

**MILITARY CONSTRUCTION APPROPRIATIONS
FOR FISCAL YEAR 2005**

WEDNESDAY, APRIL 7, 2004

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

The subcommittee met at 2:51 p.m., in room SD-138, Dirksen Senate Office Building, Hon. Kay Bailey Hutchison (chairman) presiding.

Present: Senators Hutchison and Landrieu.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

STATEMENT OF GEOFFREY G. PROSCH, ACTING ASSISTANT SECRETARY OF THE ARMY, INSTALLATIONS AND ENVIRONMENT

ACCOMPANIED BY:

MAJOR GENERAL LARRY J. LUST, ASSISTANT CHIEF OF STAFF
FOR INSTALLATION MANAGEMENT, DEPARTMENT OF THE ARMY
MAJOR GENERAL WALTER F. PUDLOWSKI, SPECIAL ASSISTANT TO
THE DIRECTOR, ARMY NATIONAL GUARD
BRIGADIER GENERAL GARY M. PROFIT, DEPUTY CHIEF, ARMY RESERVE

OPENING STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. First, I apologize for being late for this hearing. We just finished our second vote and so I was detained on the floor. I talked to Senator Feinstein on the floor and because of the delay she is not going to be able to make it to this hearing; she had an emergency briefing in the Intel Committee that was just called so she is not going to be able to make it. She had intended to come and then leave, but I told her I certainly understood and I knew that you would.

But we do have quite a bit to discuss and I appreciate very much the Army and the Navy coming in today to talk about Military Construction. And I would like to start with the Army budget and say that in the remarks that you have put forward, Mr. Prosch, the Army Military Construction is 15 percent above last year's request and National Guard is 75 percent above last year's request and Reserve is up 27 percent. However, even though Guard and Reserve are up they are still below the levels that we enacted last year, and I am concerned that we are getting further and further behind in Guard and Reserve Military Construction. I am very hopeful that you will talk about the Residential Communities Initiative. I have

seen some of those at Fort Hood, I think it is a wonderful concept, and I know that this is a priority for you, which I totally support; it's what we ought to be doing for our military families, and I hope we can work together to raise the privatization cap so that you will have the opportunity to do that.

I think the fact that it has been announced that we are bringing mostly Army troops back from Germany and Korea in the next 5 to 6 years is very important for the Military Construction issue but I also am concerned, and I hope you will address this, that with the numbers that we are looking at, roughly half what we have in Europe today in the Army are going to be coming home, when will we start seeing the Military Construction affects of this? When will we start seeing what you're going to need for those bases to which these people will be coming? In addition, General Abizaid has testified before Congress that he has 44 unfunded MILCON projects with a price tag of \$531 million, most of which will be in Army support. I said last week that we really need to start looking at that because that's a major part of any Military Construction funding that we would be looking at.

So with that let me say welcome. I am glad we've been able to visit. I look forward to hearing the summary of your statement, and then I will have some questions. Thank you.

Mr. PROSCH. Thank you very much, Madam Chairman. I am pleased to appear before you with my Army Installation partners—Major General Larry Lust from the Active Army; Major General Walt Pudlowski from the Army National Guard and Brigadier General Gary Profit from the Army Reserve—to discuss the Army's fiscal year 2005 Military Construction budget. We have provided a detailed written statement for the record but I would like to comment briefly on the highlights of our program.

We begin by expressing our deep appreciation for the great support that the Congress has provided to our soldiers and their families who are serving our country around the world. We are a Nation and an Army at war and our soldiers would not be able to perform their mission so well without your support.

We have submitted a robust Military Construction budget of \$3.7 billion, 13 percent over fiscal year 2004 amended budget request, that will fund our highest priority, Active Army, Army National Guard and Army Reserve facilities, along with our family housing requirements. This budget request supports the Army vision encompassing current readiness, transformation and people. As we are fighting the global war on terrorism we are simultaneously transforming to be a more relevant and ready Army. We are on a path with the transformation of installation management that will allow us to achieve these objectives.

We currently have almost 250,000 soldiers mobilizing and demobilizing, deploying and redeploying. More troops are coming and going on our Army installations than in any era since World War II. Our soldiers and installations are on point for the Nation.

The Army recently identified key focus areas to channel our efforts to win the global war on terrorism and to increase the relevance and readiness of the Army. One of our focus areas is installations as flagships, which enhances the ability of our Army installations to project power and support families. Our installations

support an expeditionary force where soldiers train, mobilize and deploy to fight and are sustained as they reach back for enhanced support. Soldiers and their families who live on and off the installation deserve the same quality of life as is afforded the society they are pledged to defend.

Installations are a key ingredient to combat readiness and well-being. Our worldwide installation structure is critically linked to Army transformation and the successful fielding of the future force. Military Construction is a critical tool to ensure that our installations remain relevant and ready. Our fiscal year 2005 Military Construction budget will provide the resources and facilities necessary for continued support of our mission. Let me summarize what this budget will provide for the U.S. Army: new barracks for 4,200 soldiers; adequate on-post housing for 14,200 Army families; increased MILCON funding for the Army National Guard and the Army Reserve over last year's request; new readiness centers for over 3,000 Army National Guard soldiers; new Reserve centers for over 2,800 Army Reserve soldiers; a \$287 million military construction investment and training ranges; a battalion-size basic combat training complex and facilities support and improvements for four Stryker brigades.

With the sustained and balanced funding represented by this budget our long-term strategies will be supported. With your continued help we will be able to improve soldier and family quality of life while remaining focused on the Army's transformation to the future force.

In closing Madam Chairman, we thank you for the opportunity to outline our program. As I have visited Army installations I have witnessed progress that has been made and we attribute much of this success directly to the long-standing support of this committee and your able staff. With your continued assistance the Army pledges we will use fiscal year 2005 MILCON funding to remain responsive to the Nation's needs.

Thank you for the opportunity to appear before your subcommittee. Me and my partners here will be happy to answer any questions you may have.

[The statement follows:]

PREPARED STATEMENT OF GEOFFREY G. PROSCH

INTRODUCTION

Madam Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Army's Military Construction budget request for fiscal year 2005. This request includes initiatives of critical importance to the Army and this committee, and we appreciate the opportunity to report on them to you. We would like to begin by expressing our appreciation for the tremendous support that the Congress has provided to our Soldiers and their families who are serving our country around the world. We are a Nation and an Army at war, and our Soldiers would not be able to perform their missions so well without your support.

OVERVIEW

The Army has begun one of the most significant periods of transformation in its 228-year history. We are "An Army at War—Relevant and Ready." This maxim will define how we meet the Nation's military requirements today and into the future. As we are fighting the Global War on Terrorism, we are simultaneously transforming to be a more relevant and ready Army. We are on the road to a transformation that will allow us to continue to dominate conventional battlefields and provide the ability to deter and defeat adversaries who rely on surprise, deception,

and asymmetric warfare to achieve their objectives. To accomplish our objective, our operational force will temporarily increase by 30,000 soldiers. We currently have almost 250,000 soldiers mobilizing and demobilizing, deploying and redeploying—more troops are coming and going on our installations than in any era since World War II. Military Construction is an important tool to our network of installations to meet our challenging requirements.

As part of this transformation, the Army is fielding and equipping six Stryker Brigade Combat Teams (SBCT) to meet Combatant Commanders' requirements and to continue the Army's commitment to the Global War on Terrorism. These SBCTs allow the Army to continue modernizing and transforming the Current Force. The rapid development and fielding of six SBCTs is leading the transformation of the Army—physically and culturally.

To meet the challenges of today's missions, 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 deployment platforms to generate the capabilities necessary to sustain a lethal force. We must ensure that a trained and qualified force will be in place to support the Future Force of a transformed Army. To meet that goal and ensure continued readiness, we must take care of Soldiers and families. Our installations are a key component in this effort.

INSTALLATIONS AS FLAGSHIPS

The Army recently identified 17 Army Focus Areas to channel our efforts to win the Global War on Terrorism and to increase the relevance and readiness of the Army. One of the Focus Areas—Installations as Flagships—enhances the ability of an Army installation to project power and support families. Our installations support an expeditionary force where Soldiers train, mobilize, and deploy to fight and are sustained as they reach back for support. Soldiers and their families who live on and off the installation deserve the same quality of life as is afforded the society they are pledged to defend. Installations are a key component in the tenets of the Army Vision. Our worldwide installations structure is inextricably linked to Army transformation and the successful fielding of the Future Force.

INSTALLATION STRATEGIES

There is much work to be done if all installations are to be flagships with the ability to both project power and support families to an equitable standard. We are a world-class combat ready force being supported by substandard facilities that impair our ability to meet the mission. To improve our facilities posture, we have specific initiatives to focus our resources on the most important areas—Barracks, Family Housing, Focused Facilities, Ranges, and Transformation.

Barracks.—The Army is in the 11th year of its campaign to modernize barracks to provide 136,000 single enlisted permanent party Soldiers with quality living environments. This year's budget request includes 19 barracks projects providing new or improved housing for 4,200 Soldiers. The new complexes provide two-soldier suites, increased personal privacy, larger rooms, walk-in closets, new furnishings, adequate parking, landscaping, and unit administrative offices separated from the barracks. With the approval of \$700.4 million for barracks in this request, a significant portion of our requirement will be funded. We are making considerable progress at U.S. installations and the Army funded two barracks projects, based upon the Combatant Commander's request, for Grafenwoehr, Germany.

Family Housing.—This year's budget continues our significant investment in our Soldiers and their families by supporting our goal to have funding in place by 2007 to eliminate inadequate housing. We have included funding in this year's budget request to privatize 11,906 houses. In addition we will replace 1,313 houses, build 100 new houses to support Stryker Brigade Combat Team deployment, and upgrade another 875 houses using traditional Military Construction. For families living off-post, the budget request for military personnel increases the basic allowance for housing to eliminate out of pocket expenses. Once overseas basing decisions are made, we will adjust our plans for new housing construction overseas.

Focused Facilities.—Building on the successes of our housing and barracks programs, we are moving to improve the overall condition of Army infrastructure with the Focused Facility Strategy. The Installation Readiness Report is used to determine facilities quality ratings of C-1 to C-4 based on their ability to support mission requirements.

- Installation Readiness Report—Facilities Quality Ratings
- C-1 facilities fully support mission accomplishment
 - C-2 facilities support the majority of assigned missions
 - C-3 facilities impair mission performance

—C-4 facilities significantly impair mission performance

We are a C-1 Army living and working in C-3 facilities. Our goal is to reach an overall Army average of C-2 quality by 2010 by concentrating on seven types of C-3 and C-4 facilities. These focus facilities are general instruction buildings, Army National Guard Readiness Centers, Army Reserve Centers, tactical vehicle maintenance shops, training barracks, physical fitness centers, and chapels. We are requesting \$207 million in fiscal year 2005 to support this initiative.

Army Range and Training Land Strategy.—Providing ranges and training lands that enable the Army to train and develop its full capabilities is key to ensuring that America's forces are relevant and ready now. The Army's Deputy Chief of Staff G-3 developed the Army Range and Training Land Strategy to support the Department of Defense's Training Transformation, Army Transformation, and the Army's Sustainable Range Program. It identifies priorities for installations requiring resources to modernize ranges, mitigate encroachment, and acquire training land. The strategy serves as the mechanism to prioritize investments for these installations and seeks to optimize the use of all range and land assets. The result is a long-range plan that provides the best range infrastructure and training lands based on mission and training requirements.

Current to Future Force.—The Army is undergoing the biggest internal restructuring in the last 50 years. As part of this transformation effort, we are fielding and equipping six Stryker Brigade Combat Teams throughout the Army. This transformation will drive our efforts to ensure that our "training battlefields" continue to meet the demands of force structure, weapons systems, and doctrinal requirements. Providing ranges and training lands that enable the Army to train and develop its full capabilities is crucial to ensure that America's forces are relevant and ready now. Our fiscal year 2005 Military Construction budget requests \$305 million for projects for operations and training facilities, training ranges, maintenance facilities, logistics facilities, utilities, and road upgrades in support of the Stryker Brigade Combat Teams.

The former Army Strategic Mobility Program ended in fiscal year 2003 with the capability of moving five and one-third divisions in 75 days. We must improve current processes and platforms so intact units arrive in theater in an immediately employable configuration.

The new Army Power Projection Program (AP3) is a combat multiplier for Army transformation and a catalyst for joint and Service transformation efforts related to force projection. AP3 is a set of initiatives and strategic mobility enabling systems, including infrastructure projects, that ensures we are able to meet Current and Future Force deployment requirements. AP3 funding began in fiscal year 2004. AP3 ensures the capability to deploy Army forces in accordance with Regional Combatant Commanders' operational plans.

MILITARY CONSTRUCTION

The Army's fiscal year 2005 request has increased over fiscal year 2004 and includes \$3.7 billion for Military Construction appropriations and associated new authorizations.

Military Construction Appropriation	Authorization Request	Authorization of Appropriation Request	Appropriation Request
Military Construction Army (MCA)	\$1,535,400,000	\$1,771,285,000	\$1,771,285,000
Military Construction Army National Guard (MCNG)	N/A	295,657,000	295,657,000
Military Construction Army Reserve (MCAR)	N/A	87,070,000	87,070,000
Army Family Housing (AFH)	636,099,000	1,565,006,000	1,565,006,000
TOTAL	2,171,499,000	3,719,018,000	3,719,018,000

MILITARY CONSTRUCTION, ARMY (MCA)

The active Army's fiscal year 2005 Military Construction request for \$1,771,285,000 (for appropriation and authorization of appropriations) and \$1,535,400,000 (for authorization) is for People, Current Readiness, and Transformation to the Future Force. These funds are critically needed to provide new barracks, invest in training ranges and land, recapitalize existing facilities, and support three Active Army Stryker Brigade Combat Teams in Alaska, Hawaii, and Louisiana. The request also includes funds for planning and design for future projects, along with Unspecified Minor Military Construction.

The Department of Defense continues to assess its global stationing strategy. We have included only minimal, but critical, overseas projects in the fiscal year 2005 Military Construction budget request. These projects are required to provide the infrastructure necessary to ensure continued Soldier readiness and family well-being that is essential throughout any period of transition.

People.—We are requesting \$798 million to improve the well-being of our Soldiers, civilians, and families. Approximately 50 percent of our MCA budget request will improve well being in significant ways—providing 19 unit barracks complexes for 4,200 Soldiers (\$700 million), a basic trainee barracks complex (\$50 million), a physical fitness center (\$18 million), a chapel (\$10 million), two child development centers and a youth center (\$20 million).

Current Readiness.—Our budget request includes \$504 million to keep our Soldiers trained and ready to respond to the Nation's needs. Current readiness projects include operational and training instructional facilities (\$92 million), training ranges (\$122 million), logistics facilities (\$31 million), utilities and land acquisition (\$27 million), maintenance/production and tactical equipment facilities (\$82 million), communication/administration facilities (\$104 million), a research and development facility (\$33 million), and community support facilities (\$13 million).

Current to Future Force.—Our budget request also includes \$298 million for projects to ensure the Army is trained, deployable, and ready to rapidly respond to national security requirements and support transformation for the Stryker Brigade Combat Teams. Projects include operations and training facilities (\$63 million), training ranges (\$79 million), a maintenance facility (\$49 million), logistics facilities (\$19 million), and utilities and roads (\$88 million).

Other Worldwide Support Programs.—The fiscal year 2005 MCA request includes \$171 million for planning and design, along with Unspecified Minor Military Construction. Planning and design funds (\$151 million) are used to accomplish final design of future projects and oversight of host Nation construction. As Executive Agent for the Department of Defense, the Army uses planning and design funds for oversight of construction projects funded by host Nations for use by all Services. Finally, the fiscal year 2005 MCA budget contains \$20 million for Unspecified Minor Military Construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)

The Army National Guard's fiscal year 2005 Military Construction request for \$295,657,000 (for appropriation and authorization of appropriations) is focused on Current Readiness and transformation to the Future Force.

Current Readiness.—In fiscal year 2005, the Army National Guard has requested \$116.1 million for nine projects. These funds will provide the facilities our Soldiers need as they train, mobilize, and deploy. They include one Readiness Center, one Armed Forces Reserve Center, three Army Aviation Support Facilities, two Ranges, and two Training projects.

Current to Future Force.—This year, the Army National Guard is requesting \$144.2 million for 23 projects needed to transform from Current to Future Force. There are 16 projects for the Army Division Redesign Study, three for Aviation Transformation, two for the Range Modernization Program, and two for the Stryker Brigade Combat Team initiative.

Other Worldwide Support Programs.—The fiscal year 2005 MCNG budget request contains \$30.8 million for planning and design of future projects, along with \$4.5 million for Unspecified Minor Military Construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY RESERVE (MCAR)

The Army Reserve's fiscal year 2005 Military Construction request for \$87,070,000 (for appropriation and authorization of appropriations) is for current readiness and other worldwide unspecified programs.

Current Readiness.—The Army Reserve will invest \$72.9 million in current readiness projects. We will invest \$58.6 million to construct four new Reserve Centers, and one military equipment park; invest \$7.9 million to modernize and expand one Reserve Center, invest \$3.9 million to construct two ranges; and invest \$2.5 million to acquire land for a future Armed Forces Reserve Center.

Other Worldwide Unspecified Programs.—The fiscal year 2005 MCAR budget includes \$11.2 million for planning and design. The funds will be used for planning and design of future projects. The fiscal year 2005 MCAR budget also contains \$2.9 million for Unspecified Minor Military Construction to address unforeseen critical

needs or emergent mission requirements that cannot wait for the normal programming cycle.

ARMY FAMILY HOUSING CONSTRUCTION (AFHC)

The Army's fiscal year 2005 family housing request is \$636,099,000 (for appropriation, authorization of appropriation, and authorization). It continues the successful and well-received Whole Neighborhood Revitalization initiative approved by Congress in fiscal year 1992 and supported consistently since that time, and our Residential Communities Initiative program.

The fiscal year 2005 new construction program provides additional housing in Alaska in support of a Stryker Brigade Combat Team and Whole Neighborhood replacement projects at nine locations in support of 1,413 families for \$394.9 million.

The Construction Improvements Program is an integral part of our housing revitalization and privatization programs. In fiscal year 2005, we are requesting \$75.4 million for improvements to 875 existing units at three locations in the United States and two locations in Europe, as well as \$136.6 million for scoring and direct investment in support of privatization of 11,906 units at six Residential Communities Initiative (RCI) locations.

In fiscal year 2005, we are also requesting \$29.2 million for planning and design in support of future family housing construction projects critically needed for our Soldiers. Privatization. RCI, the Army's Family Housing privatization program, is providing quality, sustainable housing and communities that our Soldiers and their families can proudly call home. RCI is a critical component of the Army's effort to eliminate inadequate family housing in the United States. The fiscal year 2005 budget request provides support to continue implementation of this highly successful program.

We are leveraging appropriated funds and Government assets by entering into long-term partnerships with nationally recognized private sector real estate development and management firms to obtain financing and management expertise to construct, repair, maintain, and operate family housing communities.

The RCI program currently includes 34 installations with almost 71,000 housing units—over 80 percent of the family housing inventory in the United States. By the end of fiscal year 2004, the Army will have privatized 19 installations with an end state of 42,000 homes.

ARMY FAMILY HOUSING OPERATIONS (AFHO)

The Army's fiscal year 2005 family housing operations request is \$928,900,000 (for appropriation and authorization of appropriations), which is approximately 59 percent of the total family housing budget. This budget provides for annual operations, municipal-type services, furnishings, maintenance and repair, utilities, leased family housing, demolition of surplus or uneconomical housing, and funds supporting management of the Military Housing Privatization Initiative.

Operations (\$150 million).—The operations account includes four sub-accounts: management, services, furnishings, and a small miscellaneous account. All operations sub-accounts are considered "must pay accounts" based on actual bills that must be paid to manage and operate family housing.

Utilities (\$132 million).—The utilities account includes the costs of heat, air conditioning, electricity, water, and sewage for family housing units. While the overall size of the utilities account is decreasing with the reduction in supported inventory, per-unit costs have increased due to general inflation and the increased costs of fuel.

Maintenance and Repair (\$402 million).—The maintenance and repair account supports annual recurring maintenance and major maintenance and repair projects to maintain and revitalize family housing real property assets. While the overall account is smaller than fiscal year 2004, the reduced inventory allows for greater per-unit funding than has been possible in the recent past. This allows us to better sustain our housing inventory.

Leasing (\$218 million).—The leasing program provides another way of adequately housing our military families. The fiscal year 2005 request includes funding for over 13,600 housing units, including existing Section 2835 ("build-to-lease"—formerly known as 801 leases) project requirements, temporary domestic leases in the United States, and approximately 7,700 units overseas.

RCI Management (\$27 million).—The RCI management program funding includes procurement requirements, environmental studies, real estate requirements, management, operations, implementation, and oversight of the overall RCI program.

BASE REALIGNMENT AND CLOSURE (BRAC)

In 1988, Congress established the Defense Base Closure and Realignment Commission to ensure a timely, independent and fair process for closing and realigning military installations. Since then, the Department of Defense has successfully executed four rounds of base closures to rid the Department of excess infrastructure and align the military's base infrastructure to a reduced threat and force structure. Through this effort, the Army estimates approximately \$9 billion in savings through 2004.

The Army is requesting \$100.3 million in fiscal year 2005 for prior BRAC rounds (\$8.3 million to fund caretaking operations of remaining properties and \$92.0 million for environmental restoration). In fiscal year 2005, the Army will complete environmental restoration efforts at three installations, leaving 11 installations requiring environmental restoration. We also plan to dispose of an additional 8,000 acres in fiscal year 2005.

Fiscal year 2003 was a superb year! Using all the tools the Congress provided, including the Conservation Conveyance Authority and Early Transfer Authority, the Army transferred 100,957 acres of BRAC property. This is almost 40 percent of the total Army BRAC excess acreage, and almost as many acres as all prior years combined. To date, the Army has disposed of 223,911 acres (85 percent of the total acreage disposal requirement of 262,705 acres). We have 38,794 acres remaining to dispose of at 28 installations. The Army continues to save more than \$900 million annually from previous BRAC rounds.

OPERATION AND MAINTENANCE

The fiscal year 2005 Operation and Maintenance budget includes funding for Sustainment, Restoration, and Modernization (SRM—\$2.54 billion) and Base Operations Support (BOS—\$6.57 billion). The SRM and BOS accounts are inextricably linked with our Military Construction programs to successfully support Installations as Flagships.

Sustainment, Restoration, and Modernization (SRM).—The fiscal year 2005 budget for SRM is \$2.5 billion, of which \$2.42 billion funds sustainment at 95 percent of the requirement. SRM provides funding for the Active and Reserve Components to continue making positive progress towards our goal to prevent deterioration and obsolescence and restore the lost readiness of facilities.

Sustainment is the primary account in installation base support funding responsible for maintaining the infrastructure to achieve a successful readiness posture for the Army's fighting force. It is the first step in our long-term facilities strategy. Installation facilities are the deployment platforms of America's Army and must be properly maintained to be ready to support current Army missions and any future deployments.

The second step in our long-term facilities strategy is the recapitalization by restoring and modernizing our existing facility assets. In fiscal year 2005, the Active Army request for Restoration and Modernization is \$93.2 million. Restoration includes repair and restoration of facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration or modernization of facilities solely to implement new or higher standards, including regulatory changes, to accommodate new functions, or to replace building components that typically last more than 50 years, such as foundations and structural members.

Base Operations Support.—The fiscal year 2005 budget for Base Operations Support is \$6.57 billion (Active Army, Army National Guard, Army Reserve). This is 70 percent of the requirement. This funds programs to operate the bases, installations, camps, posts, and stations of the Army worldwide. The program includes municipal services, family programs, environmental programs, force protection, audio/visual, base communication services and installation support contracts. Army Community Service and Reserve Component family programs include a network of integrated support service that directly impact Soldier readiness, retention, and spouse adaptability to military life during peacetime and through all phases of mobilization, deployment, and demobilization.

HOMEOWNERS ASSISTANCE FUND, DEFENSE

The Army is the Department of Defense 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 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 2005, there is no request for appropriations

and authorization of appropriations. Requirements for the program will be funded from prior year carryover and revenue from sales of homes. Assistance will be continued for personnel at ten installations that are impacted with either a base closure or a realignment of personnel, resulting in adverse economic effects on local communities.

SUMMARY

Madam Chairman, our fiscal year 2005 budget is a balanced program that supports our Soldiers and their families, the Global War on Terrorism, transformation to the Future Force, and current readiness.

We are proud to present this budget for your consideration because of what this \$3.7 billion fiscal year 2005 request will provide for the Army:

- New barracks for 4,200 Soldiers
- Adequate housing for 14,200 families
- Increase in Army National Guard and Army Reserve funding over fiscal year 2004
- New Readiness Centers for over 3,000 Army National Guard Soldiers
- New Reserve Centers for over 2,800 Army Reserve Soldiers
- 80-year recapitalization rate for the Army
- \$287 million investment in training ranges
- A new Basic Combat Training Complex
- Facilities support for four new Stryker Brigades

Our long-term strategies for Installations as Flagships will be accomplished through sustained and balanced funding, and with your support, we will continue to improve Soldier and family quality of life, while remaining focused on the Army's transformation to the Future Force.

In closing, we would like to thank you again for the opportunity to appear before you today and for your continued support for our Army. This concludes my statement. Thank you.

Senator HUTCHISON. Thank you very much and thank all of you for attending. Let me start by talking about the housing privatization authority, the \$850 million cap. I am particularly focused on two areas, Fort Bliss and Fort Hood, that have major privatized housing in the works and I want to know what the \$850 million cap will do to those projects and others that you have planned for this year, for this year's budget.

HOUSING PRIVATIZATION—CAP

Mr. PROSCH. Madam Chairman, if the \$850 million cap is not lifted the Army estimates an additional \$2.2 billion would have to be programmed in Army family housing construction to eliminate the inadequate housing at the 12 installations that would be impacted when we believe that we will hit the cap in November of 2004. Now, that would otherwise be eliminated with our \$256 million of equity with our current program invested in privatization. The Army would not have a program in place to eliminate inadequate housing in the United States by 2007 as we had pledged to our soldiers. And as you stated, Fort Sam Houston and Fort Bliss are two of the installations that would be impacted; I can list the others.

Senator HUTCHISON. I would like for you to, yes.

Mr. PROSCH. Fort Drum, New York.

Senator HUTCHISON. Just for this year's budget, right? They're in the works?

Mr. PROSCH. These are RCI projects that would stop in November when the \$850 million cap is hit because we could not put the equity investment into all these future projects.

Fort Drum, New York; as we said, Fort Sam Houston, Texas; Carlisle Barracks, Pennsylvania; Picatinny and Fort Monmouth in

New Jersey; Fort Bliss, Texas; Fort Benning, Georgia; Fort Knox, Kentucky; Fort Rucker, Alabama; Fort Leavenworth, Kansas; Fort Gordon, Georgia and Redstone Arsenal, Alabama.

And General Lust, would you like to say anything about this important program?

General LUST. I would just add that realistically it would be folly to think we're going to get \$2.2 billion to put against housing when we could make that up with \$256 million of our equity put into it.

You mentioned Fort Hood. Fort Hood was in the first go-around; it has already been privatized and that project is done. And I know you visited there and I know you've been to Comanche Village.

Senator HUTCHISON. Yes.

General LUST. They used to have their ups and downs, but with \$51,000, that contractor has made that all one nice set of quarters. They used to have people not wanting to live in Comanche Village, now they have people standing in line to live there. The RCI partners have done just a wonderful, wonderful job.

Senator HUTCHISON. Well, I agree with you and I have never seen family housing that good anywhere on any base that I have visited, really anywhere in the world, certainly in our country. I do want that to be available to every family, every military family, every base where you are going to make it a priority, and we will work to lift that cap. I just hope you will keep putting that concept in place. In your testimony you talk about the areas of focus that you're going to have, and I'm glad you've said this should be one of them, because I love what General Schoomaker is saying he's going to do in letting our new entrants stay in one place longer to get a community support base for families. I think that's a very important new concept, and we need to have the nice places for them to be.

RETURNING OVERSEAS FORCES

I want to also ask about when you are looking at returning the forces from Europe and Korea. I'd like to ask you what your criteria are for where the people are going, particularly I want to say, again, Fort Hood and Fort Bliss have such a huge space for training, and one of the problems you have, even at Grafenwoehr, where you're going to still want Military Construction, but their training space is so limited compared to Fort Bliss, Fort Hood and some of the other places around the country, that I'd like to ask you, in your preparations for bringing those people home, will that space be a factor, and what are the other factors that you're going to consider?

Mr. PROSCH. Ma'am, Secretary of Defense has indicated that no later than early May he will publish his integrated global presence and basing strategy, which will tell us which units, which probably brigade-size units he would like to be sending back to the United States. We believe that the timing is perfect for this ongoing BRAC process to allow us to do the analysis to determine where the good capacity is, where the excess capacity is, posts that you mentioned that have good military value; that will assist us in doing that.

General Lust, would you like to expand?

General LUST. There are several criteria. First off, wherever we place them, there's got to be training space. I mean it doesn't make

any sense to put a unit somewhere where you've got a postage stamp, and then you'd automatically have to move them somewhere to train; so where we've got to have training space. It has not been lost on us that 68 percent of the Army's training land is at one particular post in your state, and we haven't got a maneuver unit there.

Senator HUTCHISON. Fort Bliss?

General LUST. Yes ma'am.

What installation's got facilities which wouldn't cause us to have to build more. And that will all be cranked into part of the BRAC process so as they go look at what we've got for space and facilities, that's what's important about having the overseas basing study completed so we can hand that requirement off to the BRAC people so when they do their analysis that's all been factored in. The other thing is what kind of housing we've got there, how quickly can we get it built. Obviously if I had RCI housing at an installation I could get it built quicker than I would if I have to go through the MILCON process. And also another part that plays on it, what can the community absorb? Because 60 percent of our people we plan to have live off-post, and also that community's got to be able to absorb those folks into the school system, etcetera. So all that's got to be taken into account as the BRAC people figure out we're going to position returning units.

Now, you would be naive to think we've got a place that fits all that. So what we'll try doing is identify the locations where we have the least amount of effect.

MILCON TO SUPPORT RETURNING OVERSEAS FORCES

Senator HUTCHISON. So when do you think you would start requesting the Military Construction to support those returning units?

General LUST. I believe that first request you'll see will be in the fiscal year 2007 budget because we will not have the BRAC announcement until May of 2005 the 2006 budget which will be locked in by that time. So we see fiscal year 2007 being the first year that we'll be able to have requirements in, ma'am.

Senator HUTCHISON. Let me just ask Mr. Prosch if it wouldn't make some sense to begin at least a year earlier than that. It just seems that if you're going to have by April of next year, at the very latest, an idea where you're going to move them, it surely would help if we could not wait for the whole BRAC process, just sitting stagnantly on Military Construction and losing a year. Because once you make the decision that you're going to leave a base, say in Germany, then you know that you're not going to add any Military Construction there. It's going to start deteriorating, so the more delay you have, the harder it's going to be to service the troops who are still there. You do not want to just bring them home and have something ongoing. You want something that would be perhaps a little more continuous. That's something I know you can't answer right now, but I would ask you to consider it.

Mr. PROSCH. Yes ma'am, we will consider that and we will try and we will get back with you and tell you our progress.

Senator HUTCHISON. Thank you. I do have more questions, but I'd like to defer to my colleague who has just gotten here. I'll let

her have a few minutes for your questions and then I'll come back with a second round.

JOINTNESS

Senator LANDRIEU. Thank you, Madam Chair, and welcome, thank you all for being here. I know that the Chair had spoken generally about the reorganization which we obviously generally support or just a realignment and the importance of refocusing our troop strength, saving money and doing some realignment from Europe and other places in the world and getting ready for this BRAC closing, which I've generally supported, sometimes hesitantly in the sense that you never want to see that happen in your own State but you do want to save money and so we can refocus it. And Louisiana as Texas has as well but Louisiana's been very cooperative in the sense that we've seen some of our bases added to and we've had some of our bases, you know, closed, but we think we've made lemonade out of lemons in those circumstances and look forward to the next couple of years to try to realign and save dollars. But we have been operating under a theory, which I want to ask each of you, if we are going to continue to operate under, the assumption that joint operations is better than individual operations. We've got several joint operations, obviously the one that would come to mind, General, you've served as our commanding general at Fort Polk in Louisiana. So my question would be to each of you and whomever wants to go first, Secretary Rumsfeld has stated that a high priority should be placed on the military value of joint bases in the upcoming BRAC round and generally. Do you share that vision? Is it the same operating principle that we'll be moving forward on, the jointness of these bases, both among Actives as well as Reserve units?

Mr. PROSCH. Yes ma'am, I'll start off. I think that this BRAC, more so than any previous BRAC rounds, is really going to get into the joint analysis piece. We have seven joint cross service groups that were put together that we didn't have in previous BRAC rounds and we have a flag-level official from each service on each one of these joint cross service groups that's going to analyze different functional areas such as headquarters, training and education, medical, supply, etcetera. And so I see a real effort this time to really take a look at the jointness. And this BRAC is going to enable us to have better joint cooperation and realignment. It's going to allow us in the Army to reshape. I really don't think we could do our transformation and reshaping to go from 33 to up to 48 modular unit of action brigades if we didn't have this opportunity with BRAC that will give us the legislative ability to do this and to put these units in the right locations. And it's proven over time that BRAC will save us some money in doing this. So yes ma'am, I believe we're really doing that. And I would ask General Lust to amplify.

General LUST. I agree with everything Mr. Prosch said and I would not be surprised, coming out of this BRAC, if we do not have an Army unit being positioned on another service's base if it will allow us to get a quicker deployment and it's got the training space and so forth. Because wherever I can have joint basing I don't have to pay the fixed cost of running two bases and that money can be

put somewhere else. So from my position as the ACSIM wherever I can get jointness and still be able to meet the training needs and other stuff for the units, absolutely.

Senator LANDRIEU. Now maybe this—could you just estimate for us, maybe you don't know but, what percentage of your bases, General, are in a joint situation now and what percentage aren't? I mean, just roughly.

General LUST. I wouldn't venture a guess but I do know when I was out at Fort Sam Houston about a month-and-a-half ago I was unaware we had all services represented on that base, yet we don't consider it a joint base.

Senator LANDRIEU. Because I think, Madam Chair, as we move forward I think that is a concept that I'm hoping there's some consensus and unanimity if we fight jointly we should train, you know, jointly. And I think there's a movement which I've been happy to see, and I think it's more effective. It's not what maybe we're used to over the last several decades but I can testify, actually representing a State that has two very strong joint Reserve bases here that it seems to be working and we're getting very positive feedback from the individual services. So as we move forward I just wanted to ask Mr. Prosch and the General, but General would you add your comments? And if you feel differently this would be a good time to discuss it because these are the issues that we're going to be dealing with.

General PUDLOWSKI. Yes ma'am, we're in agreement from the Army National Guard perspective. We currently have 164 of our facilities that are joint use and we share those facilities with all Reserve components

Senator LANDRIEU. Out of how many? One hundred sixty-four out of how many, I'm sorry.

General PUDLOWSKI. Out of almost 3,000 armories, looking at how we are organizing based across America with the number of armory facilities we have. And we're looking at increasing that for numbers of reasons. One, because of many that you had said but two, it does give us a better relationship with the other services as we step forward into the future. Currently in the fiscal year 2005 FYDP budget we have one joint use facility and we've got 14 others that are scheduled over the next 5 years. We're working to increase the number of those facilities. The Army National Guard is also working in conjunction with other Reserve components, and we participate in the Joint Service Reserve Component Facility Board. What those boards do is identify potential joint projects for the services that affect the Reserve components. Those boards review on a quarterly basis. They're facilitated by the Deputy Assistant Secretary of Defense for Reserve Affairs Office, and in this case we have seen some future benefits for our organizations in sharing that.

I would also add that in many of the armories across America and in the territories there's another portion that goes beyond joint between the services and that is working with some of the civilian organizations who are first responders in homeland defense and homeland security. So there's another style of jointness from the National Guard perspective and how we look at this.

Senator LANDRIEU. General.

General PROFIT. Ma'am, if I could add two things. First of all, as a part of the BRAC process we've chartered with the Army and the Army National Guard and the Army Reserve, a Reserve component process action team that will, I think, offer us some insight into opportunities that can be created to create jointness in establishing more of the joint Reserve bases that you've referenced and that's, I think, an initiative that's very useful at this point in the process.

The other thing I would say is we were privileged last Monday at Ellington in Texas to participate in an event that I think will produce a joint opportunity and we'd just like to thank the Chair for her leadership in helping us do that. So I think those are some of the kinds of opportunities that we see coming out of the process and we're trying to be as aggressive as we can be to find ways to make those things a reality.

Senator LANDRIEU. So the bottom line from all of you would be from the Garrison Commander and the Generals that jointness is a plus in this restructuring effort and that it's something that we are moving more aggressively to as we fight together, to train together and that's one of the underlying premises of our, you know, future plans. Does that generally summarize that?

General PUDLOWSKI. Absolutely, ma'am.

General PROFIT. Yes, I agree with that.

SCHOOLS

Senator LANDRIEU. One other question and then I have others but we'll switch back, the troops overseas, at least I've gotten back from individuals one of their not highlights but strengths of that overseas deployment, although it's difficult because you're away from the mainland, if you would, your families are usually with you but the quality of the schools—It's not something we talk about often in this committee but Madam Chair, quality of life issues are very important for military families, housing and general quality of life issues obviously schooling is part of that. Do we have any plans at all for the integration as these troops do move back? And I bring this up because we have a model program in Louisiana that I'd like to speak about, maybe not at length at this time, but we've created the first military charter school in the Nation, at the Bell Chase Academy. Have any of you given any thought to that particular quality of life issue as these troops are resettled and the quality of the military schools that are found abroad compare to what might be found in some areas in the country? I don't know who would want to make just a general comment about that.

Mr. PROSCH. Well, I'll talk a little bit then I'll turn it over to General Lust here. My spouse is a teacher and she taught overseas and in the continental United States in both DoD schools and local county schools. We really worked very hard to try to partner with the schools. When I was the Garrison Commander at Fort Polk I was a member of the Vernon Parish school board. And so I really had a chance to impact on that. I will tell you that we worked really hard with our RCI partners so that as we build our new houses on post that we make sure that the schools are there to support the additional population when they come onboard. You'll find quite frequently that the teachers on the post are spouses of the soldiers so that's another opportunity. The DoD schools overseas

are good; the DoD schools in the United States are good also. And we have to continue to support the DoD schools as we expand the population on post and partner with DoD for the Military Construction to make sure those schools are built. And likewise we have to work with our neighboring communities, like we have in Vernon Parish, to continue to ensure that the schools are supported. At Fort Polk we have three schools; they are Vernon Parish schools but the land was donated by Fort Polk and they're excellent schools. My two children attended them and my wife also taught in that school system. So we have to continue to focus and keep the emphasis on that.

General LUST.

General LUST. In reference to your question about consideration of schools, as the units return back from overseas it will definitely be one of the things that needs to be looked at. First and foremost is where do we position that unit so it can in fact be trained and ready and etcetera and so forth. But one of the things that will definitely have to be looked at is how many children do we think are going to go there, and there will be a team that will go get with the local school system to make sure that they're not surprised when so many kids show up. I will not say we've done that well in the past; I will tell you we've done it better each time. When we had the big drawdown in Europe, we got a lot better at the end of that than we did at the very beginning and those lessons are going to carry over here. But schools will definitely be something that's going to have to be addressed because there are three things I think a soldier owes his family: a good education, health care, and a good place to live. And those all three kind of go in tandem if you want to have a quality of life.

Mr. PROSCH. I might also add that we're going to strive when we move the units from overseas to do it in the summer so we don't disrupt the school year for the children.

Senator HUTCHISON. I think that is a very important point, and on jointness, which the Senator from Louisiana has focused on, the Ellington Field concept is just a wonderful one, and I appreciate so much the Army's support for moving to what is now an air base but will hopefully be a joint base in the near future because one of the things that you mentioned, General, and I want to emphasize and am going to especially emphasize with the Navy, is that I think the Coast Guard needs to be more of a factor here. The Coast Guard is at Ellington, there's a huge need for homeland security on these bases, particularly in the bases that are close to water, and I believe the Coast Guard should be an integral part of joint use as we are melding national security and homeland security and trying to make the best use of our dollars. So I think the Ellington concept is going to be everybody; it's going to be Navy, Marine, Army, Air Guard and Coast Guard and I can't think of a better combination.

But I also, I wanted to go back to something that General Lust said, and then I'm going to leave this concept. But when you said that the Army would be willing to move to a base that is another service base, if that made the most sense, it seems to me that we were just talking earlier about space and we have, seems to me, some huge Army bases that might be the host for other services to

move in and create more of a joint concept. Is that something that you also think?

General LUST. Absolutely. I could take Fort Huachuca. Fort Huachuca has, I think, the largest military controlled air space where you can fly UAVs without having to have a chase plane. And you know, there would be a place where you could move other services onto that location, if it was desired and met the other services' training needs and such.

Senator HUTCHISON. Or White Sands.

General LUST. We're not only looking to go somewhere else but also we're going places that people can move in. Again, first and foremost, so now you know it, wherever you put them it's going to meet the mission need. The last thing we want to do is jointness for jointness, just check the block there.

Senator HUTCHISON. Right.

General LUST. Because that doesn't do anybody any good. But yes, I can see it going the other way.

Senator HUTCHISON. I mentioned White Sands as well. That should be an opportunity with air space that is coordinated with big land space.

SUSTAINMENT

Well, let me move on to the sustainment subject. We are very interested on the Military Construction Subcommittee in sustainment. Everyone is saying they're going to have 95 percent sustainment so that we can make use of our facilities for a longer term. However, all of us know that sustainment funds are the ones that get raided when you've got the base operations support accounts that are must pay. So let me ask you to give me a realistic assessment of what you think you're going to be able to spend on sustainment and what you do to try to prevent migration of these funds away from sustainment.

Mr. PROSCH. Well ma'am, we applaud the initiative that OSD has done to try to come up with a model that funds sustainment initially at 95 percent. But as you accurately stated all too often that is used to migrate money to your base operations accounts, which are more and more becoming must fund accounts. It would make sense to develop a base operations support model for all the services along the lines for sustainment, and we have been working with DoD to develop such models. And once we had these models adopted it would permit us to effectively budget for the base operation support as we do the sustainment. When you look at the base support accounts, the base operations portion is the biggest for the Army, and it contains such things as salaries, contracts. And as we have more contracts to do services on our installations, and as we privatize utilities and as we privatize Army housing more of these base operation support things are going to be executed at about the 95 percent level. And so, when you're only funded at 70 percent you're going to have to find a bill payer and all too often it's been sustainment. So we would welcome an opportunity to try to fix that. General Lust.

General LUST. On the sustainment model, the military departments are given guidance by OSD to put 95 percent funding in sustainment, but with the other priorities and stuff we end up tak-

ing risk in the base ops area. And in the year of execution, we end up migrating money back. Now, part of your question says what are we doing about controlling that? You may recall in October 2001 we stood up an organization called Installation Management Agency, which took over control of the garrisons of our Army and the money now flows from Department of the Army to the Installation Management headquarters, then from there directly down to the installations. And this year they were given guidance, the garrisons were given guidance that they were to fund their base ops which were brought up to 85 percent and the SRM was brought down to 70 percent and no other migration could take place without coming back into the headquarters of IMA. They have done a very aggressive spending of their SRM money this year to get it committed, etcetera, and as we go back in a mid-year review, the Headquarters Army is very aware that there is a need now to move additional money back into base ops so we don't have to go in and take any money from SRM.

I think another part of your question is where do we think we'd eat if we have to? If we have to migrate any more money out of SRM, we believe we'll end up in the 65 to 68 percent of SRM, about 65 percent, to finish our must funds on base ops, which is better than we have been in the previous 4 years of spending money, being able to commit money to SRM. Please do not mistake, that is not where we want to be. But we had to take risks in those areas.

Senator HUTCHISON. Well, I understand and the point of the question is, just to make sure that we keep sustainment as a priority. I realize we're in a very tough time right now, and the Army is in the most transition of any of our services. So I'm just saying that should be a factor. I understand when it slips but we do pay a price down the road.

General LUST. Yes ma'am.

ARMY GUARD AND RESERVE REQUESTS

Senator HUTCHISON. I'm going to ask one more question and then turn it over to Senator Landrieu, but I'm not finished. But I want to give her opportunities as well. And that is to you, General Pudlowski. You have in the President's request about 18 percent of the Guard requirements, and I'm concerned about this. And General Profit also I'd like the Reserve perspective here because what we have is a budget that shortchanges Guard and Reserve in my opinion. You correct me if you think that I'm wrong, but I think we are shortchanging the Guard and Reserve and this is an area where members of Congress are going to step in, the members of Congress support the Guard and Reserve; we acknowledge and respect the incredible job that they are doing as a part of our war on terrorism. And I told Senator Stevens this morning that I wanted to have more than the President's request for Guard and Reserve, that I think probably the Department expects the Congress is going to plus that up, but it's going to have to come from something else. So Senator Stevens didn't give me an answer, I might add, about what my allocation would be, but I am trying to increase it to increase the amount of Guard and Reserve because I'm

very, very worried about the Army's submission. So please, General Profit, General Pudlowski.

General PUDLOWSKI. Here, let me take it first. Ma'am, the MILCON program for the Army Guard for the fiscal year 2005 to 2009 time frame is increasing dramatically. We went from \$265.6 million in fiscal year 2005 to \$819 million in fiscal year 2009. That has actually increased because of Commanche cancellation to plus up to \$30 million, which has taken our fiscal year 2005 figure to \$295.6 million. So there has been an increase. I would also add that if everything holds true with the current FYDP we will reduce our revitalization rate from 144 years down to 67 years by fiscal year 2008. So the program is becoming more conducive to what our needs are.

Senator HUTCHISON. You are increasing from your last year's request but it is a decrease from what we actually did last year. My question really is are you really satisfied that you have enough for the job you're being asked to do?

General PUDLOWSKI. There is opportunity for increased usage. Because of some of the capabilities that we have and the ability to contract all these at one given time we may not be able to handle it all at one point in time, thus the FYDP and thus the way we developed this program over a 5-year period. There is opportunity to take on more and to increase that.

Senator HUTCHISON. General Profit.

General PROFIT. Ma'am, I guess it would be—I would be disingenuous if I suggested to you that if resources were unconstrained that we couldn't buy down our recapitalization rate quicker. But having said all of that let me just suggest to you that, you raised the issue of global repositioning and let me just make that analogous to the transformation that I believe is going on within the Army Reserve. And I would just suggest to you that as we do that we believe that there are opportunities for us to create greater efficiencies with respect to facilitization that will enhance our ability to provide quality of service and quality of life for our soldiers, which is really what this is all about to us. And one of the pieces I would just add at this time that is important to us and we think we can leverage with your continued support is the Real Property Exchange Program in the Army Reserve and I think that it has great promise to further enhance that. And so we in fact have a legislative proposal on the Hill as a part of this budget that I think would even leverage that opportunity. So there are lots of ways I think to get at the quality of service and quality of life for our soldiers that we're looking at in the Army Reserve.

Senator HUTCHISON. Okay, thank you.

Mr. PROSCH. Madam Chairman, I'll just add that we will strive to ramp up the Army Reserve and the Army National Guard MILCON over this FYDP. That's our current plan.

Senator HUTCHISON. Okay, thank you. We'll be working on it. My hope is that we get more than we now have, but we have not gotten a final answer on that yet.

Senator LANDRIEU. I just want to support the comments that the Chair has just made about the Guard and Reserve and to add again for the record that it's my understanding, and if I'm wrong I would be corrected, but I think 40 percent, or 45 percent of our

troop strength today is from our Guard and Reserve. And I understand that there would be reasons why you wouldn't want to say well, if they are 40 percent of the frontline they should be 40 percent of the budget. And I understand that there are other factors that play into that but clearly being 45 percent of the frontline they warrant more than 8 percent or 10 percent or 15 percent or even 20 percent of the budgets that support their facilities, their equipment, their training, etcetera. And the reason that we feel this so strongly is not that we don't also represent Actives in our State but I just left Louisiana Monday, visiting with the 256 Army Reserve that's shipping out, 3,000 soldiers strong, one of the largest brigades in the—and they say and I believe the best trained and ready to go, and they're all saying yes and nobody's trying to stay home. And I mean, that's just kind of how those guys and gals are, and I just visited with them but you know, they're going right to the frontline and I think that the Chairman's remarks should be taken as really representing a broad feeling in the Congress that we'd like to see the resources in our budgets committed to that support, both for Active and Reserve that are carrying their more equal, seeming to us, share of the responsibilities. So, with that said I really don't have any additional questions on that subject so I'll—

Senator HUTCHISON. Did you have another round?

Senator LANDRIEU. Not at this time.

MILCON—FORT STEWART

Senator HUTCHISON. Okay. I do have a couple of other things. The Army has notified the committee that it intends to spend \$18.5 million in Military Construction funds for construction that is not now authorized at Fort Stewart to support the reorganization of the 3rd Infantry Division from two brigades into three units of action. Is it your view that this initiative justifies bypassing the normal authorization and appropriations process?

Mr. PROSCH. Yes ma'am. Let me start off and I'll turn it over to General Lust, who actually is our point of contact on the Army staff for working this action. Now the site work is being done right now for a temporary modular building complex for the unit of action, and Fort Stewart is the pilot program for where we are creating modular brigades, so the three brigades will become four brigade-size units of action. And the project includes connections to the utilities systems, it includes hard stand concrete for the motorpools, and as you stated, it was \$18.5 million. General Lust can you explain why we need this money now?

General LUST. Yes sir, I can. And to start off, let me make sure, we weighed very heavily about asking the Secretary of the Army to use emergency procedures; we did not use it lightly. We have a policy first in, first out. The 30th Division was the first deployed in support of Operation Iraq, Freedom-1, and they came back. Things we learned from that deployment, things we learned from the fight, and things that we knew on transition we had to get on with it. The Chief decided there was no time better than right now. To get the Division ready to deploy when needed is what has driven us to this timeline. The point I'm trying to get to is that if we want the 30th to be C-1 by July 1, I've got to start doing spade

work by the end of April, first week of May to start having things go. And that is what's driving this timeline. We tried every other way we thought we could get around it that was legal and it drove us to this path here. Like I said in the beginning, we did not take this lightly. The only option I had to be able to make this Division C-1 by July is to start having groundwork done by the end of April, first of May, ma'am.

REQUIRED MILCON TO SUPPORT TRANSFORMATION

Senator HUTCHISON. Thank you. Mr. Prosch, General Schoomaker has said we're going to have a 30,000 temporary increase in Army personnel. Is there any Military Construction that you're going to need to accommodate 30,000 more people plus 100,000 activated Guard and Reserve units? Are we sufficiently able to take care of that kind of an add without something more?

Mr. PROSCH. The 30,000, as you know, is needed for us to do our transformation.

Senator HUTCHISON. By the way, I support the 30,000 totally.

Mr. PROSCH. Yes ma'am.

Senator HUTCHISON. My question is just do we have the MILCON to accommodate them?

Mr. PROSCH. Well, at this time we're not using Military Construction for the same reason that General Lust was just explaining with our modular units. Downstream as we go through the BRAC process and we use these 30,000 soldiers to allow us to create and expand our number of brigades and as we know where we're going to bring the troops back from Europe, hopefully more in 2006 as you suggested, we will do that.

General Lust, would you like to add?

General LUST. I know of no MILCON plan to take care of the 30,000 because we only plan to have them for about a 4-year period and as you know by the time they go through the MILCON process I can't have it done. Where I need facilities and stuff the intent is to take care of them by temporary structures, etcetera, with the plan being that we spend our MILCON money against projects for the additional brigades we're going to create plus the way we are going to relook how we mobilize. The model we use to mobilize for the Cold War is not the model that's going to work in the future and I believe there will be some MILCON required to support that new model, ma'am.

Senator HUTCHISON. Okay, well we'll be looking for how that transpires.

ARMY RESERVE CENTER—PUERTO RICO

Now, my final question to you is something that I just want an explanation for. You've got \$26 million for an Army Reserve Center in Puerto Rico. After what happened in Vieques and losing a training place that we really had the right to keep, why are we investing more in Puerto Rico and are we concerned about losing training capabilities for a Reserve Center there as we lost Vieques?

Mr. PROSCH. Let me say something about that. Your question is very timely because General Profit and I last weekend were in Puerto Rico looking at what you are talking about. How do we make sure that we do smart things and have joint facilities? And

our vision would be to try to have Fort Buchanan, which is becoming a U.S. Army Reserve installation, as the Special Ops Command and the Army South moves up to Fort Sam Houston. It will be part of the Installation Management Agency, and we believe that it will have a useful purpose downstream for joint units in Puerto Rico.

General Profit, you want to comment on that?

General PROFIT. Yes ma'am. First of all, let me just say that we have reached what I believe with the Navy and with other joint partners an island-wide solution to our needs in Puerto Rico. It is, as Mr. Prosch suggests, with Fort Buchanan as an Army Reserve installation as of last October at the centerpiece and with, I'll call them subinstallations for lack of better, at Naval Station Roosevelt Roads and with the very important training areas that are actually run by the Puerto Rico Army National Guard at Camp Santiago. And then the final piece of that island-wide solution is really a plethora of joint installations that the Army Guard and the Army Reserve and other joint partners are entering into. And I would just tell you that it's our view right now, having reached that, I think final accommodation with the Navy that we have a very sound, very realistic and very executable program to recognize a very important part of the Army that is stationed in Puerto Rico.

Senator HUTCHISON. Well, that's a big investment.

General PROFIT. Yes ma'am.

Senator HUTCHISON. In a place that has not kept its commitments to our Services, and I just would like to have a little more explanation about why we're doing it there and making that kind of investment.

General PROFIT. With your concurrence we'd like to work with your staff on the Committee to explain it to you.

Senator HUTCHISON. Thank you.

Senator LANDRIEU. If I could just add something on Vieques too, I've had the opportunity to tour Roosevelt Roads before it was closed and to spend some time on the island. I was very disappointed to see the training facility close because I thought it was an opportunity that the Navy had but we've moved on. But my point, besides what the Chairperson brought up is, I mean, obviously to be fair to the island and to the men and women that serve in uniform from Puerto Rico and have for many, many decades honorably in our Armed Services, but also to raise the issue of the cost of that environmental cleanup. I hope we don't make the mistake of underestimating the cost of that environmental cleanup, and as we work with and through the regular routine of transferring and going through this transfer that we can minimize the cost to the American taxpayer for the cleanup that's going to occur. Now obviously we're responsible, the Navy is primarily responsible but this is very valuable, very valuable property and could be very valuable. And I've read the different versions and views of the hopefully new governor of Puerto Rico who I happen to admire a great deal and think he's been an extraordinary leader, hopefully the governor-to-be, but I just hope that whatever we do we can minimize the cost to the taxpayer as the value of that property is added to, as value is added. And I'm going to be following it pretty closely. Puerto Rico doesn't have a Senator so some of us have to take a little special interest in this issue, and because I serve on the En-

ergy Committee, Madam Chair, which is the authorizing committee for Interior, which does a lot of the regulations for our territories, I'm going to be following this very carefully to make sure that Puerto Rico gets a fair shake, but also that our taxpayers are spared some expense, hoping that maybe as we develop the island some of it can be offset. This is what I'm saying. And I don't know, Mr. Prosch, if you want to just say something briefly because I know we have another panel.

Mr. PROSCH. Yes ma'am. And I'm sure that my partner, Assistant Secretary of the Navy, H.T. Johnson, can comment on this in the next session. But he and I did sign a memorandum of agreement last week and I do believe the Navy has a good game plan to sell the valuable property with the wonderful port in the Moskrit portion of Roosevelt Roads that would address everything you just talked about. And I think that's exactly what we should be doing.

Senator LANDRIEU. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Senator HUTCHISON. Well thank you all very much. I appreciate it. It's been a good exchange, and I appreciate that very much. As I said earlier, you are in the most transformation of any of our Services and, we want to work with you to anticipate your needs and make sure that the people who are brought back from overseas do have the housing and you have a good place to put them and also keep up with the present day needs that you have. So we'll be working with you. Thank you.

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

QUESTIONS SUBMITTED TO GEOFFREY G. PROSCH

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

INSTALLATIONS IN IRAQ

Question. Secretary Prosch, soon, the United States will no longer maintain bases in Saudi Arabia. We will have to look elsewhere for basing opportunities in the Middle East. DOD has said Iraq will soon become a new locus for U.S. troops in the Middle East. In some cases, DOD plans to upgrade military installations used by Saddam Hussein for future use by American armed forces. What plans does the Army have for long-term basing in Iraq?

Answer. The Army is constantly assessing courses of action to enhance support to the Joint Force Commanders worldwide, to include within this region, with trained and ready Army forces to support the Defense Strategy and Joint and Combined operations. Currently, our focus is on near-term combat operations and related activities in support of the Coalition objectives in and around a free and sovereign Iraq. There are no current Army plans for long-term basing in Iraq.

Question. How many soldiers does the Army intend to station in Iraq?

Answer. The number of units and Soldiers in Iraq will vary based on Combatant Commander requirements.

Question. When will the Army begin to budget for the military construction needed to house the U.S. Army in Iraq?

Answer. There are no current plans for long term basing in Iraq.

Question. Thru a Supplemental Appropriation?

Answer. We currently budget only for temporary projects in Iraq that support our troop rotations. Some of these projects are being funded with Military Construction, but we are only building the minimum necessary to support the mission. The only billeting type projects are relocatable facilities. We anticipate the military construction needs in Iraq to remain temporary in nature.

Question. If not Iraq, what other countries within Central Command might the Navy and Army seek to expand their presence?

Answer. In the context of a Department of Defense review of worldwide posture and presence, the Army is working with the Department of Defense, the Joint Staff and the commanders within the Central Command Area of Responsibility to determine the requirements for forward-presence forces. The long-term plans for both the presence and the posture footprint in that region are still under review. Consultations are on-going with congressional, inter-agency and diplomatic leaders to review the key strategic principles and implementation concepts.

DOD REALIGNMENT OF FORCES IN EUROPE

Question. Secretary Prosch, nearly 2 years ago, DOD began discussions on the realignment of forces in Europe. In that time, Congress has not received any concrete details for what DOD has in mind. We have seen reports that DOD plans to move some personnel and infrastructure out of Old Europe and into New Europe and the Former Soviet states. When asked for elaboration on these plans, DOD has provided little. I am pleased to see this Subcommittee will hold a hearing on Europe's realignment on April 21st. Can you shed any light on how many Army soldiers within Europe may be realigned from current installations to new installations?

Answer. The Army and its Component Command to U.S. European Command (EUCOM) are full participants in the Defense Department review of Global Posture, and will transform both posture and presence in accordance with the final DOD approved Posture plan. Until that time we cannot know the impact on installations.

Question. What current facilities do you anticipate will continue to operate?

Answer. Efficient Basing initiatives will consolidate capabilities and allow for ease of projection while maintaining the training necessary for readiness. The Army and U.S. Army Europe will ensure that our Soldiers and their families in Europe will have superior Quality of Life infrastructure and services during any potential re-stationing period. It will be essential to continue to support projects at key, enduring installations and facilities upon final determination of the posture in Europe.

Question. If we reduce forces in Europe, won't we see an increase of troops and equipment returning to the United States for basing?

Answer. The potential for reducing the posture footprint in Europe is still under review; the final composition and disposition of forces in Europe has not yet been approved determined.

Question. Does it make sense to enter into BRAC in 2005 if we have not yet fully determined the shape and size of our presence abroad?

Answer. The force composition and its disposition are under constant review. The Defense Strategy, Combatant Commanders' concept plans, and the on-going Army transformation of capabilities all inform the Army requirements for posture of forces. Similarly, imperatives for manning, equipping, training, deploying and sustaining the future force guide key decisions for presence and basing. Future force decisions will be an element within the analysis for BRAC 2005.

BRAC AT FORT POLK AND BELLE CHASSE—HOW CAN JOINT OPERATIONS BENEFIT THESE BASES?

Question. Secretary Prosch, Secretary Rumsfeld has stated that a high priority should be placed on the military value of Joint bases for the upcoming BRAC round. Do you share Secretary Rumsfeld's vision for our military to move toward and support Joint bases?

Answer. The future Joint Force will train, deploy and fight in an interdependent and closely related battle space. The value of joint basing solutions must be measured against those key imperatives for fielding, training, rapidly deploying and then employing a joint force for combat operations. Concepts to support these imperatives, such as joint logistics and sustainment operations, are maturing now in order to inform the upcoming analysis.

Question. As the former Garrison Commander of Fort Polk, could you please discuss how Fort Polk's Joint Readiness Training Center, where the Army, Navy, Air Force, Marines, and Special Ops can all train together, meets Secretary Rumsfeld's vision for jointness.

Answer. The Joint Readiness Training Center (JRTC) is one of the U.S. Army's three maneuver Combat Training Centers. All these centers have and are continually improving their programs and infrastructure to meet the Secretary of Defense's vision to train in a Joint, Inter-agency, Inter-governmental, and Multi-national Force context during peacetime, in order to improve joint capabilities during worldwide contingencies. JRTC has resident U.S. Air Force and Special Operations Command trainers on the ground now, to build the essential relationships and inter-

dependencies between these joint team members and the Army's tactical units. JRTC has also forged a training relationship with the U.S. Marine Corps, to include United States Marine Corps (USMC) training exercises at JRTC alone, or as part of a larger U.S. Army exercise. This initiative continues to improve land forces interoperability, as well as achieving the vision for joint training. JRTC is scheduled to participate in a Joint Forces Command (JFCOM) sponsored Joint National Training Capability (JNTC) exercise in August 2004, and has two exercises on the JNTC planning calendar for fiscal year 2005. The effort to nest the Army's Combat Training Center Program within JFCOM's JNTC effort is a specified task from the Chief of Staff, Army in support of the Secretary of Defense's Vision.

QUESTION SUBMITTED BY SENATOR DIANNE FEINSTEIN

UNFUNDED FORCE PROTECTION REQUIREMENTS

Question. Mr. Prosch, following 9/11, through a Defense Supplemental bill, the Defense Emergency Response Fund (DERF) was used heavily by Army to address force protection requirements. However, this past year the Army returned to the Committee asking for reprogramming of unspecified minor construction funds to address force protection needs that they deemed needed for life, safety, and health. What are the Army, Army Guard, and Army Reserve unfunded force protection requirements?

Answer. Current operations in support of the Global War on Terror continue to generate force protection requirements for installations both at home and abroad: The Army has not identified all the requirements on force protection. It continues to plan to meet existing and emerging challenges. Below is information on unfunded requirements relevant at this time knowing more requirements will come in the way of the Military Construction planning and programming process.

- Active Component requirements include installation access control, barriers, blast mitigation, communication systems, explosive detection devices, and site improvements for various facilities worldwide. The validated unfunded requirement is \$15.4 million for Military Construction, with a longer list of projects totaling approximately \$263 million currently under review.
- Army Reserve requirements include facility hardening and correcting long-standing physical security deficiencies at approximately 1,100 facilities worldwide. These projects provide barriers, blast mitigation, intrusion detection systems, exterior lighting, fencing, and access control. There is no unfunded Military Construction requirement because no single project is anticipated to exceed the \$750,000 threshold. The validated unspecified minor construction unfunded requirement is \$24.1 million in Operations and Maintenance.
- Army National Guard requirements include design for electronic security systems; facility hardening, security fencing, closed circuit television; access control; arms, ammunition, and explosives storage area security improvement measures; and intrusion detection. The validated unfunded requirement is \$27.8 million for Military Construction.

QUESTION SUBMITTED TO GENERAL WALTER F. PUDLOWSKI

QUESTION SUBMITTED BY SENATOR DIANNE FEINSTEIN

GUARD WMD/CST FACILITIES

Question. General Pudlowski, with the addition of WMD/CST facilities throughout the country, has the Guard budgeted for the required facilities? If not, please supply me a list, detailing the locations of each facility needed and how much funding will be required to complete the needed construction.

Answer. The Army National Guard did not fund for these projects.

State	Location	Cost
CA ¹	Hayward	\$1,348,000
CT	East Granby	2,442,464
DE ²	Smyrna	0
DC	TBD	1,549,500
GU	Barrigada	3,353,118
IN ²	Gary	0
MD	Pikesville	1,436,624

State	Location	Cost
MS	Jackson	1,334,008
MT ¹	Ft. Harrison	1,488,000
NC	Morrisville	1,514,856
ND	Bismarck	1,576,832
NE	Hastings	1,344,168
NH	Concord	2,190,496
NJ	Lawrenceville	1,424,432
NV	Henderson	1,515,872
OR	Salem	2,461,768
PR	Sabana Seca	1,665,224
RI	East Greenwich	2,063,496
SD	Rapid City	1,576,832
UT	West Jordan	1,519,936
VT ²	S. Burlington	0
VT	TBD	1,549,500
WI	Madison	1,522,984
WY	Guernsey	1,645,920
P&D	various	3,031,923
Total		39,555,953

¹ As of 7 April, 2004: Project awaiting approval from Congress as part of an Unspecified Minor Construction Formal Reprogramming.

² Included in a new Readiness Center and does not require separate facility or funds for CST facility.

DEPARTMENT OF THE NAVY

**STATEMENT OF HANSFORD T. JOHNSON, ASSISTANT SECRETARY OF
THE NAVY, INSTALLATIONS AND ENVIRONMENT**

ACCOMPANIED BY:

REAR ADMIRAL MICHAEL LOOSE, COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND

**BRIGADIER GENERAL WILLIE WILLIAMS, ASSISTANT DEPUTY
COMMANDANT FOR INSTALLATIONS AND LOGISTICS (FACILITIES), UNITED STATES MARINE CORPS**

Senator HUTCHISON. We're very pleased to have the Honorable H.T. Johnson, the Assistant Secretary of the Navy for Installations, along with you, Admiral Loose and General Williams. And we obviously have looked at what you're going to say. Your funding requests are down, and I know that you will talk about that. I particularly want to mention your Home Port Ashore plan that I think is a great beginning effort that you are making and one that we want to fund as we can because I think it does make being a sailor a whole lot easier to get off the ship from time to time. And I do want you to talk about your Reserve funding, which seems to be somewhat less than you might need. So with that, let me welcome you to the committee and ask for your opening statement.

Mr. JOHNSON. Thank you ma'am. I'd like to say a few words and if you don't mind just a couple of words from my partners. We're pleased to have Admiral Loose and General Williams with us. We have a strong Navy-Marine team, as you well know. Our budget shows strong support for the Navy and Marine Corps bases around the world. In most cases our budget request is lower this year but there's a reason for it; we've been able to find efficiencies and we think we have the proper priorities.

Better housing, as you mentioned, for our single Sailors and Marines, as well as our families is a very high priority. We've done a lot with the family public-private venture and we really want to take that same concept and make it work for our bachelors. Bachelors are a little different than families because we have to have the dormitories, if you will, in places that are severable and we have to ensure that we can keep the dormitories full. If you put it at a base that everybody's going to move from, into combat or whatever, it makes it more difficult. But our public-private ventures for housing are very important, and I appreciated your comments with the Army about raising the cap. This year we will have 26,000 homes at ten Navy and Marine Corps bases. This will give us a total of 31,000 public-private venture homes across these two Services. As the increase in the housing allowances continue we find that more and more of our Sailors and Marines want to live in the community, and living in the community is the first priority for us. You talk about our Sailors aboard ships; we've seen exam-

ples where we bring them ashore while in port and it makes a very big difference, and we want to continue that.

We have three projects that we want to use for public-private ventures with barracks. Initially we will have a room they call the one plus one arrangement, where you have a room and share a bath, and usually we'll put two Sailors from aboard ships in each of these rooms until we get enough of them so they can have a private room. We are very pleased that in 2005 that the Marine Corps gets rid of its last gang head barracks; the Navy will do so in 2007.

Our MILCON is a robust program; it's \$1.1 billion along with sustainment and modernization funds of \$1.9 billion. We have refined our sustainment model and both the Navy and Marine Corps are funded at 95 percent of the requirement, and I'm sure you'll ask us a question as you did the Army about being able to spend at that level and we'll appreciate that question when it comes.

We mentioned earlier about closing Roosevelt Roads. I for one was very concerned because of what happened when we closed Vieques. The 31st of March came and there was nothing; it was very smooth and we're very pleased with Puerto Rico, and our people who are working hard to make that a picture perfect transition. We're going to keep the schools open until the end of the academic year. So we think everything is in good shape; all of our people have been cared for, the civilians and of course the military have moved.

I'd be remiss if I didn't talk a little bit about BRAC. I'd like to give you three assurances. First of all, we'll meticulously follow the law. Secondly, there's no closure or realignment list in anyone's desk drawer; there will not be one until we have certified data, it's been carefully analyzed, compared against the force structure and rigorously assessed for each activity using military value, and we meet all the requirements of the law. While eliminating excess capacity to generate savings is an important driver, the Secretary of the Navy, the CNO, the Commandant and I view BRAC 2005 as a unique opportunity to do things that are positive for our Military Forces. We talked about a joint approach, I heard you talk about it with the Army. We're pleased that this time the difference is we're taking a look at everything in a joint fashion. And I echo what the Army friends said.

Environmentally we're doing very well. We think that we have been going about it in the proper way, we're closing some bases and of course we have to do the environmental work after we close it but we find that selling property is a win-win for everyone. We get it back on our tax roles very quickly, a community gets the reuse, and the Department of Navy gets the funds for cleanup. We have spent \$2.3 billion so far on BRAC clean-up and we have about one-half a billion dollars left and we are moving forward on that.

This year we had a great event. Last month, we transferred Adak, which was 71,000 acres. After that we'll be down to only 7 percent of the total remaining acres to be disposed of. So Adak was transferred and that was a monumental process.

We are very pleased at what the Congress did last year on the Readiness Range Preservation Initiative. We are working all of those authorities, Endangered Species Act and Marine Mammal Protection Act, along with Migratory Bird Treaty Act of the year

before. We are implementing them and we are very pleased with the results. Certainly as we implement these changes we will maintain the special trust and confidence that you gave us in these authorities. We'll be careful not to misuse them. Environmental programs total about \$1 billion, about the same as what we had last year.

We've done quite well on the cleanup of active bases; 69 percent of all of our sites have remedies in place or is completed. And these are a lot of different ones on different bases and if you visit our bases and talk to the environmental cleanup people you'll be really impressed with their enthusiasm and the successes that they have had.

I'd like to ask Admiral Loose for a couple of words and then General Williams.

Admiral LOOSE. Good afternoon, Madam Chairman. It's a pleasure to be here today to discuss the Navy's fiscal year 2005 Shore Infrastructure Budget Request. The Navy's Facility Investment Strategy focuses on making prudent investment decisions that balance the Shore Infrastructure improvements and enhance readiness and the quality of service while maintaining assets to effectively sustain the operations in support of our Navy forces. I'd like to add just a few comments and amplify some of the areas mentioned by Secretary Johnson in his opening statement.

Our budget concludes a 4-year effort to eliminate the average out-of-pocket expenses for Navy family housing. The increase in basic allowance for housing means our Sailors can now find good affordable housing in the community without additional out-of-pocket expenses. We are achieving excellent results for our family housing privatization program. The Navy's public-private ventures are eliminating inadequate family housing and delivering better quality, new homes, meeting the DoD's goals. We have developed a better strategy that eliminates our liability by managing risk. Our approach incorporates essential safeguards and protections. This business strategy and acquisition approach have been accepted by others both in the government and in the private sector, and PPV enables us to provide a higher quality of affordable housing to our Sailors and their families faster and at a lower initial cost and at a lower lifecycle cost. It also benefits the local communities by refreshing aged housing stock and stimulating local businesses.

For the Navy's part, we have now awarded nine PPV projects for a total of 9,700 homes and during fiscal year 2004 and 2005 we plan to award another six projects, resulting in another 20,000 homes. However, the success at providing adequate homes for our Sailors and their families is clearly at risk due to the statutory cap on the amount of budget authority that can be used in military family housing privatization. We project that DoD will reach the current cap by the fall of this year. This will impact our ability in the Navy to award approximately 5,500 of the 20,000 homes we were planning to award in 2005. Military family housing privatization is successfully providing quality self-sustaining houses for the Navy families. We feel it's very important that we stay the course and we greatly appreciate your support in ensuring that our Sailors and their families will continue to live in quality housing.

We're also very committed to improving the quality of housing for our single Sailors. As you are aware, we have roughly 17,500 Sailors living onboard ships while they're in home port. These Sailors, like all Sailors in the Navy endure an austere lifestyle aboard ship while it is underway on deployment. While their ships are in home port it's imperative that we offer them a better place to call home, one that is similar to their shipmates ashore, married and single. This is a major quality of life issue that we take seriously. We have a program and are executing projects to address this challenge and we are looking at innovative ways to make additional quality housing available for all our single Sailors such as privatized bachelor housing. The privatized bachelor housing concept in San Diego looks very promising; we hope to bring this project to you for consideration in the near future. The goal is to provide all shipboard Sailors the opportunity to live in quarters ashore when their ship is in home port by fiscal year 2008. Again, this initiative will improve the quality of life for these Sailors and ensure a comparable standard of living between Sailors assigned aboard ships and those assigned to shore duty.

In conclusion I sincerely thank you for the continued support that this committee and your staff have provided the Navy and very much look forward to working with you now and in the future. And I would be happy to answer any questions.

Mr. JOHNSON. General Williams brings tremendous experience at all levels in managing bases, so if he doesn't do it correctly he's forgotten his previous lessons. So, just a few words.

General WILLIAMS. Thank you. Madam Chair, it's certainly a pleasure for me to appear before you today and with Secretary Johnson. But first, on behalf of our Marines and their families, I want to thank you for your continued support for Marine Corps Military Construction, family housing, encroachment and environmental programs. Our installations are the fifth element of our Marine Air-Ground Task Force and as such they're critical to our war fighting and our war fighting readiness.

Our fiscal year 2005 Active and Reserve budget request devotes over a \$1 billion to Military Construction facilities sustainment and maintenance, family housing and environmental initiatives at our Marine Corps installations. And although the total program is a little less than fiscal year 2004 our installations will be in better condition at the end of 2005 than at the beginning. The Active and Reserve Construction Program provides some urgently needed readiness, compliance and quality of life construction projects. We're investing about \$75 million for our barracks project, which will enable us to eliminate our gang head barracks for our permanent personnel. Our family housing, we're requesting approximately \$270 million and that's to keep us on track to eliminate inadequate family housing by the end of fiscal year 2007. And as has been mentioned, public-private venture is very key to our success in that area. So your support of the proposal to eliminate the \$850 million cap certainly will be needed and is very much appreciated. Our sustainment programs that we're proposing maintains funding of our facilities at 95 percent of the OSD-established goals.

The Marine Corps is committed to maintaining a ready force and our installations are critical to the maintenance and sustainment

of that readiness. We take this mission very seriously, as we do our Environmental Stewardship Program, which is also key to our ability to train as we fight.

Madam Chair, the Marines and families make great sacrifices in serving our great Nation. And the Marine Corps prides itself on its legacy of taking care of our own and we will reward that sacrifice that they have made. And this 2005 budget supports the continuance of that legacy.

Again, the Marine Corps would like to thank this committee for its strong support of our infrastructure program and the benefits that this support provides in improved readiness and quality of life. Thank you, Madam Chair, this concludes my statement. I'll be happy to answer any questions that you might have.

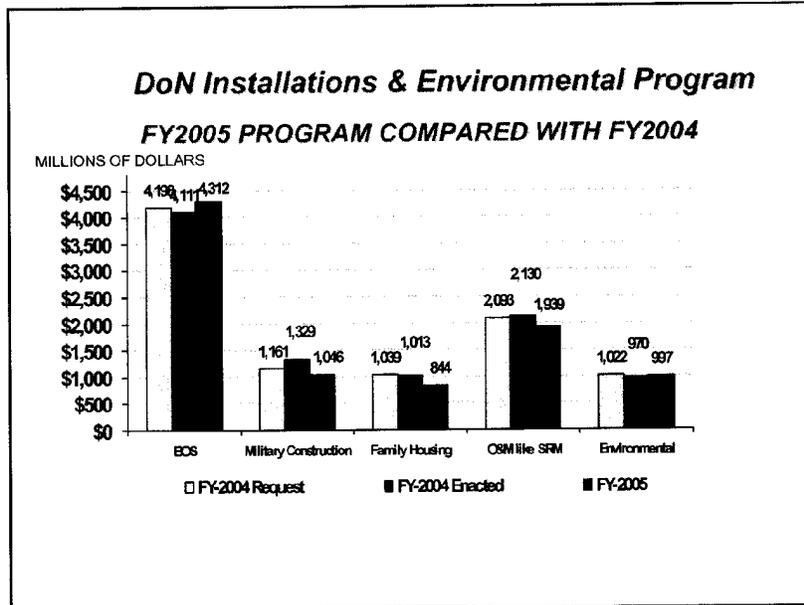
[The statement follows:]

PREPARED STATEMENT OF HANSFORD T. JOHNSON

Madam Chairman and members of the Committee, I am H.T. Johnson, Assistant Secretary of the Navy (Installations and Environment). It is a pleasure to appear before you today to provide an overview of the Department of the Navy's shore infrastructure and environmental programs.

FISCAL YEAR 2005 BUDGET OVERVIEW

Projecting power and influence from the sea is the enduring and unique contribution of the Navy and Marine Corps to national security. The Department of Navy (DoN) fiscal year 2005 budget request of \$119.4 billion (\$1.4 billion below the fiscal year 2004 enacted level of \$120.8 billion) balances risks across operational, institutional, force management and future challenges identified by the Secretary of Defense.



The Navy and Marine Corps installations and environmental programs total \$9.1 billion in fiscal year 2005, or about 8 percent of the DoN budget. That our portion of the DoN budget is declining bears witness to the successes we have had in the last few years managing costs and pursuing innovative solutions to long-term problems. We continue to meet all Department of Defense (DOD) and DoN installations

and environmental goals. This budget provides funds to operate, recapitalize and transform our fleet assets and our shore installations.

Base Operations Support funds provide fundamental services such as utilities, fire and security, air operations, port operations, and custodial care that enable the daily operations of our bases. Our fiscal year 2005 request of \$4.3 billion is about \$200 million above the fiscal year 2004 enacted level of \$4.1 billion. This increase includes an \$83 million transfer of Navy Working Capital common support services to O&MN, \$44 million for Marine Corps military to civilian conversion costs, \$24 million for Marine Corps to transition to the Navy-Marine Corps Corporate Intranet, and \$24 million for the fiscal year 2004 pay raise.

Our Military Construction request is a very robust \$1.1 billion. It keeps us on track to eliminate inadequate bachelor housing, and provides critical operational, training, and mission enhancement projects.

The Family Housing request of \$844 million provides funds to operate, maintain and revitalize the worldwide inventory of 36,600 units. Our Family Housing request declines because of increases in the military pay accounts for Basic Allowance for Housing, which makes finding affordable housing in the community more likely, and the success of our housing privatization efforts. Through privatization and future construction funds, both the Navy and Marine Corps achieve the DOD goal to eliminate inadequate homes by fiscal year 2007.

Sustainment, Restoration and Modernization (SRM) includes military construction and Operations and Maintenance funds. To avoid double counting military construction, the funding shown in the chart includes only the Operations and Maintenance accounts. Facilities sustainment requirements are based on a DOD model. The budget achieves 95 percent of the model requirement for Navy and Marine Corps bases, an increase of 2 percent for the Navy above the fiscal year 2004 request. While the fiscal year 2005 recapitalization rates decline slightly for Navy and improve for Marine Corps, both the Navy and Marine Corps meet the DOD 67-year recapitalization rate goal by fiscal year 2008.

Our fiscal year 2005 request for environmental programs totals \$1.0 billion. This request is sufficient to meet all known environmental compliance and cleanup requirements, invest in pollution prevention, and fund cultural and natural resources conservation efforts, including implementation of Integrated Natural Resources Management Plans.

I will now discuss these areas in more detail.

HOUSING

We have made a special effort in this budget to maintain progress in improving the quality of housing for our Sailors and Marines.

Family Housing

Our family housing strategy consists of a prioritized triad:

- Reliance on the Private Sector.*—In accordance with longstanding DOD and DoN policy, we rely first on the local community to provide housing for our Sailors, Marines, and their families. Approximately three out of four Navy and Marine Corps families receive BAH and own or rent homes in the community. Our bases have housing referral offices to help newly arriving families find suitable homes in the community.
- Public/Private Ventures (PPVs).*—With support from the Congress, we have used statutory PPV authorities enacted in 1996 to partner with the private sector to use private sector capital. These authorities, which I like to think of in terms of public/private partnerships, allow us to leverage our own resources to provide better housing considerably faster to our families.
- Military Construction.*—Military construction will continue to be used where PPV authorities don't apply (such as overseas), or where a business case analysis shows that a PPV project is not financially sound.

FISCAL YEAR 2004/2005 PPV HOMES

Navy

- Hawaii: 1,948
- Northeast: 4,210¹
- Northwest: 2,705
- Mid-Atlantic: 5,930
- Great Lakes/Crane: 2,823
- San Diego: 2,668

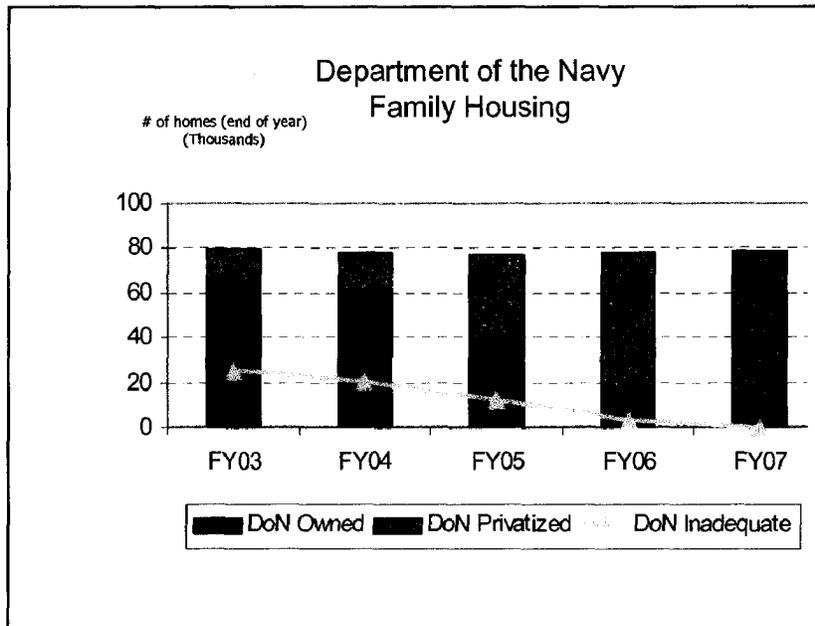
Marine Corps

- Yuma/Camp Pendleton: 897
- Lejeune: 3,516
- Twentynine Palms: 1,382
- Kansas City, 137

¹Scope being revised to retain 250 more units previously planned for divestiture at Mitchel Housing Complex in Long Island, NY.

The Importance of BAH

Higher BAH allowances help more Sailors and Marines and their families to find good, affordable housing in the community without additional out-of-pocket expenses. This reduces the need for military housing, allowing us to divest excess, inadequate homes from our inventory. Higher BAH also improves the income stream for PPV projects, making them more economically attractive to potential developers. The fiscal year 2005 request completes a 5-year DOD goal to increase BAH and eliminate average out-of-pocket expenses for housing.



Eliminating Inadequate Homes

The DoN remains on track to eliminate its inadequate family housing units by fiscal year 2007. We continue to pursue privatization at locations where it makes sense. We will eliminate almost three-quarters of our inadequate inventory through the use of public/private ventures. As of February 1, 2004, we have awarded 11 projects totaling over 16,000 units. We recently awarded a joint Army/Navy military housing project at Monterey, California that includes 593 homes at the Naval Post-

graduate School. During fiscal year 2004 and fiscal year 2005, we plan to award projects totaling over 26,200 homes at ten Navy and Marine Corps locations. This will allow us to improve our housing stock and provide more homes to Sailors, Marines and their families much faster than if we relied solely on traditional military construction. The Navy is now taking a regional approach to accelerate progress and improve the financial viability of its PPV projects.

There will still be a residual inventory of Government-owned housing after fiscal year 2007 with a continuing need for family housing construction, operations, and maintenance funds. However these requirements will decline as family housing is privatized. We continue to review these requirements, particularly in the management sub-account, as we transition from ownership to privatization.

The single biggest challenge in our efforts to eliminate inadequate family housing by fiscal year 2007 is the statutory “cap” on the amount of budget authority that can be used in military family housing privatization. DOD projects that the Services will reach the current cap of \$850 million in fiscal year 2004, and that it will impede our ability to carry out our fiscal year 2005 privatization effort. Military family housing privatization is a successful tool to provide quality, self-sustaining housing for Navy and Marine Corps families. It is important that we stay the course. We will continue to work with the Congress to ensure that our Sailors and Marines live in quality housing.

Bachelor Housing

Our budget request of \$205 million for bachelor quarters construction continues our emphasis on improving living conditions for unaccompanied Sailors and Marines. There are three challenges:

- Provide Homes Ashore for our Shipboard Sailors.*—There are approximately 17,500 Sailors worldwide who are required to live aboard ship while in homeport. Based upon actions taken by the Navy and funds provided by Congress through fiscal year 2004, we have now given 4,900 Sailors a place ashore to call home. This is our most pressing housing issue. The Navy will achieve its “homeport ashore” initiative by fiscal year 2008 by housing two members per room. Our fiscal year 2005 budget includes one “homeport ashore” project at Naval Shipyard, Bremerton, Washington. By housing two members per room, this project will provide spaces for almost 800 shipboard Sailors.
- Ensure our Barracks Meet Today’s Standards for Privacy.*—We are continuing our efforts to construct new and modernize existing barracks to provide more privacy for our single Sailors and Marines. The Navy applies the “1 + 1” standard for permanent party barracks. Under this standard, each single junior Sailor has his or her own sleeping area and shares a bathroom and common area with another member. To promote unit cohesion and team building, the Marine Corps was granted a waiver to adopt a “2 + 0” configuration where two junior Marines share a room with a bath. The Navy will achieve these barracks construction standards by fiscal year 2013; the Marine Corps by fiscal year 2012.
- Eliminate Gang Heads.*—The Navy and Marine Corps remain on track to eliminate inadequate barracks with gang heads for permanent party personnel.¹ The Marine Corps will eliminate their permanent party barracks with gang heads the fiscal year 2005 budget request; the Navy by fiscal year 2007.

While we believe privatization will be as successful in accelerating improvements in living conditions for our single Sailors and Marines as it has been for families, it does present a different set of challenges. For years, we have built barracks to military rather than local community standards. For example, there were limits on room size, and no common area for occupants to prepare meals or to socialize. I want to thank the Congress for legislation last year to allow building privatized barracks to private sector standards.

We must now consider other unique aspects in privatizing bachelor housing: the impact of extended deployments on unit occupancy and storage requirements; their location outside the fence line of the base, or inside the fence line but on severable Government land; and sharing a unit by two or more members. We are confident that the Government can join with a private partner to fashion a solution to these concerns that preserve the viability of a project while protecting Government interests. We are developing pilot unaccompanied housing privatization projects for San Diego, CA; Hampton Roads, VA, Camp Pendleton, CA.

¹Gang heads remain acceptable for recruits and trainees.

MILITARY CONSTRUCTION

Military Construction Projects

Our fiscal year 2005 military construction program requests appropriations of \$1.086 billion and authorization of \$1.045 billion. It includes \$406 million for 12 waterfront and airfield projects; \$205 million for eight bachelor housing projects; \$69 million for six force protection projects, and \$64 million for three environmental compliance projects. There is \$87 million for planning and design, and \$12 million for unspecified minor construction.

In aggregate, about 66 percent of the military construction request is for restoration and modernization projects. The remaining 34 percent is for new footprint projects that provide new capabilities, e.g., force protection, bachelor quarters, and facilities for new platforms. There are 5 projects totaling \$94 million at non-U.S. locations overseas—Rota, Spain; Andros Island, Bahamas; Diego Garcia; and two projects in Sigonella, Italy. The Naval Reserve construction program has four projects for a total of \$25 million.

Eleven projects totaling \$467 million in fiscal year 2005 have construction schedules (including fiscal year 2004 continuing projects) exceeding 1 year and cost more than \$50 million, thus meeting the criteria for incremental funding. Five of these projects received full authorization in fiscal year 2004 and are being continued or completed in fiscal year 2005. We are requesting \$289 million appropriations and \$607 million in new authorization to start six incrementally funded projects in fiscal year 2005.

Outlying Landing Field, Washington County, North Carolina

The new F/A-18E/F Super Hornet is replacing F-14 and older F/A-18C aircraft. The DoN prepared an Environmental Impact Statement that examined a range of alternatives for homebasing these new aircraft on the East Coast. A Record of Decision was signed in September 2003 to base eight tactical squadrons and a fleet replacement squadron at Naval Air Station Oceana, VA, and two tactical squadrons at Marine Corps Air Station Cherry Point, NC.

This homebasing decision requires a new Outlying Landing Field (OLF) to support fleet carrier landing practice (FCLP) training. The current site near Virginia Beach, VA is not as effective for night-time training due to ambient light sources, and lacks the capacity to handle a training surge such as experienced for the war on terrorism and Operation Iraqi Freedom. The Washington County site is about halfway between NAS Oceana and MCAS Cherry Point. We believe it is the best alternative from an operational perspective.

In fiscal year 2004 the Congress provided authority to acquire approximately 3,000 acres for the core area of the OLF and to begin constructing the runway. We are now seeking authority to acquire a 30,000-acre buffer zone for noise, build a control tower, and erect fire and rescue facilities. We are asking for this authority over 2 years, with the first increment of \$61.8 million in fiscal year 2005.

There is some local opposition to the OLF site we selected; two lawsuits challenge the sufficiency of the Department's Environmental Impact Statement. The Navy wants to be a good neighbor, and will consider the concerns of local property owners. For example, the Navy has committed that all land not required for actual OLF operations will be available for continued agricultural use. The Navy believes it has met all legal and regulatory requirements, and is proceeding with property acquisitions and construction planning.

VXX

Marine Helicopter Squadron One (HMX-1), located at the Marine Corps Air Facility, Quantico, VA, now performs helicopter transportation for the President, Vice President and heads of state. Numerous modifications and improvements have limited the mission effectiveness of the current VH-3D and VH-60N helicopters. The planned acquisition of a replacement helicopter, called VXX, will improve transportation, communication, and security capabilities and integrate emerging technologies. The total acquisition cost is \$5.9 billion. Originally planned for an initial operating capability in 2013, the acquisition schedule has now been accelerated to December 2008.

The fiscal year 2005 budget includes \$777 million in Research and Development for VXX system design and demonstration, and \$106 million in appropriations (\$166 million authorizations) for military construction to support VXX. Facilities are required to support the test and evaluation of three VXX scheduled for delivery in October 2006, to provide hangar space for the eventual full complement of 23 aircraft, and to provide in-service support for the life cycle of the aircraft.

The accelerated VXX acquisition schedule required us to make some judgments in the fiscal year 2005 military construction program to ensure that facilities would be available in time to house the aircraft and the combined government/contractor support team. There is insufficient excess hangar capacity to house VXX at Naval Air Station Patuxent River, MD, where the Navy conducts most of its test and evaluation of new aircraft. Similarly, the 1935 era hangers at Quantico are inadequate to meet current HMX-1 needs.

However, before committing large sums to construct new facilities, we are studying whether there is excess capacity elsewhere in the National Capital Region that could be adapted to accommodate both the test and evaluation phase and the operational mission for VXX at lower cost than building new facilities at Patuxent and Quantico. In addition, the VXX program manager has a business case analysis underway to determine whether a government owned, contractor operated facility at Patuxent is the most cost effective solution for in-service support. As another variable, the Systems Development and Demonstration (SDD) and initial production solicitation released in December 2003 gives the vendor the option to use its own facilities. We plan to complete these studies, consider the vendors' proposal, and decide this spring on the most cost effective location for the facilities. This timeframe supports the current acquisition timeline. In the absence of specific locations, we labeled two VXX projects in our fiscal year 2005 program under the title "Various Locations."

FACILITIES

Facilities Sustainment, Restoration and Modernization (SRM)

Sustainment.—The Department of Defense uses models to calculate life cycle facility maintenance and repair costs. These models use industry wide standard costs for various types of buildings. Sustainment funds in the Operations and Maintenance accounts maintain shore facilities and infrastructure in good working order and avoid premature degradation. The Navy and Marine Corps achieve 95 percent sustainment of the model requirements in fiscal year 2005. Sustainment dollars decreased by 9 percent due to the removal of old facilities in our inventory as a result of our demolition program, and revised pricing assumptions.

SRM			
	PB-03	FY-04	PB-05
Navy			
Sustainment (percent)	84	93	95
Recap Rate (years)	116	140	148
Marine Corps			
Sustainment (percent)	Full	97	95
Recap rate (years)	156	88	78

Recapitalization.—Restoration and Modernization provides for the major recapitalization of our facilities using Military Construction and Operations and Maintenance funds. While both the Navy and Marine Corps achieve the Department of Defense goal of a 67-year recapitalization rate by fiscal year 2008, the fiscal year 2005 recap rate rises to 148 years for Navy while improving to 78 years for the Marine Corps. The Navy will manage its near term facilities investment to limit degradation of operational and quality of life facilities.

Closure of Naval Station Roosevelt Roads, Puerto Rico

The Navy closed Naval Station Roosevelt Road on March 31, 2004, as directed by section 8132 of the fiscal year 2004 Defense Appropriations Act. We have begun the required environmental reviews and the initial phases of the property disposal process. The Navy is taking great care in relocating military personnel and families, and assisting civilian employees with relocation and outplacement. The DOD school will remain open until the end of the school year.

As directed in the law, the closure and disposal is being carried out in accordance with the procedures contained in the Defense Base Closure and Realignment Act (BRAC) of 1990, as amended. The Navy established Naval Activity Puerto Rico as a successor organization to maintain the property and preserve its value through disposal, which we expect to occur in late 2005. The Commonwealth has formed a Local Redevelopment Authority (LRA) that has begun land use planning for the

property. The Navy and DOD Office of Economic Adjustment are coordinating with the LRA. We will ensure the needs of the military and civilian employees are met as we carry out this closure and property disposal. Nebraska Avenue Complex

At the request of the Department of Homeland Security (DHS), the Navy has agreed to relocate 10 Navy commands with 1,147 personnel from its Nebraska Avenue Complex (NAC) in Northwest Washington, D.C. The 556,000 square feet of office space will provide a headquarters facility for DHS personnel. DHS will pay for the Navy's first move, and if necessary, the first year's lease costs. As of the end of January 2004, seven Navy commands with 469 personnel had relocated. The Administration has requested authorizing legislation that would allow the remainder to move by January 2005. To meet this timeline, the requested legislation must be enacted by April 30, 2004. Several of the Navy commands will relocate to government-owned facilities, while others will move to leased spaces until we identify permanent government-owned facilities.

The requested legislation allows the Navy to transfer custody of the NAC property to the General Services Administration (GSA), who will manage the facilities for DHS. We will require a legislative waiver from Section 2909 of the Defense Base Closure and Realignment Act (BRAC), which specifies that bases may not be closed except through the BRAC process. The Navy will receive consideration for the fair market value of NAC in the fiscal year 2006 budget process.

EFFICIENCIES

Naval Safety Program

Senior level management attention to safety concerns, coupled with selected financial investments, can yield profound benefits to the well being of our Sailors, Marines, civilians, contractors, and the bottom line mission costs. Ensuring the safety of our people has been and remains a top priority for Secretary England's and myself. Secretary Rumsfeld recently challenged the Military Services to reduce the rate of mishaps by 50 percent by fiscal year 2006.

That has amplified efforts to reduce mishaps and reaffirm the value we place on safety. We have elevated the position of Commander of the Naval Safety Center from a one-star to a 2-star Flag Officer. Secretary England recently convened the first senior-level Navy and Marine Corps Safety Council to review DoN mishap reduction plans. Navy Flag and Marine Corps General Officers chair or co-chair four of the nine Defense Safety Oversight Council Task Forces. We are reducing lost workdays due to injuries in our civilian workforce. I personally visited several commands and installations and witnessed the great teaming between our command staff, management, and labor organizations to reduce injuries and lost workdays.

Human error is a factor in over 80 percent of our mishaps. We are studying ways to modify high risk driving behaviors, particularly by young Marines. Our fiscal year 2005 budget will expand our Military Flight Operations Quality Assurance initiative, a highly successful program used in commercial aviation that downloads flight performance data (black box data) after every flight and allows the aircrew and aircraft maintenance team to replay a high fidelity animation of the flight and aircraft performance parameters.

Commander, Navy Installations

The Navy established Commander, Navy Installations (CNI) on October 1, 2003 to consolidate and streamline management of its shore infrastructure. Instead of eight Navy commands responsible for planning, programming, budgeting and executing resources for shore installations, there is a single command—CNI. The Navy now has an enterprise wide view of installation management and resources.

CNI will guide all regions and installations towards Navy strategic objectives. The centralized approach will identify and disseminate best business practices across all regions/installations. The ability to identify standard costs and measure outputs is improving the capability based budgeting process. Managing from a program centric knowledge base allows for a top-level assessment of capabilities and risks.

This central focus on facilities can leverage capabilities between the military services to avoid duplicate investments while still creating surge capacity through joint use opportunities. CNI has developed strategic partnerships with Naval Supply Systems Command (NAVSUP) and Naval Facilities Engineering Command (NAVFAC) to apply their logistics and contracting expertise.

The Navy is already realizing savings, estimated at \$1.6 billion across the FYDP, AND improving services from CNI initiatives.

—Consolidating functions at the regional level vs. installation level (e.g., housing management, administrative functions, contracting, supply, comptroller, business management, maintenance, warehousing).

- Combining command staffs (e.g., NAB Coronado and NAS North Island; CBC Port Hueneme and NAS Point Mugu)
- Consolidating installation contracts (e.g., tug and pilot contracts; custodial and grounds maintenance; negotiating area wide utility rates).
- Shifting installation level supply and contracting functions to NAVSUP and NAVFAC (e.g., eliminate duplication at the installation and regional levels).
- Studying in 2004 the merger of other overlapping installation functions from Naval Bureau of Personnel (e.g., morale, welfare and recreation programs, fleet and family support programs, child care), NAVSUP (personnel support programs such as food services), and NAVFAC (facilities management).

Joint Cooperation on Installation Management

I had the pleasure in February to witness the signing an agreement between the installation commanders from Naval Air Engineering Station, Lakehurst, the Army's Fort Dix, and McGuire Air Force Base. This partnership encourages joint solutions for common problems between the three contiguous bases and their tenant commands. The three installation commanders are already reducing operating costs by consolidating firearms training, radar information for air operations, and contracts for pest control, linen service, and hazardous waste disposal. We want to encourage such cooperation wherever we have opportunities to partner with the other military departments.

BRAC 2005

Now more than ever, we need to convert excess capacity in our U.S. shore infrastructure into war-fighting capability. BRAC 2005 may well be our last significant opportunity to reduce excess infrastructure, and apply savings to improve readiness. More importantly, it will allow us to transform our infrastructure to best support the force structure of the 21st Century.

The Congress gave considerable thought on how to structure a BRAC 2005 process that sets fair and objective evaluation standards and incorporates the lessons learned from four previous BRAC rounds. We will be meticulous in meeting these statutory standards. We will treat all bases equally. We will base all recommendations on the 20-year force structure plan, infrastructure inventory, and published selection criteria. In no event will we make any decisions concerning the reduction of infrastructure until all data has been collected, certified and carefully analyzed.

We will look for joint use opportunities in our analysis and recommendations. This is a fundamental change from past BRAC processes. I believe, as does the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps, that we can and must apply the type of joint warfighting successes witnessed in Afghanistan and Iraq to a more efficient and effective Department of Defense shore infrastructure.

Within the DoN, the overall BRAC 2005 process is under the Secretary of the Navy's oversight and guidance. The Secretary of the Navy established three groups to support the process. The Infrastructure Evaluation Group (IEG) which I chair, will develop service unique recommendations for closure and realignment of the DoN military installations. It will also ensure that the operational needs of the fleet commanders are carefully considered.

The Infrastructure Analysis Team (IAT) will develop the analytical methodologies, collect certified data from Navy and Marine Corps activities, examine joint and cross-service basing opportunities, perform in-depth analysis, and present the results to the IEG for evaluation. The Deputy Assistant Secretary of the Navy for Infrastructure Strategy and Analysis, who is a member of my staff, leads the IAT. The IAT has 93 military, civilian and contract personnel with a broad range of expertise and warfare disciplines.

DoN INFRASTRUCTURE EVALUATION GROUP

Asst Sec Navy, Installations & Environment (Chair)
 Dep Asst Sec Navy, Infrastructure Strategy & Analysis (Vice Chair)
 Dep CNO Fleet Readiness and Logistics
 Dep Commandant Installations and Logistics
 Dep Commandant Aviation
 Dep Asst Sec Navy Research Development Test & Evaluation
 Dep Asst Sec Navy Manpower & Reserve Affairs

A Functional Advisory Board (FAB) reports directly to the IEG and bridges the analysis by the DOD Joint Cross Service Groups and the DoN. The FAB includes Navy and Marine Corps flag officers and senior executives who are assigned to the seven Joint Cross Service Groups (JCSG). The FAB ensures that the DoN position on joint functions are clearly articulated and the leadership is kept current on JCSG matters.

Demolition / Footprint Reduction

After the Navy and Marine Corps achieved the fiscal year 2002 DOD goal of 9 million square feet and two million square feet, respectively, they have continued to demolish excess and vacant facilities. In fiscal year 2005, the Navy has budgeted \$49 million to demolish 1.6 million square feet, and the Marine Corps \$5 million to demolish about 305 thousand square feet.

The demolition effort has evolved from just eliminating "eye-sores" to encouraging installations to consolidate, move out of costly leased or antiquated facilities, and eliminate the most inefficient facilities. We want to avoid spending SRM and base operating support funds on facilities we no longer need.

Utility Privatization

Privatizing DOD electricity, water, wastewater, and natural gas utility systems to corporations who own and manage such systems will allow DOD to concentrate on core defense functions and yield long term cost savings. The Secretary of Defense has directed that each Service evaluate the potential for privatizing their utility systems, while 10USC § 2688 provides the legislative authority to convey utility systems where economical. The DoN is on track to meet the DOD goal of reaching a source selection authority (SSA) decision for all of its utility systems by 30 September 2005. To date, we have made SSA decisions for 111 systems, or 17 percent of the 654 systems available for privatization. Of the 111 systems with an SSA decision to date, 15 systems have been privatized, 41 systems have been exempted, and 55 systems are under review. DoN expects to achieve SSA decisions for approximately half of its systems by the end of fiscal year 2004. It is still too early to predict what percentage of our utility systems will successfully be privatized.

Strategic Sourcing

Our strategic sourcing program examines cost effective options to deliver service and support services to our shore installations. There are three components: OMB Circular A-76 Competitive Sourcing program, Strategic Manpower Planning, and Divestiture.

A-76 competitions compare performance costs for civilian employees vs. contract performance for facility management, logistics support, real property maintenance, and other similar functions that are widely available in the commercial sector. The program has competed 24,700 positions since 1998 and generated over \$640 million in cost avoidance through fiscal year 2005. Our fiscal year 2005 program will begin studies on 6,480 positions as part of a plan to examine 29,000 positions in fiscal year 2004 through 2008, with expected cost avoidance of \$250 million.

Strategic manpower planning ensures uniform service members perform assignments that are inherently military while converting functions that are commercial in nature to civilian or contractor performance. The Department will study about 4,700 military positions in fiscal year 2004 and fiscal year 2005 for potential conversion.

We are examining opportunities to divest functions that are not a core competency of the Department and are readily available in the commercial sector. As an initial effort, the Department is studying whether to divest Navy's optical fabrication to private industry. Navy employs 380 military and civilian personnel, and spends \$36 million to produce 1.3 million pairs of eyeglasses each year. The study is scheduled for completion in fiscal year 2004.

PRIOR BRAC CLEANUP & PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 have been a major tool in reducing our domestic base structure and generating savings. The Department has achieved a steady State savings of \$2.7 billion per year since fiscal year 2002. All that remains is to complete the environmental cleanup and property disposal on all or portions of 22 of the original 91 bases. We have had significant successes in sales, disposal, and cleanup.

Property Sales

We have used property sales as a means to expedite cleanup and the disposal process as well as recover the value of government owned property purchased by

taxpayers. We have successfully completed several sales. We sold 235 acres last year at the former Marine Corps Air Station Tustin, CA on the GSA Internet web site for a net \$204 million. We sold 22 acres at the former Naval Air Facility Key West, FL in January 2004 for \$15 million. The city of Long Beach, CA opted to pre-pay its remaining balance plus interest of \$11.3 million from a promissory note for the 1997 economic development conveyance of the former Naval Hospital Long Beach. We are applying these funds to accelerate cleanup at the remaining prior BRAC locations.

More property sales are planned that will finance the remaining prior BRAC cleanup efforts. We are close to resolving legal issues in the aftermath of the lawsuit by the LRA at the former Oak Knoll Naval Hospital in Oakland, CA. We are monitoring progress on the lawsuit filed against the City of Irvine on the environmental impact report it prepared under California statutes for annexation of the former Marine Corps Air Station El Toro, CA and expect to proceed soon with the sale of that property. We will use the proceeds from both sales to finance our fiscal year 2005 program of \$115 million. If necessary, we will use the funds from the Long Beach and Key West sales as a cash flow bridge if the Oak Knoll and El Toro sales are delayed.

Property Disposal

The DoN had about 161,000 acres planned for disposal from all four prior BRAC rounds, with the former Naval Air Facility Adak, AK accounting for nearly half of those acres. I am pleased to report that last month the Navy relinquished over 71,000 acres of its Adak land withdrawal to the Department of Interior, and Interior exchanged portions of that land with other lands held by The Aleut Corporation. Statutory authority provided by the Congress last year was the key enabler for this successful land exchange. The Navy has fenced and is retaining about 5,600 acres due to the presence of munitions.

The transfer of Adak, along with recent successful property conveyances at Louisville, KY; Key West, FL; Indianapolis, IN; and Richmond, CA means that by the end of this fiscal year the DoN will have less than 7 percent (or about 11,000 acres) of the property from all four prior BRAC rounds left to dispose.

Cleanup

The DoN had spent \$2.3 billion on environmental cleanup at prior BRAC locations through fiscal year 2003. We expect the remaining cost to complete cleanup at about \$495 million for fiscal year 2006 and beyond, most of which is concentrated at fewer than twenty remaining locations. Any additional land sale revenue beyond that currently budgeted will be used to further accelerate cleanup at remaining prior BRAC locations. These sites are primarily former industrial facilities that tend to have the most persistent environmental cleanup challenges.

ENVIRONMENTAL CLEANUP

Cleanup Program at Active Bases

We continue to make substantial progress toward completing our environmental restoration program and are on target to complete the cleanup on active bases by the DOD goal of 2014. For the third year in a row, the number of cleanups completed at active bases exceeded the planned target. The program Cost to Complete (CTC) continues to decline: it is now \$3.0 billion for fiscal year 2004 and beyond. Almost 70 percent of all sites have remedies in place or responses complete. We have kept a stable funded program and predict steady progress to cleanup the remaining sites. We believe the Department of Navy cleanup program is one of the best in government.

- Our Alternative Remedial Technology Team reviews innovative technologies and promotes their use in the field.
- Our process improvements have reduced the number of sites being “re-opened” by regulators from 50 in 1999, to 20 in 2001 to 9 in 2003.
- Our partnering with regulators minimizes disputes and has served as a model for other agencies. Our Environmental Management Executive Council brings together two EPA Regions and six states on the west coast to jointly resolve issues.
- Our acquisition strategy matches the type of work to be performed with the most cost-effective contractual vehicle while enhancing opportunities for small businesses.

Munitions Response Program

We are working with the Office of the Secretary of Defense to develop Munitions Response Program (MRP) objectives for discarded military munitions and

unexploded ordnance (UXO) at locations other than operational ranges. We completed an extensive inventory of our installations to identify potential MRP sites, finished nine Preliminary Assessments (PAs), and initiated PAs at 31 installations through the end of fiscal year 2003. We will initiate PAs at 13 other installations in fiscal year 2004 and fiscal year 2005 and expect to achieve the DOD PA completion goal by fiscal year 2007. The \$8 million budgeted in fiscal year 2004 and \$16 million in fiscal year 2005 is sufficient to complete all PAs. Site Inspections (SIs) will begin in fiscal year 2006. Any imminent human health or environmental concerns identified during our investigations will be addressed immediately.

Vieques Cleanup

We ceased military training on Vieques in 2003 and, as required by law, transferred 14,572 acres on eastern Vieques to the Department of Interior (DoI) in April 2003. Interior will manage the majority of it as a wildlife refuge, with the former Live Impact Area (about 900 acres) designated as a wilderness area. The Governor of Puerto Rico has proposed listing Vieques and Culebra on the National Priorities List (NPL). We expect to sign a Federal Facilities Agreement to govern the cleanup after the NPL listing becomes final.

Cleanup on western Vieques (the former Naval Ammunition Supply Detachment (NASD)) is proceeding as we work closely with the Puerto Rico Environmental Quality Board. Seventeen sites have been identified, but none with major environmental contamination, as NASD was not an industrial operation. These sites make up 490 acres of the 8114 acres transferred. We expect to spend about \$16 million on these sites and complete the cleanup by 2007.

Cleanup assessments are also underway on eastern Vieques (former training/bombing range). Twelve sites consisting of 80 of the 14,572 acres transferred require assessment and potential cleanup. The sites include routine waste disposal areas used to support the former Camp Garcia, a landfill, and sewage lagoon. Other areas of concern will be examined. We expect to spend about \$14 million on cleanup for the 12 non-munitions sites and complete the cleanup by 2014.

The former bombing ranges will require munitions assessment and cleanup. In the spring of 2003 the Navy investigated two beaches for potential munitions. The Navy has budgeted \$8 million in fiscal year 2005 for range assessments and initial clearance actions. Beaches and the live impact area will be high priorities. We estimate a cleanup cost of \$76 million in fiscal year 2006 and beyond for munitions assessments and clearance actions based on the land uses designated in the statute. We will be working closely with the EPA and DoI. Worker safety and minimizing disturbance of the natural environment will be important considerations.

Kaho'olawe

Kaho'olawe is a 28,800 acre uninhabited island in Hawaii used as a naval gunfire and bombing range from 1942 through 1990. In accordance with Title X of the fiscal year 1994 Defense Appropriations Act, the Navy transferred title of Kah'olawe to the State of Hawaii in 1994, and has been clearing ordnance according to the State's priorities.

Navy relinquished control of access to Kaho'olawe to the State on November 11, 2003, as required by Title X, ending a ten-year cleanup effort. The Congress appropriated a total of \$460 million for the cleanup, including \$44 million provided to the State to assist them in preparing a reuse plan and managing the island. As of January 16, the Navy had cleared a total of 22,059 acres, consisting of 1,543 acres cleared of surface ordnance only; 20,516 acres cleared of surface ordnance and all scrap metal (known as Tier I); and 2,636 Tier I acres that were further cleared up to a four-foot depth (known as Tier II). During the cleanup, the Navy completed many non-clearance State goals, including road construction, historic and archaeological assessments, and shipped over 10 million tons of scrap metal, along with more than 14,000 tires and aircraft debris used as targets.

The cleanup contractor is completing demobilization, removing remaining scrap items and equipment not needed by the State. The Navy has signed an agreement with the State, as required by Title X, to respond to newly discovered, previously undetected ordnance found on the island in the future. The Navy believes it has accomplished the original Title X goal to provide reasonably safe and meaningful use of the island, as several thousand visits by the public have already been recorded. However, there is no technology that can assure the complete removal of all ordnance. We will remain partners with the State to manage the risk to humans from ordnance that certainly remains on the island.

ENVIRONMENTAL QUALITY

Marine Mammals

The Navy is proud of its record of environmental stewardship, particularly our marine mammal research efforts and protective measures for military training activities.

We are leaders in marine mammal research and are committed to find ways to avoid harm to animals while still performing our mission at sea. The Navy spends about \$8 to \$10 million per year in marine mammal research, representing about half of all known worldwide investments in this area. We coordinate with and share findings with other agencies such as the National Oceanic and Atmospheric Agency, and the National Science Foundation.

DON MARINE MAMMAL RESEARCH FOCUS AREAS

Underwater sound propagation
 Marine mammal locations and densities
 Behavior effect thresholds
 Mitigation techniques

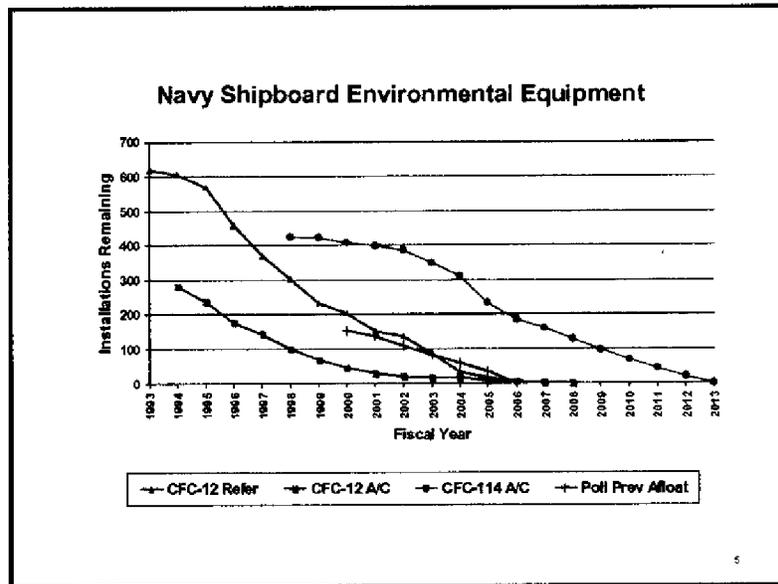
The Navy has protective measures to avoid harm to marine mammals during training and operations at sea while preserving training realism:

- Planning.*—Using historical marine mammal location information to plan training activities. Protective measures are tailored to the type of training, location, and season.
- Detection.*—Posting trained lookouts 24 hours per day on surface ships. Submarines employ passive acoustic detection devices to determine range and bearing of vocalizing marine mammals. We may launch aerial searches for marine mammals in training areas before, during and after training events.
- Operations.*—Establishing buffer zones during training exercises, and suspending operations when necessary. Navy may limit active sonar training through standoff distances, source power level reductions, limit nighttime and bad weather operations, or opt to train in deep rather than shallow water.

The changes made by the Congress to the Marine Mammal Protection Act will allow us to better balance our readiness requirements with our legal obligations to ensure military activities are protective of marine mammals, and will allow us to “train as we fight” when our activities do not have biologically significant effects on marine mammals. We urge the Congress to reaffirm those changes as they consider reauthorization of the Marine Mammal Protection Act.

Shipboard Programs

The Navy invested \$465 million in the last decade to install pulpers, shredders, and plastic waste processors on its surface ships. This equipment avoids the need to discard plastics into the world’s oceans and allows environmentally acceptable disposal of other solid wastes such as food, paper, cardboard, metal and glass. Submarines will be outfitted with similar solid waste equipment by the end of 2005, well in advance of the December 2008 deadline established in the Act to Prevent Pollution from Ships.



The Navy has been converting air conditioning and refrigeration plants on its surface fleet from ozone depleting CFCs to environmentally friendly coolants. We plan to spend a total of \$400 million on this effort, including \$30 million in fiscal year 2005. We expect to complete the conversion of nearly 900 CFC-12 plants by 2008, and over 400 CFC-114 plants by 2012. We expect to spend about \$35 million to install suites of pollution prevention equipment (e.g., HVLP paint sprayers, aqueous parts washers) on ships, including \$5 million in fiscal year 2005. This equipment, combined with management actions, reduces 10,000 pounds per year of hazardous material brought aboard our large ships.

We continue efforts with EPA to establish uniform national discharge standards for all armed forces vessels. This has proven to be a very complex undertaking. Navy and EPA have opted to segregate the 25 types of discharges into "batches", with control standards for the first batch of 5 discharges (including hull coatings) to be published by September 2005.

Alternative Fuel Vehicles

For the second year in a row, the Navy-Marine Corps Team substantially exceeded the Energy Policy Act requirement that 75 percent of covered fleet vehicle procurements be alternative fuel vehicles. At the Pentagon, our Navy Public Works Center in Washington, D.C. converted the entire executive motor pool to alternative fueled vehicles.

We are hoping to expand our procurement of hybrid vehicles in fiscal year 2004 and beyond and increase the use of bio-diesel and ethanol. We are working with the Army's National Automotive Center to place hydrogen-powered fuel cell vehicles at Marine Corps Recruit Depot, San Diego, and to open a fueling station at Camp Pendleton. These actions help develop a regional hydrogen-fueling infrastructure and provide us with hands-on experience with hydrogen and fuel cell transportation technology. While there are important environmental benefits, these investments also provide opportunities for technology transfer to future weapons systems.

Conservation

Integrated Natural Resources Management Plans (INRMPs) are the foundation upon which Navy and Marine Corps activities protect and manage lands. The DoN has 96 bases that require INRMPs: 82 INRMPs are in place; 13 are being revised because they have passed the end of their 5-year cycle; and one is for the Barry M. Goldwater Range. This one is being prepared jointly with the Air Force and Department of Interior, and is delayed due to litigation. Navy and Marine Corps INRMPs already address endangered species and migratory birds. We have revised our INRMP guidance to ensure they provide a conservation benefit to endangered spe-

cies. Our bases work closely with the U.S. Fish and Wildlife Service, State fish and game agencies to prepare the INRMPs. We are serious about our obligation to conserve natural resources entrusted to us by the American people as a means to ensure continued access to these resources to enable our military mission. Good conservation practices and military training operations can be mutually beneficial:

- Navy efforts increased the population of federally protected California least terns from 13 nests in 1977 to 1,200 today, and the snowy plover population from 12 nests in 1992 to 101 today at the Silver Strand portion of Naval Amphibious Base Coronado. Because of this success, the Fish and Wildlife Service reduced training restrictions for our Special Forces.
- Using animals provided by the Government of Mexico, the Marine Corps, Air Force, U.S. Fish & Wildlife Service, and State of Arizona have established a captive breeding program for the Sonoran pronghorn ram, an endangered species that inhabits the Goldwater Range. Increasing the population of this species will reduce restrictions on the timing and tempo or ordnance delivery to target areas on this joint military training range.

ENCROACHMENT

We have made great strides in addressing encroachment issues over the past 2 years. Congress has provided much needed relief through enactment of legislation in the 2003 and 2004 National Defense Authorization Acts that allows the DoN to balance military readiness and environmental stewardship.

- We worked closely with the Department of the Interior to implement congressional direction to develop a rule that clearly defines the relationship between military readiness activities and the Migratory Bird Treaty Act. The Department of the Interior plans to publish the proposed rule soon.
- The Marine Corps is sponsoring conservation forums to help identify land and conservation partners as a means of limiting encroachment on its training areas from commercial development. With the Nature Conservancy as a partner, we have completed one project for 2,500 acres adjacent to Camp Lejeune tank and rifle ranges. Other efforts are underway in California, South Carolina, and Georgia with partners such as San Diego County, the Trust for Public Land and the Sierra Club.
- The Congress amended the Endangered Species Act to allow the Secretary of the Interior to exclude military installations from critical habitat designation when such installations are managed in accordance with an INRMP and the Secretary determines the INRMP provides a benefit to the endangered species. The U.S. Fish and Wildlife Service is under court order to designate critical habitat for a number of species in April 2004, including four species² that occur on Marine Corps Air Station Miramar and Marine Corps Base Camp Pendleton. INRMPs at these bases provide benefits to these species. The legislative change should allow the Secretary of the Interior to exclude both installations from critical habitat designations, thus ensuring our ability to continue to conduct realistic military training.
- We will use the revised definition of harassment of marine mammals in analysis of new technologies for military readiness training programs (such as the Virtual At Sea Training (VAST) system for naval gunfire), littoral warfare training, and supplemental analysis on deployment of the SURTASS LFA sonar system. The revised definition ensures that analysis of impacts on marine mammals is based on science, not speculation. The changes approved by Congress reflect current methodologies used by Navy and the National Marine Fisheries Service and reduce the likelihood of costly, time-consuming litigation caused by ambiguous language.

Notwithstanding the gains we've achieved thus far, encroachment continues to be a very real problem—one that will become more complex as populations grow, pressures on ecosystems mount, and the means required to sustain military readiness evolve through new technologies and threats.

Coming to grips on when military munitions become solid wastes under the Resource Conservation and Recovery Act can ensure effective range management for both military readiness training and waste management. Flexibility for implementing the general conformity requirements of the Clean Air Act will allow more effective deployment of new weapons systems and the realignment of existing assets. We continue to discuss these important issues with the states and groups such as the National Governors Association and the Environmental Council of the States.

²Southwestern arroyo toad, Riverside fairy shrimp, San Diego fairy shrimp, California coastal gnatcatcher.

Congressional efforts to address balancing military readiness and environmental stewardship have not gone unnoticed by State legislatures. Following your example, three states—California, Arizona, and Texas—have enacted laws requiring local governments to consider impacts on military readiness during environmental planning and land use planning processes.

CONCLUSION

In conclusion, I would ask the members of this committee to judge the merits of the Department of the Navy's installations and environmental program through the considerable progress we are making in virtually all areas. Funding reductions are driven by reduced requirements, less costly alternatives, and improved business processes.

That concludes my statement. I appreciate the support of each member of this committee, and will try to respond to your comments or concerns.

Senator HUTCHISON. Thank you. Thank you all. You've answered my question on housing privatization so I'm not going to ask that again for the record. I think we're going to have the same problem in all the Services on sustainment. But my goal is just to make sure that we do try as hard as we can to keep the 95 percent rate or something as close to that as possible.

OVERSEAS BASING

Let me move to the overseas basing. Obviously, Army is the biggest one that has announced so far that they are moving from Germany and Korea a large number of their troops. Do you see Navy bases overseas coming back, and is that something that is going to figure into your BRAC and our Military Construction decisions in the future?

Mr. JOHNSON. Without the-we obviously cannot yet announce what's going to happen but we don't see large units coming back like the Army and the Air Force. Now, some individuals will come back and some small bases might close but nothing in comparison to what the Army and the Air Force. The Marines have almost no presence in Europe but they have presence in the Pacific. That may change a little bit but on the margins as opposed to nothing like the other two Services.

PRESIDENTIAL HELICOPTER PROGRAM

Senator HUTCHISON. The presidential helicopter program. You have an \$80 million request for the test and evaluation facilities, and I noticed in your remarks, or your written text, that you are looking for places around the Capital area where you might be able to do that, but you're not yet sure. My question really is, do you think you're going to need that money or all of that money in this year's budget?

Mr. JOHNSON. As best we can determine, I'll let my expert talk here, if the selection had gone earlier, as they had planned, the MILCON funds would have probably been short to need. If it's delayed until, say, the end of the year it will be about right to have the MILCON, or the MILCON will be in the right sequence. There are two parts of that. One is a test and evaluation as you mentioned. Patuxent River is where we normally do that but in the sense of fairness we're looking at alternatives; that should be completed pretty quickly. The Marines have long needed a new facility at Quantico, that's the second part, and that's needed with a new or a continuing helicopter program. So both of them will be needed

in this year's budget. It would have been nice to have had them in last year's budget, if we'd gone through with the original time frame.

You want to add anything?

Admiral LOOSE. Everything the Secretary said-again, the construction, I'm sorry, the acquisition award was delayed a little bit. They're now determining what the impact would be on the first aircraft, which was before November of 2006. And right now we envision no impact at this point and we definitely need the money in the fiscal year 2005 program.

Senator HUTCHISON. We may want to look at that as we get closer to the time that we're going to pass our bill and see if there's any efficiency in this number for this year or if it can be put somewhere else that would be a higher priority within the Navy budget.

Mr. JOHNSON. We'd be pleased to continue to interact with you and your staff on it.

JOINT BASING

Senator HUTCHISON. Okay. Let me ask you a question on joint use. It came up in the Army but particularly as I look at some of the bases that you have around Corpus Christi and Ingleside, already we have joint use with the Coast Guard. We have joint use with the Army in some of them but I'm just wondering if the Navy has really looked at the Coast Guard as a real joint use partner as much as it could in light of the very enhanced Coast Guard responsibility in homeland security and their need to be all along the Gulf Coast, really, for homeland security purposes. Are you really factoring in as a major partner and of course, I know the Corpus Christi-Ingleside area, I'm sure the Senator from Louisiana has the same type of potential, because you have a Coast Guard presence. Are you really looking at that?

Mr. JOHNSON. In the government there's no closer relationship between two departments than the Coast Guard, the Navy and all the Services for that matter. We treat them as a part of Department of Defense and we recognize they're certainly not but they're full partners in everything we do and I know that at Joint Reserve Base Carswell we have all five services there. And I think we have it at Belle Chasse also, Coast Guard is at that Joint Reserve Base, and we try very hard; sometimes there might be an oversight but it's an oversight when it doesn't occur.

Senator HUTCHISON. Yes, well, Carswell is a great example and that's a different priority. But I just wondered on the coasts if you're looking at your coastal bases for partnership with Coast Guard.

Mr. JOHNSON. As you and others visit our bases along the Coast you'll find that Coast Guard is inevitably present. And also more and more Customs; we don't always acknowledge that but at Corpus Christi they have built a new hangar, as I recall, just for Customs.

Senator HUTCHISON. Yes, Customs is right there with Coast Guard and Army in the depot and so there is quite a bit of interaction there.

Mr. JOHNSON. And when you go to pilot training bases no matter where they are you see all services who fly, Corpus Christi being a good example and some in Louisiana also.

General WILLIAMS. Madam, I would just also like to add that although Camp Lejeune is not designated a joint base we in fact do have Coast Guard presence there at Camp Lejeune. And we certainly are always looking for opportunities to train jointly with the Coast Guard as well as other services. So we do have some presence there as well.

Senator HUTCHISON. One of the things that I would just like to ask you to do, as we're moving into BRAC, since the Coast Guard isn't in the same category as the Navy in BRAC, it might be that the Navy could be proactive in looking for places that there could be consolidation that would be to the benefit of both, even though it wouldn't be all Department of Defense. But I just think because they're different, we shouldn't forget about them as a way to become more efficient.

Mr. JOHNSON. We cannot forget about them if we wanted to; we don't want to and your friend and my boss feels very strongly about homeland security and so do we.

Senator HUTCHISON. Yes, that is a good connection. I forgot about his recent past. But you, of course, being from the Air Force yourself, are someone who can help on joint use opportunities so I think that could be very helpful if the Navy would sort of take the lead.

Senator Landrieu.

NEW ORLEANS JOINT RESERVE BASE

Senator LANDRIEU. Yes, thank you, Mr. Secretary. And I appreciate the Chairman's line of question and wanted just to follow-up along the same lines because the city of New Orleans, which is my hometown, of course, and the State I represent, has been somewhat negotiating with the Navy about a plan that would just make a tremendous amount of sense from our perspective. We have the Navy Reserve, you know, headquartered in New Orleans. There's a move underfoot with a broad base in our community to try to consolidate some of the different components, freeing up some of the very valuable riverfront space for the expansion of the cruise ship industry, which has become very important to New Orleans and we've reached out but they've actually reached to us because it becomes one of these favorite destinations of people, or launching off points, I should say, to leave from the city, which we're grateful for. But in that there's a real possibility that with just a little bit of out of the box thinking but with no cost to the Navy we could end up with really substantial facilities in a consolidated format that, you know, add to the footprint of that great base in New Orleans.

So I wanted, Mr. Secretary, to ask you if you're familiar with these negotiations? Is it possible for them to, you know, continue because again, it's not just related to BRAC, it's related to the Coast Guard, related to this other industry and other businesses that have a real economic interest in the outcome of these plans.

Mr. JOHNSON. I've been there, I've seen it and General McCarthy came to visit me Monday or Tuesday; I gave him some very encouraging guidelines and I checked with my staff and I'm going to give

him some different ones next week. But when we give those guidelines they will be so those in the community and others can rely on. I liked what he proposed but we have to look at it in a larger context and we'll come up with some guidelines that the city can understand, he can understand and hopefully we'll work all sides' interest.

Senator LANDRIEU. Well, is it fair to ask you if these next set of guidelines is going to be as encouraging as the last ones that you gave him?

Mr. JOHNSON. It will be a little bit different because we have to look at the larger context. The last thing we want to get into is to have a community that's coming and saying, we will build you a new building if you won't leave. So we have to make sure that when the city does it it's at the right time. And what I suggested to him was we should know that when we're making decisions, but we want to put it in the right context so that others, some of your other Senators, couldn't say we did it wrong. And I was pleased when my staff asked me to pause and come up with the right guidelines so that we can do it correctly.

Senator LANDRIEU. Because I really appreciate that and look forward to working with you because it's of course important, you know, to our community and there's just such an opportunity if this would work out for the Navy to be benefitted, the taxpayers to be benefitted, the city and a variety of other industries.

WASHINGTON NAVY YARD

The other is to compliment you all on the work that you're doing here in the District on the revitalization of the Navy Yard. Would that be under your jurisdiction?

Mr. JOHNSON. Yes.

Senator LANDRIEU. And to compliment you all on the way that you're doing that with the leadership team here in the city. I also wear another hat as the Appropriator for the District of Columbia, so I'm fairly closely associated. And I'm just seeing tremendous progress along that whole corridor. I hope, I'm certain that what you're doing is benefitting the Navy but the way that you're engaging in a very integrated process with the other parts of the government, as well as with the local community here in the city I think is going to have just tremendous long-term benefits to this whole region. And I just wanted to commend you and to encourage you and to let you know that I'm looking closely at that and if there's anything I can do to help you. I know the Navy may have some special needs in regards to the relocation of a museum and some other things that you all may need some help with and I'd be particularly interested in working with you on that.

Mr. JOHNSON. I'd very much like to work with you on that. And we have worked well with the city. We're concerned, encouraged, whatever, about the Southeast Federal Center, if we can ever get that moving.

Senator LANDRIEU. Southeast? I'm sorry.

Mr. JOHNSON. It's the land next door, it's owned by GSA, it's on the contract.

Senator LANDRIEU. Yes, the development for the housing units and the—I was telling them, I was complimenting them, Madam

Chair, on the good work that they're doing at the Navy Yard and how they've done it in a very integrated fashion with the city and the community and if it continues, and hopefully as it has even improved and getting better it's going to be a tremendous legacy for the Navy as well as for the city and the region, that it will have an impact on the region that we're in.

Mr. JOHNSON. We hope that we can make the museum a center part of that but we have some troubles.

Senator LANDRIEU. And there may be a better, you know, location or avenue. But opening up that whole area in the appropriate ways to give access to the waterfront for the neighborhood and the region and then have a very vibrant and dynamic community, which the Military shares with other aspects of the government as well as the local city, I just think it's been a real testimony to you all and to the leadership the Navy's provided. So I just wanted to thank you for that.

Mr. JOHNSON. The last time I was there I went through the Southeast Federal Center and the new building for the Department of Transportation is really springing forth out of the ground; it's quite exciting to watch that development.

Senator LANDRIEU. Thank you.

General WILLIAMS. Senator, I'd just like to add to that also. As you probably know we'll be opening our Marine barracks that we're building there this Summer, probably around the June timeframe and we certainly would—

Senator LANDRIEU. They look beautiful and you've done a beautiful job.

General WILLIAMS. Yes.

Senator LANDRIEU. And I just—because I live a few blocks from there so not only professionally do I focus on it but because I live in the general neighborhood I see it and I've been able to watch firsthand the development. The Marines have done a beautiful job, that whole corridor, and I just want to communicate how happy the people that live in this neighborhood are with the way that you have conducted yourself. And it's going to be a tremendous help, not just to the, you know, to the neighborhood but to the whole region and a real feather in the cap of the Navy and Marines.

General WILLIAMS. Yes ma'am.

NEBRASKA AVENUE COMPLEX

Senator HUTCHISON. Just one last question on the Nebraska Avenue Complex and obviously the Navy is moving. I noticed in your testimony that you're going to be in some cases going to lease space. All I would like to ask is, are you going to make sure that the Navy doesn't incur any costs from moving out to accommodate the Department of Homeland Security?

Mr. JOHNSON. Yes ma'am. To date we have not incurred any costs. Now, we incurred some costs because we planned some of the moves but not for the moves and not for the changes up in Nebraska Avenue. We can move approximately half of the people before we touch the BRAC requirements. The last two large organizations we cannot do that until we get permission from Congress, and there's a bill over here, a legislative package. In that case the GSA folks will pay for our interim quarters and also the new buildings

up to their appraised value. Nebraska Avenue is being appraised by a third party and up to that level GSA will reimburse us. Every indication is that level is above what we need. We've also gotten the Department of Homeland Security to pay for the move, this is the last half again, and also to pay for the first year's lease. Then GSA picks it up through the move to the final quarters.

ADDITIONAL COMMITTEE QUESTIONS

Senator HUTCHISON. Well, I know you'll be very attentive to that but certainly we don't want any DoD cost.

Mr. JOHNSON. And we appreciate your strong support in that area.

Senator HUTCHISON. You have it.

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

QUESTIONS SUBMITTED TO HANSFORD T. JOHNSON

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

RECAPITALIZATION RATE

Question. Secretary Johnson, your testimony asserts the Navy will meet DOD's 67-year recapitalization goal by 2008. But your recapitalization rate is clearly headed in the wrong direction, moving from 116 years in fiscal year 2003 to 140 years in fiscal year 2004 and 148 years under this budget request.

How is the fiscal year 2008 target of 67 years going to be met without extraordinary and unrealistic investments over the next couple of years?

Answer. The Navy and Marine Corps are funded to meet the 67-year recapitalization rate goal by fiscal year 2008 in the current President's Future Year Defense Plan. This investment requirement will be met through a combination of initiatives such as (1) minimizing new footprint as appropriate while taking into account new mission requirements and (2) reducing footprint and therefore plant replacement value to ensure that we are investing in only needed recapitalization requirements.

Question. What confidence do you have that the needed outyear investment will materialize?

Answer. Through a combination of initiatives to reduce footprint thus plant replacement value, and investment of funds, I am optimistic that the Navy and Marine Corps will meet the 67-year recapitalization rate goal by fiscal year 2008.

BRAC

Question. Secretary Johnson, the Navy has not asked for any appropriations for BRAC cleanup this year. Your testimony states that you intend to spend \$115 million in proceeds from land sales for BRAC cleanup. I applaud the Navy's aggressive use of land sales to defray BRAC costs, but I am a little uneasy about making BRAC cleanup efforts dependent on this mechanism.

If the land sale proceeds don't materialize, what assurances do we have that the \$115 million will be spent?

Answer. It is possible that we will not receive all the proceeds anticipated in fiscal year 2005. If it appears that predicted land sales revenue may be delayed, the Department of Navy will take steps to preserve available cash to meet fiscal year 2005 expenses. The Department of Navy had received substantially more land sale revenue in fiscal year 2003 and fiscal year 2004 than anticipated, which was to be used to further accelerate environmental cleanup. The Department may opt to defer accelerating some of this cleanup work to carryover portions of these funds to cover the most critical projects planned in fiscal year 2005 until the planned land sales revenue materializes.

Question. If you get more than \$115 million from land sales, can you spend it this year?

Answer. Generally, yes, substantially more than \$115 million can be spent for BRAC cleanup in fiscal year 2005. The Department of Navy will ensure that all land sale revenue funds are spent prudently. Depending on the amount of additional funds received, environmental cleanup schedules, and regulator reviews, we may opt

to carryover some excess land sale revenue into fiscal year 2006 and beyond as we pursue the cleanup in the most effective manner we can.

Question. Do you need any additional authorization to spend proceeds in excess of \$115 million?

Answer. We do not need additional authorization from the Congress to spend more than \$115 million. However if land sales revenue exceeds our prediction in the budget, we would require additional obligation authority from OMB.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

BRAC ENVIRONMENTAL FUNDING

Question. Secretary Johnson, the Navy has requested no funding for BRAC environmental remediation in the fiscal year 2005 budget request because you intend to finance your fiscal year 2005 BRAC cleanup requirements out of the revenue from land sales.

According to your prepared testimony, the Navy has realized \$230 million from BRAC land sales at Tustin and Long Beach, California, and Key West, Florida. In addition, you are anticipating \$115 million in revenues from the sale of Oak Knoll Naval Hospital at Oakland and property at El Toro to finance your fiscal year 2005 program.

What is the status of the \$230 million you have already realized? Has that money been committed to specific projects, and if so, can you give the Committee a breakdown of those projects?

Answer. Most of the \$230 million received has been obligated and the remainder is funding critical projects this year and next. The bases that have received the most funding to date from these land sales are:

NAF Adak, AK; NAS Alameda, CA; MCAS El Toro, CA; Hunters Point Annex, CA; NAS Moffett Field, CA; FISC Oakland (Point Molate) Richmond, CA; NAS South Weymouth, MA; NS Treasure Island, CA; MCAS Tustin, CA; Mare Island NSY (Vallejo), CA.

Question. Secretary Johnson, your prepared testimony includes the following statement: "If necessary, we will use the funds from the Long Beach and Key West sales as a cash flow bridge if the Oak Knoll and El Toro sales are delayed."

It appears from that statement that you are uncertain when the El Toro and Oak Knoll land sales will be complete.

What is your current estimated timetable for those sales—what level of confidence do you have that you will have proceeds from those sales available backfill the BRAC account by the beginning of the 2005 fiscal year in October?

Answer. We expect both El Toro and Oak Knoll sales to be initiated this year (fiscal year 2004) and result in funds being available in fiscal year 2005, though it may be later in the year. As a precaution, we are prepared to defer fiscal year 2004 funds in hand, which were previously planned to accelerate cleanup, in case the land sale revenue does not materialize in time. There is sufficient funding and workload to assure a continuous and steady clean up effort in fiscal year 2005.

Question. Was it a Navy decision or an OSD (Office of Secretary of Defense) decision for the Navy to self-finance its entire fiscal year 2005 BRAC cleanup program out of land sale revenues?

What is the Navy's remaining cost to complete its BRAC environmental cleanup program?

Answer. Based on the data used to prepare PRESBUD 2005, the cost to complete for the BRAC environmental cleanup program is about \$0.5 billion in fiscal year 2006 to completion.

Question. How much of that could you execute in fiscal year 2005, if additional funding were available?

Answer. The Navy could execute about an additional \$150 million.

Question. What lessons has the Navy learned from the previous BRAC rounds that you plan to apply to the environmental cleanup requirements associated with the 2005 BRAC round?

Answer. The following concepts are being pursued:

- Combining cleanup with redevelopment saves time and money for all parties.
- Use CERCLA "early transfer" authority to get property quickly to the developer.
- Early transfer of BRAC property can accelerate redevelopment and parallel cleanup.

- Reliable characterization of the contamination allows potential new owners to consider cleanup costs as part of the purchase price of the property, and provides safe transfer with interim land use controls.
- Cleanup program in far better shape than previous BRACs. Most sites are either done, cleanup is underway, or contamination is well characterized.
- Local Redevelopment Authorities are best at traditional governmental functions of planning/zoning.
- Developers are best at property development within established zoning rules.
- Involve regulators early in process. CERCLA early transfer authority requires approval by State Governor, and EPA if it's a National Priorities List site.

MARINE ONE HELICOPTER (VXX)

Question. Secretary Johnson, in your testimony, you note that military construction is required to support the test and evaluation of three VXX helicopters scheduled for delivery in October 2006.

What impact will the delay in awarding the VXX contract have on that delivery schedule?

Answer. The delay in awarding the VXX contract is not expected to have any significant impact on the arrival of the first aircraft, currently planned for November 2006.

Question. Does the Navy have a new target date for awarding the VXX contract?

Answer. Award of the VXX contract is expected by December 2004.

Question. Given the delay in awarding the contract, has the Navy determined whether it still requires full funding for construction of the test and evaluation project requested in the President's fiscal year 2005 budget submission?

Answer. Because the delay in awarding the contract is not expected to cause any significantly delay in the arrival of the first aircraft, facilities are still required in the fiscal year 2005 budget.

OUTLYING LANDING FIELD (WASHINGTON COUNTY, NORTH CAROLINA)

Question. Secretary Johnson, the Navy is requesting \$61.8 million in fiscal year 2005 MilCon to acquire land and begin construction on an Outlying Landing Field in Washington County, North Carolina, to support the basing of new F/A-18E Super Hornet squadrons in Virginia and North Carolina. In fiscal year 2004, this Committee appropriated \$27.6 million for the first increment of land acquisition.

I understand that there is opposition to this project from the local communities of Washington and Beaufort counties, and that several lawsuits have been filed.

What impact has the lawsuits had on the Navy's timetable or plans to acquire the land for the outlying field?

Answer. Two lawsuits were filed in Federal District Court challenging the Navy's decision regarding home basing of the Super Hornet on the east coast. These lawsuits allege that the Navy's environmental analysis conducted pursuant to NEPA was inadequate to support the Navy's basing decision, including the selection of a site for an outlying landing field (OLF) in North Carolina. The lawsuits were filed under the Administrative Procedures Act (APA). Under the APA, the Federal District Court will review the adequacy of the analysis underlying the Navy's decision and determine whether additional environmental analysis is needed. The court could enjoin the Navy from engaging in land acquisition activities until the additional analysis was completed. However, the court cannot substitute its judgment for that of the Navy and direct that the OLF be sited at a location other than Washington County, NC.

Question. There was a hearing in Federal court on March 30 on a request from opponents of the landing field for a temporary injunction against the Navy. Has any ruling been made on that request, and if not, when do you expect a ruling?

Answer. Plaintiffs in the two lawsuits on the Navy's home basing decision requested that the court issue a preliminary injunction prohibiting the Navy from engaging in further activity regarding the OLF pending final adjudication of the lawsuits. On April 21, 2004, the Court issued a preliminary injunction precluding the Navy from engaging in any direct or indirect activities related to construction and operation of an OLF in Washington County, NC. On May 4, 2004, the Navy asked the Court to reconsider its decision to issue a preliminary injunction. The Court has yet to rule on the Navy's request for reconsideration. In the meantime Navy is taking steps to move forward with the trial on the merits in order to obtain a final decision in the matter.

Question. If the judge grants a temporary injunction, how will that affect the Navy's acquisition process?

Answer. The Court did grant the plaintiffs' request for a preliminary injunction, prohibiting the Navy from engaging in any direct or indirect activities related to the construction and operation of an OLF in Washington County, NC. The preliminary injunction will remain in effect until the Court makes a final ruling on the lawsuits. The preliminary injunction is very broad in scope and prohibits the Navy from acquiring land, preparing management plans or even conducting environmental studies. At present the Navy has discontinued all of its land acquisition efforts, including negotiations for the voluntary sale of land to the Navy by private citizens, as well as studies that would form the basis for a Bird Aircraft Strike (BASH) Plan and the Integrated Natural Resources Management Plan required by the Sikes Act. If land acquisition were precluded for an extended period, the effort to base Super Hornet aircraft on the East Coast could be delayed. On May 4, 2004, the Navy filed a request that the Court to reconsider its decision and either terminate the preliminary injunction or modify the scope of the injunction. The Court has yet to rule on the Navy's request for reconsideration.

Question. What is the status of the \$27.6 million we appropriated for this project in fiscal year 2004? When do you expect to obligate that funding?

Answer. The fiscal year 2004 funds consisted of \$16.9 million for acquisition of 3,024 acres of core land, and \$10.7 million for design and construction of horizontal work, for a total of \$27.6 million.

Progress to date with fiscal year 2004 Funds:

—1,157 acres of the 3,024 have been purchased, obligating \$4.1 million of the \$16.9 million.

—Offers have been made to 9 owners for another 1,826 acres,

—Navy is ready to make offers to the remaining 4 owners.

—\$539 thousand has been spent on planning and design.

The Navy filed a request asking the Court to reconsider its decision and either terminate the preliminary injunction or modify the scope of the injunction. The court has not yet ruled on the Navy motion. Navy is prepared to obligate additional funds immediately if the judge relaxes the terms of the injunction he issued on 20 April.

Question. Is the Navy undertaking any further environmental studies on the potential impact of activities at the landing field on waterfowl?

Answer. The Navy believes it has thoroughly analyzed environmental impacts on waterfowl in the Environmental Impact Statement that was completed in August 2003. Therefore, no further environmental impact studies have been undertaken or believed necessary. The Navy had begun preliminary work on development of a Bird Aircraft Strike Hazard (BASH) plan. That preliminary work included radar studies of waterfowl activities in the vicinity of the Pocosin Lakes National Wildlife Refuge and the proposed OLF site. Further progress on BASH was halted as a result of the Court's decision.

Question. In light of the lawsuits, how confident are you that the Navy will be able to obligate the fiscal year 2005 land acquisition funding requested during the 2005 fiscal year?

Answer. The fiscal year 2005 budget request for OLF totals \$95.7 million (\$33.9 million for horizontal construction, \$4.8 million for vertical construction, and \$57.0 million for buffer land acquisition).

The Navy has filed a motion requesting that the Court reconsider the scope of the injunction. If the Court agrees, the Navy will resume voluntary land sales and low impact design work such as soil borings and surveying.

Under a best-case scenario, the fiscal year 2005 projects can be executed in fiscal year 2005. Under a likely-case scenario, land sales would be executable in late fiscal year 2005, but construction projects would not be executed until fiscal year 2006.

NEBRASKA AVENUE COMPLEX

Question. Secretary Johnson, I understand that the Navy expects the appraised value of the Nebraska Avenue Complex to cover the cost of relocating Navy personnel.

Have you determined what the final cost will be, where the Navy personnel will go, and whether the relocation will require any new MilCon? Would any MilCon requirements come out of the military construction appropriation, or would they be paid for by the GSA out of its appropriation?

Answer. The appraisal of the Nebraska Avenue Complex will be completed in late April. We have defined the scope of the remaining work—the move out, interim leasing, permanent construction and move in of two Navy commands, SSP and NIPO. This involves 578 people. We expect the BRAC analysis process to determine in mid-2005 where the final location would be for these two commands. Since we

have not determined their final location, we cannot know the final cost of the replacement facility, but expect the costs to be within the appraised value of Nebraska Avenue Complex. It is premature to say what, if any, MILCON requirement would come out of the Military construction appropriation.

Question. If GSA is responsible, how can you be sure that the Navy's requirements will be met in a timely manner, since you have no control over the GSA's budget?

Answer. This is a legitimate concern. OMB has taken responsibility to manage the overall flow of funding to ensure that Navy does not pay for these moves, and that they are accomplished in a timely manner.

Question. Did the Navy give any consideration to keeping the chapel at the complex and continuing to use it as a chapel? Do you have any concern about the reaction from the Navy community to turning this chapel into a conference room?

Answer. Because of potential concern from the Navy community, consideration was given to keeping the Chapel. However, the chapel has not been used on a regular basis since the Security Group personnel moved out of NAC, and it does not meet a specific Navy requirement. Since that time it has only been used for weddings, funerals, retirements and a few all hands meetings for tenants aboard the Nebraska Avenue complex. The burden for financial upkeep, manpower requirements and the limited accessibility to military and families were also considered. In addition, Homeland Security's decision to move all military off the complex would make access even more difficult to the Navy community. Plans for a deconsecrating service are being developed and consideration is being given to removing the large stained glass window, the E.B. Skinner pipe organ and other historical keepsakes.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

INSTALLATIONS IN IRAQ

Question. Secretary Johnson, soon, the United States will no longer maintain bases in Saudi Arabia. We will have to look elsewhere for basing opportunities in the Middle East. DOD has said Iraq will soon become a new locus for U.S. troops in the Middle East. In some cases, DOD plans to upgrade military installations used by Saddam Hussein for future use by American armed forces.

What plans does the Navy have for long-term basing in Iraq?

Answer. The Navy supports the interim Iraqi government and a peaceful transition of power to a democratic state. To complete this goal, the Navy does not anticipate a requirement to maintain any long-term basing requirements in Iraq.

Question. Does the Navy intend to build any facilities on Iraqi waters of the Persian Gulf, perhaps near Um Quasr?

Answer. No. The Navy does not intend to build any facilities in Iraqi waters of the Persian Gulf.

Question. How many sailor does the Navy intend to station in Iraq?

Answer. The Navy does not anticipate the need to station additional personnel in Iraq outside of those already provided in support of the Central Command (CENTCOM) Commander and Naval Forces Central Command (NAVCENT)/Fifth Fleet Commander.

Question. When will the Navy begin to budget for the military construction needed to house the U.S. Navy in Iraq?

Answer. The Navy does not anticipate a requirement to maintain any long-term basing requirement in Iraq. Hence, military construction will not be required to support our current presence.

Question. Through a Supplemental Appropriation?

Answer. The Navy does not anticipate a requirement to maintain any long-term basing requirement in Iraq. Hence, additional military construction funding will not be required to support our current presence.

Question. If not Iraq, what other countries within Central Command might the Navy seek to expand its presence?

Answer. The Navy does not anticipate a requirement to expand its presence in the Central Command Area of Responsibility.

DOD REALIGNMENT OF FORCES IN EUROPE

Question. Secretary Johnson, nearly 2 years ago, DOD began discussions on the realignment of forces in Europe. In that time, Congress has not received any concrete details for what DOD has in mind. We have seen reports that DOD plans to move some personnel and infrastructure out of Old Europe and into New Europe and the Former Soviet States. When asked for elaboration on these plans, DOD has

provided little. I am pleased to see this Subcommittee will hold a hearing on Europe's realignment on April 21st.

Can you shed any light on how many Navy sailors and ships/aircraft within Europe may be realigned from current installations to new installations?

Answer. By our expeditionary nature, the Navy does not maintain a significant garrison force overseas. However, the Navy is reviewing its overseas posture to ensure that we can best support our existing operational assets. This support is being explicitly addressed in Secretary Rumsfeld's Integrated Global Presence and Basing Strategy (IGPBS) initiative. In consultation with our friends, allies and partners, these basing initiatives are being closely scrutinized to ensure that they directly support Defense strategy. Although the Navy expects to reduce its permanent force structure in Europe, the final decision to modify existing base structure is still being reviewed.

Question. What current facilities do you anticipate will continue to operate?

Answer. The Navy does not anticipate closing any of its existing main operating bases in Europe. However, operations at a few of these bases may be significantly curtailed. The final decision to modify existing base structure is still being reviewed.

Question. If we reduce forces in Europe, won't we see an increase of sailors and equipment returning to the United States for basing?

Answer. Yes. The Navy does expect to return some Navy assets based in the European theater to the United States. In order to maximize our existing infrastructure, the Navy intends to use the BRAC 2005 process to determine the final disposition and maximize Navy capabilities.

Question. Does it make sense to enter into BRAC in 2005 if we have not yet fully determined the shape and size of our presence abroad?

Answer. The Navy is committed to conducting a 2005 round of base realignment and closure (BRAC), as authorized by the Congress. The convergence of ongoing strategy and overseas basing actions, the transformational direction in all the Services and force structure changes together afford us a once-in-a-generation opportunity to truly transform the Services' combat capability in an enduring way.

The ongoing overseas basing review is nearly complete and those assets that are identified to return to the United States will be considered in the BRAC 2005 process. The timing of the overseas basing review and the BRAC 2005 process is perfect to ensure appropriate consideration is given to the optimal stationing of all of our naval assets.

BRAC AT FORT POLK AND BELLE CHASSE—HOW CAN JOINT OPERATIONS BENEFIT THESE BASES?

Question. Secretary Johnson, Secretary Rumsfeld has stated that a high priority should be placed on the military value of Joint bases for the upcoming BRAC round.

Do you share Secretary Rumsfeld's vision for our military to move toward and support Joint bases?

Answer. We strongly support Secretary Rumsfeld's vision of joint use of installation assets because it helps us reduce lifecycle investments and share overhead. In addition, joint bases are a more accurate reflection of how our forces operate jointly in wartime. Navy is participating in DOD efforts to revise policies, processes, procedures, and practices to enhance joint base operations and support.

I know you have visited Belle Chasse on a number of occasions.

Question. Could you please discuss how Belle Chasse—the home to the Navy Reserve, Air Force Reserve, Marine Reserve, Army Reserve, Air National Guard, and Coast Guard—meets Secretary Rumsfeld's vision for jointness?

Answer. Joint use of installation assets is a way of life in Belle Chasse. The Navy serves as host of the air station, providing logistics support to its DOD and non-DOD tenants for airfields, air traffic control, bachelor quarters/barracks, family housing, galley, recreation activities, fire and safety, etc. None of these services are duplicated among the tenants. Also an Armed Forces Reserve Center (AFRC) is under construction on the air base to accommodate additional Reserve units of the Air Force, Army, Marine Corps, and Navy. This new facility consolidates these Reserve functions from other locations in or near New Orleans, reducing overhead and providing greater access to military personnel and family support programs available on the base.

Question. Secretary Johnson, over 550 new town homes were recently built at the Naval Air Station/Joint Reserve Base New Orleans. This is uncommon because our Citizen Soldiers are not generally provided with military housing, although the base in Belle Chasse is actually a full-time Reserve base.

How many installations within the Navy provide housing for the Reserve Component?

Answer. Three Navy installations provide military family housing primarily for the Reserve Component—Naval Air Station and Joint Reserve Base (NAS JRB) New Orleans, LA; NAS JRB Fort Worth, TX; and NAS JRB Willow Grove, PA. Reservists housed in family housing at these three bases are serving in the active component, i.e., for the training and administration of reservists or as part of an unit activated for more than 180 days and, therefore eligible for assignment to military family housing.

Question. Are any Public Private Partnerships projects currently under way to provide housing for the Reserve Component?

Answer. The housing at New Orleans has been privatized. There are currently no plans to privatize the housing at the other locations. However, it is possible that members of the Reserve Component could rent privatized housing at other locations.

Question. How much funding out of the Family Housing budget is allocated for the Reserve Component?

Answer. The Family Housing budget is used to support the overall operation and maintenance of military family housing, regardless of who occupies it. As such, there is no specific allocation of the Family Housing budget to the Reserve Component.

KEEP NAVY RESERVE O&M SEPARATE FROM BIG NAVY

Question. Secretary Johnson, last year, DOD's budget request called for the merging of Reserve and Active Personnel accounts, which Congress roundly rejected because Congress feared the Active Services would rob the Reserves of personnel funding.

The Navy established the Commander of Navy Installations (CNI) for the management of in-shore installations in fiscal year 2003. As a result, CNI now provides O&M dollars to Belle Chasse, not the Commander of Naval Reserve Forces.

Is CNI keeping the funding for Reserve Installations separate from Active Installations?

Answer. Yes. Operations and maintenance funding for Reserve activities flows from the Operations and Maintenance, Navy Reserve appropriation while Operations and Maintenance funding for Active activities flows from the Operation and Maintenance, Navy appropriation.

Question. Is there any effort to merge the Navy's O&M and O&M Reserve accounts? I do not support such a merger if the Reserve cannot guarantee big Navy will not siphon funds.

Answer. There is no current initiative to merge the Navy's active and reserve Operations and Maintenance accounts.

BELLE CHASSE—COMMISSARY AND EXCHANGE—STILL ON TARGET

Question. Secretary Johnson, groundbreaking is scheduled for July on a new Commissary and Naval Exchange. It will serve the 7,500 men and women stationed at Belle Chasse and up to 100,000 veterans in Greater New Orleans.

Is the groundbreaking still on schedule for July?

Answer. Yes. Based on a construction contract award in July, the groundbreaking is still on schedule for that same month.

QUESTION SUBMITTED TO REAR ADMIRAL MICHAEL LOOSE

QUESTION SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

BARRACKS

Question. Admiral Loose, your testimony expressed appreciation for the authority to build barracks to private sector, rather than military, standards.

Can you tell us what plans the Navy has to make use of this authority?

Answer. The Navy initially plans to use this authority in combination with our bachelor housing privatization initiative.

QUESTION SUBMITTED TO GENERAL WILLIE WILLIAMS

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

INSTALLATION MANAGEMENT—MARINES

Question. General Williams, the Navy has created the position of Commander, Navy Installations (CNI) to consolidate management of its shore infrastructure.

Does the Marine Corps take a similar approach to consolidation and to what extent are you working with the Navy to share lessons learned?

Answer. The Marine Corps is committed to managing its installations in ways that are both effective and efficient. With 15 major bases and stations to manage, Marine Corps installations are organized in a consolidated approach similar to CNIs. For example, while our installations are not regionalized exactly like those under CNI, Marine Corps operating force installations are consolidated under the most senior Marine Corps operational commanders: Marine Forces Atlantic, Pacific and Reserve. In this way, Marine Corps bases and stations are closely linked to those operational forces they directly support within their region. Our remaining installations (recruit depots, logistics bases and training bases), receive their support directly from Marine Corps headquarters much like Navy installations are supported by CNI.

We continuously look for ways that improve installation management while supporting our operating forces requirements. We work very closely with CNI to share experiences and, where practicable, implement similar practices across both Services. Examples include employing similar readiness reporting systems, utilizing regional Facility Support Contracts, and managing Family Housing from a regional perspective.

CONCLUSION OF HEARINGS

Senator HUTCHISON. All right, well, that is all the questions that I have and I appreciate very much your time and effort and the great job that you're doing. Thank you.

Mr. JOHNSON. Thanks very much.

[Whereupon, at 4:22 p.m. Wednesday, April 7, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]