

**MILITARY CONSTRUCTION APPROPRIATIONS FOR
FISCAL YEAR 1999**

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

ON

H.R. 4059/S. 2160

AN ACT MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION FOR
THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEP-
TEMBER 30, 1999, AND FOR OTHER PURPOSES

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MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1999

TUESDAY, MARCH 3, 1998

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

The subcommittee met at 9:59 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.
Present: Senators Burns and Stevens.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

**STATEMENT OF ALMA B. MOORE, ACTING ASSISTANT SECRETARY OF
THE ARMY (INSTALLATIONS, LOGISTICS, AND ENVIRONMENT)**

ACCOMPANIED BY:

**MAJ. GEN. DAVID A. WHALEY, ASSISTANT CHIEF OF STAFF FOR IN-
STALLATION MANAGEMENT**

BRIG. GEN. JAMES R. HELMLY, DEPUTY CHIEF, ARMY RESERVE

**BRIG. GEN. MICHAEL J. SQUIER, DEPUTY DIRECTOR, ARMY NA-
TIONAL GUARD**

**PAUL JOHNSON, DEPUTY ASSISTANT SECRETARY FOR INSTALLA-
TIONS AND HOUSING**

OPENING STATEMENT OF CONRAD BURNS

Senator BURNS. We are going to call these hearings to order.

Senator Murray will be by shortly. She has Mr. Gates—I asked her if that is the fellow that makes the tires, and it was not—this morning on the Hill. And we sure want to make a space for Senator Murray and her staff. She is a delight to work with on this particular committee.

I made the suggestion earlier today that I think we ought to start these appropriations hearings at 8 a.m., and I see there are some heads going up and down out there. Now, to us old farm broadcasters, that is still way up in the middle of the day, but we would have a lot more time afterward to get some things done that we needed done.

So, I will call this committee to order. This morning we will hear testimony on the military construction, family base housing [BRAC], and Reserve component programs for the U.S. Army, as well as the military construction programs for defense agencies.

I appreciate Secretary Moore and all of you coming down this morning. We will hear from the Department of the Army first. We are pleased to have the Acting Assistant Secretary of the Army for

Installations, Logistics, and Environment. Secretary Moore, welcome. I think this is the first time you have had the opportunity to appear before this committee. If you would like to introduce some of your very elite and I would say knowledgeable support for this morning, you may do that at this time.

Ms. MOORE. Thank you, sir.

Joining me today representing the total Army is Maj. Gen. Dave Whaley, Assistant Chief of Staff for Installation Management; Brig. Gen. Michael Squier, Deputy Director of the Army National Guard; and Brig. Gen. James Helmly, Deputy Chief of the Army Reserve; and Mr. Paul Johnson, Deputy Assistant Secretary for Installations and Housing.

Senator BURNS. Let me tell you right now that we are very, very proud of the U.S. Army and our people that serve in uniform. We continue to be concerned about losing some good people, and sometimes it is quality of life issues that are the final decisions not only for the single soldier but also for our people with a high degree of dedication that are married and have families.

I want to commend the leadership for its continued commitment toward improving the quality of life for our single soldiers. I guess I become more concerned about them as time moves on.

The Army's emphasis on replacing and renovating barracks is critical to meeting the long-term recruiting and retention goals. It is essential that our service members and their families live in housing that is comparable to our civilian counterparts. I think that is very, very important.

However, I continue to—about the low level proposed funding—we know that we are going to go into some budget strains. Our overall appropriations for military construction is almost \$1 billion less than 1 year ago, and so we are going to have to be very, very creative and innovative to fulfill our mission that we have before us.

The National Guard. I have seen the condition of some facilities. They are completely unacceptable. We hear a lot of rhetoric about whenever we try to improve our Guard and our Reserve facilities as taking money to our home States. Whenever we see the integration of the regulars with Guard and Reserves, we cannot expect our Guard and Reserves to be up to capacity unless they have the facilities in order to train and to be a part of this Army.

We must do more in providing those working conditions. They deserve every consideration in this process. The restoring of those five line item veto military construction I think in the last appropriation was a good indication that there is support in the Congress for the thrust of which we are traveling down today to see an integrated Army as a viable force.

So, we do appreciate your efforts. We look forward to working with you to ensure that those critical requirements and those needs are met.

So, Madam Secretary, we are looking forward to your statement.

We are joined today by the chairman of the Appropriations Committee, Mr. Stevens. I know you are working on a tight schedule. Are there any questions before you hear Secretary Moore's statement?

Senator STEVENS. I would like to hear the Secretary. I may submit my questions. It depends. I have to meet with Senator Byrd. They will call me when I have to go.

PREPARED STATEMENTS

Senator BURNS. OK. I do have statements from Senators Faircloth and Craig that I would like to put in the record at this point. [The statements follow:]

PREPARED STATEMENT OF SENATOR LAUCH FAIRCLOTH

Mr. Chairman, we have just finished our work on the 1998 Military Construction Appropriation, and right on it's heels, we have to make the same types of repairs to the President's request for next year's Mil Con budget. The Administration, once again, has low-balled our nation's defense needs, leaving us the responsibility to be sure that our fine men and women in uniform are not left to operate on a shoestring. Same as last year, we will be expected to add the funding necessary to continue the essential task of rebuilding our defensive capability. If the Congress took a pass and simply agreed to the President's request, our military infrastructure would crumble.

For example, the need to ensure the security of our military bases should be one of our highest priorities. At Fort Bragg, one of our largest and most important posts for worldwide power projection, we have absolutely no control over base access. Now, this deficiency has been well known for a number of years, but yet there is no request for funds in the President's budget for the security of this vital base. I'm sure that this is only one of many necessary projects that the Administration left unfunded with the expectation that Congress would pick up the slack.

I intend to fight to get the extra dollars that we need so that we can have an adequate military construction budget. National security is the most important function of the Federal Government, and it must be funded first.

Where do we get the offsets? By cutting back those Federal programs that are not properly the function of the Federal Government. And, when we have exhausted that as a source of funding, by moving funds within this budget from lower priority programs to the most important.

Mr. Chairman, I look forward to working with you to ensure that adequate funds can be found for our military construction needs around the world. I would also like to thank you and Chairman Stevens for your leadership on getting those 38 military construction projects back on track. The urban training facility at Fort Bragg should not be put off even one more year.

PREPARED STATEMENT OF SENATOR LARRY E. CRAIG

Mr. Chairman, it is indeed a pleasure to be a member of the Appropriations Committee and on this very important Subcommittee on Military Construction. This is my second year as a member of this Subcommittee, and I am very proud of the work we accomplished for the fiscal year 1998 budget. We worked diligently to provide and restore funds for essential projects at our military installations in support of our men and women in uniform. I look forward to evaluating the military construction needs of our armed forces again this year.

The military construction budget provides necessary funding for the planning, design, construction, alteration, and improvement of military facilities worldwide. It also finances construction, and improvements for military family housing. Military construction not only helps our troops to better perform their missions, it also supports our service members with the facilities that contributed to their quality of life and that of their families. Unfortunately, this is not a budget President Clinton seems to support. For fiscal year 1998, this Administration requested funding levels below both the fiscal year 1996 and fiscal year 1997 levels. This chronic under funding by the Administration makes some wonder how this President can ask our service members to do so much, with so little.

I think we were all pleased to see the successful override of President Clinton's veto of the 38 military construction projects. That vote sent a clear signal to the Administration that under funding of military construction will not be tolerated by this Congress. We understand the needs of service members, and we will support those necessary projects. As a fiscal conservative, I take seriously the responsibility of working within the framework of a balanced budget as we make decisions about

program funding. However, it is also important to keep in mind that there is sometimes potential savings from improving infrastructure at military facilities.

Mr. Chairman, once again, thank you for your work and efforts, and I look forward to continually working with you and the Committee, so that our men and women in uniform receive the support and facilities they deserve.

STATEMENT OF ALMA B. MOORE

Secretary Moore, thank you very much for coming this morning.

Ms. MOORE. Mr. Chairman, distinguished members of the subcommittee, it is an honor to appear before you today to discuss the Army's budget request for military construction, family housing, and base realignment and closures for the fiscal year 1999.

I have already introduced the gentlemen behind me, and we have a combined statement which provides in-depth detail to the military construction budget request for fiscal year 1999. With your permission, I would like to submit the full statement for the record and highlight those areas that contribute to readiness and enhance the quality of life for our soldiers and their families.

Senator BURNS. Without exception, all of the statements will be made a part of the record.

Ms. MOORE. First I would like to talk about the program of which I personally am most proud, our barracks renewal. The fiscal year 1999 military construction budget's main focus is the whole barracks renewal program. This budget request represents our efforts to provide our single soldiers with a quality living environment, not just a place to live. The One Plus One Program provides personal privacy, larger rooms, closets, upgraded day rooms, and additional parking. An improved quality of life such as this program provides is essential to attracting and retaining quality soldiers. We thank this subcommittee for the strong support you have given to the Army over the years in this regard.

The budget before you includes 12 projects totaling \$307 million for this purpose. This will keep us on track to accomplish our goal of modernizing all barracks in Conus by 2008, in Europe by 2010, and in Korea by 2012.

Next I would like to briefly discuss the Army's strategy to meet family housing needs through maintenance, divestiture, and privatization. This budget request provides funds to renovate 514 existing units and to replace 560 units. The request also reflects the demolition of 350 houses that do not meet standards and would be too costly to repair. But, Mr. Chairman, these efforts do not come close to fixing the Army's housing problems.

The capital venture initiative [CVI], also known as the military housing privatization initiative, will allow the Army to leverage funds appropriated for housing and Army owned assets such as land to encourage the private sector to own, manage, repair, improve, and construct family housing. Under current funding projections, it would take approximately 130 years to revitalize family housing worldwide. Under CVI, if we can make it work, we expect to complete revitalization by 2010. The major benefit would be that our soldiers and their families would receive quality housing much sooner.

The Army's first CVI project is planned for Fort Carson, CO. Congress was notified of our intent to award a contract on February 10 and the 30-day clock is running. If there is no objection

expressed by Congress during the 30-day notification period, we plan to award a contract by mid to late March to improve 1,824 existing units and construct 840 new units.

Our plan is to use these authorities wherever feasible and economical in the United States. We will apply Fort Carson lessons learned to develop 26 additional projects. Your support of this effort is essential to permit us to leverage scarce housing resources and provide quality housing to all of our soldiers and their families in a much shorter period of time.

This year's military construction budget was built on the Army's one team, one fight, one future concept. We made a conscientious effort to balance our resources among all components: the Active Army, the National Guard, and the Army Reserve.

I have already talked about whole barracks renewal and housing, but I want you to know that our focus is also on Reserve centers and National Guard readiness centers. The Reserve components were at the table throughout the budget process, and I think they will tell you they received a fair share of very limited resources. Readiness remains the No. 1 priority for the Army and I would like to highlight those projects in the budget request that enhance our mission capabilities.

This budget request continues to provide funding for the strategic mobility program to ensure our soldiers can deploy their equipment as expeditiously as possible. Funding is also included to complete buyout of the close combat tactical training facilities, a program which began in fiscal year 1994.

Mr. Chairman, the greatest challenge facing the total Army in this budget, and as we move toward the future, is balancing today's readiness and quality of life with tomorrow's modernization requirements within available resources. This military construction budget continues our goal to provide better living conditions for the families and the single soldier while also providing the total Army with valuable facilities to enhance readiness.

PREPARED STATEMENT

Mr. Chairman, this concludes my statement and we are ready for your questions.

[The statement follows:]

PREPARED STATEMENT OF ALMA B. MOORE

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Active Army and Reserve Components' military construction request for fiscal year 1999. This request will provide new and renovated facilities needed to improve Army readiness, quality of life and efficiency. These matters are of considerable importance to America's Army, as well as this committee, and we appreciate the opportunity to report to you on them.

Our statement is in four parts:

Part I—Military Construction, Army family housing, Army homeowners assistance fund, Defense

Part II—Military Construction, Army National Guard

Part III—Military Construction, Army Reserve

Part IV—Base realignment and closure (BRAC)

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

I am pleased to present the Active Army's portion of the Military Construction budget request for fiscal year 1999. This budget provides construction and family

housing resources essential to support your Army's role in our National Military Strategy.

The program presented requests fiscal year 1999 appropriations for Military Construction, Army (MCA) of \$790,876,000, \$1,208,173,000 for Army Family Housing (AFH) and \$12,800,000 for Homeowners Assistance Fund, Defense. The companion request for authorization of appropriations in fiscal year 1999 includes \$790,876,000 for MCA, \$1,208,173,000 for AFH and \$12,800,000 for Homeowners Assistance Fund, Defense. The fiscal year 1999 request for authorization is \$1,134,753,000 for MCA, \$1,209,812,000 for AFH and \$12,800,000 for Homeowners Assistance Fund, Defense.

The Army is a "Total Force." We are an institution with people as its core. We are comprised of Active Duty, National Guard, Army Reserve, civilian employees, and family members serving our nation. We have served the United States with distinction, both at home and abroad, in peace and in war.

The Army has evolved to meet the challenges of today. Our prime mission remains constant: To fight and win the nation's wars. However, the Total Army must also perform a wide variety of other missions around the world and at home, including deterring potential adversaries, reassuring and lending stability to allies and supporting our communities in times of emergency. In the multitude of military operations since the fall of the Berlin Wall, the Army has done our nation's heavy lifting, accounting for over 60 percent of the forces committed to these operations. Deployed or stationed in over 100 countries in 1997, American soldiers and civilians helped shape the international environment by their presence and by carrying the values of our Army and the nation with them.

The Total Army is a more streamlined force, capable of projecting power from installations either in the United States or from forward deployed bases, and of operating effectively with a broad range of allies or coalition partners. America's Army is a busy Army. On any given day in 1997, the Army had on average over 31,000 Active and Reserve soldiers and civilians deployed in over 70 countries. In May, we were deployed to over 100 countries for the first time in Army's history. Soldiers who were deployed on contingency deployments, operational deployments, and non-local training exercises were away from their home stations for an average of 197 days in fiscal year 1997.

Supporting the increased tempo of the post-Cold War requires a Total Army effort. In Bosnia, approximately 25 percent of the Army forces are from the Army Reserve and National Guard. A civilian contingent also provides needed support to our Army in Bosnia. Reserve Component soldiers also augmented active duty soldiers in Macedonia, participated in a wide range of training deployments and exercises, and provided essential backfill to critical support functions in Germany to replace Active units that were deployed elsewhere. In day-to-day operations abroad and at home, the collective efforts of Active, Guard, Reserve and civilian members contribute to the success of the Total Army.

In order to continue to undertake our diverse missions, it is imperative that we achieve a predictable environment in the Army. To successfully meet these increasing operational commitments while simultaneously maintaining readiness, we require stability—in force structure, quality of life, installations and funding available to carry out our missions.

An imperative to maintaining a trained and ready Army is taking care of our soldiers and families. People are the defining characteristic of a quality force and are the overarching nucleus of our Army. Our numerous and diverse operations require soldiers who are skilled, well-trained and well-led. They must be capable of adapting to complex, dangerous and ever-changing situations. High caliber quality of life programs are essential to ensuring that the Army continues to attract and retain the soldiers necessary to maintain the Total Army. We must continue to focus on issues important to these men and women who so bravely serve the nation. Programs like the Whole Barracks Renewal, Whole Neighborhood Revitalization, Army Family Action Plan and Army Communities of Excellence remain key in our focus.

Now, I would like to discuss the Army's facilities strategy as we move toward the new millennium.

FACILITIES STRATEGY

The Army's facilities vision is to provide comprehensive, adaptable power projection platforms with the quality facilities, infrastructure and services that are integral to the readiness of the force and the quality of life of our soldiers and their families, while protecting the environment.

The Army's facilities strategy is threefold. First, because resources are limited, we must focus our investment on what is most important. To do this we must identify

required facilities, infrastructure and services and then focus our resources on those to assure the desired level of readiness. Second, we must divest of all unneeded real property. Third, we must reduce the total cost required to support our facilities and related services, including maintenance of our real property inventory.

As part of our effort to better focus our investment, we have developed a decision support tool, the Installation Status Report (ISR), Part One (Infrastructure) to help formulate and monitor our facilities strategy. We use it to assess the status of our facilities' condition. This identifies critical areas for consideration of resource allocation. Also, it assists in condition assessment of our facilities essential to the installation's mission and quality of life.

We are reducing our requirement by rigorously eliminating excess facilities. Between our current facilities reduction program and base realignment and closure, we will eliminate over 200,000,000 square feet in the United States by 2003. We continue to demolish one square foot for every square foot constructed and will begin reducing our leasing costs significantly in fiscal year 1998. By 2003, with our overseas reductions included, the Army will have eliminated over 400,000,000 square feet from its fiscal year 1990 peak of 1,157,700,000 square feet.

We are looking for innovative ways to reduce the cost of our facilities, including privatization or competitive sourcing of certain functions. It is proving an effective solution for installation utilities systems. Our goal is to privatize all utility systems, except those needed for unique security reasons, where it is economically feasible by 2000. Privatization is also being considered to provide better housing for soldiers and their families while reducing the Army's inventory. Partnering with civilian communities around an installation to provide some facilities is also a viable alternative to Army owned facilities.

Over the period 1999–2003, the Army plans to achieve over \$1,000,000,000 in estimated savings from our Major Commands, with U.S. installations to provide additional resources for modernization and other high priorities. These reductions are based on estimated savings derived from performing A–76 cost competition studies of commercial activities comprising over 50,000 positions during fiscal years 1999–2003. The Army's primary challenge is to accomplish these cost-effective measures as soon as possible.

At this time, I will discuss several of the highlights of the budget.

MILITARY CONSTRUCTION, ARMY (MCA)

Within our military construction request, we focus on four major categories of projects: mission facilities; quality of life projects; support programs such as infrastructure and environmental projects; and chemical demilitarization, for which the funding was transferred from the Military Construction, Defense account to the Military Construction, Army program as a result of the Defense Reform Initiative. I will now explain our request for each of these areas.

MISSION FACILITIES

In fiscal year 1999 there are nine mission facility projects totaling \$112,450,000. Essential mission facilities include several initiatives such as the Army Strategic Mobility Program (ASMP), Close Combat Tactical Training (CCTT) facilities, and the relocation of the U.S. Southern Command from Panama.

Army Strategic Mobility Program.—Fiscal year 1999 continues the upgrade of the strategic mobility infrastructure we started several years ago. This program ensures that we maintain the best power projection platforms to meet the mission of the Army.

Fiscal year 1999 includes an upgrade to air deployment facilities at Fort Bragg, \$30,000,000. We are requesting full authorization and advance appropriation of the railhead loading facility at Fort Hood, \$32,500,000 with appropriations and authorization of appropriations for Phase I at \$17,500,000. Also included are container and MILVAN loading and shipping facilities for McAlester Army Ammunition Plant, \$10,800,000; Tooele Army Depot, \$3,900,000; Anniston Army Depot, \$3,550,000; Bluegrass Depot Activity, \$5,300,000; and Phase 2 at Crane Army Ammunition Activity, \$7,100,000.

Close combat tactical trainers.—CCTT facilities leverage technology to enhance training and maintain readiness through a group of fully interactive, networked emulators and command, control and communications work stations. The first CCTT became operational in 1997 and provides a long-term, cost-effective option to field exercises, thereby reducing our reliance on field exercises as the single method for combined arms training. The budget request includes one facility in fiscal year 1999 at Fort Lewis, \$7,600,000. This request completes the CCTT construction program.

Relocation of United States southern command.—The Panama Canal Treaty of 1977 mandates that all U.S. military forces relocate out of the Republic of Panama by December 31, 1999. Plans have been developed for the acquisition of the Miami facility for Headquarters, U.S. Southern Command (USSOUTHCOM) to ensure uninterrupted accomplishment of theater responsibilities. Based on current estimates, our fiscal year 1999 budget requests \$26,700,000 for the purchase of a headquarters building and land acquisition for force protection. Purchase of the building and land complies with the administration's position on acquisition of capital assets for the long term.

QUALITY OF LIFE PROJECTS

The Army remains committed to improving the quality of life of our soldiers and their families, since it has a dominant impact on the Army's readiness. Over 40 percent of the fiscal year 1999 request is for projects in this category. This substantial effort will maintain our goal to improve our unaccompanied living facilities by 2012. In CONUS, we will provide upgraded or new living facilities to our single personnel by the year 2008, while overseas, we will complete the renewal by 2012. Overseas, we are continuing our investment strategy to address long-standing shortfalls in both Korea and Europe. Our programs reflect significant funding levels for quality of life programs in line with the Department of Defense's emphasis in this area.

Whole barracks renewal initiative.—The Army's Whole Barracks Renewal program provides funding for new construction and modernization projects. It represents our efforts to provide our single soldiers with a quality living environment, not just a place to live. We will provide more space, more privacy and a quality of life for our single soldiers that is comparable to living off the installation or that of our married soldiers. The Whole Barracks Renewal program includes personal privacy, larger rooms, closets, upgraded day rooms, centrally procured furnishings, additional parking, landscaping and administrative offices separated from the barracks. In fiscal year 1999, we are planning twelve projects totaling \$306,857,000. This includes one project in Europe at \$18,000,000 and four projects in Korea at \$45,926,000 to address the substandard living conditions there. Our budget also expands and funds the completion of the Fort Sill barracks renewal complex, \$20,500,000, that was authorized in fiscal year 1998. We are requesting an additional \$3,500,000 authorization to complete the project due to an increased price estimate of the total cost to build the barracks complex.

Child development centers.—Two child development centers (CDC) are requested in fiscal year 1999, one in Germany at \$4,250,000, and the other in Belgium, \$6,300,000. These facilities are currently located in a temporary, makeshift collection of prefabricated structures that are 20 to 26 years old. The CDC's do not comply with minimum fire safety and health standards and cannot be modified to meet the standards. Constant and intense repair and maintenance are required to keep the facilities operational.

SUPPORT PROGRAMS

Included in this area are those projects which provide vital support to installations and balance to the military construction program. In fiscal year 1999, we have requested fourteen projects totaling \$163,450,000 in this budget area. Projects include three projects at Yakima Training Center—a central fuel facility, \$3,950,000; a central vehicle washrack expansion, \$4,650,000; and a road upgrade project to comply with the environmental mitigation plan, \$2,000,000—to support stationing and training of the heavy brigade at Fort Lewis, WA. One project is requested for Fort Irwin: completion of the construction of a heliport at Barstow-Daggett for the National Training Center. The total cost of this project is \$27,000,000; however, all but \$7,000,000 is authorized and funded in prior years. Construction of the National Ground Intelligence Center at Charlottesville, VA, \$46,200,000, is in fiscal year 1999. Appropriations and authorization of appropriations is requested for the first phase, \$12,600,000, of a power plant for Kwajalein Atoll, with full authorization of \$48,600,000 and advance appropriation of \$36,000,000. Construction of the U.S. Army Disciplinary Barracks, begun in fiscal year 1998, continues with an authorization of appropriations and appropriations request for Phase II at \$29,000,000 and a request for advance appropriations of \$13,000,000 for the final phase in fiscal year 2000. Phase 2 of the Missile Software Engineering Annex, begun in fiscal year 1998, is also included. We are requesting appropriations and authorization of appropriations of \$13,600,000 to complete the project.

There are four other projects at Fort Leonard Wood, Fort Sill, Fort Detrick, Rock Island Arsenal for infrastructure and revitalization in the United States totaling

\$27,850,000. Now, let me discuss the project we have requested at the U.S. Military Academy.

U.S. Military Academy.—Fiscal year 1999 requests funding for the first phase, \$12,000,000, of the revitalization of the cadet physical development center at the U.S. Military Academy, West Point. In addition, the full authorization of \$85,000,000 and advance appropriation of \$73,000,000 is requested for this multi-year project. This project will revitalize through replacement the majority of the existing facility. The project will correct major deficiencies in fire and life safety codes, substandard conditions, and provide a facility to allow cadets to accomplish their physical development training requirements. This project is essential to execution of the training mission of the U.S. Military Academy.

AMMUNITION DEMILITARIZATION

The Ammunition Demilitarization (Chem Demil) Program is designed to destroy the U.S. inventory of lethal chemical agents and munitions and related (non-stock-piled) material and provide for emergency response capabilities, while avoiding future risks and costs associated with the continued storage of chemical warfare material. The program supports the international initiatives to destroy chemical weapons of war. The Chem Demil program was established by the National Defense Authorization Act for 1986 (Public Law 99-145 as amended) which directs the Department of Defense to destroy the complete unitary chemical stockpile by April 29, 2007.

In accordance with the recent Defense Reform Initiative Report, all program funding will be devolved from the Office of the Secretary of Defense to the Department of the Army beginning in fiscal year 1999. A total of \$125,300,000 is included in the Army's fiscal year 1999 appropriations and authorization of appropriations submission for this activity. In addition, advance appropriation of \$418,050,000 is requested to complete the projects. Authorization for \$404,777,000 is also required for the Chem Demil program which includes the balance of needed authorization for projects previously approved in prior years and full authorization for new projects.

Aberdeen Proving Ground, MD—Ammun Demil Support Facility	\$1,850,000
Aberdeen Proving Ground, MD—Ammun Demil Facility	26,500,000
Newport Army Depot, IN—Ammun Demil Support Facility	2,000,000
Newport Army Depot, IN—Ammun Demil Facility	27,500,000
Pine Bluff Army Depot, AR—Ammun Demil Facility	16,500,000
Umatilla Army Depot, OR—Ammun Demil Facility	50,950,000

PLANNING AND DESIGN

The fiscal year 1999 MCA budget includes \$41,819,000 for planning and design. This request is based on the size of the two succeeding fiscal year military construction programs. The requested amount will be used to complete design on fiscal year 2000 projects and to initiate design on fiscal year 2001 projects. The size of the fiscal year 1999 request is, therefore, a function of the fiscal year 2000 and fiscal year 2001 construction programs.

Host Nation Support (HNS) Planning and Design (P&D).—The Army, as Executive Agent, provides HNS P&D for oversight of Host Nation funded design and construction projects. The U.S. Army Corps of Engineers oversees the design and construction to ensure the facilities meet our requirements and standards. The fiscal year 1998 Congressional reduction in HNS P&D is causing turmoil and necessitating the curtailment of oversight execution. Lack of oversight may result in an increase in design errors and construction deficiencies that will require U.S. dollars to rectify. Maintaining the funding level for this mission results in a payback where one dollar of U.S. funding gains \$60 worth of Host Nation construction. The fiscal year 1999 budget request for \$20,450,000 will provide oversight for approximately \$1 billion of construction in Japan, \$100 million in Korea and \$52 million in Europe. The budget includes \$2,000,000 which is dedicated to the oversight of facilities associated with the Government of Japan (GOJ) funded initiative to consolidate and relocate U.S. Forces on Okinawa. The U.S. Government funding for this initiative is limited to \$26.5 million over the next 11 years for costs associated with oversight of the design and construction of the facilities.

Let me show you the analysis of our fiscal year 1999 request.

BUDGET REQUEST ANALYSIS

Summary.—The fiscal year 1999 MCA budget includes a request for appropriations of \$790,876,000 and companion authorization of appropriations request of \$790,876,000.

Authorization request.—The request for authorization is \$1,134,753,000. The appropriations request is reduced by the authorization from fiscal year 1998 to fund the second phase of the U.S. Disciplinary Barracks, \$29,000,000; the Software Engineering Annex at Redstone Arsenal, \$13,600,000; and the remainder of the Whole Barracks Renewal Complex at Fort Sill, \$17,000,000. Additionally, it is reduced by \$44,573,000 for the Umatilla Ammunition Demilitarization project, based on prior year authorization. The request was increased to provide full authorization of: \$85,000,000 for the U.S. Military Academy project to replace the Cadet Physical Development Center (only \$12,000,000 in appropriations is required for the first phase of this project); \$48,600,000 for the Roi Namur Power Plant, with appropriation of \$12,600,000 required for the first phase; \$32,500,000 for the railhead loading facility at Fort Hood, with appropriations of \$17,500,000 for Phase 1 in fiscal year 1999; \$184,500,000 for the Aberdeen Proving Ground Ammunition Demilitarization project, with appropriations of \$26,500,000; \$189,550,000 for the Newport Army Depot Ammunition Demilitarization project, with appropriations of \$27,500,000; and \$20,500,000 for the Pine Bluff Army Depot Ammunition Demilitarization project, with an appropriations request of \$16,500,000.

The fiscal year 1999 request for appropriations for fiscal year 1999, by investment focus, is shown in Table 1:

TABLE 1.—INVESTMENT FOCUS APPROPRIATIONS

Category	Fiscal year 1999 appropriations	Percent
Whole Barracks Renewal	\$306,857,000	38.8
Strategic Mobility	78,150,000	9.9
Leadership Initiatives	72,900,000	9.2
Environmental	2,000,000	0.3
Critical Mission	133,400,000	16.9
Planning and Design/Minor Construction	72,269,000	9.1
Subtotal Army MILCON	665,576,000	84.2
Chemical Demilitarization	125,300,000	15.8
Total program	790,876,000	100.0

Table 2 shows the fiscal year 1999 distribution of the appropriations request among the Army's major commands.

TABLE 2.—COMMAND SUMMARY MILITARY CONSTRUCTION ARMY

Command	Fiscal year 1999 appropriations	Percent of total
Inside the United States:		
Forces Command	174,500,000	22.1
Training and Doctrine Command	119,831,000	15.2
U.S. Army, Pacific	47,500,000	6.0
Army Materiel Command	174,850,000	22.1
Medical Command	25,350,000	3.2
Intelligence and Security Command	46,200,000	5.8
U.S. Army, South	26,700,000	3.4
USMA	12,000,000	1.5
Classified Project	4,600,000	0.6
Subtotal	631,531,000	79.9
Outside the United States:		
Space and Missile Defense Command	12,600,000	1.6
Eighth, United States Army	45,926,000	5.8
United States Army, Europe	28,550,000	3.6

TABLE 2.—COMMAND SUMMARY MILITARY CONSTRUCTION ARMY—Continued

Command	Fiscal year 1999 appropriations	Percent of total
Subtotal	87,076,000	11.0
Total major construction	718,607,000	90.9
Worldwide		
Planning and Design	62,269,000	7.9
Minor Construction	10,000,000	1.2
Subtotal	72,269,000	9.1
Total appropriations requested	790,876,000	100.0

Advance appropriation.—With full authorization, a single contract can be awarded. Advance appropriations allows the Army to construct all phases of a project as a continuous project and minimizes any impact to the contractor due to the incremental funding. With advance appropriations, the contract will not define the work to be performed by the contractor, but only limit the work by the amount appropriated in a given year. Advance appropriations of \$555,050,000 are requested for: the U.S. Disciplinary Barracks, \$13,000,000; the Roi Namur Power Plant, \$36,000,000; the Fort Hood Railhead facility, \$15,000,000; and the Cadet Physical Development Center, \$73,000,000. Also included in the advance appropriations request are four Chem Demil projects at \$418,050,000.

Table 3 provides a summary of the request for Authorization and Advance Appropriations.

TABLE 3.—AUTHORIZATION AND ADVANCE APPROPRIATIONS REQUEST
 [In million of dollars]

Project:	Appropriation and authorization fiscal year 1999	Advance appropriations			Authorization		
		Fiscal year—			Total	Prior year	Request
		2000	2001	2002			
Redstone: Software Engr Anx	13,600	.....	.....	.....	1 27,000	.....
Fort Sill: Barracks Complex	20,500	.....	.....	.....	2 25,000	3,500
Fort Leavenworth: USDB	29,000	13,000	.....	13,000	3 63,000	.....
Fort Hood: Railroad Fac	17,500	15,000	.....	15,000	.....	32,500
West Point: Cadet PDC	12,000	29,000	44,000	73,000	.....	85,000
Kwajalein: Power Plant	12,600	36,000	.....	36,000	.....	48,600
Chem Demil:							
Umatilla Facility	50,950	9,000	.....	9,000	187,000	6,377
Pine Bluff Facility	16,500	72,000	17,000	89,000	134,000	20,500	
Aberdeen Facility	26,500	58,500	85,000	14,500	158,000	184,500	
Newport Facility	27,500	60,750	87,500	13,800	162,050	189,550	
Totals	293,250	189,500	72,300	555,050	.....	.....

¹ \$13 million was appropriated in fiscal year 1998.

² \$8 million was appropriated in fiscal year 1998.

³ \$20 million was appropriated in fiscal year 1998.

Now, I will explain our Army Family Housing request.

ARMY FAMILY HOUSING

No single quality of life component matches the importance of proper housing for Army soldiers and families. The family housing program provides a major incentive necessary for attracting and retaining dedicated individuals to serve in the Army. Yet, adequate housing continues to be the number one soldier concern when we ask them about their quality of life. Out-of-pocket expenses for soldiers living off post in the U.S. are approximately 20 percent of the total cost of their housing. Maintaining or finding adequate, quality housing for our soldiers and families is one of the Army's continuing challenges.

In an effort to manage our installation family housing program in a more business-like manner, the Army implemented the Business Occupancy Program. Under the terms of this program, family housing operating funds are allocated to our installations on the basis of housing units occupied rather than the total number of units in their inventory. This provides an incentive to more effectively and efficiently manage occupancy, since installation funding is now directly related to the number of units occupied. We have already seen an increase in occupancy rates. Army-wide average occupancy has increased from 86 percent when the program started in October 1995, to 89 percent at the end of September 1997, a 3-percent increase in two years.

The authorities included in the 1996 Military Housing Privatization Initiative [called Capital Venture Initiative (CVI) in the Army] offer the best hope of revitalizing Army family housing and eliminating the deficit in the United States. These authorities allow the Army to leverage housing appropriated funds and owned assets to gain private sector capital and expertise to operate, manage, repair, improve, and construct family housing. Fort Carson, CO, is the Army's first CVI project. Our plan is to use these authorities wherever feasible and economical in the United States. We are applying lessons learned from the Fort Carson project in the development of 26 additional family housing privatization projects. However, CVI authorities do not apply overseas, nor could they because we do not own the land or houses to leverage as we do in the United States. Therefore, we have submitted a legislative proposal to pilot an Overseas Housing Authority (OHA) to help revitalize our overseas family housing. Analyses show that both of these efforts, CVI and OHA, can solve our Army family housing problems within 5–10 years, compared to 130-plus years under the current system.

Our fiscal year 1999 request for appropriations is \$1,208,173,000, while the authorization request is \$1,209,812,000. This difference is due to funding several projects with prior year funds. Our request includes \$103,440,000 for a modest replacement construction program for units no longer economical to revitalize, a modest revitalization program for our aging housing inventory, and a planning and design program for future construction projects. Funding for the annual costs of operating, maintaining, and leasing family housing in fiscal year 1999 is \$1,104,733,000.

Table 4 summarizes each of the categories of the Army Family Housing program.

TABLE 4.—ARMY FAMILY HOUSING, FISCAL YEAR 1999

Facility category	Authorization		Appropriations	
	Amount	Percent	Amount	Percent
New Construction	70,100,000	6	68,461,000	6
Post Acquisition Const	28,629,000	2	28,629,000	2
Planning and Design	6,350,000	<1	6,350,000	<1
Operations	184,254,000	15	184,254,000	15
Utilities	250,407,000	21	250,407,000	20
Maintenance	467,914,000	39	467,914,000	39
Leasing	202,155,000	17	202,155,000	17
Debt	3,000	<1	3,000	<1
Total	1,209,812,000	.....	1,208,173,000	.....

WHOLE NEIGHBORHOOD REVITALIZATION

The fiscal year 1999 request continues the initiative the Congress approved in fiscal year 1992 to revitalize both the housing unit and the entire living environment

of the military family. The Whole Neighborhood Revitalization Program (WNR) provides for systematically upgrading and repairing the existing housing inventory while concurrently improving neighborhood amenities. The projects recommended for this program are based on life-cycle economic analyses and will provide units which meet adequacy standards. The combination of replacement and post-acquisition construction in fiscal year 1999 provides for annual worldwide investment that is on an average 130-year replacement cycle, versus a 35-year replacement cycle, based on industry standards. The fiscal year 1999 Construction Program includes about \$4,000,000 from unobligated prior year funds.

New construction.—The fiscal year 1999 new construction program provides WNR projects that replace 506 units at four locations where there is a continuing requirement for the housing and it is more economical to replace than renovate current housing. This replacement construction, which includes the supporting infrastructure, ensures that adequate housing is available for our soldiers and their families without adding to the current inventory. At each location, the housing being replaced will be demolished. Each project is supported with a housing survey showing that adequate and affordable units are not available in the community.

Post acquisition construction.—The Post Acquisition Construction program is an integral part of our housing revitalization program. In fiscal year 1999, we are requesting funds for improvements to 514 units at two locations in the United States and two locations in Europe. Also included within the scope of each of these projects are efforts to improve supporting infrastructure and energy conservation, and to eliminate environmental hazards.

OPERATIONS AND MAINTENANCE

The operations, utilities, maintenance and leasing programs comprise the majority of the fiscal year 1999 budget request. The requested amount of \$1,104,733 for 1999 is nearly 92 percent of the family housing request. This budget provides for the Army's annual expenditures for operations, municipal-type services, furnishings, maintenance and repair, and utilities. The level of funding is below the level needed to protect the Army's investment of the family housing inventory.

The family housing utilities request reflects our success in reducing our energy consumption and supports the Army's energy conservation goal of a one and one half percent reduction in overall facility energy requirements.

LEASING

The leasing program provides another way of adequately housing our military families. We are requesting \$202,155,000 in fiscal year 1999 to fund existing Section 2835 project requirements, temporary domestic leases in the United States, and nearly 10,497 units overseas.

The Army's total leasing program request supports approximately 14,600 units in fiscal year 1999 to satisfy requirements in the United States, Europe, Korea, and other locations. These are our high priority locations where providing flexible family housing solutions is essential to improving the quality of life of our families.

REAL PROPERTY MAINTENANCE

The third area in the facilities arena is the Real Property Maintenance (RPM) program. RPM is the primary account in installation base support funding responsible to maintain the infrastructure to achieve a successful readiness posture for the Army's fighting force. Installations are the power projection platforms of America's Army and must be properly maintained in the present condition to be ready for the support of current Army missions and any future deployments. The appropriations for this program are provided as a part of the Defense Appropriations bill.

RPM consists of two major functional areas. The Maintenance and Repair of Real Property account pays to repair and maintain buildings, structures, roads and grounds, and utilities systems. The Minor Construction account pays for projects under \$1 million which are intended solely to correct a life, health, or safety deficiency. It also funds projects under \$500,000 per project for the erection, installation or assembly of a new facility, and for the addition, expansion, or alteration of an existing facility.

Within the RPM program, there are two areas which I would like to highlight. The first is our Barracks Upgrade Program (BUP). At the completion of the fiscal year 1998 program, 48 percent of our requirement for permanent party barracks will meet or approximate the new Department of Defense (DOD) 1+1 barracks standard, 27 percent must still be revitalized or replaced through our Whole Barracks Renewal Program using Military Construction funding, while 25 percent can be modified to an approximate 1+1 standard using RPM resources. In fiscal year

1998, Congress provided the Army an additional \$100 million in Quality of Life Enhancements, Defense (QOLE,D) funding for repair of facilities key to improving the quality of life of our soldiers. We have allocated all of these funds to bring more of our VOLAR era barracks inventory to the 1 + 1 standard within the Barracks Upgrade Program. Starting this fiscal year and through the completion of the program, the Army committed approximately \$150 million per year to continue the efforts to upgrade our single soldiers' quality of life. The Barracks Upgrade Program, when combined with the Whole Barracks Renewal program, is reducing significantly the amount of time required to improve the living conditions of our single soldiers to the current DOD standard. We expect that all barracks for permanent party soldiers will have been revitalized or replaced by the year 2012.

The second area is our long range strategy to provide reliable and efficient utility services at our installations. As discussed earlier, privatization of utilities is the first part of our strategy. We are maximizing our efforts to partner with the local communities' utility departments and private utility companies to provide utility services that are more efficient and reliable. We have already successfully transferred eleven utility systems to the private sector at nine installations. Additionally, seventeen other utility systems are currently in the process of being transferred and over one hundred systems are currently under study for privatization. The second part of the strategy is the utilities modernization program to help upgrade those utility systems that will not be privatized such as central heating plants and distribution systems. We have requested \$60,000,000 for utility modernization projects in fiscal year 1999. Utility systems at unique or remote installations are particularly reliant on these modernization projects. We are also funding energy saving projects which will further improve our energy efficiency. We have allocated \$40,000,000 per year for this effort to assist us in reducing our \$1 billion utility bill.

HOMEOWNERS ASSISTANCE FUND, DEFENSE

The Army is the executive agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. The fiscal year 1999 request is for appropriations of \$12,800,000, along with a companion request for authorization and authorization of appropriations for the same amount.

The request will provide assistance to personnel at approximately 25 locations that are impacted with either a base closure or a realignment of personnel resulting in adverse economic effects on local communities. The Homeowners Assistance Program is funded not only from the resources being requested in this budget, but is also dependent, in large part, on the revenue earned during the fiscal year from the sale of properties.

SUMMARY

Mr. Chairman, our fiscal year 1999 budget for military construction and Army family housing is an essential part of the total Army program to balance all Army programs affecting readiness and the support of our personnel. Our strategy can only be achieved through balanced funding, divestiture of excess capacity and improvements in management. We will continue to work toward maintaining the maximum flexibility for our installation commanders to use the resources available to them, to maintain maximum readiness and to provide the needed support and facilities. We will also continue to streamline, consolidate and establish community partnerships that generate resources for infrastructure improvements and continuance of services.

The fiscal year 1999 request for authorization of appropriations for Military Construction Army and Army Family Housing is \$1,999,049,000 and \$12,800,000 for the Homeowners Assistance Program. With approval of this request, we will continue to: improve our strategic mobilization posture, provide environmental compliant facilities, provide additional adequate housing for soldiers and their families, and meet statutory and regulatory requirements. This request will also provide for family housing leasing and operation and maintenance of the current inventory. Thank you for your continued support for Army facilities funding.

PART II—MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

Next, I will present the Army National Guard's Military Construction program for fiscal year 1999.

The Guard's fiscal year 1999 request for military construction appropriation of \$47,675,000 includes \$42,581,000 for major construction, \$4,548,000 for planning

and design and \$546,000 for unspecified minor construction. The companion request for authorization and authorization of appropriations is the same as the appropriation request.

The Army National Guard is America's community based, dual-use reserve force, "a trained and ready Citizen-Army," and, by statute, an integral part of the first line defense of the United States. The National Guard is manned with over 364,000 quality soldiers in over 2,700 communities nationwide.

Greater reliance is placed on this community based component of America's Army. We are fully engaged in joint operational support, nation building, military-to-military contact with emerging democracies, and preventive deterrence to hedge against aggression. The Army National Guard's equally vital role is providing assistance and support to our 54 States and Territories during domestic and community support missions. We have been an active participant in every major American conflict around the world. Last year we deployed 25,000 soldiers to 70 different countries, as well as provided 285,000 Federal man-days of emergency services to the States.

FACILITIES STRATEGY

The goal of the Army National Guard is to provide state-of-the-art, community based facilities that facilitate communications, operations, training and equipment maintenance in which to station, sustain, and deploy the force. By the end of the decade, our objective is to have the maximum number of units that are manned, trained, equipped, resourced and missioned for Federal as well as State and/or domestic requirements.

In order for the Army National Guard to ensure that it will continue to be able to provide the forces needed to meet the needs of the community, the Army, and the nation, it is a necessity that we have quality facilities. To reach this goal, we intend to design, implement, operate, and maintain our facilities using private sector standards, 21st century technologies, and commercially available, off-the-shelf facilities software. This is a comprehensive program including but not limited to:

Education.—An extensive training program for our facilities managers' career field has been established. We want to ensure that these soldiers have the tools to meet our objectives.

Master planning.—Six States adopted a new Statewide master planning initiative in fiscal year 1997. This system will provide the user with a spatial decision support system which uses a geographic information system and computer automated design technology. An additional 12 States are planned to be on-line each year until all 54 States and Territories have completed their Master Plans by 2001.

Energy management.—State-of-the-art energy efficient facilities are being constructed. We are also upgrading existing facilities to current energy efficiency standards by funding energy projects from current operating funds, using Energy Savings Performance contracts, developing Energy Conservation Investment Program projects, and implementing energy improvement projects funded by utility companies. We manage an active energy audit program performing audits in seven to eight States per year. The plan calls for each State to train an energy manager and empower them to execute an aggressive energy management program.

Data analysis.—In fiscal year 1997 we began the implementation of computerized systems that allowed cost analysis of budget projections. The end product is an Army National Guard installations program focused on the future, investing to provide efficiencies and not just to repair past mistakes. This is reflected in our fiscal year 1999 budget request.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)

Within our military construction request, we focus on six investment areas: ranges, training facilities, maintenance support shops, readiness centers, minor construction, and planning and design. These projects are mission focused and are centered on the quality of life of our soldiers.

MISSION FACILITIES

In fiscal year 1999 there are nine mission facility projects, totaling \$42,581,000. Essential mission facilities include several initiatives such as readiness centers, training site modernization and maintenance facility revitalization.

Training site modernization.—Fiscal year 1999 continues the slow process of adapting existing State operated training sites to training strategies for the 21st century. We have included an additional remote electronic targetry system range, \$1,023,000, at Camp Ripley, Minnesota. This project greatly enhances the utilization and realism of the Camp Ripley range complex and will permit year round training in all types of weaponry for soldiers of all components in all Services.

Maintenance facility.—In fiscal year 1999 we have included two revitalization projects, and one replacement project to continue the revitalization of Army National Guard maintenance facilities. In particular, we will replace a Combined Support Maintenance Shop (CSMS) at Papago Park Military Reservation, Arizona. The current CSMS, built in 1961, is one-third the size needed to accommodate the State's military equipment. It also requires extensive upgrades to electrical and mechanical systems. The construction of this facility will greatly enhance the readiness posture of equipment in the State, and will provide a safe working environment for employees. In addition, the State, using their own funds, plans to convert the existing facility into a Readiness Center for one of their maintenance units.

Readiness centers.—A critical focal point of Quality of Life is the Readiness Center. This is where America may have its first and only exposure to the military. The Readiness Center of yesterday, today and tomorrow is a place where the public seeks and finds refuge in times of need. Therefore, in fiscal year 1999, we have included in our budget request three readiness centers, two new facilities and one addition/alteration, totaling \$11,124,000.

BUDGET REQUEST ANALYSIS

This MCNG budget request includes a request for appropriation and authorization of \$47,675,000 in fiscal year 1999.

The fiscal year 1999 appropriations request, by investment focus, is shown in Table 1:

TABLE 1.—INVESTMENT FOCUS APPROPRIATIONS

Category	Appropriations	Percent
Ranges	\$1,023,000	2.2
Maintenance Support Shops	24,262,000	50.9
Readiness Centers	11,124,000	23.3
Training Facilities	6,172,000	12.9
Minor Construction	546,000	1.2
Planning and Design	4,548,000	9.5
Total	47,675,000	100.0

Table 2 shows the fiscal year 1999 distribution of the appropriation request:

Installation/State	Project—Fiscal year 1999 funded program	Budget amount
	Major construction	\$42,581,000
PHOENIX, AZ	COMBINED SUPPORT MAINTENANCE SHOP	10,640,000
CAMP DODGE, IA	TNG SITE, FUEL DISPENSING FAC	737,000
GOWEN FIELD, ID	READINESS CENTER, ADD/ALT	4,224,000
GREENVILLE, KY	WESTERN KENTUCKY TNG SITE, PH IV/V	5,435,000
CAMP RIPLEY, MN	RANGE, MULTI-PURPOSE MACHINE GUN/SNIPER (RETS)	1,023,000
BISMARCK, ND	ARMY AVIATION SUPPORT FACILITY/READINESS CENTER ADD/ ALT	6,240,000
LEXINGTON, OK	ARMY AVIATION SUPPORT FACILITY EXPANSION	7,382,000
POWHATAN, VA	READINESS CENTER	2,435,000
KINGWOOD, WV	READINESS CENTER	4,465,000
VARIOUS	UNSPECIFIED MINOR CONSTRUCTION	546,000
VARIOUS	PLANNING AND DESIGN	4,548,000
	TOTAL FUNDED	47,675,000

REAL PROPERTY MAINTENANCE

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

structure changes, accomplishing quality training, maintaining readiness, and improving soldier quality of life.

The operation and maintenance of our physical plant is an issue of concern. The replacement value of all National Guard facilities exceeds \$18 billion. Their average age is 35 years. States take care of these facilities using the limited resources in Real Property Maintenance accounts, as authorized and appropriated by Congress.

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

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

SUMMARY

The National Guard is a critical part of America's Army. Today's challenges are not insurmountable and the National Guard will continue to provide the best facilities with the resources made available. The soldiers of the Army National Guard wish to express their appreciation for the efforts that this subcommittee has made in the past to support our requirements. We look forward to working with you this year.

PART III—MILITARY CONSTRUCTION, ARMY RESERVE

Next, I will present the Army Reserve's military construction budget request for fiscal year 1999. This budget provides essential military construction resources to address the Army Reserve's highest priority projects, and it will allow the Army Reserve to continue to successfully operate in a resource constrained environment.

The Army Reserve, which is on duty in 80 countries around the world, is an integral part of, and an essential and relevant partner in, America's Army. This fact is clearly evidenced by the fact that Army Reserve units and personnel currently comprise 71 percent of the Reserve Component forces and 29 percent of the total United States Armed Forces Operation Joint Guard. In addition to relying on Reserve forces to deploy and support major worldwide contingencies and warfighting, the Army is increasingly dependent on its Army Reserve for support of a wide variety of daily, ongoing missions at home and abroad during peacetime, including an expanding role in commanding and controlling Army installations and providing regional base operations support. Army Reserve units and soldiers will continue to respond to national security needs and domestic missions into the 21st century. To ensure readiness, we must have the minimum essential facilities resources in which to train, support, and sustain our forces.

FACILITIES STRATEGY

The organization, roles, and missions of the Army Reserve dictate the need for a widely dispersed inventory of facilities. It occupies about 1,300 facilities, consisting of more than 2,800 buildings and structures that have an average age of about 33 years. Army Reserve operated installations add another 2,600 buildings and structures to the total inventory. The average age of facilities on these installations is about 47 years.

In order to effectively carry out its stewardship responsibilities toward the facilities inventory, the Army Reserve has adopted priorities and strategies that guide the application of resources. The essence of our program is straightforward: to provide essential facilities to improve readiness and quality of life, to preserve and enhance the Army's image across America, and to conserve and protect the facilities resources for which we are responsible. Our priorities are: provide critical mission needs of Force Support Package units; address the worst cases of facilities deterioration and overcrowding; pursue modernization of the total facilities inventory; and carefully manage Reserve-operated installations. Our strategy for managing the Army Reserve facilities and installations in a resource constrained environment rests on six fundamentals: eliminate leases; dispose of excess facilities; consolidate units into the best available facilities; use Base Realignment and Closure (BRAC) enclaves where practical; use the new Modular Design System (MDS) to achieve

long-term cost savings in construction and design costs; and finally, to pursue economies and efficiencies in installation management, base operations support, and facilities engineering.

PROGRAM HIGHLIGHTS

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

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

Modernization.—The plant replacement value (PRV) of Army Reserve facilities is approximately \$3.6 billion and an additional \$1.9 billion for Army Reserve operated installations. The budget request for fiscal year 1999 addresses the Army Reserve's highest priorities for modernizing and revitalizing the inventory and for providing new facilities in response to new and changing missions.

Installations and base support.—The Army Reserve continues to undergo significant change as America's Army continues to shape itself for the 21st century. One of these changes is the growing mission to command and control former Active Army installations. These installations serve as high quality, regional training sites for forces of both the Reserve and Active Components of the Army, as well as the other Services; provide sites for specialized training; and offer a variety of supporting facilities. To fulfill this important mission, we must be able to fund projects that support critical training, mobilization, and quality of life requirements at the installations. The Army Reserve's military construction program for fiscal year 1999 includes two projects at Fort McCoy, WI, one of the Army's 15 power projection platforms. These projects directly support training and readiness of the force, aircraft operations and safety, and improved quality of life for hundreds of students who train at the Army Reserve Readiness Training Center each year. The Army Reserve is also assuming greater responsibilities nationwide in managing base support operations and facilities engineering activities, using the command, control, and management capabilities of its Regional Support Commands. This mission reinforces the Army Reserve's relevance and value to the total Army as a provider of combat service support and other essential infrastructure support in both peacetime and wartime.

BUDGET REQUEST ANALYSIS

The Military Construction, Army Reserve (MCAR) budget for fiscal year 1999 includes requests for appropriation and authorization of appropriations of \$71,287,000. This budget request for fiscal year 1999 provides essential funds for our highest priority requirements, and it is in line with our commitment to operate successfully in an environment of constrained resources. It also reflects the realities of maintaining near term force readiness and still meeting critical requirements for military construction that directly support that readiness. The MCAR appropriation includes three categories of funding: Major Construction, Unspecified Minor Construction, and Planning and Design.

(1) *Major construction.*—These funds provide for essential construction, revitalization, expansion, alteration, or conversion of facilities, and for land acquisition, when required. For fiscal year 1999, our requests for appropriation and authorization of appropriations of \$71,287,000, will fund the construction of three new Army Reserve centers in Michigan, Utah, and Virginia to accomplish essential facility replace-

ments; an Aviation Support Facility in Virginia that supports new mission requirements; revitalization of existing facilities in Colorado, Massachusetts, and New York; purchase of an existing leased facility in Ohio; land acquisition to support a future project; and two projects at Fort McCoy, WI: construction of a crash rescue station at the airfield and construction of an improved machine gun range.

(2) *Unspecified minor construction.*—These funds provide for construction of projects not otherwise authorized by law, and which have a funded cost of less than \$1,500,000. Unspecified minor construction may include construction, alteration, or conversion of permanent or temporary facilities. This program provides an important means to accomplish small projects that are not now identified, but which may arise during the fiscal year, and that must be accomplished to satisfy critical but unforeseen mission requirements. Based on the availability of unobligated prior year funds, the Army Reserve has adjusted its budget request for fiscal year 1999 to include no funds for unspecified minor construction.

(3) *Planning and design.*—These funds provide for a continuous, multi-year process of designing construction projects for execution in the budget years and beyond. Planning and design activities include the preparation of engineering designs, drawings, specifications, and solicitation documents necessary to execute major and unspecified minor construction projects. Planning and design funds are also required to support the Army Reserve's share of the costs of the continued development of the Modular Design System as an effective and cost and time saving facility design tool. Our budget request for planning and design is \$7,368,000 for fiscal year 1999.

Real property maintenance (RPM).—Another important issue that is directly linked to the Army Reserve's overall ability to be good stewards of its facilities and installations, is that of funding for real property maintenance (RPM). Although provided separately by the Operation and Maintenance Army Reserve (OMAR) appropriation, these funds complement military construction (MILCON) funds to round out the Army Reserve's total resources to manage its facilities inventory. Long-term resource constraints in both military construction and real property maintenance have a combined effect of increasing the rates of aging and deterioration of our valuable facilities and infrastructure. We are applying available resources to only the most critical maintenance and repair needs. We solicit your support of real property maintenance as an essential adjunct of construction.

SUMMARY

In summary, as the national military strategy has changed to meet the challenges of the next century, the Army Reserve will grow in its importance and relevance in the execution of that strategy. The men and women of the Army Reserve have consistently demonstrated that they can respond to the missions and challenges assigned to them. Our Reserve facilities and installations are valuable resources that support force readiness and power projection, while serving as highly visible links between America's Army and America itself. We are grateful to the Congress and the Nation for the support you have given and continue to give to the Army Reserve and our most valuable resource, our soldiers.

PART IV—BASE REALIGNMENT AND CLOSURE (BRAC)

INTRODUCTION

Our facilities strategy strives to meet the needs of today's soldiers while also focusing on the changes required to support the Army of the 21st century. To do this we identify the amount of infrastructure we need in order to focus our resources on modernization and readiness. The Army requires fewer facilities than we are currently maintaining. We must reduce the total cost required to support our facilities and manage and maintain our real property inventory. The principal way this is being accomplished is through BRAC. Although the Army is reducing its infrastructure considerably, more reductions are necessary. Therefore, we support the Secretary of Defense's request for two additional rounds of BRAC in 2001 and 2005.

The BRAC process has proven to be the only viable method to identify and dispose of excess facilities. The Army is in the process of closing 112 installations and realigning an additional 27 from the first four rounds of BRAC. We are now in the final third of the 13 year process to implement these first four rounds. By implementing BRAC, the Army is complying with the law, while saving money that would otherwise support unneeded overhead. These closed assets are now available for productive reuse in the private sector.

BRAC savings do not come immediately because of the up front costs for implementation and the time it takes to close and dispose of property. The resulting savings are not as substantial as originally anticipated because potential land, facilities

and equipment revenues are being made available to support local economic opportunities that create jobs and expand the tax base. Environmental costs are significant and are being funded up front to facilitate economic revitalization. The remaining challenges that lie ahead are implementing the final round, BRAC 95, ahead of schedule, disposing of property at closed bases, cleaning up contaminated property and assisting communities with reuse.

In fiscal year 1999, we will begin to focus almost exclusively on BRAC 1995, the last of the four rounds, along with the conveyance of properties to local communities for conversion to non-military reuse. The fiscal year 1999 budget is important because it contains the resources needed for major construction actions and unit movements, and allows us to increase our focus on environmental restoration and property transfer. Therefore, we request that the Congress appropriate and authorize \$489,222,000 in support of the Army's fiscal year 1999 BRAC program.

The Army is accelerating all BRAC actions to obtain savings and return assets to the private sector as quickly as available resources will allow. We completed the remainder of all the five closures and realignment actions approved by the 1991 Commission during fiscal year 1997. In fiscal year 1998, we are closing Stratford Army Engine Plant, Connecticut; Fort Ritchie, MD; Fort Missoula, MT; and Fort Indiantown Gap, PA. We completed the disestablishment and realignment of the Aviation and Troop Command from St. Louis, MO, to four other locations in December 1997. The fiscal year 1999 budget supports the movement of the military police and chemical schools to Fort Leonard Wood, MO, and the closure of Fort McClellan, AL. The Army also plans to close East Fort Baker, CA, and move the Concepts Analysis Agency from leased space in Bethesda, MD, to a new facility at Fort Belvoir, VA. These actions will nearly complete all planned closure actions except for the six that are scheduled for fiscal years 2000 and 2001.

Although the extensive overseas closures do not receive the same level of public attention as those in the United States, they represent the fundamental shift from a forward deployed force to one relying upon overseas presence and power projection. Without the need for a Commission, we are closing about seven of ten overseas sites in Europe, where we are reducing the number of installations by 68 percent. Forty partial closures represent an additional 5 percent. Reductions in infrastructure roughly parallel troop reductions of 70 percent. In Korea, the number of installations are dropping from 104 to 83, or 20 percent. Another 8 percent are partial closures.

While we constantly evaluate the role of forward deployed forces, overseas presence helps to reassure friends and deter potential enemies. It can reduce our response time in crises by positioning forces nearer potential trouble spots. The Army currently has 100,000 soldiers stationed overseas, and deployed another 31,000 during fiscal year 1997 on operational missions and training exercises. This provides tangible proof of the nation's commitment to defend American interests and those of our allies. The President's Five Part Community Reinvestment Program, announced on July 2, 1993, speeds economic recovery of communities where military bases are closing by investing in people, investing in industry and investing in communities. The Army is making its bases available more quickly for economic redevelopment because of the additional authorities we now have.

During 1997, the Army reached agreements to convey properties to local communities at four BRAC installations that will result in immediate property reuse. The Army is using all of the conveyance options, to include interim leasing at Letterkenny Army Depot, economic development conveyance at the Materials Technology Lab in Watertown, MA, and Detroit Arsenal, and negotiated sale at Fort Sheridan, IL. In many instances, employment levels are expected to exceed those of the Army when the bases were active.

BASE REALIGNMENT AND CLOSURE—OVERSEAS

On September 18, 1990, the Secretary of Defense announced the first round of overseas bases to be returned. Since that time, there have been a total of 22 announcements. On January 14, 1993, DOD announced it will withdraw all U.S. military forces from the Republic of Panama and transfer all facilities by December 31, 1999. Of the 13 sites in Panama announced for closure, 10 have been returned. The total number of overseas sites announced for closure or partial closure is 664 (see Table 1). Additional announcements will occur until the base structure matches the force identified to meet U.S. commitments. At this time, we do not see the need for many more overseas closures.

Table 1

	<i>Installations</i>
Germany	573
Korea	29
France	21
Panama	13
Netherlands	6
Turkey	6
United Kingdom	5
Greece	4
Italy	4
Belgium	3
Total	664

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

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

BASE REALIGNMENT AND CLOSURE PROGRAM STATUS

The Army has completed all realignments and closure actions from the BRAC 88 and BRAC 91 rounds. The work of property disposal and environmental remediation at 18 installations will continue for several years. The Army continues to work with local communities to promote economic redevelopment in disposal of these properties. Introduction of economic development conveyances and interim leasing has resulted in accelerating property reuse and jobs creation at installations that were previously unavailable pending completion of environmental restoration efforts.

The Army continues to accelerate the implementation of the BRAC 93 and BRAC 95 rounds. BRAC 93 is complete, with the exception of the realignment of Fort Monmouth, which is scheduled for fiscal year 1998. The Army is in the third year of the implementation of BRAC 95, after which 19 of the 29 closure and four of 11 realignment actions will be complete. Interim leases and economic development conveyances are making properties at these installations available to the local communities earlier in the process. The Army is currently working with local communities at Letterkenny Army Depot and Detroit Arsenal to make industrial facilities available for reuse in 1998. The former Fitzsimons Army Medical Center is now being converted to a University Medical Center. Negotiations and required environmental restoration continue at other installations, and additional conveyances are likely in the near future.

For the period 1989 through 1997, the Army has spent \$3,570,251,000 to implement the first four rounds of BRAC. The Army is realizing \$649,951,000 in annual recurring savings in fiscal year 1998, and has realized a total of \$2,556,807,000 in savings during the implementation period through the end of fiscal year 1997. Upon implementation of all actions from the first four BRAC rounds the Army will achieve annual savings of \$949,000,000 beginning in fiscal year 2002.

The Army has completed environmental actions at 747 of a total of 1,943 environmental cleanup sites through fiscal year 1997. Environmental restoration efforts were complete at 63 installations through fiscal year 1997, out of a total of 122 installations. The Army remains focused on supporting environmental cleanup actions required to support property reuse and will continue to fund environmental cleanup actions that are required in support of property transfer and reuse.

SUMMARY

Closing and realigning bases saves money that otherwise goes to unneeded overhead and frees up valuable assets for productive reuse. These savings permit us to invest properly in the forces and bases we keep to ensure their continued effectiveness. Continuation of accelerated implementation requires the execution of the fiscal

year 1999 program as planned and budgeted. We request your support by providing the necessary BRAC funding for fiscal year 1999.

We remain committed to promoting economic redevelopment at our BRAC installations. We are supporting early reuse of properties through economic development conveyances, as well as the early transfer and interim leasing options made possible by Congress last year. Real property assets are being conveyed to local communities, permitting them to quickly enter into business arrangements with the private sector. Local communities, with the Army's support and encouragement, are working to develop business opportunities that result in jobs and tax revenues. The successful conversion of former Army installations to productive use in the private sector is something all of us can be proud of.

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

Senator BURNS. Thank you very much, Madam Secretary.

With regard to the time of the—

Senator STEVENS. I will just submit my questions.

Senator BURNS. In our progress, we have to visit a couple of installations. No. 1, you are to be commended for this commitment to this housing and decent place to live.

When we talk about the year 2010, I can remember when the year 2000 sounded like it was a long way off, and it is on our heels right now and 2010 is not all that far off.

BARRACKS

Is the program already in place that we get these projects on line and authorized through the Armed Services Committee? And are we ready to go and is that process already in place?

Ms. MOORE. Are we talking about barracks?

Senator BURNS. That is right. These living facilities. I am sorry.

Ms. MOORE. The Army's investment would have to be about \$280 million per year through that period of time, and the Army leadership is committed to that, sir. We plan to include barracks in our budget request until this program is bought out.

ONE PLUS ONE

Senator BURNS. We are having some experience now with one plus one living. There are some places that have it. You might ask your Army colleagues.

I come from a different generation and I would imagine all of us did. When I was enlisted and we had the old barracks, the only private area you had was probably where you laid your head down on your rack and your footlocker. That was the only private property we had, so to speak. But there was a lot of camaraderie too in barracks style living. You were an outfit.

One plus one. Is it working to really bring an outfit together? Are we all thinking as one? Not only are we looking where we all look like one, but are we thinking fire teams, missions? Has it done anything to affect the team work of the people in their missions?

Ms. MOORE. We believe it has, sir. We get enthusiastic responses from our soldiers in those places where we have completed the one plus one. Mostly they say it is the best thing that ever happened to them, other than a pay raise.

Maybe General Whaley can address that.

General WHALEY. Mr. Chairman, I am General Whaley, your Army Assistant Chief of Staff for Installation Management.

I have visited many of the same installations you have. I also enlisted in the Army in 1965, so I know what—

Senator BURNS. Well, you are just---

General WHALEY. A young guy.

Senator BURNS. I know, you are just a young fellow. What turned your hair so white is what I want to know. [Laughter.]

General WHALEY. Sir, the soldiers love it, so do noncommissioned officers and their company, battalion, and brigade division leadership.

Your concerns are the same as the Chief of Staff of the Army. Within 2 weeks of taking this job that I currently have, the Chief of Staff of the Army brought me into his office. He had already talked to all his senior leadership across the Army, and continues to do so with the Sergeant Major of the Army, that unit cohesion, first line leadership, and the culture of the Army will not change. Unit cohesion will be maintained. Leadership will be in the barracks, live in the barracks, and fire team, squad, and platoon integrity will be maintained. In fact, the new barracks give us an opportunity to reinforce that in many ways with the company orderly room very close by, central recreation areas and training areas that can be used for training and recreation right there in the unit area, much like the unit day room used to be.

The Chief and the entire Army leadership has taken this as an opportunity to reinforce your concerns. Soldiers like it because they are different than our generation. A 1997 survey said their No. 1 priority was to have a level of privacy that is reflected in the standard that you have approved and so aptly and powerfully supported. Every feedback I get is positive.

Senator BURNS. If you hear along that line and you talk to the soldiers that are on the line, after we get by the issue of a level of some privacy, what is their next concern?

General WHALEY. With barracks, sir?

Senator BURNS. Well, with the conditions as they exist in a military installation.

General WHALEY. Well, I think that our survey showed that right after that is medical care, retirement benefits, and quality of life for soldiers and families.

QUALITY OF LIFE

Senator BURNS. And that quality of life. Now, we know that we have many more married soldiers now than probably in the history of the Army. Of course, I was making \$62 a month. I was ready to go out and take on the world. I probably had more money in my pocket in those days than I have now, but I was a skillful poker player. [Laughter.]

Anyway, is it recreation areas? Is it physical education or physical facilities, like basketball, handball, stuff like that? Now, I am speaking of the single soldier. What other facilities do they mention as would be desirable in their wants for their quality of life?

General WHALEY. Sir, I will get that in definitive detail in rank order for you for the record. My recollection is that the recreation facilities are high on their list, to include physical fitness facilities.

[The information follows:]

SINGLE SOLDIERS' FACILITIES CONCERNS

The Community and Family Support Center provides input into the Deputy Chief of Staff for Personnel's semiannual Sample Survey of Military Personnel (SSMP) to get feedback from single soldiers about the use and importance of morale, welfare and recreation (MWR) programs. The latest findings from the Spring 1997 SSMP show that, of 23 MWR programs listed, single soldiers ranked (in priority order) the following as most important: fitness center, gym/playing courts/fields, library services, automotive shop, outdoor recreation areas, and swimming pools.

Ms. MOORE. Physical fitness centers are high on their priority list, especially those people that are overseas.

Senator BURNS. How do those priorities change with our married personnel?

General WHALEY. Sir, I think there are some that are common with the priorities for married personnel. Those are retirement and medical. The married population will go to commissaries, PX's, and child care obviously before our single soldiers, but those are generally the highest priorities for both categories.

CAPITAL VENTURE INITIATIVE

Senator BURNS. With the housing privatization, is that moving to your satisfaction, or leveraging the dollars in the private sector, is that moving at expected pace or are we behind?

Ms. MOORE. Well, it took a while to get to contract award on the Fort Carson project because it was all new to us. It was new to everyone, including the financial community and the contractors.

Senator BURNS. I thought Secretary Perry, when he put this idea forward, was very innovative about a new approach.

Ms. MOORE. As always, with a new initiative you have problems with OMB and how to score projects. That held things up for a while. But we are now ready to award a contract at Fort Carson, and within 60 days we plan to have a lessons learned conference where we will invite everybody to sit down and review the issues all the way from development through contract award—through procurement and contract award.

We are currently working on Fort Hood and Fort Stewart. Those installations have been approved to develop requests for proposal [RFP's]. We are expecting to award those contracts in the year 2000. We will have 2 years of operational experience from Fort Carson by the time we award those contracts. So, we hope the others will go much quicker. There will be about 24 housing projects in the pipeline, in the planning process, that are being planned simultaneously.

Senator BURNS. What kind of mortgage guarantees are the most frequently offered in these kind of arrangements?

Ms. MOORE. Sometimes there are no mortgage guarantees depending on whether we, for instance, trade land for the project. If financing is involved, a partial mortgage guarantee would be granted of up to 80 percent of the amount of dollars involved. That guarantee would only be paid, sir, in the event of something that the Department of Defense or the Army brought about such as a case closure, a drawdown in numbers of troops, or large scale deployment that would take people away from the local community.

Senator BURNS. Do you want to follow up on that?

Senator STEVENS. Madam Secretary, this is a 50-year contract at Fort Carson?

Ms. MOORE. Yes, sir; with a 25—

Senator STEVENS. I just checked with my memory bank here, Ms. Ashworth. Sid tells me that Fort Carson was on a projected closure list twice in the past.

Ms. MOORE. That is possible, sir. It has not been on a list, to my knowledge, since we have had the base closure legislation.

Senator STEVENS. No; but it was being reviewed for base closure.

Now, as you say, if the base is closed or there is a substantial reduction in deployment to the base, that accelerates this contract and requires an upfront payment. Is that right?

Ms. MOORE. Yes, sir; it would.

Senator STEVENS. How did the OMB score that?

General WHALEY. Sir, I believe that is part of the mortgage guarantee piece that is in there and scored according to risk, that is my understanding. In every installation it would be scored essentially the same way I believe.

Now, the other piece is that each installation will be taken separately, not necessarily from a BRAC perspective, but from the economics presented by that installation in its unique location.

Senator STEVENS. I should think that one of the criteria should be the cost of the current operation and Government management as opposed to the cost of private sector bid. Is that one of the factors now? Do you look at the cost of the operation to determine which areas are going to be privatized? I am looking for the criteria.

If Fort Carson was suspect before, it is obviously going to be on the list in 2001 or 2003, not necessarily closed, but it is going to be reviewed. One of the costs associated with closing it then would be the cost of paying off the housing. So, if I wanted to prevent a base from being closed, I would get it privatized.

Ms. MOORE. The 801 housing built prior to this initiative falls into that category also, sir. It does create a problem when you are trying to close a base.

Senator STEVENS. I am just looking at the equity of what bases they close and what bases will not be closed because this will be a deterrent against closing any base which would require upfront costs through the total payout of the privatized contracts. I would like to run some numbers on that.

Thank you very much.

Senator BURNS. That is the reason I asked you about the loan guarantees or the mortgages, what kind of a situation are we getting ourselves in because if we owned those homes outright, even though we would have to pay them off or whatever, they would still have commercial value. So, most of that cost could be saved. I am just wondering about what kind of a situation. That is the reason I asked you about those loan guarantees.

I understand Fort Carson was on that, and now there is talk of more.

ENVIRONMENTAL CLEANUP

Now, what concerns me with this particular committee is the obligation that we have there because you couple that with the possibility of fully one-third of the military construction budget is in the area of environmental cleanup, this does not leave us a lot of room

to do some things that we want to do for the present maintenance of our infrastructure or to expand that infrastructure. That is why it is going to be very, very difficult when you are operating with less money to make some of these things.

Let us move on now. We may have to sit down with Senator Murray and spend 1 hour going over some of these things and talk about that particular area before we get to the final appropriation. Those two areas really do concern me because we have obligations in the environmental cleanup part of it. I think we have to some way or other take in consideration what this facility is going to be used for and take our environmental cleanup so it is acceptable to that particular activity rather than trying to make it a day care center.

I would put you on notice that we are going to have oversight hearings on environmental cleanup, and we want to know where the money is going, how it is being spent, and to what degree we have to take our facilities that we are turning back into the private sector—how far we are going.

CHEMICAL DEMILITARIZATION

Chemical demilitarization responsibility based on the defense reform initiative and recommendation for funding for the chemical demilitarization program was devolved from the Office of the Secretary of Defense and the Department of the Army. A total of \$125.3 million was transferred to the Army Milcon budget in 1999 to assume funding responsibility for six military construction programs that would fall into this category.

I understand the decision to realign funding for chemical demilitarization to the Army was made at the office. Do you have any concerns about executing or the execution of that program?

Ms. MOORE. No, sir; the Army has been the executive agent for the Chem Demil Program all along, so we will just continue to execute as we have in the past. The funding will simply be in the Army budget as opposed to in the Defense budget.

Senator BURNS. What happens if this program progresses but we find that we have a financial shortfall to complete the mission? Will the Army be stuck with the bill? Will that have to come from some other area of responsibility?

Ms. MOORE. The Army would be responsible, sir, for any cost overruns. It is a powerful incentive to contain the program costs.

Senator BURNS. I wonder what pocket I should put that in. I have not figured it out.

ARMY NATIONAL GUARD MILCON FUNDING

On National Guard, Milcon funding, something we think has been really overlooked on why we are doing what we are doing in our specific States as far as National Guard is concerned. Do you have any kind of figure you can give us for the backlog of what we think is the requirements of Milcon funding for Army, Army Reserve, and National Guard? Do we have a backlog? Can you give us any idea of what that backlog might be so that we can start making our plans accordingly?

Ms. MOORE. General Squier.

General SQUIER. For the Army National Guard, yes, sir.

Our backlog for the military construction side of things is about \$2.5 billion of backlog requirements, Senator.

Mr. Chairman, it is a pleasure to address the committee here. The question you asked is what is our backlog. In total if you look at our long-range plan for military construction requirements for all the States and territories, is over 5 billion dollars' worth.

PRIORITY OF REQUIREMENTS

Senator BURNS. How do you assign the priorities?

General SQUIER. Priorities are established based on three criteria. First is based on the readiness requirements of the Army, based on our Federal mission and how they are prioritized in the spectrum of warfighting. Then it is followed by the adequacy of facilities that comes from our States and territories, and then the priority established by our States and territories.

Senator BURNS. What are those priorities right now? Basically what is your greatest need right now and where from your standpoint?

General SQUIER. Our greatest need, sir, would be in our infrastructure requirements for readiness centers to be able to supply for our force to train to meet the requirements for the Army's Federal mission.

Senator BURNS. I know but is it the area of armor? Is it in the area of infantry, aviation? If you have a spot right now that you would like to put an emphasis on—and I know you assess your strengths and your weaknesses almost on a daily basis. It would be strange if you did not because you are all the time assessing those. Where would you like to really place some emphasis in the next 2 years?

General SQUIER. If I understand your question, I think I would prefer to take that for the record and give you a little more definition to it. I will tell you that the Army National Guard is a balanced force. We have about 50 percent of the Army's combat structures. We are heavy in combat which includes armor and infantry, but we also have a wide variety of the combat support, the aviation structure, which is a big piece for us, and the combat service support. We make up about one-third of the Army's requirements. So, before I could give you a firm, what would be the best approach, I would like to look at that in some detail and give it to you for the record.

Senator BURNS. Fine.

[The information follows:]

PRIORITIES FOR ARMY NATIONAL GUARD MILITARY CONSTRUCTION

The priorities of the Army National Guard for military construction are as stated in the Future Years Defense Plan. In establishing that, we place primacy on the readiness requirements of the support units and the condition of the current facilities. The resources available, however, to place into the Future Years Defense Plan are very limited.

Assuming then, that we would be funded to meet our annual recurring requirements for military constructions, the highest priority of the Army National Guard in the next two years would be readiness centers. They constitute just one half the projects we should be doing. About 30 percent of the remainder are training site projects (including ranges and schoolhouses), and the balance are surface and air maintenance facilities.

BRAC

Senator BURNS. Madam Secretary, the Army plans to spend almost \$500 million to implement the recommendations of the 1995 BRAC Commission. How much more money will you need to complete these closures and realignments?

Ms. MOORE. The Army has programmed an additional \$600 million between fiscal year 2000 and fiscal year 2001 to complete BRAC 1995. The amount of \$450 million has been programmed beyond fiscal year 2001 to continue the environmental cleanup associated with those closures.

Senator BURNS. Now, in 1999 the request will be allocated for studies, cleanup, and restoration. What percent of the 1999 funding is in this request?

Ms. MOORE. Sir, the environmental program is about 45 percent of the 1999 BRAC funding.

Senator BURNS. It is still a going concern to me on how those costs can get away. I guess we are concerned about that.

ADVANCED APPROPRIATIONS

Also in the 1999 budget request, there are a number of projects which are advanced appropriations being requested. What exactly does that mean and how does it work?

Ms. MOORE. Sir, Office of Management and Budget [OMB] policy requires that projects in the President's budget must be fully funded up front, and they have never allowed the Department to do the incremental funding that your committee is accustomed to doing. This year OMB relaxed the policy for the first time. The advantage for the Army is that we do not have to program the total cost of a project, such as the West Point Physical Development Center, in the first year of the authorization and appropriation. The major benefit is the services can include more projects in the budget request. This amounts to what you have called incremental funding as you have programmed it here on the Hill. This is the first year OMB allowed the services to do that. So, I guess the difference is incremental funding is in the budget request this year instead of having Sid take care of it over here.

PREPARED STATEMENT

Senator BURNS. I look forward in sitting down with you and the Generals, and we will have some more questions. Other members of this committee will have questions. Senator Murray will also have her questions. I would appeal to you to not only answer her questions but also make those answers available to the committee. She will also have an opening statement, and we will make that a part of the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATTY MURRAY

Thank you, Mr. chairman. Thank you for arranging for this hearing on our Army and Defense related agencies, Military Construction, BRAC and Housing programs. The programs the subcommittee reviews are crucial, focusing as they do on the quality of life of our uniformed personnel here and abroad, and on the vital infrastructure that allows our forces to operate with assurance as the world's sole superpower. These programs allow us in the long run to defend our interests and those

of our allies and friends across than increasingly confusing and complicated world scene. Last year, your subcommittee was able to mark-up and report its annual bill out, get it through the Senate and conference and to the President's desk early in the process. The committee attended to the needs of the country and added some \$800 million in funding to the budget request. I would note that the authorization bill, which was passed after our bill, in a reverse of the process as we would like it to operate, substantially endorsed the projects we added. I would also note that we have just completed a long and drawn out process of overturning a rushed effort on the part of the administration to subject some 38 of our projects to the line-item veto. It is a testimony to the care and thoroughness of your efforts to scrub and include only very worth projects that we had the support of a large majority of our colleagues in both the Senate and the House in supporting our work and rejecting the attempt of the administration to strip out nearly \$300 million worthy projects. I hope that we will not have the same experience this year, and I expect that we will use the same care in making any additions to the budget request and that we will again have the support of our colleagues.

I note Mr. Chairman, that the budget request has again been rather drastically cut below last year's appropriated amount, by some 15 percent or \$1.4 billion below last year. If this were allowed to stand, the reduction over the last 2 years, despite our additions last year would amount to some 20 percent. Surely this reduction does not reflect the overall funding for the defense budget, yet the programs that we fund are crucial to maintaining a quality armed force, with adequate infrastructure, housing, child care, barracks and other critical programs. We will, I am sure, be taking a careful review of the adequacy of the quality of life programs in this budget.

In addition, Mr. Chairman, we again face what appears to be an invitation to re-write the request for our Guard Forces. The request is nearly the same as was requested last year, a request that we felt it necessary to more than double. Specifically, we added some \$57 million to the budget request of \$45 million last year, for a total of \$102 million for the Guard. Yet, again, despite the sense that the budget was not adequate to a healthy Guard Force, we are faced with an identical situation. The request this year is about \$47 million, which, if we accepted it, would constitute the lowest appropriated amount for the Guard in 20 years. It is obvious that we will have to review the requests of Adjutant Generals across the country and, I would strongly guess, substantially rewrite the budget.

As for housing and utility programs, the Department of Defense is moving toward privatization, a trend which appears promising but as yet not proven. Therefore, it is some cause for concern that the housing budget for the Army is \$130 million less than last year, or almost a 10-percent reduction. We have to exercise some care that the privatization programs will, in fact, work before we reduce this vital quality of life program area, since it not only affects the morale of our forces, but retention and recruitment as well.

Again, I appreciate the efforts of the chairman to take the interests of all Senators and on both sides of the aisle into account, and I expect to have a continuation of the excellent working relationship that we had last year again in considering the bill for fiscal year 1999.

Thank you, Mr. Chairman.

Senator BURNS. So, we will leave this record open until you have had the opportunity to respond to her questions and her concerns.

That is about all the questions I have at this time. I have been involved in everything else this morning except this, and so I know I will think of something. As soon as the hearing is over, I will think of a question I should have asked.

But, nonetheless, thank you for your testimony this morning and responding to these questions. I look forward in working with all of you, and if there is something you can think about, why, make sure you bring it to our attention. We will certainly work on it with you to make sure that it works.

Ms. MOORE. Sir, I would like to provide you a little more detailed answer on the CVI housing questions.

Senator BURNS. OK.

Ms. MOORE. I did not feel we handled that as well as we could.

ADDITIONAL COMMITTEE QUESTIONS

Senator BURNS. Sure. Yes; those are things that are out there and they pose a certain risk to us. So, at least we should be aware of what we are getting into and make some sort of an awareness of it.

Thank you for coming this morning. I appreciate that.

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

QUESTIONS SUBMITTED BY SENATOR BURNS

WHOLE BARRACKS RENEWAL INITIATIVE

Question. Madame Secretary, when do you anticipate that all of the Army's barracks will be modernized to the "1 Plus 1" standard?

Answer. It is the Army's goal to complete funding barracks modernization in the United States in fiscal year 2008, in Europe in fiscal year 2010, and in Korea in fiscal year 2012.

Question. I notice that 42 percent of the barracks renewal projects are scheduled to be built overseas. I have concerns that this number is disproportionate since our Army is primarily. How can we be sure that the barracks overseas are in worse shape than at installations like Fort Sill or Fort Hood?

Answer. In terms of cost, the fiscal year 1999 construction budget for barracks totals \$306.8 million. Of this total budget, \$63.9 million, 21 percent, is going to four locations in Korea and one location in Germany. In order to ensure that funding for barracks modernization goes first to the worst permanent party barracks, we maintain installation level inventory data. Upon completion of the fiscal year 1999 program, 61 percent of barracks in the United States will meet or approximate the "1 Plus 1" standard, compared to only 42 percent overseas. We have carefully balanced mission and barracks requirements during the project approval process.

HOUSING PRIVATIZATION

Question. Ms. Moore, the Army appears to be headed for a fast-track on family housing privatization with a very ambitious schedule. Can you provide me further details on the time line?

Answer. A total of 27 U.S. installations have been identified to date as Capital Venture Initiative (CVI) sites. Out of the 27, the full AFH privatization project at Fort Carson is projected to be awarded May 1998, and OSD has approved Forts Hood, Stewart and Lewis for request for proposal development. We hope to privatize to the maximum extent possible all enduring Army family housing by 2003.

Question. How long will it take for the Army to review lessons learned from the privatization initiative at Fort Carson?

Answer. We have been reviewing lessons learned from Fort Carson on a continuing basis through every phase of the project. We are already moving forward in a very deliberate fashion, taking advantage of the lessons learned thus far. These lessons are being applied to the development of projects at other participating installations. We intend to host a lessons learned workshop within 60 days after the Fort Carson award. As time progresses after the award of Fort Carson, we expect to take advantage of any additional operational lessons learned as well as those from other Services' experiences before our next project.

BASE REALIGNMENT AND CLOSURE FUNDING

Question. Madame Secretary, in fiscal year 1999, the Army plans to spend almost \$500 million to implement the recommendations of the 1995 BRAC Commission. How much more money does the Army intend to spend in the out years to complete these closures and realignments?

Answer. The budgeted amounts for completion of BRAC 95 closures and realignments are \$398 million in fiscal year 2000 and \$201 million in fiscal year 2001. This includes projected environmental costs of \$295 million in fiscal year 2000 and \$174 million in fiscal year 2001.

BACKLOG OF REQUIREMENTS FOR ACTIVE ARMY MILCON

Question. What is the dollar backlog of requirements for Milcon funding for the Active Army?

Answer. The backlog of requirements for MILCON funding for the Active Army is approximately \$2.4 billion, for the Army Reserve is \$1.9 billion and for the Army National Guard is \$2.5 billion.

REAL PROPERTY MAINTENANCE BACKLOG

Question. What is the backlog of requirements for real property maintenance for the three Army components?

Answer. Based on the Army's Installation Status Report (ISR), the estimated cost to remedy the deficiencies in all existing permanent and semi-permanent facilities for the Active Army Component is \$24.1 billion; for the Army National Guard is \$6.8 billion, of which 73 percent is for federally funded property; and for the Army Reserve Component is \$1 billion.

ACTIVE ARMY MILCON FUNDING

Question. How does the Army assign priorities to Active Army, Guard, and Reserve projects competing for the same scarce MILCON dollars? Is there a MILCON allocation for each component?

Answer. There is no allocation of funds. Each component competes for resources during the development of the Army's future years program. The Army receives program and budget input from the installations (or in the case of the National Guard, the States), the major commands (MACOM's), and the Office of the Secretary of Defense (OSD). MACOM's provide construction priorities to Army Headquarters. The Army develops the Future Years Defense Program and prioritization list. The National Guard Bureau develops the Future Years Defense Program and master prioritization list, as part of the Infrastructure Requirement Plan. These prioritization lists compete for funding as part of the Installations Program Evaluation Group, the Program Budget Committee, and the Army Resource Board. This establishes the Army MILCON funding stream over the near term years. The Army then defends this budget through OSD and Office of Management and Budget (OMB) reviews and submits the resultant program to the Congress for approval.

 QUESTIONS SUBMITTED BY SENATOR STEVENS

HOUSING PRIVATIZATION

Question. What kind of mortgage guarantees are frequently offered as part of a Capital Venture Initiative such as housing privatization?

Answer. The three types of mortgage guarantees are: (1) None—we do not guarantee against any risk, (2) Partial—This is the one we will normally use. This is called "partial guarantee" because we are guaranteeing against partial risk. Partial risk, as used in the Army, is defined as risk caused by the government. We are guaranteeing against BRAC, downsizing, or extended troop deployments, and (3) Full—guaranteed against all risks. We do not plan to use full guarantees.

The Army will provide a partial mortgage guarantee only at CVI sites where it is necessary to attract private capital. These guarantees will only cover events caused by the Department of Defense or the Army such as base closure, downsizing of the force, or extended deployments. These guarantees will cover no more than 80 percent of the loan value or the remaining balance on the mortgage, whichever is less. Under these guarantees, the developer must clearly show that it was one of these three events that caused him/her to fail to meet mortgage payments. Normal contingencies such as construction default or economic downturns will not be covered by the Army and must be born by the developer.

Question. How are these mortgage guarantees scored by OMB?

Answer. OMB scoring is based on the risk and recovery factors identified for individual CVI locations. Some of the factors considered are local market conditions, installation mission, and size and term of loan.

Question. Why is the Army using such long-term leases, such as 50 years?

Answer. Feedback from the private sector indicates that a long-term lease contributes to the financial viability of the project. In general, the lease terms exceed the term of the outstanding mortgage debt in order to allow for the debt to be retired from the cash flow of the property.

Question. What happens when we have a future round of BRAC? How much would it cost to get out of our mortgage obligation at Fort Carson if Fort Carson should be on the base closure list?

Answer. If the developer could not rent the units on the open market, the Army potentially would be responsible for the amount equal to 80 percent of the value of the project or the amount of the outstanding principal of the loan. Without knowing the conditions at the time of such an event, the actual cost cannot be determined. The amount will depend on the type of action (closure, realignment, extended deployment), the remaining balance of the loan, and the market conditions at the time of the event.

Question. How has the Army complied with bill language contained in the Fiscal Year 1998 Milcon Appropriations Act with regards to loan guarantees?

Answer. In accordance with the 1998 Milcon Appropriations Act, OSD notified the Congress of the Fort Carson project on February 10, 1998. OSD will continue to provide the information required in the bill language when providing the Committees 60-day notification of any future proposed solicitation.

QUESTIONS SUBMITTED BY SENATOR MURRAY

SERVICE ACADEMIES

Question. A major new funding request is for the revitalization of the physical development center at West Point. It amounts to \$12 million this year and an advance appropriation of \$73 more million for this multi-year project. The substantial improvements in the facilities at the Naval Academy have been included in the Operations and Maintenance account, not Milcon. What accounts for this disparity in the treatment of the facilities at our service academies?

Answer. The Army project contains major portions of demolition, new work, and upgrades in conjunction with the revitalization. This project cannot be classified as maintenance and repair and must be funded with MILCON.

HOUSING

Question. Ms. Moore, you state in your testimony that adequate housing continues to be the number one issue concerning the quality of life for our soldiers, and for attracting and retaining dedicated individuals to serve our nation, and is "one of the Army's continuing challenges." Yet your request is \$300 million below last year's funded amount. Can you outline for us the specific nature of the Army's housing challenge, for both single soldiers and families?

Answer. The Army's challenge for married soldiers and their families is to provide quality family housing by 2010. In the United States, we plan to accomplish this by privatizing through the use of Capital Venture Initiatives (CVI's) which will allow us to revitalize our existing family housing and eliminate our deficit by 2010 versus the current 130 year revitalization cycle. For family housing in foreign countries, the CVI authorities do not apply. The Army does not own the family housing in foreign areas and the Status of Forces Agreement preclude U.S. companies from managing the housing. We are working with OSD to seek a solution to the foreign area family housing problem. Until these actions are fully implemented, we must continue to sustain the houses and divest uneconomical or unrepairable and excess inventory. The Army's challenge for single soldiers is to get them out of gang latrines and substandard barracks. All permanent party barracks will be modernized/constructed to the 1+1 standard in the United States by fiscal year 2008; Europe by fiscal year 2010, and Korea by fiscal year 2012. We plan to do this through a very aggressive investment program which started in fiscal year 1994 and will continue through fiscal year 2012.

Question. What is the deficit in housing for both groups?

Answer. The Army family housing deficit is 10,322. The troop housing deficit, expressed in persons to be housed, is: 8,000—New Construction; 14,000—Replacement and 41,000—Improvement.

Question. You are relying on the so-called "Capital Venture Initiative" as the "best hope of revitalizing Army family housing and eliminating the deficit in the United States." While there is promise in this concept, can you really afford to keep the funding levels at some 5–10 percent below last year's level in the hope that this will work as projected and solve our Army family housing problems "within 5–10 years?"

Answer. We must keep funding at levels that will make our programs successful. Funding is less than desired but adequate to keep units open and safe until we complete our privatization contract awards by 2003.

ADEQUACY OF ARMY GUARD FUNDING

Question. Ms. Moore, I cannot help but notice that the funding request for the Army National Guard, despite the high degree of visibility it got last year, and the fact that Congress had to more than double that funding, is back down to the same level in this year's request. One result of the problems that we have noticed between the regular Army and the Guard was the push to include a Guard general as member of the Joint Chiefs. Can you outline to the subcommittee the problems that you see in the regular Army-Guard relationship and what steps have been taken, and need to be taken to make it healthy?

Answer. The fiscal year 1999 budget increases funding for Military Construction in the Army National Guard. The fiscal year 1999 Military Construction funding request for the Army National Guard is larger than the fiscal year 1998 request. Regarding your other concern, I can say that Secretary Walker and General Reimer are personally committed to spending more time on Reserve Component issues and meeting with Reserve Component leaders on a regular basis. The Army is working to meet the Secretary of Defense's goals of increasing the integration of the Active Component (AC) and the Reserve Component (RC) to ensure a seamless force. More than thirty major initiatives are underway toward this end. In the area of installations, one of them is a Army National Guard proposal called "Fort State", which seeks to leverage state guard installations to meet Army requirements. The entire Army is committed to improving the working relationships between the components.

ADEQUACY OF ARMY GUARD FUNDING

Question. In your statement you characterize these relationships as part of a "total Army" concept. You point out that in Bosnia, for instance, approximately 25 percent of the Army forces come from the Reserve and the Guard. How would you and your colleagues in the department characterize the contributions of the Army Guard in Bosnia?

Answer. To date, 145 Army National Guard (ARNG) units (4,560 soldiers) have been mobilized for active duty under the Presidential Selected Reserve Call-up (PSRC). Several ARNG units were specifically tailored for deployment to theater. Notable examples are: (1) The Target Acquisition Batteries from the 28th, 29th, 34th, 35th, 38th, 40th, 42d, and the 49th Divisions that provided counter-battery radar coverage throughout Bosnia. (2) The Fire Support Elements from 28th DIVARTY, PAARNG (1st Rotation); 101st FA Bn, MAARNG (2d Rotation); 1-246th FA Bn, VAARNG (3d Rotation); and 49th DIVARTY, TXARNG (SFOR) each provided support to the Nordic-Pole Brigade.

The Army National Guard has provided units and tailored units for missions throughout Bosnia. They have filled all assigned missions. Deployability rates were greater than 99 percent. Retention has not been adversely affected and readiness remains constant for participating units.

The use of ARNG units for Contingency Operations furthers the Total Force policy and the integration of the Active Components and Reserve Components.

MILCON—ARMY RESERVE

Question. I notice that you have increased the funding request for the Army Reserve by 50 percent over the Department's request in last year's request. I find it striking that this is in stark contrast to essentially a very nominal increase in your request, some 4 percent for the Guard over last year's requested amount. Why is there this disparity? What factors have contributed to the disparity in these funding requests?

Answer. It is not useful to compare Army Reserve MILCON funding to Army National Guard funding. Prior to fiscal year 1998 each component (USAR and ARNG) developed their programs internally. The Army Reserve balanced its MILCON and other requirements within a specified funding level following Army and DOD priorities. Beginning with preparation of the fiscal year 1998 budget the USAR and ARNG participated in an integrated budget process with the Active Army component. Budgeted amounts are based on a variety of considerations including need, priority, statutory and regulatory requirements, ability to execute a funded level, and past performance in program management. Historically, the USAR has received little additional support from Congress, yet has executed very well. The table below (\$000) illustrates that:

[In thousands of dollars]

	Fiscal year—				Totals
	1995	1996	1997	1998	
Pres. Budget	17,910	42,963	48,459	² 39,112	138,444
Congress. Adds	49,460	29,765	7,084	27,115	113,424
Total	57,370	72,728	55,543	74,167	¹251,868

¹The USAR had no projects meeting the Priority Investment Program guidelines.

²The Budget Appropriation request reflects a \$7,900 DOD directed reduction in appropriation.

Over the same period Army National Guard budget and congressionally added projects totaled \$179,000,000 and \$440,051,000, respectively, for a total of \$619,051,000.

MILCON and facilities support requirements are a function of many factors including force size and type. The Army Reserve has reduced its end strength and force structure by 36 percent since fiscal year 1989 and has concurrently reduced its facilities inventory by 15 percent. Conversely, the ARNG facilities inventory has grown by 6 percent, end strength has been reduced by only 19 percent, and its force structure has been reduced by only 12 percent during the same period.

ARMY GUARD MILITARY-TO-MILITARY CONTACT WITH EMERGING DEMOCRACIES

Question. Can you tell the subcommittee more about the Guard military-to-military program with emerging democracies? What countries are involved, and how much is in the budget for this program?

Answer. The National Guard's portion of the Mil-to-Mil Program is the State Partnership Program, which links U.S. states and emerging democracies of Central and Eastern Europe and Eurasia through ties between the State Governor and State National Guard and the Ministry of Defense and soldiers of the partner nation. The National Guard goal is to demonstrate, through the example of the citizen-soldier, the role of the military in a democratic society.

The State Partnership Program began in December 1992 when the Chief, National Guard Bureau (NGB), led an interagency team to Lithuania, the first visit in 50 years by an American official at this level. U.S. Military Liaison Teams subsequently were placed in the Baltic states of Latvia, Lithuania and Estonia. These teams, with National Guardsmen as chiefs, work with the host Ministries of Defense to develop detailed plans of non-lethal cooperation. As a result, the host militaries learn about the effectiveness of a competent mobilization force under civilian control and in direct support to civil authorities.

The purpose of this program is to build long standing institutional affiliations and people-to-people relationships with nations, while establishing democratic military organizations. By utilizing National Guardsmen in their dual roles as citizen-soldiers, the partner nation's military leaders are encountering highly trained and cost-effective members of the United States Armed Forces. Guardsmen serve as role models in making a compelling case for the ideals of democracy, professionalism, and deference to civilian authority. They also demonstrate the necessity and economy of Reserve Components with the ability to react immediately to civil and military emergencies.

Guardsmen participate in Traveling Contact Teams that visit the partner country to give detailed information on requested civil-military topics such as air search and rescue, medical evacuation, personnel, budgeting, administration, military law, professional military education, disaster response planning, and family programs. The Partner State hosts Familiarization Tours whereby Partner Country personnel visit State facilities to see specific areas of interest.

The primary focus of the State Partnership Program is to convey and reinforce in the partner nations the concept that the proper role of the military in a democratic society is one of military subordination to civilian authority and of military support to civil authorities.

Current Partner States and Countries in Eastern Europe and the Former Soviet Union are:

Alabama-Romania
Arizona-Kazakhstan
California-Ukraine
Colorado-Slovenia

Georgia-Rep. of Georgia
Illinois-Poland
Indiana-Slovakia
Louisiana-Uzbekistan

Maryland-Estonia	Pennsylvania-Lithuania
Michigan-Latvia	South Carolina-Albania
Minnesota-Croatia	Tennessee-Bulgaria
Montana-Kyrgyzstan	Texas-Czech Republic
Nevada-Turkmenistan	Utah-Belarus
North Carolina-Moldova	Vermont-Macedonia
Ohio-Hungary	

Associate Partner States are:

Nebraska-Czech Republic	Kansas-Ukraine
New Jersey-Albania	

The program recently was formally expanded to the SOUTHCOM Theater when NGB received approval to initiate several partnerships. Current Partner States and Countries in SOUTHCOM are:

Missouri-Panama	West Virginia-Peru
Louisiana-Belize	Puerto Rico-Honduras (Pending)
Kentucky-Ecuador	Florida-Venezuela (Pending)

Associate Partner States are: New Hampshire-Belize.

Previously, National Guard units have participated in a multitude of humanitarian and civic action projects supporting SOUTHCOM and U.S. interests in Central and South America.

Partner Nations and States are currently developing partnership events for the coming year and for out years. These events build on the rapport that has been established. Some of the events currently being discussed are multi-national disaster preparedness exercises, search and rescue exercises, environmental operations, military justice, NCO development programs and civil/military cooperative programs.

The participating nations have demonstrated their commitment to the democratic process and their willingness to work with their partner and others. In the summer of 1996, the Indiana and Alabama National Guards participated in Exercise "Cornerstone 96" in Romania. This exercise involved the rehabilitation of a military hospital, an international daycare center, and an orphanage for HIV infected children. Exercise "Baltic Challenge" conducted in Latvia included participation from Maryland, Pennsylvania and Michigan National Guard elements with their partner nations Estonia, Latvia, and Lithuania. Last quarter several states participated in an earthquake preparedness exercise in Macedonia.

Success of this program is also indicated by numerous requests for information on the State Partnership Program by other nations. Representatives from several African and Pacific Rim nations have expressed interest in participating in the Partnership program.

The National Guard Bureau does not have a budget for the Mil-to-Mil Contract Program. Our participation in the program supports the theater Commander in Chief (CINC), who accesses various funding sources, such as CINC Initiative Funding, Warsaw Initiative Funding, and Cooperative Threat Reduction (CTR) money. The funding sources are used by all branches of service (Active and Reserve) to fund events approved by the Joint Staff, the Interagency Working Group, and the Theater CINC, in coordination with the host country, and the Ambassador's Country plan.

QUESTIONS SUBMITTED BY SENATOR INOUE

FORCE INTEGRATION

Question. In your view, how well integrated are the reserves with the active force?

Answer. Secretary of Defense Cohen is committed to transforming our military forces into an integrated force—a seamless Total Force—that provides the U.S. the flexibility and interoperability necessary to respond to the full range of military operations that we are called upon to do in today's uncertain world. In his September 4, 1997 Total Force memorandum to the Service Secretaries, Chairman of the Joint Chiefs of Staff, and Under Secretaries of Defense (attached) Secretary Cohen stated, "Today, I ask each of you to create an environment that eliminates all residual barriers—structural and cultural—for effective integration within our Total Force. By integration I mean the conditions of readiness and trust needed for the leadership at all levels to have well-justified confidence that Reserve Component units are trained and equipped to serve as an effective part of the joint and combined force within whatever timelines are set for the unit—in peace and war."

Secretary of Defense's memorandum identified four basic principles required in order to achieve Total Force Integration. They include:

- Clearly understood responsibility for and ownership of the Total Force by the senior leaders throughout the Total Force;
- Clear and mutual understanding on the mission for each unit—Active, Guard and Reserve—in service and joint/combined operations, during peace and war;
- Commitment to provide the resources needed to accomplish assigned missions;
- Leadership by senior commanders—Active, Guard and Reserve—to ensure the readiness of the Total Force

Post-Cold War military operations have demonstrated a dramatic increase in reliance on the Guard and Reserve. Some examples include the use of RC in the 1990–1991 Gulf War (over 250,000 Reservists); in a wide range of peacetime operations and joint exercises to relieve TEMPO stress on the Active force; and in support of Operation Joint Guard, and other contingency operations. The Congress and the Governors have been concerned over “fair” treatment of the RC. They have sought to minimize RC cuts and expand RC roles in the National Military Strategy in peacetime and wartime and in support to domestic emergencies.

We're working today to achieve fuller integration on the AC and the RC. We're on the right course for the future.

Since his memorandum, the Department of Defense has continued its proactive steps to further integration of the Active and Reserve components. Examples that we're on the right course today include:

- Unprecedented RC involvement in DOD resource deliberations this year.
- Expanded support to Chairman JCS by adding two full-time advisors at the two-star level, one from the Guard and one from the Reserve.
- Through the Defense Reform Initiative, introduced efficient business practices such as the Defense Joint Military Pay System under DFAS, and the future development of the Defense Integrated Military Human Resources System.
- Issuing a Green ID card to replace the Red ID card previously issued to Ready Reservists.
- Demonstrated commitment to integrating RC support to the nation by aggressively pursuing DOD response to emerging terrorist threat of domestic use of Weapons of Mass Destruction through Defense Reform Initiative Directive #25.
- National Guard and Reserve components will provide Consequence Management support to aid the efforts of the local first responders who are the key initial disaster response individuals.
- DOD and the Department of Veterans Affairs working to address RC health care issues through the Reserve Component Health Care Summit.
- Partnership for Peace (PfP) is a major NATO initiative, established in 1994 and directed at increasing confidence and cooperative efforts to reinforce European security. State Partnership for Peace is the National Guard portion in this continuing role to shape the international environment and provide stability to emerging democracies in Eastern Europe.

The Services individually are working hard to further integration. Some of these initiatives include:

- The Army is assessing more than 30 initiatives to improve active-reserve force integration including integrated divisions, conversion of combat structure to critically needed support structure, use of reserve units in support of rotational operational missions and addressing the growing threat to the U.S. homeland.
- The Air Force is building on their success by expanding Guard/Reserve missions, transferring force structure to the RC, modernizing fighter units, enhancing RC participation in major staffs, and others. The Air Force Chief of Staff commissioned a special General Officer Steering Group to develop guiding “Principles for Determining the Air Force Active/Reserve Mix.”
- The Navy and Marine Corps are maximizing the contributions of their RC's to relieve AC OPTEMPO and enhance utility for contingency operations. Both services are conducting major assessment efforts to maximize the contributions of their RC's and enhance synergy with the AC.

DEFENSE AGENCIES

OFFICE OF THE UNDER SECRETARY OF DEFENSE (PERSONNEL AND
READINESS)

**STATEMENT OF CAROLYN H. BECRAFT, DEPUTY ASSISTANT SEC-
RETARY OF DEFENSE (PERSONNEL SUPPORT, FAMILIES AND
EDUCATION)**

U.S. SPECIAL OPERATIONS COMMAND

**STATEMENT OF BRIG. GEN. GARY W. HECKMAN, DIRECTOR, CENTER
FOR COMMAND SUPPORT**

DEFENSE LOGISTICS AGENCY

**STATEMENT OF FREDERICK N. BAILLIE, EXECUTIVE DIRECTOR OF
RESOURCES, PLANNING, AND PERFORMANCE DIRECTORATE,
DEFENSE LOGISTICS SUPPORT COMMAND**

TRICARE MANAGEMENT ACTIVITY

**STATEMENT OF REAR ADM. TOM CARRATO, CHIEF OPERATING OFFI-
CER**

OPENING STATEMENT OF CONRAD BURNS

Senator BURNS. We will now hear from our second panel this morning representing the defense agencies. We have Brig. Gen. Gary Heckman, Director, Center for Command Support, U.S. Special Operations Command; Frederick Baillie, Executive Director, Resource, Planning and Performance, Defense Logistics Support Command, Defense Logistics Agency. We have Carolyn Becraft, Deputy Assistant Secretary of Defense for Personnel Support, Families and Education, Office of the Under Secretary of Defense (Personnel and Readiness), and also Rear Adm. Tom Carrato, Chief Operating Officer for TRICARE Management Activity.

Ladies and gentlemen, it is nice to have you here this morning, and we appreciate you being with us. I think it will provide the subcommittee with an overview of your respective agencies proposed in the 1999 budget. You might keep your statements brief or if you can consolidate them. We will make your full statement a part of the record.

Again, we hope that Senator Murray makes it back for her statement.

We will start out this morning with Ms. Becraft. We are looking forward to your statement. Thank you for coming today.

STATEMENT OF CAROLYN H. BECRAFT

Ms. BECRAFT. Thank you, Mr. Chairman. It is certainly my pleasure to be here today. I really want to thank you for providing

a quality of life for our service members that reflects the uniqueness of the military service, and as Under Secretary de Leon has stated on many occasions, allows us to return quality, predictability, and stability to military life.

I have submitted my full statement for the record, and I will just make some brief comments.

The Department continues to place a high significance on community quality of life. We believe it is important to provide the troops and families with the requisite programs and services that will ensure that they have the tools necessary to deal with the stresses of military life. It is particularly important to provide quality of life because of the high OPTEMPO and PERSTEMPO in today's services. Your unwavering support for military construction of quality of life projects has allowed us to chart a course to sustain and improve the troops' standard of living. Military construction projects literally lay the foundation for our support programs that military families need from education to child care to physical fitness.

I want to especially thank the members of the committee and your leadership last year for supporting a total of 16 quality of life projects, including five fitness centers, seven child care centers, three education centers, and a DODEA school project. I can relay from my many visits to bases and installations that there is no more demonstrable way to show support for quality of life than when the brick and mortar starts going up on the base. It really sends a strong message that this committee really cares for military people. So, I thank you so much.

QUALITY OF LIFE

The issue of construction for our military dependent school system has had my full attention. It is something that we need to do to improve the overall quality of life. Moreover we need to give the children of our armed forces a safe and educationally enriching environment for them to succeed.

We have a long-term strategy to continue to address our facility requirements in our upcoming budget. Our DODEA fiscal year 1999 construction program focuses on our more urgent requirements. We have the first stages of two major initiatives in this request. The first major initiative is the construction of the permanent school facilities to serve the students on Guam, and the second is a long overdue replacement of aged DDESS schools at Camp Lejeune.

Our first major initiative is on Guam. I have personally visited all of the installations and spoken to the commanders, students, faculties, and families. I have toured all of our makeshift buildings in Guam. I can tell you that the Navy and Air Force families heralded the opening of these schools. They were very, very excited. It was a major contributor to quality of life on the island, and it also is resulting in a significant reduction in unaccompanied tours by military families. So, in all, these schools have allowed us to really stabilize the accompanied tour for our service members in Guam.

I also led a team of DOD leaders to Camp Lejeune to review the school requirements there. These schools do not meet the North

Central Association nor Department standards due to the physical plant deficiencies. These schools have been Band-Aided after being hit by two hurricanes in 1996. They have major electrical problems, safety problems, and infrastructure problems that are beyond any economical repair.

The remaining two projects that we have in our 1999 budget include an elementary school for the Antilles School District in Puerto Rico, a longstanding requirement, and our West Point Elementary School. Both of these projects address many of the same types of safety, space, and structural issues that plague the Lejeune and Guam schools. These schools are generally outdated. The Antilles school includes dilapidated temporary facilities that are structurally unsound. The classroom sizes are too small, and they do not meet current educational requirements, and they cannot be upgraded.

PREPARED STATEMENT

In conclusion, I want to thank you for your support for DODEA's Milcon requirements, and moreover for the programs that support our troops and their families. Quality of life is key to preserving individual and family well-being, solidifying military and societal core values in our forces, while contributing to a trained and ready force. The continued congressional funding and support is essential to maintaining and upgrading these programs, services, and facilities. So, again, thank you very much, and I would be glad to answer any questions you may have.

[The statement follows:]

PREPARED STATEMENT OF CAROLYN H. BECRAFT

Mr. Chairman and members of the committee, today I am pleased to report to Congress on the current status of a critical component of the Department's quality of life program, the Department of Defense Education Activity's (DODEA) construction program. As the Deputy Assistant Secretary responsible for community quality of life programs such as morale, welfare and recreation, voluntary education, child care, and the education of military dependents, I am also pleased to report that with the help of Congress, we continue to make great improvements in the military community. This is indeed a good news story, as it demonstrates, with concrete examples, our joint commitment to quality of life in support of both the well-being of our service members and their families and the long-term readiness and retention of our military forces.

I want to especially thank the members of this committee for your leadership and support last year for quality of life construction projects; a total of 16, including five physical fitness centers, seven child care centers, three education centers and one DODEA school project. I can relay from my many visits to our bases and installations that there is no more demonstrable way to show support for quality of life, than when the brick and mortar starts going up at a base. I can assure you that troops and families are appreciative and know where this all starts.

Before fully addressing the specific requirements for each DODEA project, let me give you an overview of our military community quality of life projects that we have submitted this year.

The Department continues to place high importance on community quality of life. We believe it is important to provide troops and families with the requisite programs and services that will ensure they have the tools necessary to deal effectively with the stresses of day to day life. This is particularly important given the high operation and personnel tempo in today's military. Examples of programs that have a direct tie to high personnel TEMPO include physical fitness, child care and education.

PHYSICAL FITNESS PROGRAMS

Physical fitness is directly linked to military outcomes and recent surveys showed it to be one of the top priority morale, welfare and recreation programs for our troops. The Department continues to put high priority on improvement of the operation, management and the physical plant for fitness programs. Funding for fitness in the Service accounts has increased steadily since 1995. With your support six fitness center projects were funded in fiscal year 1998 and we ask for your support for three projects for fiscal year 1999. Further, because of their contribution to positive military outcomes, the Department is taking special action to improve and modernize the services offered. "Operation Be Fit" is a special fitness initiative launched to improve programs and increase individual participation in fitness activities.

CHILD CARE PROGRAMS

The Department appreciates your continuing support for our child care programs. All seven projects authorized in fiscal year 1998 are on track and are either in the final stages of design or contract award. We request your support for the five projects in this year's budget. All five projects are replacement of existing substandard or temporary facilities.

The Department is proud to have been singled out as a model for the nation in child care. On April 17, 1997, President Clinton issued an executive memorandum recognizing the DOD child development program as a model for the nation, and directed the Department to share its expertise with Federal and state agencies, and the private sector. DOD has developed partnerships with the Department of Health and Human Services, the General Services Administration, and the National Governors Association to meet that request. The Department also established a National Clearinghouse of Military Child Development Programs as a way to share materials and lessons learned. During the next year, DOD will be working cooperatively through each of these agencies to share our expertise and lessons learned, and thereby, contribute to the President's goal of improving child care throughout the nation.

The Department of the Navy and the Defense Logistics Agency (DLA) continue to serve as our Executive Agents for determining the feasibility of outsourcing child care. The Navy has two outsourcing program initiatives underway. One initiative is to purchase child care spaces in existing accredited civilian child care centers by "buying down" the cost for military families. The Navy has been successful in purchasing spaces in four of the five locations they have targeted. While contracts have been established, the much needed—and highly expensive—infant toddler spaces are not available. The second Navy initiative is an A-76 Commercial Activities Study for the military child development program in the San Diego area. The goal of this study is to determine if the private sector can manage the current program utilizing on and off-base accredited centers and family child care homes as a way to expand the availability of care in the area.

Finally, DLA is testing the management and operation of a military constructed child development center in Dayton, OH. The contract has been in effect for a little over 1 year. The Department is commissioning a RAND study to determine the cost effectiveness of all three of these options. This study will begin this spring.

VOLUNTARY EDUCATION PROGRAMS

Last year three education centers were funded thanks to your support. The issue of lifelong learning is not new to DOD; we have always been a leader in providing troops with the educational opportunities for both professional and personal growth. Secretary Cohen has found on his visits with the troops, that educational opportunities are a major reason young people join the military. Beginning October 1, 1998, we will have instituted a standardized rate of support for tuition assistance across the Services. We are seeking to expand educational opportunities through distance learning. This is key if we want to remain an employer of choice in the 21st century. Our fiscal year 1999 construction plan includes one new education center. Participation in the voluntary education program remains strong, with over 600,000 enrollments in undergraduate and graduate courses and 28,000 degrees awarded in fiscal year 1997. The high level of participation makes this program one of the largest and most diverse continuing education programs in the world.

DEPARTMENT OF DEFENSE EDUCATION ACTIVITY

When we talk about the Department of Defense Education Activity it is important to remember that this school system is one of the largest in the nation—with the added distinction of being spread around the world—with some 200 schools located

in 15 foreign countries, several States, Guam and Puerto Rico. We take the business of educating the students in our "school-houses" very seriously.

First some background on what we are doing inside the schoolhouse. The Department of Defense Education Activity supports the educational needs of children of American military personnel throughout the world. DODEA continues to lead the way by providing an educational program that exceeds the best U.S. public school system and one that prepares students to compete in a global economy. DODEA has stepped up to the plate by fully adopting the National Education Goals, implementing a plan to link all schools to the Internet, and has become a leader in the President's Technology Initiative.

In support of the President's National Education Goals 2000 Program, civilian and military leadership have become actively involved in partnering initiatives with local schools both on the installation and in the local community. Examples of programs that support a "family friendly" work environment are: adopt-a-school; Drug Abuse Resistance Education (DARE); mentoring; and tutoring in math, science and reading. Outcomes, as measured by standardized testing, continue to show that DODEA students perform well, with Scholastic Aptitude Tests scores for combined verbal and mathematics above the national average.

This strong educational emphasis combined with a good physical plant makes a schoolhouse. Our fiscal year 1999 military construction request is tailored to ensure that DODEA continues on the path towards excellence by addressing the facility component of our educational strategy. As the umbrella organization overseeing the Department of Defense Dependents Schools (DODDS) overseas, and the Domestic Dependent Elementary and Secondary Schools (DDESS) within the United States, DODEA has significant military construction requirements in both school systems. The fiscal year 1999 program will focus on the most urgent of these requirements in stateside schools. We have the first stages of two major initiatives in this request. The first major initiative is the construction of permanent school facilities to serve students on Guam and the second is a long overdue replacement of aged DDESS schools at Camp Lejeune. I have personally visited all of these installations and spoken to commanders, students, faculty and families. Navy and Air Force families stationed in Guam heralded the opening of Guam schools in time for this school year. I personally took a team of DOD leaders to Camp Lejeune to review school requirements there. These schools do not meet the North Central Association nor Department standards, due to physical plant deficiencies. We have a strategy to continue addressing Camp Lejeune and other serious facility requirements in the upcoming budgets.

Specifics on each project in the fiscal year 1999 DODEA request are as follows:

Naval Activity Guam, Additions and Renovations to Building 4175 and Building 200

Programmed amounts are \$8.6 million (bldg. 4175) and \$4.5 million (bldg. 200). In July 1997, in response to requests from the military services and DODEA's assessment of the educational opportunities provided through the local school systems, the Department authorized the establishment of DDESS schools on Guam to serve approximately 2,500 military dependents stationed on the island. Previously, children of military members attended Guam public schools through a contractual arrangement with DOD. The military services considered the availability of DDESS schools to dependents on Guam to be a significant quality of life issue, and their lack of availability a major factor in the high number of unaccompanied tours to Guam. The establishment of DDESS schools will allow more stabilized accompanied tours and improve overall readiness.

Between July and September, renovations were completed on four facilities on Andersen AFB and two on the Naval Activity to provide the minimum facilities necessary to begin operation. Included in the renovations were extensive seismic upgrades to both facilities on the Naval Activity, interior reconfigurations, and installation of fire detection and suppression systems. In less than 90 days from the date establishment of the schools was authorized, approximately \$6.5 million in renovation work had been completed, and supplies and materials had been purchased, shipped, and distributed to the various school facilities on the island. In addition, over 200 teachers and support staff were hired and prepared for school opening.

The fiscal year 1999 military construction budget includes two projects to provide additional renovations and additions to facilities on the Naval Activity. The first of these is an \$8.6 million project on the existing elementary school serving 860 students from the southern end of the island. The current facility has no gymnasium or physical education space, does not have a meal service facility nor adequate space for science, home economics, art, and music classes, and has a substandard media center. This project will construct a 28,400 square foot addition and renovate 11,000

square feet of existing space to provide the necessary functional areas required to provide a full educational program to the students being served.

Also on Guam is a \$4.5 million project to construct an addition and to renovate existing space within building 200 on Nimitz Hill, now serving as the high school for students from both the Naval Activity and Andersen AFB. This project will construct a new gymnasium, and renovate existing space in building 200 to provide a student meal facility, six additional general purpose classrooms, and three science labs to accommodate the long term enrollment projection of approximately 400 students.

Camp Lejeune—Replace Brewster Middle School

Programmed amount is \$16.9 million. Another major initiative in this year's budget request is the first of three school replacement projects at Camp Lejeune, NC. These schools have been band-aided after being hit by two hurricanes in 1996. Brewster Middle School was constructed in 1961 and has major electrical, safety, and infrastructure problems that are beyond economical repair. The school also utilizes a number of substandard temporary facilities that will be replaced as part of this project. This project will construct a new 120,000 square foot facility for 750 students in grades 6-8.

Ft. Buchanan—Antilles Elementary School

Programmed amount is \$8.8 million. The existing school consists of a 35-year-old main facility, 8 temporary buildings, and a 35 year old open-ended Quonset hut that is used for physical education. Classrooms in the main facility are too small to support current educational requirements and the temporary buildings are dilapidated and have outlived their useful life. This project will provide a new 76,000 square foot facility to serve approximately 570 students in grades 3-5 on Ft. Buchanan.

West Point—Additions and Renovations, West Point Elementary School, U.S. Military Academy

The last project is a \$2.8 million addition and renovation project at the West Point Elementary School. This project will construct a 13,000 square foot addition to provide occupational and physical therapy and physical education spaces to meet the needs of West Point Elementary students, and convert the existing multipurpose room into classroom space to support the learning disabilities program. The current facilities for these functions do not meet current educational needs nor New York State requirements required to support a learning disabilities program.

Future Years Requirements

DODEA has an aggressive out-years plan to address the infrastructure requirements of our schoolhouses worldwide. Our future years' DDESS construction program currently has a requirement of 24 school projects in seven states. Projects are programmed in the out-years to reduce this backlog. In addition to the Brewster Middle School project at Camp Lejeune, two elementary schools at that location are scheduled for replacement by projects programmed in fiscal year 2000 and fiscal year 2001. Construction of a 1,800-student elementary school on Andersen AFB, Guam is also programmed for fiscal year 2000 and will provide permanent facilities for the elementary students currently housed in temporary buildings on Andersen. Also in fiscal year 2000, three projects are programmed to reduce the backlog of military construction requirements on overseas schools, as well as two additional stateside school projects. Our total overseas future years' DODDS construction requirement is for 16 projects.

In conclusion, I want to thank the committee again for your support for DODEA's military construction requirements and moreover for all programs that support our troops and their families' quality of life. Quality of life is key to preserving individual and family well-being, solidifying military and societal core values in our forces, while concomitantly contributing to a trained and ready force. Continued Congressional funding and support is essential to maintaining and upgrading these programs, services and facilities. Thank you.

STATEMENT OF GARY W. HECKMAN

Senator BURNS. Thank you very much. We will get around to asking some questions.

General Heckman, thank you for coming this morning and I look forward to your testimony.

General HECKMAN. Good morning, Mr. Chairman. I am pleased to be here today to discuss the fiscal year 1999 military construc-

tion budget request for the U.S. Special Operations Command, or USSOCOM. I am Brig. Gen. Gary Heckman. I am the Director of the Center for Command Support. That is one of five joint management centers on the staff headquarters at MacDill AFB, FL.

With your permission, I will submit my formal statement for the record and provide a brief summary.

Senator BURNS. So ordered.

General HECKMAN. Our military construction program has a direct, positive, and enduring impact on our joint special operations capability. The command's Guard, Reserve, and active duty soldiers, sailors, and airmen possess the highly specialized skills required to successfully execute a full range of joint special operations missions.

The current military construction program is planned to provide essential facilities that preserve and improve force capability, that increase the readiness of complex weapons systems, and support our demanding joint training needs.

Our military construction budget request for fiscal year 1999 is \$46.86 million. Of that, \$41.21 million is for six major construction projects, \$4.2 million for unspecified minor construction, and \$1.45 million for planning and design for future projects. It provides facilities which directly support Reserve component, Army, Air Force, and Navy forces, and approval of this program is essential to the continued development of the joint special operations forces which support America's national security.

PREPARED STATEMENT

The committee's support in prior years has greatly improved our operations capability. We look forward to working with your committee to acquire the facilities needed by USSOCOM to perform our mission and to ensure that we continue to have a fully trained and capable joint force.

Thank you very much for the opportunity.

[The statement follows:]

PREPARED STATEMENT OF GARY W. HECKMAN

INTRODUCTION

Mr. Chairman and members of the committee, I am pleased to present the United States Special Operations Command (USSOCOM) fiscal year 1999 Military Construction (MILCON) budget request. Our MILCON program has a direct positive impact on our special operations capability. Our soldiers, airmen and sailors possess the highly specialized skills and equipment required to successfully execute the full spectrum of special operations. A modern array of operations, training, and support facilities preserves and enhances these critical skills and equipment.

PURPOSE

The long-term goal of USSOCOM's facility program is to have all units and personnel working and living in adequate facilities to maximize training and operations capabilities. The current MILCON program is planned to provide facilities that will preserve and improve force capability, increase the readiness of complex weapons systems, and support diverse training needs. In particular, it provides facilities for units where no facilities exist, replaces substandard facilities, and alters existing structures to accommodate improved and expanded special operations forces (SOF) capability. All MILCON projects are integrated at the USSOCOM level to ensure the most needed projects are constructed at the right place, on time, and with the highest return on investment.

The committee's support in prior years has greatly improved our operations capability. We look forward to working with your committee to acquire the facilities needed by USSOCOM to perform our mission and to ensure we have a fully trained and capable force in the future.

MILCON PROGRAM

Our MILCON budget request for fiscal year 1999 is \$46.86 million: \$41.21 million for construction, \$4.2 million for unspecified minor construction, and \$1.45 million for planning and design. This total is less than 2 percent of USSOCOM's total obligation authority and represents an investment needed to ensure our physical plant supports critical mission requirements. The six military construction projects in this program include two projects for the Air Force Special Operations Command, two projects for the Naval Special Warfare Command, one project for the United States Army Special Operations Command, and renovation of USSOCOM's Command & Control Facility at MacDill Air Force Base, FL. Following is a brief description of each of the projects listed by state:

Amphibious Operations Facility—\$3.6 million—Naval Amphibious Base, Coronado, CA.—Constructs a boat storage facility and renovates an existing building for operational gear storage. Project provides physical security and environmental protection for Naval Special Warfare Boat Squadron ONE small craft, patrol boats and gear. Small craft to be serviced include Rigid Hull Inflatable Boats and patrol boats.

General Purpose Aircraft Maintenance Shop—\$2.21 million—Eglin Auxiliary (Duke) Field #3, Florida.—Constructs a general purpose maintenance shop to support the 919th Special Operations Group (Air Force Reserve). Provides an adequately sized and configured facility to maintain aircraft and train aircraft maintenance personnel. Existing facilities are too small and improperly configured and will be demolished upon completion of this project.

Clear Water Aircraft Rinse—\$2.4 million—Eglin Auxiliary (Hurlburt) Field #9, Florida.—Provides a clear water rinse facility for MH-53, MH-60, and C-130 aircraft after operations over salt water. The construction will provide an automatic drive-through facility for 70 aircraft to prevent severe corrosion damage to these aircraft.

Renovate Command & Control Facility—\$8.4 million—MacDill Air Force Base, FL.—Renovates the interior of the existing USSOCOM headquarters facility. USSOCOM is currently housed in a facility constructed in 1967. Project rehabilitates the building's interior systems, finishes, electrical and mechanical equipment which are worn out from over 30 years of use and will provide more efficient use of existing work space.

Aircraft Maintenance Hangar—\$15.0 million—Fort Campbell, KY.—Constructs an aviation maintenance hangar for MH-47 helicopters to accommodate increased aircraft and personnel assigned to the 160th Special Operations Aviation Regiment. Current facilities lack space for shop maintenance, flight operations support, mission planning, crew member training and unit administration.

Operations Facilities—\$9.6 million—Naval Station Roosevelt Roads, Puerto Rico.—Constructs operations and support space for Naval Special Warfare Unit FOUR. Project provides an 80-person isolation facility for temporary additional duty personnel, a boat maintenance/storage building with overhead crane, boat ramp and finger piers.

SUMMARY

Our proposed fiscal year 1999 MILCON budget for facility investments will significantly improve the operational and training capability of special operations forces. Approval of this program is essential to ensure the continued development of our nation's Special Operations Forces.

STATEMENT OF FREDERICK N. BAILLIE

Senator BURNS. Thank you very much, General.

Mr. Baillie, how are you?

Mr. BAILLIE. Very good. Thank you, sir. I am pleased to be able to return this year to work with your subcommittee on the DLA Milcon.

Since you previously agreed to include the prepared statements, I just have a few brief oral remarks.

The Defense Logistics Agency's fiscal year 1999 military construction request is \$73.9 million for nine projects. This year the agency continues its emphasis on sustaining and enhancing the Department's fuel storage and distribution infrastructure. Seven of those nine projects that we are requesting are fuel related and support the Joint Chiefs of Staff and the services operational requirements. These projects include hydrant fuel systems to support strategic mobility and the replacement of fuel storage facilities at several military installations to comply with environmental standards.

At critical military installations, we propose to replace fuel storage tanks and piping systems that are more than 40 years old and cannot meet current operational requirements. These deteriorated facilities pose a serious environmental hazard because they lack the physical safeguards to detect fuel leaks or contain spills.

Our request also includes two projects at Elmendorf Air Base and Lajes in the Azores to improve strategic en route refueling capability.

One of the two remaining projects continues our program from prior years to construct hazardous waste storage facilities to conform with requirements of the Resource Conservation and Recovery Act.

Finally, sir, at one of DLA's remaining supply centers, we will convert a vacant warehouse to administrative space for 764 employees who are now scattered in approximately 36 temporary office trailers.

In summary, our military construction program supports the DLA mission by providing vital facilities that enhance the services warfighting capabilities.

PREPARED STATEMENT

Mr. Chairman, that concludes my oral statement. Again, thank you for asking me to appear, and I will certainly be glad to answer questions later.

[The statement follows:]

PREPARED STATEMENT OF FREDERICK N. BAILLIE

Mr. Chairman, and members of the Subcommittee: I am Frederick N. Baillie, Executive Director of Resources, Planning, and Performance, Defense Logistics Support Command, at the Defense Logistics Agency (DLA). I am pleased to have the opportunity to provide information about DLA's fiscal year 1999 Military Construction request.

MILITARY CONSTRUCTION REQUEST

Our total Military Construction request for fiscal year 1999 is \$73,920,000. The program consists of nine projects that will enhance strategic en route fueling capability, increase mission responsiveness, eliminate environmental hazards, and improve facility readiness at our activities in support of the Agency's missions. This request includes:

- \$38.5 million for replacing or constructing additional fuel storage tanks, fuel unloading facilities, and direct refueling systems at five Air Force, Navy, and Army bases.
- \$23.6 million for replacing deteriorated, obsolete hydrant fuel systems at two Air Force bases.
- \$1.3 million for constructing a conforming storage facility for the disposal of DOD-generated hazardous waste.
- \$10.5 million for the conversion of an existing warehouse to administrative space at DLA's Defense Supply Center in Richmond, VA.

NEW FUEL MISSION RESPONSIBILITIES

In fiscal year 1996, DLA assumed new responsibilities for programming fuel-related MILCON projects for bulk and intermediate fuel storage and hydrant fuel systems at the Services' installations. The Office of the Secretary of Defense approved this responsibility transfer from the Services in fiscal year 1992 in its Plan for the Integrated Management of Bulk Petroleum. In carrying out this responsibility, we are requesting approval of 7 fuel-related projects at \$62.12 million, which is 84 percent of our total program request. Five of these projects (at the Defense Fuel Support Point (DFSP) Jacksonville, FL; Fort Sill, OK; Camp Shelby, MS; Naval Station Mayport, FL; and, Pope Air Force Base (AFB), NC) are necessary to meet environmental compliance and operational requirements. The remaining two projects (at Elmendorf AFB, AK; and, Lajes, Azores) are priorities of the Joint Chiefs of Staff to provide critical fuels infrastructure to support strategic en route mobility.

Fuel receipt and storage facilities

Our proposed investment of \$38.5 million in fuel receipt and storage facilities is to replace or add fuel storage, distribution, and piping systems at five locations. These projects will overcome shortfalls affecting support of the bases' missions and eliminate potential environmental liabilities.

At Defense Fuel Support Point Jacksonville, FL, we will construct an \$11 million fuel storage facility. It will replace four existing 80-year-old bulk fuel storage tanks that have failed, or are failing, due to their age and mechanical condition. Two recent tank failures account for a loss of more than half of the base's storage capacity for marine diesel fuel. In addition, the storage capacity of two remaining tanks has been limited due to structural deficiencies, causing the tanks to lean outward. These conditions have forced the Agency to store some of the area's critical prepositioned war-reserve fuel stock at less optimum locations. This new facility will provide three 70,000-barrel aboveground storage tanks, and allow the base to consolidate its war-reserve and peacetime fuel stocks into storage tanks that comply with state and Federal environmental regulations. The four existing aboveground storage tanks will be demolished as part of this project.

At Fort Sill, OK, we propose a \$3.5 million project to construct a ground vehicle fueling facility to replace the existing fuel facility that was permanently shut down because of numerous leaks and piping system failures. This project replaces the installation's temporary facility, which is undersized and malpositioned to meet mission requirements. The new facility will provide the required storage capacity and a ground vehicle dispensing facility to support Fort Sill's crisis-response mobilization and peacetime missions.

At Camp Shelby, MS, we will replace deteriorated bulk storage tanks that do not meet current environmental requirements. Our proposed \$5.3 million project will provide the tanks, spill containment structures, pumphouse, dispensing facilities, and mechanical controls to meet current environmental standards and reduce the potential for costly fuel-spill cleanups. The project includes the demolition of the existing fuel facilities. This facility supplies fuel for the training requirements for units of the National Guard, Reserve, and active Department of Defense components.

At Naval Station, Mayport, FL, we will replace four old, deteriorated underground storage tanks (UST) with four new aboveground storage tanks. This \$11.02 million project will fulfill an environmental compliance consent agreement with the State of Florida to take these 40-year-old UST's out of service by December 31, 2000. The project will provide two 40,000-barrel marine diesel tanks and two 15,000-barrel jet fuel tanks with associated fuel systems and equipment.

At Lajes Field, Azores, we will provide two aboveground fuel storage tanks and a pumphouse to replace 30 deteriorated underground tanks and a pumphouse that has been in service for more than 45 years. Our proposed \$7.7 million project provides the operating tanks, spill containment structures, piping, and mechanical controls to meet current environmental standards, and reduces the potential for costly fuel-spill cleanups and aquifer contamination. These tanks and pumps are essential for the continued operation of an 18-outlet hydrant fuel system, built in 1993. The project includes the demolition of the 30 existing tanks and pumphouse.

Hydrant fuel systems

Our proposed investment to replace old and deteriorated hydrant fuel systems, or provide new systems at critical bases, is \$23.6 million.

We propose to replace a hydrant fuel system at Elmendorf AFB, AK. The \$19.5 million project will provide a system of 12 modern, pressurized fuel hydrant outlets. The existing hydrant system, built in the 1950's, is technologically obsolete and incapable of supporting current wide-bodied aircraft refueling requirements. Repair

parts, which are no longer available, must be individually fabricated or salvaged from other inoperable systems. Moreover, the deteriorated system is at the point of failure; it has already leaked several times this past year. This project is a high priority of the Joint Chiefs of Staff and the U.S. Transportation Command to support strategic en route mobility requirements.

At Pope AFB, NC, we propose to construct a new \$4.1 million hydrant fuel system to improve the base's capability to quickly refuel wide-bodied aircraft. These aircraft are used to transport troops, munitions, and equipment deploying from Fort Bragg. Currently, refueler trucks are used to refuel these aircraft. Low pumping rates and long turnaround times to refill the required six-to-seven truckloads of fuel make use of refueler trucks unsatisfactory.

SUPPLY AND SERVICE CENTER INVESTMENTS

Supply centers

At the Defense Supply Center, Richmond, VA (DSCR), we propose to convert an existing warehouse to an administrative facility to provide permanent, modern, energy-efficient office space to support the Supply Center personnel increase due to item transfer from the Services. Currently, these employees are scattered in a temporary complex of 36 office trailers and in a deteriorated World War II wooden building. At \$10.5 million, conversion of this warehouse is more economical than constructing a new administrative facility. The World War II building will be demolished as a part of this project.

Conforming storage

Since 1980, DOD has tasked DLA with disposing of hazardous waste generated by DOD components. Before disposal, DLA must store this hazardous waste in conformance with Federal and state environmental regulations implementing the Resource Conservation and Recovery Act (RCRA). In fiscal year 1999, we are requesting \$1.3 million to build a conforming storage facility at one of our Defense Reutilization and Marketing Offices to comply with these environmental requirements.

SUMMARY

DLA's fiscal year 1999 Military Construction request reflects our efforts to support military readiness, protect the environment, and provide safe and adequate working conditions for our military and civilian work force. Seven of the nine projects provide vital fuel facilities to support the Services' warfighting requirements. The remaining two are needed to meet the Agency's non-fuel mission requirements to sustain operations into the 21st Century.

Thank you, Mr. Chairman, for this opportunity to present our fiscal year 1999 Military Construction requirements.

STATEMENT OF TOM CARRATO

Senator BURNS. Thank you, it has been nice working with you. During the time that I have been here, you have been very cooperative and informative, and I appreciate that.

Rear Adm. Tom Carrato. Is that it? Carrato?

Admiral CARRATO. That is correct. Carrato.

Senator BURNS. Chief Operating Office, TRICARE Management Activity.

If there is anything that has been a discussion around here, it is TRICARE. You might want to just give me a brief explanation of TRICARE and how you think it is going. We look forward to your statement.

Admiral CARRATO. Yes, sir; good morning, Mr. Chairman. It is my pleasure to be here this morning.

I will start by giving you a brief discussion of TRICARE and how I think it is going.

TRICARE is the Department of Defense's managed care initiative. We are seeking to convert one of the largest and one of the most important health care systems in the world into a system of regionally based primary care physician managed care.

In my estimation, TRICARE overall is proceeding to meet its goals of enhancing access, improving quality, containing costs. As with any undertaking of this size, converting an entire health care system to managed care, there are some bumps along the way which we are experiencing. We are listening to our beneficiaries and to Members of Congress and committee staff, and as issues are raised, we seek to address them.

One of the ways that we are trying to take action to further address these issues was the creation of the TRICARE Management Activity. That is a direct result of the defense reform initiative, and we have created a defense field activity. The purpose is to manage the TRICARE program, manage it effectively and efficiently for all concerned.

As part of the reorganization and with the creation of the TRICARE Management Activity, the Defense Medical Facilities Office is now within the purview of my office in the TRICARE Management Activity. I would like to present today a brief overview of our fiscal year 1999 medical military construction program and provide for the record a longer written statement.

I just wanted to say that the Appropriations Committee has been very supportive of our medical construction program in the past, and I personally am looking forward to working with your subcommittee.

Our mission is to provide preventive health care and mission readiness for the Department of Defense. Our fiscal year 1999 program requests an appropriation of \$217,332,000 for 27 major construction projects, as well as \$1.9 million for unspecified minor construction. We are also seeking \$8,555,000 for planning and design efforts to complete designs on fiscal year 2000 projects and to commence design on projects identified for fiscal year 2001. The total request for our appropriation is \$227,787,000.

PROGRAM HIGHLIGHTS

I want to highlight a couple of aspects of the program. We seek the 10th and final increment of funding for the Portsmouth, VA, naval hospital project. Our fiscal year 1999 budget request includes four projects for the hospital addition, alteration, life safety upgrade, and support infrastructure, two projects for medical training mission support, six medical readiness related projects, and 14 clinic replacements, additions, and alteration type projects. All these projects will either improve the departmental mission of readiness or quality of life for our beneficiaries and providers.

We are constantly working on right-sizing DOD medical facilities to support demographic and beneficiary requirements.

No portion of two overseas facilities, Royal Air Force Lakenheath, United Kingdom, and Naval Air Station, Sigonella, Italy is eligible for NATO funding.

This concludes my overview statement of the fiscal year 1999 medical military construction budget request. The program stands as a testament to our commitment to provide quality care to the men and women of our armed forces and to maintain our medical readiness.

PREPARED STATEMENT

I would like to thank you for the opportunity to present our budget, and I welcome any questions you might have. Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF DIANA TABLER, DEPUTY EXECUTIVE DIRECTOR, TRICARE
MANAGEMENT ACTIVITY

Thank you Mr. Chairman and Members of the Subcommittee. I am Diana Tabler, Deputy Executive Director, TRICARE Management Activity, Office of the Assistant Secretary of Defense for Health Affairs. I would like to open with some overview remarks:

On behalf of the Assistant Secretary of Defense for Health Affairs, I thank you for the opportunity to present the Department of Defense's fiscal year 1999 Medical Military Construction Program budget request.

Our fiscal year 1999 request seeks \$217,332,000 in appropriations for 27 projects as well as \$1,900,000 for Unspecified Minor Construction and \$8,555,000 for planning and design, for a total of \$227,787,000. I would like to provide a few details on our projects in this year.

We are seeking \$17,954,000 for the final phase of the Portsmouth Naval Hospital, Virginia project. Congress has appropriated \$333,400,000 to date for this project. We continue to ask your support for this important teaching hospital which serves the largest population in the Navy.

We request funds for two hospital addition/alteration projects. The Hospital Addition/Alteration project at Bremerton Naval Hospital, Washington, for a cost of \$28,000,000, will modify a facility built in 1979. The Pensacola Naval Air Station, FL, Hospital Addition/Alteration project requires \$25,400,000 to construct an Out-patient Clinic addition and to partially renovate and perform life-safety upgrade work on the existing hospital.

One of our projects at Royal Air Force (RAF) Lakenheath, United Kingdom requires a Hospital Annex Replacement for \$10,800,000 to support the RAF Lakenheath/RAF Mildenhall communities. The current annex is a group of primarily World War II era "Quonset huts" connected together with a common corridor.

Our fiscal year 1999 budget request includes 11 clinics that are either replacements or additions/alterations. A Composite Medical Facility Alteration and a Dental Clinic Addition at Moody Air Force Base, GA, at a cost of \$11,000,000, will "right-size" the hospital to a clinic to meet local beneficiary health care requirements on a cost-effective basis. Three Medical/Dental Clinic Replacements are requested, one at Fort Stewart, GA, for \$10,400,000, and two at Camp Pendleton Marine Corps Base, CA, Margarita for \$3,100,000 and San Mateo for \$3,200,000. The fifth clinic, an addition/alteration to the existing composite medical facility, is required at Barksdale Air Force Base, LA. This clinic, at a construction cost of \$3,450,000, will consolidate the operations of the Flight Medicine, Pediatrics, and Immunization clinics, which are located in separate buildings throughout the base. A Medical/Dental Clinic Addition/Alteration at Grand Forks Air Force Base, ND, will provide an adequate aeromedical service facility and a replacement dental clinic for \$5,600,000. The seventh clinic, an Aerospace Medical Clinic Addition/Alteration, at Edwards Air Force Base, CA, is required to provide adequate space for several Aerospace Medical Clinic functions: Flight Medicine, Physical Exams, Public Health, Bioenvironmental Engineering, and Optometry at a cost of \$6,000,000. The Clinic and War Readiness Material Warehouse Replacement project at McChord Air Force Base, WA, will provide outpatient and emergency care to flight crews, other military personnel, and eligible beneficiaries for a cost of \$20,000,000. The ninth clinic is a Health Clinic Addition at Carlisle Barracks, Pennsylvania, at a cost of \$4,678,000, for expansion of the existing health care clinic to meet healthcare requirements of the beneficiaries in the central Pennsylvania. An \$11,000,000 Primary Care Clinic will consolidate functions from a troop medical clinic and provide family practice health services to active duty personnel assigned to the COSCOM area of Fort Hood, TX, and their eligible beneficiaries. The eleventh clinic is a Flight Line Dispensary at Sigonella Naval Air Station, Italy for \$5,300,000 to replace an inadequate facility wrought with major electrical, mechanical and structural deficiencies.

We are also requesting funding for two warehouse projects. The first is a 44th Medical Brigade War Reserve Materiel Warehouse for \$6,500,000 at Fort Bragg, NC, to provide a consolidated, humidity controlled, facility for storage of medical supplies and other medical logistics operations. The second is a War Readiness Ma-

terial Warehouse at Holloman Air Force Base, NM, at a cost of \$1,300,000 to accommodate the peacetime storage of prepositioned medical war readiness material resources.

We request \$1,700,000 for a Patient Movement Items Operations and Distribution Center at Travis Air Force Base, CA. David Grant Medical Center is tasked to support both peacetime and contingency aeromedical evacuation operations for both the Continental United States and the Overseas theaters. Travis will serve as the main distribution center for the Western United States and the Pacific.

Our program contains a Blood Donor Center at Fort Hood, TX, for \$3,100,000 to support the Armed Services Blood program to provide blood components to military medical treatment facilities in the Continental United States, Panama, Hawaii, and Alaska.

The program also includes two medical training mission related projects. The first one is a Physiological Support Division Addition/Alteration project at Beale Air Force Base, CA, for \$3,500,000 to modify a 30-year old facility that will provide adequately sized and properly configured space to meet the Aerospace Medicine Physiological Support Division requirements of the U-2 mission. The second project is a Hospitalman "A" School Addition at Great Lakes Naval Station, IL, for \$7,100,000. This project will provide adequate and properly configured training facilities to present curricula in a centralized facility that provides a learning environment conducive to Navy Hospitalman "A" School training in one location.

We are requesting two utility projects. The first is \$9,200,000 for a Central Energy Plant at Eglin Air Force Base, FL, to replace the existing inadequate facility. The second is a Water Storage Tank at San Diego Naval Hospital, California for \$1,350,000 to provide fresh water during emergency situations. Currently, in the event of a disaster, such as an earthquake and loss of the existing water main feeders, the only means of receiving fresh water is by truck and this would depend upon the road conditions.

We request \$5,700,000 to construct a Disease Vector Ecology and Control Center at Bangor Naval Submarine Base, WA. This facility will consolidate testing and evaluation laboratory and instruction facilities to replace leased space. This function provides entomological assistance, preventive medicine conservation, and is the sole provider of EPA/DOD approved Disease Vector Control and pesticide application certification training required for all Preventive Medicine Technicians in the Navy.

We are also requesting two projects in support of the Fleet Hospital Life Extension Program at Cheatham Annex, Virginia. The first is an Administration Office and data processing facility for \$1,900,000. The second is an Operational Warehouse for \$9,400,000. These facilities consolidate activities from three separate locations on the West Coast resulting from the Base Realignment and Closure actions. All deployable combat zone fleet hospitals in support of U.S. Navy and Marine Corps forces throughout the world will be maintained, rebuilt and stored until rotated, at the Cheatham location.

The last request is \$700,000 for an Bioenvironmental Engineering Facility Replacement at Keesler Air Force Base, MS, to consolidate all of the Bioenvironmental Engineering functions necessary to support the industrial functions of the base.

CONCLUSION

This concludes my overview statement of the fiscal year 1999 medical military construction budget request. The programs stand as a testament to our commitment to provide quality care to the men and women of our Armed Forces and to maintain our medical readiness. I thank you for the opportunity to present our budget and I welcome your questions on any aspect of the budget before you now.

Senator BURNS. Thank you very much.

I want to follow up on the facilities for military readiness projects. Now, are these teaching centers? Are they training centers for military readiness?

Admiral CARRATO. They are training centers in support of the readiness mission, sir.

Senator BURNS. And that would be where we train corpsmen and medics and these support people?

Admiral CARRATO. We do have one training program for corpsmen at Great Lakes.

Senator BURNS. Well, that is the only Navy boot camp we have left, is it not? Great Lakes? We are moving inland. Figure that one

out, folks. I will have to figure on that just a little bit, you know. Why do they move it inland when you are going to go to the ocean? It is beyond me. Getting there I guess is the challenge, though. [Laughter.]

DEPARTMENT OF DEFENSE EDUCATION ACTIVITY [DODEA]
CONSTRUCTION

Ms. Becraft, can you just give me an overview of the backlog of the DODEA construction program? I have questions along that line. How large are your overall construction and modernization requirements right now?

Ms. BECRAFT. Our unfinanced requirements?

Senator BURNS. Yes.

Ms. BECRAFT. About \$280 million. I might say that the \$280 million unfinanced requirement is our total system, including overseas.

Senator BURNS. Is it wise and have we ever sat down and took a look—now, you know we pay impact aid to communities, and these are paid to local school districts if the children of our military personnel go to public schools in that area.

Ms. BECRAFT. That is correct.

Senator BURNS. Has it ever been compared? Rather than running education—elementary schools on our different bases, should we be going to our public schools off base?

Ms. BECRAFT. Yes, sir; we have a study that Congress asked us for in the 1995 authorization act that is currently in coordination at OMB and with other agencies. It is similar to a study that Congress asked us to do in 1986, asking if we should turn over our domestic schools.

Senator BURNS. Yes, I understand that.

Ms. BECRAFT. While the report is still in coordination and it is not completed—when completed, we will forward it over. There is a difference in the 1995 survey in that it asked us to survey the military leaders, families, and the local education agencies in addition to doing just a strict analysis.

It appears that the significant impediment to transferring the schools is the concern of the local educational agencies [LEA's] and their ability to absorb additional costs. There is a cost issue to this, but I must say that our parents and our military leaders are passionate about these schools. At those bases where we have these schools, they are very good schools, and they are absolutely passionate about keeping these schools.

Senator BURNS. General Heckman, pressing requirements for the future. What do you see in the future? What do you see for your Special Operations Command?

SOCOM FUTURE REQUIREMENTS

General HECKMAN. Well, we are one of the few areas of the Department of Defense that has been experiencing growth, and I think the "Quadrennial Defense Review" reaffirms the worth of these type of forces. Right now we are funding at about 1 percent of the value of our infrastructure. The \$46 million represents that. We see, in probably the 2000 timeframe, the need to ramp up our investment in our infrastructure to about a 2-percent level. We are

looking for ideas for doing that. As far as detailed projects in the year 2000 and out, I would have to take that question for the record.

[The information follows:]

FISCAL YEAR 1999 DEFENSE AGENCIES CONSTRUCTION PROGRAM

The United States Special Operations Command will need increased Military Construction investment to the year 2003 to address space deficits and substandard conditions, and to maintain the quality of our facilities. New permanent construction is required to replace old, deteriorated structures currently housing Ranger operations and equipment maintenance functions at Fort Benning and Hunter Army Air Field, GA, and at Fort Lewis, WA. New facilities are also needed to replace aging World War II-era wooden buildings used by special operations forces (SOF) units at Fort Bragg, NC, and at Fort Campbell, KY. New airfield facilities are required at Eglin Auxiliary (Hurlburt) Field #9 in Florida, and CV-22 maintenance training projects will be required at several locations. Additional operational projects will be required at several locations. Additional operational support, training, and storage facilities will be needed by our Naval Special Warfare units at Little Creek and Dam Neck, VA; Coronado, CA; and Pearl Harbor, HI. Although not an inclusive list, these construction requirements are representative of the facility capital investment needed in the foreseeable future to enhance the operations, training, and readiness of SOF.

Senator BURNS. I would be interested in developing some kind of a dialog with you on what you see on out beyond 2002, 2003, the programs we have out there. Of course, sometimes that is hard to do because Government I guess—and we should be ahead of the curve a little bit, but it is hard to tell because we never know what national emergencies or how our priorities change, they can change overnight almost. But, nonetheless, I think it has to give us some kind of an idea on where our thrust should be.

Over in the Defense Logistics Agency, a number of projects. You tell me most of these are storage tank facilities and fuel handling.

Mr. BAILLIE. Yes, sir; that is true.

DLA ENVIRONMENTAL COMPLIANCE

Senator BURNS. Give me an idea on your environmental compliance, how much of that budget. Have you any kind of a figure on what it is costing us just for environmental compliance?

Mr. BAILLIE. Of the \$62 million that we are requesting for next year for the entire fuels issue, at least 55 percent, if not more, is to correct environmental problems. One of the issues with environmental matters in the fuels arena is that, as an example, the Elmendorf project, while it is categorized formally as a strategic en route fueling, the hydrant system itself is also subject to leaks. It is a number of years old at this point. So, I would say the better part of what we are doing is environmental in the fuels arena.

Senator BURNS. The reason I bring that up and the reason I brought up the environmental cleanup in BRAC is of a concern, can we fund it, No. 1, but I think there is a perception in the American public that the Department of Defense is not aware of environmental problems and does not address those. I want to make that very clear that we are very sensitive to those areas and we are spending a hell of a lot of money in prevention and then also in cleaning it up after we get done. I am still concerned about the perception we have out there of our military and answering some of those questions. We are spending a heck of a lot of money and sometimes I think in areas where it sort of cripples us from doing

other things and completing the mission of national security too. But we do not do it at the cost of the environment. We do it with those things in mind. And I appreciate that very much.

I will tell you, Admiral, on TRICARE we were looking at some things. I have a daughter that just graduated from medical school. I get all my advice from her. Am I taking advice from the right person?

Admiral CARRATO. Absolutely. [Laughter.]

Senator BURNS. She gave me a tie the other day that had nobody but the Flintstones on it, and I asked her if there was a message. She called me a stone age father. So, I have no sway over this woman whatsoever. But she is also pretty nifty too, so I am pretty proud of her.

ADDITIONAL COMMITTEE QUESTIONS

Again, that is all the questions I have. I know there will be other questions that will come up as we look over the material and as we start through the appropriations process. I thank you for making yourself available to those questions. Of course, Senator Murray will have questions and her statement also on this particular area of appropriations will be part of the record. I would appreciate if you would respond to her and to the committee whenever she submits her questions. That is very, very important to us as we make some of these decisions.

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

QUESTIONS SUBMITTED BY SENATOR BURNS

DEPARTMENT OF DEFENSE EDUCATION ACTIVITY (DODEA)

Question. How are the DODDS schools projects prioritized?

Answer. The DODDS and DDESS military construction requirements are prioritized according to the following criteria: correction of life, safety, and health deficiencies; overall space deficiencies; curriculum requirements; and infrastructure upgrades; as dictated by national educational accrediting association criteria.

Question. What determines whether DOD should maintain schools in certain areas?

Answer. Overseas, DOD maintains elementary and secondary schools wherever DOD dependents are stationed in sufficient numbers to warrant establishment of a school. A minimum of 100 space-required elementary school students or 300 space-required high school students is necessary to support a DOD school.

Within the United States, the education of children including military dependents, is a State and local responsibility. Dependent children of military and civilian employees living on Federal property are, therefore, educated in schools controlled and operated by local education agencies (LEA's).

The only exception to this policy of State and local responsibility for DOD dependent education occurs when the Local Educational Agencies (LEA) cannot provide an appropriate educational program, i.e. an instructional program comparable to that available in surrounding communities or comparable communities in the State. The insufficiency of Federal payments being made to the LEA's for the education of military dependents is not adequate justification for a DOD arrangement.

Question. I understand that \$8.8 million of the budget request is to build a new elementary school at Ft. Buchanan, Puerto Rico. Why is that a higher priority than schools at Camp Lejeune? I understand those schools are in deplorable condition.

Answer. The schools at Camp Lejeune are in poor condition. Replacement of three of those elementary schools are scheduled during fiscal year 1999-2001. The elementary school at Ft. Buchanan is also in poor condition and was programmed for replacement several years ago. At the time the Ft. Buchanan project was programmed, a study was underway on the condition of five schools at Camp Lejeune

to determine the most feasible method of bringing those facilities to acceptable standards. The study determined that two of the elementary schools at Camp Lejeune could be economically repaired, while five others warranted complete replacement. We are now beginning to implement the recommendations of that study with replacement of three of those elementary schools during the next 3 fiscal years.

Question. Please provide us additional information about the DODDS study currently at OMB. How much additional funding would it cost to turn over schools within CONUS to local school districts?

Answer. The study does not identify specific dollar amounts needed if the schools were to transfer back to the LEA's. Rather, the study noted that "in the event of a transfer, all LEA's would require use of the existing DOD facilities or construction of new facilities. Many LEA officials also requested that the Federal Government provide transition funding to cover the initial costs of a transfer, as well as additional funding (beyond Impact Aid) to handle the increased student population that would result from a transfer and/or to cover capital outlays for the facilities that would house the new students".

U.S. SPECIAL OPERATIONS COMMAND

Question. General Heckman, I understand that your planning and design funds were cut this year in the budget development process. What impact will this reduction have on your MILCON program?

Answer. Fiscal year 1999 planning and design funds would be needed in the amount of about \$5,850,000 to support a fiscal year 2000 and 2001 construction program ramp-up. If adequate design funds are not available, the command would fall behind in preparing currently planned projects for the budget submissions.

QUESTION SUBMITTED BY SENATOR MURRAY

DEPARTMENT OF DEFENSE EDUCATION ACTIVITY (DODEA)

Question. Ms. Becraft, you state in your prepared testimony that there are 5 child care projects in this year's budget, all of them either replacement of existing standard or temporary facilities. You also state that the Department is determining the feasibility of outsourcing child care at civilian centers. I understand that there has been some success in training military mothers to care for children on base in their homes, but I see nothing in the testimony on this program. Is DOD supporting child care on base by training military mothers in this area, and what is the extent and success for this program? How would this program compare in expense to outsourcing into the civilian off-base community?

Answer. Our experience shows that family child care is less expensive to operate than outsourcing in civilian Centers; however, our ability to expand this program beyond its current scope is limited. DOD is very proactive in licensing spouses of military members to provide child care in military housing. We have nearly 10,000 family child care providers. They account for over one-third of the child care offered in the military system. To ensure a consistent quality of care, we require comparable inspections, and oversight, training, and background clearances. While family child care providers negotiate fees directly with the parents, in general, fees compare favorably with the fees charged by our military centers. We are examining the potential to expand the availability of child care by licensing military spouses (family child care providers) living in off-base housing. We are successfully doing this in several locations through memorandums of understanding with State and local licensing agencies.

SUBCOMMITTEE RECESS

Senator BURNS. I appreciate you coming today, offering your testimony, and I look forward to working with each and every one of you. Thank you very much.

[Whereupon, at 10:59 a.m., Tuesday, March 3, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1999

TUESDAY, MARCH 10, 1998

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

The subcommittee met at 9:06 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding. Present: Senators Burns, Faircloth, Craig, and Murray.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

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

ACCOMPANIED BY:

**REAR ADM. DAVID J. NASH, COMMANDER, NAVAL FACILITIES EN-
GINEERING COMMAND**

**BRIG. GEN. JAMES M. HAYES, ASSISTANT DEPUTY CHIEF OF STAFF
FOR INSTALLATIONS AND LOGISTICS [FACILITIES], HEAD-
QUARTERS MARINE CORPS**

REAR ADM. JOHN B. TOTUSHEK, DEPUTY CHIEF, NAVAL RESERVE

OPENING STATEMENT OF CONRAD BURNS

Senator BURNS. The subcommittee on Military Construction will come to order. This morning we will be talking to the Navy and to the Air Force. It is a pleasure to have you here this morning.

We will start off with the Navy component. We are still dealing with a lot of infrastructure, it seems like, in military construction. Yet we are having a terrible time finding enough money. It seems like we are going backwards instead of in the direction that I would like to see it go at this time.

The services emphasized, primarily the Navy it looks like, we are improving barracks, family housing, and other critical quality of life facilities essential to meeting the longtime recruiting and retention goals. It is important that our service members and their families live in housing that is comparable to those of their civilian counterparts. However, I am still concerned about the low level of funding for the military construction family housing in the fiscal year 1999 President's budget request for both the Navy and the U.S. Marine Corps.

I will keep my statement fairly short, with one exception. Mr. Secretary, we were just going through our notes here on this morning that have come down from the staff and that is in our area of

BRAC. I think for the first time this committee will probably hold some oversight hearings on environmental cleanup as a result of base closings and this type of thing.

I am concerned about the amount of money that is being taken from the overall budget in military construction to environmental cleanup, and I am also a little bit concerned about, after we get them cleaned up, how fast those properties are making it into the private sector. I think once we get everything on the table we can take a look at some of those and maybe save some dollars. But I cannot ever remember coming before this committee with any kind of figures as far as what we are doing on environmental cleanup so that those bases can be closed out and moved into the private sector.

So with that, we will hear from the Navy. But first, our ranking member and associate has been a terrific help on this. Nice to see you early this morning. We are starting at 9 o'clock. I do not think you noticed that. Farm broadcasters and stockyard people get up and get around. Go ahead.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you, Mr. Chairman. I would note that it is 6 a.m. for me.

Senator BURNS. Well, we were wondering if you were not operating on Seattle time.

Senator MURRAY. I do, I do.

LAST YEAR'S AUTHORIZATION BILL SUPPORTED APPROPRIATION ADDS

Again, thank you, Mr. Chairman. I appreciate you arranging this hearing on our Navy and Air Force military construction, BRAC, and housing programs. The programs the subcommittee reviews are crucial, focusing as they do on the quality of life of our uniformed personnel and on the vital infrastructure that allows our forces to operate with assurance as the world's sole superpower.

These programs allow us to defend our interests and those of our allies and friends across an increasingly confusing and complicated world scene.

Last year our subcommittee was able to mark up and report its annual bill out, get it through the Senate and conference, and to the President's desk early in the process. The committee attended to the needs of the country and added some \$800 million in funding to the budget request.

I would note that the authorization bill that was passed after our bill, the reverse of the process as we would like it to operate, substantially endorsed the projects that we added. I would also note that we have just completed a long and drawn-out process of overturning a rushed effort on the part of the administration to subject some 38 of our projects to the line item veto. It is a testimony to the care and thoroughness of our efforts to scrub and include only very worthy, worthwhile projects that we had the large support of our colleagues in both the Senate and the House in supporting our work and rejecting the attempt of the administration to strip out nearly \$300 million in worthy projects.

I hope that we will not have the same experience this year and I expect that we will use the same care in making any additions

to the budget request and that we will again have the support of our colleagues.

I note, Mr. Chairman, that the budget request has again been rather drastically cut below last year's appropriated amount, by some 15 percent or \$1.4 billion below last year. If this were allowed to stand, the reduction over the last 2 years, despite our additions last year, would amount to some 20 percent. Surely this reduction does not reflect the overall funding for the defense budget. Yet the programs that we fund are crucial to maintaining a quality armed force with adequate infrastructure, housing, child care, barracks, and other critical programs. We will, I am sure, be taking a careful review of the adequacy of the quality of life programs in this budget.

GUARD AND RESERVES

In addition, Mr. Chairman, we again face what appears to be an invitation to rewrite the request for our Guard forces. The request is nearly the same as was requested last year, a request that we felt it necessary to more than double. Specifically, we added some \$130 million to the budget request of \$60 million for last year, for a total of \$190 million for the Air National Guard. Yet, again, despite the sense that the budget was not adequate to a healthy Guard force, we are faced with an identical situation.

The request this year is about \$35 million, which if we accepted it would constitute the lowest appropriated amount for the Guard in 20 years. It is obvious that we will have to review the requests of adjutant generals across the country and, I would strongly guess, substantially rewrite the budget.

As for housing and utility programs, the Department of Defense is moving toward privatization, a trend which appears promising but as yet not proven. Therefore, it is some cause for concern that the housing budget for the Navy is \$170 million less than last year, almost a 13-percent reduction. We have to exercise some care that the privatization programs will, in fact, work before we reduce this vital quality of life program area, since it not only affects the morale of our forces, but retention and recruitment as well.

Again, I appreciate the efforts of the chairman to take the interests of all Senators and on both sides of the aisle into account, and I expect we will have a continuation of the excellent working relationship that we had last year again in considering the bill for fiscal year 1999.

Thank you, Mr. Chairman.

Senator BURNS. Thank you, Senator Murray.

We are joined this morning by our good friend Senator Faircloth from North Carolina, and I think he has some questions. Do you have an opening statement?

STATEMENT OF SENATOR LAUCH FAIRCLOTH

Senator FAIRCLOTH. I do, just very briefly.

Senator BURNS. Very briefly, you may make your opening statement, Senator.

Senator FAIRCLOTH. Thank you, Mr. Chairman.

The point I made last week about the President's Army and defensewide budget request for military construction apply as well

to the Navy and the Air Force. Again, the President has left it up to the Congress to add the funding that is necessary to continue to rebuild our Navy and Air Force infrastructure.

Now, we are all aware of the limitations of the budget. We will add funds for the defense infrastructure and we will shift funds from those of lower priority to those that are more important. But clearly, I find it strange and unwise that our limited resources are being spent on projects that could be premature.

An example of this is how the Navy is already spending money at the Oceana Air Station at Virginia Beach as if it had already decided to send the Cecil Field Hornet squadrons there before the environmental impact statement was complete. Now, Mr. Chairman, it is possible they have already decided and just have not told anybody.

Mr. Chairman, I appreciate all your help in the past and I look forward to working with you this year to ensure adequate funds can be found for military construction. In order to do this, we need to stop wasting money on projects until the final decision has been made. I look forward to hearing from the first witness.

Senator BURNS. Thank you very much, Senator Faircloth.

Secretary Pirie, nice to have you this morning. It is always enjoyable working with you, and you might introduce the folks that you have with you. You might want to shorten your statement, but be aware that full statements will be made part of this record, so that we might get on with the dialog of taking care of your needs and maybe some of ours.

STATEMENT OF ROBERT B. PIRIE

Mr. PIRIE. Thank you, Mr. Chairman. With your permission, I will just hit a few points in my full statement and submit the full statement for the record.

Senator BURNS. It will be so ordered.

Mr. PIRIE. With me this morning are: Rear Adm. Dave Nash, who is the Chief of the Naval Facilities Engineering Command; Rear Adm. John Totushek, who is Deputy Director of the Naval Reserve; and Brig. Gen. Mike Hayes, who is the Marine Corps Assistant Deputy Chief of Staff for Installations and Logistics [Facilities].

NAVY BUDGET REFLECTS PRIORITIES

Mr. Chairman, a few things in my statement that I would like to underscore. First, our requests for military construction, for family housing and for bachelor housing are generally lower this year than they were last year, even without considering the projects added by the Congress to last year's President's budget. I want to emphasize that this reflects the administration's priorities in dealing with strong demand in other program areas.

Reflecting on my 4 years in this job, I recall that in 1994 there was great concern about readiness, in 1995 for quality of life, in 1996 and 1997 about modernization and beefing up the investment accounts. We have yet to have a year of concern for real property. I am not personally happy about this, but it is not the first time in my experience that the military construction and real property maintenance accounts have been used to pay other bills.

In any case, our request is a straightforward expression of our priorities. We recognize that there is little flexibility in the balanced budget agreement for funds to be added, and we are prepared to live with what we have requested.

The other area which I am not personally pleased about is that of family housing and public-private ventures. Our progress in this area has been far less than we had hoped. There are some fairly good reasons for this, but there are not any real excuses. The major source of funding for public-private ventures is money appropriated for family housing Milcon projects. As I mentioned a number of times last year, this is an awkward device. The amount appropriated may bear little relation to the finally negotiated public-private venture.

The fact that there is a housing project available for immediate obligation and start of construction may tempt the claimants to press on with the Milcon and not wait for a public-private venture to be developed and negotiated. There is, in fact, not much incentive for the claimants to go for public-private ventures. The savings that accrue are centrally managed and invisible to those in the field, and many of our people in the field have yet to be convinced that PPV's are the best way to provide housing for our people.

Finally, the many stages of approval for public-private ventures tend to dampen enthusiasm about those projects. I am very concerned about this and have put this issue at the top of my priority list. We expect to make substantial progress during this coming year.

Finally, also very high on my priority list is the matter of seeing to completing the BRAC actions of earlier years. We are nearly finished with the Milcon projects required to support BRAC relocations. We are beginning to convey substantial amounts of property to local redevelopment authorities for community reuse. In the coming year we expect to complete the decision process for 19 bases, clearing the way for conveyance of the property at such places as Naval Station Treasure Island, Naval Air Station Alameda, and Naval Shipyard Long Beach.

PREPARED STATEMENT

Each conveyance has its associated issues, but we and the affected communities are learning how to deal with them somewhat better than in the past. We are helping the communities and their local redevelopment authorities to become better informed about the required processes and the constraints under which we must operate. I am optimistic that the bulk of the pending disposals will be in place by the end of next year, and thus our backlog of disposals from previous rounds of BRAC will be cleaned up well before disposals from future BRAC rounds could be ready to be processed.

Mr. Chairman, that concludes my preliminary remarks.
[The statement follows:]

PREPARED STATEMENT OF ROBERT B. PIRIE, JR.

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

My statement today will cover a number of areas:

- Department of the Navy challenges;
- The need for further infrastructure efficiencies;
- Infrastructure budget in perspective;
- Program highlights for family housing, military construction, and Base Realignment and Closure (BRAC).

Before I discuss our amended fiscal year 1999 budget request, I think it is important to consider the challenges we face in constructing a budget that balances numerous competing needs, including those for our infrastructure.

DEPARTMENT OF THE NAVY CHALLENGES

Naval forces project U.S. influence and power around the world to preserve American security through peacetime engagement and deterrence. At any given time, 60,000 Sailors and Marines are deployed around the world aboard 100 ships. Carrier battle groups and amphibious ready groups provide near continuous presence in the Mediterranean Sea, the Arabian Gulf/Indian Ocean, the Western Pacific, and the Caribbean. U.S. naval forces conduct exercises with our allies to insure our mutual ability to respond to international situations in a timely and effective manner.

Maintaining this capability presents challenges in four key areas. Highly motivated PEOPLE are our most important asset. We must continually recruit America's best and brightest men and women, train them to perform up to their potential in a highly skilled technological environment, and retain them to perform even more challenging assignments in the future through an effective quality of life program. Quality of life is a key motivator for our people.

Maintaining READINESS, both for today and for tomorrow remains a top priority. We must allocate sufficient assets to conduct training exercises, enable routine operational deployments, and respond to National Command Authority taskings during evolving crises. Providing adequate shore facilities, including piers, runways, training facilities and maintenance shops with the necessary environmental and occupational health and safety standards which helps to insure current fleet readiness.

Investments we make today in TECHNOLOGY help to ensure that our readiness tomorrow remains both robust and superior to that of our adversaries. We must also translate technological innovation that is accomplished in the laboratory, into effective tools in the fleet through recapitalization of our weapon systems and platforms.

Finally, we must recognize and embrace the need for greater EFFICIENCY. In the 1998 DON Posture Statement, the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps speak to the need to exploit technologies from the Revolutions in both Military Affairs and Business Affairs. These efforts are needed to give our forces the power and efficiency to dominate the battlefields of tomorrow. The Revolution in Business Affairs has particular significance for us as we continue efforts to reduce the size and cost of our shore infrastructure.

THE NEED FOR FURTHER INFRASTRUCTURE EFFICIENCIES

Infrastructure Analysis

The DON continues the transformation process from the Cold War era. Four rounds of BRAC will have reduced the size of the Navy and Marine Corps infrastructure by 17 percent with projected net savings of \$5.6 billion when implementation is completed in fiscal year 2001. However, that reduction in shore infrastructure is significantly less than the 45 percent reduction in ships and 30 percent reduction in military end strength we have experienced during that time.

There have been numerous studies of Department of Defense (DOD) infrastructure. The recent Quadrennial Defense Review (QDR) found that there was enough excess capacity in DOD infrastructure to warrant two more rounds of closure and realignment similar in size to BRAC rounds in 1993 and 1995.

The Defense Reform Initiative (DRI), begun in 1997, sought to establish a DOD corporate vision that would support our forces with "a Department that is as lean, agile, and focused as our warfighters." The DRI report emphasized four key principles:

- Re-engineer to adopt modern business standards;
- Consolidate functions to streamline organizations, remove redundancy, and maximize synergy;
- Compete by applying market mechanisms to improve quality, reduce costs, and better respond to customer needs;
- Eliminate excess supporting infrastructure structures to free resources and focus on core competencies.

The Report of the National Defense Panel (NDP) in December 1997 noted that DOD today is "burdened by a far flung support infrastructure that is ponderous, bu-

reaucratic, and unaffordable. Unless its costs are cut sharply, the Department will be unable to invest adequately for the future." The panel endorsed the need for further efficiencies and additional rounds of BRAC. Without such reforms, "DOD will have to reduce optempo, cancel acquisition programs and reduce force structure and end strength."

In response to this external analysis, which is supported by our own estimates, the Secretary of Defense endorsed the need for further infrastructure consolidation and efficiency, and the President's budget for fiscal year 1999 requests approval for two more rounds of BRAC, one in fiscal year 2001, and another in fiscal year 2005.

Infrastructure Efficiency Efforts

The DON leadership has embraced the conclusions of the QDR, DRI, and NDP and supports two additional rounds of BRAC. We have also moved forward aggressively in the pursuit of the Revolution in Business Affairs as we seek to improve the efficiency of the shore infrastructure, reduce costs, and improve service.

The Deputy Chief of Naval Operations (Logistics) established an overall vision for this revolution this summer by publishing a 21st Century Shore Support Infrastructure Vision and Strategic Plan for the Navy. Key aspects of the plan include: eliminating certain functional services that are readily obtainable through the private sector; outsourcing; privatization; dual use of facilities; reduction of facility inventory; joint component use of infrastructure; and homebasing military personnel in fleet concentration areas.

Many of these initiatives are already well underway.

—*Regional Maintenance.*—The Navy has now established eight Regional Maintenance Centers for ship and aircraft intermediate and depot level maintenance. The Pearl Harbor Pilot Project established 1 October 1997, will integrate over the next year the Pearl Harbor Naval Shipyard with the Pearl Harbor Intermediate Maintenance Facility. The consolidated work force will form a common manpower pool that can be efficiently assigned as required.

—*Regionalization of Base Support Functions.*—The Navy on 1 October 1998 will consolidate base operations support (BOS) and real property maintenance (RPM) support functions previously provided by 18 claimants down to 8 claimants. This will allow smaller claimants to focus on their primary mission, and provide new opportunities to optimize these functions under a single commander in a Navy fleet concentration area.

—*Outsourcing competitions.*—The Navy and Marine Corps are proceeding with competitive outsourcing, a business practice that holds great potential to reduce infrastructure costs. In January 1997, I provided the Congress with notification of the Navy's intent to compete 10,600 positions across the country under the Office of Management and Budget Circular A-76 standards. The Navy has now put contracts in place to support the studies and published a technical performance-planning guide. Most of these studies are now underway and are expected to be completed later this year and early next year. This past January, I provided the Congress with notification of our intent to study 7,200 more billets, with another 7,800 planned for later this fiscal year. Ultimately, we plan to study 85,500 Navy and Marine Corps billets in support areas such as food services, housing management, community support, ground maintenance, facility maintenance, training, data processing, and aircraft fueling. Past competitions have shown 30 percent savings regardless of whether the decision is to contract out the function or retain it in-house with a new, most efficient organization.

—*Privatization of Housing and Utilities.*—We are pursuing harnessing the skills and techniques of the private sector to solve our lack of adequate housing and to reduce utility costs. I will discuss privatization in more detail later in my statement.

—*Building demolition.*—The goal of the building demolition program is to eliminate aging, unneeded facilities and their associated operating and maintenance costs. Both the Navy and the Marine Corps have established centrally managed demolition programs and increased funding for them in fiscal year 1999. Last fiscal year, the Navy undertook 48 projects to demolish 120 structures representing 2.3 million square feet of space and \$161 million in plant replacement value (PRV). The Marine Corps undertook 8 projects to demolish 51 buildings representing 220,000 square feet of space and \$26 million worth of PRV. The fiscal year 1998 and fiscal year 1999 demolition effort will be even more ambitious.

—*Smart Base.*—The Smart Base project seeks to apply modern business practices to reduce shore infrastructure costs and improve services. Smart Base will host 20 technology demonstration projects this year at the two designated demonstration sites: Naval Station Pascagoula, MS, and Naval Shipyard Ports-

mouth, NH. One project that has already begun is a distance learning application that will provide selected training via the Navy Wide Area Information Network called Smart Link to a remote schoolhouse. This avoids the time and expense of sending Sailors to a traditional classroom training experience.

These efforts are needed to reduce infrastructure support costs and allow us to reallocate additional savings to support more robust weapon system and platform modernization efforts. As the Secretary of the Navy has stated in his Posture Statement for this year, "shipbuilding plans are adequate in the near term to support the projected fiscal year 2003 force of about 300 ships, however, beyond the FYDP, this rate of production will not permit us to maintain the required ship and aircraft inventory." The Department of the Navy is counting on further infrastructure savings to make a significant contribution to solving modernization issues.

Infrastructure Budget in Perspective

Compared with overall DON fiscal year 1999 budget.—The Department of Navy Infrastructure budget includes: Military Construction, Navy; Military Construction, Naval and Marine Corps; Family Housing, Navy; Base Realignment and Closure (BRAC); and Environmental Restoration, Navy. In addition to these appropriations, base operations support and real property maintenance functions are included in the Operations and Maintenance accounts, Navy and Marine Corps, active and reserve. In aggregate, our total installation budget represents about \$7.7 billion, or about 9.5 percent of the DON fiscal year 1999 budget request of \$81.5 billion.

Compared with fiscal year 1998.—Our fiscal year 1999 installation construction budget request (MILCON, Family Housing and BRAC) of \$2.3 billion is \$500 million below our fiscal year 1998 President's budget request, and \$593 million below the fiscal year 1998 authorization of appropriation level of \$3,057.7 million.

Most of the reduction is in our BRAC request; we were able to reduce our fiscal year 1999 BRAC request by \$368 million below the fiscal year 1998 Presidents' budget and authorization of appropriation level because of fewer BRAC related construction requirements. Most BRAC construction is complete or underway. BRAC fiscal year 1999 construction consists of 14 projects totaling \$147 million, compared with 40 projects totaling \$300 million in fiscal year 1998.

Our Family Housing, Navy budget request of \$1,196 million is \$59 million below the fiscal year 1998 President's budget request, and \$160 million below the fiscal year 1998 authorization of appropriation level of \$1,356 million. The changes are due to reductions in new/replacement construction and efficiencies in operations and maintenance account. As I mentioned last year, we are stepping back from acquiring new homes that the Government will own and operate. We have two family housing replacement construction projects in our fiscal year 1999 budget request totaling \$59.5 million, compared with 9 projects appropriated in fiscal year 1998 totaling \$175.2 million. We appreciate the additional projects funded in fiscal year 1998.

We have also reduced our Family Housing Operations, Maintenance, and Leasing request. Our fiscal year 1999 request of \$915 million is \$61 million below the fiscal year 1998 budget request and \$50 million below the fiscal year 1998 authorization of appropriation level of \$965 million. This reduction is a result of an inventory reduction in fiscal year 1999 of 3,250 Navy and 1,000 Marine Corps units, and cost savings from management efficiencies in regional maintenance contracts, self-help services, utility cost savings and furnishings inventory control improvements. These efficiencies will not affect the quality of life of our Sailors, Marines, or their families. We have added \$10.5 million in the budget for new leases coming on-line in Naples, Gaeta, La Maddalenu, and Sigonella, Italy.

Our fiscal year 1999 Military Construction, Navy budget of \$468.2 million and Military Construction, Naval and Marine Corps Reserve budget request of \$15.3 million are \$67.4 million below and \$1.4 million above, respectively, the fiscal year 1998 President's budget request and \$203.4 million and \$32 million below the fiscal year 1998 authorization of appropriation levels of \$671.6 million and \$47.3 million. While some of the reduction is due to lower inflation estimates, the primary reason for the reduction below the fiscal year 1998 appropriated level is that we simply could not sustain the fiscal year 1998 level of funding into fiscal year 1999.

While I would prefer to be here today presenting a more robust infrastructure budget, I must also observe that funding shortfalls in our area are no worse than elsewhere in the Navy budget. We need the authority to conduct two additional BRAC rounds. The additional closures and realignments, combined with the efficiencies we are pursuing, will significantly reduce our infrastructure, and thus, allow our Base Operating Support, Real Property Maintenance, and Military Construction funds to go further in tackling repair and replacement backlogs which continue to grow.

I will now address each area of our budget in more detail.

FAMILY HOUSING

Fix what we own

Our family housing and barracks programs, combined with compensation, medical care, child care, family services, and morale and welfare programs, form the cornerstone of our quality of life efforts. Our core family housing philosophy remains to first fix what we own. The Navy's Neighborhoods of Excellence, and the similar Marine Corps Family Housing Campaign Plan, embodies the Department's efforts to improve the quality of life for our Sailors and Marines and their families by targeting resources to improve their living conditions. Our fiscal year 1999 budget request represents the continued implementation of these initiatives. An example of this is the family housing revitalization program which provides improvements in major home components (electrical and plumbing systems, replacement windows and doors, insulation, updated kitchens and baths, landscaping, better street lighting) for an entire neighborhood, rather than piecemeal improvements on selected components of individual homes. Our fiscal year 1999 improvement budget totals \$212 million and would renovate 2,270 Navy homes at 25 locations and 600 Marine Corps homes at 4 locations.

Our fiscal year 1999 budget also includes replacement construction of 162 homes at Naval Air Station Lemoore, CA, at a cost of \$30.4 million, and phase one replacement of 150 homes at Public Works Center Pearl Harbor, HI (Halo Moku housing area) at a cost of \$29.1 million. We have also requested \$15.6 million for planning and design of the improvements and replacement construction projects.

Basic Allowance for Housing

We continue to rely on the private sector to provide housing for our Sailors, Marines and their families. Worldwide, 75 percent of Navy families and 66 percent of Marine Corps families live in private sector homes in nearby communities. Our bases have housing referral offices to help newly arriving families find suitable homes in the community. I am also very encouraged by the new Basic Allowance for Housing (BAH) established by the Congress last year. BAH is being phased in over the next 5 years and will better tie housing costs to local market conditions and equalize out-of-pocket costs for equivalent housing across the Nation. We will be watching closely how this affects the housing situation for our members and their families.

Nonetheless, there may remain some locations where there are insufficient suitable¹ homes for our members in the private sector. In the past, we have used family housing construction funds to build or acquire homes to solve our housing deficit. More recently, we have used these funds to replace housing that could not be economically rehabilitated. Several years ago, we realized that the pace of new and replacement construction combined with outyear funding expectations would never let us solve our significant and seemingly intractable housing problem. We worked closely with the Congress to establish ground breaking new authorities in fiscal year 1995 and fiscal year 1996 on the use of public/private ventures as a housing tool.

Public/Private Ventures

The Navy remains the vanguard of DOD efforts to use public/private ventures to solve persistent housing inadequacies. I am pleased to report that we have completed two projects and Navy families are now occupying them.

We signed an agreement in July 1996 with the Landmark Development Company of Austin, TX to design, construct, own, operate, and maintain 400 two-, three- and four-bedroom townhomes on private land in the South Texas region. The Navy invested \$9.5 million from the DOD Family Housing Improvement Fund and the developer invested \$23.0 million, for a total project cost of \$32.5 million. The developer built 300 homes in a development called Bridge Point in Portland, TX, to support personnel assigned to Naval Station Corpus Christi and Naval Station Ingleside, and 100 homes at a development called Hawks Landing in Kingsville, TX, to support personnel assigned to Naval Air Station Kingsville. All homes at Kingsville are leased and occupied, while all but 67 homes at Portland had been leased as of mid-February. Sailors occupy over three-quarters of the Portland and Kingsville homes, although a majority of occupants at Kingsville are junior officers. There is a waiting list of 59 Navy families/individuals for the Kingsville housing. Sailors have first preference to rent one of these homes, and rents are, by our evaluation, set at about

¹Suitability is based on the following DOD criteria: location (within 1-hr commute); cost (allowances cover 85 percent of housing cost); size (minimum square footage and number of bedrooms); condition (unit is well maintained and structurally sound); and, ownership (all owner occupied housing is suitable).

\$100 per month below comparable housing in the community. The partnership extends for 10 years, with an optional 5-year extension. The Navy will share in the proceeds upon conclusion of the partnership and sale of the homes.

We entered into an agreement in March 1997 with Dujardin Development Company of Everett, WA, to design, construct, own, operate, and maintain 185 homes on private land in Everett, WA. The Navy invested \$5.9 million of Navy Family Housing construction funds, which represented 32 percent of the total project development cost. Construction of duplex homes in the development called Country Manor at Smokey Point began in April 1997, and was completed in November 1997. Occupancy began in August 1997, and full occupancy was achieved in December 1997. Enlisted Sailors occupy all homes, with the majority at the targeted E-4 through E-6 pay grades. Like the South Texas project, our Sailors had first preference to rent the homes at a cost of about \$100 per month below comparable housing in the community. The partnership extends for 10 years, with 20 percent of the homes to be sold annually beginning with the sixth year. Navy families will get preference for purchasing the homes. The Navy will also share in the proceeds upon conclusion of the partnership.

PPV Policy

While I am pleased with the completion of our first two PPV efforts, I must admit that subsequent progress has been less than we initially contemplated. A number of factors complicate the PPV process. First and foremost, each location brings a unique situation in terms of property values, availability of private sector housing, developer interest and expertise, property availability, and financing options. We must be certain, for each PPV, that we have locked in an agreement that will provide good housing for our people and also good for the Government in both the short term and long term. In addition, some in the Navy have been reluctant to abandon the traditional military construction option, in which they control project location, cost, construction standards, and assignment of personnel, and occupants have no out-of-pocket housing costs.

We are still sailing in uncharted waters with PPV's and that rightly causes some concerns. But where we lacked an overall corporate philosophy about exactly how, when, and where we would apply the PPV tools, we now believe we can move forward with more confidence. I recently established DON policy to address many of these concerns. Key aspects of this policy are:

- We will rely first on PPV's to meet our housing needs, including replacement construction and whole-house revitalization. If a careful analysis of economic, quality and market factors conclusively demonstrates that a PPV is not feasible, we may turn to more traditional means of meeting requirements.
- Regional Scope.—All Navy housing in a region will be included in the scope of PPV's, which will focus on privatizing the replacement, renovation, maintenance and operation of existing Government housing and used to meet any housing deficits. This has led us to re-evaluate previous PPV projects into a regional context.
- Quality Standards and Amenities.—PPV housing quality will be comparable to what the private sector would provide for civilians in the same overall income ranges. Some homes can be used to provide choices for dual-income families who can and want to afford higher standards.
- Out-of-Pocket Expenses.*—The goal is for service members to pay no out-of-pocket expenses for housing or utilities. However, where out-of-pocket expenses are needed to make the PPV financially viable, they will not exceed the BAH limit for each paygrade.
- Rent Scale.—Rents should be established in the same manner as the private sector, i.e., by unit size and quality. Rent scales should be consistent with regional needs.
- Conveying Land or Units.—The DON will not normally convey ownership of the land, unless it is excess to long-term needs. PPV's can offer long-term lease of land or existing housing.
- Allowing Non-Military Occupants.—Service members will have first priority on PPV housing. PPV's may accommodate civilian rentals, with the length of the lease limited appropriately, if units cannot be filled with service members.

While this new policy will not jump-start the PPV program, I am hopeful that it will help overcome uncertainty and reluctance in the field and lead to more, well considered PPV projects in the near future.

Future PPV's

The Commandant of the Marine Corps has strongly endorsed PPV's as a means to leverage the Marines' limited housing revitalization funding and he has pursued

an aggressive PPV program. The DOD recently provided the required 30-day notice to Congress prior to release of a Request for Proposal for a PPV at Marine Corps Logistics Base Albany, GA. The project would convey 419 existing off-base homes in an area called Boyett Village, as well as a former hospital site to a developer in exchange for development and management of up to 160 homes on base. This project, as currently conceived, would not require any construction funds, would avoid the need to renovate Boyett Village at an estimated cost of up to \$35 million, and would meet the total housing needs of the base. The Marine Corps would provide the developer with a 50-year ground lease of land on base. The Marine Corps announced the PPV on 9 February 1998 in the Commerce Business Daily, and plans to issue the Request for Proposal in mid-March.

Another Marine Corps PPV project has attained DON and DOD concept approval. The project at Marine Corps Base Camp Pendleton, CA, would seek to convey 512 existing on base homes to a developer in exchange for the revitalization and management of these homes and the construction and management of 200 new homes on base. A final Request for Proposal is now being prepared in coordination with the Naval Facilities Engineering Command, the acquisition agent for all Navy and Marine Corps housing.

The Marine Corps is also nearing completion of a concept for a PPV at Air National Guard Base Stewart, NY, and Westover Air National Guard Base, Chicopee, MA. This project would seek to convey 320 existing homes at Stewart and 279 existing homes at Chicopee to a developer for private management and preferred rental opportunities for Marines and other service members. The Marine Corps is now developing a Request for Proposal at both locations.

The two most advanced Navy projects are for follow-on PPV at Everett, WA, and San Diego, CA. Like "Everett I," "Everett II" would target the E-5 and E-6 population, involve the construction of duplex homes on private land, and terminate at the end of a 10-year period with the sell-off of units. Unlike "Everett I," however, "Everett II" could include differential lease payments to adjust housing costs so that rent plus utilities would be capped at a maximum of 15 percent above the Basic Allowance for Housing for all enlisted pay grades.

The Navy and Marine Corps have been working during the last year to develop the first DON regional privatization initiative. The PPV initiative for San Diego, CA, will include the privatization of nearly 9,000 family housing units and the construction of up to 2,400 new homes. The DON has paid particular attention to detail to ensure the success of this initiative, but also to serve as a role model for other regional PPV's to follow. We expect to seek formal DON and DOD concept approval of both Everett II and San Diego PPV's in the near future.

Four other projects, consisting of one Navy and three Marine Corps, are also under concept development. The Navy project is in the Northeast Florida region. The Marine Corps projects are at Marine Corps Air Station Beaufort, SC; Marine Corps Base Camp Lejeune, NC, and Marine Corps Air Ground Combat Center 29 Palms, CA. Site assessments have been completed in conjunction with the DOD Housing Revitalization Support Office at these locations. PPV projects at other locations are in preliminary discussions.

Transfer of Family Housing Funds to Military Personnel Allowances.—There are a myriad of hurdles we must negotiate before we can actually sign a PPV agreement with a developer to replace Government owned housing or convert Government owned housing to a PPV. At the point that the replacement or transfer occurs, we no longer have to pay to operate and maintain the Government owned housing, and Navy and Marine Corps families begin to collect a monthly housing allowance. This uncertainty as to how long the process will take makes it difficult to predict for budget purposes at what point in the fiscal year we can reduce Family Housing Operations and Maintenance funds and increase Military Housing Allowances.

MILITARY CONSTRUCTION

Focus on Replacement Construction and Modernization

Our military construction, like that of recent years, continues our approach of budgeting for only those projects that meet the highest priority readiness needs of the Fleet and Fleet Marine Force, and their Reserve Components. There are 37 Navy projects totaling \$301.7 million and 10 Marine Corps projects totaling \$99.2 million, plus \$8.9 million for minor construction and \$58.3 million for planning and design in the fiscal year 1999 Military Construction, Navy budget. There are 3 Navy reserve projects totaling \$7.5 million and 2 Marine Corps reserve projects totaling \$4.9 million, plus \$0.9 million for minor construction and \$2.0 million for planning and design in the fiscal year 1999 Military Construction, Reserve budget.

As in the case of Family Housing, we want to first fix what we own. We have concentrated most of our construction funds on replacement and modernization projects. Fully three-quarters of the combined Military Construction, Navy and Military Construction, Naval and Marine Corps Reserve accounts are for replacement and modernization projects. Examples include:

- A \$32.0 million Berthing Pier at Naval Station, Norfolk, VA, that will replace Pier 2. This pier has limited deck space, and structural limitations that severely restrict mobile crane access to the pier and limit pierside operations and nesting of ships. Modernization of piers and wharfs are a particular Navy concern with current readiness. The Navy has 361 piers, most of which were built in the early 1940's and 1950's. Because of their age and the need to berth newer deep draft, power intensive ships, about 40 percent of Navy piers are considered substandard (capable of supporting current use, but requiring repair or modification) or inadequate (cannot be made adequate through economically justifiable means). Pier projects tend to be very expensive. This project is divided into two phases, with construction of a new pier in fiscal year 1999, and demolition of the adjacent inadequate pier in fiscal year 2000. We are seeking full authorization of the \$45.5 million project in fiscal year 1999, with an appropriation request of \$32 million in fiscal year 1999 and \$13.5 million in advance appropriation for fiscal year 2000.
 - An \$18.2 million Electrical Distribution System Upgrade for BRAVO and MIKE Docks at Naval Station Pearl Harbor, HI. The project would provide the power and electrical distribution needs for the Arleigh Burke-class, power-intensive DDG-51 class ships and fix electrical safety concerns.
 - An \$11.4 million Engineering Management Building at Naval Sub Base Pearl Harbor, HI, that will convert warehouse space to administrative space and allow consolidation of functions. This facility is key to the regional maintenance effort previously discussed.
 - A \$2.2 million Aircraft Engine Test Cell at Naval Air Station, New Orleans, LA. This Naval Reserve project will provide an enclosed facility with sound attenuation for testing F/A-18 jet engines. Current testing is done on an existing foundation pad under a small overhead cover with no sound attenuation.
 - Two Bachelor Enlisted Quarters at Marine Corps Base Camp Pendleton, CA, totaling \$28.2 million to provide 700 spaces (maximum utilization) for E1-E4 personnel. Marines are currently housed in open bay facilities constructed in the 1940's and 1950's that have fire, safety, and seismic concerns.
- A few projects are intended to fix long-standing deficits, including:
- A \$5.3 million Bachelor Enlisted Quarters at Naval Support Activity, Souda Bay, Crete, which will provide more housing due to personnel increases to support new mission requirements.
 - A \$1.8 million Missile Magazine at Marine Corps Air Station Beaufort, SC, which will reconfigure one ammunition storage facility into a missile magazine and build one new missile magazine. The existing magazines are too small to handle the current generation of larger missiles, leading to storage, loading and safety problems.
 - A \$4.1 million Reserve Center at Marine Corps Reserve Center Galveston, TX, which will provide necessary facilities for reserve training.

Quality of Life

There are a number of important quality of life projects included in our fiscal year 1999 budget. Fully 23 percent of the Navy and 84 percent of the Marine Corps military construction is to meet quality of life needs.

The single largest effort is the replacement construction and modernization of Bachelor Enlisted Quarters (BEQ's). The Navy has included 5 projects totaling \$59.8 million and the Marine Corps has 4 projects totaling \$68.8 million for BEQ construction. These projects will provide a maximum utilization of 918 new spaces for Sailors and 1,780 new spaces for Marines. All are to house permanent party enlisted personnel. Four of the Navy projects are being built to the Department of Defense 1+1 standard. This configuration consists of two individual living/sleeping rooms with closets and a shared bath and service area. Three Marine Corps projects have been granted a waiver to the 1+1 standard and will be constructed to an alternate 2+0 configuration i.e., two persons per room. This will allow the Marine Corps to more quickly improve quality of life for a larger number of Marines. One Navy project will house enlisted Sailors assigned to Marine Corps Air Station Kaneohe Bay, HI. It has been granted an interim waiver and would be built 2+0 configuration because it is adjacent to other Marine Corps BQ's also built to the 2+0 configuration. Similarly, the BEQ project at Marine Corps Air Station Miramar, CA (for-

merly Naval Air Station Miramar) is being built to the 1+1 standard because it will be adjacent to other BEQ's built to the 1+1 standard.

Our military construction program also includes two child development centers (CDC): a \$4.4 million CDC at Marine Corps Air Station Cherry Point, NC, and a \$3.7 million CDC at Naval Air Station Key West, FL. The Navy continues to test the potential for outsourcing CDC services in San Diego, CA, and issued an RFP on 30 January 1998 to do so. Other quality of life projects include a \$2.0 million Education Center at St. Mawgan, United Kingdom; and an \$8.0 million Mess Hall at Marine Corps Recruit Depot Parris Island, SC.

Environmental Compliance and Safety

The Navy has several environmental compliance projects included in the fiscal year 1999 budget, including:

- A \$22.9 million Sewer Outfall Extension at Public Works Center Pearl Harbor, HI, that would extend the sewer line that now terminates in the harbor into open coastal waters. The current situation is a Class 1 environmental violation because nutrients in the effluents exceed State water quality standards in the harbor.
- A \$6.1 million Steam Condensate Return, also at Public Works Center Pearl Harbor, HI, that would eliminate the untreated discharge of high temperature steam directly in Pearl Harbor, in violation of the Clean Water Act.

BASE REALIGNMENT AND CLOSURE

Realignment and Closure Status

We are implementing four rounds of base realignment and closure as directed by law. The first was in 1988 under the Defense Authorization Amendments and Base Closure and Realignment Act of 1988 (Public Law 100-526), and three additional rounds in 1991, 1993, and 1995 under the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510). As a result of these decisions, we are implementing a total of 178 actions consisting of 46 major closures, 89 minor closures, and 43 realignments.

These closures and realignments include major Navy and Marine Corps installations in Philadelphia, PA; Charleston, SC; Orlando, and Jacksonville, FL; Seattle, WA; San Francisco, Long Beach, San Diego, and Orange County, CA; Honolulu, HI, as well as other bases in Rhode Island, Alaska, and Guam.

This has been a difficult and challenging journey for us as well as the communities that hosted our ships, aircraft, Sailors and Marines for so many years. Yet we, the Navy and Marine Corps team and the communities, are making significant progress. As of the end of February 1998, we have completed the realignment or operational closure of 84 percent (150 out of 178) bases. Operational closure occurs when all mission equipment and military personnel (with the exception of a small caretaker cadre) have been disbanded or relocated to a "receiving" site. As of the end of fiscal year 1997, we had obligated 98.4 percent of the \$7.5 billion appropriated for Navy BRAC actions. This year and next will see the majority of the remaining realignments and operational closures occur, as we plan to complete actions at 12 bases in fiscal year 1998 and 11 in fiscal year 1999. Four more are scheduled in fiscal year 2000 and one in fiscal year 2001.

MAJOR FISCAL YEAR 1998 REALIGNMENT/CLOSURES

BUPERS, Arlington, VA (R)
 NAVFAC, Alexandria, VA (R)
 NAVCRUITCOM, Arlington, VA (R)
 NAS Dallas, TX (C)
 FISC Oakland, CA (C)

Note: R=Realignment; C=Closure

BRAC Costs and Savings

We have closed or realigned bases to help make the Navy's shore infrastructure more proportional to its force structure and to provide resources to recapitalize our weapons systems and platforms.

Our focus has been on quickly reaching realignment or operational closure. This accelerates savings because it eliminates costs associated with operating and maintaining the bases, such as costs for utilities, fire and police protection, and maintain-

ing the buildings, grounds, utility lines, pipes, streets, roads, piers, wharves, runways, warehouses, and homes.

These savings are substantial. As a result of the four BRAC rounds, the DON will have saved through the end of fiscal year 1997 a total of \$5.6 billion. To achieve these savings, we have also had to spend money to construct new buildings and expand utility systems at "receiving" bases. We have also had to move some personnel, equipment, ships and aircraft to their new homeports. We have spent \$7.5 billion in BRAC related costs through the end of fiscal year 1997, for a net cost of \$1.9 billion. We are approaching the crossover point where the cumulative savings of BRAC will exceed the cumulative costs. At the end of this fiscal year, we expect net savings (cumulative savings minus cumulative costs) to be +\$1.4 billion.

By the end of fiscal year 2001, when all four rounds of BRAC will be complete, we project that the DON will have spent \$10.0 billion and saved \$15.7 billion, for net savings of \$5.7 billion. Equally important, beginning in fiscal year 2002, we will save an additional \$2.6 billion each year because we no longer operate and maintain those bases. Environmental cleanup, however, will continue for a significant period of time beyond fiscal year 2001 at some bases.

BRAC Property Disposal

As we approach the end of the realignment and closure process, we are increasingly turning our attention to the next and more challenging step: finishing environmental cleanup and disposing of the property. While we are on the "downhill" side for attaining realignment and operational closure, we are still very much on the "uphill" side for attaining property disposal. The National Environmental Policy Act (NEPA) process and Record of Decision is the vehicle we and the Local Redevelopment Authority (LRA) use to consider and evaluate the many competing concerns before we can convey property. These concerns include evaluating historic preservation, air quality, noise, traffic, natural habitat, and endangered species. We have to dispose of a total of 91 BRAC properties, totaling 166,000 acres. Through the end of January 1998, we had disposed of 33 properties, representing 8,700 acres. We expect to dispose of about 12 or more properties per year for the next several years.

Our rapid closure actions present opportunities for affected communities to accelerate their efforts towards promoting economic reuse of the property. Our disposal strategy is designed to support that effort. We have directed each BRAC closure base to develop a site specific phased disposal strategy that supports the LRA plans for redevelopment of each parcel of land. The Naval Facilities Engineering Command (NAVFAC) issued guidance to its field activities last fall on how to structure such disposal plans. We want to be both flexible and creative in structuring disposal agreements, and are pursuing several opportunities for CERCLA Section 334 early conveyance of property.

We want to support immediate reuse opportunities for the LRA through Interim Leases and Leases In Furtherance of Conveyance. We have prepared the necessary environmental documents, known as Finding of Suitability to Lease (FOSL) and Finding of Suitability to Transfer (FOST). These actions have allowed us to put in place over 100 Interim Leases and one Lease In Furtherance Of Conveyances at BRAC locations. We estimate that these leases have created several thousand jobs in helping communities recover from the loss of the Navy and Marine Corps presence. We also work closely with the LRA to resolve any personal property transfer concerns.

We have assigned NAVFAC to manage caretaker functions along with environmental cleanup responsibilities at all closed BRAC bases. We want to dispose of the BRAC properties as soon as practicable so that we can avoid caretaker costs and focus on our core mission. We have established cooperative agreements at many bases where the LRA has accepted responsibility for providing services such as fire, police, water, sewer, electricity, gas, and ground care as part of the property transition process.

BRAC SUCCESS STORIES

At the former Naval Air Station Glenview, IL, we have reached agreement for an Economic Development conveyance to convey 920 acres. We have previously conveyed by deed 645 acres to the LRA.

At Naval Training Center Orlando, FL, we have transferred 214 acres, known as the McCoy Annex, to the LRA. We have entered into a Memorandum of Agreement for an Economic Development conveyance of 1,211 additional acres. We expect deed transfer of the remainder of the property by May 1998.

We have executed a Lease in Furtherance of Conveyance (LIFOC) for a negotiated sale and port public benefit conveyance for 704 acres at the former Naval Construction Battalion Center Davisville, RI.

Environmental cleanup

We have also asked the bases, with NAVFAC assistance, to tailor their environmental cleanup plans to best support the disposal strategy for that base. Our objective is to complete the cleanup (attain response complete or remedy in place) for each parcel of land in the order that the LRA has determined is needed for actual redevelopment.

Each base has established BRAC cleanup teams comprised of remedial managers from the Navy, State, and EPA to assess, prioritize, and expedite the necessary cleanups. We want them to work to hasten cleanup and reduce costs. We want to immediately convey the property once cleanup is completed. There are substantial BRAC environmental funds in our budget request to support this effort: \$364 million in fiscal year 1998, and \$280 million in fiscal year 1999. We recognize the dynamics of reuse, and stand prepared to adjust cleanup plans as needed to support evolving LRA needs. In short, environmental cleanup funds will support cleanup of parcels that have the most immediate realistic opportunity for conveyance and reuse by the LRA.

One measure of our progress in cleaning up contaminated property is the number of acres that become suitable for transfer under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Community Environmental Response Facilitation Act (CERFA). The DOD has developed categories of property in order to track cleanup progress. Property in categories 1-4 is environmentally suitable for transfer. Cleanup was either completed or unnecessary in these areas. Property in category 5 indicates remedial investigations or cleanup is underway. Properties in category 6 require cleanup, but actions have not been started. Category 7 property has not yet been completely evaluated and cannot be categorized yet. Since last fiscal year, we have moved over one-third of category 5, 6, and 7 acres to category 1-4. Two years ago, we completed (i.e., response complete or remedy in place) 140 of the 1,000 sites at our closing bases. We have now completed 400 as of October, 1997.

	Acres (all BRAC)—As of	
	September 1996	September 1997
CERFA Cat 1-4	107,833	143,100
CERFA Cat 5	11,260	1,596
CERFA Cat 6	7,572	6,395
CERFA Cat 7	39,194	14,768
Total	165,859	165,859

We are searching for ways to reduce the cost of cleanup. We are using promising new cleanup technologies at a number of our BRAC sites. These new technologies can reduce cost or expedite the cleanup process. We are also working with regulators and communities to better tie cleanup standards to the intended reuse. For example, both the LRA and the Navy save cleanup costs if we can tie the need for a landfill cap with the LRA need for a parking area or runway extension over the same area.

We use a BRAC cost-to-complete index as a measure of our efforts to reduce cleanup costs. Last year, our BRAC cleanup cost-to-complete (as of the end of fiscal year 1996) was \$2.5 billion. One year later, our cost-to-complete (as of the end of fiscal

year 1997) was \$2.1 billion. The reduction of \$400 million is the result of execution of fiscal year 1997 appropriated funds and about \$200 million in cost avoidance, such as changes in risk based approaches to cleanup, new information on the nature and extent of contamination, and use of new technologies for study or cleanup.

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

HOUSING

Senator BURNS. Thank you, Mr. Secretary.

I was interested in your comments on privatization. You seem to think that the enthusiasm for that program might be losing a little bit of steam. Do you want to elaborate on that just a little bit, give us some instances why that is happening?

Mr. PIRIE. Well, I think there are a number of things, in addition to the fact that Milcon is the traditional way of doing it. That is the way people are used to doing it and certainly, if there is a project authorized and appropriated, it is the quickest way for people to put a house on the ground.

The fact is that that house costs the taxpayer a lot more money to maintain and operate than the equivalent house that we could get through a public-private venture. But in any case, the number and range of authorities that we received in the Perry initiatives for public-private ventures is very impressive, but it complicates the process of kind of working through a deal in each individual location.

Each location has a different situation, a different requirement for housing. So that matching the range of authorities that we have on the one hand and the requirements for housing we have on the other hand is a very complicated process, one which we are beginning to learn a lot more about.

I will ask Admiral Nash to comment on this presently. We have had some projects that have worked and are on the ground. We have a substantial number of others that are just about to break and be ready for requests for proposals. But it has been slow. It has been an education process up and down the chain of command. And I think we are beginning to see light at the end of the tunnel.

Senator BURNS. Some of these complications, if they are different, is it different for each State? Is it building codes? I realize it is hard to write any kind of legislation that one size fits all, because Murphy's Law takes over right away. In fact, it is more prevalent than what we sign here.

But where is the main areas of concern?

Mr. PIRIE. Well, the range of authorities we have allow us to, for example, contribute Government property as a stake in a public-private venture or as a stake to guarantee occupancy or simply to contribute cash. There are a variety of partnering arrangements in public-private ventures that are appropriate, and to figure out which one of these is best for a particular location is not all that straightforward and not something we are particularly used to.

For example, one that we have just gotten permission to go forward with is a public-private venture in Albany, GA. That involves using as our stake Marine Corps housing which is essentially out in town, and we will contribute that to the partnership. In return, our developer partner will build quarters on the Marine Corps base

and will be responsible for maintaining those over the course of the lease for the property.

Each one of these is going to be somewhat different, Mr. Chairman.

BRAC CLEANUP

Senator BURNS. Elaborate a little bit. It looks like, for some unknown reason—give me a thumbnail sketch, environmental cleanup, where you are behind as far as the Navy is concerned, as far as moving some of our property into private hands, environmental impact statements and environmental cleanup. Give me your sketch of where we are and where we would like to be, and how can we do it better?

Mr. PIRIE. We do not see that environmental cleanup is going to impede the closure or conveyance of any of the properties that we have waiting. It is a very substantial job. Environmental cleanup at BRAC properties involves substantially having remedies in place before the properties can be conveyed to the community.

The funding that we have in place now and in our program we believe will be adequate to clean up the properties and make conveyances in an orderly fashion. After the year 2001, the BRAC accounts will expire and the money that will be required to continue the cleanup at the remaining locations that are not completed cleanup will have to move into the component and environmental restoration accounts. So we will experience an increase in our environmental restoration accounts at that point.

Senator BURNS. Give me a status of El Toro?

General HAYES. El Toro is still under consideration by the reuse authority. There are some four or five options. Most of the cleanup work we have done are in place. As Secretary Pirie indicated, probably in 2001 we will have about a \$10 million a year monitoring requirement for whatever number of years, we think 8 or 10 years.

Senator BURNS. Will that property finally be conveyed to private hands?

General HAYES. Yes, sir.

Senator BURNS. I hate to see old El Toro close up, but that is progress, I guess.

In that respect, Mr. Secretary, what is the percent or what is the total amount the Navy has spent on environmental costs for BRAC installations for all previous rounds? What has your figure been on that so far?

Mr. PIRIE. Through fiscal year 1997, Mr. Chairman, we have spent \$1.2 billion in BRAC environmental cleanup.

Senator BURNS. I think the taxpayers ought to know that figure, because it is hefty and it takes away some of the things that we should be doing probably with infrastructure. But we also think it is very, very necessary in order to make the properties saleable or presentable for the movement into the private sector.

Mr. PIRIE. Yes, sir; two things. One is that that is exactly right. We are obligated to clean this property up so that it can be reused by the community and contribute to their economic development.

We are also obligated to clean up the environmental contamination in any case. We will do it eventually. BRAC just makes it nec-

essary to do it on an accelerated schedule so that we can meet the turnover schedule.

DEMOLITION

Senator BURNS. Demolition program progressing?

Mr. PIRIE. I think we are making good progress on it. I will ask Admiral Nash to comment on it in more detail, but I think we are getting something on the order of a 4-year return on our investment for demolition. We are using about between \$30 and \$40 million a year in a centrally managed account, which is quite popular with the claimants. They want to get these old buildings that eat up maintenance costs off the books as well.

Admiral Nash?

Admiral NASH. Sir, I think it is progressing very well. As Mr. Pirie says, it is very popular and we are moving along very nicely. It is a good business decision and it is working well.

Senator BURNS. Senator Murray, you have some questions?

HOUSING

Senator MURRAY. I do. Thank you, Mr. Chairman.

Secretary Pirie, a top priority for me has always been quality of life for our men and women in uniform, and housing is a big part of that. I see that in your budget this year you are requesting a total of \$1.2 billion for Navy family housing, which is 13 percent less than the \$1.37 billion that we appropriated last year, and it is even less than you requested in your own budget last year.

Yet you request this decrease in the midst of this revitalization program you talk about in your statement. Can you explain for the committee in more detail what your plans for family housing are?

Mr. PIRIE. Our plans are to use the money now on the books for military construction projects in a number of locations to seed public-private ventures and to produce more housing than would otherwise have been produced from these accounts.

As I explained in my opening statement, it is a very complicated business. It has gone a lot more slowly than I had hoped it would go. But we are beginning to see some projects develop. In Everett, of course, as you know, we have one that has been quite successful and we are about to proceed with an expansion of that project, which I think will be well met and will meet most of our housing needs in that area.

We have a number of others: the Albany project that I had mentioned for the Marine Corps.

Admiral Nash?

Admiral NASH. Yes, ma'am. We also have less houses because some of them have left our inventory because of BRAC. We also have worked hard in trying to reduce the cost of ownership without reducing the quality of what we are doing. So some of those savings come from those kinds of good business things.

Senator MURRAY. OK, I appreciate that. But I have to tell you, when I visit bases in my home State it is a No. 1 priority. So I know the need is out there.

Admiral NASH. Yes, ma'am.

Senator MURRAY. You mentioned the Dujardin Development Co. of Everett and the 185 homes there that have been developed. Is

this a model that we can use perhaps for public-private around the country?

Mr. PIRIE. It appears to be working in Everett. It might not be—there is no single housing solution for all of these locations because they all have unique problems.

Senator MURRAY. Mr. Secretary, in the Senate report accompanying the fiscal year 1998 Milcon bill the committee expressed its concern over the overcrowding of the school district which serves Navy dependents at Bangor Submarine Base in my home State. The problem is particularly acute for special ed dependents. Bangor has been designated as a preferred assignment for military personnel with special needs children, including children with severe handicap conditions. The school district currently transports these children to facilities that are some distance from the home base because no facilities exist on that base to meet their educational needs.

The committee in its report outlined this problem in a lot of detail last year and directed the Department of Defense to review the plan for a special needs in education center that was developed by the school district. The committee also directed DOD to provide a report on the viability of this plan to the congressional defense committee not later than 60 days after the enactment of the bill. We are obviously well past 60 days. Can you tell me where that report is?

Mr. PIRIE. No; it is not in my area of cognizance, but we will certainly look into it and I will get you an answer.

Senator MURRAY. I would appreciate that. We are waiting to hear how we can proceed on that.

[The information follows:]

The report to which you refer is in staffing within the Office of the Secretary of Defense. The expected delivery date to the Subcommittee is on/about July 31, 1998.

Senator MURRAY. Mr. Chairman, I have to go introduce a constituent of mine at the Commerce Committee and I will be gone about 5 minutes and return.

Senator BURNS. I am on that committee, too. Tell them I am tied up, would you? Thank you, Senator.

Senator Faircloth, do you have a question you might pose to the U.S. Navy?

CECIL FIELD ENVIRONMENTAL IMPACT STATEMENT

Senator FAIRCLOTH. I do, Mr. Chairman, and thank you.

One question, and whoever wants to answer it may. When is the Navy going to comply with this committee's direction to conduct an independent study to find the best solution for relocation of the F-18 squadrons from Cecil Field?

Mr. PIRIE. The Cecil Field environmental impact statement, final environmental impact statement, was completed last week and copies have, I believe, been conveyed to the committee.

Senator FAIRCLOTH. I am sorry. If you would speak more directly into the microphone I would appreciate it.

Mr. PIRIE. I am sorry. The Cecil Field environmental impact statement, final environmental impact statement, was completed last week and copies have been provided. The record of decision

will be entered in about 30 days, after the period for public comment has expired. I am not aware of direction to conduct an independent study.

Senator FAIRCLOTH. Who did the environmental impact statement, sir?

Mr. PIRIE. The fleet commander was primarily responsible for developing the environmental impact statement, yes, sir.

Senator FAIRCLOTH. Who? What commanders?

Mr. PIRIE. The Atlantic fleet commander, Admiral Reason.

Senator FAIRCLOTH. Is it going to be reviewed by the EPA?

Mr. PIRIE. Yes; the environmental impact statement has to be.

NAS OCEANA CONSTRUCTION

Senator FAIRCLOTH. Well, let me ask you, is there any money, any request for funding, in this for work where there is not yet a record of decision? In other words, are you requesting money for Oceana?

Mr. PIRIE. There may be military construction requests for Oceana. I am not at all certain. But certainly not in anticipation.

Senator FAIRCLOTH. Who could tell me, sir?

Admiral NASH. We have the project that you talked about. There are three in the program here for 1999.

Senator FAIRCLOTH. I am sorry. If you would pull that mike, I could hear.

Admiral NASH. Yes, sir; is that better?

Senator FAIRCLOTH. Yes; now tell me again.

Admiral NASH. We have three projects that are the 1999 program that is before the committee.

Senator FAIRCLOTH. For what?

Admiral NASH. That are for the relocation of FA-18's.

Senator FAIRCLOTH. Have you decided to do it? Have you decided to move them to Oceana?

Admiral NASH. No, sir; as Mr. Pirie said, the EIS has been done, and the record of decision [ROD] will be completed in about 1 month. I have not decided—it is not mine to decide, but I am not aware of any decision yet.

Senator FAIRCLOTH. Well, why would you be requesting money for something that you might not do?

Admiral NASH. It had been past practice when we were moving forward to try to anticipate what was going to happen, but it is not predecisional, sir.

Senator FAIRCLOTH. In other words, it been the past practice to get the money because you have made the decision before you tell what you are going to do.

Admiral NASH. I do not know, sir.

Mr. PIRIE. I think it is fair to say that all of the options considered in the environmental impact statement involve moving some of the FA-18's to Oceana.

Senator FAIRCLOTH. Well, how do you know how much money you need if you do not know how many you are going to move?

Mr. PIRIE. I think we will need, because of the fact that we will be basing some of the FA-18's at Oceana, we will need some facilities to support them. It is reasonable to expect that.

Senator FAIRCLOTH. How do you know how much money to ask for if you do not know how many you are going to move? How much is some?

Admiral NASH. Sir, the three facilities are an addition to a training facility, a weapons school, and a corrosion control hangar that would be used, I believe, no matter how many were moved.

Senator FAIRCLOTH. I wrote you a letter, to Admiral Ryan, January 5, discussing this. I have never heard any response. I assume Admiral Ryan has a velvet wastepaper basket and this went in it.

Admiral NASH. I do not know, sir.

Senator FAIRCLOTH. I one time said on the Whitewater Committee that getting information out of the White House was like eating ice cream with a knitting needle. Getting information out of the Navy on what you plan to do here is more difficult. And yet, I feel a solid undercurrent that the do has been done. You want money to expand Oceana, yet you do not know what you are going to do there yet.

You got money last year to work on Oceana to get it ready for these planes, did you not, Admiral Nash?

Admiral NASH. I am not sure, sir.

Senator FAIRCLOTH. Who would be sure?

Admiral NASH. I will ask that question and enter it for the record if I may, sir.

Senator FAIRCLOTH. Well, if you would let me know this afternoon.

Admiral NASH. I sure will do, yes, sir, I will.

[The information follows:]

The fiscal year 1998 President's Budget included the following projects in fiscal year 1998 for Naval Air Station Oceana, Virginia:

PROJECTS FOR FISCAL YEAR 1998—NAVAL AIR STATION OCEANA, VA

[In millions of dollars]

Account/number	Project title	Amount
BRAC III—P-160U	Flight Simulator Building Addition	9.0
BRAC III—P-164U	Aviation Maintenance Facility Addition	2.7
MILCON—P-712	Bachelor Enlisted Quarters	20.9
MILCON—P-453	Jet Engine Test Cell Replacement	5.0

The fiscal year 1999 Amended President's Budget included the following projects in fiscal year 1999 for Naval Air Station Oceana, Virginia:

PROJECTS FOR FISCAL YEAR 1999—NAVAL AIR STATION OCEANA, VA

[In millions of dollars]

Account/number	Project title	Amount
BRAC III—P-161U	Training Facility Add/Renovations	5.8
BRAC III—P-576U	Corrosion Control Hangar	6.5
BRAC III—P-163U	Strike Weapons School	4.1

Senator FAIRCLOTH. I am beginning to get a little tired, Mr. Chairman, of the sliding and the gliding and the decisions being made undercover, and you cannot get a straight answer.

Admiral NASH. Sir, I will personally call this afternoon.

Senator FAIRCLOTH. You will do what?

Admiral NASH. I will personally call you this afternoon and tell you.

Senator FAIRCLOTH. I want to know what is going on, what has been decided, how much money was spent there last year, what this money is for.

Now, I hear clearly and loudly that 10 squadrons have been assigned to Oceana and 2, as an appeasement to Senator Thurmond, at Beaufort. Would you care to confirm that?

Admiral NASH. No, sir; I cannot confirm that.

Senator FAIRCLOTH. Could you, Mr. Secretary?

Mr. PIRIE. The preferred alternative in the final environmental impact statement is for all 11 FA-18 squadrons and the fleet replacement squadron to go to Oceana.

Senator FAIRCLOTH. Why?

Mr. PIRIE. That is what is operationally best, and the final environmental impact statement outlines the fleet commander's reasoning in selecting that as the preferred alternative.

Senator FAIRCLOTH. I do not think there was any doubt what the environmental impact statement was going to say before they even started it. I think the end was determined before the statement was begun.

I cannot understand how you can say that Oceana is the best place. That is a training squadron. What if a plane goes out of control on landing or takeoff at Oceana? What is the possibility of many civilian deaths or accidents as compared to Cherry Point?

Mr. PIRIE. I am not technically qualified to answer that question, Senator.

Senator FAIRCLOTH. Thank you, Mr. Chairman.

Senator BURNS. Now, those three facilities now at Oceana are what now, Admiral?

Admiral NASH. Sir, a training facility addition, a weapons school, and a corrosion control hangar.

Senator BURNS. Now, those facilities would be built anyway, whether any kind of a move is made?

Admiral NASH. They are associated with any kind of movement, so I would say, no, they would be associated with some sort of move.

Senator FAIRCLOTH. May I ask one more question, Mr. Chairman?

Do you mean that they would not be built if you do not make the move? Is that what you are saying?

Admiral NASH. I will check that. I am talking without knowing. I will check that.

Mr. PIRIE. We will have under any of the alternatives considered in the environmental impact statement, we will have six FA-18 squadrons and the fleet replacement squadron at Oceana. So those facilities would be needed under any circumstances, any of the options in the environmental impact statement.

Senator FAIRCLOTH. All the training takes place over North Carolina predominantly. Your bombing practice, all that is in North Carolina, is that not right?

Mr. PIRIE. Yes, sir; the shore ranges are in North Carolina.

Senator FAIRCLOTH. So you have got to fly from Virginia Beach down to North Carolina to practice and then go back home.

All right, thank you.

Senator BURNS. Going one step further on that, Admiral, will there be a request for additional family housing at Oceana as a result of a move, or can that be facilitated?

Admiral NASH. I understand that we can handle—because of the availability of housing both in the economy and on the base, there will be enough housing for those that come with the additional squadrons.

Senator BURNS. We have been joined by Senator Craig of Idaho. Good morning to you.

Senator CRAIG. Thank you, Mr. Chairman.

Senator BURNS. If you have a statement—

STATEMENT OF SENATOR LARRY E. CRAIG

Senator CRAIG. I do appreciate that. I have a leadership meeting at 10 a.m., so I will be here until then. But I did want to certainly recognize the Secretary and welcome him and the Admiral. I appreciate your presence here today.

I want to thank you also for the work that is going on at sometimes a little known and, therefore, not necessarily high profile facility in the great naval State of Idaho.

Now, you all laugh out there. Now, you have got to understand that I have a seaport, the most inland seaport in the Nation. You did not recognize that, did you? And also a very significant submarine facility, and it is that which I want to visit with you only briefly about this morning.

ACOUSTICAL RESEARCH DETACHMENT CENTER

First of all, Admiral and Mr. Secretary, thank you for the work that is currently going on there to take some very old, antiquated buildings, build a composite facility. We are talking about the Acoustic Research Detachment Center at Bayview. While there will not be additional projects in relation to that facility until fiscal year 2000, and that is the P-211 project, I want to thank you for that and tell you that we watch that facility and I stand ready to assist to assure its longevity and the quality of work that goes on there, because the kind of robotics that we are using there and at Lake Ponderay has tremendous opportunity not only for us as a defensive measure, but for the savings of life and limb, if you will, of our citizens and our men and women in uniform. So let me thank you for that.

I have no further questions of either the Secretary or the Admiral, but we watch that all with great interest. Thank you.

MARINE CORPS FACILITIES

Senator BURNS. General Hayes, basically at Pendleton and at Lejeune you have still got a backlog of facilities and housing there?

General HAYES. Yes, sir; we do.

Senator BURNS. Give me an idea?

General HAYES. I think Lejeune is hard. They are both hard to answer because we are taking a relook at the community and what

it offers. What is happening at Camp Lejeune is it is becoming less affordable, where it used to be quite affordable. So that resurvey work is going on. But order of magnitude is probably, between the two of them—I would like to take it exactly for the record, but it is substantial.

[The information follows:]

Yes. Those two installations represent our largest housing deficits (projected as 4,845 units at Camp Pendleton and 3,680 at Camp Lejeune). These deficits are based on market analyses completed in 1994 for Pendleton and 1995 for Lejeune. Unless market conditions change or allowances catch up with housing costs, we will not be able to reduce those deficits. Because nearly all our Family Housing funding is dedicated to operating and maintaining our existing inventory, we are trying to satisfy some of the deficit reduction with Public Private Venture housing projects.

Senator BURNS. And Twentynine Palms?

General HAYES. Twentynine Palms, less of a problem. At Twentynine Palms, as well as Lejeune and Pendleton, we are looking at public-private venture, and in the case of Twentynine Palms the potential, because of some land flexibility there, for a whole base public-private venture.

Senator BURNS. Do we still maintain a facility, an amphibious facility at Oceanside, CA?

General HAYES. Well, as part of Camp Pendleton.

Senator BURNS. That is all part of the Camp Pendleton?

General HAYES. Yes; it all is part of Camp Pendleton, yes, sir.

Senator BURNS. OK, all right.

We might sit down one of these days and take an inventory and see where we are in those areas and your priorities. In fact, that is where we get some of our best work done. But I just like to have some kind of an idea where we are out there. You know, still—it is like Senator Murray said, “we are still not getting any funds for our Guard and our Reserves. It seems like that is always left up to the Congress to fight those battles. Then when it comes it is usually called with a big label on it that says “pork” for your State.”

But we go right back, and I want to emphasize that I think the move, Mr. Secretary—we move from that kind of rhetoric to a demand or a move to integrated forces. In other words, we have a situation—we are going to talk to the Air Force next, but we have a red horse organization in Great Falls now that has both Air Guard and Regulars in that facility working together on the base the same day and occupying some of those positions.

So when we talk about Reserves and responsibilities of the Reserves and our Guard, we talk about an integrated force. Yet we do not have the facilities with those Guard, and I think they deserve some of those kind of facilities, especially your Reserve sectors.

I thank you, gentlemen, for coming this morning. If the rest of the committee has any questions, we will submit them for you and if you would submit it to the individual Senator and to this committee I would appreciate that. We will probably have some more questions as we look at this. As we look at the supplemental, we also might have some questions with you because evidently there are a couple of areas in there that they do not know whether it is going to be O&M or Milcon. We want to take a look at that and at what we are doing and our requirements for Bosnia, Iraq, and a host of other things.

If you make yourself available for those questions I would sure appreciate that.

Mr. PIRIE. Yes, sir; absolutely, Mr. Chairman.

Senator BURNS. Thank you very much for coming this morning.

Senator CRAIG. Mr. Chairman, as they are leaving, I do not want to fail to recognize General Hayes and the Marines.

General HAYES. Thank you, Senator.

ADDITIONAL COMMITTEE QUESTIONS

Senator CRAIG. You never know when Idaho will need the Marines. Thank you, gentlemen.

General HAYES. Always.

Senator CRAIG. Always, that is right. [Laughter.]

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

QUESTIONS SUBMITTED BY SENATOR BURNS

FUNDING LEVELS

Question. Mr. Secretary, what are the long-term implications of a steady decline of MILCON funding to our Navy and Marine Corps installations and infrastructure?

Answer. The steady decline in MILCON will result in a gradual erosion in the ability of our shore infrastructure to support current and future readiness needs of the fleet and Fleet Marine Force unless we do something to reverse the current situation. We believe our efforts at creating greater efficiency in our shore infrastructure will reduce our total infrastructure needs, and allow our infrastructure dollars to go further toward tackling repair and replacement backlogs. I discussed a number of efficiency initiatives, including regional maintenance of ships and aircraft, regionalization of base support functions, outsourcing competitions, privatization of housing, and building demolition in detail in my written statement. These efforts, along with the request for legislation to establish two more rounds of BRAC, will enable us to reduce unneeded capacity and to operate it more efficiently and at lower cost.

Question. What is your backlog of real property maintenance requirements for both the Navy and Marine Corps?

Answer. Navy = \$2.5 billion; Marine Corps = \$0.7 billion, for total of \$3.2 billion.

Question. What percentage of the plant replacement cost does the Navy spend each year on maintaining those facilities? At that rate, what is the average replacement cycle in terms of years?

Answer. We are spending approximately 1.7 to 1.8 percent of plant replacement value per year on facility maintenance, compared to a goal of 2.0 percent. This represents approximately a 63-year recapitalization cycle, including MILCON and RPM.

HOUSING PRIVATIZATION

Question. Mr. Secretary, explain for us the Navy's and the Marine Corps' future plans with regard to family housing privatization?

Answer. It has long been Department of Defense policy to rely on communities near military installations as the primary source of housing for our service members. We program military family housing only where there is insufficient suitable housing in the community. We recently issued a new DoN housing policy that applies to existing Navy and Marine Corps housing and the acquisition of new housing. Key components include:

- We will look first to Public/Private Ventures (PPV's) for all new housing construction, replacement construction, and improvement needs;
- If a careful analysis of economic, quality and market factors conclusively demonstrates that a PPV is not feasible, we may turn to more traditional means of meeting requirements;
- We will evaluate family housing needs on a regional basis;
- We will use quality standards and amenities that the private sector provides for similar income levels;

—We have set a goal of no out-of-pocket expense for future PPV's. Where that would render a PPV not financially viable, we will limit the out-of-pocket expense to no more than 15 percent above BAH.

Question. Does the Navy intend to get out of the Family Housing Business?

Answer. No. We do not see Public/Private Ventures as being the ultimate end state for all our housing, but we certainly see a gradual and perhaps significant decline in the number of homes that we own and operate.

Question. When will you have some "lessons learned" from executing the privatization contracts in Washington and Texas?

Answer. The entire process has been—and continues to be—a learning experience. From the earlier stages of project concept development, we learned how crucial it is to get not only the local commanders involved, but service members—the ultimate customers—as well. This lesson will manifest itself in the upcoming PPV in Albany, GA. There, we will have a representative from the Command Master Chief's office sit on the Source Selection Board; and, service members will also be a part of the project's technical evaluation process.

Also, we have consistently heard the message that affordability is the most important criteria for these and future PPV's. Our PPV policy guidance signed out this past January specified that it is the Department's goal to structure projects with no out-of-pocket costs for the service members. Project evaluation criteria will reflect the relative importance of affordability compared to such items as unit size, amenities and support services.

Finally, we have learned that we must restructure the budget process to accommodate the nuances of the PPV acquisition timeline. We are still learning how—and how not—to use the privatization authorities. However, we do know that the earlier we are able to assess an installations requirements, the better able we will be in developing an acquisition strategy that addresses its problems.

BRAC FUNDING

Question. Mr. Secretary, what percent of the fiscal year 1999 funding request will be allocated to environmental studies, clean-up and restoration at BRAC installations?

Answer. The Department of the Navy's fiscal year 1999 Amended BRAC Budget Estimate that was submitted by the President to the Congress in February 1998, included a total budget request of \$622,932,000. Restoration accounted for \$198,667,000 or 32 percent; Compliance accounted for \$81,202,000 or 13 percent; and environmental studies accounted for \$489,000 or about one-tenth of one percent.

Question. What is the total amount that the Navy has spent on environmental costs for BRAC installations for all previous rounds?

Answer. Through the end of fiscal year 1997, we have spent a total of \$1.4 billion in BRAC environmental funds, consisting of about \$100 million in environmental planning (studies), \$650 million in environmental compliance, and \$650 million in environmental cleanup (restoration).

Question. I understand that the Navy has approximately 90 BRAC properties to dispose of yet. What major problems are there with returning these bases to the communities?

Answer. For all four BRAC rounds, Navy has to dispose of a total of 91 BRAC properties. We have currently disposed of 36 properties; 42 properties are operationally closed but not disposed pending environmental cleanup (8 of these were closed just last fall); and 13 properties are not yet operationally closed. All but 7 properties are planned for disposal by 2001. Navy sees no major problems in transferring former Navy properties to the local communities.

DEMOLITION PROGRAM

Question. Mr. Pirie, explain for us your demolition program and provide us an estimate of how much money you are saving as a result of tearing old buildings down?

Answer. The goal of our demolition program is to eliminate unneeded, dilapidated facilities and their associated operating and maintenance costs. On average, we expect to recover the demolition investment in 4 to 6 years through reduced maintenance costs.

Question. Is this program adequately funded in fiscal year 1999? Could you use more money if it were made available?

Answer. Yes, this program is adequately funded in fiscal year 1999. Our fiscal year 1999 budget includes \$38 million (\$33 million Navy; \$5 million in Marine Corps) for a centrally managed demolition account. There are an additional \$25 million in fiscal year 1999 demolition funds included in other appropriations (MILCON, Family Housing Construction, Navy Working Capital Fund, non-centrally managed

O&M). Like all other infrastructure programs, we could use additional funds. However, the current demolition budget request represents a reasonable balance with all other DoN funding needs.

Question. Is there much resistance to this program from local commanders not wanting to give up facilities on their bases?

Answer. No. To the contrary, there is great interest to use the centrally funded account. In the past, our base commanders had a difficult time finding money to support demolition needs.

QUESTIONS SUBMITTED BY SENATOR FAIRCLOTH

Question. When is the Navy going to comply with this Committee's direction to conduct an independent study, with a weighted comparison of the pros and cons of all scenarios, to find the optimal solution for the relocation of F/A-18 squadrons from Cecil Field?

Answer. In response to the Committee's direction, the Draft Environmental Impact Statement (EIS) was sent to you under a cover letter dated September 12, 1997. Weighing the pros and cons of each alternative is inherent in the decision making process. The public review period following the release of the Final EIS will close on April 20, 1998. We will analyze all public comments received and, will balance all the relevant factors before reaching a decision.

Question. Does the President's fiscal year 1999 Military Construction budget request include any funding related to BRAC rounds where there is not yet a Record of Decision? More specifically, there is not yet a ROD for moving Cecil Field Hornets anywhere. Does the Navy want to start or continue construction at Oceana, VA, or Beaufort, SC, related to the Cecil Field move, in anticipation of a decision?

Answer. Projects for the realignment of F/A-18 aircraft from NAS Cecil Field and the realignment of E-2 aircraft from the former NAS Miramar are included in the President's 1999 budget request. The Navy has not started construction for the F/A-18 realignment at any of the potential receiving sites nor will the Navy begin construction until the Record of Decision (ROD) is signed.

Question. Regardless that a minimum number of squadrons that would go to Oceana under any scenario in the Environmental Impact Statement, how do the military construction needs change if more than six squadrons are sent to Oceana? How can the Navy design properly sized buildings and adequate maintenance capacity if there is still uncertainty about how many planes and personnel will ultimately have to be supported?

Answer. Construction needs at NAS Oceana for each of the Alternate Relocation Sites (ARS) are identified in Section 2.2 of the Final EIS. A summary of the construction cost at NAS Oceana for each ARS is provided below:

[In millions of dollars]

ARS (Number of F/A-18 squadrons at NAS Oceana)	NAS Oceana construction cost	Total construction cost
Fleet Replacement Squadron (FRS) and 11 fleet squadrons	99.1	99.1
FRS and 9 fleet squadrons	95.0	106.9
FRS and 8 fleet squadrons	87.5	105.1
FRS and 6 fleet squadrons	68.8	240.0
FRS and 6 fleet squadrons	68.8	135.8

Many projects for BRAC related actions have been designed based on the EIS preferred alternative. Accordingly, projects for the realignment of F/A-18 aircraft from NAS Cecil Field have been designed based on the preferred alternative. In BRAC related actions, if the preferred alternative is changed in the ROD, we have the ability to move projects, change projects and/or initiate new projects with notification to Congress.

Question. How did the Navy settle on the five options in the Environmental Impact Statement? Please describe the screening process and provide me a list of all other options considered which were determined to be inferior to these five final options. Please also explain for each option that was eliminated what factor(s) caused it to be eliminated and what were each option's positive attributes.

Answer. Installations were screened first for necessary capacity and support infrastructure then for their ability to meet various operational criteria. Through that process, various installations and alternative basing scenarios were considered, but

only five were determined to be fully feasible, reasonable alternatives. The five alternatives were given a full comparative analysis in which economic, environmental, and social concerns were evaluated. The remainder were eliminated from further analysis as not being feasible, with a short explanation in the EIS as to why (as required by the Council on Environmental Quality (CEQ) regulations).

The following alternatives were considered, but eliminated from detailed analysis; an explanation for this elimination is also provided.

<i>Alternatives considered, but eliminated</i>	<i>Reason(s) for elimination</i>
No action (aircraft remain at NAS Cecil Field).	Closure of NAS Cecil Field mandated by BRAC 95.
Single-siting at MCAS Cherry Point.	Not consistent with the BRAC 95 Commission goal of using existing infrastructure to the greatest extent possible.
Single-siting at MCAS Beaufort	Not consistent with the BRAC 95 Commission goal of using existing infrastructure to the greatest extent possible.
Triple siting	Unacceptable because of operational constraints and high support costs associated with maintaining and operating F/A-18 assets in multiple locations.
Separating the F/A-18 FRS from fleet squadrons.	Unacceptable because of specific training, logistical, and maintenance interrelationships between the FRS and fleet squadrons
Moving assets to create capacity	Inconsistent with the intent of the 1995 BRAC Commission recommendations.

Section 2 of the Final EIS provides a more detailed explanation of the screening process and alternatives considered, but eliminated from detailed analysis.

Question. The Final Environmental Impact Statement states that cost estimates for noise mitigation at schools and churches were not developed. How, then, can the Navy know whether or not the value of reducing environmental and noise factors around the densely populated Hampton Roads area exceeds any perceived operational downside impact of multi-site relocation for these squadrons? Please explain how you can compare the true value of the environmental benefits of sending fewer squadrons to Oceana if you did not consider these, and perhaps other mitigation costs.

Answer. During development of the ARS's, it became apparent that relocating the F/A-18 aircraft to NAS Oceana would result in significant aircraft noise impacts. Although ARS 2 and 3 involve dual siting (placing some aircraft at MCAS Beaufort and MCAS Cherry Point, respectively), ARS's 4 and 5 were specifically developed to reduce noise impacts around NAS Oceana. ARS's 4 and 5 displace the largest number of aircraft from NAS Oceana which is considered to be operationally acceptable. Both the Draft EIS and the Final EIS clearly identified that significant noise impacts would result from relocating F/A-18 aircraft to NAS Oceana.

Question. How does the value of Marine and Navy inter-service operability compare to what the Navy believes is the downside to multi-site relocation?

Answer. Benefits of joint basing of Navy F/A-18 aircraft with existing Marine Corps F/A-18 aircraft at MCAS Beaufort are included in the Final EIS. Benefits include: (1) training efficiency through the use of the existing flight simulator facility at MCAS Beaufort; (2) maintenance efficiency through utilization of existing MCAS Beaufort F/A-18 maintenance assets, thereby eliminating the need for multiple spare part/equipment stocks or turnaround times necessary to get parts to and from a single repair site; and (3) personnel efficiency by eliminating the duplication in personnel inherent to siting aircraft at locations without existing F/A-18's. Realigning two F/A-18 fleet squadrons to MCAS Beaufort would also have the added advantage of collocating Navy and Marine Corps F/A-18 squadrons, which comprise one carrier air wing. (See Section 2 of the Final EIS.)

Question. You have used a 30-year life cycle for comparing the relocation scenarios. Why? The planes will not be in service that long. How would the Net Present Values of the scenarios compare under a more realistic, shorter life cycle?

Answer. There are two different types of assets, aircraft and facilities, and two different corresponding expected service lives. The expected service life is 12 years for military aircraft and 50 years for military facilities (U.S. Department of Commerce data from 1925-1985). The Navy's primary investment in the BRAC relocation is facilities; the aircraft have already been procured.

The Navy's facilities will certainly outlast the life of the F/A-18 given the respective service lives. Historically, the Navy has used a period of 25 years for the economic life of facilities (Naval Facilities Engineering Command Instruction P-442, Economic Analysis Handbook of June 1986). However, based on guidance contained in the U.S. Office of Management and Budget (OMB) Circular No. A-94 of October 29, 1992, the Navy used a period of 30 years for the life-cycle cost analysis.

Question. In order to come up with life-cycle costs, many unknown factors had to be estimated. Did the Navy use point estimates or range estimates for these unknown factors? If a range of estimated values is appropriate, please give me the range of Net Present Values that result over the reasonable ranges of assumptions.

Answer. Life-cycle costs are point estimates based on historical information. Although assumptions were required for such items as mode of transportation and cost of lodging for training, these items are not considered "unknown."

Question. From a safety perspective, which is better: more take-offs and landings and training flights in and over highly populated areas or in and over less densely populated areas? What value does the Navy place on the safety of the local populations under the various relocation options?

Answer. From a safety perspective, flights over less densely populated areas are better than flights over more densely populated areas.

The Navy places a strong emphasis on the safety of local populations. Through the Navy's Air Installations Compatible Use Zone Program (AICUZ), we continually strive to protect health, safety, and welfare of civilian and military personnel.

QUESTIONS SUBMITTED BY SENATOR STEVENS

NAVY PRESENCE ON ADAK

Question. Mr. Secretary, what is the status of the interim leasing arrangement with the Aleut Corporation for Adak?

Answer. Since Congress authorized commercial leasing last year, Navy entered into a crew transfer license with the Adak Reuse Corporation (ARC), the local redevelopment authority for Adak, which was subsequently modified to authorize cargo transfers as well. Pursuant to that license, ARC has sponsored several crew and cargo transfers at Adak by fishing vessels operating in that region. Most recently, in early March 1998, ARC authorized American Seafoods Co. to transfer nearly 1,000 tons of fish product and refuel several vessels at Adak. Navy also authorized ARC to sponsor three cruise ship visits to Adak during 1997 and conduct island tours for ship passengers. The Navy offered a proposed interim lease to the ARC on February 17, 1998. This lease would authorize a wide range of commercial reuses. ARC has recently provided comments on the proposed lease, and we expect it to be available for signature very soon.

Question. I understand that the Navy must still approve every visitor to Adak. How long does the Navy intend to maintain that policy and for what reason?

Answer. Navy policy requires two day advance notice for approval of visitors to Adak. The entire inhabited portion of Adak is a public land withdrawal which is Navy responsibility. Navy, through its base support contract, is the sole source for all services to the island population, which is exclusively made up of Government contractors and Government employees executing and managing ongoing contracts. Navy provides all housing, all food service, all on-island law enforcement, all on island transportation, and all medical services. The availability of these services is very limited. Without this clearance procedure, there would be no way to control access to the island and ensure that facilities are available to accommodate visitors to this harsh, isolated location. The island clearance process enables the Navy, other Government entities, or the Adak Reuse Corporation to sponsor visitors and assure that services are available to accommodate them. It applies equally to official Government visitors, Navy contractors, and those visiting for reuse related purposes. This process also enables screening for those persons who have been excluded from Adak for past conduct on the island which is incompatible with good order and discipline, such as drug or alcohol abuse, and those with recent felony convictions. Additionally, there are no Customs or Immigration capabilities at Adak and the island clearance process assures that all foreign visitors have been properly cleared for entry into the United States prior to arrival at Adak.

The Navy intends to maintain this policy until responsibility for all aspects of support for all island visitors is assumed by others.

Question. As you know, there are a number of families who would like to relocate to Adak. Explain to me why the Navy has not approved their request.

Answer. The Navy has authorized visits by family members of contractor employees for up to 30 days, but it is premature to authorize permanent civilian residence on Adak. Under present law, given the wildlife refuge status of the property, there is no authority for a permanent civilian community on Adak, and the Navy contractor employees there now will leave as the environmental cleanup work is completed between now and the end of 1998. While legislation to remove a portion of the property from the wildlife refuge and transfer it to The Aleut Corporation has been introduced in the Congress as S.1488, this legislation is predicated upon a Transfer Agreement between the United States, represented by the Departments of Interior and Navy, and The Aleut Corporation. Despite many months of discussions, the parties have not been able to conclude that Agreement, and there is significant uncertainty about whether such an Agreement can be achieved.

The Navy does not have the capability to provide support services on Adak to dependents, and the eight Navy personnel remaining on Adak do not have accompanying dependents. There is no political subdivision of Alaska State government with jurisdiction over Adak which can take responsibility for public services for a civilian community, nor does it seem prudent for Federal or State government to invest in providing such services until the future of such a community beyond 1998 is known with relative certainty.

DEPARTMENT OF THE AIR FORCE

**STATEMENT OF HON. RODNEY A. COLEMAN, ASSISTANT SECRETARY
OF THE AIR FORCE FOR MANPOWER, RESERVE AFFAIRS, IN-
STALLATIONS AND ENVIRONMENT**

ACCOMPANIED BY:

**MAJ. GEN. EUGENE A. LUPIA, USAF, CIVIL ENGINEER, DEPUTY
CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS**

**MAJ. GEN. PAUL A. WEAVER, USAF, DIRECTOR, AIR NATIONAL
GUARD**

**BRIG. GEN. RALPH S. CLEM, DEPUTY TO THE CHIEF, AIR FORCE
RESERVE**

OPENING STATEMENT OF CONRAD BURNS

Senator BURNS. We will now hear from our second panel, which is representing the U.S. Air Force. We have the Honorable Rodney Coleman, Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations and Environment—always nice to welcome you back—General Lupia, the Civil Engineer, and we have had a great working relationship; and Maj. Gen. Paul Weaver, Director of the Air National Guard; and also Brig. Gen. Ralph Clem, Deputy to the Chief of the Air Force Reserve.

Gentlemen, I appreciate your being with us today. We look forward to hearing your testimony. I think I will say that again we are looking at reduced funds. Some way or other we have to turn this around. I have a feeling that that money is going somewhere else. When we spend it it is OK, but when somebody else spends it it is waste. As you know, we all try to protect our turf.

First of all, let me congratulate the Air Force for the operation—I mentioned it just briefly a while ago—at the Great Falls Air Force Base, where we have integrated up there with Guard and Regulars. I visited with the people up there, both the enlisted on the ground and the officers, and they say it is working out pretty well.

I like the idea because if there was one thing that we learned, I think, in 1991, that getting those units together and getting them to go all in the same direction was a challenge. We met that challenge and I think we overcame it, but I like the idea of being a little more prepared. When you go into an emergency situation it is a bad time for on-the-job training. We like to be trained and at least be on the same frequency as we move.

So, Mr. Secretary, thank you for coming in this morning. I appreciate that very much, and we look forward to your statement. You might introduce your guests.

Senator CRAIG. Mr. Chairman, before he does that, may I make a brief opening statement, since I am going to have to split?

Senator BURNS. Sure, you may. Any time the leadership comes in and wants to make a brief opening statement, you just let them do it.

STATEMENT OF SENATOR LARRY CRAIG

Senator CRAIG. You are kind, but I did want to recognize Secretary Coleman and Generals all and tell you, first of all, how appreciative we are as a State delegation in the work that we have been able to do with you in the enhancement of the training range facilities at Mountain Home Air Force Base. That has moved along well. It is moving now as planned, timely. And I must say that the ability to bring all of the forces together appears to be working at this moment, and we are tremendously appreciative of that.

I was in that community a few weeks ago. They are very enthusiastic about the range and what it offers to the composite wing and the whole development of that mission at Mountain Home Air Force Base.

Obviously, the initial \$2.4 million for construction and the \$1 million for land acquisition in your budget I think continue to recognize for us the support that is necessary. It is a strong signal to all involved as it relates to the future of that range and the capability of that facility. So let me thank you for that. We enjoy working with you and we enjoy having the Air Force in our home State of Idaho. You are a great partner and a great neighbor, and we appreciate it. Thank you.

Thank you, Mr. Chairman.

Senator BURNS. And keep in mind, we have got a lot more air space in Montana. That is big sky country up there.

Senator CRAIG. Well, but ours is clear and cleaner. [Laughter.]

Senator BURNS. It does not take very long to get to either place, I will tell you that.

Thank you, Mr. Secretary, for coming. Mr. Coleman, make your statement.

STATEMENT OF RODNEY A. COLEMAN

Mr. COLEMAN. We thank you, Senator Craig, for your support on the enhanced training Idaho [ETI]. It is a big help to us.

Mr. Chairman, it is good to be back. A lot has transpired since we were here last year. The Department of Defense has issued its "Quadrennial Defense Review" [QDR] and the defense reform initiative [DRI] and, as you know, the military strategy, the national military strategy, states that we need to shape and respond and prepare now for an uncertain future, and the QDR contains and balances the overall defense program to support that strategy, and the DRI offers three innovative approaches for executing that strategy.

As you know, the DRI suggests that we adopt new business practices, streamline our operations through competitive sourcing, and eliminate unneeded infrastructure. I believe that we are on target and provide a clear roadmap for facilities investments.

However, in order to embrace this military strategy and carry out the QDR and the DRI, I also firmly believe that we must be a seamless Air Force, which we are. Mr. Chairman, you know that two-thirds as many of our people today are deployed to four times

as many places as in 1989, which is just 9 years ago. That remarkable feat could not be done nor in the future can it be done without what we term a seamless total Air Force.

As you read in my written testimony, this thread of seamlessness is woven throughout our \$1.5 billion Milcon and family housing budget, for it alone provides the balance needed to sustain force readiness, force modernization, and ignite the revolution in military affairs.

With respect to the Guard and Reserve, we have kept their must-have military construction needs in the forefront of our Milcon investment strategy, and that is why you see a National Guard Milcon budget that is comparable to Air Combat Command, our premier fighting command. In addition, you will see that new mission funding for the Guard is greater than our European and Pacific Commands.

In concert with this balanced approach is our continued commitment to examining our internal operations to support the activities to determine where we can right-size and demolish unnecessary structures and enhance joint use of facilities with other services, as well as truly embrace the revolution in business affairs through better business practices.

As you know, base realignment and closure, or BRAC, rounds are a means of attaining these infrastructure reduction goals. And as you know, Mr. Chairman, we fully support two more BRAC rounds, as requested by the Secretary of Defense. As with our previous submissions, installation programs continue to reflect hard decisions and tough choices. The Air Force corporate strategy for the installation support program includes supporting quality of life priorities like family housing and buying out the gang-latrine dormitories, supporting level one environmental programs like the ETI in Idaho, and supporting our new mission beddown and core modernization. Now that our overseas drawdown is stable, we are investing in our remaining overseas bases and targeting dorm construction for our single members.

In conclusion, Mr. Chairman, I want to personally thank the committee for its strong support of the Air Force Milcon program over the past 4 years that I have been in office. Your commitment resulted in countless benefits to Air Force readiness, retention, recruiting, and training.

PREPARED STATEMENT

I believe that this year's Milcon submission does two things, Mr. Chairman: First, it reflects the corporate priorities supporting the total seamless Air Force vision; second, it balances our commitment to the intentions of the QDR and the DRI, while ensuring that we maintain a quality of life for our people.

We will be glad to entertain any of your questions of you and Senator Murray.

[The statement follows:]

PREPARED STATEMENT OF RODNEY A. COLEMAN

INTRODUCTION

Mr. Chairman and members of the committee, good morning. I appreciate the opportunity to appear before you today to discuss the Department of the Air Force fiscal year 1999 Military Construction (MILCON) Program.

OVERVIEW

We must be a seamless Air Force! We have a national military strategy that states shape, respond, and prepare now for an uncertain future. The Quadrennial Defense Review (QDR) confirms that strategy and balances the overall defense program to support that strategy. What we see emerging now is that the QDR is not an end in itself, but rather the beginning of a debate that will shape the future of our military force. Thus, we have moved from the cold war to this era of peace troubled by regional conflict. The Air Force has been called upon to accept an ever-widening array of peacekeeping missions, wartime commitments and an ever-increasing number of deployments. In today's Air Force, two-thirds as many forces deploy to four times as many places as in 1989. This remarkable feat could not be done—and cannot in the future be done—without a seamless total force.

The total force policy has guided decisions about how people—reservists, national guardsmen, active duty, retired military, Federal civilian, service auxiliaries, and contractors—are structured to protect the nation's interest. We often talk about a "seamless total force" as though "seamlessness" is a spontaneously occurring state of nature—a foregone conclusion. Nothing can be farther from the truth. Seamlessness is the product of mutual respect won through hard work and consummate professionalism. Therefore, we must cherish the covenant of "seamlessness" within the Air Force. We now know and understand that no one can "go it alone."

Seamlessness is not a panacea; however, it enables us to aggressively manage the most formidable obstacles to troop retention and readiness—OPSTEMPO and PERSTEMPO. Consequently, given the resulting increased OPSTEMPO and PERSTEMPO of our very capable and ready guard and reserve units, we must keep their "must have" military construction needs in the forefront of our strategy as we move our Air Force into the 21st century.

We know that seamless support operations play a critical role in enabling the Air Force to live, train, and execute our National Security Policy. In order to support the total force, these support functions must become better, faster, and cheaper. They must be better because quality infrastructure, particularly installations, contribute to a quality of life that improves morale, retention, and hence the readiness of the force. They must be cheaper in order to fund force modernization to maintain battlefield dominance. Thus, we have adopted an approach to continually examine internal operations and support activities to determine where we can right-size, consolidate like functions, demolish, enhance joint-use of facilities among other services, and embrace the revolution in business affairs through better business practices. All of these are focused on improving the efficiency and performance of the Air Force facility support structure.

Every year we balance installation support operations, while accepting a greater level of risk. As with previous submissions, installation programs continue to reflect hard decisions and tough choices. The maintenance and repair of facilities and infrastructure at Air Force installations are essential to our core competencies in support of national strategies and the QDR. We are striving to maintain facilities and infrastructure where Air Force people work and live to preclude weakening unit readiness, impairing mission accomplishment, or degrading Quality of Life (QOL). The Air Force corporate strategy for the installation support program includes:

- Ensuring our MILCON Program places emphasis on supporting new mission beddowns and current mission necessities, including redirecting limited capital investment to our most pressing requirements.
- Maintaining our operations and maintenance programs to protect the quality of life of our personnel and their families.
- Reinvesting in the few remaining overseas bases, which even after host-nation burdensharing have numerous facility needs critical to Air Force core competencies.
- Incorporate environment, health, and safety into core business practice to lower cost and improve performance while continuing to fund critical environmental projects to meet compliance requirements.

The Air Force recognizes that we must look at our installation facility requirements differently than in the past. That is why we must embrace the business revolution through better business practices. This includes the indoctrination of private

sector business practices into everything we do: time management; paperwork; delegation of responsibility; production; accountability; customer focus; and attitude. Improved business practices led our transition to the Air Force corporate process, outsourcing, privatizing, and people first programs. All of these things will be melded into design templates for our installations in the 21st century. Properly done, these actions will be a powerful investment in the future.

Mr. Chairman, we are cognizant that the Air Force could not maintain the quality of any of our facilities and the advantages they render without the strong support we have always received from this committee, for which we are most appreciative.

Mr. Chairman, as we emphasize our seamless support requirements and desire to use better business practices, I would like to proceed now to discuss the major program areas of our fiscal year 1999 MILCON budget request. I will review the total force military construction program to include discussion of the military family housing program. Finally, I will address the Air Force perspective on the DOD request for Base Realignment and Closure accounts as stated in the QDR.

AIR FORCE MILITARY CONSTRUCTION BUDGET

The Air Force MILCON Program consists of five principal areas: new mission, current mission, planning and design and unspecified minor construction, environment, and Base Realignment and Closure (BRAC). New mission construction supports the beddown of new weapon systems and force structure realignments. Current mission MILCON revitalizes existing facilities and infrastructure, and builds new facilities to correct existing deficiencies. Planning and design and unspecified minor construction include funds to design our construction projects and a small program to handle urgent, unforeseen construction requirements. The environmental program consists of those regulatory compliance projects that must be accomplished to avoid increased health or safety risks to people on or off our installations. The BRAC program supports the transfer of property at closure installations to communities for economic reinvestment.

Our total Air Force military construction budget request for fiscal year 1999 is \$1.55 billion. This request includes \$1.47 billion for active duty military construction (\$455 million for traditional MILCON and \$1.016 billion for military family housing), \$34.8 million for Air National Guard MILCON, \$10.5 million for Air Force Reserve MILCON, and \$34.1 million for BRAC MILCON.

THE TOTAL AIR FORCE MILITARY CONSTRUCTION PROGRAM

Similar to last year, the Air Force's fiscal year 1999 military construction and family housing programs were developed using a facility investment strategy with the following objectives: Maintain what we own; Accommodate new missions; Maintain quality of life investments; Optimize use of public and private resources; Continue demolition program; Reinvest overseas; and Continue environmental leadership.

Program Overview

Given the success of the corporate Air Force process, we continue to consider the Air Force total obligation authority as one pot of money. Those funds are systematically meted out based on the most urgent, corporate needs of the total force. The strategy for allocation of the funds is inextricably tied to Major Commands (to include the Air Force Reserve and Air National Guard), Chief of Staff, and Secretary of the Air Force priorities.

The Major Commands submitted a prioritized, unconstrained list of their construction requirements. The MILCON integrated process team, used a proven weighting matrix to implement the strategy to establish a cross-cutting investment program. The result is an integrated priority list based on the most urgent needs of the total Air Force. The list integrates new mission, current mission and environmental projects for active, guard, and reserve components. This priority list was presented to the corporate structure, to include the Chief of Staff and the Secretary of the Air Force, for final review and approval.

Current Mission

"Maintain what we own" is the investment strategy underlying our current MILCON Program. This concept results in identifying the minimum requirements to sustain readiness and quality of life while attempting to reduce the requirements via privatization and demolition. This strategy is rooted in the stewardship entrusted to us for maintaining eighty-seven major installations. We are still not looking to increase our maintenance dollar spending on infrastructure or new facilities. Conversely, we continue to target demolition of worn out or obsolete facilities and infrastructure in order to reduce reoccurring operations and maintenance costs. For

example, we demolished over seven million square feet of facilities over the past two fiscal years.

This year's current mission MILCON program consists of 33 projects totaling \$286 million. These projects include a variety of facilities at a number of installations to include: a Control Tower at Selfridge Air Guard Base, Michigan; an Air Force Reserve Aircraft Maintenance Facility at Maxwell Air Force Base, Alabama; a Child Development Center at Andrews Air Force Base, Maryland; and Dining Facilities at Charleston Air Force Base, South Carolina, and McGuire Air Force Base, New Jersey.

We will continue our vigil to effectively use available resources to determine what we need, to care for what we own, to renovate or replace worn out facilities, and to look for opportunities to consolidate functions in retained facilities.

Accommodate New Missions: Support Core Modernization, Beddown of New Missions, And Expansion of Existing Missions

Our people deserve to be equipped with the right tools to accomplish their missions. The Air Force modernization program is designed to enhance the unique capabilities embodied in our specialized core competencies. These competencies provide the rapid, precise, and global response that gives our combatant commanders the necessary options to respond to regional conflicts in support of the national defense strategies.

Military construction is needed to support weapon system beddowns such as the C-17 and the Unmanned Aerial Vehicle (UAV), or improve personnel training by constructing the Enhanced Training Range in Idaho. The entire MILCON program supporting new mission requirements consists of 27 projects totaling \$137.6 million.

C-17

The C-17 Globemaster III aircraft is designed to replace our aging fleet of C-141 Starlifters. It combines the airlift capabilities of the C-141, the C-5 Galaxy's ability to carry oversize cargo, and the C-130 Hercules' ability to land directly on short, forward-located airstrips. In November 1995, the defense acquisition board determined that the C-17 met the nation's needs, after which, the Under Secretary of Defense approved the purchase of all 120 aircraft requested.

At that time, McChord Air Force Base, Washington, was designated as the second active duty operational base for the aircraft. We had already identified Charleston Air Force Base, South Carolina, as the first active duty operational base, and Altus Air Force Base, Oklahoma, as the C-17 training base. Since then, we have identified Thompson Field, Mississippi, as the Air National Guard operating location. The fiscal year 1999 program includes several facilities at McChord Air Force Base. These projects include a Ramp/Hydrant System, Maintenance Facilities, and a Shortfield Assault Strip. The total program for fiscal year 1999 is \$71 million.

Unmanned Aerial Vehicle (UAV)

The UAV program is based at Indian Springs Air Force Auxiliary Airfield, Nevada. It is designed to provide long endurance tactical reconnaissance of the battlefield. The new mission beddown for two squadrons of 45 unmanned vehicles and 566 persons includes a Squadron Operations Facility, a Communications Maintenance Facility, and a Logistics and Training Facility for a total of \$15 million in fiscal year 1999.

Enhanced Training In Idaho (ETI)

The Air Force proposes to build a range on Bureau of Land Management land in southwest Idaho and modify airspace for local training by Mountain Home Air Force Base, Idaho, crews. The multi-year range program begins with a \$2.4 million construction project and a \$1 million land acquisition. The ETI attempts to balance realistic local training with careful consideration of environmental, cultural, and economic concerns. The ETI also simulates real-world scenarios and allows aircrews to plan and practice complex missions. In addition to providing realistic training, ETI's close proximity to Mountain Home Air Force Base also enables crews to convert time currently spent in transit into actual training time. The range includes a 12,000-acre drop site; a 640-acre and four 5-acre no-drop, simulated target areas; and ten 1-acre and twenty .25-acre emitter sites. The total fiscal year 1999 MILCON is \$3.4 million for this program.

Quality of Life

We can not effectively plan for the future needs of our Air Force community unless we start at the beginning, and our beginning is people. Military personnel readiness was in serious trouble by the end of the 1970's; and enthusiasm for a decent quality of life continues to be the only approach to both retain experienced personnel

in the service and offer an attractive living environment to those aspiring to serve their country. Consequently, we believe that improved quality of life for our personnel translates into enhanced readiness as a result of our deployed airmen not worrying about the conditions of their families.

The Department of the Air Force firmly believes that our people are the most important asset of our service. The Air Force recognizes the correlation between readiness and quality of life for our people; we succeed in our mission by putting people first. They are the foundation of our strength, and we must recruit, train, and retain the highest quality force possible. If we are to be successful, then this seamless Air Force team must take care of our people and their families.

The Air Force quality of life Strategy identifies seven quality of life initiatives: compensation and benefits, balanced PERSTEMPO and OPSTEMPO, health care, housing, retirement, community support, and educational opportunities. The MILCON program improves quality of life by renovating or constructing dormitories and community support facilities. Our three-step dormitory investment strategy includes the buy-out of all permanent party central latrine dormitories by fiscal year 1999, building to meet the dorm deficit, and replacing or converting our worst existing dorms within 10 years (fiscal year 2000–2009).

Recent emphasis has been placed on housing for unaccompanied airmen; an area with a large impact on force retention and future recruiting. With your support, fiscal year 1999 will mark the year in which we “buy-out” our last remaining permanent party central latrine dormitories. As we reach our goal of eliminating these substandard facilities we will use the dormitory master plan as a roadmap to eliminate deficits and replace our “worst” dormitories while we balance additional requests for community support facilities.

This year’s program funds eleven enlisted dormitory projects at six stateside and five foreign installations for a total of \$119 million. In addition to the dormitories, the program funds a Child Development Center at Andrews Air Force Base, Maryland, and Dining Facilities at Charleston Air Force Base, South Carolina, and McGuire Air Force Base, New Jersey for a total of \$15 million.

Optimize Use of Public and Private Resources

As the Air Force transitions to a seamless Space and Air Force, we must free up precious resources for modernization. To do this we are adopting modern business practices: removing redundancies, using competition to improve quality and reduce costs, and reducing support structures to free up resources and focus on core competencies. All the time we must keep in mind that the purposes of our outsourcing and privatizing initiatives are designed to preserve “tooth,” and streamline “tail,” while supporting modernization.

One example of innovative business practices involves a unique opportunity to “use the other guy’s money” in a land and facilities swap between the Air National Guard and the Phoenix Airport Authority. Phoenix Sky Harbor International Airport wanted to expand their infrastructure onto Air National Guard property and were willing to build us a new base. Through a mutually beneficial arrangement we will gain \$65 million worth of new facilities, funded and constructed by the city, while experiencing no impact on operational readiness. That’s smart government.

We have been remiss for the amount of time used to award our first housing privatization effort; however, we are confident this award will happen this summer. The good news is that we have learned volumes about the necessary process and procedures that allowed us to eliminate many hurdles for future projects. We still believe that we will provide new homes to our airmen in less time than the standard military construction route—2 years, not 3. Another improvement includes the use of recommendations from the Family Housing Master Plan as a blueprint for guiding future privatization. This will also save more time and allow us to better program future privatization projects.

Meanwhile, we are embracing a defense reform initiative that places us primarily in the energy management business and will reduce our role in the infrastructure business. We are seeking to privatize utility systems where it makes economic sense and where not required to maintain a readiness capability. Four pilot studies are underway at Hill Air Force Base, Utah; Scott Air Force Base, Illinois; Langley Air Force Base, Virginia; and Edwards Air Force Base, California.

One example of an early success with utility privatization is at Youngstown Air Reserve Station in Youngstown, Ohio. In an effort to reduce expenses and satisfy the electrical demand at the station, the reserves pursued the privatization of the station power system. Congress approved the effort as a demonstration project to assess the feasibility and advisability of permitting private entities to install, operate, and maintain electrical power distribution systems at military installations. The contract with Ohio Edison Company was awarded in August 1997. The project

replaces an undersized and obsolete electrical distribution system for \$360 thousand less than if the Air Force had retained ownership of the system.

Overseas MILCON

We must invest in force protection, safety, and quality of life at our overseas bases. We now have eleven overseas main operating bases: two in Germany, one in Italy, two in England and one in Turkey. In the Pacific, we have two in Korea and three in Japan. Given the stability of our overseas installations, after years of base closures and major force reductions, we can see that our reduced MILCON investment was not sufficiently augmented by host nation funding strategies. Consequently, we are actively pursuing NATO funding, host nation funding, and payment-in-kind; however, the need for quality of life improvements is bigger than available burdensharing opportunities can satisfy.

Our 1999 program for our European and Pacific installations includes \$71 million in unclassified MILCON. The program consists of dormitory projects at Kunsan and Osan Air Bases in Korea, RAF Lakenheath and Mildenhall in England; and Spangdahlem Air Base in Germany. We ask for your support for these important quality of life projects—they represent our most critical requirements for our airmen stationed overseas at our most stable installations, and buy out our first commitment to our airmen: central latrine dorms. We must also have the other projects including a central security control facility at Incirlik Air Base, Turkey; and squadron operations facilities at Mildenhall and Spangdahlem.

For all European projects, we are sending a precautionary prefinancing statement to the NATO infrastructure committees. These statements will permit recoupment from the NATO infrastructure program if eligibility is subsequently established.

Environmental MILCON

As our record shows, we are dedicated to improving our already open relationships both with the regulatory community and with our installation neighborhoods. We not only strive to ensure our operations meet all environmental regulations and laws, but we also seek out partnerships with local regulatory and commercial sector counterparts to share ideas and create an atmosphere of trust.

Our continuing campaign to foster an environmental ethic within the Air Force culture, both here in the United States and abroad, has enabled us to sustain operational readiness, be a good neighbor, and leverage our resources to remain a leader in environmental compliance and cleanup.

Over the past 2 years, as a result of these cooperative efforts, the Air Force environmental program received top honors for almost one-half of the 28 awards areas recognized by the Department of Defense. We were recognized for overall environmental quality as well as recycling in non-industrial areas. Additionally, our measure of merit targeting no enforcement actions is paying dividends. We have reduced our open enforcement actions from 263 in fiscal year 1992 to 11 in fiscal year 1998.

Our environmental compliance MILCON request for fiscal year 1999 totals \$17.1 million for eight, level-1 compliance projects. Our program primarily focuses on environmental projects for fire training facilities. Closed due to ground water contamination from existing operations, these fire training facilities are located at Hurlburt Field, Florida; Grand Forks Air Force Base, North Dakota; Kirtland Air Force Base, New Mexico; MacDill Air Force Base, Florida; Maxwell Air Force Base, Alabama; Vance Air Force Base, Oklahoma; and Hector Field, North Dakota. They are designed to replace traditional jet fuel burning facilities with a modern standard design providing a more economical and environmentally safer training method. We also have a project to upgrade the sanitary sewer lines in support of the Air National Guard Base at Alpena County Airport in Michigan.

All of these projects satisfy level-1 requirements. Level-1 compliance requirements refer to conditions or facilities currently out of compliance with environmental laws or regulations, including those subject to a compliance agreement.

Unspecified Minor Construction

We have requested \$13.5 million in fiscal year 1999 for unspecified minor construction funds, which will provide the total Air Force with its primary means of responding to small, unforeseen facility requirements that cannot wait for the normal MILCON process. From fiscal year 1991 through fiscal year 1997, a total of \$12.7 million was reprogrammed into the account to fund urgent requirements. The fiscal year 1993 through fiscal year 1998 accounts are fully obligated or committed to valid projects.

Planning and Design

Our request for fiscal year 1999 planning and design is \$46.6 million. These funds are required to complete design of the fiscal year 2000 construction program and to start design of our fiscal year 2001 projects.

MILITARY FAMILY HOUSING

As in years past, the Air Force leadership considers military family housing to be one of our most important programs. We are convinced that no other facility program so greatly influences the performance and commitment of our people as much as having quality homes for their families. Maintaining our responsibility to the family housing program is even more important in this era of major force reductions and increased OPSTEMPO and PERSTEMPO demands. Because these factors are so stressful for military families, it is imperative that we continue to emphasize quality of life issues to mitigate the stress. Consequently, we have developed—consistent with the corporate priorities of the Air Force—our housing program to best serve our families.

Due in large part to strong congressional support, our military family housing investment program has been sustained during recent force structure changes. Even so, the average age of our family housing inventory is 35 years, and over 61,000 of our current 110,000 housing units do not measure up to contemporary standards.

Our military family housing program consists of three major programs: privatization, investment, and operations and maintenance (O&M). Under the privatization program, we will soon use the recommendations of the Family Housing Master Plan as a blueprint for guiding privatization efforts. There are twelve stateside housing privatization projects being examined; 420 units at Lackland Air Force Base, Texas, are scheduled for contract award this summer. The \$226 million fiscal year 1999 MFH investment program is programmed to construct 64 new units at Dyess Air Force Base, Texas; replace 784 worn out units at 12 separate locations; and improve 625 units at 10 locations. Finally, the Housing O&M Program is \$790 million. It supports “must pay” requirements such as refuse collection, snow removal, utilities, and leases. The program also supports the contract maintenance program to keep houses in good condition for our families.

We continue to use the Fiscal Year 1996 Defense Authorization Act that created the family housing improvement fund for our privatization efforts. The authorization act permits military family housing initiatives that enable us to accelerate improvement and replacement of our family housing inventory. We ask for your continued strong support for our requested investment level so we have sufficient capital to ensure an accelerated fix of our inadequate housing.

Housing Improvements

The Air Force “whole house/whole neighborhood” improvement concept has been extremely successful. Under this concept, we upgrade older homes to contemporary standards—updating worn-out bathrooms and kitchens, replace obsolete utility and structural systems, provide additional living space as permitted by law, and at the same time, accomplish all required maintenance and repair. The result is a very cost effective investment that extends the life of these houses 25 years. In addition, the “whole neighborhood” program provides recreation areas, landscaping, playgrounds and utility support systems to give us attractive and functional living environments.

Our fiscal year 1999 improvement request is \$82 million. This amount revitalizes 625 homes at 10 bases. This includes \$36 million for 295 homes in the continental United States, \$34 million for 330 homes overseas, and \$12 million for six neighborhood improvement projects.

New Construction

We are requesting \$133 million for fiscal year 1999 projects at 12 CONUS bases to replace 784 existing houses, and three housing and maintenance support facilities. The replacement units will take the place of existing homes that are no longer economical to maintain.

Operations, Utilities and Maintenance

Our fiscal year 1999 request for family housing operations, utilities and maintenance is \$672 million. These funds are necessary to operate and maintain the 110,000 homes remaining in the fiscal year 1999 Air Force inventory. Approximately 42 percent of this requested funding represents the Air Force’s obligation as the landlord for items such as utilities, refuse collection, and other key services. The remaining 56 percent of the funds are for major maintenance contracts to fix the deteriorating infrastructure, such as electrical distribution systems, streets and roofs.

Planning and Design (P&D) and Leasing

We have requested \$129 million for P&D and Leasing. This includes \$11 million for P&D of new construction and improvement programs, and \$118 million for leasing 4,175 domestic units and 4,125 foreign houses. The leasing program supports critical missions in non-traditional locations, such as foreign sites where family housing is not available, and for recruiters not located near military installation in the United States.

Our fiscal year 1999 military family housing budget request reflects our policy to ensure our families have access to safe, affordable and quality homes; and mirrors our strategy to modernize on-base housing by improving our "worst-first." We are committed to improving retention by providing our Air Force families with homes and communities that are comparable in design and amenities to private sector housing. Our "whole house-whole neighborhood" concept for developing a housing community plan for each installation continues to put our people first by fostering a sense of community and supporting neighborhood identity. We seek to achieve a "pride of ownership" mentality within our family housing community.

BASE CLOSURE ACCOUNTS

The Air Force Base Realignment and Closure fiscal year 1999 MILCON request is \$34.1 million for 12 projects at four locations based on BRAC 1995 decisions. These projects include a Communications Training Complex at Stewart International Airport, New York; three projects at Hill Air Force Base, Utah, to include alterations of a Product Management/Composites Facility, GTE Test Cell and F-117 Radar Facility; three projects at Tinker Air Force Base, Oklahoma, due to the realignment of Kelly Air Force Base, Texas; and five closure-related projects at Lackland Air Force Base due to the realignment of Kelly Air Force Base, Texas.

The Air Force requirements included in the Department of Defense fiscal year 1999 budget request for the base closure accounts are designed to support the President's Five-Part Program by continuing to transfer property at closure installations as quickly and efficiently as possible to communities for economic reinvestment at the earliest opportunity. As part of the defense budget, the Air Force request reflects a thorough review of all remaining requirements and careful budgeting to fulfill validated requirements to the greatest extent possible within the budget constraints of the defense department.

The Department of the Air Force continues to be committed to timely, thorough environmental restoration, and smooth transition of closing bases to civilian uses as soon as possible. In addition to turning over closure bases for reuse, we continue the realignment beddown process at remaining installations to ensure base closure neither disrupts our operational requirements nor adversely affects quality of life issues. We appreciate the support of this committee in helping us meet these objectives.

CONCLUSION

In conclusion, Mr. Chairman, I thank the committee for its strong support of the Air Force Military Construction Program and the resulting benefits to the Air Force in readiness, retention, recruiting, training and the quality of life for our personnel.

The fiscal year 1999 Air Force Military Construction submission reflects the corporate priorities supporting the total Air Force vision to become the best Air and Space Force while working to maintain our constantly deteriorating plant. Our installations constitute a crucial factor in Air Force readiness. We rely on our bases to serve as our launch platforms as well as places for people to work to effectively project United States air and space power. This budget submission reflects our commitment to maintain the quality of Air Force installations and to help ensure that the United States Air Force remains the world's most respected Air and Space Force.

Thank you Mr. Chairman and members of the committee.

Senator BURNS. Thank you, Mr. Secretary. Mr. Coleman, this is the last time you are going to appear before this committee.

Mr. COLEMAN. Yes, sir.

Senator BURNS. And I did not bring a cake or anything.

Mr. COLEMAN. We can come back—

SOUTH POLE TRIP

Senator BURNS. No gold watches or anything like that. I say that with a little touch of sadness. I appreciate us working together on many projects.

General Weaver, let me congratulate you right off the top. This last January we went to the South Pole, and I think you had a lot to do with the New York Air Guard and that airlift organization up there. They were very kind to us, I will tell you, and I imagine you probably made a couple of those trips down there—

General WEAVER. Yes, sir; I have.

Senator BURNS. I will tell you, if you ever go to the South Pole you have to really want to go. That is a backbreaker, and I do not know where they get thermostats to heat a C-130. I thought I picked myself out a little web seat that was pretty good and then I was wondering how come I got cold: I was sitting right next to a case that says: "Keep frozen at minus 80 degrees Centigrade." So my feet almost did not make it.

We had a great trip down there, but my great support person here did not make that leg of the trip. She made it to New Zealand, but she did not make it out of Christchurch.

I just wanted to say congratulations. I thought a very professional crew, very professional, and made our trip down there very, very enjoyable.

General WEAVER. Thank you, Senator.

Senator BURNS. Everything was going well until those penguins come hopping out of that water with an old killer whale right behind them. And I was about from here to you to the edge of that ice, and I think there was several folks that had a camcorder with them and picked up some expletives that are used in stockyards and the U.S. Marine Corps.

General WEAVER. Trip of a lifetime.

Senator BURNS. Trip of a lifetime, it really was.

Senator Murray, do you have a statement for the Air Force that you might want to make at this time?

Senator MURRAY. Actually, no.

Senator BURNS. Do you not want to go to the South Pole?

Senator MURRAY. Well, I do not know how you went to the South Pole not thinking you were going to be cold.

Senator BURNS. No, no; it is just not that. It is just they have got to get some thermostats in the back end of the C-130's. It is really kind of like riding with the cattle.

General WEAVER. That is correct.

Senator BURNS. I will tell you, they make it as comfortable as it possibly can be made under the circumstances, and we realize that. But you have got on all the clothes you own, and then they turn up the heat and you take them all off, and you wear yourself out.

Senator MURRAY. And we have photos?

HOUSING PROGRAM

Senator BURNS. Yes; we have got photos, we sure do.

Mr. Secretary, we start these hearings early so you can get out and go back to work. We do not want to keep a good man from his work, you know.

But implications right now, putting everything in the priorities; where are we with our housing? Give me an overall status report and progress this past year, and where do you think we should be looking toward in the next couple of years?

Mr. COLEMAN. You gave me a carte blanche, did you not?

Senator BURNS. Just give you a credit card and go?

Mr. COLEMAN. Well, sir, I feel that we are doing well in our housing program to reduce the housing stock that we deem to be unfit for our troops. We have engaged in a privatization effort that is going to complement our housing, not supplant our military family housing program. It is going to supplement what we have. We are only going to do it where it makes sense, where it makes economical sense and practical sense.

We have about 12 locations that we are looking at now that are in various degrees of completeness, one down at Randolph Air Force Base—I mean, Lackland Air Force Base in San Antonio, that we are putting on the street. It is on the street. We are waiting for project award in July. That is going to be about 420 units.

We have got one going into Robins Air Force Base where we are using one of the authorities given to us where we are going to give the developer some land across from the main base which is now used for base housing. We will give him that land and he can develop it.

So we are methodically working on. I will have General Lupia give some more details on that after I take care of this carte blanche that you have given me as to how we are with our Milcon.

Senator BURNS. Do we have enough money?

Mr. COLEMAN. No, sir; we do not have enough money to do all that we want to do with regard to quality of life, military construction, O&M, and military housing. We are working within a constrained budget. We are doing the best that we can to take care of force modernization and the modernization of our aircraft.

I wish there was more. We are buying out all of our gang latrines this year and making sure that our troops do not have anything but the absolute best that our money can buy. We are doing the best that we can to prepare the Air Force for the next millennium. We are a much reduced force from when I was in uniform, a much reduced force from when I commenced this job 4 years ago. We have steadily decreased our manpower. We have got 22 bases closed, 17 realigned under BRAC.

We need BRAC. I hope you will support that. I hope this committee will support that.

In essence, sir, within our constrained \$60-some billion budget, we are doing the very best for the troops that we can, knowing that our troops are deployed, as I said in my opening statement, quite a bit more than they ever have been deployed before for the number of troops that we have taking care of our work overseas.

Gene, if you want to add into that.

DORMITORIES

Senator BURNS. General Lupia.

General LUPIA. I would just like to say in terms of housing we typically talk about it in two ways. First, the housing—as you know, the Air Force has made quite a commitment to this. In this

program, in 1999 they have \$120 million for enlisted dormitories out of a \$500 million program, which was a very tough decision for the Air Force to make.

But what that does allow us to do is buy out the last of our central permanent party latrine dormitories. Three years ago we started out with 173 buildings where airmen still lived with central latrines. At the end of this military construction cycle, if you approve everything that we have brought to you, we will not have a permanent party dormitory left in the Air Force with central latrines.

Next, we begin to buy out our deficit. We need 12,000 rooms in order for every unaccompanied airman in the Air Force to have a private room, that is every airman E-1 to E-4, which is our program. We begin to buy some of those this year and will continue in next year and the following years to do that. So by 2009 every airman, E-1 to E-4, in the Air Force will live in a private room on base.

Then finally, at the end of our program, we will begin to convert those two plus two dormitories that have worn-out to one plus one dormitories.

FAMILY HOUSING

On the family housing side, we still have 61,000 houses that really need major renovation or work. We cannot get there with our budget. We appreciate all the help that Congress has given us in the past and we hope that you will find it in your heart to still help some Air Force families.

Senator BURNS. Your demolition program is coming along as far as some of those old living quarters?

General LUPIA. Yes, sir; the old Wherry's and actually even some before the Wherry housing that we are tearing down, as a matter of fact. But our program has gone very well.

So we still have a plan to put together for housing. We published a dormitory master plan last year, and this year we will publish a family housing master plan. In that we will go through every base in the Air Force and make decisions as to what base we can use privatization at, what base we need to use military construction at, what base we can solve our problems with O&M money, and then proceed down that road so that every dollar in the Air Force that we spend on either dormitory or on family housing is spent on the very worst ones we have. We fix those up first and work our way up to getting to those that are in better shape later.

Senator BURNS. General Clem, \$10.5 million for the Reserves. That is not very much money.

General CLEM. Not a good year for us, Mr. Chairman.

Senator BURNS. You have got to be a better scrapper here.

General CLEM. I guess so. I guess I could dodge that and say this is my first month on the job, but that probably would not be fair, either.

As you know, sir, we participate fully in the Air Force's Milcon development prioritization process. We have a seat at the table all the way through the process. Our projects were right there to be considered along with everybody else's. I think it is fair to say that, within an overall constrained budget this year, the Air Force has had a number of priorities that, frankly, were higher than ours.

Our No. 1 project, the C-130H facility at Maxwell in Alabama, was funded. It appears at this point in the process for 2000, that we are going to do better next year. But I want to emphasize that we are part of the process and we stood up there with everybody else and, for one reason or another, just did not quite make it through this year.

Senator BURNS. General Weaver.

General WEAVER. Sir.

Senator BURNS. Air Guard.

General WEAVER. I think, along with what General Clem is saying, is what goes behind the scenes in the seamless Air Force. As you have mentioned on many occasions, the Air Force really truly sets the standards for Guard and Reserve as the total force with its active duty counterpart.

Having sat through the boards and the councils' meetings behind the scenes in looking at all of the budgetary priorities and the constraints that we have to operate under, we get a voice. We get a very strong voice, and our voices are heard, thanks to Mr. Coleman, General Lupia, Mr. Dishner, who have really argued strong for us in these council meetings.

But I think Mr. Coleman put it quite well: As compared to Air Combat Command, we have done quite well in comparison for Milcon. Can we live with it? Yes; we can. But I will also hasten to say that we appreciate what you have been able to do and your committee in the past in helping us out with add-ons.

When I heard you use the term "pork" earlier on—and I mentioned this last year—it really, it is upsetting when I hear that, because I can point to every dollar that you have been able to muster for the Guard and Reserve and the Air Force, and it has led to our combat capability, which is the most combat capable force that we have got in the Department of Defense. That is as a direct result of what you have been able to put in our pockets in performing our military construction requirements and our total force.

So it is a tough year. I think things will be still a little tougher the next couple of years. I am hoping that we will be able to look at our backlog in RPM and Milcon and get that turned around. But it is comforting to know that we are part of a total force and this total force truly stands up and argues for our requirements in the Guard and Reserve, with our great leadership.

Senator BURNS. Senator Murray.

RESERVE COMPONENT FUNDING

Senator MURRAY. Well, thank you, Mr. Chairman.

Let me just follow up on that, because I cannot help but notice that the funding request for the Air National Guard, despite the high degree of visibility it got last year and the fact that the Congress actually had to double the funding for it, is down to one-half of last year's exorbitantly low request. I really want to know whether we can realistically expect the Air National Guard to even function at \$35 million, Mr. Secretary?

Mr. COLEMAN. Yes, ma'am. I think—well, I know that they can. It is constrained. It is not what they want. It is within the corporate process, as we discussed.

Two years ago General Fogleman and myself stated to the Congress that we were using Milcon money as a bill payer and we are going to take 1998 and 1999 and use a lot of the money for modernization, and that we committed to you to start ramping up in 2000. The paucity of that budget reflects what we said 2 years ago. We needed to take more money and use for other things that were more demanding, and starting in 2000, which will be the next budget submitted to the Congress, we will ramp up both the Guard and the Reserve to a degree that it deserves.

Senator MURRAY. General Weaver?

General WEAVER. I agree with Mr. Coleman. Is it what we like, the \$35 million? No; we would have appreciated a lot more. But again, the process, when we looked at all the budgetary constraints. And we in the Guard and Reserve also look at the family housing, the dormitory requirements of our airmen and our families, and our quality of life in the Guard and Reserve are a little bit different. It is the facility which we are working in, and we still have some facilities out there with two-pronged electrical outlets, quonset huts. You have done a great job in helping us get a lot of that turned around.

But when you look at the total picture—and again, corporately our Air Force, our modernization is an extremely important part of it. Some bills have been paid out of the Milcon. If you look at the entire picture, yes, we can handle \$35 million. If it continues in the way future, I will have some serious concerns, as will the Air Force as well. But we have got a commitment from our Air Force leadership that this will get turned around.

Senator MURRAY. Thank you.

C-17 DEPLOYMENT TO MC CHORD AFB

Mr. Secretary, you requested \$52 million for various aspects of the C-17 deployment to McChord Air Force Base in Washington. Can you give us a status of that program?

Mr. COLEMAN. Gene, can you handle that?

General LUPIA. Yes, sir; I sure can.

We are very pleased that we are able to put the C-17 into McChord. As you know, Charleston was our first base for the C-17, McChord second. This year we really have the majority, a big slug of the facilities for McChord. We formed a senior executive review group that I sit on with the Army Corps of Engineers and the Major Command Engineer. We review our progress.

We are ahead of all the time schedules. We are within budget on each of the projects that we have taken on so far. And I think, with the approval of the 1999 program, we will have that weapon system in there the way it should be.

We are fortunate enough that at McChord we are putting the facilities in before we put the airplanes in. At Charleston we got the airplanes there a little bit early, before the facilities, and we scrambled. But I think at McChord we are going to be ahead of the airplanes and the program is right on schedule.

Senator MURRAY. How many additional people will you need at McChord on the C-17?

General LUPIA. I cannot answer that one. I do not know what the manpower number is.

Mr. COLEMAN. We can get that for you.
 Senator MURRAY. Yes; if you could get that for me.
 [The information follows:]

C-17 INTO McCHORD AFB

Based on the current program, the Air Force anticipates there will be an increase of approximately 200 personnel at McChord Air Force Base by the time the C-17 is fully fielded.

Senator MURRAY. Are the housing and child care facilities adequate for the additional people that we have coming?

Mr. COLEMAN. I will get back to you on that, but we would not have put it there if it had not been adequate. But I will get a report to you.

[The information follows:]

McCHORD AFB HOUSING AND CHILD CARE

The Current housing and child care facilities capacity is considered adequate for the additional people.

Senator MURRAY. OK, because I do see in your request here an item for \$20 million for clinic and warehouse replacement.

Mr. COLEMAN. Replacement, yes.

Senator MURRAY. Right. Can you tell me exactly what that is and what the capacity for that clinic is?

Mr. COLEMAN. I can get that for you also.

[The information follows:]

McCHORD AFB CLINIC AND WAREHOUSE REPLACEMENT

The clinic and warehouse replacement project at McChord AFB will consolidate all medical care and logistics storage for the 62nd Medical Group. The new facility will provide for modern functionalities and equipment with efficiencies and flexibility to accommodate 21st Century primary care medicine. The old, inefficient facilities currently occupied by the 62nd Medical Group will be vacated.

The project is included in the DOD's fiscal year 1999 Medical Military Construction Program for \$20 million. It is sized for a 7,326 gross square meter (GSM) Clinic building; 1,348 GSM War Reserve Material Warehouse, and a 71 GSM Ambulance Shelter. The new facility will provide health care to an estimated 20,220 enrolled beneficiaries and will accommodate an estimated 112,000 patient visits annually.

Senator MURRAY. Thank you, Mr. Chairman.

RETENTION PROGRAMS

Senator BURNS. One thing sort of sticks in the back of my mind, and you could probably help me out with this and help direct me a little bit. We still hear, and it is fairly noticeable, in the manpower, Mr. Secretary, we are losing skilled people in the U.S. Air Force. In fact, we are losing them as fast as we are recruiting them and training them. In some areas, I think maybe in the pilot area, we may be falling behind a little bit. Even though we have had very lucrative reenlistment offers made, we continue to lose people.

That concerns me, and I am wondering in the assessment of that what us in Congress who would like to help the military in that retention—why are we losing them? Are we losing them to more lucrative opportunities in the private sector, or is it something that we are doing in the military that is not making us competitive with the private sector?

Mr. COLEMAN. Well, the most obvious has been the OPTEMPO that the troops have had to endure. We have got that down. We are cutting it back even more. We are looking at ways of complying with the needs of Southwest Asia [SWA] and Southeast Asia [SEA]. But the air staff is looking at a number of things to decrease the deployments to execute the air expeditionary force concept, to take care of the Air Force's needs overseas, so the troops do not have to constantly be deployed in short spurts like the 45-day deployment or the 120-day deployment.

We wish that we could PCS some people to SWA, but that is a foreign policy issue that we have no control over. It would greatly diminish the time and the strain on the young troops.

You have increased the aircraft incentive pay, aviation incentive pay. It is a number of things, not one of them which you can put your finger on, in my personal estimation, that would save the pilots. There is an attractiveness principle with the airlines no matter what is going on in SWA or SEA, nor no matter what is the compensation package that a young troop would get.

That is why the OPSTEMPO to me in my travels over the last 4 years and having responsibility for personnel issues, the young troops have said to me: I cannot stand this OPS and PERSTEMPO.

We have tried everything that we can to take care of the needs of the family back home—child development centers, making sure that the housing is A-OK and the family support centers are A-OK. We are doing the best job that we can with the funds that we have, and I think the Chief of Staff and the rest of the Air Staff are taking it upon themselves to devise means by which we do not have to deploy these troops as much as we have in the past.

Senator BURNS. Well with the downsizing in the military force structure, we assumed that we would be meaner and leaner, but we would also be more mobile—the ability to react and move within a short period of time. So I am just concerned about losing our skilled people, knowing that there will always be competition for skilled people in our military. And as technology—you know, we are talking to a different soldier and airman and marine. We just do not lock and load and let it off any more. It takes high skills and a very, very adaptable kind of an individual to do what we have to do in our military nowadays.

There will be other questions come up, gentlemen. That is all the questions that I have. We have gone over your list. We are going to try very hard in this committee to support what you think is important.

BASE REALIGNMENT AND CLOSURE

On another round of BRAC, Mr. Secretary, after talking to the Navy and seeing where they are as a result of the first three rounds, I am a little reluctant to support another round of BRAC until we get caught up. But my decision is not carved in stone, either. But if we can work through this process and help you maybe close some installations or realign some installations, why, we sure want to work with you in achieving that, because that is all part of it.

In other words, are we wasting money in areas that we could be dealing with our attrition problem, and also where we want to go as far as an integrated, seamless force.

Mr. COLEMAN. Sir, I would hope that you would not wait. We would avail ourselves—the Chief, the Acting Secretary, myself, Mr. Dishner, General Lupia. Anybody that you wish to discuss the facilities needs of the Air Force in the next millennium, I would be more than happy in my remaining days as an Assistant Secretary to help you facilitate that, as well as the rest of the Members of the Senate.

We need BRAC. We need BRAC now. We have saved money. We have crossed the line. We have closed 22 bases. Some are in the hands of the communities totally, like England Air Force Base in Louisiana, Grissom, Gentile. We have successes that folks around the United States point to as solid, positive return investments to the communities on the books.

We will be constantly appearing before you, not me, but somebody will be here talking about a very constrained budget taking care of 300,000—some with 160,000—some civilians and 100,000—some in the Reserve components. We need your help to help us get to the point where \$60—some billion can really buy something. We need more than \$60—some billion, but within that \$60—some billion that you give us we are doing the absolute best that I think that we could do to provide all of the things that are necessary.

As my parting shot, sir—I will appear before a personnel hearing on the 18th—this U.S. military of which I have been a part in uniform and now as a senior official, civilian official, they need a pay raise, they need more money for housing, they need more money for Milcon, they need more money for quality of life.

Otherwise, we are going to be here talking and talking and talking year after year after year. And you have got the purse strings and you can pull them. I have been up here 4 years trying to juggle a lot of things for a lot of people, and I have seen those people up close and personal like you have. They are the greatest that we have, and we have got to take care of them. The only way we can take care of them is to pay them and to give them what they need to execute their mission.

Senator BURNS. Well, I agree with that. I think, along with Senator Murray, we have changed the emphasis of Milcon to quality of life considerably. But I am also a facilities-based man and I get more upset than anything else when the proposed budget short changes Guard requirements, and forces us to add back that funding because each of our States have Guard units, including Montana. We are very proud of our F-16's in Great Falls, even though they have had a change in mission. But they still continue to be a very good and viable force, and we want to make sure of their facilities base, but we also want the quality of life.

ADDITIONAL COMMITTEE QUESTIONS

So we have changed that emphasis, and Senator Murray has had as much to do about that as anybody, I will tell you that, because she has been very, very much aware of the families on our bases. And I thank her for that.

Senator MURRAY. Thank you, Mr. Chairman.

Senator BURNS. We will have some questions for the Air Force, and if you will reply to the individual Senators and to the committee I would appreciate that.

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

QUESTIONS SUBMITTED TO MR. COLEMAN BY SENATOR BURNS

FUNDING LEVELS

Question. What are the long-term implications of a steady decline of MILCON funding to the Air Force installations and infrastructure?

Answer. The steady decline of Air Force MILCON funding is a reflection of the difficulty facing the Air Force leadership in maintaining a balance between modernization, readiness, infrastructure, and quality of life. In the short term, requirements far exceed funding. Fiscal year 1999 MILCON requirements total \$1.4B, but the budget barely funds one-third of this requirement. Although funding is projected to increase to \$600M in fiscal year 2000, the Air Force has \$2.2B in requirements. The cumulative effect of deferring valid MILCON requirements to future years is a backlog which we cannot address at current funding levels. The Air Force is funding the most urgent MILCON needs first—facilities having the potential to significantly impact the mission are being funded. However, without increased funding we will start to see mission capability degraded due to insufficient maintenance and repair or capital improvement.

Question. What is your backlog of real property maintenance requirements?

Answer. The fiscal year 1999 Total Force Backlog of Maintenance and Repair (BMAR) is approximately \$4.7B.

Question. What percentage of the plant replacement cost does the Air Force spend each year on maintaining your facilities? At that rate, what is the average replacement cycle in terms of years?

Answer. In fiscal year 1999, the Air Force is spending one percent of Plant Replacement Value, excluding MILCON investments. At this rate, there is no re-capitalization of facilities, except through MILCON.

FAMILY HOUSING PRIVATIZATION

Question. Explain to us why the Air Force has taken a go slow, cautious approach to Family Housing Privatization?

Answer. The Air Force is taking a measured approach to family housing privatization which will allow us to build solely on successes. Privatization is a new and an entirely different approach to acquisition requiring us to build a level of expertise over time. With increased experience afforded by time, we expect to become more familiar and comfortable with authority application and may expand our initiatives as appropriate. Even with our moderate approach to housing privatization, the Air Force is pursuing 12 privatization initiatives through fiscal year 2000. We will continue to pursue privatization when the economics of ventures prove them feasible.

Question. What challenges are out there with respect to this program?

Answer. A major obstacle to implementing our program is the lack of actual project execution experience. We are close to completing our first solicitation under the new authorities and have already used lessons learned to improve our project development process. In spite of these challenges, the Air Force has 12 family housing privatization ventures under development. We are meeting these challenges head-on and working hard to overcome any obstacle to our success. As we move more deals toward award, we are developing baseline documents (Requests For Proposals, ground leases, mortgage documents) that can be reused in subsequent deals.

Question. Does the Air Force plan to give up land in exchange for some of these housing deals?

Answer. The Air Force is considering structuring ventures that may involve leveraging the value of land in exchange for quality housing. If conveyance of land is central to the economics of a successful deal and the land is or can be detached from the operational portion of the installation, then the approach will be pursued. For example, government land (300 acres) is being offered as part of our Robins AFB deal.

DEMOLITION PROGRAM

Question. Explain your Demolition Program and provide us an estimate of how much money you are saving as a result?

Answer. The Air Force's goal is to reduce physical plant inventory and associated Operation and Maintenance costs as one means to "right size" Air Force installations. The Air Force has sourced approximately \$15M in fiscal year 1999 out of the current \$195M (fiscal year 1999-2003) requirement. The estimated one time savings (generated the year after demolition) from this \$15M investment is approximately \$1M. Thereafter, benefits gained are through cost avoidances.

Question. Is this Program adequately funded in fiscal year 1999? What is your real requirement? Could you use more money if it were made available?

Answer. The Air Force has sourced approximately \$15M out of the current \$195M identified demolition requirement. The Air Force could use an additional \$140M of the remaining \$180M requirement to demolish facilities in fiscal year 1999.

Question. It would seem that this Program pays for itself. Why hasn't the Air force provided the funds necessary to do this program in order to achieve those savings?

Answer. Given overall budgetary constraints, we feel the current Air Force demolition program is appropriate. There is a great need to address other modernization, quality of life, and infrastructure needs with the funds allotted the Air Force.

 QUESTIONS SUBMITTED TO MR. COLEMAN BY SENATOR STEVENS

ELMENDORF HOUSING PRIVATIZATION

Question. I understand that Elmendorf AFB is being considered as a candidate for family housing privatization. What is the time line for this initiative in Alaska?

Answer. The privatization concept was approved by the Deputy Under Secretary of Defense (Industrial Affairs and Installations). The Industry Forum which precedes the development of the request for proposal was held 16 and 17 April 1998 on Elmendorf AFB. We are projecting award of the project by June 1999.

Question. If the Air Force decides not to proceed with this plan, will the traditional MILCON go forward for Elmendorf?

Answer. Yes.

Question. If this privatization concept proceeds, will the DFAR provision requiring local hire in Alaskan construction contracts, be included in the contract?

Answer. The DFARS provision requiring local hire in Alaskan construction contracts (DFARS 252.222-7000, entitled Restrictions on Employment of Personnel) is only included in contracts subject to the Federal Acquisition Regulation (FAR). The Elmendorf Housing Privatization agreement will not be subject to the FAR as it will be set forth in a land lease and operating agreement and structured as an investment transaction, rather than as a FAR transaction. As a matter of practice, we have been incorporating many FAR clauses into the structure of our privatization agreements, and we intend to incorporate a local hire provision in the forthcoming Elmendorf agreement.

 QUESTIONS SUBMITTED TO GENERAL WEAVER BY SENATOR BURNS

BUDGET REQUEST

Question. How does this year's budget request for the Air National Guard compared to previous years? Does it meet all of our requirements?

Answer. The Air National Guard's (ANG) fiscal year 1999 budget request is the smallest in 19 years. Although it is 42 percent less than the fiscal year 1998 budget request, it does represent the ANG's most important military construction (MILCON) requirements. Higher Department of Defense and Air Force budget priorities continue to prevent MILCON requirements from being fully funded. While the ANG's most critical facility needs are being met within the constrained budget request, many new mission and current mission MILCON requirements are having to be deferred to later years.

BACKLOG

Question. What is your backlog for real property?

Answer. The Air National Guard's (ANG) backlog of real property maintenance (RPM) at the end of fiscal year 1997 was \$564 million. RPM funding for the ANG

in fiscal year 1999 continues to be constrained and is at the lowest level in 18 years. The limited RPM funding will not keep pace or arrest the growth of the backlog.

QUESTIONS SUBMITTED TO BRIGADIER GENERAL CLEM BY SENATOR BURNS

BUDGET REQUEST

Question. It appears that the Air Force Reserve has a very lean budget request for military construction in fiscal year 1999—only \$10.5 million.

Answer. Yes. The Air Force Reserve's fiscal year 1999 budget request is its leanest ever. It is 28 percent less than our previous low, the fiscal year 1998 request of \$14.5 million.

BACKLOG

Question. What is your backlog on MILCON and real property maintenance requirements?

Answer. The Air Force Reserve's MILCON backlog consists of 107 projects at \$485.74 million, which includes our sole \$5.20M project in the fiscal year 1999 budget request. The Air Force Reserve's end-of-year real property maintenance backlog for fiscal year 1999, as reported in the fiscal year 1999 budget request, is \$170.74 million.

SUBCOMMITTEE RECESS

Senator BURNS. Your full statements shall be made a part of the record. Thank you for coming this morning and have a nice day, and these hearings are closed.

[Whereupon, at 10:24 a.m., Tuesday, March 10, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1999

TUESDAY, MAY 12, 1998

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

The subcommittee met at 10:11 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.
Present: Senators Burns and Murray.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

**STATEMENT OF ROBERT B. PIRIE, JR., ASSISTANT SECRETARY (IN-
STALLATIONS AND ENVIRONMENT)**

OPENING STATEMENT OF CONRAD BURNS

Senator BURNS. I call this committee to order. I am sorry, I want to apologize, I was meeting with your boss over at the Pentagon. I do not know whether it is harder to get out or to get in that place. But, nonetheless, I want to apologize.

I did not want to set this hearing back again, because I think it is very important to all of us who are finding ways now to try to stretch the budget, cover a lot of things that we should be doing in the military, and deal with the Base Realignment and Closure Commission [BRAC], the base closures and the costs of environmental cleanup, to move those bases into the different hands. We are in a mode now—and I do not have my prepared statement, I am going to forego that, because we are going to start with the witnesses—but a recent trip to the Middle East and, of course, to Bosnia and those areas taught us one thing that I think was very obvious—that we are stretched very thin for money. We may be doing some things at the expense of modernization and things that we should be doing—quality of life, those things that lift morale in our troops, and expenditures in areas where sometimes some of those expenditures, we hope, could be avoided.

So, with that, I want to welcome Mr. Pirie, Mr. Johnson, and Mr. Dishner this morning. I will say that you can consolidate your statement. I have read all three statements, by the way, and have some questions with regard to those. This is the opening session that will deal with environmental cleanup of our bases, and I hope we can develop a dialog, where we can maybe help you and you can help us.

And now I want to turn to my ranking member, Senator Murray, who also has some concerns about this. And we welcome you here this morning.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you, Mr. Chairman. And thank you, Mr. Pirie, Mr. Johnson, and Mr. Dishner for being here today.

I will just submit my opening statement for the record and allow the witnesses to go ahead and testify.

PREPARED STATEMENT

I appreciate your interest and work on this hearing and moving forward. I will not be able to stay long; I do have a conflict, but I will submit my questions for the record, Mr. Chairman, if that would be all right.

Senator BURNS. That will be fine.

[The statement follows:]

PREPARED STATEMENT OF SENATOR MURRAY

Secretary Pirie, Mr. Johnson, and Mr. Dishner, I wish to join my chairman in extending you a warm welcome this morning.

DOD has come a long way this last decade in creating a comprehensive and result-producing environmental program. It has been a work in progress, with DOD and all the services fine-tuning and expanding upon both successes and failures to find the most fiscally responsible and acceptable solutions to DOD's environmental responsibilities.

Environmental restoration is relatively new ground to most of the Government, beginning in earnest only about twenty years ago. With regulations and standards continually changing, it is pleasing to see the services so amenable to constructive criticism and positive change. In fact, over the last three years the services have moved from studying restoration projects to actual clean-up and restoration. Furthermore, the services have taken to heart the concerns of the community in developing a system of priorities and joint partnerships. We are moving in a positive direction in which funding is stabilizing, pollution prevention initiatives are moving to the forefront, and complete installation environmental restoration is actually a goal in our near-term sights.

There are still matters that need to be ironed out, including oversight of all services' environmental management systems, the cost-effectiveness of partnering contracts, and so on.

I look forward to hearing your candid views on these and many other issues.

PREPARED STATEMENTS OF SENATORS FAIRCLOTH AND CRAIG

Senator BURNS. I thank you for that. I also have statements from Senators Faircloth and Craig that I would like to put in the record.

[The statements follow:]

PREPARED STATEMENT OF SENATOR FAIRCLOTH

Mr. Chairman, I thank you for holding this hearing. With Secretary Cohen's request for two more BRAC rounds and what appears to be a politicization of BRAC decisions from previous rounds, it is very important that we have a clear picture of whether or not we are on the right track.

I have never been convinced by the Defense Department's mantra that we must keep closing bases because we need that money for force modernization. As soon as a decision is made to close bases, the manpower and operational savings are not available for force modernization, but they are needed for more construction and work at the bases being closed. All the BRAC "savings" are in the form of "projections."

I look forward to getting a better understanding of whether the cost, typically, of returning a base to a local community is as low as possible to American taxpayers,

and, if lower cost approaches had been considered at bases, why were they not the chosen way to proceed.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF SENATOR CRAIG

Mr. Chairman, thank you for holding this important hearing related to Department of Defense environmental clean up.

I realize there are tremendous budgetary implications of the Department of Defense' environmental liabilities. As you know, the federal government's responsibility for the costs of cleaning up environmental contamination has received much attention here on Capitol Hill and throughout the country.

It is paramount that we have reliable and accurate information regarding the federal government's liability for cleanup cost and natural resource damages to allow us to carry out our appropriations functions. Unfortunately, it is often difficult, and even frustrating to obtain accurate estimates of the Natural Resource Damages at defense facilities. Private party experience at major sites are often similar to defense sites, in that damage claims are often two to three times the clean up cost.

The estimates of the federal government's liability for cleanup costs alone are enormous. The reality of those costs may prove to be much, much larger. If costs continue to be much higher than initial estimates, the DOD's liability alone could jeopardize our federal budget.

I realize this is a very important issue, and have questions that I would like to submit for the record. I am also particularly interested to hear the witnesses' testimony about not only current cost, but where we will be in future.

I thank the witnesses in advance for their testimony, and look forward to hearing about their reports and recommendations for policy options in the future.

STATEMENT OF ROBERT B. PIRIE, JR.

Senator BURNS. Mr. Pirie, we will open up with you this morning. And if you want to consolidate your statement, we will make your full statement a part of the record this morning. Thank you for coming and thank you for being so patient.

Mr. PIRIE. Well, thank you, Mr. Chairman. I am glad to be here. I will just take a few brief points out of my statement, if I may.

First, with respect to cleanup as a percentage of overall BRAC funding. For the Navy, through the end of fiscal year 1997, cleanup has been about 19 percent of BRAC spending to date. That is, about \$1.4 billion out of \$7.5 billion that the Navy has expended on BRAC to date.

For fiscal year 1999, we expect environmental costs will be about 45 percent of the total required. And as we go forward, the proportion of total BRAC account spent on cleanup will rise, because everything else will be done.

After 2001, there will be no more BRAC funding, and residual cleanup is planned to be done with funds from the environmental restoration account, which is what we use to clean up non-BRAC bases. Alternatively, Congress could extend the BRAC account in anticipation of further rounds of closures, as the administration has requested.

Concerning the obligation to do the cleanups, we are absolutely obligated to clean up contamination at all existing Navy sites. At BRAC sites, we must accelerate our cleanup schedule to support community reuse plans. It is not certain whether this acceleration makes the cleanups more expensive or not. Our experience so far is that we have been successful in reducing project costs at most locations.

Stable funding is important. Each BRAC base has a property disposal strategy. The disposal strategy is based on the reuse plans

of affected communities. Cleanup is a key component of the disposal strategy. Generally, priority in cleanup schedules and funding goes to those communities that are farthest along in their reuse plans. If we have to juggle funding and change schedules, it affects our credibility with the communities and our ability to convey the property.

In the worst case, we could see a rush to get court or regulatory orders to force us to particular schedules. This would tie up funding and make execution much more difficult. Another reason for stability is that turbulence in project funding and management negatively affects the progress of the cleanups.

Cleanup is important to support reuse, job replacement and prompt conveyance of the property. To do otherwise is generally to leave an ugly eyesore as a reminder to the community that it once had a base and the associated economic activity. This is not the way we want to treat people of the community or our employees, who have loyally supported us for many years.

PREPARED STATEMENT

In summary, Mr. Chairman, the right thing to do is to clean up these properties promptly, get them off our books, so that the communities can begin with reuse and we can avoid prolonged caretaker costs.

Thank you, sir.
[The statement follows:]

PREPARED STATEMENT OF ROBERT B. PIRIE, JR.

Good day, Mr. Chairman and members of the Committee. I am Robert B. Pirie, Jr., Assistant Secretary of the Navy for Installations and Environment. It is a pleasure to be here again. I last appeared before this Committee on 10 March 1998 to discuss the Department of the Navy shore infrastructure, military construction, family housing, and Base Realignment and Closure (BRAC) programs for fiscal year 1999. I appreciate the opportunity to discuss with you in more detail the environmental component of our BRAC program.

Let me begin by first putting our BRAC environmental efforts in context with our overall BRAC program.

BRAC IMPLEMENTATION PERSPECTIVE

We are implementing four rounds of base realignment and closure as directed by law. The first was in 1988 under the Defense Authorization Amendments and Base Closure and Realignment Act of 1988 (Public Law 100-526), and three additional rounds in 1991, 1993, and 1995 under the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510). As a result of these decisions, we are implementing a total of 178 actions consisting of 46 major closures, 89 minor closures, and 43 realignments.

These closures and realignments include major Navy and Marine Corps installations in Philadelphia, PA; Charleston, SC; Orlando and Jacksonville, FL; Seattle, WA; San Francisco, Long Beach, San Diego, and Orange County, CA; Honolulu, HI, as well as other bases in Rhode Island, Alaska, and Guam.

Implementation Strategy

Our BRAC implementation strategy has been to first quickly reach realignment or operational closure, then to cleanup and dispose of the property in support of the conversion and redevelopment efforts of local communities. Operational closure is when all mission equipment and military personnel (with the exception of a small caretaker cadre) have been disbanded or relocated to the "receiving" location and the military mission has ceased.

This strategy accelerates BRAC savings because it quickly reduces or eliminates costs associated with operating and maintaining the bases, such as costs for utili-

ties, fire and police protection, and maintaining the buildings, grounds, utility lines, streets, roads, piers, wharves, runways, warehouses, and homes.

In practical terms, this has meant giving top priority to funding military construction projects at receiving sites, then budgeting for the Operations and Maintenance costs to move personnel and equipment and pay separation benefits associated with reductions in force.

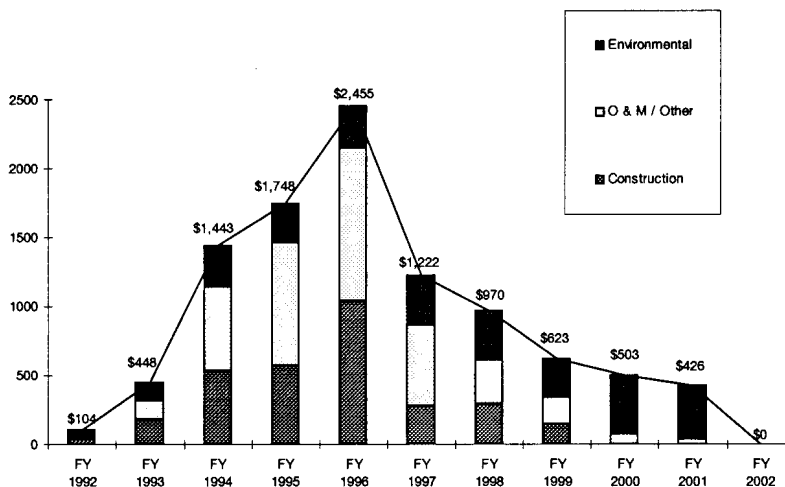
In terms of overall BRAC implementation costs, BRAC environmental costs have been proportionally much smaller during these early years. In addition to environmental cleanup, there are environmental planning and environmental compliance costs that directly support closure or realignment. Much of the initial BRAC environmental cleanup costs are to perform base wide assessments, to characterize the nature and extent of contamination, and to consider remediation alternatives. These costs are typically a small fraction of the cost to perform any subsequent cleanup.

BRAC environmental planning supports functions such as National Environmental Policy Act (NEPA) analyses. These analyses allow us to weigh and evaluate competing alternatives, e.g., BRAC directed realignments of equipment and personnel within the context permitted by the BRAC legislation; and reuse or redevelopment of BRAC property.

BRAC environmental compliance funds are used to remove or close underground storage tanks; close active, permitted hazardous waste storage facilities; and perform asbestos, lead based paint, and PCB assessments and removals where necessary. (Environmental compliance funds for normal operations at the base prior to closure are funded from Operations and Maintenance, Navy and Operations and Maintenance, Marine Corps appropriations, not BRAC funds).

As the following table displays, our overall BRAC budget peaked at \$2.5 billion in fiscal year 1996, and continues to decline because most BRAC construction is now complete or underway. Similarly, most of the realignments (which require BRAC O&M funds) will be completed by next year. In contrast, BRAC environmental costs have been proportionally low, and under current estimates, peak in fiscal year 2000 at about \$400 million. As BRAC construction and relocation needs have been completed, BRAC environmental cleanup is becoming the predominant portion of our BRAC budget.

BRAC Program (\$M)



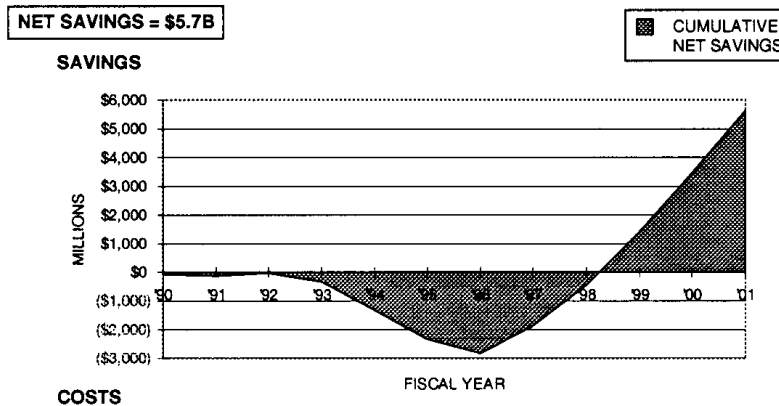
Realignment and Closure Status

As of the end of February 1998, we have completed the realignment or operational closure of 84 percent (150 out of 178) bases. This year and next will see the majority of the remaining realignments and operational closures occur, as we plan to complete actions at 12 bases in fiscal year 1998 and 11 in fiscal year 1999. Four more are scheduled in fiscal year 2000 and one in fiscal year 2001.

BRAC Costs and Savings

We have closed or realigned bases to help make the Department of the Navy's shore infrastructure more proportional to its force structure and to provide resources to recapitalize our weapons systems and platforms.

CUMULATIVE NET SAVINGS BRAC I - IV



These savings are substantial. You may recall the above chart from my testimony last month. It shows that we are approaching the crossover point where the cumulative savings will exceed the cumulative costs. At the end of this fiscal year, we expect net savings (cumulative savings minus cumulative costs) to be +\$1.4 billion.

By the end of fiscal year 2001, when all four rounds of BRAC will be complete, we project that the DON will have spent \$10.0 billion and saved \$15.7 billion, for a net savings of \$5.7 billion. Equally important, beginning in fiscal year 2002, we will save an additional \$2.6 billion each year because we will no longer operate and maintain those bases.

BRAC PROPERTY DISPOSAL

BRAC Cleanup in Support of Property Disposal

As we approach the end of the realignment and closure process, we are increasingly turning our attention to the next and more challenging step: finishing environmental cleanup and disposing of the property. Most if not all of these cleanup costs would be required even if the bases were not closing; however, the closures force us to clean them up for reuse at a faster pace.

The National Environmental Policy Act (NEPA) process and Record of Decision is the vehicle we and the Local Redevelopment Authority (LRA) use to consider, evaluate and resolve the many competing concerns before we can convey property. These concerns include evaluating historic preservation, air quality, noise, traffic, natural habitat, and endangered species. We have to dispose of a total of 91 BRAC properties, totaling 166,000 acres. Through the end of January 1998, we had disposed of 33 properties, representing 8,700 acres. We expect to dispose of about 12 or more properties per year for the next several years.

Our rapid closure actions present opportunities for affected communities to accelerate their efforts towards promoting economic reuse of the property. Our disposal strategy is designed to support that effort. Each BRAC closure base has developed a site specific, phased disposal strategy that supports LRA plans for reuse and redevelopment of each parcel of land. The disposal strategy is based on guidance issued last fall by the Naval Facilities Engineering Command (NAVFAC) to its field activities.

We want to be both flexible and creative in structuring disposal agreements, and are pursuing several opportunities for early conveyance of property under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) Section 334. Section 334 allows us to convey contaminated BRAC property before a cleanup remedy has been completed. I am pleased to report that we have two prospects in hand for Section 334 conveyance: Memphis, where ground water con-

cerns could otherwise delay transfer for several years; and San Diego, where the LRA is working with us to construct our landfill cap as part of their runway extension project. We are continuing to develop these two prospects, and are optimistic that other opportunities will develop in the future as we continue to work with communities.

We have assigned NAVFAC to manage caretaker functions along with environmental cleanup responsibilities at all closed BRAC bases. We want to dispose of the BRAC properties as soon as practicable to promote economic development and productive reuse of valuable federal assets before deterioration sets in. We have established cooperative agreements at many bases where the LRA has accepted responsibility for providing services such as fire, police, water, sewer, electricity, gas, and ground care as part of the property transition process.

BRAC ENVIRONMENTAL REQUIREMENTS AND BUDGETS

Requirements Determination

Public Law 101-510, Section 2906(e) requires the BRAC account to be the exclusive source of funds for environmental restoration at BRAC installations. The purpose for fencing the BRAC account was to avoid the competition for environmental resources between closing bases and active bases.

BRAC cleanup requirements, plans, and schedules are prepared by a BRAC cleanup team (BCT) at each BRAC base. The BCT is comprised of remedial managers from the Department of the Navy, state, and EPA who collectively oversee and prioritize the necessary cleanups. With the help of the Naval Facilities Engineering Command and its field divisions, each base tailors its environmental cleanup plans to best support the disposal strategy for that base. Our objective is to complete the cleanup (attain "response complete" or "remedy in place" status) for each parcel of land in the order that the LRA has determined it is needed for actual redevelopment, and then immediately convey the property.

Each cleanup plan is based on cleanup standards established cooperatively between the BCT for the base. Input on reuse from the LRA and the views of the Restoration Advisory Board are also essential ingredients for a successful cleanup. The Restoration Advisory Board (RAB), which is co-chaired by a base representative and a community member, provide an open forum for citizens to better understand the nature and severity of contamination on our active and closing bases, and to have a voice in the decision-making process.

It is Department of Defense policy to match cleanup standards to the intended reuse to the extent feasible. For example, we would not normally apply a residential cleanup standard if the property was an industrial area prior to closure. The BCT's work in partnership to develop and seek approval of specific cleanup standards, to hasten cleanup and to reduce costs.

We closely evaluate the timing and cost of cleanup with the disposal strategy of each base. Where reuse potential is weak, we defer funding in favor of those locations or parcels with more immediate and realistic reuse needs. Where we plan to convey property to another federal agency, we will use the Department of Defense relative risk prioritization model to establish cleanup priorities. If the overall relative risk is "low" or "medium," we may defer cleanup to a future date, thus allowing us to apply scarce resources today to support cleanup and property disposal.

Last year, we conducted a "BRAC Environmental Top-Ten Review." We first identified the ten closure bases with the most expensive estimated cleanup cost. We then asked each base to come to Washington and brief us on their disposal strategy, and how currently budgeted environmental cleanup funds supported that strategy. Bringing together real estate managers, environmental cleanup managers, and financial managers at the Major Command, Chief of Staff, and Secretary of the Navy level brought fresh insight and unified the direction of the BRAC cleanup and property disposal effort.

BRAC Environmental Budget

Our fiscal year 1999 BRAC environmental budget reflects our continued strategy to match cleanup priorities with realistic reuse needs. Of course, many communities would prefer a more accelerated pace of cleanup. Some communities have complained that contamination, or the threat of contamination, makes it more difficult to market BRAC property. I recognize that concern, but fiscal realities and competing budget priorities limit how much we can allocate to this effort. Nonetheless, as the following table displays, there are substantial BRAC environmental funds in our fiscal year 1999 budget request to support this effort. This funding supports both Navy and Marine Corps BRAC environmental efforts.

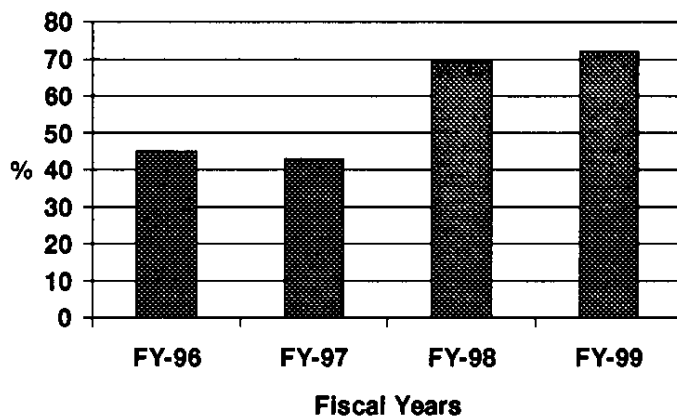
[In millions of dollars]

BRAC environmental	Fiscal year		
	1997	1998	1999
Planning	14	2	.....
Compliance	154	122	81
Cleanup	175	240	199
Total	343	364	280

As I previously mentioned, most of the BRAC cleanup funds in the first several years of BRAC are used for initial site evaluation and characterization studies. We are well beyond that now. As the following table displays, most of our BRAC environmental funds are for actual cleanups, not studies.

We recognize the dynamics of reuse, and stand prepared to adjust cleanup plans as practicable to support evolving LRA needs. Environmental cleanup funds will support cleanup of parcels that have the most immediate realistic opportunity for conveyance and reuse by the LRA.

PERCENT OF BRAC ENVIRONMENTAL FUNDS FOR ACTUAL CLEANUP



ENVIRONMENTAL CLEANUP PERSPECTIVE

BRAC Cleanup versus Non-BRAC Cleanup

Many people seek to compare cleanup at BRAC locations with cleanup at active (i.e., non-BRAC) locations. There are many similarities.

Both BRAC and active bases operate within the context of CERCLA, and the Resource Conservation and Recovery Act (RCRA) to cleanup soil and water contamination from past DOD activities. Both may have one or more sites of potential or known contamination—typically there are 20 to 40 sites being investigated, but sometimes as many as two hundred. Both have bases where the contamination on at least one site prompts the Environmental Protection Agency to include the entire base on the National Priorities List (NPL). The Department of the Navy has 7 BRAC NPL bases and 42 non-BRAC NPL bases. Both use the DOD relative risk model to evaluate each contaminated site for its potential to effect human health and the environment. Approximately 24 percent of the 998 BRAC sites are consid-

ered relatively high-risk, while 25 percent of the 3,450 active sites are high-risk. Both have RAB's.

There is, however, one fundamental difference: absent an imminent health or environmental threat, BRAC cleanups are driven by the need for economic reuse and redevelopment of property. This critical difference is what led President Clinton to announce in 1995 a Five-Point Plan for Revitalizing Base Closure Communities: Job-centered property disposal as an economic incentive; Fast track environmental cleanup to facilitate reuse; Base Transition Coordinators to reduce red tape; Ready access to redevelopment assistance; and Larger redevelopment planning grants.

The Deputy Under Secretary of Defense for Environmental Security, and the Deputy Under Secretary of Defense for Industrial Affairs and Installations have developed DOD programs and policies to support each aspect of the President's Plan. These include the Fast Track Cleanup program to streamline the cleanup decision process; establishment of Base Transition Coordinators (BTC's) to act as the single point of contact between the base and the local redevelopment authority; and new policies such as the Finding of Suitability to Lease, and Finding of Suitability to Transfer.

The Department also participates in the Defense Environmental Response Task Force (DERTF), which includes representatives from DOD, EPA, the General Services Administration, the Department of the Interior, states and public interest groups. The DERTF examines performance and policy issues related to the BRAC environmental program and issues a Report to Congress each year. In particular, the DERTF is currently examining issues involving the use and long-term viability of institutional controls. The Department of the Navy continues to be an active player in DERTF discussions and work groups.

BRAC Cleanup Costs

Through the end of fiscal year 1997, we have spent a total of \$1.4 billion in BRAC environmental funds, consisting of about \$100 million in environmental planning, \$650 million in environmental compliance, and \$650 million in environmental cleanup. In addition, we spent \$115 million of Defense Environmental Restoration Account funds to clean up sites on these bases before they were included on the BRAC list.

We are continuing to search for ways to reduce cleanup costs. We are using promising new cleanup technologies at a number of our BRAC sites. These new technologies can reduce cost or expedite the cleanup process. We are also working with regulators and communities to better match cleanup standards to the intended reuse. For example, both the LRA and the Navy save cleanup costs if we can tie the need for a landfill cap with the LRA need for a parking area or runway extension over the same area, as we are planning to do at Naval Training Center, San Diego, CA. The fiscal year 1999 budget request already incorporates program savings from these initiatives.

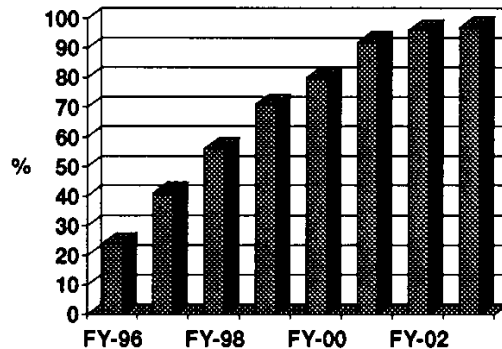
We use a BRAC cost-to-complete index as a measure of our efforts to reduce cleanup costs. Last year, our BRAC cleanup cost-to-complete estimate (as of the end of fiscal year 1996) was \$2.5 billion. One year later, our cost-to-complete estimate was \$2.1 billion. The reduction of \$400 million is the result of execution of fiscal year 1997 appropriated funds and about \$200 million in cost avoidance, such as changes in risk based approaches for cleanup, new information on the nature and extent of contamination, and use of new technologies for characterization or cleanup.

Our estimated cost-to-complete at the end of fiscal year 2001 when the BRAC account ends is \$525 million. Approximately half of this funding is for continued cleanups at two bases, and the remainder for long-term monitoring and long-term operation of in-place cleanup systems. The funds for this effort are currently programmed in the Environmental Restoration, Navy account, and the Operations and Maintenance accounts for Navy and Marine Corps.

BRAC Site Close-out Projection

The environmental contamination on our bases are the results of actions over decades which we now realize are harmful to human health and the environment. However, we cannot expect to rectify the situation overnight. It will take time, money, and management attention by all concerned parties. We are, however, making significant progress. At the end of fiscal year 1997, we had completed cleanup (response complete or remedy in place) at 41 percent of the 998 contaminated sites at BRAC locations. The following chart displays our close-out projections based on current funding levels through the end of the Future Years Defense Plan. Final cleanup of all sites is projected to be achieved in fiscal year 2009.

BRAC CLEANUP SITE CLOSEOUT (As of the end of the fiscal year)



Cleanup funds and Disposal: One Example

Naval Air Station Glenview, IL, is a good example of successfully linking cleanup dollars, cleanup schedules and prompt conveyance of property to meet the firm reuse plans of a local redevelopment authority, in this case, the Village of Glenview. Glenview is a BRAC 93 closure action.

The property transfer mechanism for Naval Air Station Glenview, an Economic Development Conveyance (EDC), was split into two phases: one for the golf course and the other for the main base. Because the golf course required virtually no environmental cleanup, it was transferred in December 1997, within months after approval of the overall EDC.

For the second phase of the EDC execution, the main base was subdivided into five parcels. We invested \$26 million in BRAC environmental cleanup funds over the period of fiscal year 1994 through fiscal year 1997 to characterize and clean up three of the sites. This allowed us to transfer these parcels to the Village of Glenview in three increments: August 1997, December 1997, and in March 1998. Groundbreaking for infrastructure developments on these parcels started last month. The remaining two parcels are scheduled for transfer in May 1998 and September 1999, based on the \$17 million in cleanup funds budgeted in fiscal year 1998.

The disposal strategy, supported with timely BRAC cleanup funds, allowed us to quickly convey the property, thus getting it off Navy rolls, eliminating long-term caretaker management and costs, and allowing the Village of Glenview an early start on redevelopment with commensurate job generation and tax-base improvement.

CONCLUSION

In conclusion, the Department of the Navy has budgeted BRAC environmental funds to first meet operational closure and realignment dates, and then to support realistic economic reuse and redevelopment efforts of the Local Redevelopment Authorities. Because BRAC construction and realignments are nearly complete, funding requirements for these purposes have decreased, and we are now shifting our focus on cleanup and disposal of BRAC property. Each BRAC base develops its cleanup requirements based on expected reuse standards, and are designed to support the disposal strategy for conveyance of the BRAC property to others. Overall fiscal constraints force us to limit BRAC cleanup funds to what we believe are the most realistic and pressing reuse needs.

I urge your continued support of this funding. Without it, BRAC communities will be left with a one-two punch of closed bases and contaminated property that precludes job producing reuse and redevelopment.

I appreciate the support that this Committee and its Staff has given us in the past, and I look forward to continued close cooperation in the future.

DEPARTMENT OF THE ARMY

**STATEMENT OF PAUL W. JOHNSON, DEPUTY ASSISTANT SECRETARY
OF THE ARMY (INSTALLATIONS AND HOUSING), OFFICE OF AS-
SISTANT SECRETARY OF THE ARMY (INSTALLATIONS, LOGISTICS
AND ENVIRONMENT)**

Senator BURNS. Thank you, Mr. Secretary.

Mr. Johnson, thank you for coming today. And, again, thank you for your patience.

Mr. JOHNSON. Thank you very much, Mr. Chairman. I am glad to be here to speak about the BRAC program and the environmental costs that go along with it.

Of our four rounds of base closures, we have spent about \$5.2 billion; saving \$1 billion per year by the end of 2001. We will have recurring savings for an indefinite period of time.

The Army BRAC savings in 1997 began to exceed our implementation costs. That means we started breaking even in 1997. So we are spending less than—or we are getting back at least as much as we are spending.

The Army is closing and disposing of 112 installations and realigning 27 installations. We have not been significantly encumbered by environmental processes, and we have been able to return property to the local communities consistent with the time schedules. And in a number of cases, we have sold property to the private sector for reuse.

Where significant environmental cleanup work was to be done, we worked with the local redevelopment authority to phase property conveyances and/or lease property in furtherance of conveyance so that reuse and cleanup can occur simultaneously.

Beginning in fiscal year 1999, and in future years, environmental cleanup costs constitute the majority of the BRAC budget. It does not mean that the BRAC costs are going up; it means that we are getting further into the realignment process. We have found that through each succeeding base closure round, we have been able to transition the property from the Army to future users more quickly and in a manner that allows communities to recreate jobs that were lost during the closure.

As soon as we convey the property, we end the operation and maintenance bills forever and begin to realize all the savings associated with closing installations. And, of course, you know that is real O&M money.

Fiscal year 1999 represents a critical year for the Army BRAC program. The Army plans major restoration efforts of more than \$10 million at each of eight installations, four of which are on the national priority list. Out of these eight, the environmental cleanup is supporting imminent reuse at Seneca Army Depot, Fitzsimons Medical Center, Fort McClellan, Fort Ord, and Fort Devens. Cleanup and conveyance of these properties will result in new jobs for

these communities. At Fitzsimons alone, the community is creating more than 10,000 jobs.

Through the BRAC process, we have been able to accelerate and streamline environmental processes that in the past were rather cumbersome. The nature of the BRAC process requires all parties with a vested interest to work together to achieve success. Partnerships have developed at all BRAC locations between State and Federal regulators and the Army, known as the BRAC cleanup team, allowing us to identify quickly the most cost-effective remediation that is most suitable to the local community's future plans for the property.

PREPARED STATEMENT

Mr. Chairman, I would like to thank you and the members of this committee for all the work that you have done to allow us to make significant improvement in the BRAC process. With every BRAC base that we clean up, we clean up those future liabilities that would have confronted the Department at some point in the future, and most likely at a much greater cost. We are making property available to local communities and promoting the creation of jobs and economic redevelopment in communities that served the interests of national defense for decades. We are real proud of all of our installations. We do not have any bad installations, but some have a greater military value than others, which is the reason for the BRAC process.

Thank you, Mr. Chairman.
[The statement follows:]

PREPARED STATEMENT OF PAUL W. JOHNSON

INTRODUCTION

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss base closure and realignment actions for fiscal year 1999. These matters are of considerable importance to America's Army, as well as this committee, and we appreciate the opportunity to report to you on them.

Our facilities strategy strives to meet the needs of today's soldiers while also focusing on the changes required to support the Army of the 21st century. To do this we identify the amount of infrastructure we need in order to focus our resources on modernization and readiness. The Army requires fewer facilities than we are currently maintaining. We must reduce the total cost required to support our facilities and manage and maintain our real property inventory. The principal way this is being accomplished is through BRAC. Although the Army is reducing its infrastructure considerably, more reductions are necessary. Therefore, we support the Secretary of Defense's request for two additional rounds of BRAC in 2001 and 2005.

The BRAC process has proven to be the only viable method to identify and dispose of excess facilities. The Army is in the process of closing 112 installations and realigning an additional 27 from the first four rounds of BRAC. We are now in the final third of the 13 year process to implement these first four rounds. By implementing BRAC, the Army is complying with the law, while saving money that would otherwise support unneeded overhead. These closed assets are now available for productive reuse in the private sector.

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

In fiscal year 1999, we will begin to focus almost exclusively on BRAC 1995, the last of the four rounds, along with the conveyance of properties to local communities for conversion to non-military reuse. The fiscal year 1999 budget is important because it contains the resources needed for major construction actions and unit movements, and allows us to increase our focus on environmental restoration and property transfer. Therefore, we request that the Congress appropriate and authorize \$489,222,000 in support of the Army's fiscal year 1999 BRAC program.

The Army is accelerating all BRAC actions to obtain savings and return assets to the private sector as quickly as available resources will allow. We completed the remainder of all the five closures and realignment actions approved by the 1991 Commission during fiscal year 1997. In fiscal year 1998, we are closing Stratford Army Engine Plant, Connecticut; Fort Ritchie, Maryland; Fort Missoula, Montana; and Fort Indiantown Gap, Pennsylvania. We completed the disestablishment and realignment of the Aviation and Troop Command from St. Louis, Missouri to four other locations in December 1997. The fiscal year 1999 budget supports the movement of the military police and chemical schools to Fort Leonard Wood, Missouri and the closure of Fort McClellan, Alabama. The Army also plans to close East Fort Baker, California, and move the Concepts Analysis Agency from leased space in Bethesda, Maryland to a new facility at Fort Belvoir, Virginia. These actions will nearly complete all planned closure actions except for the six that are scheduled for fiscal years 2000 and 2001.

Although the extensive overseas closures do not receive the same level of public attention as those in the United States, they represent the fundamental shift from a forward deployed force to one relying upon overseas presence and power projection. Without the need for a Commission, we are closing about seven of ten overseas sites in Europe, where we are reducing the number of installations by 68 percent. Forty partial closures represent an additional 5 percent. Reductions in infrastructure roughly parallel troop reductions of 70 percent. In Korea, the number of installations are dropping from 104 to 83, or 20 percent. Another 8 percent are partial closures.

While we constantly evaluate the role of forward deployed forces, overseas presence helps to reassure friends and deter potential enemies. It can reduce our response time in crises by positioning forces nearer potential trouble spots. The Army currently has 100,000 soldiers stationed overseas, and deployed another 31,000 during fiscal year 1997 on operational missions and training exercises. This provides tangible proof of the nation's commitment to defend American interests and those of our allies.

The President's Five Part Community Reinvestment Program, announced on July 2, 1993, speeds economic recovery of communities where military bases are closing by investing in people, investing in industry and investing in communities. The Army is making its bases available more quickly for economic redevelopment because of the additional authorities we now have.

During 1997, the Army reached agreements to convey properties to local communities at four BRAC installations that will result in immediate property reuse. The Army is using all of the conveyance options, to include interim leasing at Letterkenny Army Depot, economic development conveyance at the Materials Technology Lab in Watertown, Massachusetts and Detroit Arsenal, and negotiated sale at Fort Sheridan, Illinois. In many instances, employment levels are expected to exceed those of the Army when the bases were active.

BASE REALIGNMENT AND CLOSURE—OVERSEAS

On September 18, 1990, the Secretary of Defense announced the first round of overseas bases to be returned. Since that time, there have been a total of 22 announcements. On January 14, 1993, DOD announced it will withdraw all U.S. military forces from the Republic of Panama and transfer all facilities by December 31, 1999. Of the 13 sites in Panama announced for closure, 10 have been returned. The total number of overseas sites announced for closure or partial closure is 664 (see Table 1). Additional announcements will occur until the base structure matches the force identified to meet U.S. commitments. At this time, we do not see the need for many more overseas closures.

Table 1

	<i>Installations</i>
Germany	573
Korea	29
France	21
Panama	13

	<i>Installations</i>
Netherlands	6
Turkey	6
United Kingdom	5
Greece	4
Italy	4
Belgium	3
Total	664

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

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

BASE REALIGNMENT AND CLOSURE PROGRAM STATUS

The Army has completed all realignments and closure actions from the BRAC 88 and BRAC 91 rounds. The work of property disposal and environmental remediation at 18 installations will continue for several years. The Army continues to work with local communities to promote economic redevelopment in disposal of these properties. Introduction of economic development conveyances and interim leasing has resulted in accelerating property reuse and jobs creation at installations that were previously unavailable pending completion of environmental restoration efforts.

The Army continues to accelerate the implementation of the BRAC 93 and BRAC 95 rounds. BRAC 93 is complete, with the exception of the realignment of Fort Monmouth, which is scheduled for fiscal year 1998. The Army is in the third year of the implementation of BRAC 95, after which 19 of the 29 closure and four of 11 realignment actions will be complete. Interim leases and economic development conveyances are making properties at these installations available to the local communities earlier in the process. The Army is currently working with local communities at Letterkenny Army Depot and Detroit Arsenal to make industrial facilities available for reuse in 1998. The former Fitzsimons Army Medical Center is now being converted to a University Medical Center. Negotiations and required environmental restoration continue at other installations, and additional conveyances are likely in the near future.

For the period 1989 through 1997, the Army has spent \$3,570,251,000 to implement the first four rounds of BRAC. The Army is realizing \$649,951,000 in annual recurring savings in fiscal year 1998, and has realized a total of \$2,556,807,000 in savings during the implementation period through the end of fiscal year 1997. Upon implementation of all actions from the first four BRAC rounds the Army will achieve annual savings of \$949,000,000 beginning in fiscal year 2002.

The Army has completed environmental actions at 747 of a total of 1,943 environmental cleanup sites through fiscal year 1997. Environmental restoration efforts were complete at 63 installations through fiscal year 1997, out of a total of 122 installations. The Army remains focused on supporting environmental cleanup actions required to support property reuse and will continue to fund environmental cleanup actions that are required in support of property transfer and reuse.

SUMMARY

Closing and realigning bases saves money that otherwise goes to unneeded overhead and frees up valuable assets for productive reuse. These savings permit us to invest properly in the forces and bases we keep to ensure their continued effectiveness. Continuation of accelerated implementation requires the execution of the fiscal year 1999 program as planned and budgeted. We request your support by providing the necessary BRAC funding for fiscal year 1999.

We remain committed to promoting economic redevelopment at our BRAC installations. We are supporting early reuse of properties through economic development conveyances, as well as the early transfer and interim leasing options made possible by Congress last year. Real property assets are being conveyed to local communities,

permitting them to quickly enter into business arrangements with the private sector. Local communities, with the Army's support and encouragement, are working to develop business opportunities that result in jobs and tax revenues. The successful conversion of former Army installations to productive use in the private sector is something all of us can be proud of.

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

DEPARTMENT OF THE AIR FORCE

**STATEMENT OF JIMMY G. DISHNER, DEPUTY ASSISTANT SECRETARY
OF THE AIR FORCE (INSTALLATIONS)**

Senator BURNS. Thank you.

Mr. Dishner, thank you for coming this morning.

Mr. DISHNER. Yes, sir; thank you, Senator Burns.

The Air Force continues in its environmental review process. And expenditures, our total is about \$1.5 billion that has been spent to date. And we will do, after 2001, about \$1.3 billion more, to finish up. So, about \$2.8 billion will be the total expenditures that the Air Force has done.

The percentage of expenditures from the base realignment and closure account for environmental costs is going up compared to previous years, because now we are into the actual cleanup of the bases, where before we had Milcon being done to beddown the other missions that would be moved from a closing to a gaining base. So the percentage of the total goes up a little bit for operating and maintenance cost on those bases. The majority, however, will be environmental. The agency in the Air Force, as compared to the other two services that do this, is the Air Force Base Conversion Agency that I set up in 1992. They have about 338 employees that includes both the total at each one of the bases and those we have in Virginia. So that percentage gets smaller and smaller as we convert more installations. I have a chart here, Mr. Chairman, that I will show you, where those expenditures on the environmental side are headed.

We committed to a timely and thorough environmental restoration and smooth transition of our closing bases to civilian uses. We are very proud of the cooperative ethic that we have with those bases and the communities. We efficiently clean up not to an excess standard but to a standard that is acceptable and required by law, and also to remain a good neighbor to those people who supported the Air Force for so many years.

As I mentioned a moment ago, a significant portion of our future budget will be used to continue operating and monitoring our cleanup systems. Most of the LTO/LTM—that is long-term operation and long-term monitoring—will be in place, and we will be able to continue to monitor the cleanup. Most of that work, by the way, and most of that expenditure, is in underground water contamination.

We have not had any national priority list [NPL] delisting as yet. However, we have a process underway, in meeting with the Environmental Protection Agency [EPA], to see how we can look at that, to get some of these locations that are on the NPL delisted.

Our associates in the regulatory community and our neighbors in BRAC communities are part and parcel of the success that we are having and continue to have. We strive to ensure that our closure

and disposal actions meet all environmental regulations and laws, and seeking out those partnerships which the Air Force Base Conversion Agency has been very successful in working out with all the regions throughout the United States, where we have bases and have to deal with the EPA regions, and with the local communities and the States—have been very, very successful.

PREPARED STATEMENT

Through the support of this committee, of course, we continue to meet our environmental responsibilities—and your interest—to look at this expense as it continues to go on, on bases that were closed in 1988, 1991, 1993, and 1995, is certainly focused correctly. And I think the Air Force can show where, with a very conservative approach, we have been able to spend those dollars and project the expenditure of those dollars in the best way possible.

And it is a privilege to be here today to testify. Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF JIMMY G. DISHNER

INTRODUCTION

Mr. Chairman and members of the committee, I want to thank you for this opportunity to update you on the progress we are making toward meeting the Air Force challenges of Base Realignment and Closure (BRAC) today and to discuss the challenges we face in the next century. I first want to assure you that by incorporating our environmental program into the base conversion process the Air Force protects the interests of our communities and facilitates reuse.

OVERVIEW

The Department of the Air Force continues to be committed to timely and thorough environmental restoration, and smooth transition of closing bases to civilian uses as soon as possible. The Air Force BRAC environmental program continues to lead the way as responsible stewards of our human, fiscal and natural resources by:

- Fast track environmental clean up efforts;
- Constructing and operating remedies to clean up contaminated sites;
- Fully complying with all environmental regulations;
- Building strong partnerships with regulators and communities;
- Accelerated reuse through the use of the Early Transfer Authority; and
- Using risk-based decisions, innovative technologies, peer reviews of proposed remedies and optimization techniques for our remedies and monitoring to reduce costs and make our appropriated dollars go farther.

Our campaign to foster a cooperative ethic within the Air Force culture has enabled us to efficiently clean up property for transfer and create jobs on former installations, remain a good neighbor, and remain a leader in environmental cleanup. Through these cooperative efforts, the Air Force received concurrence of a cleanup system operating properly and successfully at Norton Air Force Base (AFB) in 1996. This means that the cleanup effort is accomplishing what we set out to do, with concurrence of EPA and state regulators. This enabled over 1,200 acres to be made available for deed transfer. To date there are only five such occurrences in the federal government.

After deed transfers, the Air Force intends to meet its legal obligation to do the long-term maintenance and long-term monitoring connected with the clean-up action until National Priority List delisting and site closure.

ENVIRONMENTAL SUCCESS STORIES

Through the Annual Report to Congress on environmental cleanup we highlight our success stories and progress. However, the annual report highlights only a fraction of the success stories of the Air Force BRAC environmental program. I would like to take this opportunity to relay other successes regarding our strategies for reducing costs and making our appropriated dollars go farther. These successes are

a result of our open relationship and partnering with both the regulatory community and our installation neighborhoods.

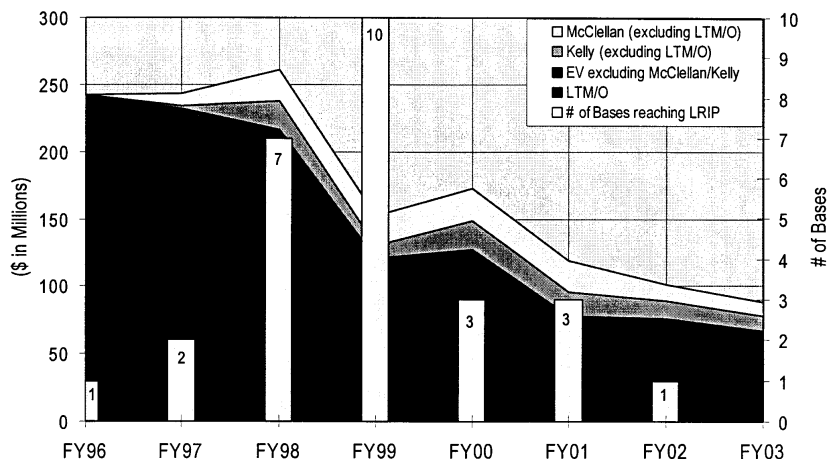
- At Plattsburgh AFB, NY, Air Force personnel completed a remedial design for two landfill caps. The design incorporated the use of 30,000 cubic yards of pre-treated soil from the base as part of the landfill caps. This resulted in a significant cost avoidance of \$400,000–\$500,000, the cost of clean fill material.
- At Kelly AFB, TX, results from monitoring a groundwater plume indicated the plume size was diminishing due to natural degradation. The potential cost avoidance of selecting natural attenuation versus installation of a cleanup system will be significant.
- At Wurtsmith AFB, MI, we have demonstrated and received regulatory concurrence that natural attenuation is the preferred remedial alternative at seven sites where the groundwater is contaminated with trichloroethylene (TCE). This will result in saving the cost of installing a cleanup system at each of the sites.

ENVIRONMENTAL BUDGET

Our environmental budget for fiscal year 1999 totals \$152M. Our program primarily focuses on environmental projects to clean-up contaminated sites which expedites property transfer. From fiscal year 1990 through fiscal year 1999 we will have received \$1.9B for the BRAC environmental program. These funds will have allowed us to install all necessary cleanup systems at 20 of our 28 bases. The Air Force continues to work with communities impacted by our base closure realignment to clean up the environmental contamination and put property and facilities into economic reuse. On our current schedule, we plan to have remedies in place at all our BRAC installations by the year 2002, with the exception of McClellan AFB in CA.

After fiscal year 1999 our projected yearly program drops significantly. Our fiscal year 2000 through fiscal year 2005 budget is projected to be \$617M. Using peer reviews, technical assistance visits, innovative technologies, partnering, and approaches to optimize long-term operation and maintenance we are controlling and reducing long-term costs associated with operation and monitoring of cleanup systems. We will avoid \$178.1M in environmental costs through completion of the program utilizing these strategies. The methods that Air Force is utilizing to optimize cleanup costs over the life cycle of the program have become a model that is being used by the other services.

The following graph provides a snapshot of our BRAC cleanup program. Although the graph indicates that 27 installations will have cleanup systems in place by fiscal year 2002, the work doesn't end there; in fact, the real environmental cleanup begins.



A significant portion of our future budget will be used to continue operating and monitoring our cleanup systems until our cleanup goals are achieved. The Air Force has taken the lead in working with our stakeholders to develop the framework for meeting our cleanup goals and reaching site closeout. This effort is expected to be published as a joint DOD/EPA guidance document and includes efforts such as cleanup performance reviews, delisting of National Priority List sites, long-term

monitoring, and decommissioning of cleanup systems and wells. We are looking forward to briefing you in the near future on the lessons we have learned in meeting cleanup goals and reaching site closeout to finish the cleanup job!

COMMUNITY RELATIONS

We are maintaining our good neighbor ethic in every BRAC community we previously called home. Our cleanup programs offer us a unique opportunity to show our communities that we care and respect them as legitimate partners in reaching community-based solutions to enhance reuse. By working together with our communities toward the common goal of job creation and a safe environment, the State of Indiana and the United States Air Force made history last year when they became the first to implement a dynamic new law established to assist in economic redevelopment. Grissom AFB represents one of the first instances of applying the amendment to Superfund law that allows the transfer of contaminated federal property with the concurrence of the governor prior to the completion of cleanup while cleanup efforts proceed. As a result the State of Indiana is able to meet a pressing public-safety need and will be constructing a multi million dollar state prison that will create hundreds of jobs for the community. Use of this early transfer authority was a win-win for Air Force, the state and the community while still addressing the environmental concerns of all parties. In light of this success we are in the process of using this authority at Mather, Griffiss and Lowry AFB's and will continue to identify opportunities for its application.

As our record shows, we are dedicated to improving our already open relationships both with the regulatory community and with our former neighbors in BRAC communities. We strive to ensure our closure and disposal actions meet all environmental regulations and laws, but we also seek out partnerships with local regulatory and commercial sector counterparts to share ideas and create an atmosphere of trust.

Our community Restoration Advisory Boards (RAB's) are an integral part of planning and prioritizing our environmental cleanups. We provide RAB's with a summary of all projects, create subcommittees to review technical documents, provide periodic site tours, and provide training in the installation restoration program. We have moved forward with the implementation of the Technical Assistance for Public Participation (TAPP) program. The TAPP program allows DOD to help RAB community members use the services of independent experts to explain the more technical aspects of our cleanup efforts. The RAB advice is proving invaluable as we move forward putting remedies in place at all of our installations. The RAB's are also providing advice for adjourning once our cleanup systems are in place. For example, the Bergstrom and Norton RAB's, were adjourned because they had fulfilled their advisory purpose since all cleanup actions had been implemented at these bases.

CONCLUSION

Through the support of this committee we continue to meet our environmental responsibilities. We are investing our dollars wisely. We have completed our studies and installed most of our clean-up systems. We are cleaning up the contamination and we are actively protecting human health and the environment as we transition property for reuse and development.

Thank you Mr. Chairman and members of the Committee for the opportunity to come before you to share what we believe is a very innovative, progressive and efficient environmental program.

Senator BURNS. Thank you.

And, Senator Murray, if you have some questions and you have a conflict, do you want to lead it off this morning, and then you can put the rest of them in the record?

Senator MURRAY. Thank you, Mr. Chairman. Actually, I just have one that I would like to ask, and then I would insert the rest into the record.

Senator BURNS. Sure.

Senator MURRAY. Thank you very much.

The President's request includes authority for a new BRAC round, but no money to begin execution in fiscal year 1999. Can you tell us whether you have specific assessments of the cost of a

new BRAC round? And can you supply us with some of those figures yet?

Mr. PIRIE. We can provide you with estimates for the record. There is no cost since the rounds requested are in 2001 and 2005. We would not incur any costs in fiscal year 1999. But we have, in fact, put notional wedges in the out-year programs for BRAC closures.

Senator MURRAY. OK, if we could have those, I would appreciate it.

Mr. PIRIE. Yes, ma'am.
[The information follows:]

Table F-7 on page 120 of Appendix F of "The Report of the Department of Defense on Base Realignment and Closure," of April 1998 provided the following estimated costs and savings for new BRAC rounds in fiscal year 2001 and fiscal year 2005 for DOD:

COSTS AND SAVINGS ESTIMATES FOR BRAC ROUNDS IN 2001 AND 2005
[In billions of fiscal year 1999 dollars]

Round	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total	Steady state
BRAC 2001:												
Costs	1.2	1.9	1.7	1.2	1.1	0.8	.....	.....	.....	.....	7.8	.....
Savings	0.4	0.6	1.1	1.4	1.6	1.7	1.7	1.7	1.7	1.7	13.6	1.7
Net cost (savings)	0.8	1.3	0.5	(0.2)	(0.5)	(0.9)	(1.7)	(1.7)	(1.7)	(1.7)	(5.8)	(1.7)
BRAC 2005:												
Costs .....	.....	.....	.....	.....	1.2	1.9	1.7	1.2	1.1	0.8	7.8	.....
Savings .....	.....	.....	.....	.....	0.4	0.6	1.1	1.4	1.6	1.7	6.8	1.7
Net costs (savings) .....	.....	.....	.....	.....	0.8	1.3	0.5	(0.2)	(0.5)	(0.9)	1.0	(1.7)
Total:												
Costs	1.2	1.9	1.7	1.2	2.3	2.6	1.7	1.2	1.1	0.8	15.6	.....
Savings	0.4	0.6	1.1	1.4	2.0	2.2	2.8	3.1	3.3	3.4	20.4	3.4
Net costs (savings)	0.8	1.3	0.5	(0.2)	0.3	0.4	(1.1)	(1.9)	(2.2)	(2.6)	(4.8)	(3.4)

Estimated future costs and savings for fiscal years 2002 and 2003 are contained in DOD's FYDP.

Senator MURRAY. Thank you, Mr. Chairman. I will submit the rest of my questions.

BASE ENVIRONMENTAL ASSESSMENT

Senator BURNS. OK. Thank you, Senator Murray.

I was interested in some of the statements, I want to go into them a little more. In the majority of cases, and I say maybe in all cases, whenever you start in a base that is finally shutdown from all operations, and you start in the environmental cleanup, can you give me a thumbnail sketch—and maybe all three of you do it the same way—what is the process we go through when we start environmental cleanup?

In other words, what process—now that all the people, the mission is gone, the equipment is out of there, you have an empty base, with probably, what, some operations and maintenance [O&M] people to kind of keep everything intact—what is the process? What is the next process that you start when you start cleaning up a base?

Mr. DISHNER. Senator, I will start and then defer to Robert or Paul.

The process is very strictly, but not overly so, defined, because it all builds up to the subject of today, which is the environmental assessment. The communities are required to prepare a land use plan. And that land use plan done by the community is submitted to the Air Force. And it really is the predicate to anything that is done subsequently. The land use plan projects what the raw land and the improvements will be used for.

The Air Force then—and I think the other services are the same—take that and do an environmental impact statement, and, say, do the assessment of that against the properties which they are going to use. That assessment then directs what level of clean-up, how we would clean up, what are some of the mitigating factors that we need to assess to do for that specific use.

I cannot recall ever where the reuse got changed, that we had to go back and redo an environmental impact statement [EIS], as an example, which is a very time consuming and very expensive document to prepare. But it is really driven by what the community feels they want to reuse that base for.

Subsequently, the environmental impact statement is done. That is a part of the whole process of the secretarial decision of the record of decision of how the base is going to be used. So, the environmental impact of that reuse is No. 1. Then there is the secretarial determination in support of that, and saying why the Secretary is directing that this record of decision be issued.

Then, as we go down the pike, of course, working with the communities, and now going from not only a study of the environmental aspect with the background of the reuse that is projected by the community, is where we get into what are the things that need to be done. Do we have lead-based paint? Which currently we leave that in situ. But we notify them, by the way, the building or the wall that has lead-based paint.

If it is friable asbestos, which comes from insulation, et cetera, we are required to take it out. If it is nonfriable, we are not required to take it out.

The big issue and the big dollar spenders, of course, is where we unfortunately have polluted the water supply, the groundwater supply. It is a very expensive, very long-term cleanup to pump that water, pump and treat, and put it back again. That is laid out also. And it is done throughout the base. If you have looked at some of the drawings—I am sorry I do not have any for you today, but it is almost pockmarked, and you can sort of see where those environmental impacts were done.

The community uses that as a guide to outline areas that cannot be deeded real fast because we have not cleaned it up. Some subsequent mechanisms to give them the property in furtherance of conveyance is helping that. So, we are able to define for the community where we have these problems that we cannot deed it today, but we can give you the use of it today until, in fact, we will eventually clean it up.

So, to me, it is an iterative process. It is started, however, with what is the future use of that base that the community thinks they

are proposing for the next 5 or 10 or 15 years—the ultimate use of the base.

Mr. PIRIE. Our process is very similar to the Air Force process. But let me make a few other remarks about the whole closure process.

We go through various stages of closure, from mission cease to operational closure to conveyance of the property. And during the time that that is going on, there are differing levels of activity on the base. Even after operational closure of the base you still have a very substantial number of military and civilian employees on the base, doing various things. There may be tenant activities that are slow to move out and all that kind of thing.

Meanwhile, we are dealing with the local redevelopment authority about how the conveyance is going to take place. And, in particular, if there are places on the base that they want to lease and start using fairly early, then we have to proceed with a finding of suitability to lease and so forth. So that would affect the cleanup plans for that particular area.

In most cases, when we know we are going to close a base, we get started on the cleanup before any of the local redevelopment authority activity takes place or before they have a plan. In many cases, we are already cleaning up the base, because that is simply an ongoing process of ours.

So, you have a lot of overlapping activities, both in the moving-out process and in the process of cleanup.

In some cases, we convey bases to the community, where the cleanup—for example, the groundwater cleanup—simply is ongoing. And we will monitor that over a long period of time after the base is turned over to the communities. So, it really depends upon the local situation a great deal exactly when the cleanups start, how they are focused and so forth. We generally try to accommodate the communities' concern about reuse.

Senator BURNS. Is it the same with the Army, Mr. Johnson?

Mr. JOHNSON. Pretty much the same. We start with an environmental baseline study, to determine what the contaminants are.

Senator BURNS. Is that a complete EIS? Do you use the EIS?

Mr. JOHNSON. We do that. We start the NEPA process a little later, after we get the EBS completed to determine the contaminants that are there, after the community comes up with a reuse plan. Then we put it in the program for funding. The priorities are the health and safety problems that we have. Reuse is also a high priority, because we want to get it back on the tax rolls. We follow the NEPA process all the way through.

Senator BURNS. All of you do an EIS before you—is an EIS required?

Mr. PIRIE. Environmental impact statements are required where there is a choice or an alternative. Where the Commission has said you will move X to Y, and there is no alternative, then an environmental impact statement is not required. But if there is an alternative location to which the activity can be moved, then an environmental impact statement is required.

CONTRACTOR SELECTION

Senator BURNS. Once you have made the assessment, once you have made the environmental assessment of what is going to be needed to make conveyance, now then you engage a contractor, an environmental contractor? Or do you do that in-house?

Mr. JOHNSON. Sometimes we do it in-house and sometimes by contracting out. If we have the same type of reuse, we may get by with just an environmental assessment. We can do that in-house. But if it is a change in reuse then we get an EIS.

Mr. DISHNER. Normally we would use probably a contractor under the Air Force Center for Environmental Excellence [AFCEE] at Brooks Air Force Base, which handles most of that. Because we want to have it centered in one place and we do not want to be doing it somewhere else. So if there is a question on the environmental, whether it be on the study, an assessment of what is there, or actually doing the contracting to clean something up and treat it, et cetera, the majority of our work is done through AFCEE. There is a little bit done by the Corps of Engineers, but the majority of it is done by AFCEE.

Senator BURNS. Is it the same with the Navy, Secretary Pirie?

Mr. PIRIE. Yes, sir.

I think this is fairly confusing, because you have a lot of different laws and processes at work here. But to give you an example from the Navy point of view, the closure of Cecil Field in Florida and the movement of the F/A-18's to Oceana or Cherry Point or Beaufort. If the Commission had directed that the activity at Cecil Field be moved only to one location, say, Oceana, then from the point of view of Cecil Field, an environmental impact statement would not have been required. We would have done an assessment.

The Cecil Field reuse authorities are going to use it as a commercial and industrial activity, so as Mr. Johnson said, since it is going to be used for the same kind of activity, we would not be required to go into an extensive environmental impact statement. The reason we are doing an environmental impact statement for the Cecil Field move is the impact on the environment of the receiving activities. And so we have to do it at both ends.

Senator BURNS. Now, once the contract has been given and an environmental activity started—in other words, the contractor starts completing the mission of cleaning up—now, whether it be in-house, using Corps of Engineers, our own people that are in the military or whether we are using a civilian contractor, who supervises those contracts and the work?

Mr. PIRIE. In the Navy, the Naval Facilities Engineering Command supervises the contracts and the work wherever we are cleaning up bases.

Mr. DISHNER. The Air Force Base Conversion Agency, which is the agency to do all the closure, real estate, and environment, through the AFCEE that I mentioned earlier.

Mr. JOHNSON. Mostly the Corps of Engineers, as far as the EIS is concerned. But if you are talking about further cleanup, of course, that is the contracting officer. In most cases, it is the Corps of Engineers.

Senator BURNS. And are time lines set up and these type things? Is that all in the contract? In other words, there is an expected time when we are done with it and the expected result?

Mr. JOHNSON. That is correct. Of course, sometimes during clean-up you will find something that you did not know was there, particularly unexploded ordnance and that sort of thing. It takes a long time, because you have got to have your people "mag" it and "flag" it and then either dig it up and move it or detonate it in place. So, the time lines are set for the unexploded ordnance.

And, of course, groundwater monitoring is very costly and time consuming. So it can go on for years.

Senator BURNS. Secretary Johnson, you bring up a point. Do we have the technology to dispose of our ordnance that should be disposed of?

Mr. JOHNSON. Yes, sir.

Senator BURNS. And we do have centers that do that? Or do we do that on site?

Mr. JOHNSON. Well, it depends. We do have centers. But if you are talking about unexploded ordnance, then you flag it. If you can pick it up and move it, you move it to a place that you can detonate it. If you cannot move it, you have to get some approval from EPA, to detonate it in place. That is basically a very primitive technology that we have in cleaning up the unexploded ordnance.

AIR FORCE ORDNANCE DISPOSAL

Senator BURNS. How about the Air Force or the Navy in the disposal of ordnance?

Mr. DISHNER. The Army does the large ordnance. Some of the small firing ranges, et cetera, we handle in-house.

Senator BURNS. In-house?

Mr. DISHNER. Yes, sir.

Mr. PIRIE. The same for the Navy, Mr. Chairman.

Senator BURNS. Can that be recycled?

Mr. DISHNER. Well, in the case of firing ranges, where most munitions now have lead base on the point, they have a mountain of sand, which they use as a buffer to fire into, that is just loaded with lead. And we have been successful, I think, in one location, where we went to the community, and the community said, well, the State police want to continue using the range after conveyance. They said to not clean it up and that we could fire more lead into it. So they assumed the liability for taking the lead, because it was going to continue to be used as a firing range.

Senator BURNS. That was the next thing, you know. The supervision of those contracts when you are all done. How tough has it been? Now, Mr. Johnson, you made the statement that you are starting to get a return on your cleanup now. In other words, you are conveying some of that property into private hands, and those moneys, I guess put against the environmental cleanup or the entire operation of cleaning up the base, you say that we are starting to realize some return on that?

Mr. JOHNSON. Yes; so far, we have received \$112 million and we have some accounts receivable of about \$45 million more. It is due to some of the deals we have made where we do not take the

money up front, we let the reuse authority pay us a little later on. That is the \$45 million.

Now, that money goes back into the BRAC account. And we have used some of that to do other BRAC operations, such as cleanup.

BRAC RESIDUAL FUNDS

Senator BURNS. In other words, the funds for conveyance, the sales of a unit or a camp or whatever, that goes back in the BRAC account, that does not go back into the U.S. Treasury?

Mr. JOHNSON. That is correct. It goes into the BRAC account. And we reuse it for BRAC actions.

Mr. DISHNER. That was established by law, referred to as the account for BRAC residuals. The Air Force account, as an example, has about \$20 million to \$21 million. And I think just a few months ago I released \$15 million of that to actually reduce some costs. They were not environmental, unfortunately, at the specific time, but they can be used for anything. So that we do not have to come back, then, and borrow those additional dollars from the taxpayers.

Mr. PIRIE. But the money from the property sales is a relatively small amount. You are talking about tens of millions compared to the expenses of BRAC which in the Navy's case has been about \$7.5 billion. The real savings in BRAC come from the closure of the bases and getting the employees off the rolls.

Mr. JOHNSON. I want to put in a pitch about keeping the BRAC account open beyond 2001, because that is where we put the money from the accounts receivable back into O&M.

Mr. DISHNER. When that BRAC runs out, I do not know if the dollars we get back are going right back into the Treasury. So it would be—woops—because it is easy to show, then—at some point in time I think we all would like to know where the expenditure or projected expenditure, has gone. Offset to whatever degree the income was from that transaction.

As soon as that happens, I guess we can have an accounting procedure to count it before it goes into the Treasury, but to me that is another issue. There are two BLIPS with that process. One is to continue a BRAC designation to be able to continue to corral those costs and know right where you are at from day to day, year to year. The second is to have the income against that show what additional dollars were not asked for, because although low dollars as Robin said, is absolutely correct, that is one less dollar then we had to take out from the regular account.

Senator BURNS. That is under the woops theory. I understand that. You learned that at Texas A&M, I assume. [Laughter.]

Mr. DISHNER. Yes, sir; I did.

Senator BURNS. What happens—and I guess the next question, what happens if there is no conveyance? Now, are we funding some property that is unsalable, that is just undesirable for the market? Have we run across that yet?

Mr. DISHNER. I think in the Air Force we found properties or a property, maybe two T's, properties, not the whole base, but are slower because they are in an area that is very rural, and in other rural areas, but we have no bases that there is no one renting them or leasing them, and purchasing some environmentally clean property. There are no bases just laying there fallow, where we

have just locked the gate and walked away because they cannot be used.

Mr. PIRIE. We do not expect to have any that cannot be conveyed, Mr. Chairman, and the experience before the BRAC law came in in 1988 of bases that were just abandoned and put in caretaker status and locked up is not encouraging. They become an eyesore and a public nuisance. We would be much better off to clean these places up and turn them over to the communities.

Senator BURNS. We did that in the case of radar bases in Montana that they had a very definite use for, and by the way, Mr. Dishner, that is a very successful program for those communities, like in Conrad, MT, and we did another one in Forsythe, MT. These were very small radar installations for the low-flying missions up there, and so that has been very successful.

But I was just wondering what would happen if there is no conveyance made, and I would imagine now the Navy may end up—of course, I think the Army probably has a better opportunity to move some of their properties into private hands more than Air Force and Navy, because you just use land, for your uses.

Tell me about the progress at Marine Corps Air Station El Toro.

Mr. PIRIE. Well, the Marine Corps Air Station El Toro is in the process of being closed and cleaned up. There is contention in the community about whether it should be an aviation facility or something else when it is reused in the community. That has not been resolved, but in terms of progress and closure and moving the Marine Corps out, that is proceeding in an orderly way.

Senator BURNS. What kinds of challenges do you find there? Underground tanks, I would assume? I know something about that base. That is where I was mustered out.

Mr. PIRIE. We have underground storage tanks that have to be remediated. We have some petroleum in the soil that needs work. I am not certain about a landfill or not, but I would be surprised if there was not a landfill that did not have to be probably capped and monitored, things of that kind, Senator.

Senator BURNS. Has that work started?

Mr. PIRIE. Some of that work has started, yes, sir.

Senator BURNS. Did we have some questions about Clark Air Force Base? No; Presidio. How are we doing on Presidio in San Francisco? Has that conveyance been made?

Mr. JOHNSON. Yes; we still have some cleanup questions about San Francisco. Almost the whole thing has gone into the trust, the Presidio Trust I believe is the name of it, but yes; the transfer has been basically complete. We still have some cleanup work.

CASTLE AFB CLEANUP STATUS

Senator BURNS. Castle Air Force Base is the one in California. Progress on that?

Mr. DISHNER. It is doing very, very well, 90 percent in reuse, so that one has been right up there. In fact, they just gave me, if I may, BRAC reuse data for 1988–95 bases. BRAC 1988, is at 98 percent; BRAC 1991, 76 percent reuse; BRAC 1993, 70 percent reuse; BRAC 1995, 5 percent, an average of 64 percent reuse, sir.

Senator BURNS. All right. I guess those are the questions I had on that.

Now, Fort Ord, that conveyance has been made?

Mr. JOHNSON. Most of it has been made, but we still have quite a ways to go on it. We have an EDC in for the rest of it. Most of it has been transferred to the State University, which is underway. Things are going fine.

Senator BURNS. Tell me, if I was a contractor and my job was environmental cleanup spills, no matter what, how could I do business with you if I wanted to find work?

Mr. JOHNSON. We have a regular procedure where we have a computerized form that you fill out and send to Dallas, TX. I believe it is where the consolidation place is.

Senator BURNS. You might want to pull that microphone up there. We are getting a complaint; folks cannot hear.

Mr. JOHNSON. We have a regular system for contractors to get in touch with the Corps of Engineers, which do most of the Army's work, and that is located, I believe, in Dallas, TX, where we give anybody that is interested a form. They fill it out, mail it in, and if they are qualified to do work, then they are put on the list.

Senator BURNS. Is that the same with the Air Force?

Mr. DISHNER. Yes, sir; at the Air Force Center for Environmental Excellence at Brooks in San Antonio. You can come up on the web, come up on the Internet, find out what projects are available if you want to put your name in the hopper as a contractor or remove certain information whatever it may be as a contractor in the environmental arena.

You have to have certain certifications to do that, as I know you know, Mr. Chairman, but that is how you would find out what was happening in your area or in your State, sir.

Mr. PIRIE. We have essentially the same process in the Navy, through the Naval Facilities Engineering Command.

CONTRACTOR COMPETITIVE BIDDING PROCESS

Senator BURNS. Now, are those put out on competitive bids?

Mr. DISHNER. Yes, sir; we have some contractors we picked up earlier, earlier meaning 2 or 3 years, where we did what is referred to as an ID/IQ, which is indefinite delivery, indefinite quantity, to do that. They in turn are then triggered when a request comes in from a base to do certain work.

But not all the work is covered through that mechanism of an ID/IQ. The main thrust was to try to make sure we did not forget the contractor in the local community and give them a chance to put a bid in for a contract. It was to be sent, not necessarily as a Small Business Administration [SBA], to make sure the contractor had an opportunity to bid.

Senator BURNS. The same with you, Mr. Johnson?

Mr. JOHNSON. Basically it is, if we have—the construction work is done competitively. If it is architect-engineer work, then it is negotiated.

Mr. PIRIE. It is a competitive process in the Navy. As in the case of the Air Force we have large omnibus contracts that are open and can be assigned work as it develops.

Senator BURNS. I bring that up for the simple reason I can remember going back to the old Reserve Officer's Training Corp [ROTC] days when we went through the savings and loan [S&L]

fiasco, and in order to be an auctioneer they required a \$1 million bond. Well, I can tell you from auctioneers there ain't none of us worth \$1 million. [Laughter.]

And they were trying to hire auctioneers in Chicago to sell property in Phoenix, and that did not work very well, and sometimes local contractors have local knowledge. That saves us all money in the long run.

I had this hearing today—and we are going to be cutting it a little bit short. I want to work with you on this particular problem of environmental cleanup, and the reason for the hearing is no more than this, that Congress is aware that we have had these obligations and we want to do them as economically and as expeditiously as we can, understanding budgetary strains and all other things that are falling now on the military, and I am very, very concerned about some areas of it. We are just looking for ways to streamline and to do some things.

I will probably have some more questions. I appreciate your statements. I do not think the American public was really aware of our obligations out there, or the cost of those obligations, and I think they should be made aware of that whenever we start conveying this property, we want to convey a property that is, I would hope, environmentally what its next use will match.

I do not think we have to clean them up to the point where you will be able to eat off the runway, so to speak, but nonetheless I really believe that the next use—and that is the involvement of the communities and what that is going to be used for—is very, very important in those communities.

ADDITIONAL COMMITTEE QUESTIONS

So I appreciate that. I have probably got two or three other questions that I will ask and write to you and we will get those cleared up.

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

QUESTIONS SUBMITTED TO ASSISTANT SECRETARY ROBERT B. PIRIE, JR.

QUESTIONS SUBMITTED BY SENATOR BURNS

ENVIRONMENTAL COSTS

Question. How much money will you have spent by the year 2001 to clean up the bases from the first four rounds of base closure?

Answer. Based on funding trends in the current budget, \$2.9 billion will be spent on environmental (planning, compliance, cleanup) for all four BRAC rounds through fiscal year 2001.

Question. The costs of environmental cleanup will extend beyond the statutory limit for base closure expenditures. What kind of environmental activities will continue and for how long? How much do you anticipate that these long-term procedures will cost?

Answer. In addition to continuing cleanup at several locations, most notably Hunter's Point Naval Shipyard and Long Beach Naval Complex, we will need to continue long-term operations and monitoring of cleanup remedies into the year 2010 and beyond. Our current projection is \$526 million in environmental cleanup costs beyond fiscal year 2001.

Question. What steps are you taking to reduce the overall costs of long-term environmental monitoring?

Answer. We are working with EPA and State regulators now to identify issues, develop alternative operating practices and associated costs for long-term environmental monitoring. Our objective is to agree to a streamlined and simplified practice that still ensure proper operating parameters at a reasonable costs.

Question. Do we have technology available to effectively cleanup groundwater contamination and unexploded ordinance?

Answer. Depending on site conditions and types and levels of contaminants, there are many alternative remedies available to cleanup groundwater contamination. Cleanup of unexploded ordinance, however, is at this point a difficult and expensive proposition with few choices. The Army, with support from the other services and private industry, is focusing research and development efforts on detection systems as well as cleanup alternatives for unexploded ordinance.

Question. What are the major cost drivers with respect to cleaning up BRAC installations?

Answer. Many of the major costs drivers for cleanup at BRAC locations are identical to the cost drivers at non-BRAC installations (e.g., assessments, sampling, remedial studies and the actual cleanup). Environmental baseline surveys, done only for closing bases, add additional cost. There is, however, one major difference: BRAC cleanup is driven by reuse and redevelopment needs and timelines. This generally accelerates cleanup needs. Reuse needs can also affect cleanup standards.

Question. To what degree do Federal and local regulators dictate the plan and pace of the environmental clean up at BRAC sites?

Answer. Reuse and redevelopment needs are a far greater factor in dictating the plan and pace of cleanup at BRAC sites. Each major closing base has formed a base cleanup team, or BCT, comprised of representatives from DON, EPA, and State regulators. They work closely with local redevelopment authorities to set mutually agreed cleanup standards, priorities, and time lines for cleanup.

PROGRAM CHALLENGES

Question. What is your most significant challenge to completing the environmental cleanup on the BRAC installations?

Answer. Matching reasonable cleanup alternatives and time lines to community expectations. If we perform the cleanup too quickly, we may be spending money that would be better served at another location with more pressing needs; or we may waste money doing unnecessary cleanup; or lose the opportunity to save money by tying a cleanup remedy to the reuse plan (e.g., a cleanup remedy that calls for a landfill cap along with a reuse plan that calls for a runway extension over the same ground). Conversely, if we go too slow, we will likely delay reuse, redevelopment and job creation opportunities for the communities that hosted our Sailors and Marines for many years.

Question. How are you cleaning up ranges with unexploded ordinance?

Answer. For inactive (not now in use, but could be used) and active ranges, we perform range maintenance functions such as surface sweeps, but do not do cleanup. Under the new DOD range rule, we are in the early stages of establishing a CERCLA like process for cleanup of closed, transferred, and transferring ranges. We expect to begin initial site characterization efforts in fiscal year 2000.

Question. What is the status of efforts to turn over facilities with lead-based paint? What is the DOD position on this issue?

Answer. We are working with EPA to resolve issues in this area. HUD Title X regulations provide requirements for lead based paint hazards in residential areas. DOD complies with these regulations. Some regulators contend that DOD should go beyond these regulations. DOD, HUD and GSA are developing a field guide to ensure that all personnel understand the requirements. There are no specific regulations governing lead based paint in non-residential areas. Our basic approach is to do everything that is required of non-military sites.

REUSE

Question. How do you establish priorities for cleaning up BRAC installations?

Answer. Our first priority is always to immediately address any contamination that poses an imminent health and safety threat. These are rare situations.

Unless there is an imminent health risk, cleanup priorities are developed by the base cleanup team at each base. The BCT is comprised of remedial project managers from the DON, and State and EPA regulators. The BCT's work closely with the local redevelopment authorities to establish mutually agreeable cleanup standards, cleanup remedies, and time lines. The Restoration Advisory Board, which serves as a community sounding board for cleanup issues, also plays an important role. These

cleanup plans are then reviewed by various elements of the chain of command for technical merit and affordability.

Question. What major impediments do you face in turning over properties to civilian use or other Federal agencies?

Answer. There is, of course, a standard screening and prioritization process that we must follow. Other challenges include: (1) the establishment of an official local redevelopment authority, and the development and approval process for a reuse plan; (2) preparation of necessary NEPA documents that address the reuse plan and potential environmental impacts; and (3) doing the cleanup in a timely, cost-effective manner that protects human health and the environment.

Question. When you are unable to turn properties over to local reuse authorities, do you still incur costs in maintaining the base?

Answer. Yes, we incur caretaker costs for minimal maintenance functions, police and fire protection, utilities, etc. We attempt to minimize these costs by encouraging leases and leases in furtherance of conveyance as a means of generating revenue, and negotiating the shift of caretaker functions to the local redevelopment authority as part of the property transition process.

EXPIRATION OF BRAC—POST-2001

Question. I understand that each of the services was instructed to include their post-2001 BRAC requirements in their operation and maintenance account. Do you have concerns with the merging of active and BRAC cleanup costs?

Answer. Defense Planning Guidance directed the services to program BRAC cleanup costs after fiscal year 2001 in their respective environmental restoration accounts (used to fund cleanup at non-BRAC bases), not their O&M accounts. This decision was reached based after DOD and the components evaluated several competing alternatives. We can establish sufficient management controls within the environmental restoration accounts of the components to ensure visibility of funding for cleanup at both BRAC and non-BRAC bases.

I might also add that this decision was made prior to SECDEF announcing legislation for two more rounds of BRAC, the first in 2001 and the second in 2005. If this legislation is approved, we should perhaps reconsider extending BRAC cleanup funds from prior rounds to the new rounds.

Question. The BRAC accounts have been protected since the inception of this process. If these environmental costs are not fully funded in O&M, will your service lose faith with the local communities interested in reuse?

Answer. Absolutely. We are told time and again by the local redevelopment authorities, mayors at BRAC locations, and other local/State representatives of the importance in continuing our cleanup efforts. They often view this as one of the most important ingredients in their reuse plans.

Question. What kind of visibility will you have if the ongoing BRAC costs roll to operation and maintenance?

Answer. We will establish budget sub-accounts and accounting practices to maintain proper visibility of funds in the event that BRAC costs remain in the component environmental restoration accounts (not O&M accounts).

Question. Would it be advantageous to keep the BRAC accounts separate from the service's operation and maintenance accounts?

Answer. It is certainly advantageous to keep the BRAC accounts separate from the service O&M accounts. There are, however, pros and cons for continuing cleanup in the component environmental restoration accounts, or extending the BRAC accounts beyond 2001, particularly if legislation is approved to do two more rounds of BRAC.

In any case, current BRAC statutes require all BRAC cleanup to be funded from the BRAC account. This legislation must be reviewed and amended after current authority expires in 2001.

Question. With four rounds of BRAC behind us now, how do you track the savings for each closure or realignment?

Answer. Projected BRAC savings are recorded in the annual budget submission of the Department of the Navy. Savings identified in the budget submission reflect the best estimates we have to date.

Question. What is your methodology for updating these savings estimates?

Answer. Projected savings are calculated based on estimated personnel savings to be derived from the closure or realignment action, cost avoidance for base operating costs, and the cancellation of planned construction and procurements resulting from closure or realignments. Those projected savings are then calculated against the projected costs for the closure or realignment actions and result in net savings. Claimants are required to update savings estimates with each budget submission.

Question. What assurance can you give us that future rounds of BRAC would, in fact, save the amount that is forecasted?

Answer. With each successive round of BRAC, we have applied our latest knowledge and experience. As a result, our estimates reflect the most up to date experience. Various audits to date assure us that these estimates are consistent with reality.

QUESTIONS SUBMITTED BY SENATOR MURRAY

Question. It is my understanding that community involvement and public trust in the cleanup process is essential to ensuring the success of your cleanup efforts. Could you comment on the RAB's (Restoration Advisory Boards) and how they are working for the services in this process? Once a project is underway, will the RAB's continue to guide and oversee the ongoing protection of human health and the environment after operational closure of an installation and transfer of property?

Answer. The RAB is an advisory body designed to act as a focal point for the exchange of information between the base and the local community regarding restoration activities. The RAB is intended to bring together community members who reflect the diverse interests within the local community, enabling the early and continued two-way flow of information, concerns, values, and needs between the affected community and the installation. The RAB continues to oversee environmental restoration at the affected base until cleanup is complete, regardless of the operational or disposal status.

Question. A key element of the DOD's fast-track cleanup approach is the establishment of BRAC cleanup teams to manage cleanup at closing and realigning bases. Could you tell the Committee a little more about the composition of the cleanup teams, and what their function is? Is there emphasis put on the needs of the specific community and is that amply represented on these teams?

Answer. BRAC Cleanup requirements, plans, and schedules are prepared by a BRAC cleanup team (BCT) at each BRAC base. The BCT is comprised of remedial managers from the Department of the Navy, State, and EPA who collectively oversee and prioritize the necessary cleanups. With the help of the Naval Facilities Engineering Command and its field divisions, each base tailors its environmental cleanup plans to best support the disposal strategy for the base. Our objective is to complete the cleanup (attain "response complete" or "remedy in place" status) for each parcel of land in the order that the Local Redevelopment Authority (LRA) has determined it is needed for actual redevelopment, and then immediately convey the property. Each cleanup plan is based on cleanup standards established cooperatively between the BCT members and the LRA for the base. As such, the community needs are amply represented.

Question. I understand that the Defense Environmental Response Task Force drafted a resolution that was adopted last year recognizing the importance of State participation in cleanup activities and the increase in public trust that results from broad and effective collaboration between States and DOD. Has this attitude been embraced by the services?

Answer. The Navy has been the most active service in partnering with the States. The Navy has a variety of formal and informal partnering processes in place. The following two examples are illustrative. On the West Coast, the Navy has formed an Environmental Management Executive Committee (EMEC) with five States. The EMEC jointly plans and prioritizes remedial activities and discusses issues of mutual interest. In EPA region IV, the Navy, Air Force, EPA region IV and several States have developed a partnership with installation level and management level tiers. The Navy has also been proactive in bringing State and EPA regulators into the DOD budget process. Most recently, the Navy produced a "DOD guide to the environmental security budget" in cooperation with the Environmental Council of States.

Question. In the post-2001 period, separate BRAC environmental funding will end and the continuing funding requirements will be merged into the operations and maintenance accounts. Have you determined what the impacts will be on readiness of this merging of accounts? Have you decided to attempt to extend the present system of separate accounts, and how likely is it that DOD will extend that system?

Answer. Merging BRAC requirements into the operations and maintenance accounts will not impact readiness unless Congress does not take this increased requirement into account. Navy has already planned to carry continuing BRAC costs in these accounts. If the DOD BRAC account expires we will establish separate sub-accounts to keep visibility on these BRAC costs.

QUESTIONS SUBMITTED TO DEPUTY ASSISTANT SECRETARY PAUL W. JOHNSON

QUESTIONS SUBMITTED BY SENATOR BURNS

BRAC ENVIRONMENTAL COSTS

Question. How much money will you have spent by the year 2001 to cleanup the bases from the first four rounds of base closure?

Answer. The Army has programmed to spend a total of \$2.051 billion on environmental restoration at BRAC installations through fiscal year 2001.

Question. The costs of environmental cleanup will extend beyond the statutory limit for base closure expenditures. What kind of environmental activities will continue and for how long? How much do you anticipate that these long-term procedures will cost?

Answer. The Army will have some amounts of environmental restoration and compliance work remaining after fiscal year 2001. However, the majority of the efforts remaining after fiscal year 2001 are for long-term monitoring and operations. The Army has programmed a total of \$450 million for these activities for fiscal years 2002–2005.

Question. What steps are you taking to reduce the overall costs of long-term environmental monitoring?

Answer. Due to the lengthy monitoring times and substantial cost, the Army is developing a strategy to try to gain efficiencies in the long-term operations and monitoring area. The study and subsequent guidance will consist of intensified reviews of past decisions, redirection of our remaining cleanup decisions away from remedies with expensive long-term operations, more efficient contracting of long-term monitoring, and use of new technologies.

Additionally the Army's Peer Review, which is an independent review initiative, will also, we believe, find efficiencies within our cleanup remedies such that long-term operations and monitoring will decrease.

BRAC ENVIRONMENTAL COSTS

Question. Do we have technology available to effectively clean-up groundwater contamination and unexploded ordnance?

Answer.

Unexploded Ordnance (UXO)

Yes, but methods are extremely costly, time-consuming, and have adverse impact to existing flora and fauna. In fact, ecological considerations sometimes preclude extensive or robust cleanups. The current method involves use of a magnetometer to locate and flag metallic anomalies. Then we must manually excavate and detonate, or detonate the UXO in place as the situation dictates. We are currently evaluating and testing infrared technologies in conjunction with Geographical Information Systems (GIS) to improve detection capabilities and potentially save time and excavation dollars.

Groundwater

The difficulty with treating groundwater is achieving long-term cleanup contaminant levels by the pump and treatment technology. Pump and treat, while initially effective, is only poorly to moderately effective in achieving long-term cleanup goals. It is very dependent on type of contamination and type of geology. We are working to restrict pump and treat to only the most favorable geology/contaminants. An alternative solution involves monitored natural attenuation and restrictions on use of groundwater, where applicable/feasible, and compatible with intended reuse.

Question. What are the major cost drivers with respect to cleaning up BRAC installations?

Answer. Groundwater contamination and unexploded ordnance along with the general complexity of the restoration process are driving the cost of this program. Reaching agreement on the restoration remedies with the regulators has caused program delays and increased costs. In some cases local reuse authorities urge the Army to clean to more unrestrictive standards than current uses of the property which requires additional restoration efforts.

Question. To what degree do Federal and local regulators dictate the plan and pace of the environmental clean up at BRAC sites?

Answer. The regulators play a crucial role in our plan and the pace of cleanup. The BRAC Cleanup Teams (BCT), which include an EPA and State regulator, comprise a decision-making partnership with the regulators. Under E.O. 12580 we are still the "lead" in determining or selecting the remedy, but look for concurrence from the regulators. Most delays are due to disagreement with the regulators on cleanup

goals. At NPL installations we must have concurrence from EPA on the chosen cleanup remedy, and EPA can select the final remedy if there is a dispute.

PROGRAM CHALLENGES

Question. What is your most significant challenge to completing the environmental cleanup on the BRAC installations?

Answer. Reaching agreement and consensus with the regulators and communities on cleanup goals and remedies that support the proposed reuse of the property and is a cost-effective solution is generally our biggest challenge. In the case of UXO cleanups, the problem is generally balancing community reuse plans with cost of removal, technical feasibility, and ecological concerns.

Question. How are you cleaning up ranges with unexploded ordinance?

Answer. Personnel walk the site with hand-held magnetometers and flag magnetic anomalies. Other personnel excavate each anomaly. If the anomaly is UXO, remove if possible and detonate elsewhere. If unable to remove safely, detonate the UXO in place. Improvements to the process under consideration are radio-controlled vehicle-mounted magnetometers, and instrument methods of identifying magnetic anomalies as non-UXO without excavation.

Question. What is the status of efforts to turn over facilities with lead-based paint? What is the DOD position on this issue?

Answer. The Army is continuing to lease and transfer properties that contain lead-based paint by following the requirements of the Residential Lead Based Paint Hazard Reduction Act of 1992 (Title X). The process requires notification, inspection and/or abatement of the lead based paint in residential structures. While we have not received full agreement from the regulators on our Finding of Suitability to Transfer (FOST's) we have been able to proceed with transfer of the property. DOD is currently working with EPA to establish a National policy.

REUSE

Question. How do you establish priorities for cleaning up BRAC installations?

Answer. The Army places highest priority on requirements driven by imminent reuse of the affected property. Other reuse driven requirements and continuation of ongoing programs are the next priorities. The Army next prioritizes projects required to support Federal Facilities Agreements, RCRA consent orders, and any other legally driven requirements. Any remaining funding is distributed based on relative risk evaluation. Throughout this process the Army is protective of human health and the environment and we immediately fund any imminent threats.

Question. What major impediments do you face in turning over properties to civilian use or other Federal agencies?

Answer. The major impediment to turning over properties to civilian use is determination of future use and obtaining cleanup level consensus with the regulators. Sometimes the regulators want us to clean to standards above what is being dictated by the intended use and in other cases the intended use is unknown or undetermined when cleanup decisions are being made. We are experiencing similar problems with turning over property to other Federal agencies. In some cases transfer to another Federal agency has proven even more difficult, i.e. Presidio of San Francisco and Woodbridge Research Facility. Property that is staying within the realm of the United States government does not trigger the requirements of CERCLA 120(h) prior to transfer. However, Federal agencies are usually not willing to take property unless all cleanup has been completed, regardless of the planned reuse.

Question. When you are unable to turn properties over to local reuse authorities, do you still incur costs in maintaining the base?

Answer. Yes. The Army incurs caretaker costs from the time the base closes until the property is disposed.

EXPIRATION OF BRAC (POST-2001)

Question. I understand that each of the services was instructed to include their post-2001 BRAC requirements in their O&M account. Do you have concerns with the merging of active and BRAC cleanup costs?

Answer. Yes, we do have concerns with the merging of Active and BRAC program cleanup costs. We see the need to maintain separate accounting of these programs. The goals and objectives are different in these two programs; BRAC being reuse driven and Active sites being to reduce the relative risk of contaminated sites.

Question. The BRAC accounts have been protected since the inception of this process. If these environmental costs are not fully funded in O&M, will your service lose faith with the local communities interested in reuse?

Answer. The Army has programmed \$450 million after fiscal year 2001 which is based on our current requirements projections. This is the level of spending that we believe will support reuse and allow us to dispose of most of the BRAC properties. Less funding will begin to delay cleanup actions and property disposal, which could adversely impact the local communities and result in unmet expectations.

Question. What kind of visibility will you have if the ongoing BRAC costs roll to operation and maintenance?

Answer. The Army has reserved the funds programmed after fiscal year 2001 in a separate programming package exclusive to environmental restoration at BRAC installations. During execution, the Army could establish a separate program element to capture these costs in the finance and accounting system.

Question. Would it be advantageous to keep the BRAC accounts separate from the service's operation and maintenance accounts?

Answer. Yes. Consequently, the Army supports the concept of extending the life of the BRAC account to authorize appropriations for BRAC environmental restoration after fiscal year 2001.

ADDITIONAL ROUNDS OF BASE CLOSURE

Question. With four rounds of BRAC behind us now, how do you track the savings for each closure or realignment?

Answer. The Army makes an extensive effort to determine and validate BRAC savings at the time that each round is announced by the Commission. Our implementing Major Commands (MACOM's) develop BRAC implementation plans which include detailed financial cost and savings analyses. These estimates are reviewed, audited as required, and submitted to the Congress as the budget justification books.

Question. What is your methodology for updating these savings estimates?

Answer. The Army reviews the savings estimates annually as part of the budget development process, and revises the numbers as necessary. Beginning in 1996 the Army reemphasized the need to review savings estimates, and initiated an audit of savings on 10 major BRAC 95 packages. These efforts resulted in revisions in the savings estimates in the fiscal year 1998 and fiscal year 1999 budget justification books.

Question. What assurance can you give us that future rounds of BRAC would, in fact, save the amount that is forecasted?

Answer. The Army can not provide installation specific data as to where we will achieve future BRAC savings. We have completed notional analysis of future infrastructure requirements which did indicate that additional closure actions are required and that savings would result. The Army will achieve annual recurring savings approaching \$1 billion upon full implementation of the first four BRAC rounds. The scope of any future BRAC rounds will determine the level of savings. Although we expect savings from future rounds to be generally less than closures to date, we know that substantial savings remain to be achieved.

QUESTIONS SUBMITTED BY SENATOR MURRAY

QUESTIONS FOR THE RECORD

Question. It is my understanding that community involvement and public trust in the cleanup process is essential to ensuring the success of your clean-up efforts. Could you comment on the RAB's (Restoration Advisory Boards) and how they are working for the Services in this process? Once a project is underway, will the RAB's continue to guide and oversee the ongoing protection of human health and the environment after operational closure of an installation and transfer of property?

Answer. For the most part, the Army believes that RAB's are very effective in involving the local community in the cleanup of our installations. RAB's will continue at Army installations until such time as all remedial systems are in place and/or there is still community interest in the on-going cleanup.

Question. A key element of the DOD's fast-track cleanup approach is the establishment of BRAC cleanup teams to manage cleanup at closing and realigning bases. Could you tell the Committee a little more about the composition of the cleanup teams, and what their function is? Is there emphasis put on the needs of the specific community and is that amply represented on these teams?

Answer. Each BRAC Cleanup Team (BCT) consists of a service representative who is the BRAC Environmental Coordinator (BEC) and an environmental representative from the EPA and State. The BCT focuses on ensuring that cleanup ef-

forts are timely and protective of human health and the environment while ensuring remedies support community reuse needs.

Question. I understand that the defense environmental response task force drafted a resolution that was adopted last year recognizing the importance of State participation in cleanup activities and the increase in public trust that results from broad and effective collaboration between States and DOD. Has this attitude been embraced by the Services?

Answer. Yes it has. A State environmental representative has always been a member on the BRAC Cleanup Team (BCT). The State BCT member is financed through the Department of Defense State Memorandum of Agreement (DSMOA) which the Army believes to be an effective program to ensure State involvement in our cleanup program.

Question. In the post-2001 period, separate BRAC environmental funding will end and the continuing funding requirements will be merged into the Operations and Maintenance accounts. Have you determined what the impacts will be on readiness of this merging of accounts? Have you decided to attempt to extend the present system of separate accounts, and how likely is it that DOD will extend that system?

Answer. The Army has reserved the O&M funds programmed after fiscal year 2001 in a separate package exclusive to environmental restoration at BRAC installations. We expect this to negate any impact on readiness accounts. In execution the Army could establish a separate program element to capture these costs in the finance and accounting system.

QUESTIONS SUBMITTED TO DEPUTY ASSISTANT SECRETARY JIMMY G. DISHNER

QUESTIONS SUBMITTED BY SENATOR BURNS

ENVIRONMENTAL COSTS

Question. How much money will you have spent by the year 2001 to clean up the bases from the first four rounds of base closure?

Answer. We estimate that by the end of fiscal year 2001 we will have spent approximately 2 billion dollars.

Question. The costs of environmental cleanup will extend beyond the statutory limit for base closure expenditures. What kind of environmental activities will continue and for how long? How much do you anticipate that these long-term procedures will cost?

Answer. We anticipate the cost for environmental cleanup, operations and monitoring of Air Force BRAC locations after fiscal year 2001 will be approximately \$1.3B through final closeout action at Mather AFB (estimated in 2069). Most of the cleanup costs in that amount are for McClellan AFB. The long-term costs (through 2069) associated with completing the cleanup include: Operations of Cleanup Systems, Treatment, Equipment Replacement/Modifications, Sampling/Analysis, Long-Term Monitoring of contaminated groundwater, Landfill Cap Maintenance, Institutional Control Monitoring, On-Going Community Involvement activities, Decommissioning of Cleanup Systems and Wells, Regulatory Reporting, and Performance Reviews.

Question. What steps are you taking to reduce the overall costs of long-term environmental monitoring?

Answer. We are taking the following steps to reduce Long-Term Monitoring: Utilization of optimization technique, use of innovative technology, peer reviews, technical assistance visits, partnering with regulators, and reaching consensus on site closeout process/procedures/requirements with regulators.

Question. Do we have technology available to effectively clean-up groundwater contamination and unexploded ordinance?

Answer. Ground water cleanup technology is available, however, it is expensive and time intensive to achieve cleanup standards. Unexploded ordinance (UXO) cleanup has been successfully accomplished; however, it can be very expensive. We need to exploit new technology on UXO cleanup.

Question. What are the major cost drivers with respect to cleaning up BRAC installations?

Answer. The major cost drivers are associated with groundwater treatment and strict regulatory requirements.

Question. To what degree do Federal and local regulators dictate the plan and pace of the environmental clean up at BRAC sites?

Answer. Regulatory concurrence on clean up decisions and documentation is required by statute, policy, and/or Federal Facility Agreements. The cleanup process

requires compliance with Federal, State, and local regulations. State and local regulations vary and are only applicable if they are more stringent. Through partnering, and dispute resolution, the Air Force and the regulatory community resolve cleanup issues. Federal and local regulators often dictate the plan and degree of cleanup. DOD, through the annual congressional appropriations process, controls the pace of cleanup. Various efforts to waive Federal sovereign immunity would upset this delicate balance, possibly leading to State control of scope and pace of cleanups.

PROGRAM CHALLENGES

Question. What is your most significant challenge to completing the environmental cleanup on the BRAC Installations?

Answer. Our most significant challenge is achieving cleanup of contaminated groundwater. The available technologies are expensive and are slow to achieve our cleanup standards. In addition, this is compounded by the applicability of varying State and local cleanup standards.

Question. How are you cleaning up ranges with unexploded ordinance?

Answer. To date we have not identified any BRAC unexploded ordinance requirements. The majority of this cleanup in the Air Force is accomplished by the active Environmental Restoration Account in accordance with Air Force policy. BRAC facilities have cleanup responsibility for small arms ranges associated with BRAC installations.

Question. What is the status of efforts to turn over facilities with lead-based paint? What is the DOD position of this issue?

Answer. The Air Force complies with Title X for residential property. The purpose of Title X is to reduce the threat of childhood lead poisoning in housing owned, assisted or transferred by the Federal Government. As required by law, the Air Force discloses the presence of any known lead-based paint or lead-based paint hazard in the sale or lease documents of any target housing constructed prior to 1978. In addition, the Air Force requires the grantee to abate lead-based paint hazards in pre-1960 housing if it will be used for residential purposes. We are working jointly with DOD & EPA to establish policies on non-residential properties.

REUSE

Question. How do you establish priorities for cleaning up BRAC Installations?

Answer. Priorities are established based on protection of public health and the environment, legal and reuse requirements.

Question. What major impediments do you face in turning over properties to civilian use or other Federal agencies?

Answer. We have not faced major impediments in turning over properties to civilian use or to other Federal agencies. We use long-term leases and the early transfer authority to transfer property for community reuse to overcome our potential impediments to deed property to the communities while environmental cleanup is ongoing. The communities ultimately need the deed to the property, however, regulatory cleanup requirements sometimes involve a lengthy process.

Question. When you are unable to turn properties over to local reuse authorities, do you still incur costs in maintaining the base?

Answer. Yes, we incur costs; however through interim and long-term leases we are still able to allow reuse of the property and minimize costs associated with maintaining the base.

EXPIRATION OF BRAC POST-2001

Question. I understand that each of the services was instructed to include their post-2001 BRAC requirements in their Operation and Maintenance account. Do you have concerns with the merging of active and BRAC cleanup costs?

Answer. Currently, the Defense Planning Guidance and the POM Preparation Instructions direct post-2001 BRAC requirements be included in the appropriate account. However, we would prefer to continue with the BRAC account. It maintains exclusivity and high visibility for the BRAC cleanup dollars.

Question. The BRAC accounts have been protected since the inception of this process. If these environmental costs are not fully funded in O&M, will your service lose faith with the local communities interested in reuse?

Answer. The regulators and reuse community already express concerns about DOD commitment to complete the cleanup. Additionally, we will experience compliance problems resulting from missed milestones in FFA schedules and other legal commitments if requirements are not fully funded in the proper account (Operation and Maintenance for environmental compliance; Environmental Restoration-Air

Force, for cleanup requirements). All will affect the reuse abilities of our local communities.

Question. What kind of visibility will you have if the ongoing BRAC costs roll to Operation and Maintenance?

Answer. If BRAC costs roll to Operation and Maintenance they would lose their current exclusiveness and high visibility that is critical to facilitating reuse. In addition, the BRAC account is currently a no year account; this provides the necessary flexibility for meeting our commitments to the communities for cleanup and reuse.

Question. Would it be advantageous to keep the BRAC accounts separate from the service's Operation and Maintenance accounts?

Answer. Yes. It will ensure funding for these must pay requirements do not lose visibility.

ADDITIONAL ROUNDS OF BASE CLOSURE

Question. With four rounds of BRAC behind us now, how do you track the savings for each closure or realignment?

Answer. Savings are best estimates. By their very nature, estimates of savings are subject to some uncertainty. However, once the estimates were made, the estimated amount was removed from the Air Force budget. No audit trail, single document, or budget account exists for tracing the end use of each dollar saved through BRAC. The Department is committed to improving its estimates of costs and savings in future BRAC rounds.

Question. What is your methodology for updating these savings estimates?

Answer. The gross savings estimates have not been changed from the amount initially identified and removed from the total Air Force budget. Net savings are updated annually as the projected costs for requirements are revalidated and refined.

Question. What assurance can you give us that future rounds of BRAC would, in fact, save the amount that is forecasted?

Answer. In future rounds of BRAC, we will concentrate on retaining historical financial records, reconciling costs for workload increases at receiving bases and BRAC-related personnel changes, and improving reporting on savings. Specifically, a questionnaire will be developed and completed annually for each base affected by future BRAC rounds. As envisioned, the questionnaire will more accurately track savings during the six-year implementation period. While these initiatives will improve the accounting for savings, the volume of decisions made through Congressional budgeting process will continue to affect the savings estimates and complicate the accounting for these savings. However, audits of the savings estimates from the previous rounds indicate that the forecasts were correct.

QUESTIONS SUBMITTED BY SENATOR MURRAY

RESTORATION ADVISORY BOARDS

Question. It is my understanding that community involvement and public trust in the cleanup process is essential to ensuring the success of your clean-up efforts. Could you comment on the RAB's (restoration advisory boards) and how they are working for the Services in this process?

Answer. In the Air Force, RAB's have served a twofold purpose. As a conduit of information between DOD and the community, RAB's have been pivotal to community acceptance of environmental restoration decisions at closing and realigning installations. Secondly, RAB's have provided valuable input into cleanup plans and documents which are the foundation for cleanup decisions. This relationship exists to fulfill not only the spirit and the statutory goals of CERCLA and RCRA, but also ensure that the community remains involved as we finish the job of cleaning up our installations.

Question. Once a project is underway, will the RAB's continue to guide and oversee the ongoing protection of human health and the environment after operational closure of an installation and transfer of property?

Answer. While RAB's provide input into the environmental restoration decision making process in their advisory role as DOD/community liaison, responsibility for ensuring ongoing protection of human health and the environment at cleanup sites will continue to rest with the Air Force. As closing/realigning installations approach the last phases of the Installation Restoration Program and move toward closeout of environmental sites and installations, RAB's have the option to remain intact, to meet less frequently or to adjourn.

Question. Mr. Dishner, in your testimony you discussed a new technical assistance for public participation program. Could you tell the Committee a little more about this and how it will assist the RAB's?

Answer. TAPP is a new community involvement tool available to all interested RAB's who demonstrate a need for assistance in understanding and interpreting the technical aspects of DOD's environmental restoration program. RAB's may utilize the program if other sources are not available and the technical assistance is likely to contribute to the efficiency and effectiveness of the environmental restoration program and to community acceptance. TAPP was created in response to RAB's request for help in better understanding the highly technical material they were being asked to advise on and in developing confidence in the input they were providing BRAC Cleanup Teams, leading to faster, cost-effective cleanups consistent with the President's Five-Part Plan.

CLEANUP TEAMS

Question. A key element of the DOD's fast-track cleanup approach is the establishment of BRAC cleanup teams to manage cleanup at closing and realigning bases. Could you tell the committee a little more about the composition of the cleanup teams, and what their function is? Is there emphasis put on the needs of the specific community and is that amply represented on these teams?

Answer. The BRAC cleanup teams are comprised of an Air Force employee (BRAC environmental coordinator), a representative from the State environmental regulatory agency, and a representative from the U.S. Environmental Protection Agency regional office. Their function is to identify opportunities for acceleration and to expedite conveyance of property. The BRAC cleanup team seeks early dialogues with and encourages participation of the Restoration Advisory Board and the Local Reuse Authority.

STATE PARTICIPATION CLEANUP ACTIVITIES

Question. I understand that the defense environmental response task force drafted a resolution that was adopted last year recognizing the importance of State participation in cleanup activities and the increase in public trust that results from broad and effective collaboration between States and DOD. Has this attitude been embraced by the Services?

Answer. Through our BRAC cleanup teams and partnering initiatives we emphasize and embrace the importance of State participation in cleanup activities. This collaboration proves effective in achieving public trust as well as accelerating cleanup and transfer of property.

BRAC ENVIRONMENTAL FUNDING

Question. In the post-2001 period, separate BRAC environmental funding will end and the continuing funding requirements will be merged into the Operations and Maintenance accounts. Have you determined what the impacts will be on readiness of this merging of accounts? Have you decided to attempt to extend the present system of separate accounts, and how likely is it that DOD will extend that system?

Answer. Merging of the accounts would not have a direct impact on readiness. We would prefer to continue the BRAC account as in the past to ensure the exclusivity and high visibility within the community and maintain regulatory trust in our commitment to complete cleanup. A separate account would continue to provide the flexibility needed to forestall compliance problems and facilitate economic reuse of the property. Absent congressional action to continue the BRAC account, the DOD Defense Planning Guidance instructs the services to program their BRAC requirements into the appropriate O&M account beyond fiscal year 2001. For environmental compliance related issues, the O&M account would be appropriate. For environmental cleanup issues, the Environmental Restoration-Air Force account, would be appropriate.

CONCLUSION OF HEARINGS

Senator BURNS. If there is anything we can do from the committee standpoint to help you facilitate your work we stand ready to do that, and we appreciate your coming today.

The subcommittee is recessed.

[Whereupon, at 10:55 a.m., Tuesday, May 12, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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