military housing requirements. Options that would be available to respond to reduced military demand include renting units to civilians at market rates or the selling of assets in a market-based sale. The Department of the Navy then would return its share of the proceeds to the Family Housing Improvement Fund for future use.

DEMOLITION PROGRAM

Question. Last year we discussed the Navy's demolition program. It would appear that this program has been quite successful. Do you have an estimate of how much money the Navy has saved by demolishing old facilities?

Answer. The Centralized Demolition program has been a success story for the Navy and Marine Corps over the last several years. We estimate a "cost avoidance" vice savings of $2 per square foot of the facilities we are demolishing. To date the Navy and Marine Corps have demolished nearly 1,700 buildings and structures and eliminated 8.7 million square feet of unneeded space.

Question. When do you expect to complete the program? Will this allow your limited real property maintenance dollars to go further?

Answer. Defense Reform Initiative Directive (DRID) #36 established demolition goals for each service. The Navy's goal is 9.9 million square feet by the end of fiscal year 2002; the Marine Corps goal is 2.1 million square feet by the end of fiscal year 2000. We are on target to meet these goals and actually expect to exceed them. Since 1996, the Navy/Marine Corps team has executed over 200 projects to remove nearly 1,700 buildings and structures and eliminate 8.7 million square feet from the inventory. We expect to demolish an additional 2.9 million square feet in fiscal year 2000.

We plan to continue the program beyond established goals as long as it is cost effective. The Centralized Demolition Program places an increased emphasis on demolishing excess and obsolete facilities which reduces the infrastructure to be main-

tained and ultimately allows our limited RPM dollars to be invested in the facilities we need to retain.

Question. What kind of buildings are you demolishing? Is it primarily World War II wood facilities?

Answer. The Department of the Navy has demolished a variety of buildings and structures over the last few years including facilities constructed from wood, concrete, concrete masonry unit block wall and steel. Examples of facilities demolished are supply warehouses, fuel tanks, administrative buildings, officer clubs, radar towers, substandard bachelor enlisted quarters and aircraft hangars. Some have been WWII vintage wood facilities, but it would not be accurate to say they are primarily WW II wood facilities.

FISCAL YEAR 2001 CONTINGENCY ELIMINATION

Question. Could this reduction cause a change in overall scope of the projects? What other challenges will this cause?

Answer. The Department of the Navy does not plan to change the scope of construction projects as a result of eliminating contingency funds. The absence of contingency funds may compromise our ability to execute some fiscal year 2001 projects during the fiscal year.

Question. When a project encounters cost over-runs, how will the Navy treat a shortfall without the contingency account?

Answer. The Department of the Navy is committed to maintaining required scope and quality of authorized and appropriated projects. In the absence of contingency funds to cover unforeseen construction requirements, additional funds, if necessary to complete a project, will have to come from reprogrammings, deferrals, or cancellations of other projects.

VIEQUES

Question. Secretary Pirie, please describe the current situation with respect to Vieques?

Answer. The Navy is working to implement the two presidential directives that were issued on January 31, 2000. RADM Kevin Green, COMUSNAVSO, and his staff are established in Puerto Rico and working with representatives of both the community and the Commonwealth.

Question. When does the Navy anticipate being able to use the Vieques ranges to conduct fleet training? I understand that the $40 million of economic development funding is dependent on the resumption of training.

Answer. No date has been set for resumption of training. Navy is working with the representatives of the Commonwealth to methodically implement the elements of the presidential directives and establish the conditions necessary to conduct training. Once these conditions have been set, training will be scheduled.

The $40 million funding is dependent on the resumption of training and continuous availability of the Live Impact Area for use of inert ordnance.

Question. The presidential directive allows no more than 90 days of annual training. Is this sufficient to train the fleet before deployment?

Answer. Yes.

QUESTIONS SUBMITTED BY SENATOR LARRY CRAIG

Question. What are you doing to reach the goal of allocating 3 percent of the plant replacement value of Navy facilities for annual real property maintenance?

Answer. While the private sector uses 2–4 percent of the plant replacement value for annual real property maintenance, the Navy's goal is 2.1 percent and the Marine Corps' goal is 1.75 percent to arrest backlog growth. Competing priorities have not enabled the Department to achieve the desired goals.

Question. With the ever growing importance of stealth technology, are there any other missions for the Acoustic Research Detachment at Lake Pend Oreille, which are applicable to the surface fleet?

Answer. The Navy presently has no identified mission requirement or funding in the Future Years Defense Program (FYDP) to support such testing at Lake Pend Oreille for surface ships.

DEFENSE AGENCIES

U.S. SPECIAL OPERATIONS COMMAND

STATEMENT OF LT. GEN. NORTON SCHWARTZ, DEPUTY COMMANDER IN CHIEF

DEFENSE LOGISTICS AGENCY

STATEMENT OF MARSHALL BAILEY, DIRECTOR OF SUPPORT SERVICES

DEPARTMENT OF DEFENSE EDUCATION ACTIVITY

STATEMENT OF RAY TOLLESON, INTERIM DIRECTOR

TRICARE MANAGEMENT ACTIVITY

STATEMENT OF DIANA TABLER, DEPUTY EXECUTIVE DIRECTOR

Senator BURNS. We will now hear from the second panel representing the defense agencies. The witnesses are Lieutenant General Norton Schwartz, U.S. Special Operations Command, Mr. Marshall Bailey, Director of Support Services, Defense Logistics Agency, Mr. Ray Tolleson, acting director, Department of Defense Education Activity, Ms. Diana Tabler, deputy executive director, TRICARE Management Activity.

Gentlemen and madam, we welcome you this morning and look forward to your testimony. This will provide the committee an overview of the respective agencies' proposed new budget request, and I ask you to keep your statements, if you could summarize your statements, as we work our way through this.

I have a conference this morning on the orbit bill, and we are trying to get that issue put to bed, so to speak, and so we are looking forward to your testimony this morning. We will start with General Schwartz.

General SCHWARTZ. Mr. Chairman, Senator Craig, good morning. It is a pleasure to appear before you here today to present the United States Special Operations Command fiscal year 2001 military construction budget request, and as you mentioned earlier, I am Lieutenant General Norton Schwartz. I work for General Pete Schoomaker, the Commander in Chief of the U.S. Special Operations Command, and with your permission I would like to enter my formal statement into the record.

Senator BURNS. Without objection, your full statement will be made part of the record.

General SCHWARTZ. Thank you, sir. Unlike my counterparts who testified here a moment ago who must address a much larger array of requirements, we at the U.S. Special Operations Command focus on Special Operations Forces' mission needs and support requirements, given the authorities vested in the Commander in Chief of

the U.S. Special Operations Command by Congress and the Secretary of Defense (SECDEF).

That support provides essential facilities to preserve and improve capability, increase readiness of complex weapons systems, and support demanding training in our particular military discipline. We recommend 15 projects for your consideration this year. Thirteen in the continental United States and two overseas—one in the Pacific and one in the Atlantic region. The request totals $74.5 million, of which $70.7 million is for major construction and $3.8 million for planning and design.

PREPARED STATEMENT

Sir, we look forward to working with you and your staff to secure the facilities, to underwrite the readiness and capability of your Special Operations Forces with the straightforward goal of meeting the high expectations that the military commanders in chief and the civilian leadership have for these forces, and, sir, that is my statement for this morning.

[The statement follows:]

PREPARED STATEMENT OF GEN. NORTON SCHWARTZ

INTRODUCTION

Mr. Chairman and members of the committee, I am pleased to present the United States Special Operations Command (USSOCOM) fiscal year 2001 Military Construction (MILCON) budget request. Our MILCON program has a direct, positive impact on our training and operational capabilities. The highly specialized skills and equipment required to successfully execute the full spectrum of special operations missions also demand a modern array of operations, training, maintenance and storage facilities.

PURPOSE

The long term goal of the USSOCOM facilities program, of which MILCON is one part, is to have all units and individuals working and living in adequate facilities in order to maximize training and operations capabilities. Facilities requirements are generated by the need to modernize and replace inadequate facilities and the need to support new weapons systems, force structure, and missions. The current program is planned to provide facilities that will improve force capability, increase readiness of complex weapons systems, and support diverse training needs. Examples of construction projects that meet this criteria are; a new media operations complex for the 4th Psychological Operations Group at Fort Bragg, North Carolina, upgraded air field facilities for the 16th Special Operations Wing at Hurlburt Field, Florida, and a flight simulator for the 160th Special Operations Aviation Regiment at Fort Campbell, Kentucky. All of the individual construction requests are part of a component master construction plan. Component MILCON projects are integrated at the Headquarters USSOCOM level to ensure that the most needed projects are constructed at the right place, on time, and with the highest return on investment.

Your support in prior years has aided immeasurably in improving our operations capability. We look forward to working with your committee to acquire facilities needed by special operations forces (SOF) to perform their missions and ensure we have a fully trained and capable force in the future.

MILCON PROGRAM

The fifteen military construction projects for our component commands in this program include five projects for the U.S. Army Special Operations Command, six for the Naval Special Warfare Command and four for the U.S. Air Force Special Operations Command. Our MILCON budget request for fiscal year 2001 totals $74.5 million: $70.7 million for major construction, and $3.8 million for planning and design. The majority of our program supports replacement and renovation of current mission facilities. This budget request recognizes the need to balance construction

requirements against acquisition programs and the high state of readiness required of all special operations forces.

Following is a brief description of each of the fifteen projects listed by state:

Applied Instruction Facility

[In thousands of dollars]

NAB Coronado, California 4,300

Constructs a Naval Special Warfare Center's Applied Instruction building to eliminate overcrowded conditions for Basic Underwater Divers/Swimmers training and advanced courses. This facility is the primary training building for Naval Special Warfare Command. It was constructed in 1971 and is not configured or wired to support state of the art audio-visual teaching equipment or training aids. The facility is overcrowded and ill suited to meet the training need of the Naval SOF community.

Small Craft Berthing Facility

[In thousands of dollars]

NAS North Island, California 1,350

This project will provide a concrete finger pier and a series of floating docks to facilitate the entry and removal of the MK–V patrol craft from the water. The finger pier will allow a straddle lift crane to quickly place or recover the craft while the docks will facilitate loading and unloading personnel and equipment. The current method of using construction cranes to move the MK–V is inefficient and unreliable.

Airfield Readiness Improvements

[In thousands of dollars]

Hurlburt Field, Florida 3,000

Constructs a parallel apron and taxiway along the East apron to allow safe and efficient movement of helicopters between the runway and parking spaces. Additionally, the taxiway will facilitate access to the East apron for heavy airlift aircraft, e.g. C–5 and KC–10. Currently helicopters must be respotted to allow access by large aircraft or towed to the West apron for deployment.

Hot Cargo Pad

[In thousands of dollars]

Hurlburt Field, Florida 7,354

Constructs a parking apron for loading munitions and dangerous cargo on to aircraft. This project is required to enable two C–5s or three C–141s to be loaded simultaneously with munitions. It provides access taxiways, a munitions holding area, access road, and space for aircraft support equipment. The existing area is not large enough to accommodate C–5s and C–141s. These aircraft must be parked on the main taxiway during munitions operations interrupting the efficient flow of aircraft in and out of the airfield.

Corrosion Control Facility

[In thousands of dollars]

Hurlburt Field, Florida 8,100

Constructs an adequate facility for corrosion control and composite repair of three different types of aircraft. An effective corrosion control program will extend the operational life of all aircraft. The existing facility is an open-air covered wash rack. Required corrosion control operations are severely limited by climatic conditions. Health and explosive safety requirements cannot be maintained in this facility. There is no existing facility to perform repairs on composite materials.

Aerospace Ground Equipment Maintenance/Dispatch Complex

[In thousands of dollars]

Hurlburt Field, Florida 4,750

Constructs two aerospace ground equipment (AGE) maintenance dispatch complexes to support aircraft on the West and East aprons. The proposed shops provide space for inspection, maintenance, repair, and servicing of AGE. The existing facility

provides less than 50 percent of the required space to service over 1,300 pieces of AGE. There is no facility on the east side, requiring AGE to be towed or driven around the end of the runway to move from servicing to operational areas, a distance of two miles.

AH/MH–6 Flight Simulator

[In thousands of dollars]

Fort Campbell, Kentucky 5,400

The proposed construction project will provide the facility to house the simulator for the Light Assault/Attack helicopter. This facility will include operational areas, computer room, mission briefing and planning rooms, classrooms, library/learning center, projection areas, secure vault, SCIF, simulator modules and support areas. Currently, aircrews train in actual aircraft. This method of training is very costly in terms of aircrew hours, maintenance man-hours and extra wear and tear on the aircraft.

Tactical Equipment Complex

[In thousands of dollars]

Fort Campbell, Kentucky 6,400

Builds a consolidated tactical vehicle equipment shop facility for the 160th Special Operations Aviation Regiment. The new facility will replace deteriorated WWII wood structures which are functionally inadequate and too small for the 326 vehicles and 33 maintenance personnel servicing the 160th's mission.

Equipment Maintenance Complex

[In thousands of dollars]

Fort Campbell, Kentucky 4,500

Constructs a tactical vehicle equipment shop, deployment storage building, equipment storage buildings and parking for the 5th Special Forces Group (Airborne). Additional facility space is needed for the Special Forces' expanded L-Series Table of Organization and Equipment (LTOE) and fielding of the Desert Mobility Vehicles, trailers, and motorcycles. Currently, this maintenance function is accomplished in WWII wooden buildings.

Media Operations Complex

[In thousands of dollars]

Fort Bragg, North Carolina 8,600

Constructs a media production complex for the 4th Psychological Operations Group (4 POG). To provide space for print, media and radio operations. The 4 POG is modernizing their print and media production as well as their communications/radio capabilities with the latest digital equipment. The mission requires space for video and radio production and transmission, mass production of video/radio media, storage and administrative areas. The mission also requires space for print production, printing presses, storage of print materials and administrative personnel. The current facility is undersized and inadequate for the needs of a modern media production center. The facility lacks sound-proofing to conduct media production or radio broadcasts while the print presses are operating. The facility also lacks adequate power, communications and heating, ventilating and air conditioning systems to support the latest digital equipment utilized by the 4 POG.

Operations Support Facility

[In thousands of dollars]

NAS Oceana, Virginia 3,400

Constructs a pre-engineered hangar and on-site storage for mission critical logistical support. Currently, commercial facilities are leased at Norfolk International Airport, limiting mission response time.

Air Operations Facility

[In thousands of dollars]

NAB Little Creek, Virginia 5,400

Constructs an air operations and paraloft tower multi-story facility for Naval Special Warfare Group 2. The facility will include gear storage, parachute-rigging platforms and parachute loading, rinsing, drying, packing and repair areas, office space, and classrooms. The existing facility is severely undersized limiting air delivery cargo size and/or requiring air operations preparations to be conducted outside only during fair weather.

Operations Support Facility

[In thousands of dollars]

FCTC Dam Neck, Virginia	5,500

The project constructs a two-story building to support Naval Special Warfare ordnance operations. A facility is required to provide a safe working environment for operations personnel involved in research, development, testing, and evaluation of ordnance procedures. Administrative and storage space is necessary to support the unit's administrative and planning functions and to accommodate the substantial quantity of administrative materials, testing equipment, and personnel gear.

Boat Maintenance Facility

[In thousands of dollars]

Naval Station Roosevelt Roads, Puerto Rico	1,241

Constructs a boat maintenance facility, boat ramp and finger piers. Currently, the boat maintenance function is performed in temporary, loaned facilities. Launch and recovery is being performed by crane operations due to lack of an available boat ramp. These facility deficits adversely impact the ability of the unit to perform required mission.

Tactical Equipment Maintenance Complex

[In thousands of dollars]

Taegu Air Base, Korea	1,450

Constructs a tactical equipment maintenance complex consisting of a vehicle maintenance shop, deployment storage facility, petroleum, oils, and lubricants (POL) storage building and organizational vehicle parking. There are no existing facilities available for this function. Until this project is constructed, vehicle maintenance will have to be performed outside subject to adverse weather conditions.

SUMMARY

Our proposed fiscal year 2001 MILCON budget for facility investments will significantly improve the operational and training capability of USSOCOM. Your support of this program is essential to ensuring the continued development of our nation's special operations forces.

STATEMENT OF MARSHALL H. BAILEY

Senator BURNS. Thank you, General. Now, Dr. Bailey, we look forward to your statement this morning.

Mr. BAILEY. Thank you, Mr. Chairman, Senator Craig. I would like to also ask that my prepared statement be included for the record, and I will just give some overriding comments.

Mr. Chairman and members of the subcommittee, the Defense Logistics Agency's 2001 military construction request for appropriations is $192.2 million. That's for 17 projects and for planning and design. As in previous years, the agency continues its emphasis on sustaining and enhancing the department's fuel storage and distribution infrastructure.

REBUILD AMERICA STRATEGIC NOBILITY

Through your support, our program to rebuild America's strategic en route fuel infrastructure is on schedule for completion in 2005. In fact, more than 40 percent of these projects are already operational or under construction.

Now, this year's request includes six more projects for $112 million to support strategic mobility at several critical military installations. Equally important in our fuel area is our need to correct serious environmental deficiencies at seven fuel storage sites to satisfy agreements with State and local regulators. Now, without this $45 million investment, these storage facilities could potentially be shut down and operational impacts would be severe.

In the agency's other business areas, we propose to replace a World War I wooden warehouse with a modern controlled humidity warehouse at our primary distribution depot in New Cumberland, Pennsylvania. We need this warehouse for the inspection, repair, and storage of parachutes and other air-delivery materials.

At this installation, we also plan to replace an existing inadequate child development center. This overcrowded facility was previously the post jailhouse during World War II. And finally, at one of the agency's remaining supply centers we will replace a 40-year-old fire station and consolidate police physical security and safety functions in a single modern facility.

PREPARED STATEMENT

In summary, our military construction program reflects the Defense Logistics Agency (DLA) vision to be America's premier logistics combat support agency, providing vital facilities that enhance the service's war fighting capabilities. Mr. Chairman, this concludes my oral statement. Thank you for asking me to appear today. If you have any questions, I will be glad to respond.

[The statement follows:]

PREPARED STATEMENT OF DR. MARSHALL H. BAILEY

I am Marshall H. Bailey, Director of Support Services, at the Defense Logistics Agency (DLA). I am pleased to have the opportunity to provide information about DLA's fiscal year 2001 Military Construction request.

MILITARY CONSTRUCTION REQUEST

The Defense Logistics Agency has requested $192.2 million to support our fiscal year 2001 Military Construction program. This program consists of 17 projects that will enhance strategic en route fueling capability, increase mission responsiveness, reduce environmental hazards, and improve facility readiness at our activities in support of the Agency's missions. This request includes:

—$168.2 million for replacing deteriorated, obsolete hydrant fuel systems and fuel storage tanks, or providing new systems, at 13 critical Air Force, Navy, and Marine Corps installations;
—$13.0 million for a modern controlled-humidity warehouse at the Defense Distribution Depot Susquehanna (New Cumberland), Pennsylvania (DDSP);
—$4.7 million for replacing an inadequate child development center at DDSP;
—$4.5 million for replacing an existing fire station to consolidate public safety functions at DLA's Defense Supply Center in Richmond, Virginia;
—$1.8 million for planning and design of future strategic en route fuels projects.

FUEL FACILITIES INFRASTRUCTURE

In fiscal year 1996, DLA assumed new responsibilities for programming fuel-related MILCON projects for bulk and intermediate fuel storage and hydrant fuel systems at the Services' installations. The Agency places a high priority on sustaining and enhancing the Department's fuel distribution, storage, and handling infrastructure. This year, our requested funding for critical fuel facilities improvements amounts to 88 percent of our total military construction program. This level of funding supports the priorities of the Joint Chiefs of Staff to provide critical fuels infrastructure to support strategic en route mobility and correct environmental deficiencies at Defense Fuel Support Points.

STRATEGIC EN ROUTE FUEL INFRASTRUCTURE

In support of strategic en route mobility requirements, our proposed investment to replace old and deteriorated hydrant fuel systems, or provide new bulk fuel storage tanks at critical overseas bases, is $111.8 million. With Congressional support, our program to rebuild America's strategic en route fuel infrastructure is on schedule for completion in fiscal year 2005. More than 40 percent of these projects are already operational or under construction.

At Andersen Air Force Base (AFB), Guam, we will replace an existing hydrant fuel system for wide-bodied aircraft supporting strategic en route mobility requirements in the Pacific with a modern, pressurized hydrant system of 19 outlets for $20.0 million. This project provides the second of four hydrant systems needed to meet a total requirement of 67 hydrant outlets. Currently, the base operates a 45-year-old hydrant system that is failing and cannot support peacetime missions or en route mobility requirements in contingency or wartime operations. As with other obsolete hydrant systems elsewhere, repair parts are no longer commercially available and must be salvaged from other similar systems or individually fabricated. In addition, the underground piping system lacks cathodic (corrosion) protection. The new hydrant system will include features to protect it from the corrosive marine environment and will employ a leak detection system. The existing hydrant system will be demolished.

A second project at Andersen AFB will construct two 100,000-barrel (15,900-kiloliter (kL)) fuel storage tanks for $16.0 million to replace fuel tanks previously demolished due to structural integrity deficiencies. This storage capacity is needed to support strategic en route fueling operations and contingency planning requirements.

We propose to replace a hydrant fuel system at MacDill AFB, Florida. The $17.0 million project will provide a system of 12 modern, pressurized fuel hydrant outlets for KC–135 fuel-tanker aircraft. The existing 50-year-old hydrant systems are technologically obsolete, failing, and incapable of supporting current wide-bodied aircraft refueling requirements.

At RAF Mildenhall, United Kingdom, we propose to replace a 50-year-old hydrant system with a new 20-outlet system for wide-bodied aircraft and provide fuel truck unloading facilities. These unloading facilities will give the base an alternate means of receiving fuel to supplement a pipeline system that delivers fuel at too low a rate to support contingency operations. This project will cost $10.0 million. A precautionary prefinancing statement has been submitted to NATO for the future recoupment of funds from the NATO Security Investment Program.

Two bulk fuel storage projects in Japan at Misawa Air Base ($26.4 million) and Marine Corps Air Station Iwakuni ($22.4 million) each will provide two 100,000-barrel (15,900-kL) tanks and supporting facilities for additional fuel storage capacity for strategic en route refueling and force projection in the Pacific. At both locations, there is insufficient on-site storage capacity to satisfy the projected fuel demand during a contingency. Both projects are ineligible for funding consideration by the Japanese Facilities Improvement Program (JFIP).

Lastly, we request an additional $1.8 million to provide for Architect-Engineer design services, surveys, and associated design agent costs to meet our goal of programming all strategic en route fuel projects by the end of fiscal year 2005.

ENVIRONMENTAL STEWARDSHIP

Our military construction program also includes a request for $45.4 million to correct serious environmental deficiencies at seven fuel storage sites. The table below details the location, title, and cost of the projects for which we are requesting approval.

TABLE 1.—DLA ENVIRONMENTAL MILCON PROJECTS

[In millions of dollars]

Location	Title	Amount
NAS North Island, California	Replace Fuel Storage Tanks	$5.9
NAS Patuxent River, Maryland	Replace Operating Tanks	8.3
NAS Fallon, Nevada	Replace Operating Fuel Tanks	5.0
NAS Oceana, Virginia	Replace Fuel Storage Tanks	2.0
NAS Sigonella, Italy	Replace Bulk Fuel Storage	16.3
MCAGCC Twentynine Palms, California	Replace Fuel Storage Tanks	2.2

TABLE 1.—DLA ENVIRONMENTAL MILCON PROJECTS—Continued

[In millions of dollars]

Location	Title	Amount
MCAS Cherry Point, North Carolina	Replace Fuel Storage Tanks	5.7

At North Island, Patuxent River, Fallon, Cherry Point, and Sigonella, we must replace deficient, non-compliant underground fuel storage tanks to meet state regulatory requirements; previous agreements with regulators; or, at Sigonella, Italian Final Governing Standards. In each case, we propose to replace the existing tanks with fully compliant aboveground storage tanks to avoid notices of violation or mandatory tank closures, which would have severe operational impacts.

At NAS Oceana, Virginia, we will replace an aboveground tank, which failed state regulatory standards due to structural deficiencies and was subsequently removed from service. This loss of storage capability jeopardizes NAS Oceana's ability to conduct sustained flight operations.

The Marine Corps Air Ground Combat Center Twentynine Palms, California, lacks permanent jet-fuel storage tanks to support its training requirements. Jet fuel is stored in a system of tactical fuel bladders, which are not compliant with state regulations for permanent aboveground fuel storage systems. We propose to build two 4,200-barrel (668 kL) aboveground steel tanks to meet state regulatory requirements

OTHER FUEL MISSION REQUIREMENTS

Our one remaining fuel project in this request is for a hydrant fuel system at McConnell AFB, Kansas. This $11 million project will provide 14 hydrant outlets for KC–135 fuel-tanker aircraft assigned to this base. The project supports the U. S. Transportation Command's requirements for critical deployment infrastructure.

DISTRIBUTION AND SUPPLY CENTER INVESTMENTS DISTRIBUTION DEPOTS

At our Defense Distribution Depot Susquehanna (DDSP) in New Cumberland, Pennsylvania, we propose a $13.0 million Controlled Humidity Warehouse to replace a World War I wooden warehouse currently used to store parachutes and other air delivery materials managed by the depot. The new warehouse will provide suitable facilities for the inspection, repair, and storage of this specialized, high-value material and consolidate these operations, which are now scattered in several facilities on the depot. A World War I warehouse will be demolished as part of this project.

At this installation, we also plan to replace an existing inadequate child development center with a new child and youth development center. The $4.7 million project will provide services now being accomplished in two separate buildings-one a converted World War II jailhouse and the other a religious education center. Neither of the existing facilities complies with the stringent fire, safety, or facilities standards established for the Department's accredited child development centers. Moreover, the capacity of these facilities is insufficient to meet the needs of DDSP and its tenant organizations.

SUPPLY CENTERS

Finally, at DLA's Defense Supply Center in Richmond, Virginia, (DSCR) we propose to construct a new emergency services facility to replace an existing, inadequate fire station and consolidate police, physical security, medical clinic, and health-and-safety personnel. This workforce, all part of the installation's Public Safety Division, is now scattered in four locations on the Center. Temporary office trailers and metal sheds currently augment the existing 40-year-old fire station because it is too small to fit new fire and emergency vehicles. A chemical decontamination room to treat employees involved in hazardous chemical accidents will be collocated with the medical clinic and emergency services personnel. This facility is particularly important at this installation because it hosts the Agency's centralized hazardous material storage depot.

SUMMARY

DLA's fiscal year 2001 Military Construction request reflects our efforts to support military readiness, protect the environment, and provide safe and adequate working conditions for our military and civilian work force. Fourteen of the 17 projects provide vital fuel facilities to support the Services' warfighting require-

ments. The remaining three are needed to meet the Agency's non-fuel mission requirements to sustain operations into the 21st Century.

Thank you, Mr. Chairman, for this opportunity to present our fiscal year 2001 Military Construction program.

STATEMENT OF RAY TOLLESON

Senator BURNS. Thank you very much, Dr. Bailey. Mr. Tolleson.

Mr. TOLLESON. Thank you, Mr. Chairman, Senator Craig. I am Ray Tolleson, the acting director for the Department of Defense Education Activity. I would also like to request that my oral statement be a part of the record.

Senator BURNS. Without objection, it shall be.

Mr. TOLLESON. Mr. Chairman and members of the committee, I am honored that you invited me to appear before you today to discuss the Department of Defense Education Activity's (DoDEA) military construction program. This committee has had a long-standing tradition of advocacy with DoDEA programs.

DODEA PROGRAMS

You recognize, as we do, the critical necessity and value of providing a first-rate educational program to the children of our servicemen and women. Attracting and retaining the best people is the foundation of our national defense. America's military members are willing to risk their lives for their country, but they are not willing to sacrifice their children's future in the process. Therefore, quality education has been a central quality of life issue for our military.

Modernizing our school facilities is an integral part of delivering the quality education. The changing curriculum and the growing need for integrating technology into the classroom pose additional challenges to not only our aging school structures, but also to those in the nation. With your help and guidance, we have made many advances over the years in the Department of Defense MILCON program, and we are deeply grateful for your sustained support.

To set the stage for our discussion today, I would like to share with you something about the Department of Defense-operated elementary and secondary schools that exist to provide a quality education to the dependents of our military personnel.

This year, this segment of the United States public education is serving well over 100,000 students in 225 schools in 13 countries, seven states, one commonwealth, and one territory. We are staffed with approximately 10,000 teachers and school administrators. Students vary in background and heritages as widely as the regions within the United States.

Our professional educators draw on rich backgrounds in the field of education and first-hand diverse cultural experiences. They have developed a keen international perspective in their careers while serving military families. Their insight is particularly valuable in our classrooms today as we become a global economy and a tightly interrelated society.

Over the last decade, the school system has undergone dramatic changes with the realignment of troop strengths, particularly in Europe. We pared down the school system in keeping with these shifts in the military mission. During the same period, we have strengthened our educational programs.

The groundwork for improvements was laid with a multi-year, data-driven community strategic plan crafted in 1995 with our stakeholders. This plan identified a common vision, strategic direction, goals, and benchmarks. DoDEA took its direction from the President's education initiatives and eight national educational goals. One of the most far-reaching efforts in early childhood and student achievement represents how these goals drive systemic changes.

READINESS FOR SCHOOL

In support of goal 1, readiness for school, we have embarked on a 5-year initiative to increase the half-day kindergarten program to full day in overseas schools. In this same 5-year period, we will reduce class size in grades 1 through 3 to an average of 18 students to one teacher.

But these educational initiatives have required substantial funding to modernize school facilities and the department has provided the necessary funding. These schools are part of an exceptional and unique model of education that can be attributed in large part in unparalleled military and parental support.

Our military construction program is important in enabling us to provide state-of-the-art competitive and rigorous educational programs for our students. The condition of the Department of Defense schools and the quality of education provided to the students are also of great concern to our military personnel.

Quality of life has proven to be one of the most important factors in maintaining readiness and morale of our personnel wherever they are stationed. Military commanders have strongly supported our construction program and have reiterated the need for high quality education facilities as an important component in our quality of life for personnel. The department has placed a priority on modernizing our school facilities.

DODEA SCHOOLS

DoDEA's schools face many of the same challenges as those of public school districts in the United States. Aging infrastructure, overcrowded classrooms, and the need for improvements to meet today's demand for technology create an added burden on an already stressed budget to maintain our facilities.

Of our 225 schools, 133 of them are of the 1960s vintage or older and are not equipped to handle the needs of today's curriculum. Many have multiple additions over the years to meet the changing curriculum requirements and increased enrollments, and not unlike other schools, regrettably, we have had to postpone maintenance of our buildings to offset emergent priority needs. Ultimately this has required more expensive replacements.

Over the next five years, the department will invest approximately $340 million in school modernization initiatives. This includes approximately $68.7 million in both operation and maintenance and MILCON projects over 5 years to phase in the implementation of full-day kindergarten and class size reductions in grades 1 through 3 to an average of 18 students to one teacher.

In my written testimony, I highlight the fiscal year 2000 and 2001 projects to give you some sense of our facility modernization effort.

I would like to turn my attention for a brief moment to support needed for our military students in schools operated by the local educational agencies.

As I stated earlier, our military parents place a high value on the education for their children. They are expecting that there will be no degradation in the quality of education for their children when they move from one duty assignment to another.

To satisfy this expectation, we must resolve the educational challenges faced by the mobile life-style of military members and their families. We recognize that we must strengthen our connections with our civilian communities to better serve the Department of Defense students.

To begin to better understand the challenges and facilitate solutions, we are working on a proposal reduction that would position DoDEA to develop an agenda for improvements. This includes creating community school partnerships to plan jointly and collaborate on the educational needs of our military students.

FACILITY COSTS

We will also work with the Department of Education and the Congress in ensuring that a plan is developed similar to the one that the Department of Defense operated schools to address the additional facility costs that result from the significant impact of the military mission.

On this point, Congress has recognized the facility needs of the United States public schools have been heavily impacted by military mission stationing requirements. To assist some of the heavily impacted schools in offsetting the extraordinary cost of educating military students, Congress allocated $10.5 million in fiscal year 2000 for grants to local educational agencies. These grants are to be used for repairs and improvements required to meet classroom size requirements. Grants have been distributed to qualifying school districts.

This year, Congress also allocated $5 million for fiscal year 2000 to provide assistance to public school systems that have unusually high concentrations, specific and special needs military students. It is the intent of Congress that this money be appropriated to schools in Hawaii. Accordingly, our military officials in the Pacific Command (PACOM) are working with officials in Hawaii to develop a plan to apportion the money. As soon as we receive the plan, the department will release the money.

We also are completing a report requested by this Committee in fiscal year 1999 on military construction appropriations bill to assess the conditions and adequacy of school facilities owned by the Federal Government and school facilities at two school districts operated by the local education agency, Central Kitsap in Washington and Waynesville, Missouri. A final review of the cost analysis included in the report is now underway, and the report will be forwarded to your committee.

I have provided the status of this report in my written testimony, and I can answer any questions you may have. I had hoped to have

that report today, and there is one more review, but the 1999 military construction request will be available very shortly.

Further, we are preparing a new report requested by the fiscal year 2000 Senate report. This report requirement will focus on the adequacy of special education services and facilities in schools on military installations, schools that have experienced an increase in enrollment of 20 percent or more due to BRAC during the past five years, and schools supporting installations designated as compassionate assignment posts. This report will be due to Congress by the end of April, and we fully expect that that will be available.

DoDEA has abundant facility challenges ahead of us. Our schools must measure up to fulfilling their fundamental role—educating students in environments conducive to learning. We must invest in permanent facilities that can accommodate the integration of technology into our curriculum. This means creating sufficient resources to allow computers in all classrooms, libraries, and other learning centers. It means replacing and upgrading the electrical and the heating, ventilation, and air conditioning (HVAC) requirements to provide the necessary energy and power connectivity. Therefore, the structures that were not intended for long-term use as schools must be replaced.

In closing, I want you to know that my 30 years of experience in administering and leading public school programs in California tell me that Congress and this department have much to be proud of with these schools. Your efforts and investments in these schools are ensuring that the students of our military services are receiving a high-quality education. I feel fortunate to be part of this effort, even if only for an interim period, and honored to have served my country once again in support of such a worthy endeavor.

PREPARED STATEMENT

Thank you for this opportunity to share our progress and our vision for the future of the education of our Defense children. Your strong support has helped immeasurably to build the Department of Defense MILCON program we have today. I would be pleased to answer any questions you might have.

[The statement follows:]

PREPARED STATEMENT OF RAY TOLLESON

Mr. Chairman and members of the Committee, I am honored that you invited me to appear before you today to discuss the Department of Defense Education Activity (DODEA) military construction program. This Committee has had a long-standing tradition of advocacy for DODEA's programs. You recognize, as do we, the critical necessity and value of providing a first rate educational program for the children of our Service men and women. Attracting and retaining the best people is the foundation of our national defense. America's military members are willing to risk their lives for their country, but they are not willing to sacrifice their children's future in the process. Therefore, quality education has been a central quality of life issue for our military. Modernizing our school facilities is an integral part of delivering a quality education. As you know, the changing curriculum and the growing need for integrating technology into the classroom pose additional challenges to not only our aging school structures but also to those in the nation. With your help and guidance, we have made many advances over the years in the DOD MILCON program, and we are deeply grateful for your sustained support.

WHO WE ARE AND WHAT HAVE WE ACCOMPLISHED

To set the stage for our discussion, today, I would like to share with you something about the DOD-operated elementary and secondary schools that exist to provide a quality education to the dependents of our military personnel. This year, this segment of U.S. public education is serving 107,976 students in 225 schools in 13 countries, 7 states, one Commonwealth, and one Territory. We are staffed with approximately 10,000 teachers and school administrators. Students vary in background and heritages as widely as the regions within the United States. Our professional educators draw on rich backgrounds in the field of education and first-hand diverse cultural experiences. They have developed a keen international perspective in their careers while serving military families. Their insight is particularly valuable in our classrooms today as we become a global economy and a tightly, interrelated society.

Over the last decade, the school system has undergone dramatic changes with the realignment in troop strengths, particularly in Europe. We pared down the school system in keeping with these shifts in the military mission. As an example, in our overseas school system, our student population decreased by 51 percent and our personnel strength by 44 percent. We gained efficiencies by consolidating functions and eliminating redundant layers of management and duplication of functions. In the next two years, we will reduce further our above-school level personnel strength by 108 additional positions.

During this same period, we strengthened our educational programs. The groundwork for improvements was laid with a multi-year, data-driven Community Strategic Plan crafted in 1995 that identified a common vision, strategic direction, goals and benchmarks. Our military leaders, parents, teachers, and school administrators came together to help us develop our strategy. DODEA took its direction from the President's education initiatives and eight National Educational Goals. One of our most far-reaching efforts in early childhood and student achievement demonstrates how these goals drive systemic changes. In support of Goal 1, Readiness for School, we have embarked on a five-year initiative to increase the half-day kindergarten program to full day in our overseas schools. In this same five-year period, we will reduce class size in grades 1–3 to an average of 18 students to 1 teacher. Both of these educational initiatives have required substantial funding to modernize the necessary school facilities, and the Department has provided the necessary funding. The fiscal year 2001 budget contains $17.9 million, including $10.4 million in MILCON and the FYDP contains $50.8 million, including $40.5 million of MILCON from fiscal year 2002–2005 for this effort.

The DOD schools are part of an exceptional and unique model of education. This can be attributed, in large part, to the unparalleled level of military community and parental support that DODEA enjoys. The military community values and supports education as a critical element of its quality of life and military readiness.

We are very proud of the accomplishments of our students. Students consistently score well on national tests of academic performance. This year when the results of the National Assessment of Educational Progress tests were released, the country took notice of this exceptional performance. National publications such as The Wall Street Journal, The Boston Globe, The New York Times, and The Sacramento Bee featured or editorialized about the remarkable performance of students in DOD schools, seeing keys to improving student performance in other schools. The performance of DOD's minority students is particularly noteworthy. Throughout the country, African American and Hispanic students were scoring below the expected levels, while in DOD schools, those same student groups ranked number one and two when compared to their peers nationally. DOD schools also had the highest percentage of students scoring in the "advanced" category. We attribute that to the focused effort of the Community Strategic Plan, the excellent teaching, and a culture that values and supports education as a critical element to its quality of life. And, while we are pleased with our rankings, we know we still have a long way to go before all our student performance meets our expectations.

ABOUT OUR DODEA MILITARY CONSTRUCTION PROGRAM

Our military construction program is important in enabling us to provide a state-of-the-art, competitive, and rigorous educational program for our students. Studies have indicated a direct correlation between the quality of the learning environment and the success rate of the students involved. In one study, after controlling for other variables such as student's socioeconomic status, students in school buildings in poor condition had achievement that was six percent below those in schools in fair condition and 11 percent below schools in excellent condition.

Moreover, the condition of the DOD schools and the quality of education provided to dependents are also of great concern to our military personnel. Quality of life has proven to be one of the most important factors in maintaining the readiness and morale of our personnel wherever they are stationed. Military commanders have strongly supported our construction programs, and have reiterated the need for high quality educational facilities as an important component in the quality of life of their personnel. Consequently, the Department has placed a priority on modernizing our school facilities.

DODEA's schools face many of the same challenges as those of public school districts in the United States. Aging infrastructure, overcrowded classrooms, and the need for improvements to meet today's demand for technology create an added burden on an already stressed budget to maintain our facilities. Of our 225 DOD schools, 133 schools are in buildings that are 1960's vintage or older and are not equipped to handle the needs of today's curriculum. Many have added multiple additions over the years to meet changing curriculum requirements and increased enrollments. And, not unlike other schools, regrettably, we have had to postpone maintenance of our buildings to offset emergent priority needs. Ultimately, this has required more expensive replacements. However, our schools encounter additional problems due to their divergent geographical locations. Maintaining aging school facilities in tropical locations like Okinawa or in extreme heat conditions found in Guam or the severe climatic conditions like Iceland taxes our facility improvement budgets and often creates requirements for unexpected, expensive improvements.

GOALS OF THE DODEA MILCON PROGRAM

Now, I would like to turn my attention to the current goals for the DODEA military construction program. The events of the day tell us that we must pursue three goals: First, we must replace the most aged facilities and those that are least able to provide an environment conducive to the teaching and learning process. Second, we must integrate technology capabilities in all our schools so that every student has ready access to the high-speed information highway. Third, we must update all our learning environments to accommodate the rigorous and challenging academic programs aligned to meet the goals and objectives of our Community Strategic Plan. I will explain how these goals have manifested themselves in program changes over the past year and how I see they will help form a stronger military construction program for the students of our Service members and their families.

Over the next five years, the Department will invest approximately $340 million in a school modernization initiative. This includes approximately $68.7 million in both Operation and Maintenance and MILCON projects over five years to phase-in the implementation of full-day kindergarten and class size reduction in grades 1–3 to an average of 18 students to 1 teacher. Full-day kindergarten has already been available in most of our domestic schools. The reduction in class sizes is consistent with the Department of Education Appropriations Act of 1999, which provided $1.2 billion for the reduction of class sizes in U.S. public schools. This national initiative will help ensure that every child receives personal attention, gets a solid foundation for further learning, and learns to read independently and well by the end of the third grade.

I would like to highlight the fiscal year 2000 and fiscal year 2001 MILCON program. For fiscal year 2000, the total MILCON program is $78 million. This will enable us to:

—Replace the gymnasium at Lakenheath Middle School Feltwell, England, which is housed in a converted World War II era, leaking, aircraft hangar;
—Replace the dilapidated, 35 year old Tarawa II Elementary School at Camp Lejeune, North Carolina;
—Replace the temporary elementary school facilities at Andersen AFB, Guam, that were used to start up school with your help and support in fiscal year 1998; and,
—Modernize three schools with additions and renovations at Rota Elementary School, Rota, Spain; Feltwell Elementary School, Feltwell, England; and Laurel Bay, South Carolina. These additions will primarily accommodate the increased enrollments.

With our Operation and Maintenance funds, we will also complete 77 percent of the full-day kindergarten requirement and 48 percent of the primary grade, class size reduction requirement by the end of fiscal year 2000.

Although not as ambitious as the fiscal year 2000 program, the fiscal year 2001 MILCON construction program of $30 million will:

—Replace the outdated high school at Hohenfels, Germany;

—Replace the 47 year old facility at Russell Elementary School, Camp Lejeune, North Carolina; and
—Complete classroom additions to the six overseas schools and one DOD domestic school.

Further, by the end of fiscal year 2001, we will have completed 79 percent of the full-day kindergarten requirement and 54 percent of the primary grade, class size reduction requirement. In the fiscal year 2002–2005 MILCON program, we will replace five additional aging schools: Lakenheath Middle School, Feltwell, England; Russell ES in Quantico, VA; Tarawa Terrace I ES and Berkley Manor ES at Camp Lejeune, North Carolina; and Seoul Middle School, Korea. This new construction will be complemented with many smaller projects, including renovations, additions, and improvements at schools throughout the world. By fiscal year 2005, we will have reduced our older facility inventory, i.e. schools of 1960 and older, by four percent, and will have completed 100 percent of the full-day kindergarten and primary grade, class reduction initiative. This five-year period represents a remarkable track record of program and facility improvements.

ASSISTANCE TO LOCAL EDUCATION ACTIVITIES

As I stated earlier, our military parents place a high value on their education of their children. They are expecting that there will no degradation in the quality of education for their children when they move from one duty assignment to another. To satisfy this expectation, we must resolve the educational challenges faced by the mobile lifestyle of military members and their families. We recognize that we must strengthen our connections with our civilian communities to better serve all DOD students. To begin to better understand the challenges and facilitate solutions, we are working on a proposal now that would position DODEA to develop an agenda for improvements. This includes creating community school partnerships to plan jointly and collaborate on the education needs of our military students. We will also work with the Department of Education and the Congress in ensuring that a plan is developed, similar to the one in the DOD operated schools, to address the extraordinary facility costs that result from the significant impact of the military mission.

On this point, Congress has recognized the facility needs of many of the U.S. public schools that have been heavily impacted by military mission stationing requirements. To assist some of the heavily impacted schools in offsetting the extraordinary costs of educating military students, Congress allocated $10.5 million in the fiscal year 2000 Defense Appropriation Bill for grants to local educational authorities. These grants are to be used for repairs and improvements required to meet classroom size requirements. Grants of $1.5 million each have been distributed to the following school districts:

—Silver Valley Unified School District (Ft. Irwin)
—Fort Sam Houston Independent School District (Fort Sam Houston)
—Lackland Independent School District (Lackland AFB)
—Randolph Field Independent School District (Randolph AFB)
—North Chicago District #187 (Great Lakes Naval Training Center)

The remaining balance was distributed in grants of $736.5 thousand to the following four districts:

—Grand Forks AFB School District #140
—Fort Huachuca Accommodation Schools
—Fort Leavenworth Unified School District 207
—Minot AFB District #160

Additionally, this year Congress allocated $5 million in fiscal year 2000 to provide assistance to public school systems that have unusually high concentrations of special needs military dependents enrolled, with special consideration given to school systems in states that are considered overseas assignments. Accordingly, we are in the process of working with the congressional staffers to facilitate the distribution of these funds.

Also, this Committee requested in the fiscal year 1999 Military Construction Appropriations Bill that DOD assess the conditions and adequacy of school facilities owned by the Federal government and the local districts that support military installations. You voiced concern that these school facilities are in desperate need of repair, renovation, and replacement and that they have experienced tremendous enrollment increases because of base closures, realignments, and changes in the military mission. You further noted that this situation has been aggravated by an increase in the number of special needs students.

We apologize for the delay in responding to you. The complexity and scope of the project could not be met with in-house capabilities, and we contracted with an outside firm to gather and compile information required to complete the report. The

study was originally structured in three phases. The first phase reviewed the DOD Domestic Dependent Elementary and Secondary Schools and two Special Arrangements Schools (Dover AFB, Dover, Delaware and Hanscom AFB, Massachusetts). The second phase included the field testing of a facility survey instrument to distribute to eligible school districts for the assessment of their school facilities. Two stateside, school districts that have been experiencing specific problems related to the presence of military dependents were selected to field-test the survey instrument. They were Central Kitsap, Washington, and Waynesville, Missouri. Central Kitsap has a significantly higher number of special needs children attending their schools as a result of the nearby Bangor Submarine Base's designation as a compassionate assignment by the Navy. At Waynesville, Missouri, the influx of students from Ft. Leonard Wood, where realignment has created an increase in the number of active duty military, additional classroom space is required to absorb the increase in enrollment. Site visits were made to each of these districts to fully assess the impact of the presence of DOD dependents.

As we prepared to begin the third phase, the assessment of all other eligible school districts, we received the fiscal year 2000 Senate Report. This report changed the focus of the fiscal year 1999 Senate Report by requesting DOD to report on the adequacy of special education services and facilities in schools on military installations, schools that have experienced an increase in enrollment of 20 percent or more due to BRAC during the past five years, and schools supporting installations designated as compassionate assignment posts. Consequently, the original survey instrument was modified, and assessments at locations meeting the new criteria are underway. We are currently reviewing the cost analysis prepared for phases one and two of the fiscal year 1999 Senate Report, and we anticipate forwarding these results to this Committee shortly. The fiscal year 2000 Senate Report requirement is due to Congress by the end of April. This effort is on schedule, and we fully anticipate meeting our deadline.

Congress further recognized the impact experienced at Central Kitsap, and provided $1,000,000 in fiscal year 1999 for the design of a new special education center to help offset this cost. With appropriate authorizing language, we will be able to forward these funds to Central Kitsap.

FUTURE CHALLENGES

DODEA still has abundant facility challenges ahead of us. Our schools must measure up to fulfilling their fundamental role—educating students in environments conducive to learning. We must invest in permanent facilities that can accommodate the integration of technology into our curriculum. This means creating sufficient space to allow computers in all classroom, libraries, and other learning centers. It means replacing and upgrading the electrical and HVAC requirements to provide the necessary energy and power connectivity. Therefore, structures that were not intended for long-term use as schools must be replaced. This includes, for example, consolidating the 13 buildings at Lakenheath Middle School, Feltwell, England for students in grades 6–8; replacing the Guam Elementary/Middle School on the Naval Activity and the high school currently located in renovated office space; and replacing portable facilities that have long outlived their shelf life. It not reasonable to expect that our new learning methodologies can be integrated in such outdated facilities.

This is an unprecedented time in U.S. history. Education has become a national priority, and historic investments and improvements in education are being sought. Our U.S. military members join our civilian parents nationwide in demanding a competitive, rigorous education program that enables their children to become productive and contributing members of society in this century. The Department of Defense has placed education high on its list to ensure the education in our DOD operated schools is a coveted incentive for military service.

CONCLUSION

In closing, I want you to know that my 30 years of experiences in administering and leading public education programs in California tell me that Congress and this Department have much to be proud of with these schools. Your efforts and investments in these schools are ensuring that the students of our military Services are receiving a high-quality education. I feel fortunate to be part of this effort, even if for only an interim period, and honored to have served my country once again in support of such a worthy endeavor.

Thank you for this opportunity to share our progress and our vision for the future of the education of our Defense children. Your strong support has helped immeasurably to build the DOD MILCON program we have today.

STATEMENT OF DIANA TABLER

Senator BURNS. Thank you, Mr. Tolleson. We appreciate that. Ms. Diana Tabler. Thank you very much, and we are looking forward to your testimony on TRICARE.

Ms. TABLER. Thank you very much, Mr. Chairman, and members of the Committee. I am Diana Tabler, Deputy Executive Director of the TRICARE Management Activity in the office of the Assistant Secretary of Defense for Health Affairs. We have as part of our responsibility, planning and oversight of tri-service medical construction request each year.

FUNDING FOR MAJOR CONSTRUCTION PROJECTS

Our request this year is for funding for 13 major construction projects for medical, totaling $202.887 million. The largest feature seeks the second phase of the hospital replacement project at Fort Wainwright, Alaska. That $44 million we are asking for will begin the construction of the main structures of the new 32-bed hospital.

In addition, we are requesting $43.85 million which will allow us to purchase the completed medical/dental facility at Naples, Italy. This is a major quality of life improvement for the Commander in Chief (CINC) in Europe and also satisfies the direction of this committee to look at the overall anticipated life cycle cost of our long-term lease there. This is the best decision and the best request for the taxpayers and will result in a very good hospital scheduled to open later next summer.

At Eglin Air Force Base in Florida, we are asking $37 million for a significant life safety upgrade to the inpatient facilities of the old hospital and consolidation of some 15 outlying buildings. This is one of the busiest hospitals in the Air Force, seeing something like 80,000 beneficiaries.

This request also includes some very important projects at Camp Pendleton for our Marines, including the space for our fleet hospital operations and three new primary care clinics at Horno, Las Flores, and Las Pulgas at Camp Pendleton. Finally, there are several other clinics including two overseas clinics in Germany. None of our overseas projects qualifies for any North Atlantic Treaty Organization (NATO) funding or host nation support. We are also requesting funding for a veterinary treatment facility at Fort Drum.

Two projects of interest to this committee, the Armed Forces Institute of Pathology and the Graduate School of Nursing for the Uniformed Services University, though not in this budget, are in intense review and evaluation in the department and will be forthcoming in future programs. We will have reports up to you this spring for that.

PREPARED STATEMENT

That concludes my brief statement. I will be happy to answer any questions you have about our budget.

[The statement follows:]

PREPARED STATEMENT OF DIANA TABLER

Thank you Mr. Chairman and Members of the Subcommittee. I am Diana Tabler, Deputy Executive Director for the TRICARE Management Activity, Office of the Assistant Secretary of Defense for Health Affairs.

On behalf of Dr. Sue Bailey, the Assistant Secretary of Defense for Health Affairs and Dr. James Sears, the Executive Director, TRICARE Management Activity, I thank you for the opportunity to highlight the Department's fiscal year 2001 Medical Military Construction Program budget request. I'd like to present a brief overview of our fiscal year 2001 Medical Military Construction Program.

Our mission is to protect our forces before, during and after operational deployment as well as provide preventive health care services to other eligible beneficiaries of the Department of Defense. Our fiscal year 2001 program requests appropriations of $177,887,000 for 13 major construction projects. We are also seeking $3,000,000 for unspecified minor construction and $22,000,000 for planning and design efforts to complete designs on fiscal year 2002 projects and to commence design on projects identified for fiscal year 2003. The total request for this appropriation is $202,887,000.

This budget seeks the second phase of the $133 million Hospital Replacement project at Fort Wainwright, Alaska. The $44,000,000 requested will start the construction of the main structures of the new 32-bed hospital to replace the current Bassett Army Community Hospital built in 1951 as a 300-bed facility. $18,000,000 has been appropriated to date for this project. We ask your continued support for this hospital.

The hospital purchase at Naples, Italy requires a total of $43,850,000 in military construction appropriations. The United States Government will purchase a completed Medical/Dental Facility (Hospital) to support relocation of Naval activities as part of the U.S. Naval Support Initiative. The project is sited on leased land of the U.S. Naval Support Site. This project is a Commander-in-Chief, European Forces, Quality-of-Life priority to ensure the health and well being of our beneficiaries in the Naples area. This project satisfies the Congressional direction in the fiscal year 1998 House Appropriations Report 105–150 which strongly encouraged the Department to reevaluate the anticipated life-cycle costs for the hospital and to request to buy-out the lease at the most opportune time. This facility will provide health care in support of the U. S. Naval Support Site, currently located approximately 30 kilometers from its present location in an existing inadequate leased facility.

The Hospital Addition/Alteration/Life Safety Upgrade at Eglin Air Force Base, Florida requires $37,600,000 in appropriations. This hospital provides support to over 80,000 eligible beneficiaries. This is one of the largest beneficiary catchment area populations in the Air Force. The project provides consolidation of services from 15 outlying buildings on a very large base and also provides life safety and utilities upgrades for the hospital to meet current life safety and fire codes.

This budget request includes one medical readiness project, the Fleet Hospital Operations Training Command Support Facilities, at Camp Pendleton, California for $2,900,000.

Our budget request also includes eight medical and/or dental clinics that are either replacements or additions/alterations. They are:

—Medical/Dental Clinic Replacement at Horno, Camp Pendleton, California for $3,950,000;
—Medical/Dental Clinic Replacement at Las Flores, Camp Pendleton, California for $3,550,000;
—Medical/Dental Clinic Replacement at Las Pulgas, Camp Pendleton, California for $3,750,000;
—Medical Clinic Replacement/Dental Clinic Alteration at Edwards Air Force Base, California for $17,900,000;
—Medical Clinic Replacement at Patrick Air Force Base, Florida for $2,700,000;
—Medical Clinic Addition/Alteration at Tyndall Air Force Base, Florida for $7,700,000;
—Health/Dental Clinic Addition/Life Safety Upgrade at Kitzingen, Germany for $1,400,000; and
—Health/Dental Clinic Addition/Alteration at Wiesbaden, Germany for $7,187,000.

We also have a Veterinary Treatment Facility at Fort Drum, New York for $1,400,000. This facility will be a state-of-the-art Veterinary Treatment Facility for the Tri-Service, DOD mission. It will provide administration offices for the food inspection mission that covers sixty facilities across the state of New York. It will provide full veterinary services for military working dogs and will ensure our veterinar-

ians and technicians maintain and practice their professional skills so vitally important to the safeguarding of our troops and their assigned mission.

No portion of the three overseas facilities, Kitzingen, Germany, Wiesbaden, Germany, and Naples, Italy, is eligible for NATO funding or host nation funding.

The fiscal year 2000 Authorization Conference Report 106–301 directed the TRICARE Management Activity to submit a plan to fix the Armed Forces Institute of Pathology facility deficiencies as part of the President's fiscal year 2001 Budget Submission. The requirements are being defined, evaluated, and validated. No decision has been made yet how to fund the preliminary estimated project requirement of over $200 million. I would expect a final report to be submitted to you in April 2000. This facility is in urgent need of corrective action and we are exploring all avenues of possibilities.

The Uniformed Services University of the Health Sciences is seeking to consolidate its graduate school of nursing. The school is currently split between the University and off-campus leased spaces. The fiscal year 2000 House Appropriations Report 106–221 directed that this project be included in the fiscal year 2001 medical budget request. The Navy Bureau of Medicine and Surgery (BUMED), as the executive agent for the University, is currently conducting a study to revalidate the requirements and determine the best economic solution. The study is expected to be complete in July 2000. After that a decision will be made on an appropriate year of funding.

CONCLUSION

This committee has been very supportive of our medical construction program in the past and I look forward to working with you. The fiscal year 2001 program stands as a testament to our commitment to maintain our medical readiness and provide quality health care services to the men and women of the Armed Forces. I thank you for the opportunity to present our budget. This concludes my overview statement of the fiscal year 2001 Medical Military Construction budget request.

Senator BURNS. Thank you very much. I think Senator Craig has some questions with regard to TRICARE. Senator Craig.

Senator CRAIG. Well, thank you very much, Mr. Chairman, and Ms. Tabler. While your primary responsibility may be construction at hospitals, I am going to ask you to take a message back to your boss. We are having a struggle in Idaho and in rural western states with military facilities as it relates to TRICARE and the willingness on the part of the private health care providers to accept TRICARE when in many instances, and I know it is certainly true in Idaho, doctors still reject the Health Maintenance Organizations (HMOs) in a general sense.

MEDICAL CARE UNDER TRICARE

As a result of that, Idaho is having a very difficult time recruiting doctors to provide medical care under TRICARE, and straightaway TRICARE rates are less than Medicare, so there is in some instances no monetary incentive for doctors to pick up our military personnel and their families. So I need an answer, and we have been working on this, we have got to resolve it.

Several of our wings and part of Mountain Home Air Force Base has been in Europe and in the desert almost consistently since Desert Storm. Many of those airmen leave their families behind and worry—and they do, and they have expressed to me directly that they cannot have health care or they are now sacrificing and taking it out of their personal benefits in a way that should not happen.

So what is the alternative? Well, if you know the demographics—not the demographics, but the geography and the distance of Mountain Home Air Force Base and Salt Lake City 300 miles away and

Seattle 600 miles away, that is quality health care. That has got to get resolved.

Now, TRICARE is working in other parts of the country. I have spent some time looking at it, but it is not working here, and instead of saying, well, it is just a bump, that means that people are taking the bumps, not the system. People. Airmen and women in this instance. And I am saying to you that I have nudged this system around and studied it for the last couple of years with not much resolution, some slight improvements.

We need to look at making exceptions unique to areas where these kinds of conflicts or frustrations exist. One size is not fitting all in this instance, and so this is not the last time that we will be visiting about this, but I hope it is an ongoing dialogue that resolves it.

Ms. TABLER. Sir, I thank you. We totally acknowledge your concern in this area and in fact are taking steps through our regulatory process to revise the way that we pay physicians in remote areas, such as the Mountain Home area where, as you say so accurately and eloquently, we have problems recruiting people into not only the TRICARE program, but to Medicare as well, quite honestly, and our maximum allowable payment under TRICARE is equal to or greater than that paid under Medicare.

Nonetheless, in some remote areas, that continues to be a problem. Our payments have increased significantly in recent years. Our recent update in February of this year was 7 percent over last year, and so we have seen over the last three years increases each year——

Senator CRAIG. That seems to be helping a bit.

Ms. TABLER [continuing]. And I think that will help, but I will be happy to come back to you and provide detail on our proposed strategy for targeting payments where access to care is truly impeded by the limited number of providers in areas such as yours.

Senator CRAIG. And with these increases, I think we ought to go right back in and look at them and see, is this gaining us, is this providing the access we need or thought it would, and if it is not, we ought to, instead of waiting—I mean, it does not take very long to understand whether it is working or not and review it again to see whether we need to make some additional adjustments.

Ms. TABLER. Yes, sir, we totally agree.

Senator CRAIG. Thank you. Thank you, Mr. Chairman.

Senator BURNS. Thank you, Senator Craig. I have a couple of questions for Mr. Tolleson. I am very interested, when I visit military facilities and see the education facilities, I am happy about that, and I am happy about your enthusiasm. I also want to go a little bit different direction. Do you oversee and are you in charge of, let us say, continuing adult education also that we find on our military installations?

DISTANCE LEARNING

Mr. TOLLESON. No, we are not. We are not responsible. That is handled in a different area.

Senator BURNS. That is in a different area?

Mr. TOLLESON. Yes.

Senator BURNS. Distance learning as far as remote schools on bases?

Mr. TOLLESON. We handle distance learning for our students in our schools that are on military bases. We offer some 16 different courses right now. We have an enrollment of about 500 students, I believe, systemwide.

Senator BURNS. I see. Well, I would like to talk about continuing education because we find that that is pretty important, too. In fact, it is becoming more important all the time with our people in uniform. And I know it is especially whenever you say we are moving force structure, what is it, 52 percent of our military now are in Reserves and Guard? And there is continuing pressure to be put on our Guard, and when they are called up for special duties, and that happens to be a part of that.

ADDITIONAL COMMITTEE QUESTIONS

I have no other questions for General Schwartz or Dr. Bailey or any of you this morning. We will go through and work with you as we work through this process. If we have any questions, why, make sure if you want to respond, respond to the full committee, and we will be happy to work with you as we work our way through this thing.

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

QUESTIONS SUBMITTED TO GENERAL NORTON SCHWARTZ

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

STATUS OF SOF RELOCATIONS FROM PANAMA TO PUERTO RICO

Question. General Schwartz, will you describe the status of the relocation of Special Operations Forces from Panama to Puerto Rico?

Answer. The United States Southern Command Special Operations Command (SOCSOUTH) has successfully completed its relocation from Fort Clayton and Corozal, Panama, to Roosevelt Roads, Puerto Rico, and is fully operational.

ROOSEVELT ROADS INFRASTRUCTURE CHALLENGES AND VIEQUES IMPACT ON TRAINING

Question. What are the infrastructure challenges that your forces face at Roosevelt Roads, Puerto Rico, such as aviation hangars, barracks, and family housing? Does the situation on Vieques impact your ability to train?

Answer. The infrastructure challenges that special operations forces (SOF) face at Roosevelt Roads include the renovation and construction of hangar, maintenance, armory, operations, and headquarters facilities, as well as barracks and family housing. Many of the Roosevelt Roads based SOF units are operating from temporary facilities, but plans have been developed to move them into permanent facilities by fiscal year 2002–2003. For example, helicopters of Delta Company, 3rd Battalion, 160th Special Operations Aviation Regiment (Airborne) are not sheltered and maintenance is being performed in the open or in Navy hangars on a space available basis. In support of the unit, Program Budget Decision (PBD)–715R programmed fiscal year 2002 construction of a headquarters, operations, and maintenance hangar. Additionally, the Special Operations Facility supporting Naval Special Warfare Unit FOUR military construction project was awarded on February 4, 2000. However, the Navy subsequently directed a "stop work" on the project pending resolution of the Vieques training range issues in Puerto Rico. Therefore, construction of this facility is on hold. With regards to housing, Roosevelt Roads lacks an adequate supply of permanent and transient quarters, as well as adequate on-base housing. Currently, Roosevelt Roads has over 2,500 active duty and family members residing off base. Additional military construction projects are planned to construct

sufficient barracks for SOF personnel needs. In short, sir, facilities at present are adequate to sustain mission activity, but they require immediate attention. Our people deserve our best effort here.

Finally, training on Vieques offers Fleet SEALs an unparalleled opportunity for realistic training as part of Carrier Battle Groups (CVBG), Amphibious Ready Groups (ARG), SUBLANT and AIRLANT assets or in independent across-the-beach scenarios.

MILCON CONTINGENCY FUNDING

Question. Will losing MILCON contingency funding in the fiscal year 2001 budget impact the Command's ability to execute projects?

Answer. The loss of contingency funds is not expected to result in the cancellation or delay of U.S. Special Operations Command (USSOCOM) construction projects, but there is an increased risk that the reduction will compromise USSOCOM's ability to maintain full authorized project scope and high construction standards. A modest management reserve is common practice across industry and elsewhere in government. Eliminating these funds will ultimately diminish project content.

QUESTIONS SUBMITTED TO MARSHALL BAILEY

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

Question. Mr. Bailey, I see that there are six projects in the fiscal year 2001 budget to replace existing Hydrant Fuel Systems or Fuel Storage Tanks. Please describe the long-term plan to replace the aging DOD fuel infrastructure?

Answer. In December 1991, DLA was assigned with MILCON funding responsibilities for base level and intermediate petroleum storage and hydrant systems. The majority of the systems DLA inherited were 40–50 years old. Additionally, in 1997 the Commanders-In-Chief (CINC's) identified numerous shortfalls in strategic airlift en route fuel infrastructure. At that time DLA estimated that the backlog of fuels MILCON projects to be over $1 Billion.

The backlog of proposed projects is reviewed annually with the Joint Staff, geographic CINC's, U.S. Transportation Command and Military Services to establish priorities. The projects are categorized by requirements as en route, environmental, or operational:

—En route projects support strategic mobility requirements. These facilities are old and deteriorated. All currently identified en route projects are programmed in the DOD Future Year Development Plan (FYDP). Our en route MILCON program is on schedule for completion in 2005. In fact, more than 40 percent of these projects are already operational or under construction.

—Environmental projects replace deteriorating fuels infrastructure to meet CONUS and overseas environmental standards. Projects to correct all currently identified non-compliant environmental conditions are programmed in the current DOD FYDP. Projects which remain unfunded address overall environmental goals to maintain compliance or prevent pollution. These projects will be programmed in subsequent FYDPs.

—All other projects not classified as en route or environmental are classified operational. Funding requirements and execution timeframes currently extend beyond the current DOD FYDP.

DLA and the Military Services are aggressively pursuing alternatives to fuels MILCON. Alternate funding sources include host nation support, privatization, and maintenance and repair projects. These initiatives are expected to result in a modest reduction in fuels MILCON requirements in the future.

Question. Please describe your MILCON program associated with environmental compliance?

Answer. Our environmental compliance MILCON program closely follows Defense Planning Guidance. Based on this direction, we give priority to projects that correct non-compliant environmental conditions. These projects replace deteriorating infrastructure to meet CONUS and overseas environmental standards. All currently identified environmental projects in this category are programmed in the current DOD FYDP. Projects which remain unfunded address overall environmental goals to maintain compliance or prevent pollution. These projects will be programmed in subsequent FYDPs. The following is a list of our MILCON projects driven by environmental compliance as shown in the FYDP:

[In millions of dollars]

Fiscal year	Location	Project	Amount
01	Sigonella, IT	Replace Bulk Fuel Storage Facility	16.3
01	Patuxent River, MD	Replace Operating Fuel Tanks	8.3
01	Twentynine Palms, CA	Fuel Storage Facility	2.2
01	Fallon, NV	Replace Operating Fuel Tanks	5.0
01	Cherry Point, NC	Replace Fuel Storage Tanks	5.7
01	North Island, CA	Replace Fuel Storage Tanks	5.9
01	Oceana, VA	Replace Fuel Storage Tank	2.0
03	Eielson, AK	Construct Fuel Storage Tank	9.4
03	Fairford, UK	Replace Hydrant Fuel System	14.8
03	Rota, SP	Construct Marine Loading Arms	1.0
03	Kaiserslautern, GE	Relocate Scrap Yard	[1] 2.4
03	Various Locations	Conforming Storage Facilities	1.5
04	Minot, ND	Replace Hydrant Fuel System	15.2
04	Ft Carson, CO	Replace Bulk Fuel Storage Facility	6.7
04	Roosevelt Roads, PR	Construct Fuel Storage	[1] 1.6
04	Roosevelt Roads, PR	Replace Pipeline	3.0
04	Eglin, FL	Construct Fuel Unload Pier	1.5
04	Various Locations	Conforming Storage Facilities	3.1
04	New Cumberland, PA	Replace Boilers	[1] 2.0
05	Ft Polk, LA	Construct Fuel Storage Facility	1.6
05	Key West, FL	Construct Tank	1.9
05	Pearl Harbor, HI	Replace Fuel Tanks	9.5
05	Langley, VA	Hydrant Fuel System	10.5
05	Pope, NC	Replace Hydrant Fuel System	12.9
05	Various Locations	Conforming Storage Facilities	3.1
05	Ft Meade, MD	Hazardous Property Facility	1.4
05	Colorado Springs, CO	Hazardous Property Facility	0.5

[1] Projects with environmental and operational requirements.

Question. Will the loss of DLA's contingency funding in the fiscal year 2001 budget impact the agency's ability to successfully execute your MILCON program?

Answer. We do not anticipate any adverse impact in fiscal year 2001. We are hoping to cover any shortfalls with savings resulting from favorable bids on other fiscal year 2001 and prior-year projects, as allowed by existing MILCON statutes. However, construction changes do occur, and we cannot predict future construction bidding trends. We do expect adverse impacts on the program in the outyears if contingency funds continue to be eliminated.

QUESTIONS SUBMITTED TO RAY TOLLESON

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

DEPARTMENT OF DEFENSE DEPENDENT SCHOOLS (DODDS)

Question. Mr. Tolleson, I understand that the Department has been surveying their schools and will report to the Congress within the next couple of months. Can you describe some of the preliminary assessments of the review?

Answer. There are essentially two separate reports that respond to the Congressional inquiry.

The first report addresses the conditions and adequacy of facilities for students, including those with special needs at the DOD Domestic Dependent Elementary and Secondary Schools (DDESS), two special arrangement schools (Dover Air Force Base (AFB) and Hanscom AFB), as well as Waynesville, Missouri and Central Kitsap, Washington.

The second report addresses the adequacy of special needs services and facilities at school districts throughout the U.S. that have been heavily impacted by changes in military stationing, and Local Education Agency and Department of Education-owned schools on military installations. The second report assesses the impact of increased special education requirements and the adequacy of special education services and facilities, and recommends corrective measures. Within this report, data is

provided that identifies costs that can be attributed to military dependents receiving special education services.

Question. The fiscal year 2001 Budget requests funding for classroom additions at seven locations. What will these projects accomplish and why are they so important?

Answer. These seven projects are necessary to provide additional classroom space needed to implement full-day kindergarten and reduced class sizes in grades 1–3. These programs were implemented in DODEA schools beginning in school year (SY) 1999–2000 at locations where existing facilities were already available. In SY 2000–2001, these programs will be offered at additional schools where space could be provided through Operation and Maintenance funded renovation or construction work. During the next three fiscal years, DODEA will be executing Military Construction projects at the remaining elementary school sites to enable both programs to be fully implemented in all DODEA elementary schools by SY 2004–2005.

Question. How will full-day kindergarten and reduced-class size initiatives impact the Department of Defense school system?

Answer. Full-day Kindergarten. Research confirms that attendance in a full-day kindergarten results in measurable academic and social benefits for students. Full-day kindergartners exhibit more independent learning, classroom involvement, and productivity in work with peers, and reflectiveness than students in half-day programs. Increased time in the program results in less stress for children, decreased discipline problems, and increased time and emphasis on language development and appropriate preliteracy experiences. Teachers have more time to assess students, individualize instruction, and develop children's social skills (including conflict resolution strategies). Finally, parents have more satisfaction with a full day program. Early indications from DODEA's full-day programs are that more children are beginning to read and write at earlier stages than in the half-day programs.

Reduced Class Size. Reducing class size in the primary grades provides teachers the ability to give more individual attention to students and to manage more orderly classrooms. As noted in the National Academy of Sciences report, "Preventing Reading Difficulties in Young Children," smaller classes combined with quality professional development promote effective teaching and learning. This is especially important in the early years when all children must learn to read well. In Project STAR, a major Tennessee study, researchers found that students in smaller classes earned significantly higher scores in basic skills tests. Follow-up studies have shown that these achievement gains continued after the students returned to regular size classes. As a result of the DODEA reduced class size initiative, we expect all children to be able to read on grade level by third grade, discipline problems to be decreased thereby leaving more time for instruction, and teachers to be better able to identify and address students' needs on an individual basis. These effects are expected to result in increased student achievement and decreased achievement gaps among student groups.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

Question. Mr. Tolleson, as you noted in your prepared testimony, the fiscal year 2000 Military Construction Appropriations bill contains language requiring a study of the adequacy of special education services available to military dependents on installations identified as "compassionate assignment" posts. I appreciate the effort that your office has given to this study since the fiscal year 2000 bill was enacted, and I wonder if you could elaborate on the status of that study. Can you give me a preview of your findings?

Answer. The study has been completed, and the Final Report is presently being coordinated. Essentially, the Report identifies school districts with schools located on military installations, school districts that have experienced an increase in enrollment of 20 percent or more during the 5-year reporting period between 1993/94 and 1998/99 resulting from BRAC, and school districts supporting compassionate assignment posts. The Report further assesses the impact of increased special education requirements, the adequacy of special education services and facilities, and recommends corrective measures. Data is provided to identify the costs attributable to military dependents receiving special education services in regards to needed improvements in facilities and services.

Question. Could you describe the nature of a "compassionate assignment" post, where these bases are located in the continental United States, and how they are impacted by special needs children?

Answer. The Department of the Navy is the only military service that has established "compassionate assignment" posts for its service members who have depend-

ents with special needs. There are five such locations within the continental United States, and they are: Bremerton, Washington; Jacksonville, Florida; Norfolk, Virginia; San Diego, California; and Washington, DC. Compassionate assignment posts are defined as those locations that have adequate medical facilities and services for military dependents with special needs. Improved services and facilities are highly desirable and would contribute to improving the overall quality of special education services. However, it was found that school districts serving compassionate assignment posts meet the standards of the Individuals with Disabilities Education Act (IDEA).

Question. Based on the information that you have received to date, can you draw any conclusions as to what type of federal assistance these bases will need to adequately meet the educational requirements of special needs students?

Answer. The report recommends that existing federal programs such as Impact Aid or the authorization of Block Grants be expanded to cover the additional costs experienced by local school districts that have resulted from the military stationing decisions.

Question. As you know, the designation of Washington's Bangor Submarine Base as a compassionate assignment post has had a major impact on the Central Kitsap School District. The school facilities study language in the fiscal year 2000 bill stipulates a recommendation for corrective measures. What type of corrective measures are you considering in your study?

Answer. The Department of the Navy does not designate individual installations as compassionate assignment posts, but rather locations within the continental United States that serve one or more installation in the region. Hence, Bremerton, Washington is designated as a compassionate assignment post, and not just the Bangor Submarine Base. Bangor Submarine Base is within the compassionate assignment area and is serviced by three separate and distinct school districts; namely, Bremerton School District 100–C; South Kitsap School District; as well as Central Kitsap School District. Corrective measures considered in the report include one-time costs for facility construction or renovation to enhance the special needs programs, as well as costs associated with hiring and training of new teachers; procurement of teaching tools and supplies; and other one-time costs the districts have identified as needed to improve the services provided to special needs students.

Question. In the testimony that you submitted to this Committee, you also referenced the $1 million in planning funds that his Committee appropriated in fiscal year 1999 for a special education center to serve the military personnel assigned to Bangor Submarine Base. Planning and design money is regularly appropriated for projects that are not yet authorized or even included in the Future Years' Defense Plan. Why is it your opinion that this provision requires a separate authorization before you will release the funds?

Answer. The Department of Defense has determined that the project at Bangor Submarine Base is not a military construction project since ownership of the completed facility would be with the Central Kitsap School district rather than the Department of Defense. See the attached January 27, 2000 letter.

Question. It appears, from reading your testimony, that DODEA's fiscal year 2001 Military Construction budget is less than half of the total fiscal year 2000 budget ($30 million in fiscal year 2001 as compared with $78 million in fiscal year 2000). Given the infrastructure challenges that you are facing, do you believe that is an adequate amount of funding?

Answer. DODEA's fiscal year 1999 military construction program included construction of a $44 million elementary school at Andersen AFB, resulting from a Secretary of Defense decision in 1997 to establish DOD schools for military dependents on Guam.

Like school districts across the United States, many of DODEA's facilities are old and in need of replacement or major repairs. We are addressing the most urgent of those requirements and hope to increase the funding earmarked for this purpose during the next few years. In support of this effort, we plan to complete a comprehensive study of our facilities worldwide in order to determine the best solution for our schools and program future projects accordingly.

Much of the focus of DODEA's military construction efforts during the next 3 years will be to provide additional classroom space necessary to implement a full day kindergarten program and reduced class sizes in grades 1–3. Implementation of these programs began during school year 1999–2000, mirroring the Presidential initiatives for stateside public schools.

The construction program for overseas schools, in particular, was relatively dormant throughout the 90's as military drawdown and realignment took place throughout Europe. Now that military stationing and student enrollments have stabilized, a concentrated catch-up effort is required to address deficiencies. In addi-

tion, new requirements to provide technology in the classroom and anti-terrorism measures needed at many of our schools have created a greater need for military construction projects throughout DODEA.

Construction efforts providing these classrooms at six sites in Europe now appear to be more expensive than initially envisioned, and require additional funding in fiscal year 2001 to be completed. Site-specific construction requirements, anti-terrorism measures, and higher than expected construction costs have created a deficit of $7.7 million needed to fully construct these projects. While DODEA is working with the Corps of Engineers and others to reduce these costs, the implementation of these educational initiatives at some locations may be delayed if additional funding is not secured.

Question. I also note in your testimony that 133 of the DOD schools are in buildings that are of 1960s vintage or older, and yet your MILCON budget calls for reducing the inventory of these older facilities by only 4 percent by 2005. This seems like a very low replacement rate. How will this pace affect the backlog of aging schools in the years beyond 2005?

Answer. DODEA operates a large number of schools in aging facilities that need to be replaced. The current replacement rate is not sufficient in the long term to adequately address these requirements. DODEA plans to request additional military construction funding in future years so that outdated facilities can be replaced as soon as possible with state-of-the-art, purpose built schools which meet the needs of today's educational requirements. Completion of the survey of DODEA facilities will provide a basis for future military construction requirements.

Question. Fairchild Air Force Base in Washington State is the site of an antiquated DOD-built elementary school that is now operated by the local school district. The school is in deplorable condition; according to the school district, it is no longer cost effective to continue trying to repair it. The school is on the base, it is for the dependents of base personnel, and the school district cannot afford to build a new school. I know that you recognize the importance of good schools as part of the quality of life package that we owe our military personnel. Given the age of your infrastructure inventory, Fairchild is probably not the only base in this situation. What is the solution?

Answer. There are many schools owned by the federal government or local school districts located in the United States that are in need of major repair or replacement. While all of these schools are important in maintaining a high quality education for military dependents, repairs or replacements of schools not operated by the Department of Defense has been under the purview of the Department of Education. Historically, the Department of Education has not been funded to the level required to replace these older facilities on a systematic basis. To properly address the existing facility deficiencies that these districts face, additional funding should be provided through the Department of Education to replace or upgrade outdated school facilities supporting military dependents where local financial assistance is not available.

Question. In your testimony, you note that DODEA is working on a proposal to develop an agenda for improvements to civilian operated education facilities serving DOD dependents, including community school partnerships. Would you please elaborate on the details of your proposal, and provide a time frame for when you anticipate completing it.

Answer. An office has been established within the Ofice of the Deputy Assistant Secretary of Defense for Military Community and Family Policy (MC&FP). A major responsibility of this office will be to interface with local school districts. The proposal is still being developed and we will forward it to you when it is finalized.

QUESTIONS SUBMITTED TO DIANA TABLER

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

DOD MEDICAL FACILITIES

Question. Ms. Tabler, please describe the two big hospital projects intended for Alaska and in Naples, Italy.

Answer. The Bassett Army Community Hospital (BACH) Replacement project at Fort Wainwright, Alaska was authorized for $133 million in the Fiscal Year 2000 National Defense Authorization Act. This five-year, phase-funded project constructs a new 32-bed inpatient facility and outpatient clinics to replace the existing 1950s-era, 300-bed inpatient facility to support approximately 25,000 military beneficiaries at Ft. Wainwright, nearby Eielson and Clear Air Force Bases. It will be the only

military inpatient treatment facility within interior Alaska. Phase I (site preparation) of this project will be under construction soon.

Naval Hospital Replacement project at Naples, Italy is under construction as part of the lease/build/buy agreement signed by the Navy with a private developer in 1998. This project replaces and relocates the existing inadequate leased facility from Agnano location to Gricignano (30 KM away) support site as part of the congressionally approved Naples Improvement Initiative. The project builds a new 26-bed hospital to meet healthcare requirements of the U.S. military beneficiaries in the Naples area.

Question. Ms. Tabler, you have a fairly robust medical military construction program in fiscal year 2000. What is the backlog of your medical/dental construction/renovation requirements?

Answer. Our fiscal year 2000 and fiscal year 2001 programs may appear fairly robust on the surface, but we have a huge backlog of construction and renovation requirements for our healthcare facilities. In the military construction arena, this backlog is over $3.3 billion as identified in the Services' fiscal year 2002–07 POM submission.

Question. What is the average recapitalization period for Department of Defense Medical Facilities? How does that compare to the private sector?

Answer. Based on our current plant replacement value of approximately $17 billion in fiscal year 2000 dollars and planned (fiscal year 2002–07 FYDP) expenditure of $166 million per year in major construction, our average facility replacement cycle is 102 years. This assumes no further erosion of planned MELCON funding and adequate funding for the routine facility sustainment, operation and maintenance. Our goal is a 50-year replacement cycle for all military healthcare facilities, including medical training and research facilities. Based on preliminary data available, the private sector standard is less than 25 years. This does not mean that the private sector plans to replace the facilities every 25 years but merely implies that a major renovation will be required every 25 years to stay competitive. In the meantime, adequate investment will be made to sustain and maintain the building infrastructure. Private sector investment is based on first-cost tax incentives, whereas federal investment must be based on mission and life cycle cost analysis.

SUBCOMMITTEE RECESS

Senator BURNS. The next hearing of the subcommittee will be on March the 7th. We will hear from the Army and the Air Force with military construction, and we appreciate everybody coming this morning. If we have questions for you, we will certainly be in touch with you. Thank you very much. This hearing is recessed.

[Whereupon, at 10:20 a.m., Tuesday, February 29, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 2001

TUESDAY, MARCH 7, 2000

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

The subcommittee met at 9:03 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.

Present: Senators Burns, Craig, Stevens, and Murray.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

STATEMENT OF PAUL W. JOHNSON, DEPUTY ASSISTANT SECRETARY (INSTALLATIONS AND HOUSING)

ACCOMPANIED BY:

MAJ. GEN. MILTON HUNTER, DIRECTOR OF MILITARY PROGRAMS, U.S. ARMY CORPS OF ENGINEERS

MAJ. GEN. ROBERT L. VAN ANTWERP, JR., ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT

BRIG. GEN. ROBERT M. DIAMOND, DEPUTY CHIEF, U.S. ARMY RESERVE

BRIG. GEN. MICHAEL J. SQUIER, DEPUTY DIRECTOR, ARMY NATIONAL GUARD

OPENING STATEMENT

Senator BURNS. Senator Murray is on her way. While she is getting here, I can be making my statement.

The Subcommittee on Military Construction of the Appropriations Committee is officially open this morning. I want to welcome everybody here. This also covers family housing, Base Realignment and Closure (BRAC) and Reserve component programs for the Army and the Air Force for fiscal year 2001. And, of course, it is always good to welcome our Army here, the Secretary, and all of his representatives.

It is good to see friendly faces. You have been here before, and we have been doing business quite a while, we appreciate that. I have General Hunter of the Corps of Engineers; Major General Antwerp, who is the Chief of Staff for Installation and Management; and, General Diamond. Good to see you and the other folks. It looks like we are going to end up with less money this year, which is no surprise to us.

I got to looking back on figures when I was put on this committee. I think our budget was up around $11 billion, something

like that, or a little over $11 billion. Now we are at $8 billion. So, in military construction, we have taken savings and took it very seriously.

However, there is still, I think, some insufficient funding. We need some more funding in some areas. We still are trying to do better in our quality of life for our soldiers and our airmen—we have some shortfalls in that area.

Although the fiscal year 2001 budget attempts to provide funding for the limited number of barracks, family housing, and mission modernization projects, it is more a question of allocating shortages across the Departments of the Army and the Air Force than it is increasing their money. Also, the great concern is the loss of the 5 percent contingency fee from military construction this year for family housing projects. I am worried about the impact on compromising quality standards, slowing project execution, and possible deferment of some projects entirely.

But I look forward to hearing about this. I know that the folks we have in front of us today have a little imagination and a little entrepreneurship to them, and we can make it through this critical time.

Secretary Johnson, I would ask you to keep your statement short, and I will tell you that your entire statement will be made part of the record, and we look forward to hearing from you.

Senator Craig, do you have a statement this morning? And we will wait on Senator Murray, while she is getting here.

Senator CRAIG. I would be happy to fill time, Mr. Chairman.

Senator BURNS. Fill time? Well, it is yours to fill, sir.

STATEMENT OF SENATOR LARRY CRAIG

Senator CRAIG. Mr. Chairman, thank you very much.

I say with pride that I serve on this subcommittee with great interest in the accomplishments that we make in behalf of our men and women in uniform. I am also frustrated by the very statements of our chairman, that we are not where we ought to be, gentlemen, on the spending levels that are necessary. In fact, I look at where we have come from and I think this administration has lost the real feeling of where we need to be with our military and what we need to provide to those men and women in uniform.

I look at our real property maintenance goal of 3 percent and find that we are only at 1 percent as it relates to replacement values. And that is not acceptable. And we are going to have to find a way to do better. The chairman of the full committee has just arrived, and I know his commitment to our military, and he is going to help us get there.

We have already made major steps in the right direction in the last 2 years, and we will continue to do that. Day-to-day preventive maintenance does not necessarily provide the kind of facilities we need or the readiness that we want on behalf of our military.

In my State of Idaho, the Enhanced Training Range—and I will be talking to those folks in the blue uniforms in a moment—is of a critical nature to the whole of our Air Force and to the Mountain Home Air Force Base. Obviously the 366th Wing at Mountain Home Air Force Base and what it does with the composite wing is a tremendous contribution to our country. I will also be discussing

with our Air Force the housing situation at Mountain Home and our failure to keep up with what we need there.

Let me also say, in behalf of the Army Corps, you are engaged in a project now on the Snake and Columbia River systems, where wise and judicious efforts are going to be critical to the future of the Pacific Northwest and the management of those two river systems. You are there in a major way from the standpoint of systems management, dredging, the transportation on the river, and of course the critical issue of salmon and the endangered species that are listed on that river.

There are some who would like to return that river to pre-European man's existence in the Pacific Northwest—and how foolish they are. Because their goal is to stop growth and to cause those of us who like to live in that region and provide an economy for people who want to live there. So it is very frustrating to me with some of the efforts I see put forth.

PREPARED STATEMENT

What the Army Corps is doing now is critical as it relates to a management plan to save our fish and to manage those rivers in a way that work and will continue to work, not just for Mother Nature, but also for that other dominant species in the region now called the human species. And I would hope that, in the end, we find a compatible way to get that done. And the Army Corps is going to play a key role in that.

Mr. Chairman, thank you.

[The statement follows:]

PREPARED STATEMENT OF SENATOR LARRY CRAIG

Mr. Chairman, it is truly a pleasure to serve on the Military Construction Subcommittee. I am proud of the accomplishments and impact which we have had on not only the Department of Defense, but also on the men, women and their families who serve diligently in defending this great nation of ours. We have worked hard in the past to ensure funds are provided and available for the crucial projects needed at our all important military installations, and unfortunately we are required to work even harder this year to keep funding at even an adequate level.

As we all know, the military construction budget is to provide necessary funding for the planning, design, construction, alteration, and improvement of military facilities world-wide. Over the last couple of years I get the feeling this has been lost on the Clinton-Gore Administration. Both Houses of Congress have continually debated with the current administration about whether military construction funding and long-term planning are adequate.

The Department of Defense's stated goal for real property maintenance is three percent, which is below funding used for public facilities nationwide. In light of this, it is mind boggling to think that some of the Services are budgeting only one percent of the plant replacement value. How can we expect to keep our military infrastructure maintained at a functioning level when our maintenance budget won't even cover the day-to-day preventative maintenance expenses?

Because of the lack of adequate budgeting and planning, Congress has felt the need to intervene and fund programs which we feel are in the best interest of the services and the country as a whole. We are entering into the final phase of funding one of these programs, the Enhanced Training Range, which is of significant importance to the Air Force and the United States.

Idahoans have proudly supported America's national security interests through our long running alliance with both the Air Force, the Navy, and the Idaho National Guard and Reserve.

As you know, the 366th Wing at Mountain Home Air Force Base is the Air Force's only air intervention composite wing which is ready to fight and intervene anytime, anywhere. These aircrews have been successfully training in southern Idaho for

more than 50 years, and with the new Enhanced Training Range, they will have the unequaled ability to train in southern Idaho for another fifty years.

The Acoustic Research Detachment in North Idaho plays the key Naval role in model testing for our submarines. This installation, at Lake Pend Oreille, is unique in its location and function. The Detachment's hydro acoustic testing of advanced submarine stealth technology feeds into recommendations for engineering designs for new and current fleet vessels. Although there is no military construction request for Bayview this year, I would like to point out that some Navy experts claim that Lake Pend Oreille is the most important body of water for the Navy. I agree.

At Gowen Field in Boise, the Idaho Guard and Reserve have long supported ongoing military operations throughout the world. This year, I will press for projects that are extremely important to Gowen, but more important, the Guard and Reserve overall. One project would provide for the construction of a 41,600 square yard asphalt concrete assault landing strip. It would include facilities to address landing and takeoff overruns, as well as turn around pads for each end, 10 foot unpaved shoulders, and airfield lighting, fencing, and access roads.

Without this initiative, the Guard will be forced to continue flights of long sortie duration, with the associated wear and tear on aircraft and increased fuel usage. Only the minimum air crew proficiency for assault landing capability will be maintained, because of the valuable flying hours depleted and the restricted training availability of traditional guardsmen. In addition, there is no local airfield available that provides air traffic control requirements needed to meet C–130 assault landing training criteria or traffic prioritization on the optimum landing surface needed for C–130s.

Another project that I encourage the Army Guard to consider for future years construction is for the Mobilization Readiness Center for the Army Guard. The Idaho National Guard faces a significant shortage in readiness space at its facilities at Gowen Field, which resulted from the DOD-directed reorganization of the 1–183rd Aviation Battalion and the 1–189th Aviation Medical Detachment. This shortage could impact readiness and the ability of the Idaho National Guard to effectively and efficiently prepare for deployment. The Mobilization Readiness Center modifications and additions are needed to provide space for Army Guard units currently located in World War II-era buildings or other facilities that are overcrowded and inadequate for that purpose. I urge the National Guard Bureau to place this project in the FYDP at the earliest practicable date.

I am extremely proud of the role that the men and women of in uniform in Idaho play in "keeping the peace" around the globe. I have to tell you that I recently had the pleasure of visiting these outstanding men and women at Mountain Home, but I was shocked at the conditions in which they and their families must live and work. These brave men and women, who put their lives on the line, day-in and day-out, need better housing and working conditions.

To rectify the housing situation will cost approximately $110 million over five years. Funding for this plan is not scheduled to begin until 2003 and continue through 2007. I don't know how the maintenance personnel will be able to keep this property in livable condition until this funding becomes available.

I would encourage you to look at your priorities and reconsider Mountain Home. I was very discouraged and disappointed by the living conditions during my recent visit. The men and women of the 366th Wing deserve better, and you have the ability to make a difference.

Once again, I feel that Congress is being held hostage by the Clinton-Gore Administration. They know that we will not stand for this atrocity and will increase the funding for military construction, which the Congress has done to the tune of about $3.5 billion over the last five years.

Senator BURNS. Thank you, Senator.

Senator Murray.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you, Mr. Chairman, for scheduling this hearing. And I welcome all of our witnesses and look forward to hearing from all of you.

Mr. Chairman, I will tell you that, frankly, I was disappointed when I looked over the fiscal year 2001 military construction budgets of the Army and the Air Force. In the second year in a row in which the overall defense budget is on a significant upswing, mili-

tary construction (MILCON) funding continues on a downward spiral. The MILCON budgets of both the Army and the Air Force represent a troubling decrease over last year's appropriated amount.

As our witnesses have so eloquently stated to this committee before and no doubt will do so again today, infrastructure, both mission critical and quality of life, is an essential element of readiness and a vital tool in recruitment and retention of our troops. Simply put, you cannot continue to starve MILCON without sapping the strength of the rest of our Nation's military operations.

I know that our witnesses understand the need for safe, modern and well-equipped working areas, for secure and comfortable family housing, for decent barracks and community assets such as child care centers and physical fitness centers. I know that they are doing the best they can in difficult circumstances. But I believe that we have to do more. I believe we can do more. And I believe we can do it without sacrificing readiness.

To the contrary, we are more likely to affect readiness if we do not address the military's basic infrastructure needs. You cannot continue to field the finest military forces in the world if you do not have adequate training centers or adequate facilities in which to maintain their equipment. And you cannot expect our men and women in uniform to willingly deploy to hot spots throughout the world on short notice if they must leave their families behind in substandard housing with limited community support services.

Mr. Chairman, you deserve a tremendous amount of credit for your efforts to secure adequate levels of military construction funding for our services, and particularly for the emphasis that you have continually placed on quality-of-life projects which are so important to men and women in uniform. I look forward, Mr. Chairman, to working with you again this year to fashion a product that will fit the growing needs of the services in the crucial areas of military construction. Thank you.

Senator BURNS. Thank you, Senator Murray. I have not done as good a job as you have given me credit for, I will guarantee you that. We need some more. But we have the chairman of the full committee and chairman of the Defense Subcommittee here this morning. Maybe we can make our appeal now.

Senator MURRAY. Good.

Senator BURNS. I know that is just exactly what he wanted to hear.

Senator Stevens, welcome this morning. You have a statement.

STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Thank you very much. We have other subcommittee meetings, so I will not stay long. But I do want to say you should not pick on these guys. They are not the ones that made the cuts that offend me, particularly in the area of contingencies, in the area of catching up with the backlog in maintenance and in making the kind of response we should have made to the chiefs' lists in all four services. The chiefs' lists were basically ignored when it came down to the fine tuning, I think we have to do something about that.

So I would urge you to listen to the witnesses about what, and ask the questions to make sure we understand what were their pri-

orities. We do believe we will have a little bit more money available—I think we will—than the Office of the Secretary of Defense thought they would have available. So I want to make sure it goes to the places where it is needed, particularly to prevent the obsolescence of our basic systems that support the military.

I think it is a pretty good bill from the point of view of quality of life. We will have to do a little bit more about housing. I am going to be interested to see what you all do with the request that you are going to present today. And I urge you all to tell us what you need and not what this budget tells us you need.

Senator BURNS. Very well.

Secretary Johnson, thank you.

Senator CRAIG. Mr. Chairman, let me ask unanimous consent my full statement be a part of the record.

Senator BURNS. It will be made a part of the record.

Thank you for coming this morning. We are starting out a little earlier in your day than normal I would imagine. But you know us farmers, we like to get done before noon, and then we like to sleep in the afternoon.

Mr. Johnson, thank you for coming this morning.

STATEMENT OF PAUL W. JOHNSON

Mr. JOHNSON. Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Army's military construction request for fiscal year 2001. With me today are Major General Van Antwerp, the Assistant Chief of Staff for Installation Management; Major General Hunter, Deputy Commanding General of Military Programs for the Army Corps of Engineers; Brigadier General Diamond, Deputy Chief, Army Reserve; and Brigadier General Squier, Deputy Director of the Army National Guard.

Our combined written statement, as you indicated, I would like for that to be put in the record.

Senator BURNS. Your full statement will be made part of the record.

Mr. JOHNSON. Thank you.

Before we answer any of your specific questions regarding the budget submission, I would like to highlight a few of our key initiatives in the Army's Active and Reserve components. Forty-seven percent of our budget, or $427 million, is dedicated to providing facilities that help the well-being of our soldiers, their families and civilians. This includes our top military construction priority to get soldiers out of inadequate barracks and to provide new and upgraded barracks to over 136,000 soldiers.

The fiscal year 2001 Military Construction Army (MCA) budget request of $367 million for barracks will provide modern housing for over 3,100 soldiers worldwide. Our strategic mobility program is on track for completion in the year 2003. We realize that we will be examining our entire strategic mobility requirement as part of transforming the Army to a more strategically responsive force. But, based on current plans, our MCA program has been responsive to the requirements of the Army.

The Army's family housing program contains a total of $154 million. Over $100 million of this is construction of new, replacement housing or revitalization of current housing within the United

States, and $54 million to improve our housing overseas. Together with our housing privatization initiative and Secretary Cohen's initiative to eliminate service members' out-of-pocket costs for off-base housing in the United States, this MILCON funding will help improve the living conditions of our married soldiers.

The Army National Guard fiscal year 2001 MILCON budget request focuses on training, site modernization, readiness centers, and Army National Guard division redesign study (ADRS) projects. The Army National Guard's participation in the Army division redesign study will better provide needed forces to the commanders in chief. ADRS will convert some National Guard combat force to combat service support forces that are needed by the Army to implement the National Military Strategy. For the Army Reserve, the budget provides the essential military construction resources for Army Reserve centers, their backbone for training, readiness and mobilization.

Mr. Chairman, our fiscal year 2001 budget permits us to execute the Army's military construction programs. Our long-term facilities strategy can be accomplished only through balanced funding, reduction of excess capacity, and improvement in management. We plan to work closely with you to streamline, consolidate and establish partnerships that generate resources for infrastructure improvement and continuance of service.

PREPARED STATEMENT

With the support of this committee and approval of our budget, we will be better able to support the Army and soldiers and their families who serve our Nation. Thank you, Mr. Chairman. We are now ready to respond to your questions.

[The statement follows:]

PREPARED STATEMENT OF PAUL W. JOHNSON

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Active Army and Reserve Components' military construction request for fiscal year 2001. This request includes initiatives of considerable importance to America's Army, as well as this committee, and we appreciate the opportunity to report on them to you.

PART I—MILITARY CONSTRUCTION, ARMY FAMILY HOUSING, HOMEOWNERS ASSISTANCE FUND, DEFENSE

I am pleased to present the Active Army's portion of the Military Construction budget request for fiscal year 2001. This budget provides construction and family housing resources essential to support your Army's role in our National Military Strategy. It is also the first budget that supports the Army's new Vision and transformation strategy.

The program presented herein requests fiscal year 2001 appropriations of $897,938,000 for Military Construction, Army (MCA), and $1,140,381,000 for Army Family Housing (AFH). The companion request for authorization of appropriations is $897,938,000 for MCA and $1,140,381,000 for AFH. There is no request this year for the Homeowners Assistance Fund, Defense.

For the past 224 years, the Army has had a contract with the American people to fight and win the Nation's wars. We continue to fulfill this contract in executing the National Security Strategy and the National Military Strategy across the full spectrum of military operations. Since 1989, we have deployed forces for contingency operations, on average, once every 14 weeks. The Army has successfully answered the Nation's call 35 times in the last 10 years.

To prepare for an uncertain future, the Army announced a new Vision to forge a more strategically responsive, yet dominant, force for the 21st Century. The new force will be more mobile and sustainable, and still have the capability to respond

to the full spectrum of operations. It also continues a rigorous training program, full integration of the Active and Reserve Components, comprehensive initiatives to protect the force, and provides sufficient installations from which to project our forces. Implementation of our Vision is currently underway. Although we do not know the precise effects on Army installations and facilities, we are working closely with the Transformation Task Force to ensure installation needs are identified and addressed.

The Army must sustain a force of high quality, well-trained people; acquire and maintain the right mix of weapons and equipment; and maintain effective infrastructure and power projection platforms to generate the capabilities necessary for meeting the warfighting requirements and engagement priorities of the commanders-in-chief (CINCs) of the combatant commands.

The new Vision charts the course for the Army to transform itself into a force that has these desired characteristics and can sustain dominance at any point on the spectrum of operations. Throughout all phases of the transformation, the Army will pursue changing our concepts and doctrine as well as the institutional base. Our budget request fully supports the missions of the transformed Army. We are working in tandem with the transformation efforts to ensure our installations and facilities meet the needs of our warfighting soldiers. Keeping the changes in our installations and facilities synchronized with the transformation of the force will ensure the Army retains the capability to meet its national security mission throughout the transformation process.

Now, I would like to discuss the Army's installations and facilities strategy for fiscal year 2001 and beyond and how it supports our new Vision. As the Army transforms, we must also take similar giant strides to ensure that Army installations are not left behind. As we look ahead, we intend to help the Army achieve its new vision by implementing a complementary vision for our installations: By the year 2020, Army posts will more fully support and satisfy our warfighting needs, while providing soldiers and their families with a quality of life that equals that of their peers in civilian communities. The Army will soon publish a white paper, Managing Army Posts: Tenets for the Twenty-First Century, which will provide the framework and principles for achieving this new vision for Army installations.

We estimate that the bill to upgrade, replace and build facilities to currently acceptable levels is simply impossible to reach without the ability to unlock the value in our installation assets and operations. Our current facilities strategy has us on the right path but, by itself, will not take us to our new vision.

FACILITIES STRATEGY

The Army's current facilities strategy is threefold. First, we must focus our investments to gain the most benefit from limited resources. We must identify required facilities, infrastructure and support services necessary for the desired level of readiness. We must make a dedicated effort to stop further deterioration of existing required facilities and continue to focus our limited modernization dollars on mission critical and well being projects. Currently our focus is on barracks modernization and strategic mobility projects. As the Army transforms, the facilities strategy will adapt to support transforming Army requirements while continuing to support legacy Army requirements. Second, we must divest all unneeded real estate. Third, we must reduce the total cost required to support our facilities and related services, including maintenance of our real estate inventory.

As part of our effort to better focus our investment, we have developed a decision support tool, the Installation Status Report, to help formulate and monitor our facilities strategy. We use it to assess the status of our facilities' condition. This identifies critical areas to consider in resource allocation. Also, it assists us in assessing the condition of our facilities essential to the installation's mission and the well being of our personnel.

We continue to eliminate excess facilities. Our current facilities reduction program and base realignment and closure process will result in disposal of over 200 million square feet in the United States by 2003. This year we continue our policy of demolishing one square foot for every square foot constructed. We are also making progress reducing our leasing costs. Between fiscal years 1998–2001, we project an annual savings in leasing costs of $26,600,000. By 2003, with our overseas reductions included, the Army will have disposed of over 400 million square feet from its fiscal year 1990 peak of 1,157,700,000 square feet. Although these savings are substantial, we need to achieve even more. Therefore, the Army supports additional rounds of BRAC in fiscal years 2003 and 2005.

We are pursuing innovative ways to modernize our infrastructure and reduce the cost of our facilities, including privatization or outsourcing of certain functions. One

example is installation utilities systems. Our goal is to privatize all utility systems in CONUS by 2003, where it is economically feasible, except those needed for unique security reasons. Another initiative, the Value Improvement Program, is being launched this year to improve the value the Army receives from its facilities construction and operations dollars. We have also established a pilot program to test privatization authorities for military family housing in an effort to provide better housing for soldiers and their families. We continue to seek partnering opportunities with civilian communities around our installations to provide some facilities as a viable alternative to Army ownership facilities.

Executive Order 13123, "Greening The Government Through Efficient Energy Management," sets higher goals for reducing energy consumption. We are depending on the use of Energy Savings Performance Contracts (ESPC), and other forms of alternative financing, to implement this executive order, to help reduce energy consumption, reduce pollutants, and improve the well being of our personnel at our installations. We awarded the largest ever ESPC contract within the Federal government for implementing a minimum of $67 million in energy saving projects for five installations in the Military District of Washington. We are aggressively pursuing all opportunities to purchase electrical power generated from renewable sources such as wind, solar and geothermal. We have also installed hundreds of solar lighting systems that use no energy in our facilities and are expanding this further.

Next, I will discuss the highlights of the budget.

CONTINGENCIES

Funding for contingencies was eliminated for all military construction and family housing projects, based on the concern that contingency funding was being used to support upgrades to projects. Although the Army's past construction program execution experience has indicated that contingency funding is required for mandatory construction changes after contract award, the Army will execute the program by implementing more stringent program management controls. The real impact will not be known until the year of execution.

MILITARY CONSTRUCTION, ARMY (MCA)

We are focusing on four major categories of projects: mission facilities; well being; support programs; and chemical demilitarization. I will explain each area in turn.

MISSION FACILITIES

In fiscal year 2001, there are six mission facility projects for the Army's Strategic Mobility Program. These improvements facilitate movement of personnel and equipment from CONUS bases for both the Active and Reserve components to meet Army and Defense timelines for mobilization operations.

Army Strategic mobility Program.—Our budget request continues the program to upgrade our strategic mobility infrastructure enabling the Army to maintain the best possible power projection platforms. We are requesting appropriations, authorization and authorization of appropriations of $67,300,000. The fiscal year 2001 projects will complete 79 percent of the Strategic Mobility program that is scheduled for completion in fiscal year 2003.

Our fiscal year 2001 request includes six projects. We are improving our rail deployment capability by improving the railyard infrastructure at Fort Bliss and a railroad equipment maintenance facility at Sunny Point Military Ocean Terminal. Our request for Phase 3 of the railhead at Fort Hood will complete this project begun in fiscal year 1999.

We are continuing to improve our air deployment by constructing an ammunition holding area adjacent to the airfield at Fort Bragg and a fixed wing aircraft parking apron at Fort Benning. To improve our ammunition outloading and shipping capability, we have included a project for an ammunition container complex at Red River Army Depot.

WELL BEING PROJECTS

The well being of our soldiers, their families and civilians has a significant impact on readiness. Therefore, almost half, 47 percent, of our budget is dedicated to providing these types of facilities. Our priority is to get soldiers out of gang latrine type barracks and to provide new or upgraded barracks to house 136,000 single soldiers. Additionally, we are requesting other facilities that will improve not only the well being of our soldiers but also the readiness of the Army. We are requesting appropriations and authorization of appropriations of $426,500,000, with an authorization of $427,700,000 for well being projects this year.

Whole Barracks Renewal Initiative.—Modernization of barracks for permanent party soldiers continues to be the Army's number one facilities priority for military construction. It provides single soldiers with a quality living environment that more nearly approximates conditions off the installation, or enjoyed by our married soldiers. New or renovated barracks include increased personal privacy and larger rooms, closets, upgraded day rooms, new furnishings, adequate parking, and landscaping, in addition to administrative offices, which are separated from the barracks.

In fiscal year 2001, we are planning 17 projects. This includes 5 projects in Europe and 2 projects in Korea. Our budget completes the Fort Campbell barracks complex that was authorized in fiscal year 1999 and the Fort Stewart barracks complex that was authorized in fiscal year 1998. We are also completing the Fort Benning and Fort Riley barracks that were authorized and incrementally funded in fiscal year 2000. Our budget includes the second increments of barracks complexes at Fort Bragg and Schofield Barracks that were authorized in fiscal year 2000. Fort Bragg's large soldier population and poor barracks conditions require sustained high investment to provide quality housing and meet the fiscal year 2008 buyout. Thus, we are requesting full authorization and Phase 1 funding to start two additional barracks complexes at Fort Bragg. With full authorization of these projects, we plan to award each complex, subject to subsequent appropriations, as a single contract to gain cost efficiencies, expedite construction, and provide uniformity in building systems.

With the approval of the fiscal year 2001 program, as requested, barracks at the new standard will be funded for 70 percent of our permanent party soldiers. Our plan is to invest between fiscal years 2002 and 2008 an additional $4.4 billion in MCA and host nation funds, supplemented by $0.6 billion in Real Property Maintenance (RPM) to fix barracks worldwide to meet our goal of providing improved living conditions to our single soldiers. Between fiscal year 1994 and fiscal year 2000, we invested $3.5 billion from all sources to improve the well being of our single soldiers. While we are making considerable progress on installations in the United States, we will need to significantly increase funding for Germany and Korea in future programs. Because a higher proportion of soldiers assigned overseas require barracks space than those stationed in the United States, 42 percent of our total barracks requirement is to house soldiers assigned to Europe and Korea. For the past several years the overseas regions have been funded at lower levels than United States installations; therefore, approximately half of the remaining modernization effort is required in these areas.

This substantial effort with significant funding in later years keeps our barracks program on track to build new or renovate all barracks to the 1+1 or equivalent construction standard worldwide by 2008. Barracks conditions in Korea are considered the worst in the Army because we are forced to assign soldiers to Quonsets, H-relocatables or force them to live off-post. Thus, Korea is currently using a modified 2+2 standard which incorporates the same amenities but expedites getting soldiers into quality facilities.

Other well being projects.—To improve the barracks for our new Army recruits, we are requesting appropriations and authorization of appropriations of $38,600,000, along with full authorization of $61,200,000, for the first phase of a basic trainee complex at Fort Leonard Wood. In addition, we are requesting a project to improve the housing for unaccompanied personnel at Kwajalein Atoll.

Our budget also includes construction of a new child development center in Kaiserslautern to replace the failing facility supporting the Landstuhl Hospital. We are requesting appropriations, authorization and authorization of appropriations of $3,400,000 for this project.

SUPPORT PROGRAMS

This category of construction projects provides vital support to installations and helps improve their readiness capabilities. In our budget, we have requested 12 projects with appropriations and authorization of appropriations of $119,032,000, and with an authorization request of $81,180,000.

Our budget completes the Digital Multi-purpose Training Range at Fort Knox that will improve training of both our active forces as well as the reserve components. This project was authorized by Congress in fiscal year 1999. We are continuing our range modernization program by requesting appropriations and authorization of appropriations for Phase 1 of the Digital Multi-purpose Training Range at Fort Hood for $16,000,000, along with the request for full authorization of $26,000,000.

Phase 2a of the United States Military Academy Cadet Physical Development Center, begun in fiscal year 1999, is also included. We are requesting appropriations and authorization of appropriations of $13,600,000 for this phase. The entire project was authorized in fiscal year 1999.

The budget includes three projects to meet the Army's goal to get out of leased space. The construction of two military entrance processing stations at the Defense Supply Center, Columbus, Ohio, and at the Defense Distribution Center, Pennsylvania, and of the Space and Missile Defense Command Building at Redstone Arsenal will permit us to vacate costly leased facilities.

With Phase 2 of the Consolidated Soldier Support Center at Fort Drum, we are completing a project that was authorized and begun in fiscal year 2000. The Chemical Defense Qualification Facility at Pine Bluff Arsenal was also authorized in fiscal year 2000 and we are requesting funding for construction in this budget.

Additional projects in the budget include a Central Vehicle Wash Facility at Fort Richardson, a Field Operations Facility at Fort Huachuca, an Academic Research Facility at Carlisle Barracks, and a classified project.

AMMUNITION DEMILITARIZATION

The Ammunition Demilitarization (Chemical Weapons Demilitarization) Program is designed to destroy the U.S. inventory of lethal chemical agents, munitions, and related (non-stock-piled) materiel. It also provides for emergency response capabilities, while avoiding future risks and costs associated with the continued storage of chemical warfare materiel.

The Office of the Secretary of Defense devolved the Chemical Demilitarization program to the Department of the Army in fiscal year 1999. Although Congress authorized and appropriated funding for the fiscal year 2000 Chemical Demilitarization construction program to the Department of Defense, the overall responsibility for the program remains with the Army and we have included it in this year's Army budget.

We are requesting appropriations, authorization and authorization of appropriations of $3,100,000 to construct a Munitions Assessment/Processing System Facility to provide a safe, controlled environment for the treatment and disposal of unexploded ordnance. An appropriations and authorization of appropriations request for $172,300,000 is included in the Army's fiscal year 2001 budget to continue the Chemical Demilitarization projects previously authorized. An advance appropriation of $304,540,000 is requested to complete these projects. Table 1 summarizes our request:

Table 1

[Fiscal Year 2001]

Installation/Type	*Amount*
Aberdeen Proving Ground, MD/Ammun Demil Facility	$45,700,000
Aberdeen Proving Ground, MD/Munitions Assess System Facility	3,100,000
Blue Grass Army Depot, KY/Ammun Demil Facility	8,500,000
Newport Army Depot, IN/Ammun Demil Facility	54,400,000
Pine Bluff Army Depot, AR/Ammun Demil Facility	43,600,000
Pueblo Army Depot, CO/Ammun Demil Facility	10,700,000
Umatilla Army Depot, OR Ammun Demil Facility	9,400,000
Total	175,400,000

The destruction of the U.S. stockpile of chemical weapons by the 2007 deadline in the Chemical Weapons Convention is a major priority of the Army, DOD and the Administration. The MILCON funding for the chemical weapons destruction facilities is essential to achieving that goal.

PLANNING AND DESIGN

The fiscal year 2001 MCA budget includes $72,106,000 for planning and design. This request is based on the size of the two succeeding fiscal years' military construction programs. The size of the fiscal year 2001 request is, therefore, a function of the construction programs for two fiscal years. The requested amount will be used to complete design on fiscal year 2002 projects and initiate design of fiscal year 2003 projects.

Host Nation Support (HNS) Planning and Design (P&D).—The Army, as Executive Agent, provides HNS P&D for oversight of Host Nation funded design and construction projects. The United States Army Corps of Engineers oversees the design and construction to ensure the facilities meet our requirements and standards. Lack

of oversight may result in an increase in design errors and construction deficiencies that will require United States dollars to rectify. Maintaining the funding level for this mission results in a payback where one dollar of United States funding gains $60 worth of Host Nation Construction. The fiscal year 2001 budget request for $22,600,000 will provide oversight for approximately $1 billion of construction in Japan, $50 million in Korea and $50 million in Europe. The budget includes $3,100,000, which is dedicated to the oversight of facilities associated with the Government of Japan funded initiative to consolidate and relocate United States Forces on Okinawa.

Let me show you the analysis of our fiscal year 2001 MCA request.

BUDGET REQUEST ANALYSIS

Summary: The fiscal year 2001 MCA budget includes a request for appropriations of $897,938,000 and companion request for authorization of appropriations of $897,938,000.

Authorization Request.—The request for authorization is $688,988,000. The authorization request is adjusted for those projects previously authorized in fiscal years 1998, 1999 and 2000. These projects include Phase 2 of the West Point Cadet Physical Development Center, Phase 3 of the Fort Knox Digital Multi-purpose Training Range, and the remainder of the Whole Barracks Renewal Complex at Fort Campbell, Fort Benning, Fort Riley, Fort Stewart, and the second increment at Fort Bragg and Schofield Barracks. Additionally, it is modified to provide full authorization of $296,800,000 for the Fort Leonard Wood Basic Training Complex, two new barracks complexes at Fort Bragg, and the Multi-purpose Digital Training Range at Fort Hood. Only $126,200,000 in appropriations is required for the first phases of these projects.

The fiscal year 2001 request for appropriations and authorization for fiscal year 2001, by investment focus, is shown in Table 2:

TABLE 2.—INVESTMENT FOCUS—FISCAL YEAR 2001

[Dollars in thousands]

Category	Authorization	Appropriations	Percent Appropriation
Well Being/Barracks	$427,700	$426,500	47.5
Mission/Strategic Mobility	67,300	67,300	7.5
Support	81,182	119,032	13.3
Planning & Design/Minor Construction	109,706	109,706	12.2
Subtotal Army MILCON	685,888	722,538	80.5
Chemical Demilitarization	3,100	175,400	19.5
Total Program	688,988	897,938	100.0

Table 3 shows the fiscal year 2001 distribution of the appropriations request among the Army's major commands:

TABLE 3.—COMMAND SUMMARY—MILITARY CONSTRUCTION ARMY—FISCAL YEAR 2001

[Dollars in thousands]

Command	Appropriations	Percent of Total
Inside the United States:		
Forces Command	$306,100	34.1
Training & Doctrine Command	57,550	6.4
Army Materiel Command	191,700	21.3
Military Entrance Processing Command	5,532	0.6
Military Traffic Management Command	2,300	0.3
United States Military Academy	13,600	1.5
Intelligence and Security Command	1,250	0.1
Space & Missile Defense Command	23,400	2.6

TABLE 3.—COMMAND SUMMARY—MILITARY CONSTRUCTION ARMY—FISCAL YEAR 2001—Continued

[Dollars in thousands]

Command	Appropriations	Percent of Total
United States Army, Pacific	93,200	10.4
Classified Project	11,500	1.3
Subtotal	706,132	78.6
Outside the United States:		
Space & Missile Defense Command	18,000	2.0
Eighth, United States Army	33,700	3.8
United States Army, Europe	30,400	3.4
Subtotal	82,100	9.2
Total Major Construction	788,2328	7.8
Worldwide:		
Planning and Design	94,706	10.5
Minor Construction	15,000	1.7
Subtotal	109,706	12.2
Total Appropriations Requested	897,938	100.0

Now, I will explain our Army Family Housing request.

ARMY FAMILY HOUSING

No single program is more important than adequate housing for soldiers and families. The family housing program provides a major incentive necessary for attracting and retaining dedicated individuals to serve in the Army. Adequate housing continues to be the number one soldier concern when we ask them about their well being. Maintaining or finding adequate, quality housing for our soldiers and families is one of the Army's continuing challenges. The Secretary of Defense has announced an initiative to eliminate service members' out-of-pocket costs for off-base housing in the United States. This action will reduce service members' costs for housing from approximately 19 percent in 2000 to 15 percent in 2001, with continued reductions each year thereafter, eliminating those out-of-pocket costs entirely by 2005.

DOD has set a goal to eliminate inadequate family housing by 2010. Currently, 78 percent of our housing is inadequate—needing either replacement, major renovation or repair. The Army's unfunded bill to meet the DOD goal is $4.9 billion.

The Army plans to utilize privatization authorities granted in the 1996 MHPI to help meet the DOD goal. Fort Carson, Colorado, is the Army's first privatization project. The contract was awarded in September 1999, and the developer assumed operational control of the existing housing in November 1999. Under this contract, the developer will renovate all existing base housing and construct 840 additional units within a five year period. Soldiers' rent will be capped at their Basic Allowance for Housing (BAH).

Three pilot projects are being developed under the Residential Communities Initiative (RCI) and solicited using a Request for Qualifications (RFQ) process. The pilot sites are Fort Hood, Texas; Fort Lewis, Washington; and Fort Meade, Maryland. The RFQ process is a concept well proven in industry and government. It allows the Government to select a private housing and community developer based on each firm's qualifications and experience; to jointly develop a Community Development and Management Plan; and to negotiate an agreement with the developer to implement that plan. This process is faster, less costly for developers to compete, and provides more flexibility to develop projects that better meet the needs of all concerned parties. Throughout the RFQ process, the emphasis is on partnering with the private entity to develop residential communities in consultation with all "stakeholders" including the Congress.

Fort Hood is the first RCI project being solicited under the RFQ process and an award is expected early this year. The Fort Lewis RFQ was issued in December 1999, and we expect to issue the Fort Meade RFQ in April 2000.

In summary, to meet DOD's goal in the 50 states, the Army plans to use a combination of traditional MILCON, BAH increases, and privatization initiatives. To this end, the Army supports extending the MHPI legislation beyond the February 2001 expiration. In Europe and Korea, we intend to reach the goal by funding AFH programs and revitalizing inadequate housing through traditional means and by returning unneeded units to host nations.

Our fiscal year 2001 request for appropriations, authorization, and authorization of appropriations is $1,140,381,000. Table 4 summarizes each of the categories of the Army Family Housing program.

TABLE 4.—ARMY FAMILY HOUSING—FISCAL YEAR 2001

[Dollars in thousands]

Facility Category	Authorization		Appropriations	
	Amount	Percentage	Amount	Percentage
New Construction	$91,974	8	$91,974	8
Post Acquisition Construction	63,590	6	63,590	6
Planning and Design	6,542	1	6,542	1
Operations	180,370	16	180,370	16
Utilities	198,101	17		
Planning and Design	6,542	<1	6,542	<1
Operations	180,370	16	180,370	16
Utilities	198,101	17	198,101	17
Maintenance	397,792	35	397,792	35
Leasing	202,011	18	202,011	18
Debt	1	<1	1	<1
Total	1,140,381		1,140,381	

FAMILY HOUSING CONSTRUCTION

The fiscal year 2001 request continues the Whole Neighborhood Revitalization (WNR) initiative approved by Congress in fiscal year 1992 and supported consistently since that time. This successful approach addresses the entire living environment of the military family. The projects are based on life-cycle economic analyses and will provide units that meet adequacy standards.

New construction.—The fiscal year 2001 new construction program provides WNR projects that replace 462 units at five locations. Replacement construction provides adequate facilities where there is a continuing requirement for the housing and it is not economical to renovate. Since existing housing will be demolished, there is no increase to our inventory. New construction projects are requested at 2 locations: Fort Jackson (1 unit), where an additional GFOQ is required to support mission requirements; and at Camp Humphreys, Korea, (60 units), where adequate off post family housing is not available and no on post family housing exists. These units serve command sponsored personnel living in substandard, off post quarters and those personnel who are unaccompanied due to a lack of adequate family housing on or off post. All of these projects are supported by housing surveys which show that adequate and affordable units are not available in the local community.

Post acquisition construction.—The Post Acquisition Construction Program is an integral part of our housing revitalization program. In fiscal year 2001, we are requesting funds for improvements to 770 units at 4 locations in the United States, 4 locations in Europe, and 1 GFOQ in Korea. Included within the scope of these projects are efforts to improve supporting infrastructure and energy conservation, and to eliminate environmental hazards.

OPERATIONS AND MAINTENANCE

The operations, utilities, maintenance and leasing programs comprise the majority of the fiscal year 2001 request. The requested amount of $978,275,000 for fiscal year 2001 is approximately 86 percent of the total family housing budget. This budget provides for the Army's annual expenditures for operations, municipal-type services,

furnishings, maintenance and repair, and utilities. The family housing utilities' request reflects our success in reducing energy consumption.

LEASING

The leasing program provides another way of adequately housing our military families. We are requesting $202,011,000 in fiscal year 2001 to fund existing Section 2835 project requirements, temporary domestic leases in the United States, and approximately 10,000 units overseas. As part of its role as executive agent for SOUTHCOM, the Army submitted a legislative proposal to raise the congressional cap for 8 leased family housing units in Miami from $280,000 to $400,000, due to rising costs.

REAL PROPERTY MAINTENANCE

In addition to MCA and AFH, the third area in the facilities arena is the Real Property Maintenance (RPM) program. RPM is the primary account in installation base support funding responsible to maintain the infrastructure to achieve a successful readiness posture for the Army's fighting force. Installations are the power projection platforms of America's Army and must be properly maintained to be ready to support current Army missions and any future deployments.

RPM consists of two major functional areas: (1) Maintenance and Repair of Real Property and (2) Minor Construction. The Maintenance and Repair of Real Property account pays to repair and maintain buildings, structures, roads and grounds, and utilities systems. The Minor Construction account pays for projects under $500,000 for the erection, installation or assembly of a new facility, and for the addition, expansion or alteration of an existing facility. It also funds projects under $1 million which are intended solely to correct a life, health or safety deficiency. The Operation and Maintenance, Army (OMA) RPM funding is $1,429,000,000 in fiscal year 2001.

Within the RPM program, there are two areas to highlight: (1) our Barracks Upgrade Program (BUP) and (2) the Long Range Utilities Strategy. At the completion of the fiscal year 2001 program, as requested, we will have funded adequate housing to meet or approximate the DOD 1+1 barracks standard for 70 percent of our soldiers. The fiscal year 2002–2008 Military Construction program will provide barracks for another 21 percent of eligible soldiers. We will use RPM resources to renovate barracks to an approximate DOD 1+1 standard for the remaining 9 percent of barracks residents. In fiscal year 2000, Congress provided Army an additional $77 million in Quality of Life Enhancements, Defense (QOLE,D) funding for repair of facilities key to improving the well being of our soldiers. We allocated these funds to bring more of our gang latrine barracks and VOLAR era barracks in the United States to an approximate 1+1 standard. The Army is committing an average of about $150 million per year in RPM to continue the efforts to upgrade our single soldier's well being. The Barracks Upgrade Program, when combined with the Military Construction, Army Whole Barracks Renewal program, has reduced significantly the time required to improve the living conditions of our single soldiers. We expect that all barracks for permanent party soldiers will have been revitalized or replaced by the year 2008.

The second area to highlight within the RPM program is our Long Range Utilities Strategy to provide reliable and efficient utility services at our installations. Privatization or outsourcing of utilities is the first part of our strategy. All Army-owned electrical, natural gas, water, and wastewater systems are being evaluated to determine the feasibility of privatization. When privatization appears economical, we use competitive contracting procedures as much as possible. We have successfully privatized several utility systems on Army installations. The electrical distribution system on Fort Benning, Georgia, was privatized and transferred to a traditional electrical utility provider. The water and wastewater systems at Aberdeen Proving Ground were privatized and transferred to a municipal utility provider. Of the 320 Army systems available for privatization, 11 have been awarded, 34 have been exempt, and the remaining are in the study or procurement phase. The second part of the strategy is the utilities modernization program. We are upgrading utility systems that are not viable candidates to be privatized, such as central heating plants and distribution systems. We have executed approximately $105,000,000 in utility modernization projects in fiscal years 1998 and 1999 and in future years we plan to accomplish $180,000,000 in additional projects. Together, privatizing and modernizing utility systems will provide reliable and safe systems.

While we are making progress in upgrading barracks and improving utility services, the basic maintenance and repair of Army facilities is funded at only 69 percent of the OMA requirement in fiscal year 2001. At the current funding levels, Army commanders will only be able to fix what breaks. The Installation Status Re-

port shows Army facilities are rated C–3 (not fully mission capable) due to years of under-funding. At the end of fiscal year 1999, 25 percent of the Army's facilities were "red"—unsatisfactory; 46 percent were "amber"—marginal; and only 29 percent were "green"—good.

HOMEOWNERS ASSISTANCE FUND, DEFENSE

The Army is the executive agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. For fiscal year 2001, there is no request for authorization of appropriations and appropriations. Requirements for the program will be funded from prior year carryover, revenue from sale of homes, and anticipated authority to transfer monies from the Base Realignment and Closure Account. Assistance will be provided to personnel at approximately 11 installations that are impacted with either a base closure or a realignment of personnel, resulting in adverse economic effects on local communities.

SUMMARY

Mr. Chairman, our fiscal year 2001 budget is a balanced program that permits us to execute our construction programs; provides for the military construction required to improve our readiness posture; and provides for family housing leasing, operation and maintenance of the non-privatized inventory, and privatization of approximately 13,000 units through fiscal year 2000. This request is part of the total Army budget request that is strategically balanced to support both the readiness of the force and the well being of our personnel. Our long-term strategy can only be accomplished through balanced funding, divestiture of excess capacity and improvements in management. We will continue to streamline, consolidate and establish community partnerships that generate resources for infrastructure improvements and continuance of services.

The fiscal year 2001 request is for appropriations of $2,038,319,000 for Military Construction, Army and Army Family Housing. Also requested is an advance appropriation of $304,540,000. The companion request for authorization is $1,829,369,000 and authorization of appropriations of $2,038,319,000. Further, the program continues to test the housing privatization program in the United States, while continuing a family housing construction program for our worst locations in the United States, as well as in Europe and Korea. Thank you for your continued support for Army facilities funding.

PART II—MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

Next, I will present the Army National Guard's Military Construction Program for fiscal year 2001.

The program presented requests fiscal year 2001 appropriations, authorization, and authorization of appropriations of $59,130,000 for military construction, Army National Guard.

The Army National Guard is America's community based, dual-use reserve force. They have missions across the spectrum of contingencies, and are structured and resourced to accomplish State and Federal missions when called. Army National Guardsmen are trained citizen-soldiers, committed to preserving the timeless traditions and values of service to our Nation and communities, and, by statute, an integral part of the first line defense of the United States. The National Guard is balanced and ready. It is manned with over 357,000 quality soldiers in over 2,500 communities nationwide.

Great reliance has been placed on this community based component of America's Army. The Army National Guard has been fully engaged in joint operational support, host nation support, military-to-military contact with emerging democracies, and preventive deterrence to hedge against aggression. During the course of the year, 1,900 Army National Guard (ARNG) soldiers supported efforts under the auspices of Operation JOINT FORGE (Bosnia), Operation JOINT GUARDIAN (Kosovo) and Operation SOUTHERN WATCH (Kuwait/Saudi Arabia). The Army National Guard's equally vital role is providing assistance and support to our 54 States and Territories during domestic and community support missions. Local governments in 44 States requested emergency support through their State Governments a total of 267 times in fiscal year 1999. The Army National Guard provided over 281,000 soldier man-days in response to these requirements to meet the critical support needs in local communities.

FACILITIES STRATEGY

The goal of the Army National Guard is to provide state-of-the-art, environmentally sound, community based power projection platforms that integrate all functions required to sustain and enhance unit readiness and community support. Our objective is to maximize the number of units that are manned, trained, equipped, resourced and ready for Federal as well as State and/or domestic missions.

In order to improve on the Federal side, the Active Component (AC) and Army National Guard (ARNG) are in the process of forming two AC/ARNG Integrated Divisions, Division Teaming developments and the AC/ARNG command exchange initiative. In addition, the ARNG is participating in an Army Division Redesign Study (ADRS) to better provide needed forces to the commanders-in-chief (CINCs). ADRS will convert ARNG combat force structure to combat support/combat service support forces that are needed by the Army to implement the National Military Strategy. With this change of mission, the ARNG will have to alter many of our facilities to be able to meet the needs of our new charge.

As an Army partner, one of the Army National Guard's strategies is to follow a rigorous and disciplined process to establish priorities for military construction requirements using Army standards. One such tool is the real property development plan (RPDP). RPDP is being adopted by an additional 12 States in fiscal year 2000 bringing the total to 42. This planning tool is providing the States with a decision making guide for long-range acquisition, utilization, and development of real property. By 2001, all 54 States and Territories will have started their Development Plans.

The Army National Guard needs to ensure that it continues to provide the forces needed to meet the needs of the community, the Army, and the Nation. One way to support this necessity is to possess quality facilities. To reach this objective, we are designing, operating and maintaining our facilities using private sector business practices, 21st Century technologies, and commercial off-the-shelf facilities software.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)

Within our military construction request, we focus on five investment areas: training site modernization, readiness centers, Army National Guard Division Redesign Study (ADRS) projects, minor construction, and planning and design. These projects are mission focused and are centered on the well being of our soldiers.

MISSION FACILITIES

In fiscal year 2001, there are 28 mission facility projects. The amount of $52,630,000 will be used to construct these facilities. Essential mission facilities include several initiatives such as maintenance support shops, readiness centers and a training site complex.

Training Site Modernization.—Fiscal year 2001 continues the process of adapting existing State operated training sites to training strategies for the 21st Century. We have included a Regional Training Institute at Fort Bragg, North Carolina, to our training site modernization program. This complex will replace several World War II barracks that are now used. The Training Institute will include a Soldier Development Center, a Long Distance Learning Center, and a Synthetic Theater of War Range Training Facility, and will serve as the headquarters of the Combat Arms Brigade of the Total Army School System (TASS) Region C.

Readiness Centers.—We have included in our fiscal year 2001 budget request five readiness centers: Mankato, Minnesota; Hancock Field, New York; Baker City, Oregon; and Bremerton and Yakima, Washington. Mankato, Hancock Field, Baker City and Bremerton readiness centers will replace facilities built from 1913 to 1954. The 287 person facility at Yakima will replace a 180 person tank armed forces reserve center.

Maintenance Support Shops.—As a part of the ADRS initiative, we have included 22 organization maintenance shops for addition/alteration. Sites in California, Indiana, Kansas, Michigan, Montana, and Nebraska have been selected to begin the conversion process. These projects are essential for the units to successfully maintain the additional heavy equipment they will receive during ADRS phase I.

BUDGET REQUEST ANALYSIS

This MCNG budget request includes a request for appropriations, authorization and authorization of appropriations of $59,130,000 for fiscal year 2001.

The fiscal year 2001 request, by investment focus, is shown in Table 5:

TABLE 5.—INVESTMENT FOCUS—FISCAL YEAR 2001

[Dollars in thousands]

Category	Authorization	Appropriations	Percent Appropriations
Maintenance Support Shops	$22,972	$22,972	38.9
Readiness Centers	20,922	20,922	35.4
Training Site Facilities	8,709	8,709	14.7
Minor Construction	2,295	2,295	3.9
Planning and Design	4,232	4,232	7.1
Total Program	59,130	59,130	100.0

Table 6 shows the fiscal year 2001 distribution of the request among the 54 States and Territories:

TABLE 6.—MILITARY CONSTRUCTION ARMY NATIONAL GUARD—FISCAL YEAR 2001

[Dollars in thousands]

Location	Project Title	Appropriations	Percent of Total
Mankato, MN	Readiness Center	$4,681	7.9
Fort Bragg, NC	Educational Training Facility.	8,709	14.7
Hancock Field, NY	Readiness Center	5,376	9.1
Baker City, OR	Readiness Center	3,122	5.3
Bremerton, WA	Readiness Center	2,639	4.5
Yakima, WA	Readiness Center	5,104	8.6
CA, IN, KS, MI, MT, NE	ADRS-Organizational Maintenance Shops add/alt.	22,972	38.8
Various	Planning and Design	4,232	7.2
Various	Minor Construction	2,295	3.9
Total Appropriations Requested		59,130	100.0

REAL PROPERTY MAINTENANCE

The States will continue to prudently manage their existing facilities, despite the challenges of age and shrinking real property support funding. They are committed to executing the programs you authorize as expeditiously and as efficiently as possible. Facilities built during the last decade have played major roles in meeting force structure changes, accomplishing quality training, maintaining readiness, and improving soldier well being.

The operation and maintenance of our physical plant is an issue of concern. The replacement value of all National Guard facilities is over $19 billion. Their average age is over 35 years. States take care of these facilities, using the limited resources in Real Property Maintenance accounts, as authorized and appropriated by Congress.

They do so, however, in a way appropriate to their unique Federal/State status. The National Guard Bureau does not own, operate or maintain these facilities. The States and Territories perform these functions. The National Guard Bureau transfers to the States money that Congress authorizes and appropriates for this purpose. This money supports critical training, aviation and logistical facilities. For almost half of these facilities, the States and Territories must contribute at least 25 percent of operations and repair costs.

The States and Territories then pay the utility bills, hire those reimbursed employees necessary to operate and maintain these facilities, buy the supplies necessary for operations and maintenance, and contract for renovation and construction projects. They also lease facilities when required. The Construction and Facilities Management Offices are making a herculean effort to operate and maintain all National Guard facilities.

SUMMARY

The fiscal year 2001 request for appropriations, authorization, and authorization of appropriations is $59,130,000.

The National Guard is a critical part of America's Army. Today's challenges are not insurmountable and the National Guard will continue to provide the best facilities with the resources made available. As we look forward to another successful year in Army National Guard Military Construction, we thank you for your continued support of our program.

PART III—MILITARY CONSTRUCTION, ARMY RESERVE

It is now my privilege to present the Army Reserve's military construction budget request for fiscal year 2001. This budget provides essential military construction resources to address the Army Reserve's highest priority projects, and it will allow the Army Reserve to continue to operate in a resource constrained environment. Like all of America's Army Reserve programs, the military construction will focus on Resources to Readiness.

The program presented requests $81,713,000 for appropriations, authorization, and authorization of appropriations for fiscal year 2001.

The Army Reserve, which is on duty in 65 countries around the world, is an integral part of, and an essential and relevant partner in, America's Army. This fact is clearly evidenced by the Army Reserve units and personnel who comprise 68 percent of the Army Reserve Component Forces serving in Operation Joint Forge. In addition to relying on Reserve forces to deploy and support major worldwide contingencies and warfighting, the Army is increasingly dependent on its Army Reserve for support of a wide variety of daily, ongoing missions at home and abroad during peacetime, including an expanding role in commanding and controlling Army installations and providing regional base operations support. Those missions include the provision of trained and ready combat support/combat service support units to rapidly mobilize and deploy; providing trained and ready individual soldiers to augment the Army; and projecting the Army any time to any place to achieve victory. Army Reserve units and soldiers will continue to respond to national security needs and domestic missions that face our nation. To ensure readiness, we must have the minimum essential facilities resources in which to train, support, and sustain our forces.

FACILITIES STRATEGY

The organization, roles, and missions of the Army Reserve dictate the need for a widely dispersed inventory of facilities. It provides a military linkage in 1,315 communities throughout America, its territories, and overseas locations. Those facilities have an average age of about 37 years. The six Army Reserve operated installations have an average age of facilities of about 48 years. The Army Reserve military construction strategy relies on its demonstrated capability to convert the precious resources authorized and appropriated by Congress into quality facilities that support the readiness of soldiers and units. Since 1981, the Army Reserve has executed more than 300 military construction projects that represent a $1.3 billion investment by the Nation.

To effectively carry out its stewardship responsibilities toward the facilities inventory, the Army Reserve has adopted priorities and strategies that guide the application of resources focused on readiness. The essence of our program is straightforward: provide essential facilities to improve readiness and well being for our personnel; preserve and enhance the Army's image across America; and conserve and protect the facilities resources for which we are responsible. Our priorities are: (1) provide critical mission needs of Force Support Package units; (2) address the worst cases of facilities deterioration and overcrowding; (3) pursue modernization of the total facilities inventory; and (4) carefully manage Reserve operated installations. Our strategy for managing the Army Reserve infrastructure in a resource constrained environment rests on four fundamentals: eliminate leases when economical; dispose of excess facilities; consolidate units into the best available facilities; and use the new Modular Design System (MDS) to achieve long term savings in construction and design costs.

Significant benefits have been realized from Base Realignment and Closure (BRAC). The Army Reserve acquired facilities from all Services that offset military construction requirements. The facilities acquired through BRAC provided a military construction cost avoidance of $123,300,000. Other facilities acquired through the BRAC process permitted the Army Reserve to relocate units from leased property to quality, Government owned centers. That effort allowed the Army Reserve to reduce its lease costs by $6,070,000.

PROGRAM HIGHLIGHTS

Readiness.—Army Reserve construction program requirements are quite different from those of the Active Army. Army Reserve forces are community based, not installation based, requiring that forces and facilities be dispersed in hundreds of cities and towns across the Nation. This dispersion of forces and facilities reduces the opportunities for regional consolidation and wholesale reductions in facilities inventory. Facilities must be located in the communities where soldiers live and where their units are based. They must be sufficient to meet the readiness training requirements of the units stationed in them. Reserve facilities serve as locally based extensions of the Army's power projection platforms by providing essential and cost effective places to conduct training, maintenance, storage of contingency equipment and supplies, and preparation for mobilization and deployment that simply cannot be accomplished elsewhere. The Reserve operated installations support mission essential training for thousands of soldiers each year.

Well being.—Quality, well maintained facilities provide Army Reserve units with the means to conduct necessary individual and collective training; to perform operator and unit maintenance on vehicles and equipment; and to secure, store, and care for organizational supplies and equipment. These facilities also provide other important benefits. Fully functional and well maintained training centers have a positive impact on recruiting and retention, unit morale, and the readiness of the full time support personnel who work in the facilities on a daily basis. In addition to supporting the well being of units and support staffs, Reserve facilities project an important and lasting image of America's Army in the local community.

Modernization.—The plant replacement value (PRV) of Army Reserve facilities and installations is approximately $10.6 billion. The budget request for fiscal year 2001 addresses the Army Reserve's highest priorities for modernizing and revitalizing the inventory and for providing new facilities in response to new and changing missions.

Installations and base support.—The Army Reserve continues to undergo significant change as America's Army continues to shape itself for the 21st Century. One of these changes is the growing mission to command and control its six installations, all of them former Active Component installations. These installations serve as high quality, regional training sites for forces of both the Reserve and Active Components of the Army, as well as the other Services; provide sites for specialized training; and offer a variety of supporting facilities. To fulfill this important mission, we must be able to fund projects that support critical training, mobilization, and quality of life requirements at the installations. The Army Reserve continues to support the Army's strategic mobility platforms. Those projects directly support training and readiness of the force, and environmental stewardship. The Army Reserve is also assuming greater responsibilities nationwide in managing base support operations and facilities engineering activities, using the command, control, and management capabilities of its Regional Support Commands. This mission reinforces the Army Reserve's relevance and value to the total Army as a provider of combat service support and other essential infrastructure support in both peacetime and wartime.

BUDGET REQUEST ANALYSIS

The fiscal year 2001 Military Construction, Army Reserve (MCAR) budget request for appropriations, authorization, and authorization of appropriations is $81,713,000. It reflects the realities of maintaining near term force readiness and still meeting critical requirements for military construction that directly supports that readiness. The MCAR appropriation includes three categories of funding: Major Construction, Minor Construction, and Planning and Design. Table 7 summarizes each of the categories of the Military Construction, Army Reserve program.

TABLE 7.—INVESTMENT FOCUS—FISCAL YEAR 2001

[Dollars in thousands]

Category	Authorization	Appropriations	Percent Appropriation
Major Construction	$73,396	$73,396	89.9
Unspecified Minor Const	1,917	1,917	2.3
Planning and Design	6,400	6,400	7.8
Total Program	81,713	81,713	100.0

Real Property Maintenance (RPM).—Another important issue that is directly linked to the Army Reserve's overall ability to be good stewards of its facilities and installations, is that of funding for real property maintenance (RPM). Although provided separately by the Operation and Maintenance Army Reserve (OMAR) appropriation, these funds complement military construction (MILCON) funds to round out the Army Reserve's total resources to manage its facilities inventory. Long term resource constraints in both military construction and real property maintenance have a combined effect of increasing the rates of aging and deterioration of our valuable facilities and infrastructure. Historically, the budget has provided RPM resources to only fund the most critical maintenance and repair needs. The fiscal year 2001 budget includes $114,704,000 for RPM which funds 74 percent of Army Reserve real property maintenance requirements. We solicit your support of real property maintenance as an essential adjunct of construction.

SUMMARY

As the national military strategy has changed to meet the challenges of the next century, the Army Reserve will grow in its importance and relevance in the execution of that strategy. The men and women of the Army Reserve have consistently demonstrated that they can respond to the missions and challenges assigned to them. Our Reserve facilities and installations are valuable resources that support force readiness and power projection while serving as highly visible links between America's Army and America itself. This budget provides essential military construction resources to address the Army Reserve's highest priority projects, and it will allow the Army Reserve to continue to successfully operate in a resource constrained environment. Like all of America's Army Reserve programs, the military construction will focus Resources to Readiness.

The fiscal year 2001 request for appropriations, authorization, and authorization of appropriations is $81,713,000 for Military Construction, Army Reserve. We are grateful to the Congress and the Nation for the support you have given and continue to give to the Army Reserve and our most valuable resource, our soldiers.

PART IV—BASE REALIGNMENT AND CLOSURE (BRAC)

Our facilities strategy strives to meet the needs of today's soldiers while also focusing on the changes required to support the Army of the 21st Century. We are requesting appropriations and authorization of appropriations of $303,000,000. This budget represents the Army's final budget required to implement the first four rounds of BRAC closure and realignment actions. In fiscal year 2000, the Army is saving $911 million and will save $944 million annually upon completion of these first 4 rounds of BRAC. Although these savings are substantial, we need to achieve even more, and bring our infrastructure assets in line with projected needs. We must reduce the total cost required to support our facilities and manage and maintain our real property inventory. BRAC has significant investment costs, but the results bring to the Army modern and efficient facilities at the remaining installations. The resulting savings are critical to modernization, sustainment, and infrastructure improvements. Therefore, the Army supports additional rounds of BRAC in fiscal years 2003 and 2005.

The BRAC process has proven to be the only viable method to identify and dispose of excess facilities. The Army is in the process of closing 112 installations and realigning an additional 26 as a result of the first four rounds of BRAC. We are now in the final 2 years of the 13 year process to implement these first four rounds. By implementing BRAC, the Army is complying with the law, while saving money that would otherwise support unneeded overhead. These closed assets are now available for productive reuse in the private sector.

BRAC savings do not come immediately because of the up front costs for implementation and the time it takes to close and dispose of property. The resulting savings are not as substantial as originally anticipated because potential land, facilities and equipment revenues are being made available to support local economic opportunities that create jobs and expand the tax base. Environmental costs are significant and are being funded up front to facilitate economic revitalization. The remaining challenges that lie ahead in implementing the final round, BRAC 95, ahead of schedule include cleaning up contaminated property, disposing of property at closed bases, and assisting communities with reuse.

The fiscal year 2001 budget includes the resources required to continue environmental cleanup of BRAC properties. These efforts will make 10,767 acres of property available for reuse in fiscal year 2001 and complete restoration activities at 10 additional locations. This budget includes the resources required to support projected

reuse in the near term and to continue with current projects to protect human health and the environment.

The Army is accelerating all BRAC actions to obtain savings and return assets to the private sector, as quickly as available resources will allow. In 2000, the Army plans to close East Fort Baker, California, and realign the Kelly Support Center, Pennsylvania. These actions will nearly complete all planned closure actions with only 3 remaining for fiscal year 2001: Savanna Army Depot, Seneca Army Depot and Information Systems Support Command leased space.

The President's Five Part Community Reinvestment Program, announced on July 2, 1993, and the recent No Cost Economic Development (EDC) authority in the fiscal year 2000 National Defense Authorization Act speeds economic recovery of communities where military bases are closing by investing in people, investing in industry and investing in communities. The Army is making its bases available more quickly for economic redevelopment because of the additional authorities we now have. The Army is also processing 9 recently submitted EDC proposals from local communities. The EDC proposals are from Bayonne Military Ocean Terminal, Personnel Support Center in Philadelphia, Defense Depot Memphis, Fort Chaffee, Fort Ord, Fort Pickett, Fort Ritchie, Savanna Army Depot and Sierra Army Depot. These actions help local communities create new private sector jobs and lessen the impact of the base closure actions.

BASE REALIGNMENT AND CLOSURE—OVERSEAS

Although the extensive overseas closures do not receive the same level of public attention as those in the United States, they represent the fundamental shift from a forward-deployed force to one relying upon overseas presence and power projection. Without the need for a Commission, we are closing about 7 of 10 overseas sites in Europe, where we are reducing the number of installations by 68 percent. Reductions in infrastructure roughly parallel troop reductions of 70 percent. In Korea, the number of installations is dropping 20 percent.

On September 18, 1990, the Secretary of Defense announced the first round of overseas bases to be returned. Since that time, there have been a total of 24 announcements. As of December 31, 1999, the United States withdrew all military forces from the Republic of Panama and transferred all facilities. The total number of overseas sites announced for closure or partial closure is 702 (see Table 8).

Table 8

	Installations
Germany	585
Korea	30
France	24
Panama	13
Netherlands	23
Turkey	5
United Kingdom	5
Greece	8
Italy	6
Belgium	3

Additional announcements will occur until the base structure matches the force identified to meet United States commitments.

Most of the 188 million square feet (MSF) of overseas reductions are in Europe, where we are returning over 600 sites. This is equivalent to closing 12 of our biggest installations in the United States—Fort Hood, Fort Bragg, Fort Benning, Fort Stewart, Fort Leonard Wood, Fort Lewis, Fort Bliss, Fort Carson, Fort Gordon, Fort Meade, Fort Campbell and Redstone Arsenal. Unquestionably, these reductions are substantial and have produced savings to sustain readiness.

The process for closing overseas bases is much different than in the United States First, unified commanders nominate overseas sites for return or partial return to host nations. Next the Joint Staff, various DOD components, the National Security Council and the State Department review these nominations. After the Secretary of Defense approves them, DOD notifies Congress, host governments and the media. The Army ends operations by vacating the entire installation and returning it to the host nation. If we only reduce operations, we retain a portion of the facilities.

BASE REALIGNMENT AND CLOSURE PROGRAM STATUS

The Army has completed all realignments and closure actions from the BRAC 88, BRAC 91 and BRAC 93 rounds. The Army continues with environmental and dis-

posal actions to make the property available to local communities for economic redevelopment. Introduction of economic development conveyances and interim leasing have resulted in accelerating property reuse and jobs creation at installations that were previously unavailable pending completion of environmental restoration efforts.

The Army continues to accelerate the implementation of the BRAC 95 rounds. The Army is in the fifth year of the implementation of BRAC 95, after which 26 of the 29 closure and 6 of 10 realignment actions will be complete. Interim leases and no cost economic development conveyances are making properties at these installations available to the local communities earlier in the process. Negotiations and required environmental restoration continue at closed and realigned installations, and additional conveyances are likely in the near future.

The Army has completed environmental actions at 1,032 of a total of 1,944 environmental cleanup sites through fiscal year 1999. Environmental restoration efforts were complete at 67 installations through fiscal year 1999, out of a total of 116 installations. The Army remains focused on supporting environmental cleanup actions required to support property reuse and will continue to fund environmental cleanup actions that are required in support of property transfer and reuse of the remaining approximate 200,000 acres.

SUMMARY

Closing and realigning bases saves money that otherwise would go to unneeded overhead and frees up valuable assets for productive reuse. These savings permit us to invest properly in the forces and bases we keep to ensure their continued effectiveness. Continuation of accelerated implementation requires the execution of the fiscal year 2000 program as planned and budgeted. We request your support by providing the necessary BRAC funding for fiscal year 2001.

We remain committed to promoting economic redevelopment at our BRAC installations. We are supporting early reuse of properties through no cost economic development conveyances, as well as the early transfer and interim leasing options made possible by Congress last year. Real property assets are being conveyed to local communities, permitting them to quickly enter into business arrangements with the private sector. Local communities, with the Army's support and encouragement, are working to develop business opportunities that result in jobs and tax revenues. The successful conversion of former Army installations to productive use in the private sector is something all of us can be proud.

Mr. Chairman, this concludes my statement. Thank you.

CONTINGENCY REDUCTION

Senator BURNS. Thank you, Mr. Secretary.

I want to congratulate the Army. I think you have been very, very good in moving ahead on your commitment to ensure that soldiers have a decent place to live, and their families. I am concerned about the loss of the contingency fund, because we use that, as you well know, for picking up some loose ends.

I want to ask you at this time, the loss of that 5 percent, does that slow up your execution in any projects? What do you think the overall impact of that may be?

Mr. JOHNSON. I will just answer a little bit, then I would like to ask General Hunter to respond more specifically to it. It will not slow anything down. What will happen—and I have never seen a perfect project, and we usually need some contingency in a project—however, we will continue with the execution of the program as far as we can go. There may be some projects at the end that we have got to borrow money from to fund contingencies if that is necessary.

I would like for General Hunter to expand further on that.

General. HUNTER. Sir, Secretary Johnson is absolutely right. There has virtually been no project in our construction experience that has not had some changes that are generally mandatory because of changed site conditions and some unknown that could not

be picked up in the planning process. So what we will have is an impact on the speedy resolution of those changes to keep the contractors' work progress moving forward. That is the impact we see.

As he mentioned earlier, we would probably have to delay award of some projects into the next fiscal year to have monies to complete those projects, to keep on schedule.

Senator BURNS. General Hunter, in a case like this, do you kind of build in your own little contingency fund for things that may go awry or increased costs that may be incurred?

General. HUNTER. Only as we put it in the line item for contingencies. And so when we build a project, we do build in a contingency. But once it is taken out, it puts us sort of at the bare contract amount.

Senator BURNS. In another area—and I want to ask this question and then I want to move on to other members—we continue to be concerned about the Army is responsible for the chemical demilitarization program, as you well know. Do you have any concerns about executing this program as we proceed to construction of more facilities? Right now, I think we only have two facilities; is that correct?

General. HUNTER. Two in operation.

Senator BURNS. Do you have any concerns about that?

Mr. JOHNSON. We do not have any concerns about it. There is $175 million in this program. We support that program because it has been devolved to the Army to execute. We would be executing construction anyway, but we will have to admit that that does put a little spike in our program.

Senator BURNS. We have been trying to get it moved to the Department of Defense, as you well know, out of MILCON, and we have not had a lot of luck at that. Have you tried to help us on that in any way along the line?

Mr. JOHNSON. It was devolved to us and put in our budget by the program budget decision, so there it is.

Senator BURNS. Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman.

INTERIM BRIGADE AT FORT LEWIS

Mr. Johnson, you mentioned in your statement the Army's transformation effort. And as part of that transformation, there is an interim brigade combat team that is to be developed at Fort Lewis, in my home State of Washington. Can you give me an idea of the timeframe for developing that brigade and what the impact will be on Fort Lewis as that is developed?

Mr. JOHNSON. I would like to pass that on to General Van Antwerp.

General VAN ANTWERP. I can take that. It is ongoing. Actually, some equipment is already arriving on site right now. So the initial stages of forming the interim brigade is ongoing. We hope to, by this summer, have some training events. By the end of this year, we plan to have those units manned at 100 percent strength.

One of the goals is, by September 2000, to have all of those initial brigades at 100 percent strength and the 10 divisions in the Army at 100 percent strength.

Senator MURRAY. Is that going to require an increased number of personnel and facilities?

General VAN ANTWERP. We are really scrubbing that right now. At Fort Lewis we are taking a heavy brigade and a light brigade and making initial or interim brigades. We think probably the heavy may be a donor and the light will be an acceptor. So we are hoping that it is close to a wash. But it will probably be a small increase in people. We do think we have the barracks space and the other functional space to accommodate that, though.

Senator MURRAY. That is available time?

General VAN ANTWERP. Right.

Senator MURRAY. And your timeframe for that is September?

General VAN ANTWERP. Right.

Senator MURRAY. As I understand it, this is an interim step towards a final objective force structure. What is the anticipated timeframe for that completion of the transformation to the final objective?

General VAN ANTWERP. That is a great question. It is actually kind of a three-phased project. First, is these initial brigades at Fort Lewis. Then there will be probably between four and eight of what we are calling an interim brigade. And then, by 2003, we hope to have made an equipment decision of primarily what is the armored vehicle that will be used. And by 2012, or in that neighborhood, we will stand up the objective brigades. They will be on line.

So we need to make the buy decision on just the equipment aspects of this. So at Fort Lewis right now, they are testing a lot of different equipment, trying to get what we call the operational techniques and procedures. And then, in 2003, make an equipment decision. And then begin to field the objective brigades, which is the final brigades.

Senator MURRAY. Well, they are very excited about this, so we look forward to it.

General VAN ANTWERP. It is an exciting time. General Hill and everyone is working very closely with the folks out there.

Senator MURRAY. The Army Guard and Reserve are playing more and more of an important part in all of this. What will be the impact on them as we go through this?

General VAN ANTWERP. I will defer to Mike and Bob here, but great impact and great teamwork of the three components.

General SQUIER. Yes, ma'am, from the Army National Guard, we will be participating with the Army as we design and develop what the objective force will be. We will be in support of the Army as we go through this initial brigade they are standing up at Fort Lewis, where we can, and then as General Van Antwerp talked about, in going to the interim brigades, the four to eight yet to be determined by the Army, which they are working through that process, we know that at least one of those will be in the Army National Guard, and potentially more. And then, as we go to the objective force, depending on how the force is arrayed for the future, we are going to look at all of our brigades in the Army transitioning to this objective force.

Senator MURRAY. Will this have an impact on your infrastructure needs?

General SQUIER. It is undetermined at this point, depending upon where they put the interim brigade. But, yes, we see this as a work in progress and it will have to be developed. It will be more in the sustainment piece, the types of equipment that we are going to be transitioning to, and in the training piece. Of course we do not have barracks in our category requirements.

General VAN ANTWERP. If I might add, I think we are going to go to school on Fort Lewis on the facilities aspect of this. We feel that probably we will need more training type facilities for built-up areas, cities, and we call those Military Operations in Urban Terrain (MOUT) training sites. We think we will need more in probably the strategic mobility area to allow more aircraft to park on ramps for faster loading, to have more rail heads for getting the force out and deployed quicker.

And then, the other part of it is to make sure we have the tactical equipment shops, the maintenance shops, for this new equipment, and all the supporting things. So those are the three primary areas we are looking for in the future.

Senator MURRAY. Mr. Chairman, this is an exciting project. I know you love coming to my State. It is a great excuse to go out there and take a look, if you have an opportunity.

Senator BURNS. The last time I was out there, I could not go anywhere.

Senator MURRAY. Well, you have to pick your times better than the World Trade Organization (WTO).

NATIONAL GUARD RAID TEAMS

Let me ask another question about National Guard and then I will turn it over to Senator Craig.

Your request is $59 million, and your construction deficit for fiscal year 2001 appears to be $334 million. I also note that you have estimated a need of $35 million for planning, design and construction related to the National Guard civil support teams, formerly known as the raid teams. I do not see that reflected in your budget.

I am particularly interested in your implementation plans for the National Guard raid teams, because one of them is designated for Camp Murray—a good name—in Washington State.

So can you explain to me how you are budgeting for needed construction improvements at the 27 raid teams?

General SQUIER. Yes, ma'am, I can. First of all, this is a work in progress in developing this new strategy for how we will be able to support the first responders. We have the 10 initial teams that have been put on the ground, as you are aware, and we are adding an additional 17 through 2002. In the planning for this particular new organization, we have determined that we will use existing facilities to house these new organizations until we get more fidelity to the requirements and how they are going to operate.

As we have designed and developed that—and we are still working through that process—we have found that there is a need for some improvements to the facilities that we have chosen that will allow them to be more effective and more operationally capable to meet their future requirements. So all of our States have come in with the requirements that would enhance, in the unspecified

minor categories, that would enhance their ability to be more operational in a timely fashion to support the civil first responders.

Senator MURRAY. Very good. Thank you, Mr. Chairman. I have some other questions I will submit for the record.

Senator BURNS. Thank you, Senator Murray.

I think Senator Murray brings up a good point, General Squier. As we have been going through this restructuring and more of the force structure is being moved to Reserve and Guard, and then we have spent some money in Guard facilities and infrastructure, especially in my State of Montana, where we were still in World War II-type facilities and now we are kind of getting caught up.

And as that force structure depends more and more on that, we have to build infrastructure to provide for our Reserve and our Guard, it becomes more important now than it did just 10 short years ago, where the emphasis is. So we are concerned about those shortages, as reflected in—and I think the Senator brings up a good point—that we have to pay more attention to that now than we used to in the past.

Senator Craig.

Senator CRAIG. Mr. Chairman, thank you.

General Squier, I think the question that Senator Murray asked is an operative question for me also because of the raid team being released now in the field. Are those assessments in from the States yet where these teams are being placed and formed?

General SQUIER. Yes, sir.

Senator CRAIG. As it relates to any additional construction that will be needed?

General SQUIER. Yes, sir, we have gone out and asked all the States to give us, now that they have some fidelity, as to how they are going to operate, especially the first 10, and asked them for their assessments of what they could use to improve the posture of their facilities.

Senator CRAIG. Well, we are very proud of what we have been able to do at Gowen Field and at our Orchard Range and the regional kind of training facility that has developed there. And we are really making it that kind of first-class facility.

The chairman broached, of course, the restructuring, the force restructuring. I guess the concern that I have had in talking to General Kane and others is our ability to sustain ourselves with a Guard when we are constantly asking more of it and taking these soldiers that attempt to find a living out on the ground in the structure of the Guard and yet they are finding we are going to be asking more and more of their employees in their absence. I think we have to be extremely careful there or we may find ourselves in a much hollower structure than we wanted, because we are not going to be able to get the quality people.

The economy, as good as it is right now, if they leave for 2 or 3 or 4 months, it takes an awfully benevolent employer to say, fine, walk away, instead of saying, we will just replace you with somebody else and you may have a job when you get back. We have had that kind of relationship with the private sector for a long while in this country, and my frustration is, as some people we ought to be the traffic cops of the world, we are going to put pressure on

our men and women in uniform in a way that will destroy that relationship. I think we have to be extremely careful with that.

Thank you, Mr. Chairman.

Senator BURNS. I think that is just about all I have. I guess there are some more questions on installations and the contingency fund is probably my biggest concern right now, and also the facilities. General Squier, just for my information, are we getting more resistance now from employers because we are asking the Guard to do more?

General SQUIER. Sir, obviously there are some indications that there may be some problems out there with employers. We are very proud of what we provide for our Army and there is a big need to use all of the total Army to meet the needs of what the Army does around the world today whether we, the Nation, choose to do that or not.

We have not had that significant of numbers to date, but it is going to increase significantly. We have Idaho going in in 2002. We have the 49th Division that is taking over today from the division that is presently there. And we see more of that for the future.

We have to balance this, though, as a nation, as to how we are going to employ our Reserve components for the future. And we are very concerned about the points that you make, sir, from Idaho and from our Nation. And we are just going to have to find some solutions that will allow us to be more effective. That may be some shorter deployment time lines, which is some of the things that are being talked about right now to help the process.

Senator BURNS. Up in Montana we have an Air Force at Malmstrom. We have an integrated Red Horse there that integrates Air Guard and regulars. And that has worked out, I think, pretty well. I think we have to look at that in the future.

I like the idea of training Reserve, Guard and regulars on a regular basis. I like that idea for the simple reason that they know each other should something happen and they have to serve together. I think we tear down some of those communication barriers. But I think we become a lot more efficient, too.

I think the Red Horse situation in Malmstrom has worked out fairly well. Well, we will continue to work with you on this, and we will try to get you some more money.

Senator MURRAY. Mr. Chairman, one more question.

Senator BURNS. Yes, ma'am.

DUAL-USE FACILITIES

Senator MURRAY. One more question on the Guard that has to do with dual-use facilities. And I wanted to find out, it seems to be a fairly cost-effective way for the National Guard to work with community counterparts, and I wanted to find out from you what your views were on dual-use emergency management of Federal National Guard facilities.

General SQUIER. A very good question, ma'am, and very attuned to some ideas that are evolving out in the State of Washington. We obviously support shared use as a way to be more efficient in meeting national needs and supporting our needs. And of course we are a community based force. That linkage with community is very important to us.

Of course, by law, we are restricted to only being able to fund our portion of the requirements to train and provide administration and sustainment of the National Guard.

Senator MURRAY. Right.

General SQUIER. We would like to encourage that. We have a prime example in what we are doing with distributive training technology around the States, where we are leveraging the shared use, where we can go into universities or to medical facilities or whatever and share that capability. So I see some very positive synergy in that direction and we want to work those the best we can within the limitations that we have within our Federal departments.

Senator MURRAY. Do you know when we will be able to get the one going in Spokane, Washington?

General SQUIER. We still are working through what the exact requirement is, ma'am. I heard briefly about that. Again, I have to go back to I think there is a philosophical problem. The intent is for the Federal Government to pick up the whole facility, and then they pay their fair share. By law, that does not work for us. We have got to find some common ground, where they can pay their fair share and we pay our fair share for our piece of the responsibility.

We are working through that. I see some good opportunities. We just have not gotten there yet.

Senator MURRAY. Okay, I would like to work with you on that.

General SQUIER. Yes, ma'am.

Senator MURRAY. Thank you.

Thank you, Mr. Chairman.

Senator BURNS. I will also put a footnote on that. On your distance learning and your facilities in Montana, and all the States, around the States and around the region, I want to congratulate you on that project, too. General Pendergast is very excited about what he is getting done out there. And that is very good.

ADDITIONAL COMMITTEE QUESTIONS

Okay, gentlemen, thank you very much for coming this morning. As we work our way through this, we will probably have questions from other members of the committee. And if any other questions arise, we will present them to you and you can respond to the individual Senator and to the committee. And we appreciate that this morning, so thank you for coming.

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

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

FUNDING LEVELS

Question. Secretary Johnson, while your fiscal year 2001 budget looks stronger than last year's budget, a good portion of the increase is actually allocated to the BRAC account. Why is this a good news story?

Answer. In last year's budget, the Army asked for advanced appropriations in the amount of $196 million. The Congress denied the advance appropriations in fiscal year 2000, therefore, the Department included the requirement in the fiscal year 2001 budget request which now totals $303 million. This budget request is the final funding required to implement all remaining closure and realignment actions. What

also remains is property cleanup and disposal, which will require several additional years in some cases. However, the Army continues to make progress with property disposal and support of local community reuse plans. The Army has completed cleanup efforts at 67 installations through fiscal year 1999 and plans to complete an additional 23 installations in fiscal years 2000 and 2001. These efforts will result in the transfer of 60,000 acres during this same period.

FAMILY HOUSING MAINTENANCE

Question. What will be the impact of taking all of the fiscal year 2000 across-the-board reduction for the operation and maintenance account against only the real property maintenance accounts?

Answer. Reductions to the maintenance and repair account will result in less funding available to installation commanders to execute major repairs on family housing. The approximate $5 million reduction is the equivalent of the complete renovation of 72 houses, which must be deferred until funding can becomes available.

FUNDING LEVELS

Question. What percent does the Army spend of Plant Replacement Value (PRV) per year on facility maintenance?

Answer. In fiscal year 2000, the Army spent .87 percent of the Plant Replacement value on facility maintenance. This is based on the fiscal year 2000 Plant Replacement Value of $202.6 billion, and the Real Property Maintenance funding of $1.8 billion. Historically, the Army has consistently spent less than 1 percent of the PRV on facility maintenance. Studies have shown that we should be spending about 1.75 percent of the PRV to properly maintain our facilities

PUBLIC/PRIVATE VENTURES (PPV)

Question. I understand that the Army's family housing privatization project at Fort Carson is proceeding well. Early reports indicate that this project is a success and that the community and the Army families are very pleased. With this success in hand, is the Army pursuing this approach at any other installation? If not, why not?

Answer. No, the Army is not pursuing this approach at other privatization sites even though the Fort Carson housing privatization effort is on track and shows great promise. We are applying early lessons learned from the Fort Carson privatization project, which used the Request for Proposal (RFP) procurement process, to improve the process at future sites. In July 1998, the Army began the Residential Communities Initiative (RCI). For the RCI program, we are using the Request for Qualifications (RFQ) procurement process, which is a major reform in the acquisition process and we believe will enable the Army to acquire the necessary expertise and experience more quickly and less expensively than the traditional RFP methods. This approach seeks to maximize opportunities for interchange between developers, the local community and the Army in preparing a Community Development and Management Plan (CDMP) which lays out the scope and details of the partnership. The three RCI projects following Fort Carson are Fort Hood, Texas; Fort Lewis, Washington; and Fort Meade, Maryland. As we privatize these additional sites and incorporate the lessons learned from each site, the Army will be able to provide the best value for the Army and families.

Question. Secretary Johnson, how will the Secretary Cohen's recent announcement to buy out the basic allowance for housing for those service members living on the economy impact family housing privatization?

Answer. Current law and policy requires that service members living in privatized housing receive the same Basic Allowance for Housing (BAH) as their counterparts living in other private sector housing. Overall, there would be minimal impact on the RCI program if BAH were raised to cover 85 percent of housing costs allowable by law. However, changing the law and raising BAH to cover 100 percent of the average housing costs would likely impact demand for privatized housing, but we do not know to what extent at this time.

Question. I continue to be concerned about how installations with family housing privatization ventures and other privatization ventures will be treated in future rounds of BRAC. Have we created a system of "haves" and "have-nots" with regards to BRAC?

Answer. We do not believe that privatization will have an impact on the BRAC decision making process. The decision to close an installation is based on criteria resulting in a military value for each installation.

FISCAL YEAR 2001 CONTINGENCY ELIMINATION

Question. Secretary Johnson: The Army has greatly improved their construction project execution the past several years. How will the loss of contingency funding potentially impact your rate of execution?

Answer. Execution of the Army's fiscal year 2001 program will be a challenge with the elimination of contingency funds for contract changes subsequent to award. The lack of adequate funds to handle changes during construction, those that are the result of revisions to criteria or safety requirements, the discovery of unexpected site conditions, design deficiencies, variations in expected quantities, and mission changes, reduces our ability to maintain construction progress by handling and approving changes quickly.

Question. Could this reduction cause a change in overall scope of the projects? What other challenges will this cause?

Answer. We are designing projects to full scope with no compromise in quality but with a target to award and complete projects within the requested amounts. We also have re-emphasized the importance of thorough value engineering efforts to bring costs of full-scope projects to within the available funds. The lack of adequate funds increases the potential for increased costs due to contractor delays and claims; with less construction funding available. The Corps of Engineers' management effort required to maintain timely funding of legitimate changes will increase.

Question. When a project encounters cost over-runs, how will the Army treat a shortfall without the contingency account?

Answer. No construction project can be expected to be completed without some changes. The funding of changes will be dependent on general bid savings, otherwise significant program disruption can be expected. The need to borrow funds from un-awarded projects may delay award of some projects until the start of the next fiscal year.

CHEMICAL DEMILITARIZATION PROGRAM

Question. Mr. Johnson, we continue to be concerned that the Army is responsible for the Chemical-Demilitarization Program. Do you have any concerns about executing this program as we proceed to construction of more facilities?

Answer. To date, the Department has adequately funded this program. Unless future reductions occur, we fully expect to effectively execute this program as we proceed to construction of more facilities.

Question. What happens if one or several of these projects runs into funding problems with cost variations? What will be the source of these funds? Will the Army be stuck paying the bill?

Answer. The budget has been carefully developed to preclude serious future funding issues. By intensely managing changes during construction and adjusting the contractor's execution plan, risk of a major cost overrun can be reduced. If one or several of these projects should run into funding problems, cost overruns should be minimal and management will evaluate options available to mitigate the increases. However, if additional funds are required, the source to offset the requirement will be identified at that time.

Question. In the past, the Congress has directed the Department of Defense to make this a defense-wide account. Do we need to include bill language to that effect?

Answer. The Defense Reform Initiative devolved oversight and management for most chemical demilitarization activities from the Office of the Secretary of Defense to the Department of the Army in fiscal year 1999. The Department of Defense determined that in the interest of organizational efficiency the program should remain within the Army.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

WASHINGTON STATE ARMY NATIONAL GUARD MILCON FUNDING

Question. The Washington State Guard, as a result of report language that this committee included in the fiscal year 2000 Military Construction Appropriations Bill, is eager to proceed with planning and design for the Readiness Center at Yakima and Spokane. I recognize that the Yakima Center, and another Readiness Center at Bremerton, are in the President's budget, and that planning and design has commenced, apparently financed by the State.

Answer. You are correct. We anticipate design will be initiated in April 2000.

Question. The President's budget requests $5.104 million for the Yakima armory. Unfortunately, it has come to my attention that the actual amount needed is $6.5 million. Likewise, the President's budget requests $2.6 million for the Bremerton Readiness Center when the actual amount needed is $4.3 million. Would you agree that the higher sums do represent the real funding requirements for these centers?

Answer. Yes. The project costs in the President's Budget satisfy the requirements for the existing units stationed at the Readiness Centers. However, since the budget was submitted, the State determined that it would be best to incorporate the new Army National Guard Redesign Study (ADRS) requirements into the new Readiness Centers.

MILITARY CONSTRUCTION REQUIREMENTS

Question. Secretary Johnson: Is it true that your validated military construction requirements exceed those in the future years defense plan (FYDP)? If so, by how much? Where may we find these requirements not listed in the FYDP?

Answer. Yes, the Army's valid construction requirements far exceed the Future Years Defense Program (FYDP) which contains only those projects for which funding is programmed or budgeted. We project our annual requirement based on revitalizing all required facilities in the inventory over 57 years and buying out deficit construction requirements over 25 years. For fiscal year 2001, the cost of this requirement exceeds our budget request by over $2.4 billion—more than $1.5 billion for the Active Army, more than $0.5 billion for the Army National Guard, over $0.1 billion for the Army Reserve, and nearly $0.3 billion for Army Family Housing. With the exception of the National Guard, the Army does not keep an official list of projects that exceed the FYDP because it is too costly and time consuming to do so. However, the Guard is required to compile their entire construction backlog in their Infrastructure Requirements Plan, which is updated and provided to the Congress annually.

HISTORIC PROPERTIES

Question. The Army has a large, and growing, number of historic properties. These properties cost an inordinate amount of money to maintain and renovate. Is the Army working on a master plan to deal with the issue of historic property preservation and renovation?

Answer. Historic properties do cost more to maintain and renovate, but with the longer life-cycle of historic materials, the cost per square foot tends to average out very close to the levels for modern construction. The Army is taking multiple steps to improve its management of the historic property inventory, including streamlining regulatory approaches and testing new management approaches. In response to Congressional requests in 1997 regarding compliance with the National Historic Preservation Act, the Army embarked on alternative procedures for compliance. Working with the Advisory Council on Historic Preservation (ACHP), the Army is developing a process to achieve compliance with the National Historic Preservation Act while maximizing benefits from efforts to meet the DOD requirement to prepare Integrated Cultural Resources Management Plans. The new approach, which has recently undergone significant revisions and is being staffed within the Army, allows Army installations to consult with the State Historic Preservation Office, the ACHP, Native peoples, and interested parties on the Historic Properties Component of the management plan. Upon reaching agreement on historic property management techniques, the installation then operates without specific project reviews of all activities identified in the plan for a period of 5 years. This streamlined approach is designed to allow installations to focus on resolving technical preservation issues, minimize paperwork, and reduce overall project costs.

In another effort to bring improved management to this function, the Assistant Secretary of the Army for Installations and Environment directed the establishment of an Historic Properties Initiative. The five components of this program are:

—Explore and test creative uses and reuses of Army historic buildings. The Army currently has approximately 12,000 historic buildings listed on or eligible to be listed on the National Register of Historic Places. Another 85,000 buildings and family housing quarters must be evaluated for historic significance over the next 20 years. The Army is working with the Department of Defense and the other Services to categorize these facilities to define classes that do not qualify for further consideration as historic properties. This action would eliminate the potential cost to evaluate all aging properties and allow the Army to focus on the reasonable utilization of the remaining historic properties. A component of effective inventory management is efficient use and reuse by the Army.

—Pursue innovative funding and operating methods. The Army is challenged to meet the funding requirements for proper care of its historic buildings. Alternative funding sources and methods, such as expanding gift acceptance authority, seeking sponsors, leasing to third parties and establishing a trust fund, are being explored to reduce costs and improve care.

—Stimulate private investment in preservation, maintenance and reuse. When Army use is not economically feasible or practicable and buildings are suitable for out-leasing or excessing, we will explore non-Army use of historic buildings. Other federal agencies, state or local governments, and the private sector will be evaluated as potential users.

—Engage public, private and non-profit partners to support Army goals, leveraging Army assets with other resources. The Army has entered into cooperative agreements with the Advisory Council on Historic Preservation and the National Trust for Historic Preservation to utilize their expertise in various aspects of historic property management.

—Increase awareness of historic properties and recognize innovations. In order to improve the compliance record and take a proactive stance in management, we intend to educate Army leadership and soldiers about the resources and the services available to assist in their daily care and maintenance. Creative management procedures and efforts to preserve historic properties through better utilization and cost reduction will be encouraged, recognized and rewarded throughout the Army. The first annual Secretary of the Army Awards for Historic Preservation will be presented during National Preservation Week (mid-May) this year.

DEPARTMENT OF THE AIR FORCE

STATEMENT OF RUBY B. DEMESME, ASSISTANT SECRETARY, (MANPOWER, RESERVE AFFAIRS, INSTALLATIONS AND ENVIRONMENT)

ACCOMPANIED BY:

MAJ. GEN. EARNEST O. ROBBINS, II, HEADQUARTERS USAF, CIVIL ENGINEER, DEPUTY CHIEF OF STAFF, INSTALLATIONS AND LOGISTICS

BRIG. GEN. CRAIG R. MCKINLEY, DEPUTY DIRECTOR, AIR NATIONAL GUARD

BRIG. GEN. ROBERT E. DUIGNAN, DEPUTY TO THE CHIEF, AIR FORCE RESERVE

INTRODUCTION OF WITNESSES

Senator BURNS. We will now move to the United States Air Force. It is good to see you again. We are pleased to have the Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Environment, Ms. DeMesme, with us today. It is nice to see you again, and thank you for coming.

We have Major General Robbins, the Air Force Civil Engineer; General McKinley, Deputy Director of the Air National Guard; and General Duignan, Deputy to the Chief of the Air Force Reserve.

Madam, we appreciate you coming today and talking about military construction and allied appropriations. I would ask you to keep your statements brief, if you would. Your complete statement will be made a part of the record, and we look forward to your testimony.

Do you have any opening statement, Senator Murray?

Senator MURRAY. No, Mr. Chairman.

Senator BURNS. We look forward to your statement.

Senator CRAIG. I will make my statement in the form of a question.

Senator BURNS. Thank you.

STATEMENT OF RUBY B. DEMESME

Ms. DEMESME. Good morning, Mr. Chairman, members of the committee. I am very pleased to have the opportunity to present to you the Air Force fiscal year 2001 Military Construction (MILCON) program. And, Mr. Chairman, I want to thank you and this committee for your continuing support for our uniformed members and their families, especially during the last budget cycle. Your support of our compensation and benefit packages sent a very powerful message to our members and their families that you are aware of their many sacrifices and that you care about their well-being.

Mr. Chairman, I also want to thank this committee for support of last year's Kosovo supplemental bill. Because of your action, we were able to fund more quality of life, force protection, and environ-

mental projects at our overseas bases, and we continue to work with our European and Asian partners to burden-share the cost of these facilities to the maximum extent possible.

Mr. Chairman, we remain committed to our mission and our people. Our goal is to balance the needs of the total force so as to minimize any adverse impact on unit readiness and modernization and quality-of-life programs. I have submitted my written statement for the record and will take this time to highlight a few areas in our fiscal year 2001 Total Force MILCON program, which includes Military Family Housing (MFH), privatization initiatives, and Base Realignment and Closure (BRAC) program actions.

Our $1.65 billion total force MILCON budget request supports our readiness objectives for our highly mobile aerospace force. Our program includes support for the F–22 fighter, the C–17 airlifter, the B–2 bomber, and construction of a training range in Idaho, and more. As you are aware, the constant high operational tempo and the allure of the opportunities created by a robust economy are making it difficult to keep our people in uniform. Many have grown weary of long periods of separation from their families, and many work and live with their families in facilities which are below the standards of their surrounding communities.

We need to do more in the quality-of-life arena. This is why MILCON is so important to us. By targeting MILCON, we can improve working conditions and provide quality, affordable and safe living environments for more of our uniformed members and their families. Our housing program is designed to do just that. Part of our comprehensive program includes housing privatization.

Mr. Chairman, in January, I had the privilege of participating in the ribbon-cutting ceremony of the first 92 of 420 privately owned units at Lackland Air Force Base in Texas; and this is a true success story. Our housing program includes six new privatization initiatives, for a total of 6,921 additional units. And I want to thank this committee for your support of our housing program.

In the area of utility privatization and asset management, we have identified 435 of our 640 systems as potential privatization candidates. And we issued a request for proposals for 34 utility systems in January of 2000. We will complete our evaluation of 225 systems by December 2000, and expect to award additional systems by January of 2001.

We continue to look for ways to leverage our scarce resources, which brings us to our Brooks City Base Concept. We believe this concept will reduce base operating expenses and free up funds for our higher priority programs. We look forward to sharing the results of our efforts and any subsequent plans with this committee as we work together to maintain faithful stewardship of our Nation's assets.

Our installations play a very important role in executing United States national strategies and are the platforms from which diverse missions and strategies are launched. To meet our objectives, we cannot afford to continue spending our scarce resources on obsolete facilities. Which is why additional BRAC rounds are so important.

I want to thank this committee for its support of the BRAC, no-cost economic development conveyance (EDC) legislation. This legislation allows communities the opportunity to request relief from

existing debts and to use those funds for reuse. I have personally approved four no-cost EDC's to date for Lowry Air Force Base, Colorado, Myrtle Beach Air Force Base, South Carolina, and March Air Force Base, California, as well as Kelly Air Force Base in Texas. We estimate that these will save communities over $140 million.

Although our successes are many, we still have a lot of excess infrastructure. Mr. Chairman, BRAC is the most effective tool we have to address the excess infrastructure at our installations and to help us reshape our infrastructure to match our missions and our modernization plans. We strongly support the Secretary of Defense's request for two additional rounds of base closures.

While we continue to work within existing authorities to reduce Air Force infrastructure, there is no substitute for BRAC. We would appreciate this committee's support for two additional BRAC rounds.

In conclusion, we realize the Air Force would not be the world's premier aerospace force without your strong support over the years. This budget submission provides a delicate balance among our people, readiness and modernization needs, but it also reflects our commitment to provide better working and living environments for our people and the quality of life at Air Force installations around the world for our total force members.

PREPARED STATEMENT

So thank you, Mr. Chairman and members of this committee. I am happy to answer any questions you might have at this time.

[The statement follows:]

PREPARED STATEMENT OF RUBY B. DEMESME

INTRODUCTION

Mr. Chairman and members of the committee, good day. I appreciate the opportunity to appear before you today to discuss the Department of the Air Force fiscal year 2001 Military Construction (MILCON) program. The MILCON program reflects a delicate balance among our people, readiness, and modernization needs, which are vital to sustaining a decisive and premier aerospace fighting force. Mr. Chairman, this committee's continuing support of the Air Force MILCON program is greatly appreciated and, on behalf of our uniformed members and their families, I want to thank you and this committee for your support, especially during the last budget cycle.

OVERVIEW

The United States Air Force is the most technologically advanced and powerful aerospace force in the world today. To maintain this strategic advantage, we continue to balance a myriad of missions around the world ranging from major conflicts and peacekeeping operations to humanitarian relief efforts. Although the number of uniformed Air Force members is the lowest since the end of the Cold War, the constant high operational tempo far exceeds the tempo of that era when we had over twice the number of people. Consequently, the demands placed on our people, and the allure of the opportunities created by a robust economy, make it very difficult to keep them in uniform without addressing their concerns, which range from health care and pay, to providing better conditions for them and their families to live, work, play, and worship. As a result of the constant high operational tempo, the Air Force is paying a heavy price to meet the challenges in the areas of recruiting and retention. This is why we consider our MILCON and housing programs as vital components in addressing these challenges.

As one of the primary pillars supporting Air Force quality of life initiatives, the MILCON program provides better working facilities and safe, affordable, and qual-

ity housing for our people and their families. Regrettably, the fiscal year 2001 MILCON funding continues on a downward trend, which began in the 1980's, and our budget submission reflects only one-third of our total validated MILCON requirements. The Air Force continues to under-invest in a number of programs, including MILCON, Military Family Housing (MFH), and Real Property Maintenance (RPM), because of the many high priorities competing for limited funding. Consequently, because of the large number of unneeded facilities and infrastructure remaining after the Defense Base Closure and Realignment Commission decisions, we are compelled to continue investing scarce resources to maintain them.

The Air Force seeks to balance the needs of the Total Force so as to minimize any negative impact on unit readiness and modernization and quality of life programs by targeting scarce resources towards our most critical needs. Our installation programs continue to reflect hard decisions based on tough choices, but the Air Force recognizes that every dollar invested in MILCON is an investment in our people, our most treasured resource. Our Total Force of active-duty members, Guardsmen, Reservists, civilians, and contractors are the backbone of our aerospace force and are the reason our Air Force is the premier aerospace force in the world today.

The transition from a Cold War garrison force to the revolutionary Expeditionary Aerospace Force (EAF) construct is enabling the Air Force to meet the Nation's demands for deployed forces, and to respond to the stresses being placed on our uniformed members and their families by the constant high operational tempo. We continue to ensure the highest priorities of the Total Force are satisfied first, using the following methodology:

—Maintain our operations and maintenance programs to preserve mission support infrastructure, as well as the quality of life of our personnel and their families.

—Ensure that our MILCON program places emphasis on supporting new mission beddowns and current mission necessities, to include redirecting limited capital investment to our most pressing requirements.

—Ensure realistic training for our aircrews and access to ranges.

—Reinvest in the few remaining overseas bases, which, even after host-nation burdensharing, require funds to maintain critical facilities necessary to sustain Air Force core competencies.

—Focus on cleaning up our Active and Base Realignment and Closure (BRAC) installations to protect human health and the environment, and facilitates reuse at BRAC bases.

To meet these daunting challenges and leverage our limited dollars that support people, readiness, and modernization needs, we look for better business practices through private sector business ventures. We are pleased to report on our first military family housing privatization success story.

In January 2000, the Air Force celebrated the grand opening of Frank Tejeda Estates at Lackland AFB, Texas, named after the former Congressman from Texas. This 8:1 return on investment is providing 420 housing units for our lower ranking airmen several years ahead of the conventional MILCON process. This is a great example of leveraging our limited resources, and I thank this committee for its support.

Although not part of the MILCON appropriations, I want to briefly touch upon a significant concern for us, the Air Force RPM. Our RPM funding is at what we call the Preventive Maintenance Level, which sustains mission operations, until we can upgrade facilities and infrastructure through the MILCON program. Although we fund our RPM account at 1 percent of our overall plant replacement value, the backlog of maintenance and repair continues to grow past the current $4.3 billion level, placing additional strain on our people who are working in deteriorated facilities. We know that you share our concerns and are appreciative of the additional funds this committee has provided over the past four years for quality of life enhancements.

Mr. Chairman, I will now discuss the major programs in our fiscal year 2001 MILCON budget request. I will review the Total Force MILCON program, which includes the MFH program and privatization initiatives. And, I will address the Air Force BRAC account and our perspective on the need for two more rounds of base closures.

TOTAL FORCE MILITARY CONSTRUCTION BUDGET

The Total Force MILCON program consists of five principal areas: Current Mission; New Mission; Planning & Design and Unspecified Minor Construction; Environmental; and BRAC. Current Mission construction revitalizes existing facilities and infrastructure, and builds new facilities to correct existing deficiencies. New

Mission construction supports the beddown of new weapon systems and force structure realignments. Planning & Design and Unspecified Minor Construction include funds to design our construction projects and to fund a small program to handle urgent, unforeseen construction requirements. The environmental program supports those regulatory compliance projects, which, by law, requires accomplishment, or to avoid any health or safety risks to people on or off our installations. The BRAC program supports the closure and realignment of bases previously selected by the Defense Base Closure and Realignment Commissions and includes environmental cleanup and compliance costs at closed bases.

For fiscal year 2001, we are requesting a program of $1.65 billion for MILCON. This request includes $1.58 billion for active duty MILCON ($531 million for traditional MILCON and $1.05 billion for MFH); $50 million for Air National Guard (ANG); $15 million for Air Force Reserve (AFR); and $12.8 million for BRAC MILCON.

TOTAL FORCE MILITARY CONSTRUCTION PROGRAM

Our Total Force MILCON and MFH programs are developed using the following facility investment strategy:

—Sustain and Operate What We Own
—Beddown New Missions
—Uphold Quality of Life
—Optimal Use of Public and Private Resources
—Reduce Infrastructure
—Environmental Leadership

PROGRAM OVERVIEW

Our facility investment strategy identifies and distributes funds based on the most urgent needs of the Total Force. The strategy provides a mechanism for allocating funds based on the priorities of the Major Commands (to include the ANG and AFR), Chief of Staff, and Secretary of the Air Force.

To determine priorities, each Major Command submits a prioritized, unconstrained list of its construction requirements. Subsequently, we use a weighted matrix to establish a priority list based on the most urgent needs of the Total Force. The Air Force leadership reviews and approves the final priority list.

Sustain and operate what we own

Our fiscal year 2001 current mission MILCON program consists of 39 projects totaling $363 million. These projects include significant infrastructure improvements to airfield ramps and water distribution systems; upgrade operations, maintenance and corrosion control complexes; and, in the spirit of joint cooperation, our continued support for air operations on Army installations. With these projects, we continue the "sustain what we own" concept to identify the most urgent priorities of the Total Force, while constantly looking for opportunities to consolidate functions and reduce infrastructure.

Beddown new missions

The F–22, C–17, and B–2 are new weapon systems designed to enhance the capabilities of our forces. These systems will provide the rapid, precise, global response that enables our combat commanders to respond decisively to conflicts in support of national security objectives.

Our MILCON program supports new weapon system requirements to include, but not limited to, the F–22 fighter, C–17 airlifter, B–2 bomber, and the enhanced training range in Idaho (Juniper Butte Range). Our fiscal year 2001 new mission MILCON program consists of 20 projects, totaling $130.8 million.

F–22 Raptor

The F–22 Raptor is the Air Force's next generation air superiority fighter replacement for the F–15. The proposed location for two training squadrons is Tyndall AFB, Florida. The fiscal year 2001 MILCON includes two F–22 projects at Tyndall AFB totaling $25 million.

C–17 Globemaster-III

The C–17 Globemaster-III aircraft will replace our fleet of C–141 Starlifters. The C–17 has established an outstanding track record as a rapid global mobility asset by combining the C–141's reliability, with the C–5's capability to carry oversize cargo, and the C–130's capability to land and maneuver on short, unimproved forward-located airstrips. To support this program, our budget request includes facilities at McChord AFB, Washington; Charleston AFB, South Carolina; and our first

Air National Guard location at Jackson International Airport, Mississippi. The fiscal year 2001 C–17 MILCON program includes four projects totaling $23 million.

B–2 Spirit

The B–2 is a multi-role bomber capable of delivering both conventional and nuclear munitions. The bomber represents a major leap forward in technology and is an important milestone in the United States bomber modernization program. Our fiscal year 2001 MILCON program includes two projects at Whiteman AFB, Missouri, totaling $12 million.

Enhanced training range in Idaho (Juniper Butte)

The Air Force is building a training range and modifying airspace in Southwest Idaho, which will enhance local training for aircrews from Mountain Home AFB, Idaho. This project is an excellent example of how the Air Force strikes an effective balance between training and readiness requirements and local environmental, cultural, and economic concerns. The new range will include acreage for drop zone sites; no-drop zone sites; simulated target areas; and emitter sites. This multi-year request includes $10 million in fiscal year 2001 for phase III.

Air National Guard B–1 Beddown at Robins AFB

This $9 million project supports the conversion from F–15 to B–1 aircraft and the relocation from Dobbins ARB, Georgia, to Robins AFB, Georgia. The facility space will support munitions build-up and storage, munitions maintenance training, and administration.

Uphold quality of life investments

Our national security policy relies on aerospace presence around the world, which means the Air Force must be ready to respond anywhere in the world on very short notice. While modern technology enables our forces to perform their missions more effectively, technology cannot substitute for high quality people. By continuing to support quality of life initiatives, we are letting our people know that we are aware of their many sacrifices in support of national objectives and are committed to addressing their concerns. Yes, we acknowledge that we are spreading our people thin, but we also realize that it is much cheaper to retain them than to train new people, and we need experienced warriors to maintain our systems and to train junior airmen. This is why our MILCON and housing programs are very important when it comes to retention, which directly affects readiness.

The Air Force dormitory program is a proven quality of life force multiplier. An update on our three-step dormitory investment strategy, as outlined in the Air Force Dormitory Master Plan as follows: (1) buyout of all permanent party central latrine dormitories (now complete given the generous congressional support in fiscal year 1999); (2) the conversion to 1 + 1 room configurations; and (3) the replacement of our worst existing dorms is on track for 2009.

This year's MILCON program funds ten enlisted dormitory projects identified as among the most critical requirements in our dormitory master plan for a total of $91.5 million. Other quality of life initiatives include a child development center at Bolling AFB, DC; and fitness centers at McGuire AFB, New Jersey; Davis-Monthan AFB, Arizona; Los Angeles AFB, California; and Little Rock AFB, Arkansas; for a total of $38 million.

Now that our housing program is in progress, we are constructing a Fitness Center Master Plan. Physical Fitness Centers continue to rate high in our quality of life surveys, and are needed to help our members develop and maintain their physical fitness requirements. They also provide a place where stress, tension, and anger can be channeled into non-violent activities.

Overseas MILCON: Significant need to reinvest

First, I thank this committee for supporting the Department of Defense Kosovo Supplemental Bill last year. The additional funding will enable us to fund mission critical facilities that are vital for deployed forces supporting contingency operations.

The Air Force realizes that not all threats to the United States national security are conventional in nature. These non-conventional threats necessitate we invest in force protection infrastructure, safety, and quality of life at our overseas locations, as well as at home. We now have eleven overseas main operating bases, of which six are to the East: two in England, two in Germany, one in Italy, and one in Turkey; and five bases in the Pacific: three in Japan and two in Korea. After years of base closures and force reductions, we have achieved stability in the overseas theaters. Because of reduced MILCON investment, coupled with restrictive host-nation funding, we cannot sustain overseas requirements. We are actively pursuing NATO funding, increased host-nation funding, and payments-in-kind to realize a good

measure of success. But, the quality of life improvements we owe to our personnel stationed overseas remain greater than available burden-sharing funding can satisfy.

Our fiscal year 2001 MILCON program for our European and Pacific installations total $48 million. The program consists of a fire training facility at Incirlik AB, Turkey; and two water distribution system upgrade projects in Korea; one at Osan AB and one at Kunsan AB. The program also includes a munitions storage igloo project that will support the Bomber Forward Operating Locations (FOLs) concept at Diego Garcia, British Indian Ocean Territory; and a project that constructs replacement facilities, enabling the out-year phased construction of sixteen wide-body aircraft parking spaces at Rota Naval Station, Spain. These parking spaces will provide an en-route strategic airlift hub critical to United States strategy. There are also two overseas dormitory projects; one at Aviano AB, Italy, and another at Osan AB, Korea. We strongly ask for your support of these crucial operational and quality of life projects, which represent critical requirements for airmen stationed overseas.

We understand the desire to maximize the contributions of others where possible, and we take advantage of every opportunity. We are sending a precautionary prefinancing statement to the NATO infrastructure committees for all NATO-eligible European projects. These statements will permit recoupment from the NATO infrastructure program if eligibility is subsequently established.

Although we do not have projects in the budget for Rhein Main AB, Germany, I want to make you aware of the Air Force's recently signed agreement with various functions in Germany to transfer the mission capabilities of Rhein Main AB to Ramstein AB and Spangdahlem AB, Germany. This agreement will ensure the facilities and infrastructure are in place to provide the same support for United States operations in Europe. However, the agreement was never intended to, and will not, address current mission facility or housing requirements for Ramstein and Spangdahlem, so we must continue to support these requirements. We must not continue to ask our people stationed overseas on the front lines to excel every day in support of our Nation's security interests while living and working in deteriorated, deplorable conditions, which suffer from years of minimal funding. We strongly solicit your favorable support of our overseas program.

Optimize use of public and private resources

As we continue to operate in a constrained fiscal environment, we must look for ways to free up scarce resources for the preservation of our existing assets. To do this, we are adopting modern business practices, e.g., eliminating redundancy; using competition to improve quality and reduce costs; and reducing support infrastructure. While we look for advantages through out-sourcing and privatization efforts, we are mindful of the impact it may have on national security and on our people and strive to seek a careful, balanced approach to the exploration of new asset management initiatives.

Housing privatization

The Air Force is pleased with its first housing privatization project at Lackland AFB, Texas, awarded in August 1998. As stated earlier, on January 28, 2000, we participated in a ribbon cutting ceremony for the first 92 units. We also have three more projects under solicitation review at Robins AFB, Georgia; Elmendorf AFB, Alaska; and Dyess AFB, Texas. While the Lackland AFB project took longer than we would have liked, the experience gained in developing housing privatization policies and procedures will enhance our handling of future challenges. We are consulting with national real estate and financial institutions to improve our performance in housing privatization, and we firmly believe that through privatization, we can provide improved housing to more airmen in less time than using the standard military construction process. We request your support by extending the housing privatization authorities beyond February 2001.

Utilities privatization

We are implementing the defense reform initiative to privatize utility systems. Our goal is to privatize utility systems where it makes economic sense and does not negatively impact national security. We have identified 435 of our 640 systems as potential privatization candidates. We issued a request for proposals for 34 utility systems in January 2000. We have now reached a critical time in our privatization effort, as we transition to the execution phase. We are working diligently to ensure that we meet the goals established by the Department of Defense to privatize all utility systems by 2003.

Laboratory infrastructure

Another private sector venture the Air Force is exploring is the Brooks City Base Concept. Brooks AFB, Texas, is a science and education oriented installation that houses some of the most prestigious Air Force schools and organizations. Under recently enacted legislation, we are assessing innovative ideas to improve Air Force asset management by reducing base operating costs, which in turn will free up funds for higher priority programs. We are considering a plan to convey the entire base's real property to the City of San Antonio and will then lease back facilities required to accomplish the Air Force missions. This greater reliance on the private sector and local government for base support services will result in the receipt of municipal services at no cost, a share of future development revenues, and other compensation from the City of San Antonio as fair market value compensation for the base property. The initiative would also allow the local community to have access to the facilities currently at Brooks, and would provide a valuable place for future industrial and commercial development while retaining areas for parks and recreation.

These partnerships with local communities have great potential and may, with the approval of this committee, become models for future Air Force infrastructure plans. We look forward to sharing the results of our efforts and any subsequent plans with this committee as we work together to maintain faithful stewardship of our Nation's assets.

Reduce infrastructure: Demolish and consolidate

Our commanders continue to express their concerns about having to spend their scarce resources to operate and maintain excess and obsolete facilities. While we strive to increase our RPM dollars for infrastructure or new facilities, we must continue to demolish worn out or obsolete facilities in order to reduce recurring operations and maintenance costs. Over the past four fiscal years, we have demolished approximately 11 million square feet of obsolete facilities. Our fiscal year 2001 budget submission continues this commitment.

Environmental MILCON: Lead by example

As our record demonstrates, we are dedicated to enhancing our already open relationships with both the regulatory community and the neighborhoods around our installations. We strive to ensure that our operations meet environmental regulations and laws, and we seek out partnerships with local regulatory and commercial sector counterparts to share ideas and create an atmosphere of trust.

Our continuing efforts to foster an environmental ethic within the Air Force, both here in the United States and abroad, has enabled us to enhance operational readiness, be a good neighbor, and leverage our resources to ensure that we remain a leader in environmental compliance, cleanup, conservation, and pollution prevention. Our record speaks for itself. We have reduced our open enforcement actions from 245 in fiscal year 1992 to just 10 at the end of fiscal year 1999.

Our environmental compliance MILCON request for fiscal year 2001 totals $19 million for seven, level-1 "must pay" compliance projects. All of these projects satisfy level-1 requirements, which refer to conditions or facilities currently out of compliance with environmental laws or regulations, including those subject to a compliance agreement. Our program includes two fire-training facilities, which are closed due to fuel-contaminated property and potential ground water contamination. These fire-training facilities are located at Incirlik AB, Turkey; and Fort Smith ANGB, Arkansas. We have water treatment facility projects at Beale AFB, California; and Moody AFB, Georgia; a hazardous material storage facility at Eielson AFB, Alaska; a water distribution system upgrade project at Vandenberg AFB, California; and a generator fuel storage facility at Cape Romanzof Radar Site, Alaska.

Planning and design

Our request for fiscal year 2001 planning and design is $66 million. These funds are required to complete design of the fiscal year 2002 projects and to start design of our fiscal year 2003 projects.

Unspecified minor construction

We have requested $18 million in fiscal year 2001 for unspecified minor construction, which will provide the total Air Force with a primary means of responding to small, unforeseen facility requirements that cannot wait for normal MILCON. From fiscal year 1996 through fiscal year 1999, an additional $7 million was reprogrammed into the account to fund urgent requirements. The fiscal year 1996 through fiscal year 1999 accounts are fully obligated, or committed, to valid projects.

MILITARY FAMILY HOUSING

As in years past, family housing is one of our most important quality of life programs. We are convinced that no other facility program so greatly influences the performance and commitment of our people than having quality homes. To reinforce this commitment, in August 1999 we published our first-ever Family Housing Master Plan that will guide our MILCON, O&M, and privatization efforts through fiscal year 2010. The average age of our housing inventory is 36 years and 65,000 of our 106,000 units require revitalization.

Maintaining our responsibility to the family housing program is even more important in this era of major force reductions and increased frequency and length of deployments. Because these factors are so stressful for military families, particularly overseas, it is imperative that we continue to emphasize quality of life programs to mitigate the stress. Consequently, we have developed, consistent with the corporate priorities of the Air Force, a housing program to best serve the most urgent needs of our families.

Our family housing investment has three equally important prongs: the replacement/improvement program, the operation and maintenance program, and the leverage we can obtain through a balanced privatization program. Our $224 million fiscal year 2001 family housing replacement and improvement program will construct two units and replace 270 worn-out units at two separate locations. We also propose to improve 1,278 units at 12 locations, and seek authority for six new privatization initiatives for 6,921 units, and continuation of the efforts at Tinker AFB, Oklahoma. The housing operations & maintenance program totals $826 million. It supports "must pay" requirements such as refuse collection, snow removal, utilities, leases, and critical housing maintenance tasks. These are necessary to keep the houses in good condition. Finally, we will use privatization at selected locations to leverage our funds, while meeting the strict criteria established by our leadership, economic viability and severability. Privatization is just one tool that allows us to accelerate the buyout of repairs to inadequate homes, and we are committed to a careful, measured approach to balance privatization initiatives with traditional MILCON.

Housing improvements

The Air Force "whole house/whole neighborhood" improvement concept has proven extremely successful. Under this concept, we upgrade older homes to contemporary standards by updating worn-out bathrooms and kitchens, replacing obsolete utility and structural systems, providing additional living space as permitted by law and, at the same time, accomplishing required maintenance and repair. The result is a cost-effective investment that extends the life of these houses a minimum of 25 years. In addition, the "whole neighborhood" program provides recreation areas, landscaping, playgrounds and utility support systems to give us attractive and functional living environments.

Our fiscal year 2001 improvement request is $174 million. This amount revitalizes or privatizes 8,199 homes at 24 bases as identified in the Housing Master Plan. This includes $56 million for 7,147 homes stateside, $112 million for 1,052 homes overseas, and $6 million for seven infrastructure improvement projects. In the development of our Housing Master Plan, Air Force engineers traveled to every location in the Air Force, except Italy and Turkey. They assessed every housing type and 108 items within each house. After a year of analysis, our results show that most of the worst housing in the Air Force is located in Germany and the United Kingdom. The significant amount of improvement funding identified for overseas reflects, not only consistency with the Master Plan, but our commitment to our personnel and their families overseas to improve their quality of life now, rather than years from now.

Housing construction

We are requesting $37 million for fiscal year 2001 projects, all at three stateside bases to construct two houses and replace 270 existing houses that are no longer economical to maintain.

Operations, utilities, maintenance, and leasing

Our fiscal year 2001 request for family housing operations, utilities, maintenance, and leasing is $826 million. These funds are necessary to operate and maintain the 106,000 homes in the Air Force inventory and for 7,200 leases worldwide. Approximately 75 percent of this request represents "must-pay" requirements due to the Air Force's obligation as the landlord for items such as utilities, refuse collection, leases and other key services. The remaining 25 percent of the funds are for essential maintenance of homes and infrastructure. Our fiscal year 2001 request includes $114 million for leasing 284 domestic homes, 3,027 foreign homes, and 3,835 Section 801 homes. The leasing program supports critical missions in non-traditional loca-

tions, such as foreign sites where family housing is not available, and for recruiters in the United States not located near military installations.

Planning and design

We have requested $13 million for planning and design. This includes planning and design for new construction and improvement programs.

BASE CLOSURE ACCOUNT

First, I thank this committee for your support of the BRAC No-Cost Economic Development Conveyance (EDC) legislation. This legislation authorizes the Air Force to transfer property at closed or realigned military installations without consideration, via an EDC, to support local redevelopment as a result of changed local economic circumstances. This legislation has been instrumental in allowing communities, such as the former Lowry AFB, Colorado, to expedite their reuse efforts and is a win-win situation for local communities and the Department of Defense.

The Air Force fiscal year 2001 BRAC program request reflects a thorough review of remaining requirements and careful budgeting to fulfill validated requirements to the greatest extent possible within the budget constraints. We continue to use the full flexibility of the account to manage our requirements and we appreciate your support of using BRAC funds until expiration within the environmental program.

Included in the $369.7 million Air Force BRAC submission is a $12.8 million project for a Defense Reutilization and Marketing Office (DRMO) facility at Fort Sam Houston, Texas. This project supports the fiscal year 1995 BRAC decision to realign Kelly AFB, Texas.

We continue to work closely with communities to ensure that we achieve our common goal to expeditiously transfer property to the local redevelopment authorities to help facilitate reuse, and we are pleased to report a few of our successes. At Reese AFB, Texas, we implemented the last remedy in place (LRIP) cleanup milestone four years faster than predicted and achieved a cost avoidance of $10 million in capital costs through close coordination with our regulatory partners. In fiscal year 1999 we also completed the LRIP milestones at Roslyn ANGS, New York; Eaker AFB, Arkansas; and Bergstrom AFB, Texas. In May 1999, we celebrated the grand opening of the Austin-Bergstrom Airport. This monumental event saved the community $200 million by relocating the planned airport to the former Bergstrom AFB. Therefore, we consider Bergstrom an environmental and reuse success story.

I also highlight the closure and realignment of the Illinois Air National Guard's 126th Air Refueling Wing, which operates the KC–135, from the former Chicago O'Hare ARS to Scott AFB, Illinois. In exchange for the Air Force's property at O'Hare International Airport, the City of Chicago paid over $102 million to fund the movement of personnel, equipment and construction of facilities at Scott AFB. A portion of the former O'Hare ARS is now the planned site for the International Headquarters of United Airlines and the Illinois Air Guard is now the owner of world-class facilities that complement the mission of Scott AFB.

The final success story I want to highlight happened at the former Loring AFB, Maine. In fiscal year 2000, the base also completed its critical LRIP milestone and are in the final stages for complete turnover of operations to the redevelopment authority. We continue to learn many lessons as we close and realign our BRAC bases, and intend to apply them to future base conversions should the Congress approve additional rounds of closures.

As we focus on closing our BRAC environmental restoration sites, we remain committed to the selection of cleanup remedies that are protective of human health and the environment. In addition to converting bases to civilian reuse, we are continuing the realignment beddown process at remaining installations to ensure base closure actions neither disrupts our operational requirements nor adversely affects quality of life. We appreciate the support of this committee in helping us meet these objectives.

Mr. Chairman, I would like to make one final comment on BRAC. We cannot overemphasize how the reductions in Air Force manpower and force structure have outpaced those in infrastructure. Since 1989, the Department of Defense has reduced force structure by 36 percent, but infrastructure has only been reduced by 21 percent. Only additional BRAC rounds can correct this disparity. We cannot afford to continue spending our scarce resources on unneeded infrastructure. Furthermore, cost savings generated from two additional BRAC rounds are necessary to ensure we have the proper force structure and topline to address our priority needs for people, readiness, and modernization. We strongly support the Secretary of Defense's request for two additional rounds of base closures. Mr. Chairman, while we continue to work within existing authorities to reduce Air Force infrastructure, there is no

substitute for BRAC. We would appreciate this committee's support for two additional BRAC rounds.

Conclusion

In conclusion, Mr. Chairman, I want to again thank this committee for its strong support of the Air Force MILCON program, which supports Air Force people, readiness, and modernization needs. I also want to thank this committee for sending a powerful message to our uniformed members and their families that you are aware of their many sacrifices and appreciate their dedication to the defense of this great nation by approving the military pay and compensation package. This action coupled with your continued support of the Air Force MILCON program sends a positive message to our people that we not only hear them but we care about them and want to keep them in uniform. We realize we cannot continue as the world's premier aerospace force without our people, and providing better working and living conditions demonstrate our commitment to them.

Our installations serve as our launch platforms to expeditiously project aerospace power around the world when called upon, as well as to provide places for our people to live and work. This budget submission reflects our commitment to maintain quality Air Force installations around the world for our Total Force members.

Thank you Mr. Chairman and members of the committee.

CONTINGENCY FUNDS

Senator BURNS. Thank you, Madam Secretary.

I want to start off. Just like with the Army, we lost some 5 percent of our contingency fees, and I will ask you the same question. How do you think this will affect our goal of facilities and quality-of-life projects that we have already got in the planning stage and also in the execution stage for the Air Force?

Ms. DEMESME. The contingency issue is one that is very dear to us. We certainly believe that it is important that we maintain contingency funds. We are vulnerable when we are unable to adjust to unplanned and unforeseen situations as we are constructing buildings.

At the present time, there is some impact on our programs. I am going to let General Robbins explain to you what those are.

General ROBBINS. Sir, you are right about Red Horse.

It is a great success.

Senator BURNS. In bridge, is that a jump shift?

General ROBBINS. Yes, sir.

I would echo what General Hunter said. The pain that we will feel with the loss of contingency will be shown after the projects are awarded and construction is underway. There will be a bow wave effect at some point, when you have diverted money from upcoming projects to fund contingencies, and those are underway, you ultimately find projects that you can no longer execute.

When we saw this reduction coming in the budget, we did an analysis of the last 5 years of our program, and found that we have averaged 7–8 percent cost change in our projects. About 80 percent of that has come due to unforeseen site conditions, design errors, acts of God in terms of weather delays and so forth; and then 20 percent has come as a result of changes in mission, user requirements, and equipment changes from the time the project was originally designed.

So there will definitely be an impact on us. To quantify it and specify it in this particular project, you do not know until it happens. The Air Force has typically budgeted 5 percent contingencies for new construction and 10 percent for those projects that are ren-

ovations, because you do not do destructive testing necessarily when you go in and find out the problems before you begin.

KELLY AIR FORCE BASE

Senator BURNS. Another troubling thing, Madam Secretary and gentlemen, what is going on at Kelly? The announcement by the Secretary the other day, we are asked to reinforce our funds in BRAC and then ask for two more rounds of BRAC, and then we hear the announcement of the Secretary within the last 2 weeks of some forgiveness of some obligations that were made at Kelly. Tell me about that, and can we expect any other announcements like those? Or do you have any details on that?

Ms. DEMESME. General Robbins, do you have details? I do not have the details, sir.

General ROBBINS. No, sir.

Ms. DEMESME. I will get some information back to you on that one.

[The information follows:]

KELLY AFB

The Greater Kelly Development Authority, which is the Local Redevelopment Authority (LRA) for Kelly Air Force Base (AFB), submitted a request for a modification to their Economic Development Conveyance (EDC) for Kelly AFB to reduce their debt of $108 million to $5.2 million, the amount required to fund the treasury reserve account for the depreciated value of the commissary surcharge fund and/or non-appropriated fund investment in facilities within the EDC footprint. The Deputy Under Secretary of Defense (Installations) concurred with the modification and the Secretary of the Air Force (SECAF) signed the modified EDC documents on February 29, 2000.

In addition to Kelly, four other modifications to existing EDCs have been completed. These modifications are in accordance with the provisions of Section 2821 of the National Defense Authorization Act (NDAA) for fiscal year 2000 (Pub. L. 106–65). The modifications for Lowry, Myrtle Beach, and Norton AFBs were for the amount already paid to the Air Force. The EDC for Carswell AFB was for the amount required to fund the treasury reserve account for the commissary surcharge and/or the non-appropriated funds investments in facilities within the EDC footprint: December 9, 1999—Lowry AFB—Reduced the debt from $32.6 million to $7.7 million. December 29, 1999—Myrtle Beach AFB—Reduced the debt from $8.5 million to $1.1 million. March 6, 2000—Carswell AFB—Reduced the debt of $3.2 million to $171 thousand. April 13, 2000—Norton AFB—Reduced the debt of $30.2 million to $2.3 million.

The Air Force anticipates receiving a request for a modification to three more EDCs:

—Mather AFB to eliminate their total remaining debt of $7.9 million.

—McClellan AFB to reduce their debt of $90 million to $2.4 million, the amount required to fund the treasury reserve account for the commissary surcharge and/or the non-appropriated funds investments in facilities within the EDC footprint.

—Reese AFB to eliminate their total remaining debt of $3.2 million.

Senator BURNS. Well, it is very concerning to me. Because we continue to look at BRAC and closing these bases and facilities, and to hear what happened at Kelly, that is sort of disturbing. Because that is money that was hard to come by, that kind of money. It really is.

Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman.

I want to bring to your attention a problem that we are having at Fairchild Air Force Base in Washington State.

Senator BURNS. You are not getting any fuel up there. We can talk more about that.

Senator MURRAY. Okay, we will work on that one.

My problem has to do with fog today.

Senator BURNS. Well, we told them that would happen when they moved the airplanes to Great Falls.

Senator MURRAY. Great Falls does not have any fog.

Fog is a problem. First of all, it causes a lot of diversions and cancellations, but it is also a safety hazard for the crew that is there. They are looking for an installation of a centerline runway light that would greatly improve their operating conditions there. I know that that is a project in the fiscal year 2005 budget, but if Congress were to provide full funding for that project this fiscal year, could you start that project immediately? And if so, how quickly could it be completed?

Ms. DEMESME. We have certainly been looking at this project, and realize that there is a great need. If we were to get an insert, we would do our utmost to get that done this year. I think we would be able to meet the needs and get the project funded and underway.

REAL PROPERTY MAINTENANCE

Senator MURRAY. Okay, good. I understand that the fiscal year 2001 Air Force budget for military construction is one-third of the validated need. This is an old story, and every year the need far outstrips the resources that are allocated to MILCON. We have seen the backlog in real property maintenance build up as a result of deferring needed repairs. Are we creating that same kind of backlog in military construction?

Ms. DEMESME. Unfortunately yes. We are trying to take a balanced approach to our budget by meeting the modernization needs, the people needs, and the MILCON needs. And, we have not been able to meet them all adequately. In our current budget, we are working on the worst facilities first, working along a list that we have. It is not the optimal way to operate. And we do believe that if we continue in this vein, we will exacerbate our problems.

Senator MURRAY. What kind of impact will it have on MILCON budgets a few years out?

Ms. DEMESME. In balancing, unless we are able to acquire additional funding, I do not believe we will be able to change the priorities that we have set forth at this time.

Senator MURRAY. One other question, Mr. Chairman. The maintenance and renovation of historic military properties is becoming a real drain on all of our services. Is the Air Force developing any kind of master plan to deal with the upkeep of historic properties?

Ms. DEMESME. Yes, we are. We have taken a good look at our properties. We have determined what the needs are. We are putting together some guidelines for ways to address these needs and how to fund them. And we are continuing to examine exactly what we will need to keep up with needs.

Right now, we are not experiencing a big problem with them. Our inventory of historical facilities are not that large—not high enough that we need to change the way we fund them. But we will continue to keep abreast of that and modify and change our polices

as necessary. Right now, we are trying to comply with congressional guidelines and Office of the Secretary of Defense (OSD) policies on those.

Senator MURRAY. Okay. Thank you very much.

Senator BURNS. Senator Craig.

Senator CRAIG. Thank you, Mr. Chairman.

Madam Secretary, let me hand you that picture. I feel like Ross Perot today.

MOUNTAIN HOME AIR FORCE BASE

Please do not credit me with thinking like that.

This is a result of a windshield tour that I took of Mountain Home Air Force Base about 3 weeks ago. And I use this as an example, because while I have been on the base and I am extremely proud of what is going on at Mountain Home—in the composite wing, the work that is being done there, the construction of the hangar and maintenance facility and all of that and all that we need for the composite and for additional missions, the expansion of the training range that you mentioned which is so critical to the life of that base, but also to the Air Force's capabilities—we have fallen, in my opinion, dramatically behind in housing.

Now, I know you spoke of the privatizing, but it did not work at Mountain Home. In fact, we have discontinued it. Military dollars on that base, construction dollars out of this budget, is what is going to do this, not privatizing. And this is unacceptable, in my opinion, for any of our men and women in uniform. The stress we put our folks under at Mountain Home, as we have had them out in the desert ongoing, and they have performed beautifully well and we are so proud of what they do. At the same time, they leave their families in these situations and return home to these situations.

I do not know of another more dramatic way to say that. And I am not in awe. I want Senator Murray to hear this. I am not going to criticize her at all, because I am proud of what goes on at Fairchild. But I have done kind of a glance at MILCON dollars at Fairchild over the decade and at Mountain Home—$15 million more a year across the border in the State Washington. Now that we have the kind of missions we are wanting for Mountain Home, the air space that we have there, the new training range capability, we have got to change this.

Ms. DEMESME. Yes, sir.

Senator CRAIG. And we do not need to spread it out over a decade's worth of budget. That does not solve our problem. We need to get at the business of focusing on this with the kind of intent necessary to resolve it in a reasonable time frame, either with the modernization of current facilities—some of these ought to be razed.

Ms. DEMESME. Yes, sir.

Senator CRAIG. They were built at a time when they were viewed as somewhat temporary, and that was probably 40 years ago.

Ms. DEMESME. Yes, sir. We are trying to look at all of our bases. As I said, we have a master plan, a family housing master plan. And right now, the Mountain Home program is in our fiscal year 2004 and 2005 program, based on urgency of need. We, unfortu-

nately, have other bases with similar housing problems. And we agree that we would like to do it sooner if we had the funds to do so. We are committed to improving the housing for our families.

Senator CRAIG. I know you are. The reason I bring this to your attention, depending on the location of the base, the beauty of Mountain Home is, in part, its isolation, in a positive way. It creates the air space we need. It gives us the capability and the flexibility we need. But it also means that you cannot go to an immediate metro area to live.

Ms. DEMESME. That is true.

Senator CRAIG. You have to commute long distances, to Boise, if you choose to live there, and some are now living there. Their spouses are working in the Boise environment. Mountain Home, as a community, has tried to hustle to improve housing, at a time when predominantly the housing was on base. But still, base efforts are very, very necessary there. And I would hope that these conditions could change before 2004.

Ms. DEMESME. Sir, we appreciate your concern. We share it. And we will be looking at our master plan as time goes on. We are constantly evaluating to determine that we have the right focus. And if we can, we will. But right now that is where we are unless something happens between now and then. I do not know that we could move on that sooner.

Senator CRAIG. Well, we will maybe try to help you make it happen. And I do not mean just for Mountain Home. I mean for the totality of the Air Force.

Ms. DEMESME. We would appreciate any help we could get.

Senator CRAIG. Thank you.

Senator MURRAY. Mr. Chairman, can I just ask Senator Craig a question?

Is the reason the privatization effort did not work is lack of private companies willing to invest in that area?

Senator CRAIG. In part that, yes. It did not work the way it was anticipated it might. Now, in some areas, apparently it is working better.

Ms. DEMESME. Yes, it is.

FAMILY HOUSING

Senator CRAIG. There, we have got to make that kind of investment. I do not think there is any question about it.

Senator BURNS. There is no doubt about that. And that is what kind of brings us to our concern about that. Just from the looks of your budget as it has been proposed now, you have placed a lower priority on family housing. And that concerns some of us. So if we can help you along with restructuring some of that, we might do that.

Ms. DEMESME. We certainly would appreciate it, sir. That was the only area that we could really afford a little risk in as we looked at modernization and our other technological readiness programs. It is not the desired way to proceed.

KELLY AIR FORCE BASE ECONOMIC DEVELOPMENT CONVEYANCE

Sir, you asked a question earlier about Kelly Air Force Base. I think the answer to that is that we have the no-cost EDC legisla-

tion that we got from Congress last year, which means that we must forgive the debt on some of these facilities and programs that we had originally planned to collect monies for. And the program in Texas, the facilities part of that EDC was a no-cost conveyance that we are, by law, required to respond to. There might be others of those as we move along.

ENVIRONMENTAL CLEANUP

Senator BURNS. It is concerning as we go through this BRAC thing. And of course we have moved. For instance, we got no funds, but I will tell you that they are being used to the limit. Remember the radar stations for low-altitude bombing runs across there. We have moved some of those. The counties or the cities took over those facilities.

There is kind of a success story. The one at Conrad, Montana, which now we have people that applied, as a retirement complex, from the East Coast to go to Conrad, Montana. Now, folks, those of you who have been to Conrad, Montana, there is not a lot there. It is just out there on the flats on the eastern front. I suspect somebody here was stationed at Malmstrom and probably understands where Conrad is. But they are full, if you can believe it, and people are moving out of the East Coast cities and retiring there because of safety more than anything else. So they are being used.

Questions on plant improvement and stuff like that, I think we will do all this in private talks as we move through this. But tell me about your environmental cleanup. Give me a status report on how we are doing on those facilities that we are cleaning up and getting ready to move into private hands.

Ms. DEMESME. We are doing quite well, sir. It is taking longer than we had originally thought, but we have developed good working relationships in all of our locations. We are down to less than five problematic issues a year. We are funding all of our level 1's to make sure that we are in compliance. And I am satisfied right now that we are on target and moving forward.

Senator BURNS. I am sorry, we have run into some problems with the tower reconstruction in Florida, but we will work our way through those kind of situations, too.

Thank you for coming this morning. And further comments from any of you would be welcomed. Are there any other questions from the committee?

ADDITIONAL COMMITTEE QUESTIONS

Other members may have questions. If so, we will submit them and you may respond to those questions to the committee member or to the committee.

Ms. DEMESME. Thank you, sir. And again, thank you and this committee for your support of our programs. It has meant a lot to our men and women to understand that people are listening and providing the tools we need to make their lives better.

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

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

FUNDING LEVELS

Question. Madame Secretary, your fiscal year 2001 budget looks much weaker than what was enacted last year or the amount proposed last year for fiscal year 2001. Why is the air force placing such a low priority on military construction and family housing?

Answer. We have not put a low priority on our military construction and family housing. These areas are very important to the Air Force but constrained funding forces the Air Force to accept certain risks where we thought we could afford to, specifically in the area of infrastructure. We must balance funding among the priorities of the people, readiness, modernization, and infrastructure. The fiscal year 2001 President's Budget reflects a balanced approach across all areas due to fiscal constraints and affordability. We are prepared to meet the demands of on-going security commitments and executing the national military strategy. We accomplish this by only funding minimal infrastructure support and modernizing at less than optimal rates. Our fiscal year 2001 request is about $3.5 billion short of what we believe is a good mix among people, readiness, modernization, and infrastructure. We need sustained increases in funding to substantially improve the condition of our infrastructure, and strengthen our modernization efforts.

Question. I was distressed to learn that the Air Force is only recapitalizing their infrastructure at a rate of one percent of their plant replacement value (PRV). What are the long term implications to our facilities of maintaining this funding strategy?

Answer. We recognize that we are taking some risk with the current level of funding for our infrastructure programs. The long-term implications of recapitalizing the Air Force plant at reduced levels will result in greater need to repair and maintain aging systems and facilities. Our current level of MILCON funding results in a recapitalization rate of over 200 years. Likewise, our fiscal year 2001 real property maintenance (RPM), which is funded at 1 percent of PRV limits our day-to-day maintenance to emergency and most critical work requirements only. Degraded facility conditions can affect combat capability, productivity and quality of life in the work place that impacts retention and morale. We will continue to focus our resources on the highest priority requirements as we balance our investment needs between people, readiness, modernization and infrastructure.

Question. How do we in the Congress get the Department of Defense to place more emphasis on fixing this situation?

Answer. There is no easy solution to the situation resulting in the underfunding of military construction, family housing, and real property maintenance within the Air Force. The fiscal year 2001 President's Budget reflects the Air Force's priorities of people, readiness, modernization, and infrastructure. These competing priorities are balanced to produce the best possible aerospace force within the given Total Obligating Authority. Possible ways of improving funding in the infrastructure accounts are to reduce the overall size of the Air Force's infrastructure through a combination of closure actions and privatization efforts.

PUBLIC/PRIVATE VENTURES (PPV)

Question. I understand that the Air Force's family housing privatization project at Lackland AFB is proceeding well. Early reports indicate that this project is a success. What is the time line for the other family housing privatization initiatives that will follow?

Answer. Excluding Lackland AFB, the following represents current projected dates relative to Air Force housing privatization project execution:

Project Location	Scope (units)	Notify Congress of Solicitation	Notify Congress of Award	Closing
Robins AFB, GA	670	Oct. 1998	June 2000	July 2000
Elmendorf AFB, AK	828	Dec. 1998	June 2000	July 2000
Dyess AFB, TX	402	June 1999	July 2000	Sept. 2000
Kirtland AFB, NM	1,890	May 2000	Oct. 2000	Nov. 2000
Wright-Patt, AFB, OH	1,536	June 2000	Dec. 2000	Jan. 2001
Patrick AFB, FL	960	July 2000	Dec. 2000	Jan. 2001
Dover AFB, DE	450	Aug. 2000	Dec. 2000	Jan. 2001
McGuire AFB, NJ	999	TBD	TBD	TBD
Tinker AFB, OK	730	TBD	TBD	TBD

Project Location	Scope (units)	Notify Congress of Solicitation	Notify Congress of Award	Closing
Subtotal	8,465			
Little Rock AFB, AR	1,535	Sept. 2000	Feb. 2001	Mar. 2001
Moody AFB, GA	696	Sept. 2000	Feb. 2001	Mar. 2001
Vandenberg AFB, CA	506	Sept. 2000	Mar. 2001	Apr. 2001
Offutt AFB, NE	2,580	Oct. 2000	May 2001	June 2001
Charleston AFB, SC	488	Nov. 2000	June 2001	July 2001
Hill AFB, UT	1,116	Dec. 2000	July 2001	Aug. 2001
Subtotal	6,921			

Question. The Department of Defense has been criticized because of the long time it takes from solicitation to closing of family housing privatization deals, especially with interest rates so volatile. How is the Air Force working to shorten this time?

Answer. The Air Force has already taken actions to minimize or delete "no-value-added" steps in our project execution process as a result of lessons learned during the execution of the Lackland, Elmendorf, Robins, and Dyess projects. Many of these steps precede solicitation, however, we are also taking steps to accelerate the solicitation portion of the process. The Air Force has explored the possibility of executing privatization projects through leading members of industry. Further, we are pursuing an accelerated solicitation methodology with the competitive re-solicitation of the Elmendorf AFB project, and expect to cut as much as 3–4 months from the process. Finally, we are pursuing a competitive solicitation methodology through the Air Force Center for Environmental Excellence that uses contractor support to a greater extent to assist in speeding up the process. If successful, we intend to implement these concepts for follow-on projects.

Question. How will Secretary Cohen's recent announcement to buy out the basic allowance for housing for those service members living on the economy impact family housing privatization?

Answer. Any basic allowance for housing (BAH) increase could give the Air Force an opportunity to reduce the amount of loans provided to developers. This would decrease the Office of Management and Budget (OMB) scored "up front" cost required to close a privatization deal. Our initiatives will be designed such that developers will not receive a windfall as a result of major BAH increases. BAH increases excess to project needs will be directed to a holding account and ultimately to the Family Housing Improvement Fund. The BAH impact on future privatization initiatives will be addressed in updates to the Air Force Family Housing Master Plan. We intend to update our Master Plan annually to address the effects of long term planning factors, such as BAH, on future military and privatized housing requirements. The Master Plan is scheduled to be updated in December 2000.

FISCAL YEAR 2001 CONTINGENCY ELIMINATION

Question. Madame Secretary, the Air Force has greatly improved their construction project execution the past several years. How will the loss of contingency funding potentially impact your rate of execution?

Answer. Lack of contingency funds will impact timely response to unforeseen conditions during construction, leading to costly delays/work stoppages. We are working award and funding strategies with our design/construction agents to ensure sufficient funds are available for each project so construction can proceed as necessary to meet need dates and avoid costly delays. However, elimination of contingency funding for fiscal year 2001 MILCON projects increases the possibility of deferring projects to provide funds to complete projects under construction. The elimination of contingency funding for fiscal year 2001 family housing projects increases the possibility of reducing project scope to provide sufficient contingency funding during construction.

Question. Could this reduction cause a change in overall scope of the projects? What are other challenges will this cause?

Answer. For Military Construction (MILCON), the Air Force's goal is to award all projects at full scope. However, elimination of contingency funding increases the possibility of deferring projects to provide funds to complete projects under construction. The Air Force will fund its most urgent requirements first. This includes new mission and weapons systems beddowns and projects required by law or treaty. We will award all remaining projects in order of bid opening until fiscal year 2001 funds

are exhausted. The Air Force plans to fund all unawarded fiscal year 2001 projects as soon as fiscal year 2002 funds are available. Deferring projects in this manner shifts the funding burden to the following program year, greatly increasing the potential for unsatisfactory execution of future MILCON programs.

For Air Force Housing, the Air Force goal is to award projects at full scope. However, the number of units within each project may be reduced at project award or during construction to account for contingency requirements. Such scope reductions will result in fewer completed housing units for Air Force families.

Question. When a project encounters cost over-runs, how will the Air Force treat a shortfall without the contingency account?

Answer. If an awarded fiscal year 2001 project experiences unforeseen requirements that exceed funding generated from bid-savings, the Air Force will be forced to defer unawarded fiscal year 2001 projects or use fiscal year 2002/2003 MILCON funds to complete construction. We are working with our design/construction agents to ensure construction cost growth is minimized and sufficient funds are available for each project so construction can proceed to completion without costly delays and work stoppages. In addition, for family housing projects, the number of units within each project may be reduced at project award or during construction to accommodate unforeseen requirements.

AF UNACCOMPANIED ENLISTED HOUSING PROGRAM

Question. Madame Secretary, in order for the Air Force to meet its goals for dormitories by 2009, what level of funding each year is required?

Answer. The Air Force has committed to an $80–90 million per year annual level of MILCON investment for dormitories. This investment, in conjunction with OSD Quality of Life supplemental funding which averages $25 million per year over the President's Budget Future Years Defense Plan (FYDP), will allow us to reach our goal to eliminate our dormitory deficit and replace our worst existing dormitories by 2009.

Question. What kind of feedback are you getting from airmen about these new dormitories? Will it help recruitment and retention?

Answer. Senior leaders have received favorable comments about the new dormitories. Airmen indicated that these dormitories are modern, comfortable, and provide the space and privacy to study, relax, and sleep. In addition to the number of positive responses to One-Plus-One dorms, there are also some recommendations for improvements. Some airmen express a desire for a private bath, but by and large most of the comments center around space and the absence of basic allowance for subsistence. While the issues airmen have regarding One-Plus-One dorms concern Air Force leadership, the complaints are not totally unexpected. We have a group of people who have never lived in the old dorms. The feeling of joy people felt from moving from the old dorm to the new one is yesterday's news. It has been five years since we instituted the construction standard. It is a good time to take a look at the design standards.

The Chief of Staff of the Air Force (CSAF) commented recently that "junior enlisted personnel are the bedrock of our Air Force and how we take care of them is inextricably linked to readiness, recruitment, and retention." Quality-of-life issues such as increased TEMPO, medical care, and pay and compensation are the major detractors in our current retention environment. However, Air Force leadership has an inherent responsibility to provide an adequate standard of living for our members and the One-Plus-One dormitory enhances individual quality of life. In fact, quality of life in the Air Force is one of several factors that influence an individual's decision to join the Air Force. Providing more privacy and amenities are important in addressing quality of life concerns raised by our single military members. In 1995, 88 percent of airmen living in dormitories said their number one quality of life concern was privacy. The One-Plus-One dormitory addressed these particular concerns and enhances quality of life. The 1999 CSAF Survey showed that 73 percent of single enlisted members were satisfied with their current housing, up from 49 percent in 1997. Additionally, Air Force leadership has received indications that providing safe and adequate housing for our single airmen is directly related to motivating and retaining a top-quality professional force. They are committed to this important quality-of-life issue and will continue to work to take care of these deserving professionals.

Question. What criteria determines which installations get their dormitories modernized faster?

Answer. The Secretary of the Air Force (SECAF) and Chief of Staff of the Air Force (CSAF) approved Dormitory Master Plan prioritizes the Air Force's most urgent requirements taking into account the size of the installation's dormitory room

deficit and condition of existing dormitories with added emphasis for overseas locations.

QUESTION SUBMITTED BY SENATOR LARRY CRAIG

NATIONAL GUARD AND RESERVE

Question. The Idaho National Guard has two very important military construction projects that are vital to Gowen Field and the continued support of the Guard and Reserve.

The proposed assault strip for the Air Guard is essential for the combat readiness of the Air Guard's 189th Airlift Squadron. Remote airfields require transit time that expend limited flying hours and finite resources. At present, the C–130 Assault Strip is in the FYDP for 2003. I plan to work to have this project expedited. It appears to me that a cost-benefit analysis of the proposed assault strip would show cost savings for the Air Force, as soon as the Assault Strip were up and running. Please provide a cost-benefit analysis of this project in terms of flying hours, training, manpower, and readiness issues.

I am extremely concerned about the growing reliance on the National Guard and Reserve. As you know, Idaho's Army National Guard will deploy to Bosnia in 2002. The greater burden on the citizen-soldier has so intensified that there is legitimate concern about a soldier's willingness to stay or join those units. I was pleased to see the Army's decision to limit overseas deployments of Guard and Reserve units to six months. However, more must be done. One important avenue to improve the situation is through military construction. The Idaho National Guard faces a significant shortage in readiness space at its facilities at Gowen Field, which resulted from the DOD-directed reorganization of the 1–183rd Aviation Battalion and the 1–189th Aviation Medical Detachment. This shortage is impacting readiness and the ability of the Idaho National Guard to effectively and efficiently prepare for deployment. The Readiness Center is needed to provide space for Army Guard units currently located in World War II-era buildings or in other facilities that are over crowded and inadequate for that purpose. I strongly recommend that the National Guard Bureau immediately place this project on the FYDP. I welcome your thoughts or comments on this issue.

Answer. Reference the cost-benefit analysis of the Assault Strip. The nearest assault strip which can be used by the unit is located at McChord AFB, WA. Travel to and from this location for training adds 3 hours to each sortie. Training minimums for the unit require 120 sorties per year. The additional flight time for these sorties costs an extra $624,600/year in aviation fuel and maintenance costs. These annual savings yield a 10 year payback on the project which is excellent given a pavement life cycle of 20 years. Additional, less quantifiable, benefits will be gained in readiness for the local unit and surrounding units who will have an additional training asset. Other units that can use the assualt strip include active Air Force units in the adjoining states, Nevada Air National Guard, Air Force Special Operations Command (AFSOC) and the Idaho Army National Guard.

Reference the Army National Guard Readiness Center. We recognize the importance of the Readiness Center at Gowen Field. Funding limitations prevented its inclusion in the Future Years Defense Plan submitted with the President's Budget. However, the project was priority #27 on the Infrastructure Requirements Plan, which the Army National Guard forwarded to you in compliance with your annual requirement. On that plan the project was associated with fiscal year 2001, had there been sufficient funds to meet annual recurring military construction requirements. In addition, the project appeared in fiscal year 2001 on the unfunded Future Years Defense Plan, which the committee requested subsequent to the submission of the President's Budget.

CONCLUSION OF HEARINGS

Senator BURNS. Well, from our standpoint of working with you, Madam Secretary, thank you for your cooperation. It has been great working with you on this committee, too. Thank you.

[Whereupon, at 10 a.m., Tuesday, March 7, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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