

MILITARY CONSTRUCTION AND VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2011

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

ON

H.R. 5822/S. 3615

MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION, THE DEPARTMENT OF VETERANS AFFAIRS, AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011, AND FOR OTHER PURPOSES

**Department of Defense
Department of Veterans Affairs**

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**MILITARY CONSTRUCTION AND VETERANS
AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2011**

TUESDAY, MARCH 23, 2010

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

The subcommittee met at 10 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Tim Johnson (chairman) presiding.

Present: Senators Johnson, Pryor, Hutchison, Collins, and Murkowski.

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY

STATEMENT OF HON. ROBERT F. HALE, UNDER SECRETARY OF DEFENSE (COMPTROLLER)

ACCOMPANIED BY:

DOROTHY ROBYN, DEPUTY UNDER SECRETARY OF DEFENSE (INSTALLATIONS AND ENVIRONMENT)

DEREK MITCHELL, PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR ASIAN AND PACIFIC SECURITY AFFAIRS

OPENING STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. Good morning. This hearing will come to order. I welcome everyone to today's hearing to discuss the President's fiscal year 2011 budget request for military construction and family housing, as well as overseas contingency operations.

We have two panels today. The first panel includes the DOD Comptroller, Mr. Bob Hale; Dr. Dorothy Robyn, Deputy Under Secretary for Installations and Environment; and Mr. Derek Mitchell, Principal Deputy Assistant Secretary for Asian and Pacific Security Affairs. Thank you all for coming.

Our procedure is to have opening statements by the chairman and ranking member, followed by opening statements from our witnesses. I request that our members limit their questions to 6-minute rounds.

I apologize in advance to our witnesses, but I will have to leave in a few minutes for the White House for the bill signing of the healthcare legislation. I have asked my able ranking member, Senator Hutchison, to chair the hearing in my absence.

The fiscal year 2011 Milcon request totals \$18.75 billion, excluding overseas contingency funding. It addresses a number of major

DOD policy initiatives, including the execution of the QDR recommendations, the completion of the 2005 BRAC round, the Marine Corps realignment to Guam, and the increased focus within the Department on renewable energy and energy security.

On top of this, the budget also provides \$1.8 billion in overseas contingency Milcon to support the war in Afghanistan. By any measure, this is a major undertaking. There are many moving pieces and many challenges to executing this request.

I have a number of questions which I will submit for the record.

Senator Hutchison, would you care to make an opening statement?

STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. Yes, Mr. Chairman. I apologize. We had the TSA nominee in my other committee where I am also ranking member. So that is why I am late. But I do have an opening statement because I have some great concerns.

First of all, I want to say that I am pleased that we are close to finishing the BRAC commitments that we have made, and one thing that our committee has been very firm about is that BRAC be fully funded so that we can meet the deadline of 2011. And in the main, it looks like we will meet that deadline. There will be some slippage I know, but I am pleased about that.

The concerns that I have are in the global defense posture. It seems to me that Congress has passed the Overseas Basing Commission, and the beginning of that was being implemented where we had the commitment to bring home as many troops as possible back to the United States, particularly from Germany and Korea where the training capabilities and the facilities were better addressed in the United States.

Overall, the Milcon budget had significant reductions in each of the last 2 years, but the request before us cuts funding but adds more in Europe. And that is my big concern. The Quadrennial Defense Review recommends retaining four brigade combat teams in Europe, rather than the current stationing plan to reduce the number to two. I have raised this issue with the Secretary of Defense and the Army Chief of Staff because I am concerned that it will disrupt the commitment to return our forces to the United States that was announced several years ago. Approximately 70,000 was the number. We can provide better training, better quality of life for them and stability for their families.

I am also concerned that it will disrupt the extensive military construction already in progress to take those two brigade combat teams that were planned in the Overseas Basing Commission. The sooner that we can get our service men and women and into the new state-of-the-art facilities, the sooner we will live up to our commitments to provide for them in a way that we should as a Nation. Our troops can deploy to any region of the world from the United States just as easily as they can from Europe and in some cases more so.

The concern that I have too is with the increase of the building in Germany in particular. I will have a question about how much of that burden is going to be shared with the host country. Germany has not been forthcoming in the past in sharing expenses

and they have higher quality requirements which make military construction more costly. Not counting the construction requirements that are specifically related to Afghanistan, our specified overseas Milcon request is \$2 billion. That is huge. Now you see \$513 million of that are for Germany. This includes \$186 million for Wiesbaden Army Base, four new barracks at Grafenwoehr for \$75 million, a training facility. Those are just examples. As our services consolidated our forces in fewer facilities to save O&M costs, we have to build some facilities, but I am concerned about the amount that I am seeing and I want to know what is the sharing that is going to be anticipated.

In addition, you have got in the budget \$439 million for school construction, much of it overseas. I understand the overall plan calls for replacing or renovating 109 schools over 5 years at a cost of over \$4 billion. While I recognize that we have an obligation to provide quality schools for the children of our military personnel serving overseas, I am concerned that these requirements are not consistent with our future force requirements and posture. So I would like to have a little more specificity about those schools.

And then there is the Guam relocation. We know that there is now a plan to relocate 8,000 marines from Okinawa to Guam to establish a joint base in Guam, and yet we are now seeing from the Environmental Protection Agency, as well as the Government of Guam, that they do not believe that their infrastructure will in any way be able to accommodate this kind of influx of the requirements for the building of this marine base in Guam. And there is even an EPA statement that says it is not ready and should not be done.

And then you have got the relocation of the Guantanamo Bay detainees. The Department of Defense is requesting \$350 million in the 2011 defense bill for an overseas contingency operations transfer fund to renovate the prison in Thompson, Illinois for the relocation of Guantanamo Bay detainees. All of this funding is included within the administration's defense bill request, but as I understand it, \$150 million will go toward military construction to renovate the portion of the prison that would house the detainees. I am going to ask you to speak to this issue, Mr. Hale, because I will be interested to know why the military construction funds are not in the military construction request.

I am concerned about this plan in general. We have an excellent facility in Guantanamo to house these detainees that was constructed at great expense. So I question the basis of this.

So there are a lot of questions I have today, and these are just to highlight some of the issues. It may be that I am going to request more meetings on this, particularly in regards to building more facilities in Korea and Germany, which is exactly the opposite of what Congress passed a law to reduce rather than add, and at a time when NATO is not fulfilling its full responsibilities in the wars in Afghanistan and Iraq, which are wars against terrorist activities that affect all of the NATO countries—so I think there are some major issues here that are going to take more than maybe even one hearing. And I am very, very concerned, as I have stated.

So thank you, Mr. Chairman, for holding the hearing, and I look forward to questioning the witnesses.

Senator JOHNSON. Thank you, Senator Hutchison.

Secretary Hale, Dr. Robyn, Mr. Mitchell, thank you again for appearing before our panel today and thank you all for all that you do on behalf of our Nation's military troops and their families.

Your prepared statements will be placed in the record. So I ask you to summarize your remarks to allow adequate time for questions.

Senator Hutchison, I will now turn the gavel over to you, and I thank you for chairing this hearing in my absence.

Senator HUTCHISON [presiding]. Thank you, Mr. Chairman.

Did you ask other members to make opening statements or did we—

Senator JOHNSON. It is your option to ask other members.

Senator HUTCHISON. Does anyone want to? Okay. Then I think we should go directly to questions.

Since I have made an opening statement, I will ask my colleagues to go first on questions, after which I will have several questions.

Senator JOHNSON. Their testimony should be first.

Senator HUTCHISON. Oh, I am so sorry.

Mr. HALE. I will keep it short.

Senator HUTCHISON. Mr. Hale, why do you not go first? Thank you very much.

SUMMARY STATEMENT OF HON. ROBERT F. HALE

Mr. HALE. Thank you. Members of the subcommittee, thank you for the opportunity to discuss the military construction portion of the fiscal year 2011 budget.

First off, let me say on behalf of all of us in DOD, I want to thank you for your support for the men and women in the armed forces. We could not accomplish our mission without your assistance, and it is appreciated.

I submitted a statement for the record. Let me summarize it briefly.

For 2011, the President's base budget asks for \$549 billion in discretionary budget authority, about a 1.8 percent increase after adjustment for inflation. Over the next 5 years, the growth average is 1 percent a year.

The budget contains some vital reforms that I will mention in a minute, and it builds on the conclusions of the Quadrennial Defense Review.

The budget furthers the Secretary's three overarching goals. First, it reaffirms our commitment to take care of the all-volunteer force, which is our highest priority.

Second, it continues to rebalance this force to focus on today's wars, while continuing to provide basic capability for the future.

And third, our request reforms how and what we buy by overhauling procurement, acquisition, and contracting, and includes termination of seven programs that are performing poorly or are no longer needed, including the C-17 and the alternate engine for the Joint Strike Fighter.

For military construction and family housing, our request is \$18.7 billion. That is about 20 percent less than 2010, but the reduction is due to a \$5.2 billion decrease in funding for base realignment and closure, BRAC. As you know, 2011 is the final year of

implementation, and most of the major capital investments have occurred. If you exclude BRAC and family housing, our Milcon request is actually \$1.1 billion, or 8.4 percent higher than in 2010, which is one of the fastest growing accounts in our budget. The request supports facilities for the new Army Modular Force units, the relocation of marines from Okinawa to Guam, and the recapitalization of DOD schools.

Our family housing request is \$1.8 billion, which is 19 percent, or \$436 million less than last year, but we believe we have met all of our high priority requirements. Congress added \$300 million to the DOD budget for the expanded homeowners assistance program in 2010. The omission of those funds in the 2011 request accounts for most of the decline in that area of the budget.

In addition to the base budget, our 2011 budget request includes \$159.3 billion for overseas contingency operations, and that includes \$1.3 billion for military construction for Afghanistan. Additionally, we are requesting for \$33 billion for a supplemental in 2010 to cover the cost of deploying an additional 30,000 troops the President has ordered to Afghanistan. That includes half a billion for military construction in Afghanistan.

Last, I will briefly mention the \$7.4 billion the Department received last year under the American Recovery and Reinvestment Act, better known as the stimulus bill, which is allowing us to execute 4,400 projects, including a number of major military construction projects. As of February 17, 2010, the first anniversary of the stimulus bill, we had obligated about 60 percent of the funds received.

Mr. Chairman, we believe that the 2011 budget request is the right one for our time. It asks for the minimum resources we need to meet our critical national security objectives, and it includes what I believe is a strong military construction program. I urge your support.

Again, I want to thank you for your support for the men and women in the military.

PREPARED STATEMENT

Dr. Robyn has a statement. Mr. Mitchell is here to help us answer questions on Guam, so he does not have a statement. So after Dr. Robyn finishes, we will be glad to turn to questions.

[The statement follows:]

PREPARED STATEMENT OF HON. ROBERT F. HALE

Mr. Chairman, members of the committee, thank you for the opportunity to discuss the Military Construction portion of the fiscal year 2011 budget request for the Department of Defense.

On behalf of all of us at DOD, I want to express our gratitude to the Congress for continued support of America's Armed Forces. Thanks to you, they have the resources to carry out their missions and to ensure the security of the United States.

To set the stage this morning, I would like to provide a brief overview of our proposed budget and the amount we are asking for Military Construction. Dr. Robyn, Deputy Under Secretary for Installations and Environment, will follow with details on our Military Construction proposals.

BASE BUDGET

Mr. Chairman, the President's base budget for fiscal year 2011 requests \$549 billion in discretionary authority. That is an increase of more than \$18 billion or 3.4

percent over the enacted level in fiscal year 2010. Taking inflation into account, the real growth in this request is 1.8 percent. Over the 5 years from fiscal year 2010 through fiscal year 2015, real growth averages 1.0 percent per year.

This growth reflects the Administration's commitment to the modest real growth necessary to equip and sustain a military at war. Before making this proposal, the President carefully considered and balanced our national security needs with our economic security, taking into account the deficit.

The base budget continues the vital reforms that were introduced in the present fiscal year, including our commitment to allocate defense dollars more wisely and to reform DOD's processes. It also builds on the conclusions of the 2010 Quadrennial Defense Review, which established strategic priorities and identified key areas for needed investment.

In the process, the fiscal year 2011 budget reinforces and supports the three major institutional priorities laid down by Secretary Gates for the Department:

—First, it reaffirms our commitment to take care of the all-volunteer force, which the Secretary considers our greatest strategic asset.

—Second, the proposed budget continues to rebalance the Department's programs to prevail in current conflicts by continuing increases in Special Operations forces, providing more rotary-wing capability, and increasing intelligence, surveillance and reconnaissance.

Rebalancing also means maintaining and enhancing capabilities for future conflicts by—among other things—providing funds for continued development of the Joint Strike Fighter and procurement of 42 aircraft, development of a new aerial refueling tanker, buying 10 new ships, improvements in Army ground forces, missile defense enhancements, and a new U.S. Cyber Command.

—And third, the fiscal year 2011 budget request reforms how and what we buy, by promoting a fundamental overhaul of our approach to procurement, acquisition, and contracting.

Specifically, this budget proposes to end seven programs that are either performing poorly or are no longer needed, including the C-17 aircraft and the JSF alternate engine. The budget also continues our commitments to reform acquisition processes, increase efficiency through selective in-sourcing of work now performed by contractors, and slow the growth in healthcare costs while continuing to provide high-quality healthcare services.

MILITARY CONSTRUCTION AND FAMILY HOUSING

The Military Construction and Family Housing portion of this request supports these three budget objectives. We are asking for \$18.7 billion for Military Construction and Family Housing, a reduction of almost 20 percent compared with the enacted level in fiscal year 2010.

This change is largely due to a \$5.2 billion decrease in funding for Base Realignment and Closure (BRAC). By law, fiscal year 2011 is the final year to implement BRAC, and as a result, most major capital investments have already been made.

Excluding BRAC and Family Housing, the fiscal year 2011 Milcon request is actually \$1.1 billion higher than the fiscal year 2010 enacted amount, an increase of about 8.4 percent. This increase is associated with facilities in support of new Army Modular Force units, the relocation of 8,000 marines from Okinawa to Guam, and recapitalization of schools under the DOD Education Activity (DODEA).

The total fiscal year 2011 budget request for Family Housing is \$1.8 billion, which is about 19 percent or \$436 million less than the fiscal year 2010 enacted amount. Included are funds for new housing, improvements to existing housing units, operation and maintenance of government-owned housing, leasing, the Military Housing Privatization Initiative (MHPI) program, and the Homeowners Assistance Program (HAP).

HAP assists military and civilian personnel who were adversely affected by the downturn in the housing market and who are also facing a necessary move. In fiscal year 2010 Congress added \$300 million to the DOD budget to fund HAP expansion, and its omission in fiscal year 2011 accounts for most of the decrease in the Family Housing budget for next year.

OVERSEAS CONTINGENCY OPERATIONS

In addition to the base budget, our fiscal year 2011 request seeks funds to support overseas contingency operations (OCO), largely in Afghanistan and Iraq. We have also requested supplemental appropriations of \$33 billion in fiscal year 2010 to cover the costs of the additional 30,000 troops that President Obama ordered deployed to Afghanistan. We are hopeful that Congress will approve that request by spring.

Our fiscal year 2011 OCO request is \$159.3 billion. This request provides our troops with what they need to carry out their mission. It also supports a responsible drawdown of U.S. forces in Iraq and a stronger force in Afghanistan.

The proposed OCO budget for fiscal year 2011 includes \$1.2 billion for Military Construction. The requested amount will be spent in Afghanistan. Given the limited pre-existing infrastructure for our troops in that country, it is necessary to construct facilities to sustain, protect, and house them. Accordingly, this request includes operational facilities, such as runways and parking aprons, as well as associated support facilities, such as utilities, roads, housing, environmental projects, and dining facilities.

AMERICAN RECOVERY AND REINVESTMENT ACT

Little more than a year ago, the Department received \$7.4 billion in Defense-related funding under the American Recovery and Reinvestment Act (ARRA). That amount included nearly \$4.3 billion for the sustainment and restoration and modernization of facilities, \$2.2 billion for military construction, \$0.1 billion for the Energy Conservation Investment Program (ECIP), \$0.3 billion for Research, Development, Test, and Evaluation (RDT&E), and nearly \$0.6 billion for the Homeowners Assistance Program.

Through this funding we will be able to execute over 4,400 projects in the 50 States, the District of Columbia, Guam, and Puerto Rico. These projects will improve the facilities where our military and civilian personnel work and live, enhance energy efficiency in the recapitalization and construction of facilities, and generate needed jobs to help stimulate the Nation's economy.

As of February 17, 2010—the first anniversary of the Recovery Act—the Department had obligated approximately \$4.2 billion (more than 57 percent) of the funds received for more than 3,700 projects. These projects will not only stimulate the economy; they will also improve the quality of life of our Service Members and their families. Additionally, through the funds made available for the Housing Assistance Program, the Department has already been able to pay more than 600 claims to assist military and civilian personnel and expects to pay many more.

In military construction, 97 of 117 projects have been awarded. The remaining 20 projects involve \$1.7 billion of unobligated funds, including \$1.2 billion for two hospitals that are scheduled for award near the end of the fiscal year—one at Camp Pendleton, California, and the other at Fort Hood, Texas.

CONCLUSION

I believe that the fiscal year 2011 budget request represents a prudent request that asks for the minimum resources we need to meet our critical national security objectives. Our budget supports a strong Military Construction program. I urge your support for DOD's fiscal year 2011 budget request.

Lastly, Mr. Chairman, I want to thank you and the members of the committee once again for your strong support of the men and women of the Department of Defense. We are very grateful.

SUMMARY STATEMENT OF DR. DOROTHY ROBYN

Dr. ROBYN. Thank you. Thank you, Ranking Member Hutchison, Senator Collins.

Let me use my brief time to address two of the issues that you raised, Senator Hutchison, in your opening statement: Guam and BRAC.

First, Guam. And Derek Mitchell can provide even more refined answers than I can. But let me say that I have been deeply involved in the Department's efforts to move 8,000 marines and their families from Okinawa to Guam. Like any international effort this large and complex, the buildup on Guam faces an array of challenges, but no single realignment has a higher profile within the Department. The Deputy Secretary, Bill Lynn, is personally overseeing the effort.

Our fiscal year 2011 budget request includes \$452 million for military construction on Guam. These projects will yield long-term benefits for all the military forces on Guam. They will also dem-

onstrate the Department's commitment to working with the Governor of Guam whose strong support for the buildup has been absolutely critical to our effort.

I appreciate the support that the subcommittee has given us in the past, and look forward to working with you.

Let me just say with respect to the EPA evaluation of the draft environmental impact statement, it is true that Guam's infrastructure now cannot support a buildup that we anticipate, but we knew that all along and the Federal Government is committed to working with Guam—the Federal Government as a whole, the civilian agencies, as well as DOD, to working with Guam to improve and expand its infrastructure to support the buildup. And we believe and I think the Governor believes that this will be a win-win, good for Guam and good for the U.S. military.

Second, let me say a little bit about the implementation of BRAC. My office oversaw the process that resulted in the recommendations that went to the BRAC commission, and we oversee the implementation of BRAC as it is carried out by the services. Senator, you said that there would be some slippage. I hope there will not be slippage. We have 220 actions; 28 of them are completed. We are on a very tight timeline. Thirty of the 222 actions have at least one construction project that completes within 90 days of the deadline, September 5, 2011. And of those, six are of particular concern, but we hope that they all come in on schedule.

Last week, my staff and I briefed your staff on the status of those six most challenging actions. We are working closely with the services on those, and we pledge to keep your staff regularly informed on the status of those. So we are committed to bringing those in on time. The Department has never missed a BRAC deadline in four rounds, and I do not want to break that perfect record.

PREPARED STATEMENT

Let me also, with respect to BRAC, just highlight the success of joint basing, which was one component of BRAC 2005. When this BRAC round started, there were those who were deeply opposed to joint basing. However, it received senior attention and support from you all, and we have moved forward successfully. I am pleased to say we are no longer “implementing” joint basing. We are now “operating” joint bases.

With that, let me conclude, and I look forward to taking your questions.

[The statement follows:]

PREPARED STATEMENT OF DR. DOROTHY ROBYN

Chairman Johnson, Senator Hutchison, and distinguished members of the subcommittee: Thank you for the opportunity to present the President's fiscal year 2011 budget request for the Department of Defense programs that support our installations.

Installations are the military's infrastructure backbone—the platform from which our soldiers, sailors, airmen, and marines accomplish their missions. Installations have long supported the maintenance and deployment of weapons systems and the training and mobilization of combat forces. Increasingly, they have an even more direct link to combat operations, by providing “reachback” support. For example, we operate Predator drones in Afghanistan from a facility in Nevada and analyze battlefield intelligence at data centers in the United States. Our installations are also becoming more important as a staging platform for homeland defense missions.

Installations affect not just our mission effectiveness but the very quality of life that our service members and their families enjoy. Families' satisfaction with the most critical services they receive—housing, healthcare, childcare, on-base education—is linked to the quality and condition of our buildings and facilities.

The Department must manage its installations—the natural as well as the built environment—efficiently and effectively. This is a major challenge. The Department's 507 permanent installations comprise more than 300,000 buildings and 200,000 other structures—everything from bridges to flagpoles—and have an estimated replacement value of more than \$800 billion. These installations are located on some 5,000 sites and occupy 28 million acres of land here in the United States and overseas. These lands are home to archaeological and sacred sites, old-growth forests and more than 300 threatened and endangered species.

Today, I will focus on the key elements of the budget that support our installations: Military Construction, including Overseas Contingency Operations and International Basing; Base Realignment and Closure; and Family Housing. I will also discuss our Facilities Sustainment, Restoration and Modernization programs. Finally, I will describe our strategy for improved management of energy at our installations.

MILITARY CONSTRUCTION, BRAC AND FAMILY HOUSING

The fiscal year 2011 Military Construction (Milcon) and Family Housing appropriations request totals more than \$18.7 billion, a decrease of approximately \$4.6 billion from the fiscal year 2010 enacted level. This decrease primarily reflects the decline in the level of investment needed for BRAC 2005 as we approach the statutory deadline for completion (September 2011). This budget request will allow the Department to respond rapidly to warfighter requirements, enhance mission readiness and provide essential services for its personnel and their families.

COMPARISON OF MILITARY CONSTRUCTION AND FAMILY HOUSING

[In millions of dollars]

	Fiscal year 2010 enacted	Fiscal year 2011 requested
Military Construction	12,545.8	13,705.7
Base Realignment and Closure IV	496.7	360.5
Base Realignment and Closure 2005	7,455.5	2,354.3
Family Housing Construction/Improvements	488.8	356.8
Family Housing Operations & Maintenance	1,444.1	1,448.7
Chemical Demilitarization	151.5	125.0
Family Housing Improvement Fund	2.6	1.1
Energy Conservation Investment Program	174.2	120.0
NATO Security Investment Program	197.4	258.9
Homeowners Assistance Program	323.2	16.5
TOTAL	23,279.8	18,747.5

MILITARY CONSTRUCTION

Our request for “pure” military construction (i.e., exclusive of BRAC and Family Housing) is \$13.7 billion. This is a \$1.2 billion increase over last year's enacted level (\$12.5 billion). Let me highlight three areas where we focus our fiscal year 2011 Milcon budget request.

First and most important, the budget request supports operational mission requirements. Milcon is key to initiatives such as Grow the Force and Global Defense Posture realignment, which require the synchronized movement of troops and equipment, as well as to the fielding of modernized and transformational weapon systems. Our budget request includes training and support facilities to accommodate the increases in the Army and Marine Corps endstrength; initial funding for the new and improved infrastructure needed to relocate 8,000 marines and their dependents from Okinawa to Guam; support for the bed down of the Joint Strike Fighter; improved and expanded communications and intelligence capabilities for Special Operations Forces; and fuel distribution facilities for the Defense Logistics Agency.

Second, the President's budget request initiates a major recapitalization of our DOD-dependent schools here in the United States and overseas. Fully 134 of the 192 DOD-dependent schools are in poor or failing physical condition—the result of

longstanding underinvestment by the Department. Many of these schools have simply lasted beyond their expected service life. Others are improperly configured, lacking in essential capabilities, or reliant on temporary structures. The fiscal year 2011 budget request includes \$439 million to repair or replace 10 of these schools. This represents the first phase of a 5-year plan to recapitalize all 134 inadequate schools.

Third, the fiscal year 2011 budget request includes more than \$1 billion to upgrade our medical infrastructure. By modernizing our hospitals and related facilities, we can improve healthcare delivery for our service members and their families, and enhance our efforts to recruit and retain personnel. The fiscal year 2011 request provides funds for our top two priorities: the replacement of the Naval Hospital in Guam and the Ambulatory Care Center at Lackland Air Force Base, Texas. It also allows us to continue improving the chemical/biological defense facilities that are conducting such vital work.

OVERSEAS CONTINGENCY OPERATIONS

Military construction serves as a key enabler in Overseas Contingency Operations (OCO), by providing the facilities that directly support military activity. Our fiscal year 2011 budget request includes \$1.3 billion for Milcon necessary to support the new strategy for counterinsurgency and increased force levels for ongoing OCO in the U.S. Central Command's area of responsibility. Specifically, our fiscal year 2011 budget request expands the logistical and facilities backbone needed to increase our operational capability, replaces expeditionary facilities at the end of their lifecycle, consolidates functions and facilities, and supports Special Operations Forces. These additional operational facilities will provide support for tactical airlift; airborne intelligence, surveillance and reconnaissance; and additional fuel, storage, and cargo handling and distribution capability at critical locations. The request also provides for replacement of temporary housing, dining facilities and other basic infrastructure.

INTERNATIONAL BASING

To project power globally, the Department must have the right mix of military forces and facility infrastructure at strategic locations. We are undergoing a global re-stationing, both to strengthen our forward military presence and to transform overseas legacy forces, cold war basing structures and host-nation relationships into a flexible network of capabilities to which we and our allies and partners have shared access.

My office works closely with the Joint Staff and other Defense organizations to ensure that our overseas base structure supports the needed range of strategic missions across all theaters. While our work on overseas basing has traditionally focused primarily on the cost and engineering aspects of military construction and sustainment/recapitalization, we have recently taken on a broader role in support of emerging global posture initiatives: Increasingly, we provide analytic input to strategic discussions, by evaluating existing infrastructure capacity relative to emerging mission requirements.

Our goal is to ensure that decisions reflect joint planning and rigorous analysis that integrates requirements across all of the Services. Current focus areas include: providing guidance and monitoring in support of the Army's consolidation of command and control activities in Weisbaden, Germany; analysis and evaluation of options for full recapitalization of the Landstuhl Regional Medical Center in Germany; and analysis and support for efforts to relocate more than 8,000 marines and their dependents from Okinawa to Guam.

Rebasing Marines From Okinawa to Guam

The realignment of marines from Okinawa to Guam, which is perhaps the most significant change in our force posture in Asia in decades, will further several strategic goals. First, it will strengthen our alliance with Japan by resolving long-standing problems with our presence in Okinawa. Second, it will ensure the continued long-term presence of U.S. forces in Japan and in the Western Pacific. Third, by making better use of Guam's strategic advantages, this realignment will more effectively array U.S. forces for the complex and evolving security environment in Asia.

The political situation in Japan remains extremely delicate and the stakes are high. The U.S. Government is unlikely to get another opportunity to craft a strategic realignment that not only enhances our regional force posture but also incorporates more than \$6 billion of Japanese financing. The Government of Japan has undergone a transition with the creation of the Democratic Party of Japan (DPJ)-led government in September 2009. The DPJ leadership, working with coalition partners, has initiated a process to review the Realignment Roadmap before endors-

ing the agreement in full, which is expected to happen in May 2010. The U.S. Government remains committed to successful implementation of the Realignment Roadmap because it provides a needed solution to critical strategic challenges to the long-term presence of U.S. military capabilities in Japan and the Asia-Pacific region.

The fiscal year 2011 President's Budget request includes \$452 million to support the relocation of marines from Okinawa to Guam. This includes projects to upgrade the wharf, provide utilities, ramp and roadway improvements, and carry out site preparation and utilities construction for the Marines' main cantonment area. These projects will yield long-term benefits for all the military forces on Guam. They will also demonstrate the Department's commitment to working with the Governor of Guam, whose strong support for the relocation can have a significant impact on Guam's population.

In support of the relocation, the Department released the Draft Environmental Impact Statement (DEIS) on November 20, 2009, for public review. In addition to the analysis for rebasing of the Marines, the DEIS also includes analysis for construction of a new deep-draft wharf with shore-side infrastructure to support a transient nuclear-powered aircraft carrier, and facilities and infrastructure to support establishment and operation of an Army Missile Defense Task Force. The public comment period for the DEIS ended February 17, 2010. The Department is working with the Council on Environmental Quality, the Environmental Protection Agency and other resource agencies to address the concerns that were raised by the Federal agencies and the public.

To address challenges regarding the realignment and to provide the appropriate oversight, the Department last year established the Guam Oversight Council (GOC), chaired by the Deputy Secretary of Defense. The GOC meets regularly to validate requirements, identify and resolve issues, provide resource guidance and clarify governance structures. Initial challenges taken up by the GOC include the aggressive timeline for completion of the realignment of marines from Okinawa to Guam; safety of the Futenma Replacement Facility in Okinawa; adequacy of training in the Pacific; strategic, operational, and logistic implications of posture changes in the Pacific; and successful partnership with the Government of Guam.

BASE REALIGNMENT AND CLOSURE

Domestic basing is no less important than international basing, and we rely heavily on the Base Realignment and Closure (BRAC) process to adapt and improve that basing structure. We are entering our sixth and final year of implementation of BRAC 2005, the largest BRAC round undertaken by the Department. BRAC 2005 has been a significant engine for the recapitalization of our enduring military facilities. By the end date (September 15, 2011), the Department will have invested \$24.7 billion in military construction to enhance capabilities and another \$10.4 billion to move personnel and equipment, outfit facilities, and carry out environmental cleanup. These investments will generate nearly \$4 billion in annual savings beginning in fiscal year 2012. The DOD components have implemented BRAC 2005 conscientiously and transparently, according to a well-defined process. The Department continues to monitor the process closely to ensure that we are meeting our legal obligations. To date, 28 BRAC 2005 recommendations have been certified as completed.

The fiscal year 2011 President's Budget includes \$2.4 billion for BRAC 2005, which fully funds the investments needed to complete implementation. This represents a \$5.1 billion decrease from the fiscal year 2010 enacted level for BRAC 2005. The reduction in funding is due primarily to a decrease in construction projects as we near the September 2011 completion date. To support continued property disposal actions at Prior-BRAC round sites, the fiscal year 2011 budget request includes \$360.5 million, a decrease of \$136 million from the fiscal year 2010 enacted level.

Environmental cleanup at BRAC locations is essential in putting unneeded property back in the hands of local communities. The total BRAC environmental budget request for fiscal year 2011 is \$445 million (\$108 million for BRAC 2005 sites and \$337 million for Prior-BRAC round sites). These funds will help us continue to meet stakeholder expectations and complete cleanup at an additional 154 sites impacted by BRAC decisions. Although this request represents a decrease of \$109 million over the fiscal year 2010 request, the reasons for the drop are positive. Specifically, the decrease is due to (a) contract efficiencies, such as those achieved through performance-based acquisition and competitive bidding, and (b) bid cost savings—a silver lining in the economic downturn. In addition, as the Military Departments have refined their characterization of munitions sites, they have found that fewer acres will require cleanup, which has lowered projected costs.

COMPARISON OF BASE REALIGNMENT AND CLOSURE FUNDING

[In millions of dollars]

	Fiscal year 2010 enacted	Fiscal year 2011 requested
Base Realignment and Closure IV	496.7	360.5
Base Realignment and Closure 2005	7,455.5	2,354.3
TOTAL	7,952.2	2,714.8

Despite our progress and the significant investment we have made, the Department has been perceived as ignoring the impacts of its actions, particularly in some communities that are experiencing significant growth as a result of BRAC 2005 consolidation. One area where growth can have an adverse impact is local transportation. Transportation impacts have been and will continue to be mitigated through the application of our authority and funding under the Defense Access Road (DAR) program. The criteria used to determine whether a project qualifies under DAR are limited, however. In particular, they may not adequately address the scenario in which a defense action causes a significant increase in traffic congestion, as may occur in one or more cases as a result of BRAC 2005 consolidation.

To address this and related issues, the National Academy of Sciences is undertaking a BRAC Transportation Improvements Study as required by the fiscal year 2010 Military Construction and Veterans Affairs and Related Agencies Consolidated Appropriations. A blue-ribbon panel named by the National Academy's Transportation Research Board will evaluate the DAR criteria and assess the funding of transportation improvements associated with the BRAC 2005 program. We hope to receive an interim report in May of this year.

One of the most important initiatives with a basis in BRAC 2005 is the consolidation and realignment of medical care delivery in the National Capitol Region (NCR), with its focus on transforming medical care through a joint delivery system. As I recently testified, this extraordinarily complex undertaking will deliver major benefits that would not have been possible without BRAC. Moreover, its successful completion is dependent on the strict discipline that the BRAC process provides. The construction now underway represents a balanced and reasonable approach to combining the functions of the old Walter Reed Army Medical Center into the new National Military Medical Center at Bethesda, Maryland. The result will be a medical delivery platform far superior to what we have now—and one on which we can continue to build.

Another BRAC 2005 action that my office has championed is the consolidation of 26 installations into 12 joint bases. At each joint base, a supporting Service Component provides installation leadership for one or more supported Service Components. By consolidating installation management and delivery of installation support, joint bases will be able to provide more efficient and effective support for the overall military mission.

Our joint bases represent realigned, reconfigured national military assets for the joint teams they serve. The first five joint bases reached full operational capability on October 1, 2009. The remaining seven joint bases reached initial operational capability on January 31, 2010, and are on their way to full operational capability this coming October. We are no longer “implementing joint basing.” We are now “operating joint bases.”

I had the opportunity to meet personally with most of the joint base commanders in January, and I am encouraged by their can-do spirit and dedication to providing excellent installation support to the joint teams at each base. Additionally, I have had the opportunity to tour two of our joint bases recently: Joint Region Marianas on Guam and Joint Expeditionary Base Little Creek-Fort Story in Virginia. Having seen firsthand the extraordinary work they are doing, I have confidence that our joint base commanders will achieve efficiencies and other benefits as their installation support organizations mature.

FAMILY HOUSING AND BARRACKS

Housing is key to quality of life—in the military no less than in the civilian world. The fiscal year 2011 President's Budget request includes \$1.8 billion for Family Housing. This is a decrease of \$436 million from the fiscal year 2010 enacted level, which largely reflects the maturation of our Military Housing Privatization Initiative. Our request provides for the continued reduction of inadequate units; for operations and maintenance of government-owned housing; and for the privatization of

more than 500 family housing units, most of them to support the Department's Grow the Force initiative.

The Services have increasingly relied on privatization to address the oftentimes poor condition of military-owned housing and the shortage of affordable private rental housing available to military families. In my view, housing privatization is the single most effective reform my office has carried out.

Privatization allows the Military Services to partner with the private sector to generate housing built to market standards. It is extremely cost effective. To date, the Military Services have leveraged DOD housing dollars by a factor of 10 to 1: \$2.7 billion in Federal investments have generated \$27 billion in privatized housing development at Defense installations. The privatized housing is also of high quality and often more appealing to young families than what the military construction process would produce. Moreover, the private owners have an incentive to maintain quality because they are responsible for maintenance and operation, including necessary recapitalization, during the full 50 years of the contract.

COMPARISON OF FAMILY HOUSING

(In millions of dollars)

	Fiscal year 2010 enacted	Fiscal year 2011 requested
Family Housing Construction/Improvements	488.7	356.8
Family Housing Operations & Maintenance	1,444.0	1,449.0
Family Housing Improvement Fund	2.6	1.1
Homeowners Assistance Program	323.0	16.0
TOTAL	2,258.3	1,822.9

The fiscal year 2011 President's Budget request also includes funding to reduce inadequate (non-privatized) family housing in the United States and at enduring locations overseas. The budget includes \$34 million for the Army to construct 64 family housing units in Baumholder, Germany, and \$37 million for the Navy to replace 71 units at Naval Station Guantanamo Bay, Cuba.

The Department is committed to improving housing for its unaccompanied Service members, not just its families. The fiscal year 2011 President's Budget includes \$2.3 billion for 57 construction and renovation projects that will improve living conditions for approximately 17,000 unaccompanied personnel. The Army has also used its privatization authorities to improve unaccompanied housing. Bachelor officer quarters and senior enlisted bachelor quarters have been added to existing family housing privatization projects at Fort Bragg, North Carolina; Fort Stewart, Georgia; Fort Drum, New York; and Fort Irwin, California. A fifth project is planned soon at Fort Bliss, Texas.

The Navy, too, has used privatization as a tool to improve unaccompanied housing—specifically by bringing shipboard junior enlisted sailors ashore using a special pilot authority in the fiscal year 2003 National Defense Authorization Act (10 U.S.C. 2881a). The first pilot project was awarded in December 2006 at San Diego, California, and the second was awarded in December 2007 at Hampton Roads, Virginia. Both projects have demonstrated that, with authority to provide partial Basic Allowance for Housing to single service members, privatizing single, junior enlisted personnel housing is more cost effective than the traditional Government-owned barracks model.

HOMEOWNERS ASSISTANCE PROGRAM

The Homeowners Assistance Program (HAP) represents a very different type of program but one no less important to the quality of life of those who qualify. Since 1966, HAP has provided financial assistance to military personnel and DOD civilians at locations where home values decreased as a result of Defense action. The fiscal year 2011 President's Budget request includes \$17 million for HAP.

In February 2009, Congress provided \$555 million in the American Recovery and Reinvestment Act (Recovery Act) to expand HAP to address unique economic pressures faced by military personnel who are required to relocate during adverse housing market conditions. Congress added another \$300 million for HAP in the Consolidated Appropriations Act for 2010.

HAP seeks to minimize the amount of financial harm—including risk of foreclosure, credit damage or bankruptcy—that service member and civilian beneficiaries experience when they are compelled to move. As of March 3, 2010, HAP

has assisted 771 homeowners at a program cost of \$84 million. Another 4,652 homeowners are currently eligible.

FACILITIES SUSTAINMENT AND RECAPITALIZATION

In addition to investing in new construction, we must maintain, repair, and recapitalize our existing facilities. The Department’s Sustainment and Recapitalization programs strive to keep our inventory of facilities in good working order and mission-capable. By providing a consistent level of quality in our facilities, we can raise the productivity of our personnel and improve their quality of life. The fiscal year 2011 budget request includes \$9.0 billion for sustainment and \$4.6 billion for recapitalization (restoration and modernization) of our facilities.

COMPARISON OF SUSTAINMENT AND RECAPITALIZATION

[In millions of dollars]

	Fiscal year 2010 enacted	Fiscal year 2011 requested
Sustainment (O&M & MilPers)	8,251.0	9,042.0
Recapitalization (O&M, Milcon, Milpers, RDTE)	6,448.0	4,583.0
TOTAL S & RM	14,699.0	13,625.0

Sustainment represents the Department’s single most important investment in the overall health of its inventory of facilities. Sustainment includes the regularly scheduled maintenance and repair or replacement of facility components—the periodic but predictable investments that should be made throughout the service life of a facility to slow its deterioration and optimize the owner’s investment. We use a Facilities Sustainment Model (FSM) based on industry benchmarks to estimate the annual cost of regularly scheduled maintenance and repair for different types of buildings. We then require the Military Departments and Components to fund sustainment of their facilities at a level equal to at least 90 percent of the FSM-generated estimate. Our fiscal year 2011 budget request is consistent with that requirement.

The second key investment we make in the health of our facilities is recapitalization (restoration and modernization). Recapitalization serves to keep the inventory of facilities modern and relevant in an environment of changing missions and standards, to extend the service life of facilities, and to restore capability lost due to man-made or natural causes including inadequate sustainment. Compared with sustainment, recapitalization needs are much harder to forecast because they are often a function of change, such as a new functional standard for enlisted housing, the availability of new technology (e.g., improved technology for heating and cooling), or even a change in the very mission that the facility supports. The fiscal year 2011 budget request (\$4.6 billion) is \$1.9 billion lower than the fiscal year 2010 enacted level primarily because we are nearing the end of the BRAC 2005 process, which drove a significant amount of recapitalization.

In the past, the Department used a target recapitalization rate to establish an annual investment level for the entire building inventory. In recent years our goal was to recapitalize buildings every 67 years. However, this approach did not provide information on the condition of individual buildings—precisely the kind of information that one should use to guide decisions on specific investments.

Since 2006, the Federal Real Property Council (FRPC) has required Federal agencies to rate the quality of individual facilities using a Facility Condition Index (FCI). This quality rating, expressed in terms of the relationship between what it would cost to replace a facility and what it would cost to repair it, allows us to identify those facilities in greatest need of investment. By this measure, 18 percent of the 539,000 facilities in the Department’s inventory are in poor condition and another 7 percent are in failing condition.

Using the facility condition data that DOD is already collecting, my staff is developing a new methodology for determining the level of investment needed overall and the optimal method of targeting that investment. We will consider factors other than just the condition of the building—e.g., mission priority. The result will be a capital investment plan to eliminate facilities that are in poor and failing condition.

In addition to sustaining and recapitalizing our facilities, we are committed to eliminating facilities that we either no longer need or cannot repair economically. Demolition is an important tool in any recapitalization and will also play a role in

our capital investment plans. The fiscal year 2011 budget request includes more than \$200 million for this purpose.

MANAGING OUR ENERGY USE

The recently released Quadrennial Defense Review (QDR) makes clear that crafting a strategic approach to energy and climate change is a high priority for the Department. Although much of the focus has been on the energy we use in a combat setting (“operational energy”), the management of energy on our permanent installations (“facility energy”) is also extremely important. The Energy Conservation Investment Project (ECIP) is a key element of the Department’s facility energy strategy: ECIP supports energy efficiency and renewable energy projects based on payback and has achieved an estimated \$2.16 in savings for every dollar spent. The fiscal year 2011 President’s budget requests \$120 million for ECIP. This is \$30 million above our fiscal year 2010 request but less than the fiscal year 2010 enacted amount (\$174 million).

To put ECIP in context, let me briefly discuss why facility energy management is so important and what we are doing to improve it.

The way we manage energy at our permanent installations is important for two key reasons. First, facilities energy represents a significant cost. In 2009, DOD spent \$3.8 billion to power its facilities—down from \$3.96 billion in 2008. That represents about 28 percent of the Department’s total energy costs (that fraction is higher in peacetime, when we are not consuming large amounts of operational energy). Moreover, energy needs for fixed installations in the United States will likely increase over the next several years as we “grow” the Army and the Marine Corps, reduce our presence in Iraq and Afghanistan, and continue to improve the quality of life for soldiers and their families—for example, by installing flat-panel TVs in individual rooms in a barracks that now has just one TV per common room.

Facilities energy is costly in other ways as well. Although fixed installations and non-tactical vehicles account for less than a third of DOD’s energy costs, they contribute nearly 40 percent of our greenhouse gas emissions. This reflects the fact that our installations rely on commercial electricity, which comes from fossil fuels—principally coal. Given that facilities energy as a share of total DOD energy will increase when we reduce our presence in Iraq and Afghanistan, fixed installations will likely become DOD’s major source of greenhouse gas emissions.

Second, installation energy management is key to mission assurance. According to the Defense Science Board, DOD’s reliance on a fragile commercial grid to deliver electricity to its installations places the continuity of critical missions at serious and growing risk.¹ Most installations lack the ability to manage their demand for and supply of electrical power and are thus vulnerable to intermittent and/or prolonged power disruption due to natural disasters, cyber attacks and sheer overload of the grid.

Over the last 5 years, the Department has steadily reduced energy consumption per square foot at our permanent installations, largely in response to statutory and regulatory goals. While continuing that very positive trend, it is time for us to adapt our approach to installation energy management from one that is primarily focused on compliance to one that is focused on long-term cost avoidance and mission assurance.

In the last year, the Department has made energy policy a significantly higher priority. First, Secretary Gates has expressed his strong support for the goal of reducing energy consumption, and the QDR reflects his desire for a more strategic approach to energy security. As one indication of this commitment, the Department recently announced that, under Executive Order 13514, it will reduce greenhouse gas emissions from non-combat activities—largely installations and non-tactical vehicles—by 34 percent by 2020. Since greenhouse gas pollution is due overwhelmingly to direct energy use, this aggressive target, along with DOD’s High Priority Performance Goals, will require major gains in energy efficiency at our installations.

Second, the Department is investing more to improve the energy profile of our fixed installations. Financing for these investments has come from annually appropriated funds, including military construction, operations and maintenance, and ECIP. We have utilized third-party financing through Energy Savings Performance Contracts and Utilities Energy Service Contracts. We are also pursuing other innovative financing mechanisms, such as Enhanced Use Leases and Power Purchase Agreements (PPAs).

¹“More Fight-Less Fuel,” Report of the Defense Science Board Task Force on DOD Energy Strategy, February 2008.

Our basic investment strategy is twofold: (1) Reduce the demand for traditional energy through conservation and energy efficiency; and (2) increase the supply of renewable and other alternative energy sources. Investments that curb demand are the most cost-effective way to improve an installation's energy profile. As Department of Energy (DOE) Secretary Steven Chu has observed, "Energy efficiency is not just the low hanging fruit; it's the fruit lying on the ground."

A large percentage of our demand-side (energy efficiency) investments are expended on projects to retrofit existing buildings. The Department spends almost \$10 billion a year to sustain, restore and modernize our facilities. About one-sixth (\$1.7 billion) of this is spent on projects designed directly to improve energy efficiency. Typical projects install improved lighting, high-efficiency HVAC systems, double-pane windows, energy management control systems and new roofs. As we replace major components and subsystems in our buildings, the newer, more energy-efficient systems contribute to DOD's overall energy reduction goals.

In addition to retrofitting existing buildings, we are taking advantage of new construction to incorporate more energy-efficient designs, material and equipment into our inventory of facilities. The Department spent about \$25 billion on military construction in fiscal year 2009 and we will devote another \$23 billion to construction in fiscal year 2010. (As discussed earlier, we are asking for \$18.7 billion for Milcon in fiscal year 2011.) New construction must meet Leadership in Energy and Environmental Design (LEED) Silver standards and/or the five principles of High Performance Sustainable Buildings, which includes exceeding the energy efficiency standard set by the American Society of Heating, Refrigerating and Air-Conditioning Engineers by at least 30 percent.

On the supply side, our military installations are well situated to support solar, wind, geothermal and other forms of renewable energy. As you know, we have the second largest solar array in North America at Nellis Air Force Base in Nevada. Additionally, the geothermal plant at Naval Weapons Center at China Lake, California, is providing electricity to the State's electrical grid; hydrogen fuel cells provide back-up power for facilities at Fort Jackson, South Carolina; and the Marines will test a wave power program at Kaneohe Bay, Hawaii, in the near future.

The Department took advantage of the \$7.4 billion it received through the Recovery Act to invest in both energy efficiency and renewable energy projects. We devoted \$2 billion of that amount to projects designed to improve existing buildings, largely through upgraded systems and equipment. Of that, \$120 million went to ECIP. Another \$1.6 billion of Recovery Act funds is going to construct new facilities, all of which will meet LEED Silver standards and/or the five guiding principles of High Performance Sustainable Buildings.

Finally, our military installations can play a valuable role as a test bed for next generation technologies coming out of laboratories in industry, universities and the Department of Energy. DOD's built infrastructure is unique for its size and variety, which captures the diversity of building types and climates in the United States. For a wide range of energy technologies, DOD can play a crucial role by filling the gap (the "valley of death") between research and deployment. As both a real and a virtual test bed, our facilities can serve as a sophisticated first user, evaluating the technical validity, cost and environmental impact of advanced, pre-commercial technologies. For technologies that prove effective, DOD can go on to serve as an early customer, thereby helping create a market, as it did with aircraft, electronics and the Internet. This will allow the military to leverage both the cost savings and technology advances that private sector involvement will yield.

We are pursuing the energy test bed approach on a small scale through the Environmental Security Technology Certification Program (ESTCP). Using \$20 million in Recovery Act funding, ESTCP awarded contracts through a competitive solicitation to nine projects to demonstrate technologies that will provide for increased energy efficiency or that will generate cost effective renewable power on site. For example, one ESTCP project team is conducting a multi-site demonstration of building-integrated photovoltaic roof concepts. By verifying that an energy efficient roof can perform its expected function, DOD can increase its capacity to generate renewable energy. The Naval Facilities Engineering Command leads this project in collaboration with Lawrence Berkeley National Laboratory. Demonstrations are taking place at Luke Air Force Base and Marine Corps Air Station Yuma, both in Arizona, and Naval Air Station Patuxent River in Maryland.

The test bed approach is key to meeting the Department's needs, but it is also an essential element of a national strategy to develop and deploy the next generation of energy technologies needed to support our built infrastructure. We hope to expand it, working closely with the Department of Energy and other agencies and organizations.

The Department is pursuing several other initiatives to address specific challenges or impediments to improved installation energy management. Let me briefly describe two of them.

First, we have begun what will likely be a major effort to address the risk to our installations from potential disruptions to the commercial electric grid. The Department is participating in interagency discussions on the magnitude of the threat to the grid and how best to mitigate it. We are also looking at how to ensure that we have the energy needed to maintain critical operations in the face of a disruption to the grid. As required by the National Defense Authorization Act, the Secretary of Defense this year will give Congress a plan for identifying and addressing areas in which electricity needed for carrying out critical military missions on DOD installations is vulnerable to disruption. The development of renewable and alternative energy sources on base will be one element of this effort, because—in combination with other investments—these energy sources can help installations to carry out mission-critical activities and support restoration of the grid in the event of disruption.

Second, we are devoting considerable time and effort to a complex and growing challenge—ensuring that proposals for domestic energy projects, including renewable energy projects, are compatible with military requirements for land and airspace. As noted above, military installations lend themselves to renewable energy development, and a renewable project can benefit the host installation by providing a secure source of energy and reduced energy costs. In some cases, however, a proposed project can interfere with the military mission. For example, wind turbines can degrade air- and ground-based radar, and solar towers can cause interference by creating thermal images detrimental to sensitive testing of weapons systems. The current process for reviewing proposals and handling disputes is opaque, time consuming and ad hoc.

The Department is working to balance the Nation's need for renewable sources of energy with military mission needs. The DOD "product team" devoted to sustaining our test and training ranges, which I co-chair, is working to come up with a better process for evaluating proposals from energy developers who want to site a renewable project on or near an installation. We have begun to reach out to potential partners, including other Federal agencies, energy developers, State and local governments, and environmental organizations. In addition to working to improve the current approval process, the Department is looking at the role of research and development. New technology can allow us to better measure the potential impact of a proposed project. It can also help to mitigate the impact. For example, recent press accounts suggest that developments in stealth technology as applied to turbine blades can reduce the harm to ground-based (but not air-based) radar.

CONCLUSION

My office, Installations and Environment, takes very seriously our mission to strengthen DOD's infrastructure backbone—the installations that serve to train, deploy and support our warfighters. Thank you for your strong support for the Department's installation and environment programs, and for its military mission more broadly. I look forward to working with you on the challenges and opportunities ahead.

Senator HUTCHISON. Thank you. I think that we are making remarkable progress on BRAC, by the way, and that we are so close. It is very good and we fully funded. This subcommittee made that a priority.

Dr. ROBYN. Yes.

Senator HUTCHISON. So thank you.

Mr. Mitchell?

Mr. HALE. Mr. Mitchell does not have a statement. He is just here to help us answer questions on Guam policy.

Senator HUTCHISON. Okay, good.

I am going to let my colleagues go first on the questions, and then I will follow up. I do not know who was here first.

Senator COLLINS. Thank you. Thank you, Madam Chairwoman. Does that not sound good again?

Senator HUTCHISON. It is very fleeting.

Senator COLLINS. Let me first commend you and the subcommittee's chairman for working so well as a team. I could not help but think, as the chairman departed, that he was totally comfortable turning over the gavel to you. And while I hope that is a sign of things to come, I was impressed with how closely you worked together for the good of the military.

CLOSURE OF NAS BRUNSWICK

Dr. Robyn, I want to direct my questions this morning to you. The State of Maine is coping with the imminent loss of a major defense installation, the Brunswick Naval Air Station in Cumberland County. The squadrons and most of the military personnel have already departed, and the base is scheduled to close its doors next year. The number of jobs lost is estimated by the Pentagon, direct and indirect jobs, to be more than 6,500. On the list that was prepared for the Base Closure Commission, Maine was ranked fifth in the Nation in the number of jobs that would be lost as a result of the BRAC decisions.

So this is a very difficult economic blow for the State of Maine, for the Brunswick region in particular. And as you can appreciate, the recession makes the redevelopment of this base even more challenging than it otherwise would be.

To help compensate for these negative impacts, last year as a member of the Armed Services Committee, I worked very hard to include a critical provision in the defense authorization bill that would help to accelerate the transfer of excess military property at a reduced cost or even no cost when it is for economic development. It is my understanding that you and your office are now working on the regulations to implement those provisions.

Could you first give us an update on the status of those regulations? There is concern in Maine about when they are going to be issued. The prime time for economic development activity in my State is coming up right now. So could you first give us an update on that?

ECONOMIC DEVELOPMENT CONVEYANCE

Dr. ROBYN. Sure. I took a real interest in the economic development conveyance mechanism. I worked in the Clinton White House during the BRAC rounds in the 1990s. We worked with the Congress then to create the EDC mechanism, and it has gone through various iterations.

Prior to the action of the Congress in the last defense bill, the EDC mechanism had become very slow and cumbersome. The services were required to seek to obtain fair market value. The valuation process was a very cumbersome one. So Congress gave us clarification and some new authority that freed the services from having to seek to obtain fair market value. You also gave us additional flexibility to use some innovative mechanisms such as back-end participation so that if a development does well, the Defense Department can take much or most of its compensation on the back end.

First of all, let me say that as soon as that law took effect, those provisions were in effect. Even before I put out regulations, the new law is in effect. It replaced the old law saying the services had

to seek to obtain fair market value. So the law took effect immediately. I put out a memo to the services giving some policy direction. I am working closely with them to get the regs out and also too so that even before the regs are out, that they are adopting the new approach, which I think they are.

So I think we have already seen some response. Treasure Island. The city and the Navy negotiated an agreement on Treasure Island. They had been unsuccessful in doing that over many years, and with the clarity that you all provided, they were able to reach an agreement that provided for back-end participation.

I do not know enough about the details of Brunswick to know what sort of an EDC that will be, but I think we have changed course in response to the direction from Congress and I am watching it closely.

Senator COLLINS. Thank you. I know my time is almost expired. So let me just say that I will ask you to work very closely with the local redevelopment authority in Maine. This is going to be a tremendous challenge, and it is going to be important that the Department factor in local economic conditions and a lot of flexibility as we have given you.

Dr. ROBYN. Yes.

Senator COLLINS. And I look forward to working closely with you.

Dr. ROBYN. Thank you.

Senator COLLINS. Thank you.

Thank you, Madam Chairman.

Senator HUTCHISON. Senator Pryor.

Senator PRYOR. Thank you, Madam Chair.

OFFICE OF ECONOMIC ADJUSTMENT

Dr. Robyn, let me ask you a few questions. In the first question or two, I want to ask about the OEA, the Office of Economic Adjustment. We have the Pine Bluff arsenal in Pine Bluff, Arkansas, which is doing a destruction of all of its chemical stockpile. Later this year, they are going to lose about 1,100 jobs. There are 350 Government employees, about 750 contractors.

My question is, knowing that and knowing that is coming this year, what should the OEA be doing for Pine Bluff right now?

Dr. ROBYN. Well, I believe the OEA is working with Pine Bluff. My understanding is they awarded a small grant last month, a little over \$600,000, and they waived most of the local match requirement. I think the OEA staff was down there recently. I am told that the State of Arkansas is not going to apply to the Department of Labor for a national emergency grant to provide support workforce assistance. I am not sure what the rationale for that is.

But OEA is a wonderful organization. I am very proud to have it part of what I oversee now. OEA was created by Robert McNamara in the 1960s. They have done a terrific job over the years and can provide a lot of planning and technical assistance to communities like Pine Bluff that are going through this sort of transition.

Senator PRYOR. Do you know if the OEA is working on trying to get more mission there to the Pine Bluff arsenal?

Dr. ROBYN. To get other DOD activity? Not that I am aware of. That is typically not part of what OEA does.

Senator PRYOR. Okay. When you add it all up, there is going to be an economic impact of about \$100 million annually to Pine Bluff and that area. My sense is, in talking to people in Pine Bluff and that area—they have kind of a regional chamber of commerce—is that they are not real happy with the efforts that OEA has made. So why do you and I not follow up at some point and see if we can get a little more attention down there and see if we can find some good things for them to do?

Dr. ROBYN. Okay.

Senator PRYOR. Another question I have for you, Dr. Robyn, is my understanding is that the National Guard Bureau had provided a list of over 100 unfunded priorities and shovel-ready projects that total up to about \$1.2 billion total. My understanding is that in the stimulus money, et cetera, the Recovery Act, most of these requests, maybe not all, but almost all were ignored. Were you aware of that? And do you know the situation on that?

Dr. ROBYN. Are you speaking of National Guard projects generally?

Senator PRYOR. Yes, National Guard projects that were shovel-ready.

Dr. ROBYN. I do not have the figures with me. We did some Guard projects. I do not know the number. I will take that for the record.

[The information follows:]

The American Recovery and Reinvestment Act of 2009 (Recovery Act), Public Law 111-5 includes approximately \$7.4 billion in Defense-related appropriations. Within division A of the Recovery Act, titles III and X provided \$292 million (\$266 million Army National Guard and \$26 million Air National Guard) and \$100 million (\$50 million each to Army National Guard and Air National Guard) in specific operations and maintenance (O&M) and military construction (Milcon) authorization and appropriations to the Army and Air National Guard, respectively. To provide the required reports to Congress identifying the specific projects funded under the Recovery Act, the Department asked each component receiving funds to provide a list of projects within the amounts they received that would create and save jobs, jumpstart our economy, address unfunded facility requirements, build the foundation for long-term economic growth, improve the condition of facilities needed to house members returning from Iraq and Afghanistan, and enhance energy efficiency throughout the Department. The Army and Air National Guards complied with this guidance, providing 930 O&M and Milcon projects within the amounts they were authorized and appropriated.

Senator PRYOR. Yes. Just for you to think about, at the Senate Armed Services Committee hearing in February, just a month ago or less, Secretary McHugh stated: “As to the distribution of Milcon, certainly if I were in a Guard or Reserve unit, I’d feel as though I wasn’t getting what I needed, and we have to admit that.” So I think that there is a recognition, at least in some quarters, that there are a lot of shovel-ready projects that need to be prioritized when it comes time to look at funding these type projects.

And the third thing I had—and this may be the last because I am almost out of time here—is Little Rock Air Force Base is the Center of Excellence for the C-130 operations and basically every C-130 pilot almost in the world, it seems like, comes to Little Rock to do their training. And we have three wings there. One is a Guard wing and two are active duty. Anyway, they do great work there.

But right now, they have 92 aircraft on the ramp. The fiscal year 2011 budget transferred an additional 12 C-130s to Little Rock, which totals 104. And my understanding is a few of those will be taken out because they are C-130 E models and it is time for them to move on. But still, they are going to end up with about 100 aircraft there.

LITTLE ROCK AIR FORCE BASE

I remember when we were talking about BRAC a few years ago and also last year or the year before, we were working on a C-27J project. One of the things about Little Rock Air Force Base is it only has one runway. And I am wondering if you might be willing to initiate a site survey for Little Rock Air Force Base to look at the feasibility of doing a second runway there. I know they have plenty of real estate, and I have seen the maps before and I think they would have plenty of room to do it. But I was wondering if you would initiate or work with us to try to initiate a site survey to look into the possibility of a second runway there at Little Rock Air Force Base.

Dr. ROBYN. Sir, I think I am going to defer that question to my Air Force colleague, who will be on the panel behind me. It is easy for me to say yes, but I do not want to preempt my Air Force colleague.

Senator PRYOR. Sure.

Secretary Hale.

Mr. HALE. Could I just add to that? I think we would want to consider that and the broader issue of basing the C-27s. As you are well aware, we are limited to procuring the 38, and there are some important basing issues that still remain to be resolved. It probably needs to be considered in that context.

Senator PRYOR. Right, yes. And the C-27s may be a secondary issue at this point in how you do that. Certainly Little Rock, I think, makes sense, but with regard to more C-130s in the future maybe coming there and you have 100 on the ramp. After fiscal year 2011, I think it may be time to look at that. So if we could maybe work together on that site survey, at least for you all to look at it and do the analysis, I would appreciate it.

Thank you, Madam Chair.

Senator HUTCHISON. Senator Murkowski.

HOUSING AT FORT WAINWRIGHT

Senator MURKOWSKI. Thank you, Madam Chairman.

Dr. Robyn, a couple relatively parochial questions here this morning, and then I would like to ask a question about the port in Guam.

First is with regard to a partnership that the Army entered into with Actus Lend Lease at Fort Wainwright for privatization of housing. We have had some issues up north there with local contractors that have expressed some very serious concern that Actus Lend Lease was bringing in out-of-State contractors, thus displacing the local contractors. There were field hearings that were conducted by the legislature. There was a community advisory board that was later established. But it really was very contentious

for a period of time, and our offices were very involved in trying to smooth things out.

My question to you is—we were essentially told that the laws governing private housing contracts allow the Army's partner to contract with whomever they want.

I guess the question that I have is whether or not you think that it is good policy to encourage housing privatization partners to use local contractors and local construction workers for the projects, or would it be fair to say that you are really indifferent on this? I cannot imagine that this is just an issue that is specific to Fairbanks, Alaska. Help me out a little bit on this.

Dr. ROBYN. Well, I have spent a lot of time telling people how wonderful housing privatization is. I think it is the most effective reform my office has taken on. I honestly have never come across this issue. So I cannot give you a good—

Senator MURKOWSKI. So you think our situation up north is unique?

Dr. ROBYN. I just do not know. I have been on the job 9 months, and it may be that I just do not know about it. So I cannot give you a good answer. I think my Army colleague may be able to shed more light, but I would like to take the question for the record.

Senator MURKOWSKI. Well, I would appreciate if you would do it because as we look to the impact, of course, the economic impact that these projects bring to an area, I think it is fair to say that people look at them with great interest because they believe that not only will the military see a good benefit there, but the local economy will engage as well. And I think we have seen some real concerns where you bring the out-of-State guys in. They are there for the length of the project. They are gone and there is no real commitment to the community. So if you could look into that, I would appreciate it.

UNDOCUMENTED WORKERS AT ELMENDORF AIR FORCE BASE

The second question. This was regarding a project at Elmendorf Air Force Base last year, and acting on a tip from the iron workers unions, there were some immigration and customs officers that came in to interview employees of an Air Force construction project. This was a contract for building hangars. Four of 30 individuals interviewed were determined to be not lawfully eligible to work here in the United States. One was determined to have a criminal history in the State of California. I think we all recognize that our Air Force bases are supposed to be secure areas, and yet this was a pretty specific example of not only people who were not eligible to work here in the country and getting into the gate to do the work, but also of an employee with a criminal record.

I have a couple questions. First, whether or not the contractor was disciplined for placing undocumented workers on an Air Force job site, and more broadly, what the administration is doing to ensure that these construction jobs, which are scarce and coveted most certainly, that are available on our military bases are going to people that are legally entitled to work here in the country.

Dr. ROBYN. Again, my Air Force colleague on the next panel may have more detail. I know the four were arrested through a joint effort by immigration and Air Force agents. They used counterfeit

documents. I think we are using this as a learning experience to improve our clearance—approach to security. I do not know if the contractor was disciplined or not. It is hard to believe they were not because my understanding is this was a contractor from California that went up to Alaska and took workers with them. So it would seem like they were liable. But I do not know the specifics.

Senator MURKOWSKI. Well, if you can get more clarification for me on that, again I would appreciate it.

And then the last question relates to the buildup on Guam. As the ranking member on the Energy Committee, one of our areas of jurisdiction and oversight responsibility is for the Government's relationship with our territories. I understand that the Port of Guam was recently denied a \$50 million grant from USDOT to kick start the port's \$200 million modernization program.

IMPROVEMENTS TO GUAM PORT

Are you concerned about the status of the port's modernization? What steps are being taken to ensure that we are securing the needed funding for the port modernization effort?

Dr. ROBYN. Yes. There were \$1 billion in stimulus money for TIGER grants allocated by the Department of Transportation, and they were heavily oversubscribed. There was a huge demand for those, and Guam did not make the cut. It was a large application, \$50 million. The nice thing was it would have been matched by a \$50 million loan from the U.S. Department of Agriculture.

We are scrambling throughout the Federal Government, those of us who work on Guam, to address that issue so that we can try to preserve the USDA commitment to match—

Senator MURKOWSKI. So what do you figure the path forward will be?

Dr. ROBYN. Well, it is a little premature for me to say, but I think we recognize that the port needs to be upgraded to accommodate the buildup. It is a shared responsibility within the Federal Government. So we are looking at—the Department of Defense has very limited mechanisms for doing unauthorized—we cannot do unauthorized military construction. So we do not have the authority to do this even if we wanted to. We are looking at mechanisms, though, that would allow for a cross-Government acceptance of this responsibility because this is step one in the buildup.

Senator MURKOWSKI. It sounds like you are equally concerned and recognize the level of priority there.

Dr. ROBYN. Yes, absolutely.

Senator MURKOWSKI. Thank you, Madam Chair.

Senator HUTCHISON. Thank you.

Let me start on the Milcon for Europe. The \$513 million in Germany and in Korea, the Department is looking at tour normalization, which means extending the average tour length and allowing more dependents to accompany their sponsors.

OVERSEAS BASING COMMISSION

I just want to ask why is the Department undoing the Congress' authorization bill that included the Overseas Basing Commission, the previous commitments to bring home 70,000 troops, mostly from Germany and Korea. This was a bill—Overseas Basing Com-

mission was cosponsored by Senator Feinstein and myself when we ran this subcommittee.

It just seems that you are changing a policy that was established by Congress, and I would like to know what is the reason for this kind of commitment and the cost of \$2 billion to American taxpayers for this kind of building in Germany and Korea.

Mr. HALE. Well, Madam Chairwoman, let me try to be helpful by saying, first, I do not think it is our intention to undo congressional guidance or not to follow it.

We are committed to some level of overseas deployment of our troops, but we are looking at those specifics. The QDR, I think, arrived at a broad policy but did not arrive at some of the specifics that I know are of particular interest to you, especially whether or not we will bring home—or how many BCTs we will bring home from Europe. We decided that we needed some more negotiation with our allies before making that decision and, therefore, put it off. We expect to make a recommendation in the fiscal year 2012 budget as opposed to this budget.

As far as Korea, we—

Senator HUTCHISON. Excuse me. Then are you saying that the \$513 million does not include the extension of two more BCTs?

Mr. HALE. To my knowledge, it does not make that commitment because we have not made that decision.

Actually I looked at it. Our total overseas military construction is down sharply between 2010 and 2011 from \$3.1 billion to \$2.1 billion. But you are right. There are some increases in Germany, I think, associated with the Wiesbaden consolidation. But we have not made a decision as to whether or how many BCTs to bring home. Those will be, I believe, a commitment to reflect that decision in the fiscal year 2012 budget.

On Korea, we have approved the first phase of tour normalization, which is a fairly modest price tag, but are continuing to look at the second and third phases, which would be much more substantial in cost. I think part of the issue, as you raise, is that we have to assess what is our long-term commitment in Korea. I anticipate it will remain a commitment, but how large has to be a question.

Senator HUTCHISON. What is your policy as comptroller on the contribution of host countries such as Germany and Korea? And what would you be asking them to contribute for these specific requests?

Mr. HALE. I do not think we have a percentage policy. We always like contributions from our allies. I do not have for you the percentage contributions of the Germans in terms of the current overseas military construction. My sense is the Germans have been very helpful in paying operating costs. I am not sure on the military construction. I will have to supply that for the record.

We would like a substantial contribution. I think that is inevitably negotiated on a case-by-case basis.

Senator HUTCHISON. I would like, before we come forward with our recommended military construction appropriations report, to know what is the German and Korean contribution to the requests that are being made.

Mr. HALE. We will supply that.

[The information follows:]

The Republic of Korea (ROK) is not making any contribution to projects included in the fiscal year 2011 Milcon request. Rather, the ROK contributes to U.S. construction requirements through a formal burden sharing agreement, where construction is one component of that agreement.

In the year 2009, a 5-year burden (cost) sharing agreement was signed with the ROK. In force through the year 2013, the agreement is formally called the Special Measures Agreement (SMA). Under the 5-year SMA, ROK burden sharing contributions occur in three separate categories: labor, logistics, and construction. The ROK is providing 790.4 billion won (\$749.9 million) in burden sharing contributions during calendar year 2010—an increase of 30.4 billion won from the 760 billion won provided in calendar year 2009. Within these two totals, 315.8 billion won (\$299.6 million) and 292.2 billion won (\$228.9 million) is for construction in calendar years 2010 and 2009, respectively. In calendar year 2011, the ROK's total burden sharing contribution will be 812.5 billion won (\$829 million). It is expected that the portion of this total 2011 contribution devoted to construction will be around \$326 million.

In addition, the ROK funds most of the cost of relocating U.S. forces from Seoul under the Yongsan Relocation Plan (YRP). Further, ROK Funded Construction funding, provided under the Special Measures Agreement, is being used to the maximum extent to implement the Land Partnership Plan (LPP), which consolidates and relocates all other forces in Korea. The YRP and LPP realignment initiatives—currently underway—will result in better facilities and improved quality of life for USFK personnel, create enhanced warfighting capabilities, and demonstrate the commitment of the United States to an enduring military presence on the Korean Peninsula that will promote peace and stability on the peninsula and in the region.

The Government of Germany is not making any direct contribution to projects included in the fiscal year 2011 Milcon request. The United States has no formal infrastructure-related burden sharing agreement with Germany. However, through their participation in NATO and the NATO Security Investment Program (NSIP), Germany may ultimately share a portion of Milcon costs for the Air Traffic Control Tower in NAS Rota and the Hydrant Fuel Project in RAF Mildenhall. If NATO determines these projects to be eligible for common funding, 17 percent of any NSIP recoupment the United States receives could be accurately characterized as a German contribution. These projects have been pre-financed in accordance with DOD and NATO guidance in anticipation of potential future recoupment. (The requested SHAPE school and NATO HQ projects represent the U.S. portion of those projects and there will be German and other national contributions.)

While Germany makes no direct contributions to the U.S. Milcon program, they make significant non-financial contributions in support of U.S. interests. In accordance with the terms of the SOFA, the United States executes the majority of our Milcon in Germany through the German Bauamt. Because Bauamt fees are significantly lower than those charged by the Corps of Engineers, use of these services reduces the direct cost of design, procurement, and construction management activities by roughly 65 percent. In fiscal year 2011, this indirect contribution equates to approximately \$30 million.

In addition, Germany bears approximately 25 percent of the direct costs for items such as rents on privately owned land, facilities, labor, utilities, and vicinity improvements in support of Germany-based United States forces. Further, Germany has assisted United States force presence in the facilities area through host nation funding of nearly \$1 billion to date in facilities constructed as Payment in Kind compensation for U.S.-funded improvements at facilities returned to the host nation. Other indirect contributions include loan guarantees to public private venture housing, non-imposition of certain taxes/fees, and rent free use of land for basing and training.

Senator HUTCHISON. Was there a business case analysis prepared that justified retaining four BCTs in Europe?

Mr. HALE. I am not aware of a business case. I am aware of considering that in light of our overall desire for overseas deployment, some of which aid our ability, for example, to fight in Iraq and Afghanistan. We are drawing heavily on those troops. Especially in the beginning, we drew heavily on troops deployed in Germany. So I think it is a foreign policy decision, and one that is taken in the context of the QDR. But as I said, we decided not to make the spe-

cific decision this year. We wanted further negotiations with our allies.

Senator HUTCHISON. Well, I would like to ask you also to submit for the record whether it is, in fact, more efficient to deploy from Germany into Iraq and Afghanistan as opposed to from the United States because there were severe restrictions placed on transferring troops into Iraq in the early stages of that buildup. And it caused delays and it even caused having to use, in some cases, paratroopers as opposed to trains and even air flights. So I think that has to be considered, and I want a report on that because I think it is a factor.

[The information follows:]

There is no single answer to whether it is more efficient to deploy from CONUS or Europe. There are many ways to define deployment efficiency including time, fuel usage, manpower, transport demand, and diplomatic challenges. For instance, Germany may be more efficient for airlift but may not be for sealift.

To be clear, Germany placed no practical impediments or hindrances on United States deployment to Iraq and Afghanistan. In fact, Germany provided guards for United States bases to free up personnel for deployment.

GUAM

Senator HUTCHISON. Okay, let us talk about Guam. I appreciate your statements, Dr. Robyn, but I think there are significant questions and certainly significant cost increases on the horizon for this move on Guam. The report in the news is that the Governor of Guam has said he needs \$3 billion in assistance before we spend \$13 billion on military construction.

I would just ask the question because this is going to significantly increase the cost to American taxpayers. Japan has agreed to fund a significant portion of this move, I think around \$7 billion, which I think is very helpful. But the rest would then, of course, fall on the American taxpayer.

Are you looking at alternatives at all that would be more efficient than this entire move to Guam? Is there any alternative even being considered. With the size of the island and the infrastructure not being adequate, are there other alternatives that we ought to be looking at?

Dr. ROBYN. I am going to defer to my colleague, Derek Mitchell, on this one.

Mr. MITCHELL. Okay. Thank you, Senator.

In fact, this process has been going on for about 15 years since the mid-1990s looking at alternatives for moving the Marine base in Okinawa to another location. So basically a host of alternatives have been looked at by the U.S. Government in cooperation with the Government of Japan for that period.

Right now, the Government of Japan, the new Government of Japan, is looking at this very question of are there viable alternatives from their perspective. That review is ongoing. We respect that review in the U.S. Government, and we are waiting for them to come up with their version and their view.

We believe the current is the best. We really have looked at a number of different options.

Senator HUTCHISON. "Current" meaning the move to Guam or staying in Okinawa?

Mr. MITCHELL. Well, moving the Marine base, the Futenma base, up to the north of Okinawa and then some of the marines back to Guam. That really is the best.

Senator HUTCHISON. A fewer number than the 8,000?

Mr. MITCHELL. No the current plan, 8,000 to Guam and 10,000 up to the north of Okinawa. We looked at a number of different permutations and options over truly 10–15 years and continue to respect the process that the Government of Japan is undergoing right now. So yes, the answer to your question is we have looked at alternatives, but we still believe this is the best.

Dr. ROBYN. Can I just say that, of course, we are not going to move any marines from Futenma until we have an agreement—or until there is clarity on where they are going. But having said that, Guam is—there has never been an issue that Guam is of vital, strategic importance and a good place to expand our military presence. It is U.S. territory. It is one of a number of islands. It provides real strategic benefits.

Senator HUTCHISON. Well, I would just submit that in the time that you say we have been looking at this, certainly the infrastructure is worse than we had predicted and costs have certainly gone up. So I just think it is worth another look at whether this island can accommodate this kind of influx and if it is the very best move that we could make. But I realize that options are probably few in this part of the world.

I mean, Korea would be—the move south in Korea I know is certainly part of our overall strategy, which is correct, because it will provide forward basing opportunities. I mean, speaking of Korea, I still question how many troops and now even an added element in Korea of longer tours and more families, which increase costs. I am going to probably want to look at that more carefully as well, just how much more we are going to do in Korea. We do need to get out of the base in Seoul and move south, and that is in our interest as well as Korea's. But we have certainly kept a presence there for longer than was necessary by far.

And I just think we have got to start looking at the money that we are spending overseas and is it better to have permanent bases in America where you do not have training constraints and you do not have urban buildup and it is a more stable environment for our families. So I would like to pursue that with anyone who is willing to answer, or do I need to go to other policymakers for those thoughts?

Mr. MITCHELL. I appreciate those sentiments, Senator. Let me just say from the strategic standpoint—I am in the policy division of the Pentagon. And there really is a strategic value, as you suggest, on the forward deployment of U.S. forces. It has a tremendous impact on the commitments that we continue to have to our allies, to our strategic position in Asia. It gives us an advantage as well. So I understand the costs and the difficulties of working with foreign local communities, et cetera. There are challenges. There are complications involved. But the strategic advantage in our relationships and preferred diplomatic engagement that we get from the deployment, our ability to engage other forces, to interact with them, to mix with them, to train does have a great strategic impact

for the United States overall even if there may be some constraints placed on them.

MOVING MARINES TO GUAM

Senator HUTCHISON. Have you looked at whether it would be more efficient to move some of the Guam marine base personnel to Korea and consolidate there rather than the added infrastructure and the coral reef issue at the port? There are so many issues that are coming up now that had not been there before. Are you looking at whether perhaps that Marine base or part of it would be more efficiently put as a forward deployment opportunity in Guam?

Mr. MITCHELL. Well, we have looked at—

Senator HUTCHISON. I mean in—I am sorry—Korea.

Mr. MITCHELL. In Korea. As I say, over a long period of time, we looked at various options, and this is, as you say, a very complicated, complex issue and there will be challenges to put forces in Korea as there would be other places. You know, this is a fluid situation. I mean, the American presence in Asia has been—well, we have been there since World War II and we have been quite flexible in how we postured ourselves. We continue to review our posture in Asia and East Asia. We think Guam, though, is quite a strategic location. It is, as you suggest, a U.S. territory. There are challenges on the ground in Guam, but they would be putting some funding into U.S. citizens to building up U.S. infrastructure in that regard. We have a great deal of flexibility operating from there as well.

So there are benefits being completely into the Asian continent, as we are in Korea and just offshore in Japan, as well as being back in Guam. And it gives us a kind of flexible, modern and, I think, strengthened posture in Asia that we need to maintain our strategic position in the region.

Senator HUTCHISON. Well, I would like to hear that you are looking at whether 8,000 troops is the right footprint in Guam, given the very recent questions that are being raised by the EPA. Maybe there needs to be a congressional requirement that you look at this, and I am going to think about that. And if you would like to give me further information so that there is not a directive, but maybe there should be a directive that we look at whether 8,000 is the right number in Guam or maybe a smaller footprint that would have less cost and opportunity to do more consolidation somewhere else, maybe Korea. I realize the Japanese Government has been cooperative and helpful in the Japanese footprint, but I just think the concerns being raised by the EPA are significant, and then the Governor of Guam asking for \$3 billion. I think their interest in this is getting questioned by their own population. So I would like to hear more from you on this.

GUAM

Dr. ROBYN. Senator Hutchison, could I just make one comment? In thinking about their infrastructure, it is useful to think about it in two pieces. One, Guam is a U.S. territory. Its infrastructure needs to be in compliance with EPA regulations, which it is not in major ways right now. That is a problem whether or not we go there. The U.S. taxpayers, including the people of Guam, are going

to have to share that burden regardless. I think the question has to do with the additional expansion to the infrastructure that the military buildup would require. But under any circumstances, Guam's infrastructure needs to be brought into compliance with U.S. regulation.

Senator HUTCHISON. Well, I would like to know what percent of \$3 billion is in infrastructure that would be required versus the additional imprint that the marine base would put on Guam.

Let me just move to the Guantanamo Bay. Secretary Hale, why was the full restoration of the prison in Illinois not all put into the military construction budget?

Mr. HALE. Madam Chairwoman, we understand we need to work with the Congress to figure out a way ahead on this issue, and we wanted to preserve budgetary options. So what you see is a transfer fund in the fiscal year 2011 OCO budget for \$350 million for all aspects of detainee operations. It could be used for military construction to open the Thompson site. It could be used to close Guantanamo, or it could be used for operations at either site. For example, if we end up staying at Guantanamo, it will be only used for operations there. Since we did not know for sure what the final decision would be, we felt a transfer fund provided us the necessary flexibility.

MOVING PRISONERS FROM GUANTANAMO BAY

Senator HUTCHISON. Well, I think there have been significant questions raised about the movement of prisoners out of Guantanamo Bay. We have made significant infrastructure improvements at Guantanamo Bay. We have kept the prisoners in a secure place, not a threat to anyone in the United States. And talking about \$350 million to renovate this prison, you are going to deploy 1,000 military personnel there to guard them, all of which are already accommodated at Guantanamo Bay, I just think in an economic situation with the debt that this country is incurring, it is something that should certainly be reconsidered by this administration and I would hope that the administration would. I mean, they are reconsidering the decision to try these detainees in New York City. Thank goodness. And I think that we should also reconsider the transfer of all the prisoners into the United States from Guantanamo Bay, but I realize that is above your pay grade.

Mr. HALE. I think that is right.

But we do want the budgetary flexibility, and let me urge caution in one sense. If we stay at Guantanamo—the President has said he wants to close Guantanamo, and I certainly support that decision. But if we end up staying there, we will need a substantial part of that fund to operate Guantanamo. So we need to be careful to preserve our ability if the decision is made to remain at Guantanamo.

Senator HUTCHISON. I agree, but we are not going to have a lot of building requirements there. We have done that. We have made that investment. I think that we need to be looking at efficient use of taxpayer dollars as well as security.

ADDITIONAL COMMITTEE QUESTIONS

Thank you. I do appreciate the panel. I know I have had tough questions, and I look forward to hearing more about some of these

issues and particularly the overseas military construction. And I think we really need to have a lot more policy discussion on this issue before we move forward. Thank you very much.

Mr. HALE. Thank you.

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

QUESTIONS SUBMITTED TO HON. ROBERT F. HALE

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

Question. The Department of Defense seems to be undoing the intent of the Overseas Basing Commission and the intent of Congress by the recent QDR recommendations to retain two Brigade Combat Teams in Europe, to significantly increase Milcon funding for Germany and to change the tour length policy in Korea to increase the United States personnel presence on the peninsula.

What is the reasoning behind each of these decisions?

Answer. Significant changes in the geo-strategic environment over the last 5 years, such as NATO's central role in Afghanistan and tensions on NATO's periphery, and the growth and transformation of the U.S. Army's force structure warranted the QDR's re-evaluation of the Department's 2004 Integrated Global Posture and Basing Study decisions to return two Heavy Brigades from Europe and merge Army V Corps HQ with U.S. Army Europe.

The Department of Defense (DOD) deferred the decision to return two Brigade Combat Teams from Europe after carefully considering the issue from numerous perspectives: strategic, operational, force management, quality of life, stress on the force, institutional, environmental, and financial. DOD's analysis concluded that any decision on the two Heavy Brigades or Army V Corps HQ would need to be made in a cooperative manner with NATO Allies and consistent with the revised NATO Strategic Concept. This approach explicitly took into account the conclusions of the congressionally mandated Overseas Basing Commission, which considered the retention of the BCTs in Europe "a cost effective risk mitigation force."¹

The decision on the tour length policy in Korea is consistent with the Department's 2004 basing study. The change in tour length policy in Korea does not affect the United States force posture and the number of United States personnel assigned to Korea. Rather, the change in tour length policy increases unit capabilities, demonstrates the long-term commitment of the United States to the Alliance and to the defense of Korea, helps enable force availability for potential deployment to other regions, decreases unit training costs, and reduces stress on service-members, bringing tour length policies in line with similar theaters such as Japan and Germany.

Question. Was there a fiscal business case evaluation of the decision to retain two BCT's in Europe? If no, why not and if yes, will you share it with this subcommittee?

Answer. The Department of Defense (DOD) decided to defer the decision to return two Brigade Combat Teams from Europe after carefully considering the issue from numerous perspectives: strategic, operational, force management, institutional, environmental, and financial. The financial aspects considered the costs of remaining in Europe, the costs of relocating to the United States, and the costs of rotating units to Europe to fulfill the operational requirements they currently meet. DOD's analysis concluded that there was no overwhelming fiscal case supporting either retaining the two Heavy Brigades in Europe or returning them to the United States. Rather, the analysis showed that strategic considerations, such as contribution to regional security, deterrence, and reassurance to allies are vital, particularly in the short-term. DOD will continue to work towards a final decision on this issue, in concert with our NATO Allies and consistent with the upcoming revised NATO Strategic Concept.

Question. I am concerned about the amount of construction funds requested by the Department for projects overseas, particularly Germany and Korea.

What is the amount of the fiscal contributions by the governments of Germany and Korea for military construction for the last 3 years?

¹ Commission on Review of the Overseas Military Facility Structure of the United States, May 9, 2005, pg. F12.

Answer. Under a Special Measures Agreement (SMA), the Republic of Korea (ROK) contributes burden sharing support to United States Forces Korea (USFK) in the following categories:

- Labor Cost Sharing—cash provided to pay the salaries and benefits of Korean National employees working for USFK.
- ROK Funded Construction—cash and in-kind transfers used for USFK's military construction and military construction-like requirements.
- Logistics Cost Sharing—in-kind provision of logistics equipment, supplies, and services to USFK.

Through the SMA, the ROK provided USFK with burden sharing contributions that totaled \$741.5 billion won (\$672 million) in calendar year 2008, \$760 billion won (\$595.5 million) in calendar year 2009, and \$790.4 billion won (\$663.3 million) in calendar year 2010. Within these totals, the amount dedicated for construction in these 3 years is \$264.2 billion won (\$239.4 million) in calendar year 2008, \$292.2 billion won (\$228.9 million) in calendar year 2009, and \$315.8 billion won (\$299.6 million) in calendar year 2010.

While the Department does not have a formal burden sharing agreement with the Federal Republic of Germany, one of the ways they assist United States force presence is through the provision of facilities using host nation funding as Payment in Kind compensation for the U.S.-funded improvements on facilities returned to them. From 2008 to the present, the German government will have contributed approximately \$33.5 million in Payment in Kind through construction of the following three projects:

- Wiesbaden Army Air Field: Infrastructure/Site Improvements, \$23.0 million;
- Urlas Training Center, Ansbach: Infrastructure/Site Improvements, \$4.0 million; and
- Urlas Training Center, Ansbach: Access Control Point, \$6.50 million (Approved but not yet started).

Question. I am concerned about the ability of our troops to adequately train in and deploy from European locations versus locations in the United States.

Answer. We have proven our mission readiness and training capacity during multiple brigade rotations over the past 7 years from numerous locations throughout Germany to include Grafenwoehr, Baumholder, Ansbach and Schweinfurt to name just a few. The brigade at Baumholder and the brigade being consolidated at Grafenwoehr both have immediate access to two of the largest and best training areas in Europe. These two locations offer training, deployment and quality of life capabilities comparable to facilities anywhere in the United States. Grafenwoehr has firing ranges immediately available for the use of live fire, urban training, simulation, unexploded ordnance, IED detection lanes and more. Soldiers in Europe have the added benefit of continuous opportunities to train with soldiers from allied and partner nations. These opportunities have proven invaluable in building coalition partnerships with both NATO and non-NATO countries, and enhancing unit interoperability which remains critical in the field. Training and exercising in Europe also offers unique professional development for our future leaders. This same multi-national experience in coalition operations is unavailable to units based in the United States who may be called upon to deploy, or U.S.-based units who are scheduled to deploy conducting periodic rotations at forward locations.

Deployment capability from European locations varies from installation to installation, but in general, it is comparable to deployment from U.S. locations. Rail lines and seaports in both United States and Europe can generally handle deployments well, but as they are generally owned, the U.S. Army does not generally fund any improvements to commercially owned transportation nodes and links. Similar to U.S. installations, the European theater has deployment infrastructure to enhance deployment outload capability. Just as deployment from any U.S. installation, there can be minor gaps in various deployment infrastructure at European installations that affect the ability to meet deployment timelines. In general, these gaps are minor depending on the installation in question.

Question. Please provide an analysis of the training and deployment capabilities from locations in Germany versus major installations in the United States.

Answer. U.S. forces have, for years, received the highest caliber training at forward located training sites in EUCOM. These facilities have prepared numerous units for the rigors of combat in Iraq and Afghanistan, and carry with them the added benefit of direct on-the-ground training and interaction with Allied/partner nations under controlled conditions, when clear lessons can be conveyed and genuine learning assimilated. These geographical benefits pay important dividends building partner capacity and developing coalition warfighting interoperability, essential to success in the contemporary international security arena.

U.S. Army Europe (USAREUR) has adequate training facilities to meet home station and pre-deployment training requirements. USAREUR units have successfully deployed in support of Operation Iraq Freedom and Operation Enduring Freedom over the past 8 years and relied on USAREUR's training infrastructure to prepare. Grafenwoehr Training Area (GTA) is USAREUR's primary live fire range complex and provides state-of-the-art ranges capable of accommodating live fire training from small arms through battalion live fire exercises. GTA has approximately 57,000 acres of ranges and training areas which are capable of supporting the doctrinal training requirements for Mechanized Infantry, Armor, Stryker, Artillery, Aviation (rotary and fixed wing), and Light/Airborne Infantry units.

In addition to the GTA, USAREUR also has the Joint Multinational Readiness Center (JMRC). JMRC is the Europe based Combat Training Center (CTC) with a world-wide exportable training capability. JMRC trains leaders, staffs, units up to Brigade Combat Teams (+), and multinational partners to dominate in the conduct of Full Spectrum Operations (FSO). A typical JMRC year can support eight possible rotation windows, all of which can be used to train for operations in Iraq and Afghanistan. In comparison the U.S.-based National Training Center and Joint Readiness Training Center supports 10 possible rotations per year.

USAREUR has range infrastructure comparable to most United States installations that support a similar amount of units. Fort Carson, Colorado, provides a fair comparison i.e. 4 Heavy Brigade Combat Teams (BCTs) and has approximately 45 live fire ranges to support live fire training requirements. USAREUR's current force (2 Heavy BCTs, 1 Stryker BCT, and 1 Airborne BCT) has 44 ranges to support its live fire training requirements. Units deploying from both locations are able to successfully conduct home station as well as pre-deployment training.

Regarding United States deployment capabilities from Germany, the most expeditious route for deployment of EUCOM heavy forces remains the use of the rail and seaport infrastructure in Western Europe through seaports such as Rotterdam, Netherlands, Bremerhaven, Germany, and Antwerp, Belgium. Currently, we flow our Germany-based heavy brigade via ports on the North Sea. U.S. Transportation Command's and U.S. Central Command's joint planning factors estimate a 23- to 32-day transit timeline from Northern Europe to Southwest Asia's Ash Shuayba port in Kuwait. When USAREUR deployed the 1st Infantry Division from European ports to Southwest Asia, the transit time was only 18 days. Alternatively, U.S.-based heavy brigades take up to 43 days to flow from the West Coast of the United States to this same port. Obviously, European infrastructure also allows us to deploy rapidly within our own theater. Our routes utilize Western Europe's mature and robust rail and seaport infrastructure, and are facilitated by well established, dependable host nation support. In the event of major combat operations requiring multiple U.S. divisions, U.S. ports and rail lines could quickly become overwhelmed. Deploying from Europe saves valuable time. It is quite possible that four EUCOM Brigade Combat Teams (BCT) could be loaded on ships and underway from Europe while their U.S. BCT counterparts are still awaiting their turn to load on railheads at U.S. installations.

QUESTION SUBMITTED BY SENATOR SUSAN COLLINS

Question. Every year, I join the other members of the Maine and New Hampshire delegations to attempt to address these funding shortfalls. For example, in fiscal year 2009, we were successful in securing \$20 million to provide a state-of-the-art facility to enhance the productivity and efficiency of submarine depot availabilities. Since 1971, all but four of the military construction projects at Portsmouth Naval Shipyard have been congressional priorities and not included in the Administration's budget requests. To their credit, the workforce continues to safely deliver boats to the Navy on time and on budget.

Why is it that my colleagues and I need to fight every year to make capital improvements to Portsmouth, a shipyard that former BRAC commission chairman, Anthony Principi, referred to as the Nation's preeminent shipyard?

Answer. Last year, the Navy completed a comprehensive condition assessment of Naval shipyard buildings to analyze restoration requirements. A configuration analysis was also recently completed for modernization requirements.

The Department is currently in the process of developing the future investment plans to ensure we can continue to effectively invest in our public shipyards to meet future mission requirements given the constrained fiscal environment.

Portsmouth Naval Shipyard's capital improvement requirements are included in this analysis. Milcon and Special Projects address facility deficiencies in the shipyard long-range infrastructure modernization plan. These projects are assessed

against all other Navy mission critical requirements and prioritized for funding within our limited fiscal controls.

We are investing \$23.8 million in fiscal year 2010 and \$17.0 million in fiscal year 2011 for O&M Special Projects in our continuing effort to sustain and improve Portsmouth infrastructure. We appreciate the continued support from Congress to provide capital improvements at Portsmouth Naval Shipyard. The Navy's shipyards are fully mission capable and will continue to meet both current and future planned ship maintenance workload.

QUESTIONS SUBMITTED TO DR. DOROTHY ROBYN

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

Question. Ireland Army Community Hospital at Fort Knox is one of the oldest hospitals in the Army. With the new Brigade Combat Team stationed at the post, I am concerned over the state of the current hospital and its ability to meet the increased demands placed upon it. What is the status of the Army's decision on whether and when to build a replacement?

Answer. The Department is currently in the process of developing the fiscal year 2012 Future Year Defense Plan of medical military construction projects. The Office of the Assistant Secretary of Defense for Health Affairs is working to ensure that the requirements for Ireland Army Community Hospital at Fort Knox, Kentucky, are properly considered as it develops future priorities for the medical military construction program.

Question. With the recent addition of the Brigade Combat Team at Fort Knox, what is the Army doing to ensure that the installation is capable of deploying the unit with dispatch?

Answer. Fort Knox is currently designated as a power support platform (PSP) with the mission of strategically deploying individuals and units from all services to include Department of Defense civilian employees and reserve components. Even with the addition of an Infantry Brigade Combat Team, Fort Knox has sufficient capacity to support all deploying units.

The Army is working two key initiatives at Fort Knox to improve capabilities for deploying units. The first includes Army Forces Command (FORSCOM), providing additional resources (staff and funding) to support timely movement/deployment operations. Additionally, the Army has programmed military construction projects at Fort Knox to improve services, infrastructure and deployment readiness as part of the Army Power Projection Upgrade Program (AP3).

Question. In light of heavy deployments, I am concerned that many installations, including Fort Campbell, are still housing soldiers in Korean War-era barracks. What is the Department of Defense doing to ensure housing is brought up to date to help increase morale for our already overly taxed troops?

Answer. At Fort Campbell, the Army has a construction plan to eliminate the need for permanent party Soldiers to occupy Korean War-era barracks at the installation by the end of fiscal year 2013.

In 2008, the Army completed the permanent party Barracks Upgrade Program (BUP) using Army Sustainment, Restoration, & Modernization (SRM) funding. BUP eliminated many inadequate barracks through modernization of existing facilities, where feasible.

Additionally, the permanent party Barracks Modernization Program (BMP) will eliminate the Army's barracks shortfall and renovate inadequate barracks where modernization with SRM funding is not feasible. The Army plans to complete the BMP by the end of fiscal year 2013.

The Army is continuously reviewing its capital investment strategy to validate its plans for the replacement and sustainment of barracks, which constitute a major feature in the Army Campaign Plan. These plans address all barracks built before 1980.

Question. Why is the Blue Grass Army Depot chemical weapons stockpile in central Kentucky not being monitored around the clock?

Answer. The Blue Grass Chemical Activity (BGCA), subordinate to the U.S. Army Chemical Materials Agency, is in charge of the safe storage of the chemical weapons at Blue Grass Army Depot. The stockpile is stored in earth covered steel reinforced concrete bunkers. The bunkers are in a secured area with intrusion detection along with armed guards on roving patrols providing surveillance 24 hours a day.

The BGCA relies on multiple safeguards to monitor the chemical munitions stockpile to ensure public and workforce safety. These safeguards include monitoring in accordance with our approved Kentucky Department of Environmental Protection

permit along with visual inspections and application of munitions lot leaker data from both BGCA and other chemical agent storage sites. This combination of safeguards along with an active Chemical Stockpile Emergency Response Program have been in place at BGCA and all Army chemical stockpile storage sites for decades, and history has proven their effectiveness at protecting the workforce and the public.

Question. It is my understanding that Fort Campbell does not have a liaison to help our veterans' transition from the DOD healthcare system to the VA healthcare system like many military bases do, including Fort Knox. Is this true? If so, when can Fort Campbell expect to have a liaison fill this important role?

Answer. The VA Liaison position in question is actually a Department of Veterans Affairs position. Through informal coordination with the VA, DOD has learned that this vacant position has been under recruitment and a selection has been made. The VA is working all the issues of bringing the selected person on board.

Question. Where does the Department rank energy security among its energy policy priorities and why?

Answer. The Quadrennial Defense Review defined "energy security" as "having assured access to reliable supplies of energy and the ability to protect and deliver sufficient energy to meet operational needs." As such, the Department views energy security as the capstone of its energy policy, rather than as one of a list of competing priorities.

QUESTIONS SUBMITTED TO DEREK MITCHELL

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

Question. During the hearing we discussed the many problems associated with the relocation of the U.S. Marines to Guam.

Were the infrastructure shortcomings on Guam evaluated before the decision was made to relocate there?

Answer. The Department understood the infrastructure limitations on Guam would represent a potential constraint of the realignment-related construction and on the long-term sustainability of the relocating Marine forces. The limitations were identified in the 2006 Realignment Roadmap agreement with the Government of Japan. That plan specifically notes that the military build-up on Guam will require improvements in the civil infrastructure of the island. The roadmap agreement states that identifying the specific upgrades or facility improvements required will be part of Joint Guam Military Master Plan.

Question. Were any alternatives to Guam formally evaluated? If no, why not? If yes, what were they and why were they eliminated from consideration?

Answer. As part of the process leading up to the Realignment Roadmap agreement in 2006, the Department conducted a thorough analysis of the full range of U.S. force realignment alternatives in the Asia-Pacific region. In the end, the decision to move the Okinawa-based marines to Guam was made based on operational and political critical and our overall strategic requirements. The Guam relocation is part of a larger force restructuring plan under the Defense Policy Review initiative (DPRI) process. The full realignment package allows us to reposition more than 8,000 marines from Japan to Guam and return nearly 70 percent of the land south of Kadena Air Base, benefiting the people of Okinawa, addressing noise, safety and environmental concerns, and creating a much more sustainable presence for U.S. forces on Okinawa—all without adversely impacting the Alliance's operation needs and capabilities. As a U.S. territory strategically located in the Western Pacific, forward deployment to Guam enables us to meet our treaty and alliance requirements with Japan, allows for a rapid response to potential contingencies, and grants our forces the freedom of action they need to fulfill our commitment to peace and stability in the Asia-Pacific region.

DEPARTMENT OF THE NAVY

STATEMENT OF ROGER M. NATSUHARA, ACTING ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS AND ENVIRONMENT)

ACCOMPANIED BY:

MAJOR GENERAL EUGENE G. PAYNE, JR., ASSISTANT DEPUTY COMMANDANT (INSTALLATIONS AND LOGISTICS)

REAR ADMIRAL CHRISTOPHER J. MOSSEY, DIRECTOR OF SHORE READINESS

Senator HUTCHISON. And now we have our second panel: Mr. Roger Natsuhara, the Acting Assistant Secretary of the Navy; Major General Eugene Payne, the Assistant Deputy Commandant for Installations and Logistics; Rear Admiral Christopher Mossey, the Director of Shore Readiness.

I will start with you. Mr. Natsuhara, let us start with your opening statement.

SUMMARY STATEMENT OF ROGER M. NATSUHARA

Mr. NATSUHARA. Thank you, ma'am. Ranking Member Hutchison, it is a privilege to come before you today to discuss the Department of the Navy's investments in its shore infrastructure. I am joined this morning by Major General Payne, the Marine Corps Assistant Deputy Commandant for Installations and Logistics, and Rear Admiral Mossey, Director of the Navy Shore Readiness Division.

INSTALLATIONS

The Department's fiscal year 2011 budget request includes a \$14.9 billion investment in our installations. The military construction request of \$3.9 billion remains at an historical high.

Our program continues the effort to ensure facilities are in place to support the Marine Corps end strength of 202,100 active duty personnel. We are investing over \$700 million in funding for the construction of unaccompanied housing to support single sailors and marines. These funds support requirements associated with the Marine Corps' Grow the Force initiative and the Chief of Naval Operation's commitment to achieve Homeport Ashore by 2016.

GUAM

The Milcon request also provides further investments to relocate marines from Okinawa to Guam. The projects funded by this level of investment provide enduring infrastructure necessary to enable the construction program for fiscal year 2012 and beyond. The Government of Japan in its fiscal year 2010 budget has requested a comparable amount of \$498 million, and we expect to receive their contribution in June.

Regarding the EIS for the Guam relocation, as it is designed to do, the National Environmental Policy Act process and associated studies are helping us identify and address environmental issues and constraints and develop effective mitigation strategies. To that end, we are currently analyzing all public comments, including those received from other resource agencies, in developing strategies for addressing concerns raised in the final EIS. We are committed to developing effective and appropriate mitigation.

FAMILY HOUSING

The family housing request provides for the recapitalization of overseas housing, as well as additional privatization, to address the Marine Corps Grow the Force initiative.

BASE REALIGNMENT AND CLOSURE

Regarding prior BRAC, we do not foresee much potential for large revenue from land sales. Thus, we again seek appropriate funds in fiscal year 2011 in the amount of \$162 million. The BRAC 2005 budget request of \$342 million supports outfitting, realignment, and closure functions as the necessary construction project for funding in prior years. We are on track for full compliance with statutory requirements by the September 15, 2011 deadline.

ENERGY

Finally, the Department is investing an additional \$174 million to support Secretary Mabus' aggressive energy goals to increase energy security, reduce dependency on fossil fuels, and promote good stewardship of the environment.

PREPARED STATEMENT

In closing, your support of the Department's fiscal year 2011 budget request will ensure the Department is able to build and maintain facilities that enable our Navy and Marine Corps to meet the diverse challenges of tomorrow. Thank you for the opportunity to testify before you today. I look forward to answering any questions you may have.

Senator HUTCHISON. Thank you.

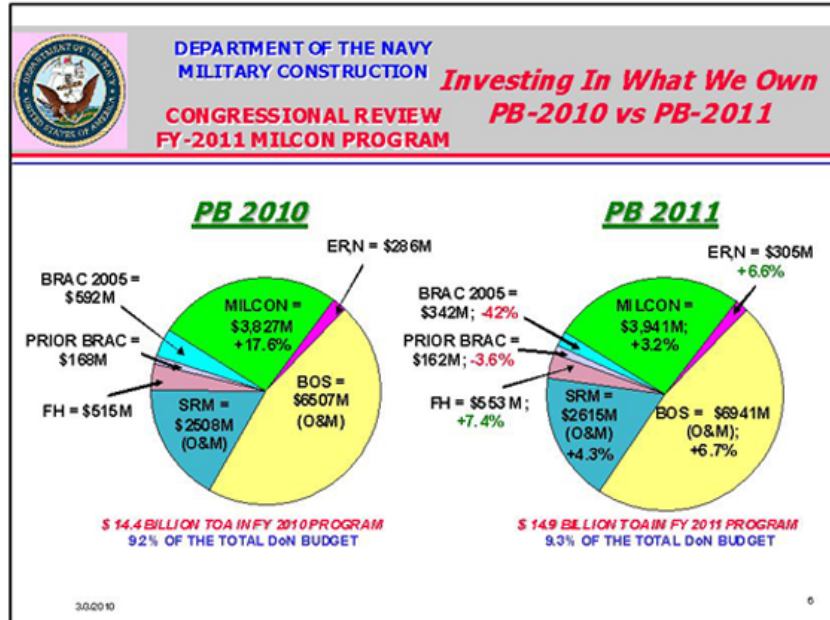
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PREPARED STATEMENT OF ROGER M. NATSUHARA; MAJOR GENERAL EUGENE G. PAYNE; AND REAR ADMIRAL CHRISTOPHER J. MOSSEY

Chairman Johnson, Senator Hutchison, and members of the subcommittee, I am pleased to appear before you today to provide an overview of the Department of Navy's investment in its shore infrastructure.

THE NAVY'S INVESTMENT IN FACILITIES

Our Nation's Navy-Marine Corps team operates globally, having the ability to project power, effect deterrence, and provide humanitarian aid whenever and wherever needed to protect the interests of the United States. Our shore infrastructure provides the backbone of support for our maritime forces, enabling their forward presence. The Department's fiscal year 2011 budget request includes a \$14.9 billion investment in our installations, an increase of over \$450 million from last year.



Our fiscal year 2011 request for Base Operating Support is \$6.9 billion (which includes nearly \$450 million for environmental programs), 6.7 percent greater than last year's request.

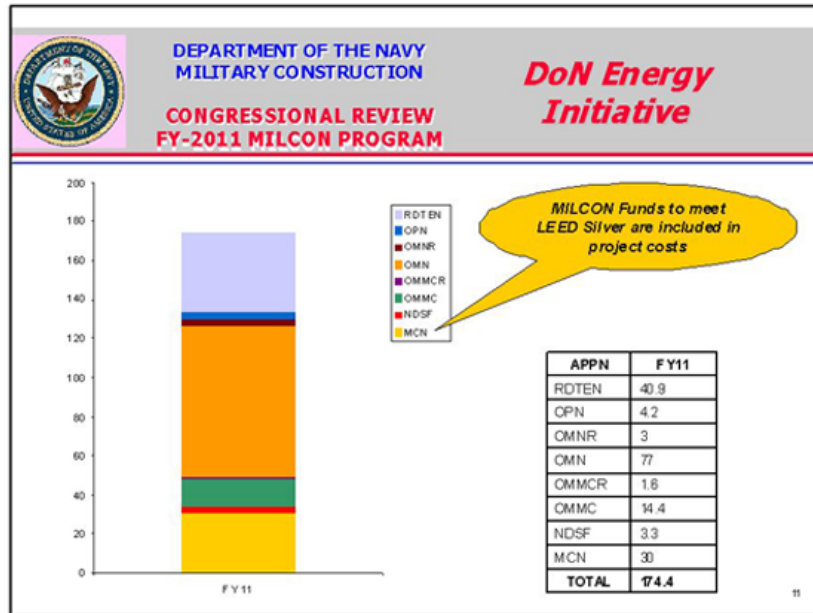
The fiscal year 2011 military construction (active + reserve) request of \$3.9 billion is only slightly larger than fiscal year 2010 request and remains at a historical high. The program continues the effort to ensure facilities are in place to support the Marine Corps' end-strength of 202,100 active duty personnel. It also provides further investments in accordance with the Defense Policy Review Initiative to relocate marines from Okinawa to Guam.

The fiscal year 2011 Family Housing request of \$553 million represents a 7 percent increase from the fiscal year 2010 request. The Navy and Marine Corps have continued to invest in housing, including both the recapitalization of overseas housing as well as additional privatization to address housing requirements. Thus, having virtually privatized all family housing located in the United States, at overseas and foreign locations where we continue to own housing we are investing in a "steady state" recapitalization effort to replace or renovate housing where needed.

Our BRAC program consists of environmental cleanup and caretaker costs at prior BRAC locations, and implementation of BRAC 2005 recommendations.

We do not foresee much potential for large revenue from land sales, which were used to fund the Legacy BRAC program from fiscal year 2005 through fiscal year 2008. Thus, we again seek appropriated funds in fiscal year 2011 in the amount of \$162 million. Should land sale revenue accrue from the disposal of the former Naval Station Roosevelt Roads in Puerto Rico and some other smaller property sales, we will reinvest them to accelerate cleanup at the remaining prior BRAC locations.

The fiscal year 2011 BRAC 2005 budget request of \$342 million supports only outfitting, realignment, and closure functions as the necessary construction projects were funded in prior years. The Department has made significant progress during the past year, and to date has completed 253 of 488 realignment and closure actions as specified in our established business plans and we are on track for full compliance with statutory requirements by the September 15, 2011 deadline.



Finally, the Department's PB 2011 budget request includes an additional \$174 million to support Secretary Mabus' aggressive energy goals to increase energy security, reduce dependency on fossil fuels, and promote good stewardship of the environment. Toward this end, he directed an additional investment of \$1.4 billion be made through the Future Years Defense Program. The PB 2011 program funds three military construction projects to build photovoltaic arrays, continues research and development in operational energy efficiencies for the tactical fleet, and will enable the Services to increase the energy efficiency of its infrastructure.

Here are some of the highlights of these programs.

MILITARY CONSTRUCTION

The DoN's fiscal year 2011 Military Construction program requests appropriations of \$3.9 billion, including \$122 million for planning and design and \$21 million for Unspecified Minor Construction.

The active Navy program totals \$1.1 billion and includes:

- \$399 million to fund 11 Combatant Commander projects: a General Warehouse, a Horn of Africa Joint Operations Center, a base Headquarters Facility, and External Road Paving at Camp Lemonier, Djibouti; an Operations Support Facility, the third phase of the Waterfront Development, and an Ammunition Magazines in Bahrain; a Joint POW/MIA Accounting Command Facility and a Center for Disaster Management/Humanitarian Assistance in Pearl Harbor, Hawaii; a Vehicle Paint Facility at Macdill AFB, Florida; and an Air Traffic Control Tower in Naval Air Station Rota, Spain.
- \$75 million to fund one Bachelor Quarters at Naval Base San Diego, California in support of the elimination of Homeport Ashore deficits by 2016 at the Interim Assignment Policy (2 personnel per room).
- \$101 million to fund four Nuclear Weapons Security projects: a Security Enclave and Waterfront Emergency Power at Submarine Base Kings Bay, Georgia; and Waterfront Emergency Power and Limited Area Emergency Power at Naval Base Kitsap, Washington.
- \$148 million to fund five projects to achieve Initial/Final Operational Capability requirements for new systems: an Aviation Simulator Training Facility at Naval Air Facility Atsugi, Japan; a Broad Area Maritime Surveillance Testing and Evaluation Facility at Naval Air Station Patuxent River, Maryland; a T-6 Capable Runway Extensions at Outlying Landing Fields (OLF) Barin and

- Summerdale, Alabama; a MH-60 R/S Rotary Hangar at Naval Base Coronado, California; and Upgrades to Piers 9/10 at Naval Station Norfolk, Virginia.
- \$196 million to fund additional critical Navy Priorities: an Electromagnetic Sensor Facility at Naval Station Newport, Rhode Island; the second phase of the Agile Chemical Facility at Indian Head, Maryland; a Pier Replacement and Dredging at Naval Base San Diego, CA; a Laboratory Expansion at Naval Base Kitsap, Washington; and a Pier Upgrade at Naval Station Norfolk, Virginia.
 - \$119 million to fund follow-on increments of projects previously incrementally funded by Congress: the final increment of the Limited Area Production and Storage Facility at Naval Base Kitsap, Washington; and the second increment of the Pier 5 Recapitalization at Norfolk Naval Shipyard, Virginia.
 - \$57 million for planning and design efforts.
- The active Marine Corps program totals \$2.8 billion of which \$1.25 billion is for Grow the Force and \$452 is for design and construction to support the relocation of marines to Guam.
- \$630 million for the construction of unaccompanied housing at Camp Pendleton, Twentynine Palms, Hawaii, Cherry Point, Camp Lejeune, and Quantico in a continuation of the Commandant of the Marine Corps' initiative to improve the quality of life for single marines;
 - \$74 million to provide quality of life facilities such as dining facilities and physical fitness centers at Beaufort, Hawaii, and Camp Lejeune;
 - \$56 million to construct student billeting for the Basic School in Quantico, Virginia;
 - \$357 million to build infrastructure to support new construction. These projects include communications upgrades, electrical upgrades, natural gas systems, drinking and wastewater systems. These projects will have a direct effect on the quality of life of our marines. Without these projects, basic services generally taken for granted in our day-to-day lives, will fail as our marines work and live on our bases;
 - \$781 million to fund operational, maintenance, and storage support projects such as those needed for the MV-22 aircraft at New River and Miramar and Joint Strike Fighter at Yuma; and operational units in Camp Lejeune, Cherry Point, Camp Pendleton, and Hawaii;
 - \$195 million to provide training facilities for aviation units at Camp Pendleton, Beaufort, and Yuma;
 - \$50 million to support professional military education by providing facilities at Marine Corps University in Quantico;
 - \$25 million to provide encroachment control at Beaufort and Bogue Field;
 - \$30 million to provide military construction-funded photovoltaic power plants at Camp Pendleton, San Diego, and Camp Lejeune;
 - \$75 million to support on- and off-load equipment operations at Blount Island;
 - \$427 million for facilities necessary to support the relocation of marines to Guam; and
 - \$64 million for planning and design efforts.

With these new facilities, marines will be ready to deploy and their quality of life will be enhanced. Without them, quality of work, quality of life, and readiness for many marines will have the potential to be seriously degraded.

The Navy and Marine Corps Reserve Military Construction appropriation request is \$61 million, including \$2 million for planning and design efforts, to construct a Reserve Training Facility at Yakima, Washington, a Vehicle Maintenance Facility at Twenty-Nine Palms, California, a Joint Air Traffic Control Tower at Joint Reserve Base New Orleans, Louisiana, and an Ordnance Cargo Logistics Training Complex at Naval Weapons Station Yorktown, Virginia.

FULLY FUNDED AND INCREMENTALLY FUNDED MILCON PROJECTS

Our fiscal year 2011 budget request complies with Office of Management and Budget Policy and the DOD Financial Management Regulation that establishes criteria for the use of incremental funding. The use of incremental funding in this budget has been restricted to the continuation of projects that have been incrementally funded in prior years. Otherwise, all new projects are fully funded or are complete and usable phases. However, as the cost of complex piers and utilities systems rise above the \$100 million and even \$200 million threshold, compliance with the full-funding policy drives both Services to make hard choices regarding which other equally critical projects must be deferred into the next year.

FACILITIES MANAGEMENT

Facilities Sustainment, Restoration and Modernization (SRM)

The Department of Defense uses a Sustainment model to calculate life cycle facility maintenance and repair costs. These models use industry-wide standard costs for various types of buildings and geographic areas and are updated annually. Sustainment funds in the Operation and Maintenance accounts are used to maintain facilities in their current condition. The funds also pay for preventative maintenance, emergency responses for minor repairs, and major repairs or replacement of facility components (e.g. roofs, heating and cooling systems). The fiscal year 2011 budget request funds sustainment at 92 percent and 90 percent for the Navy and Marine Corps, respectively. For Navy, funding includes Joint Basing investments which requirements have yet to transfer. Once they do, the rate will revert to 90 percent.

Restoration and modernization (R&M) provides major upgrades of our facilities using Military Construction, Operation and Maintenance, Navy Working Capital Fund, and BRAC, as applicable. Although OSD has determined a condition-based model ("Q-ratings") is the best approach to prioritize funding, establishing metrics has been challenging. Nonetheless, in fiscal year 2011, the Department of Navy is investing nearly \$1.3 billion in R&M funding.

Encroachment Partnering

The Department of the Navy has an aggressive program to manage and control encroachment, with a particular focus on preventing incompatible land use and protecting important natural habitats around installations and ranges. A key element of the program is Encroachment Partnering (EP), which involves cost-sharing partnerships with States, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges. Encroachment Partnering Agreements help prevent development that would adversely impact existing or future missions. These agreements also preserve important habitat near our installations in order to relieve training or testing restrictions on our bases. The program has proven to be successful in leveraging Department of Defense and Department of Navy resources to prevent encroachment.

For fiscal year 2009, the Navy acquired restrictive easements over 3,091 acres. The acquisitions were funded by \$7.1 million from the Department of Defense Readiness and Environmental Protection Initiative (REPI) program, \$2 million of Navy funds, and \$9.25 million from the encroachment partners. The Marine Corps during fiscal year 2009 acquired easements over 1,777 acres. These acquisitions were funded by \$7.7 million from REPI, \$6.2 million from Navy funds, and \$7.2 million from the encroachment partners. The encroachment program has successfully initiated restrictive easement acquisitions at 13 Navy installations and 7 Marine Corps installations.

Compatible Development

Vital to the readiness of our Fleet is unencumbered access to critical water and air space adjacent to our facilities and ranges. An example is the outer continental shelf (OCS) where the vast majority of our training evolutions occur. The Department realizes that energy exploration and off-shore wind development play a crucial role in our Nation's security and are not necessarily mutually exclusive endeavors. Therefore, we are engaging with the other services, the Secretary of Defense's office, and the Department of Interior to advance the administration's energy strategy. We are poised to coordinate with commercial entities, where feasible, in their exploration and development adjacent to installations and our operating areas along the OCS that are compatible with military operations. However, we must ensure that obstructions to freedom of maneuver or restrictions to tactical action in critical range space do not measurably degrade the ability of naval forces to achieve the highest value from training and testing.

The Department of the Navy has an aggressive program to manage and control encroachment, with a particular focus on preventing incompatible land use and protecting important natural habitats around installations and ranges. A key element of the program is Encroachment Partnering (EP), which involves cost-sharing partnerships with States, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges. The Department prevents development that is incompatible with the readiness mission, and our host communities preserve critical natural habitat and recreational space for the enjoyment of residents. Navy and Marine Corps have ongoing EP agreements at 14 installations and ranges nationwide, with additional agreements and projects planned in fiscal year 2010. EP has been a highly effective tool for ad-

addressing encroachment threats from urban development and is a win-win for the Department and our host communities.

In fiscal year 2008, Navy and Marine Corps completed partnership acquisitions on 16,662 acres. Funding for those purchases of land and easements included a combined contribution from DOD and DoN of \$11.72 million, which was matched by similar investments from partner organizations. In fiscal year 2009, Navy and Marine Corps received an additional \$19.78 million from the DOD Readiness and Environmental Protection Initiative program, which will be combined with funding from the Department and our partner organization.

ENERGY REFORM

The Department of the Navy (DoN) is committed to implementing a balanced energy program that exceeds the goals established by the Energy Independence and Security Act of 2007, Energy Policy Act of 2005, National Defense Authorization Act of 2007 and 2010, Executive Orders 13423 and 13514. We place a strong emphasis on environmental stewardship, reducing overall energy consumption, increasing energy reliability, and reducing our dependence on fossil fuels. The Department is a recognized leader and innovator in the energy industry by the Federal Government and private sector as well. Over the past 9 years, DoN has received 28 percent of all of the Presidential awards and 30 percent of all of the Federal energy awards. Additionally, DoN has received the Alliance to Save Energy “Star of Energy Efficiency” Award and two Platts “Global Energy Awards” for Leadership and Green Initiatives.

Organization and Commitment

Increased Energy Efficiency is a Department of Defense (DOD) High Priority Performance Goal. Moreover, the Secretary of the Navy (SECNAV) is whole-heartedly committed to the energy effort and it is one of his top three initiatives for the Department. The Secretary established a Deputy Assistant Secretary of the Navy for Energy (DASN-Energy) to consolidate the Department’s operational and installation energy missions. The consolidation of both operational and installation energy portfolios under one director is unique to the Department of the Navy. The DASN-Energy will be a career member of the Senior Executive Service who will report directly to the ASN (I&E) and will be able to coordinate across the Department to develop overarching policy, provide guidance, oversee the continued development of new ideas and align existing programs. In turn, each of the Services has established an energy management office to implement the Secretary’s guidance. Within the Chief of Naval Operations (CNO) organization, a Navy Energy Coordination Office (NECO) was established to develop and institutionalize the Navy’s Energy Strategy. Within the Commandant of the Marine Corps (CMC) organization, an Expeditionary Energy Office was established to drive energy efforts and initiatives within the expeditionary forces on the ground in theater.

From the secretary down to the deck plate sailor and the marine in the field, the Department is committed to meeting our aggressive energy goals. We all view energy as an invaluable resource that provides us with a strategic and operational advantage.

Energy Goals

The key statutory and regulatory goals relevant to installation energy consumption require the following:

- Reduce energy intensity (BTUs per square foot) by 3 percent per year, or 30 percent overall, by 2015 from the 2003 baseline [Energy Independence and Security Act of 2007, or EISA] [this includes an 18 percent reduction by the end of fiscal year 2011 in accordance with DOD’s High Priority Performance Goals in the President’s Budget];
- Increase use of renewable energy to 7.5 percent in 2013 and beyond (Energy Policy Act of 2005, or EPACT); and produce or procure 25 percent of all electric energy from renewable sources by the end of 2025 [National Defense Authorization Act of 2007] [this includes the DOD’s High Priority Performance Goal of 14.3 percent by 2011]; and
- Reduce consumption of petroleum (gasoline and diesel) by non-tactical vehicles by 30 percent by 2020 [Executive Order 13514, October 2009].

However, in October of 2009, Secretary Mabus established far more aggressive goals for the Department. For installations, he directed that 50 percent of our shore energy will come from alternative sources and that by 2015 the Department will reduce fleet vehicle petroleum usage by greater than 50 percent. Based on these ambitious energy goals, we are developing our strategic roadmap and a set of energy directives that will provide guidance and direction to the Navy and Marine Corps. We

are also developing baseline metrics, milestones, tools and methodologies to measure and evaluate progress towards meeting the Secretary's goals. Additionally, we are documenting our past and current energy use for tactical platforms and shore installations. We are making investments, allocating resources, developing possible legislation, institutionalizing policy changes, creating public-private partnerships, and pursuing technology development required to meet these goals. These investments will include \$28.23 million in Energy Conservation Investment Program (ECIP) projects, which have a savings to investment ratio of 2.94.

HOUSING

The following tenets continue to guide the Department's approach to housing for sailors, marines, and their families:

- All service members, married or single, are entitled to quality housing; and
- The housing that we provide to our personnel must be fully sustained over its life.

A detailed discussion of the Department's family and unaccompanied housing programs, and identification of those challenges, follows:

FAMILY HOUSING

As in past years, our family housing strategy consists of a prioritized triad:

—*Reliance on the Private Sector.*—In accordance with longstanding DOD and DoN policy, we rely first on the local community to provide housing for our sailors, marines, and their families. Approximately three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent homes in the community. We determine the ability of the private sector to meet our needs through the conduct of housing market analyses that evaluate supply and demand conditions in the areas surrounding our military installations.

—*Public/Private Ventures (PPVs).*—With the strong support from this Committee and others, we have successfully used PPV authorities enacted in 1996 to partner with the private sector to help meet our housing needs through the use of private sector capital. These authorities allow us to leverage our own resources and provide better housing faster to our families. Maintaining the purchasing power of BAH is critical to the success of both privatized and private sector housing.

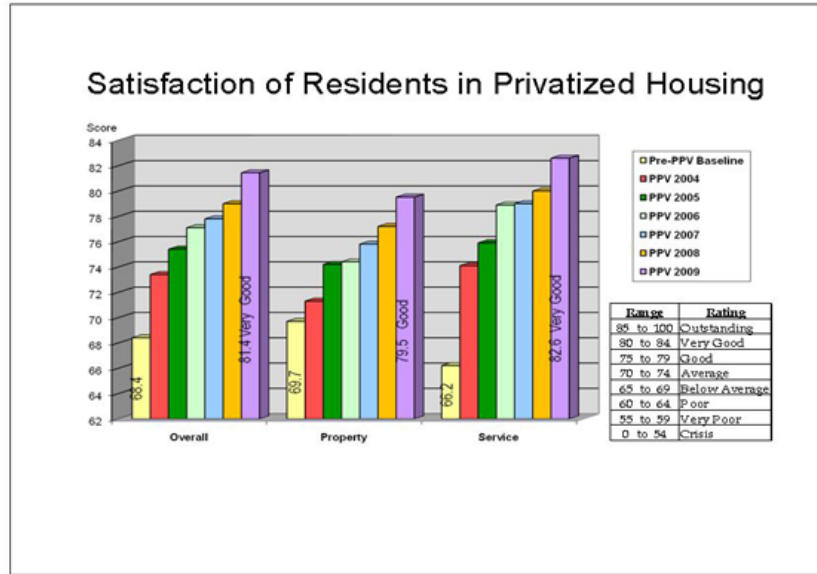
—*Military Construction.*—Military construction (Milcon) will continue to be used where PPV authorities don't apply (such as overseas), or where a business case analysis shows that a PPV project is not feasible.

Our fiscal year 2011 budget includes \$186 million in funding for family housing construction, improvements, and planning and design. This amount includes \$107 million for the Government investment in continued family housing privatization at Marine Corps Bases Camp Pendleton, California and Camp Lejeune, North Carolina. The request for Camp Lejeune includes funding for an addition to a Department of Defense school. It also includes \$76 million for the replacement or revitalization of Navy and Marine Corps housing, primarily in Japan and Cuba where the military housing privatization authorities do not apply. Finally, the budget request includes \$366 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory.

As of the end of fiscal year 2009, we have awarded 33 privatization projects involving over 62,000 homes. These include over 42,000 homes that will be constructed or renovated. (The remaining homes were privatized in good condition and did not require any work.) Through the use of these authorities we have secured approximately \$9 billion in private sector investment from approximately \$900 million of our funds, which represents a ratio of over nine private sector dollars for each taxpayer dollar.

While the military housing privatization initiative has been overwhelmingly successful, we can continue to work with our partners to address challenges associated with current economic conditions. In some cases, projects may need to be restructured to better match supply with demand and to ensure that the housing will continue to be sustained and recapitalized over the long term.

Perhaps the most important measure of success of our privatization program has been the level of satisfaction on the part of the housing residents. To gauge their satisfaction, we used customer survey tools that are well established in the marketplace. As shown in the following chart, the customer surveys indicate a steady improvement in member satisfaction after housing is privatized.



Unaccompanied Housing

Our budget request includes over \$700 million in funding for the construction of unaccompanied housing to support single sailors and marines. This includes over \$600 million of funding to support requirements associated with the Marine Corps “Grow the Force” initiative and to continue implementation of the Commandant of the Marine Corps program to construct sufficient housing so that no more than two single marines are required to share a sleeping room. The budget request also includes \$75 million to support the Chief of Naval Operations commitment to achieve the Navy’s “Homeport Ashore” objective by 2016.

The following are areas of emphasis within the Department regarding housing for single sailors and marines:

—*Provide Homes Ashore for Our Shipboard Sailors.*—The Homeport Ashore initiative seeks to provide a barracks room ashore whenever a single sea duty sailor is in his or her homeport, so they need not live on the ship. The Navy has made considerable progress towards achieving this goal through military construction, privatization, and intensified use of existing barracks capacity. The Chief of Naval Operations is committed to providing housing ashore for all junior sea duty sailors by 2016 at the Interim Assignment Policy standard (55 square feet of space per person). The Navy’s long term goal is to achieve the OSD private sleeping room standard (90 square feet per person).

—*Commandant’s BEQ Initiative.*—It is the Commandant of the Marine Corps’ priority to ensure single marines are adequately housed. Thanks to your previous support of this initiative, the Marine Corps will make significant progress toward fulfilling this priority. Milcon funding since fiscal year 2008 for the Marine Corps barracks initiative will result in the construction of approximately 19,800 new permanent party spaces at multiple Marine Corps installations. Your continued support of this initiative in our fiscal year 2011 proposal will allow us to construct an additional 5,000 new permanent party barracks spaces. With this funding we will stay on track to meet our 2014 goal. The fiscal year 2011 request for bachelor housing will provide 13 barracks projects at Camp Lejeune and Cherry Point, North Carolina, Twenty-Nine Palms, and Camp Pendleton, California, Hawaii, and Quantico, Virginia. We are also committed to funding the replacement of barracks’ furnishings on a 7-year cycle as well as the repair and maintenance of existing barracks to improve the quality of life of our marines. These barracks will be built to the 2+0 room configuration, as have all Marine Corps barracks since 1998. This is consistent with the core Marine Corps tenets for unit cohesion and teambuilding.

Unaccompanied Housing Privatization

The Navy has also executed two unaccompanied housing privatization projects using the pilot authority contained in section 2881a of title 10, United States Code. In March we cut the ribbon on the Pacific Beacon project in San Diego. Pacific Beacon includes 258 conveyed units targeted for unaccompanied E1–E4 sea duty sailors and 941 newly constructed dual master suite units targeted for E4–E6 sailors.

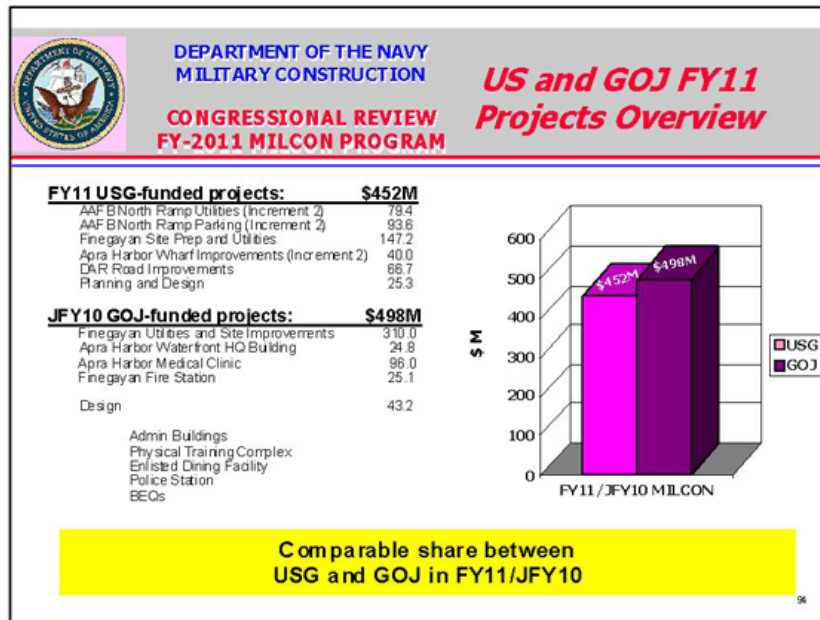
The second unaccompanied housing privatization project is in Hampton Roads (executed in December 2007) and included the conveyance of 723 units in seven buildings on Naval Station and Naval support Activity Norfolk and the construction of 1,190 dual master suite units. The last units are scheduled for completion in 2010.

With these two pilot projects, we have secured approximately \$600 million in private sector investment from approximately \$80 million of our funds, which represents a ratio of over seven private sector dollars for each taxpayer dollar.

Based on resident surveys, the residents of privatized unaccompanied housing at both San Diego and Hampton Roads are very satisfied with service received from the privatization partner as well as the condition of the units. San Diego won an industry award for excellence in providing customer satisfaction.

RELOCATING THE MARINES TO GUAM

The fiscal year 2011 budget request includes \$452 million to design and construct facilities in support of the relocation. The projects funded by this level of investment provide the horizontal infrastructure (utilities, site improvements, etc.) necessary to enable the vertical construction programmed for fiscal year 2012 and beyond. The Government of Japan, in its J-fiscal year 2010 budget (which runs April 1, 2010 through March 31, 2011) has requested a comparable amount of \$498 million and we expect to receive their contribution in June. The graph at left identifies the projects each funding stream constructs.



The Marine Corps relocation, along with other DOD efforts to realign forces and capabilities to Guam, represents a unique opportunity to strategically realign the U.S. force posture in the Pacific for the next 50 years. This is a major effort and one we must get right. The Department of Defense recognizes that the condition of Guam’s existing infrastructure could affect both our ability to execute the program schedule and quality of life on the island. If the issues surrounding existing infrastructure and other major social issues impacting Guam are left unaddressed by the Federal Government in this strategic realignment, we risk creating disparity between conditions on- and off-base, losing the support of the people of Guam, and ad-

versely affecting our ability to achieve our mission. The Department of Defense is committed to ensuring this does not happen, and is leading the effort to coordinate an interagency “whole-of-government approach” to solve Guam’s many issues. Our strategy is to identify options that will support DOD missions, provide the widest possible benefit to the people of Guam, be technically and financially supportable by utilities providers and rate payers, and be acceptable to Government of Guam and regulatory officials. DOD recently held a meeting of the Economic Adjustment Committee (EAC) as recommended in a recent Government Accountability Office review, to discuss with Federal agencies and departments a plan for identifying and addressing Guam’s priority needs.

Construction capacity studies, assessments of socioeconomic impacts, and the development of the Environmental Impact Statement (EIS) have demonstrated that, in particular, Guam’s road network, commercial port, and utilities systems are in need of upgrades. DOD is contributing to funding upgrades to the island’s public roadways, bridges and intersections through the Defense Access Road (DAR) program. Road improvement projects have been certified by Transportation Command’s Surface Deployment and Distribution Command under the DAR program for fiscal year 2011, following up on the projects funded in fiscal year 2010. Existing deficiencies in the island’s road system and long-term traffic impacts due to the projected population increase are being considered in partnership between Guam Department of Public Works and the U.S. Federal Highway Administration. These efforts are occurring in parallel in order to ensure compatibility and mutual benefit to DOD and the Guam community.

The commercial port, which is vital to this isolated island community, has not undergone any major improvements since it began operations 40 years ago. The port requires near and long-term improvements to support the military buildup and future community growth. The Port Authority of Guam (PAG) and the U.S. Maritime Administration (MARAD) signed a memorandum of understanding to improve the port by developing an adequate master plan and implementation of a Capital Improvement Plan. These plans will develop the port into a regional shipping hub that will serve both military and civilian needs in the region in the long term. With recommended upgrades and improvements to materials-handling processes, the Port of Guam should be able to accommodate throughput to sustain the expected \$1.5–2.0 billion per year in construction volume. DOD, MARAD, PAG, the Government of Guam, and Federal agencies are currently working to identify a funding source which could support the near-term improvements required at the port.

Of the total \$6.09 billion Japanese commitment included in the Realignment Roadmap, \$740 million is for developing electric, potable water, sewer, and solid waste infrastructure in support of the relocating Marine Corps forces. Analysis of utilities options indicates that developing new, stand-alone systems will not be cost-effective. DOD is collaborating with Guam’s utilities providers to understand their needs and to determine the feasibility of water, wastewater, solid waste and power solutions that are mutually beneficial and acceptable to DOD, the civilian community and the regulatory agencies. We are actively working with Guam’s Consolidated Commission on Utilities and utilities providers (Guam Power Authority, Guam Water Authority), Guam EPA, and U.S. EPA to develop the best technical solutions for utilities systems and facilities. Specific to wastewater, Guam’s current system requires upgrades to both increase its capacity and to meet standards for primary and secondary treatment. These upgrades are critical enablers to the construction program and we are anticipating funding from Japan to meet these requirements. We are also working with the Department of Interior, U.S. EPA, and the Department of Agriculture on potential funding opportunities using a whole-of-government approach to addressing island-wide utilities solutions.

DOD’s Office of Economic Adjustment (OEA) has provided the Government of Guam with grants totaling more than \$10 million to support environmental, financial and planning studies; staffing; and community outreach programs.

We will seek to maximize opportunities for U.S. workers, including the existing workforce on Guam. Nonetheless, we recognize the potential for significant socioeconomic effects on Guam with the introduction of off-island workers who will support the construction program. In order to minimize negative effects, we worked closely with the Government of Guam, Federal agencies, and other stakeholders to develop requirements which would mitigate environmental and social impacts associated with the anticipated influx of off-island construction workers. Our acquisition strategy includes contract provisions requiring contractors to provide concrete, feasible plans and resources to mitigate potential socioeconomic impacts. In awarding construction contracts a workforce management plan, is one of three major technical factors in the source selection criteria.

Among the areas we are evaluating in the workforce management source selection criteria are management of medical, housing, dining, transportation, and security for workers, taking into account potential long-term positive side benefits that different solutions may have for the Guam community.

Environmental Impact Statement

As it is designed to do, the National Environmental Policy Act (NEPA) process and associated studies are helping us identify and address environmental issues and constraints and develop effective mitigation strategies. A key milestone to executing the realignment within the targeted timeframe is achieving a Record of Decision on a schedule that allows for construction to begin in fiscal year 2010. The target for a Record of Decision is August 2010. On November 20, 2009, we released the Draft EIS for public review with a 90-day comment period. This comment period, which was twice the amount of time required under NEPA, was used because we were committed to ensuring that all interested parties have full opportunity to review and provide comment on the DEIS. We realize there are significant and complicated issues that need to be studied in preparing the Final EIS and reaching a Record of Decision (ROD) on the realignment effort. We also recognize the interests of the public need to be protected. However, we remain on an aggressive schedule to finish the Final EIS by the summer of 2010, with ROD following. Other agencies have identified significant issues, including the potential long-term impacts to environmental resources, that we are analyzing along with all other comments received. To that end, we are currently analyzing all public comments including those received from other resource agencies and developing strategies for addressing concerns raised in the Final EIS. We are committed to developing effective and appropriate mitigation. Additionally, we will continue to meet with resource agencies as we have done throughout the development of the EIS to elevate and resolve several technical and policy issues. We will share with the Congress significant issues that emerge during the process of developing the final EIS.

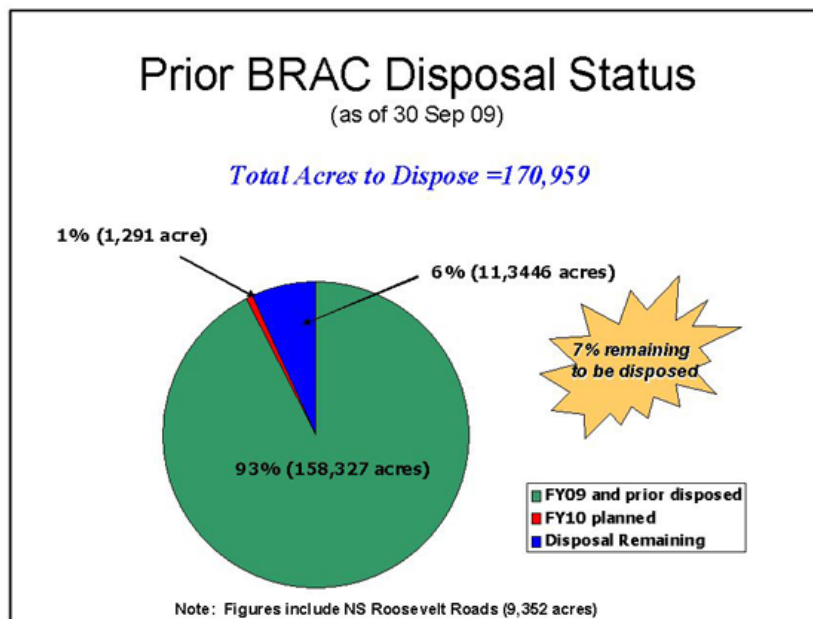
PRIOR BRAC CLEANUP AND PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic installation footprint and generating savings. All that remains is to complete the environmental cleanup and property disposal on portions of 16 of the original 91 bases and to complete environmental cleanup, including long term monitoring at 22 installations that have been disposed.

Property Disposal

We disposed of 154 acres of real property in fiscal year 2009, for a total of 93 percent of real property disposed in the first four rounds of BRAC. We continue to use the variety of the conveyance mechanisms available for Federal Property disposal, including the Economic Development Conveyance (EDC) that was created for BRAC properties. Of the real property the Department has disposed, 91 percent of this property was conveyed at no cost. From the remaining 9 percent of conveyed property, the Department has received over \$1.1 billion in land sale revenues. We have used these funds to accelerate environmental cleanup and were able to finance the entire DON Prior BRAC effort, from fiscal year 2005 through fiscal year 2008.

Future opportunities for land sale revenues, however, are very limited, and we continue our request for appropriated funds in fiscal year 2011. Our budget request of \$162 million will enable us to continue disposal actions and meet the minimum legal requirements for environmental clean up.



Prior BRAC Environmental Cleanup

The Department has now spent about \$4.3 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through fiscal year 2009. Our remaining environmental cost to complete for fiscal year 2010 and beyond is approximately \$1.4 billion. This includes \$160 million cost growth which is due in part to additional munitions cleanup at Naval Air Facility Adak, AK and Naval Shipyard Mare Island, CA, clean up at Naval Station Roosevelt Roads, Puerto Rico, and additional long term monitoring program-wide. The increase is also associated with additional radiological contamination at Naval Station Treasure Island, CA, Naval Air Station Alameda, CA, and Naval Shipyard Mare Island, CA.

Naval Station Treasure Island, CA

We would like to highlight a breakthrough on negotiations for the EDC of Naval Station Treasure Island. Negotiations had been ongoing with the city since 2007. Due to the disparity of the DON and City valuations, many compensation options were reviewed to convey the property while still obtaining Fair Market Value (FMV). The Navy had previously offered deferred compensation and percentages of gross revenue. The city had offered profit participation subordinate to a guaranteed return to developers. With adoption of language in the fiscal year 2010 National Defense Authorization Act, Congress enacted new EDC language that allows flexibility in transfer terms for EDCs including accepting profit participation structures.

Utilizing this authority, we were able to announce in December that an agreement in principle was reached with the City of San Francisco to convey 996 acres of the former Naval Station Treasure Island. The agreement guarantees \$55 million to the Navy paid over 10 years with interest and an additional \$50 million paid once the project meets a return of 18 percent. Then after an additional 4.5 percent return to investors (22.5 percent total), the Navy would receive 35 percent of all proceeds. This deal represents a unique opportunity to spur development, while still providing a guaranteed payment to the Navy as well as a share in the benefit of what both the City and the Navy expect to be a successful redevelopment and job generating project.

The environmental cleanup of Treasure Island is nearing completion. Once the City finalizes California Environmental Quality Act documentation and approvals with the Board of Supervisors in late 2010 or early 2011, we will be in position for the clean transfer of more than 75 percent of the base. The remaining cleanup includes the continued treatment of two small groundwater plumes and removal of

low level radioactive contamination. These projects and the remaining transfer are expected to be complete well before the land is needed for subsequent phases of the redevelopment project.

BRAC 2005 IMPLEMENTATION

The Department has made significant progress during the past year, and to date has completed 253 of 488 realignment and closure actions as specified in our established business plans. A number of construction projects have already been completed or are well on their way. The PB 2011 budget request of \$342 million will enable us to continue outfitting buildings, realigning functions, and closing bases in accordance with our business plans. Although all 59 of Department of the Navy-led business plans have already been approved, four additional plans with Navy equity led by other services have been approved. Thus, the Department's BRAC 2005 Program is on track for full compliance with statutory requirements by the September 15, 2011 deadline.

Accomplishments

In total, the Department has awarded 105 of 117 BRAC construction projects with a combined value of \$1.8 billion. The final 12 projects worth approximately \$303 million are on schedule for award this year. Some noteworthy achievements include:

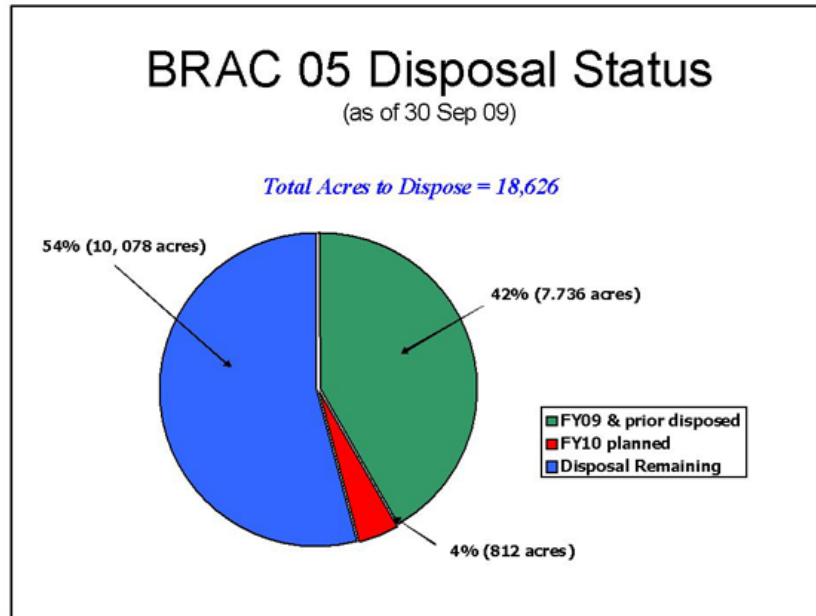
- Seven BRAC construction projects, programmed at \$211 million, have been awarded and are under construction at Joint Base McGuire-Dix-Lakehurst, NJ. This work supports the relocation of units, aircraft, and equipment from the closure of Naval Air Station Joint Reserve Base Willow Grove, PA. The Navy supported the full operational capability of Joint Base McGuire-Dix-Lakehurst and successfully transferred all Navy real property in September 2009.
- Construction projects valued at over \$100 million have been awarded to support the Consolidation of Correctional Facilities into Joint Regional Correctional Facilities. New level II (Medium Security) correctional facilities are being constructed at Miramar, CA and Chesapeake, VA and an addition to the Navy's Brig in Charleston, SC is underway.

Land Conveyances and Lease Terminations

By the end of fiscal year 2009, the Department disposed of 42 percent¹ of the property that was slated for closure in BRAC 2005. These disposal actions were completed via a combination of lease terminations, reversions, public benefit conveyances, and Federal and DOD agency transfers. Of interest for fiscal year 2009 is the complete disposal of Naval Air Station Atlanta. Thirty seven acres were returned to the Air Force and 107 acres were transferred to the Army for use by the Georgia National Guard. Last year we also disposed of the Navy Reserve Center in Orange, TX for use by the community as a port facility.

The most significant action we have planned for 2010 is the reversion of the main base at Naval Station Ingleside, TX. We have been working closely with the Port of Corpus Christi to complete this action by the end of April, when the base will operationally close, 5 months earlier than planned. The 2010 Plan also includes transfer of real property at Naval Air Station Brunswick, the Navy Marine Corps Reserve Center Tacoma, WA, the Inspector Instructor Facility Rome, GA, and the last parcel at Navy Reserve Center Duluth, MN.

¹The percent disposed is lower than stated last year as we added over 300 acres to the amount to be disposed due to property becoming available at NS Newport and completion of legal surveys over the past year.



Naval Support Activity New Orleans, LA

Construction for the new building that will house Headquarters, Marine Forces Reserve and Marine Corps Mobilization Command is well underway in the future Federal City. To support the closure of Naval Support Activity New Orleans and the relocation of base operating support and tenant activities to Naval Air Station Joint Reserve Base New Orleans, nine construction projects have been completed and another five are on-going.

Naval Air Station Brunswick, ME

The Department's largest BRAC 2005 operational action will close Naval Air Station Brunswick, ME, and consolidate the East Coast maritime patrol operations in Jacksonville, FL. The newly constructed hangar in Jacksonville, FL, completed in May 2009, is now home to all five relocated P-3 squadrons. It will also support the future transition to the P-8 Poseidon aircraft. Runway operations in Brunswick ceased in February 2010.

Naval Air Station Joint Reserve Base Willow Grove, PA

In 2007, legislation was enacted directing the Department to transfer Naval Air Station Joint Reserve Base Willow Grove, PA to the Air Force, who would then convey property to the Commonwealth of Pennsylvania for the operation of a Joint Interagency Installation. Since that time the Department and the Air Force have worked with the Commonwealth on the actions required to implement the transfer of real property.

In November 2009, Governor Rendell of the Commonwealth of Pennsylvania informed the Secretary of Defense that the Commonwealth would no longer pursue the Joint Interagency Installation because of fiscal constraints. Based on that decision, the closure of Naval Air Station Joint Reserve Base Willow Grove will follow the established reuse planning process. To that end, the Department has initiated Federal Screening with other DOD and Federal agencies and is working with the LRA, Horsham Township, on its reuse planning efforts.

Joint Basing

All four Joint Base Memorandums of Agreement (MOAs) where the Department is the lead component have now been approved. The MOA for each joint base defines the relationships between the components, and commits the lead component to deliver installation support functions at approved common standards. Resources including funding, personnel, and real property transfer to the lead component. The

MOAs are reviewed annually for mission, manpower, and financial impacts and any needed resource adjustments. Joint Basing has two implementation phases. Phase I installations—Little Creek-Fort Story and Joint Region Marianas—reached full operational capability in October 2009, and Phase II installations—Anacostia-Bolling and Pearl Harbor-Hickam—are planned for October 2010.

Environmental Cost To Complete and Financial Execution

The Department's remaining environmental liabilities for BRAC 2005 are substantially less than in previous rounds of BRAC given the relatively few number of closures, the absence of major industrial facilities, and the extensive site characterization, analysis, and cleanup that has occurred over the last several decades. Over the last year, we spent \$8 million in cleanup at BRAC 2005 locations. The majority of this funded environmental activities at Naval Air Station Brunswick, ME and Naval Weapons Station Seal Beach Detachment Concord, CA. Our remaining environmental cost to complete for fiscal year 2010 and beyond is \$103 million.

The Department is achieving an execution rate of our fiscal year 2006–2009 funds of nearly 90 percent. We have realized bid savings on some construction projects and have primarily used these savings to offset other construction project increases.

Challenges

We are scheduled to meet the September 15, 2011 deadline and will continue to manage ongoing construction, outfitting and relocation efforts closely. Many of our construction projects require either special certifications or accreditations before occupancy to include DOD Explosive Safety Board approvals, accreditation of correctional facilities or certification of Sensitive Compartmented Information Facilities within constructed facilities.

We plan to continue to work closely with the other military services and defense agencies on complex relocation actions that require close coordination. While they remain on track for timely completion, we must maintain effective and continuous coordination to succeed.

MEETING THE CONSTRUCTION EXECUTION CHALLENGE

While our investment in infrastructure continues at a record breaking level, the Naval Facilities Engineering Command (NAVFAC) has demonstrated its ability to accomplish the program, and more. The Command's execution rate for fiscal year 2009 was nothing short of phenomenal; particularly considering it awarded the majority of the additional \$1.8 billion American Recovery and Reinvestment Act program by the end of the calendar year while maintaining an execution rate of 90 percent for the regular program. Only 10 ARRA projects remain to be awarded, including the new Naval Hospital at Camp Pendleton, CA.

NAVFAC has a comprehensive acquisition strategy for executing the Guam realignment program, with plans to award three separate small business Multiple Award Construction Contracts (MACCs) and two MACCs for unrestricted competition. A Small Business MACC will be awarded this Spring, a Small Business 8(A) MACC will be solicited in March, and a HUBZONE MACC has been awarded. Additionally, there will be an unrestricted competitively bid MACC for U.S. funded projects, with another MACC planned for Japanese funded construction. Using smart acquisition strategies and leveraging resources across the enterprise, NAVFAC is fully capable of meeting the demand for its services.

CONCLUSION

Our Nation's Sea Services continue to operate in an increasingly dispersed environment to support the Maritime Strategy and ensure the freedom of the seas. We must continue to transform and recapitalize our shore infrastructure to provide a strong foundation from which to re-supply, re-equip, train, and shelter our forces. With your support of the Department's fiscal year 2011 budget request, we will be able to build and maintain facilities that enable our Navy and Marine Corps to meet the diverse challenges of tomorrow.

Thank you for the opportunity to testify before you today. I look forward to working with you to sustain the war fighting readiness and quality of life for the most formidable expeditionary fighting force in the world.

Senator HUTCHISON. General Payne.

General PAYNE. Senator, in that you have our written statement, I just want to thank you for your steadfast support and the opportunity to be here today. And I look forward to your questions.

Senator HUTCHISON. Thank you.

General PAYNE. Yes, ma'am.

Senator HUTCHISON. Admiral Mossey.

Admiral MOSSEY. Senator, I would echo what General Payne said. Thank you for the subcommittee's support and I am ready to answer any questions you may have.

GUAM

Senator HUTCHISON. Okay. I think I am going to focus on Guam because that is clearly, I think, the most current issue that we have.

Mr. Natsuhara, last year Congress provided \$300 million for the Guam relocation project, and this year's request is \$452 million. Are the fiscal year 2010 projects currently on hold?

Mr. NATSUHARA. We are currently waiting until the EIS is completed. We are not able to move forward until the record of decision is signed and that is scheduled for the end of this fiscal year, and then we plan on executing our fiscal year—the previous money, the fiscal year 2010 money.

Senator HUTCHISON. Okay. Let me talk to you, General Payne, about the status of the site for the preferred training range and what is the status of that. And just in general—I think it is clear from the earlier panel as well—is there any kind of alternative being looked at by the marines, either the full 8,000 movement of marines, or is there anything that is being looked at in any kind of a lesser footprint in Guam?

And if you do not get the preferred training range, would that also require you to look at other alternatives? And what are your plans or contingency plans, I guess I should say?

General PAYNE. Yes, ma'am. As Mr. Mitchell said, a lot of alternatives were looked at before. But we are where we are now. I think your question is very pertinent in that based on what we know now, what are we doing, if I interpret your question correctly.

Over the last year, we did take a very hard look at Korea and the viability of positioning marine forces there, and we looked at putting a small marine air/ground task force [MAGTF] there and the pros and cons of that. And we came away with the conclusion that Guam is far and away our preferred alternative.

That said, should for some reason we run into insurmountable issues on Guam, we must then reexamine the size of the marine force. We have begun discussing it, but quite frankly, we are not very far along in that analysis because we, at this juncture, are still confident that we can work through some of these issues on Guam and get to the preferred lay-down, which would be a little over 8,000 marines and a robust MAGTF capability.

Senator HUTCHISON. Could you give me a couple of the major points that you determined Korea would not be as helpful to the marines or as desirable as that full footprint on Guam?

General PAYNE. I can give you what from my position it appeared to be the case. However, I must qualify it to the extent that I was not heavily involved in that analysis because my main emphasis is the installation side and the environmental side as opposed to the operational. And there were concerns with both.

The cost of the lay-down of marine forces was certainly substantial on Korea, as it will certainly be anywhere in the Pacific. So there was not a—

Senator HUTCHISON. More so than Guam where we already are going to have the investment in the forward basing in the south of Korea?

General PAYNE. We would not have as extensive, certainly, infrastructure issues on Korea as we are dealing with with Guam, and that is absolutely true. The actual bases themselves and the ranges would be pretty comparable. However, we felt that from just a pure strategic, forward positioning standpoint, Guam was certainly preferable. It provided more flexibility in a better location. There was some concern with Korea as to training availability in competition with the Army. There was some concern with how flexible it would be to move forces off of Korea for other exercises and support and contingency in the Pacific.

But the Marine Corps does need to continue to explore other alternatives, just in case our preferred alternative, which is Guam, runs into problems.

I think your second question was with respect to training ranges. On Guam, our plan is to have small-unit and individual skills training, essentially pistol, rifle, machine gun type training. The crew served weapons training and indirect fire ranges at this point we hope to position on Tinian and possibly Pagan Islands in the Northern Marianas. We have not had an opportunity to do the extensive environmental study of Tinian, both with respect to the ranges and the air space availability, but that would be the next step.

Should we run into obstacles with respect to training, that too would be just a gigantic constraint relative to positioning marines on Guam or in the Northern Marianas. Absolutely.

Senator HUTCHISON. Okay. Those were the major questions that I had. I really thank all of you for coming. Is there anything that you would wish to add?

ADDITIONAL COMMITTEE QUESTIONS

If not, the questions that I asked for the record of the previous panel would be due March 30 to the subcommittee chairman.

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

QUESTIONS SUBMITTED TO ROGER M. NATSUHARA

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

ENERGY

Question. As you noted in your written testimony, Secretary Mabus has set a goal of having 50 percent of the Navy's shore-based energy come from renewables by 2020.

What percentage of shore-based energy currently comes from renewables?

Answer. Under the 2010 National Defense Authorization Act definition, renewable energy as a percentage of total energy, the Navy renewable energy source contributions totaled to 11 percent of our total reportable shore energy consumption.

Question. Do you have a plan in place and an investment strategy in the FYDP to achieve the 50 percent goal by 2020?

Answer. The Navy submitted the President's fiscal year 2011 budget (PB11) to the Office of the Secretary of Defense prior to the Secretary of the Navy (SECNAV) announcement of his Energy Goals for 2020 in October 2009; as such, the SECNAV Energy Goals were not considered in the PB11 program.

Question. A disruption of the commercial power grid poses a serious threat to critical military base operations. What is the Navy doing in terms of infrastructure to address this security threat?

Answer. The threat of commercial power supply disruption is considered within Secretary Mabus' 2020 energy goals. The Navy has a three-tiered approach to Energy Security for the future:

- Improve energy grid resiliency and ability to control demand-side load control inside our fence lines.
- Improve the backup and redundant energy systems to ensure reliable energy to our critical infrastructure even in the event of an extended grid failure.
- Work with utility providers to ensure the Navy is in the best possible position for reliable energy in the near-term, and positioned to integrate fully with a National "Smart Grid" in the long-term.

GUAM

Question. Last year Congress provided \$300 million for the Guam relocation project, and the request this year is for \$452 million.

Are the fiscal year 2010 projects currently on hold?

Answer. No, the fiscal year 2010 projects are not on hold. Designs are progressing or complete, with the construction acquisition phase scheduled to start over the next 3 months. These projects will be awarded after the Record of Decision (ROD) on the proposed action is signed.

Question. What is the earliest that the fiscal year 2010 funds could be obligated?

Answer. Construction awards are currently projected for the post-ROD timeframe (September 2010), the earliest that fiscal year 2010 funds could be obligated.

Question. If the projects can go forward then, could the Navy execute them by the end of the fiscal year?

Answer. Our acquisition plan has us awarding all fiscal year 2010 projects within fiscal year 2010 contingent upon the signing of the ROD as stated above.

Question. On that schedule, could the Navy execute the full \$752 million by the end of fiscal year 2011?

Answer. Three of the fiscal year 2011 projects are the second increment of fiscal year 2010 projects and the funds will be obligated soon after receipt. The remainder is proceeding in the design phase with awards scheduled for no later than third quarter fiscal year 2011.

Question. Commercial port improvements are crucial to the Navy's construction program on Guam, but an anticipated DOT stimulus grant to do the work recently fell through. How does the Navy plan to address this problem?

Answer. The Administration has requested Congress to grant the Department of Defense authority to transfer up to \$50,000,000 of expiring fiscal year 2010 funds to the Department of Transportation's Port of Guam Improvement Enterprise Fund, established in the fiscal year 2009 National Defense Authorization Act (Public Law 110-417, section 3512). This funding, in conjunction with a matching loan from USDA, would enable the Maritime Administration (MARAD) to make improvements to the port.

QUESTIONS SUBMITTED BY SENATOR JACK REED

Question. Rhode Island faces the Nation's third highest unemployment rate at 12.7 percent and a recession that hit earlier than any other State. Indeed, many highly skilled workers in the construction industry cannot find work.

I continue to support efforts to revitalize Navy infrastructure, including projects at Naval Station Newport. Rhode Island contractors have expressed frustrations in terms of their ability to effectively compete for this work. Information provided at my request by the Navy has demonstrated that a large number of Navy construction projects in Rhode Island are going to out-of-State firms.

To your knowledge, are other States experiencing this situation?

Answer. We have had, and answered, concerns from Connecticut, Illinois and Arizona.

Question. What steps are you taking to ensure that there is ample competition for these projects that includes in-State firms?

Answer. To ensure ample competition for projects, the Naval Facilities Engineering Command (NAVFAC) publicizes contract solicitations in accordance with Fed-

eral Acquisition Regulations (FAR). We also set aside as much work as possible for small business, based on the acquisition strategy prepared in accordance with the Competition in Contracting Act of 1984 and the Federal Acquisition Regulations. While these small business set-asides lend themselves to attracting local firms, law and regulations do not allow the Navy to restrict competition by State residency of firms.

Question. How do you ensure that there is sufficient notification of open solicitations?

Answer. We ensure sufficient notification by following FAR Part 5—Publicizing Contract Actions, which requires the Contracting Officer to publicize proposed contract actions expected to exceed \$25,000 at a Government-wide point of entry (GPE). The notices are published at least 15 days before issuance of a solicitation. The GPE utilized by the Navy includes Navy Electronic Commerce Online (NECO) which has a direct link to Federal Business Opportunities (FEDBIZOPPS). Information for additional opportunities can also be found on the NAVFAC Small Business Web site, <https://smallbusiness.navy.mil>.

Question. What initiatives are available to help in-State firms learn about and better compete for contracts? What support or technical assistance can you offer to firms in my State?

Answer. NAVFAC holds various conferences throughout the United States which provide assistance and information to all types of firms about contracting opportunities and the necessary resources to compete for NAVFAC contracts. Many of these conferences are targeted to small business firms and NAVFAC will initiate a similar type of conference for the Rhode Island area.

Question. President Obama issued Executive Order 13502 encouraging executive agencies to consider the use of Project Labor Agreements (PLAs) in connection with large-scale construction projects.

I support this effort because it promotes the efficient administration and completion of Federal construction projects. It would also make sure workers are being treated fairly in terms of wages and benefits during these difficult economic times.

What efforts have you taken to implement this Executive Order?

Answer. Naval Facilities Engineering Command (NAVFAC) is prepared to implement the Executive Order as appropriate, pending the regulatory publication of Department of Defense or Department of Navy supplemental guidance now that Federal Acquisition Regulation (FAR) implementing rules were published on April 13, 2010.

At the request of the Office of the Secretary of Defense and Deputy Assistant Secretary of the Navy (Acquisition & Logistics Management), NAVFAC provided panel members for the Office of Management and Budget (OMB) PLA Steering Committee, which has been working to assist in the FAR process. These subject matter experts identified challenges and suggested solutions for inclusion in the FAR rule that now provides guidance mechanisms for implementing project labor agreements in the Federal sector.

Additionally, the NAVFAC Labor Advisor has initiated meetings with the AFL-CIO, Building and Construction Trades Department, to discuss possible mechanisms for establishing PLA requirements as a part of the acquisition process and to explore the feasibility of a PLA on specific projects.

Question. Secretary Mabus has set important goals for the Navy to improve energy efficiency and to increase the use of renewable energy sources.

You are, I think, promoting the use of renewable energy resources largely to help the Navy to control its own energy supply and operate independently and securely. Still, there is the potential to share surplus resources with the civilian grid.

How are you managing the interconnection between Navy installations and the civilian grid generally? Are you looking at how surplus “green” power can be shared, even sold, on the civilian side?

How are you coordinating with the States and other Federal agencies (including the President’s Ocean Policy Task Force, NOAA, the Minerals Management Service, and others) to appropriately site offshore renewable energy projects?

Answer. When the Navy develops large renewable projects we typically require the contractor to own and operate the project. In those cases where the size of the project exceeds the requirements of the installation, we authorize the contractor to sell power to the grid. The contractor is responsible for interaction with the utility companies and compliance with all transmission access requirements.

Navy has not entered into any offshore projects to date. We are actively participating in a number of interagency forums with the Department of Energy, the National Oceanic and Atmospheric Administration, the Federal Energy Regulatory Commission, and the U.S. Coast Guard, particularly with respect permitting and site issues.

QUESTIONS SUBMITTED TO MAJOR GENERAL EUGENE G. PAYNE

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

Question. What is the status of acquiring the site for the preferred training range on Guam?

—Do you believe that Tinian would be a suitable alternative?

—How would it impact training if the Marines cannot use the proposed range on Guam?

—Are there any alternative training ranges on Guam?

—If the Marine Corps cannot obtain the preferred training site on Guam, is the Guam relocation still a viable option for the Marines?

Answer. No Department of Defense decision has been made regarding the alternatives presented in the Draft Environmental Impact Statement (EIS). It is important that the EIS process be allowed to continue without any pre-determination on any particular alternative. It is important to note that the realignment of U.S. forces to Guam is intended to provide a long term posture that benefits both U.S. security interests as well as the people of Guam. Our land acquisition will use the minimum amount of land needed to support readiness and quality of life, ensure that we are good neighbors, minimize the need for marines and dependents to drive on roads and impact the local communities, and ensure good stewardship of any cultural or historical sites. Without the acquisition of additional land, the challenges with future growth and encroachment will become more difficult to fix over time and would have a greater impact to the local communities.

—Tinian is currently planned to support larger-force training events involving up to 400 marines. The training planned for Guam is the type of training that marines will conduct on a daily/near-continuous basis. The types of ranges being planned for on Guam support basic, individual skills—those essential warfighting skills that make us marines—that all marines are required to use on an annual basis, at a minimum, for readiness sustainment. Based on the frequency of range use, the number of marines relying on these ranges for annual qualifications and the enduring presence the Marine Corps intends to have on Guam, we have determined that it is more cost effective to build certain ranges at the location where marines live and work. These ranges would be used on a near continuous basis, and the 115-mile transit to Tinian would be beyond the Marine Corps local tactical lift capability. Additionally, the ranges currently planned on Tinian (under the current draft EIS) do not support medium or heavy caliber rounds as required for the multi-purpose machine gun range nor does it provide for the required special use airspace. Finally, building the required ranges on Tinian would require significant construction, infrastructure, and permanent basing of support personnel.

—The Marine Corps is interested in the Route 15 lands to best maximize training efficiencies, limit the amount of road travel by military vehicles, and provide sufficient range design flexibility while ensuring long-term utilization of the land. Numerous directives dictate USMC range design and construction (size, distance, orientation, safety buffers). Further, training and readiness requirements stipulate which training must be conducted prior to conducting subsequent training. To comply with the requirements it is prudent to travel to a consolidated area which allows centralized movement from one range to another thereby reducing the need to travel large distances over the roads. As a result, marines are able to train more efficiently which results in less needed range time and therefore less of an impact on the communities surrounding the ranges. A solution other than a consolidated training area would be counter to these efforts.

—The Draft EIS considered multiple alternative training ranges; however, they were dismissed for various reasons. The Marine Corps requires greater training capabilities than are currently available on Guam, particularly in terms of live-fire ranges. As studied in the Draft Environmental Impact Statement, the needs for different types of live-fire ranges are best configured in a consolidated range complex.

—Finegayan was dismissed by the Government of Guam as a potential live-fire training location because the Surface Danger Zones would extend into the western coastal waters, making them unusable to water traffic and impacting tourism near Tumon.

—Tarague beach was dismissed as a potential live-fire training location because the lack of available acreage to fully accommodate the required Surface Danger Zones.

- Ritidian was dismissed as a potential live-fire training location because there is simply not enough acreage at Ritidian to safely build the types of firing ranges required for Marine Corps training. Furthermore, the Fish and Wildlife Service Property at Ritidian is part of a larger environmental preserve that extends south to NCTS Finegayan.
- We cannot construct live-fire ranges in the Naval Munitions Area for three reasons. First, the rolling terrain is too severe to grade for a live fire range. Second, the explosive safety arcs are active daily due to ammunition operations and the arcs overlap almost the entire munitions area. Third, round impacts could create lead and phosphorous contamination of the Fena Reservoir due to rain run-offs and potentially harm the reservoir which supplies fresh water to the lower half of Guam.
- A Marine Corps title 10 requirement is to ensure that its marines are properly trained. The land use for live-fire training identified in the Draft Environmental Impact Statement was the best solution to meet Marine Corps training requirements and throughput needs. Several land use options were identified but quickly dismissed because of safety, noise, or environmental concerns. Live-fire training ranges on Guam are required to sustain individual skills readiness for marines stationed there. The best long-term land use for live-fire training ranges involves the acquisition of public lands along Route 15 to ensure safety and minimal impact to the local community and environment. Given the rationale for dismissing the alternative training areas, without the acquisition of public lands along Route 15, the Marine Corps would not have the ability to maintain readiness of those forces on Guam and create risk in meeting Combatant Commander requirements with forward postured forces.

Question. It appears that several different sites are now being considered for the Futenma relocation on Okinawa. Has the Marine Corps considered other sites on Okinawa, and do you believe there are viable alternatives to the current plan?

Answer. The current Futenma Replacement Facility (FRF) plan is a result of several years of bilateral planning culminating in what was agreed to be the best answer for both parties. The GoJ has not made any formal proposals for alternate options, nor have they formally identified what is wrong with the current Agreed Implementation Plan (AIP). We continue to honor the AIPs and will respect the GoJ's processes of policy review. However, it is the USMC position that any FRF option the GoJ may present must provide the same or better capability of the current FRF plan.

Question. Is the Marine move to Guam contingent on the Futenma relocation?

Answer. As negotiated in the 2006 AIPs and reiterated in the February 2009 International Agreement, the relocation of marines from Okinawa to Guam is dependent on "tangible progress" toward completion of the FRF. The Marine Corps and Department of Defense position is that any Marine realignment must retain an aviation capability on Okinawa to support III MEF. That is why there is specific language to ensure a suitable replacement for Marine Corps Air Station Futenma, which will enable the relocation to Guam, and ultimately enable the return of bases back to the Government of Japan.

QUESTION SUBMITTED TO REAR ADMIRAL CHRISTOPHER J. MOSSEY

QUESTION SUBMITTED BY SENATOR TIM JOHNSON

Question. The fiscal year 2011 budget request includes three major Milcon energy projects for the Marine Corps.

Outside of ECIP, are there additional major Milcon energy projects programmed for the Navy and Marine Corps in the FYDP? If so, please identify those projects and the years in which they are programmed.

Answer. The PB11 Milcon program contains the following Energy Security and Energy Efficiency improvement Milcon projects:

- P-603, Shore Power to Ammo Pier, NAVMAG Indian Island, WA (fiscal year 2015);
- P-400, Replace North LP Electrical Distribution System, PACMISRANFAC Hawaiian Area (fiscal year 2015);
- P-393, Replace Wastewater Treatment Plant, NAS Fallon, NV (fiscal year 2015); and
- P-844, Upgrade Shore power for CAX Pier, CAD-A, NAVWEPSTA Yorktown, VA (fiscal year 2015).

SUBCOMMITTEE RECESS

Senator HUTCHISON. So with that, we are recessed and I thank you very much.

[Whereupon, at 11:19 a.m., Tuesday, March 23, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

**MILITARY CONSTRUCTION AND VETERANS
AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2011**

THURSDAY, APRIL 15, 2010

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

The subcommittee met at 2:04 p.m., in room SD-124, Dirksen Senate Office Building, Hon. Tim Johnson (chairman) presiding.

Present: Senators Johnson, Murray, Nelson, Pryor, Hutchison, Brownback, Collins, and Murkowski.

DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF HON. ERIC K. SHINSEKI, SECRETARY

ACCOMPANIED BY:

HON. ROBERT A. PETZEL, M.D., UNDER SECRETARY FOR HEALTH,
VETERANS HEALTH ADMINISTRATION
MICHAEL WALCOFF, ACTING UNDER SECRETARY FOR BENEFITS,
VETERANS BENEFITS ADMINISTRATION
STEVE L. MURO, ACTING UNDER SECRETARY FOR MEMORIAL AFFAIRS,
NATIONAL CEMETERY ADMINISTRATION
W. TODD GRAMS, ACTING ASSISTANT SECRETARY FOR MANAGEMENT AND CHIEF FINANCIAL OFFICER
HON. ROGER W. BAKER, ASSISTANT SECRETARY FOR INFORMATION AND TECHNOLOGY, OFFICE OF INFORMATION AND TECHNOLOGY

OPENING STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. This hearing will come to order.

We meet today to review the fiscal year 2011 budget request and the fiscal year 2012 advance appropriations request for the Department of Veterans Affairs.

Secretary Shinseki, I welcome you and your colleagues and I thank you for appearing before our subcommittee.

I will remind my colleagues that in order to reserve time for questions, our procedure is to have opening statements by the chairman and ranking member, followed by an opening statement from the Secretary. We will limit the first round of questions to 6 minutes per member, but we can have additional rounds should we need them.

The fiscal year 2011 discretionary budget request for the VA totals \$56.9 billion, an increase of 7.4 percent over the fiscal year 2010 enacted level. Additionally, the request includes \$50.6 billion in fiscal year 2012 advance appropriations for medical care.

The budget submission also includes a separate supplemental request of \$13.4 billion to expand Agent Orange benefits.

I am especially pleased to see that the request includes an increase of \$460 million over fiscal year 2010 for the Veterans Benefits Administration (VBA) to hire additional claims processors. Delays in claims processing are probably the most common complaint I hear from South Dakota vets.

Mr. Secretary, I have read your testimony and I am happy to see that reducing the current claims backlog is your highest priority. It is my highest priority as well, and I will continue to work to provide the sufficient resources to the Department to increase the number of claims processors and to streamline and expedite the process.

Before I turn to my ranking member, I want to commend you, Mr. Secretary, for your passion and commitment to ending homelessness among the vets population.

I am also pleased to see a continued commitment in the budget to improve mental healthcare among vets and to strengthen and expand rural healthcare.

Mr. Secretary, I look forward to hearing your opening statement, but before you begin, Senator Hutchison, would you care to make an opening statement?

STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. Thank you, Mr. Chairman. I will be brief. Let me just make a couple of points. I think the chairman has stated the facts.

I want to say that I commend the Department for the decision on the Agent Orange diseases, and I think that is the right thing to do. I also commend you for putting into the rulemaking process gulf war syndrome and the diseases that have come from that that have heretofore not been acknowledged, and I think that is a step in the right direction.

However, I will say that I also agree with the chairman that it means that you are going to have more claims and claims processing has been an issue, and I know you know that. But certainly the Agent Orange ones will come first and 150,000 are expected. That is information that I know you have and I know that you will make that a high priority. But it is the right decision for our veterans, and I commend you for it.

The only other thing that I will mention in the big picture—and I will have a question or two—is also the emphasis on mental health services. As we have all discussed, post traumatic stress disorder, substance abuse problems, suicides, and illnesses that have increased in our active duty population, which also moves into our veterans population and retirees—I think that the increase in the budget proposed, \$5.2 billion for mental health treatment, is an increase from last year that is very warranted. I think that we have begun in the last few years to acknowledge more the mental health issues and I think the treatment that is to follow coming from that is the right thing.

With that, Mr. Chairman, I will submit the rest of my statement for the record and look forward to asking a few questions.

[The statement follows:]

PREPARED STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Thank you, Mr. Chairman. I am pleased to welcome Secretary Shinseki and our other witnesses and guests to discuss the President's 2011 budget request.

Mr. Chairman, the Department of Veterans Affairs has one of the most important missions in our government, and this subcommittee has always worked hard to provide the Department with the resources it needs to give our veterans the very best care this Nation can provide. In my home State of Texas, I am proud to say the VA operates 11 major medical centers, more than 40 outpatient clinics, 14 vet centers, and 6 national cemeteries to care for our State's 1.7 million veterans.

Today we will examine the budget request that provides for our veterans nationwide, including their benefits and healthcare. The VA's 2011 budget request proposes an \$11.4 billion increase above last year's level—a robust 10 percent increase for our veterans. In addition to the \$121 billion requested in 2011, the Department has recommended \$13.4 billion in the 2010 supplemental appropriations bill for new Agent Orange-related presumptions, and \$50.6 billion in advance appropriations to fund veterans' healthcare in 2012. That is a total of \$185 billion in VA spending before us today—a tremendous amount of funds—and I want us all to work together to ensure this money is spent in the most fiscally efficient way possible.

In addition to its 2011 request, the Department is requesting \$13.4 billion in the 2010 supplemental appropriations bill to fund the VA's recent decision to add ischemic heart disease, Parkinson's disease, and B cell leukemia to its list of automatic service-connected disabilities for Vietnam veterans exposed to Agent Orange. This presents a considerable challenge to the VA's claims processing system, which already has an unacceptably large disability claims backlog. The Department anticipates the total number of disability claims it receives to increase by 30 percent in 2010, with approximately 150,000 of these claims Agent Orange-related. I am pleased to see that this budget adds another 2,100 claims processors to the VA's current staff level, because I am concerned that our veterans already wait too long for their disability claims to be processed. Mr. Secretary, you have a significant challenge in front of you on how to handle a 30 percent increase in your claims workload, in addition to such a large influx into your workforce that will require specialized training, without causing a major disruption to other veterans' disability claims. I look forward to your comments on how we can assist you in this matter.

Mr. Secretary, the Army and the VA currently share a joint facility in El Paso, Texas. The Army has requested a significant amount of money in its 2011 budget request to begin design of a new facility in June of this year. As I understand it, the VA will need to commit funds towards a joint design by June, or the Army will award a contract based only on its own requirements. I look forward to discussing your plans on how to match the Army's accelerated timetable for this facility during the question and answer portion of our hearing today.

In its 2011 budget request, the VA recommends \$1.15 billion for major construction projects, slightly below last year's level of \$1.2 billion. A significant portion of this funding shows an effort to accelerate the schedules for two of the VA's longest-running projects—hospitals in New Orleans and Denver that have been partially funded for several years.

However, I am concerned that we are not obligating construction funds as quickly and efficiently as we could, and that the VA does not have a prioritized long-range capital plan to present to Congress. As you know, Mr. Secretary, for military construction projects we appropriate funds that have to be spent within 5 years to ensure efficient planning and execution. And, we also receive a Future-Year Defense Program (FYDP) from each service to understand and budget for long-range capital needs. As a former Army Chief of Staff, I am interested to hear your thoughts on whether you think having the VA construction program abide by some of these parameters, such as 5-year funding and a prioritized Five-Year Capital Plan, would be beneficial to the process.

Mr. Secretary, nearly all the efforts to modernize the VA hinge upon the Department's ability to leverage information technology to improve services to our veterans. Some of the projects we've funded in past budgets include a paperless solution to the disability claims backlog, a new electronic medical record, and a lifetime service record to follow service members through the Departments of Defense and Veterans Affairs. However, government agencies have a poor track record developing and implementing costly IT programs, and an internal audit by the VA last year resulted in 45 of the Department's 282 ongoing projects being halted because they were either significantly behind schedule or over budget. I want to be sure we are spending our taxpayer dollars efficiently, and I look forward to hearing your thoughts on what steps we can take to ensure more efficiency and transparency for these projects.

I am pleased to see the emphasis that the Medical Services request places on mental health and rehabilitation, especially for our soldiers returning with delayed Post-Traumatic Stress Disorder and substance abuse problems. The VA's budget proposes \$5.2 billion for mental health treatment, a \$410 million increase above last year. The VA now has PTSD specialists or treatment teams in all of its medical centers.

As our men and women return from war, we want to be certain they receive the very best medical care our Nation can provide. Your budget request keeps us on that track. I know it is difficult to anticipate every need, but this subcommittee will certainly make every effort to provide you the resources you need.

Mr. Secretary, I am extremely pleased with the VA's decision to build its fifth polytrauma center in San Antonio. I can't wait to see this project complete and operational, and I'm thrilled that contracts have been awarded and construction has begun. This new center will care for our most severely injured veterans and will be a great complement to the other medical facilities in the San Antonio area, where cutting-edge technology will be shared between the VA and the military services.

The VA manages the only nationwide network to care for polytrauma patients and has become the world's leader in traumatic brain injury rehabilitation. As more of our soldiers return home with multiple traumatic injuries, I am confident we can leverage the VA's experiences at the other four Level 1 polytrauma centers to make this new facility the VA's flagship for our Nation's most seriously wounded veterans.

Mr. Secretary, this subcommittee has always put our Nation's veterans first, and I can say with great assurance that we will do whatever it takes, in a bipartisan manner, to work with you to make sure the VA has all of the necessary resources to take care of our Nation's veterans. At the same time, it is our joint responsibility to ensure these funds are spent in the most fiscally responsible and efficient manner possible. I look forward to working with you on these and other issues in the coming months.

Thank you, Mr. Chairman.

Senator JOHNSON. Thank you, Senator Hutchison.

Mr. Secretary, again I welcome you to the subcommittee. I understand that yours will be the only opening statement. Your full statement will be included in the record. So please feel free to summarize your remarks. Mr. Secretary.

Secretary SHINSEKI. Thank you very much, Chairman Johnson. To you and Ranking Member Hutchison, other distinguished members of this subcommittee, thanks. I always say that sincerely. Thank you for this opportunity to present the President's 2011 budget and the 2012 advance appropriations request for VA.

I am able to report a good start in 2009, and I would just take a moment to remind that the 2009 budget was a congressionally enhanced budget. So there was a great foundation for this Secretary upon arrival to put in place a good foundation for the year that we are now having with the 2010 budget. VA had a good start in 2009 with a tremendous opportunity this year in 2010. We are happy to talk about what we are doing, and the President's continued strong support for veterans and veterans needs into the 2011 budget request, which is before Congress, with the 2012 advance appropriations.

I appreciate the generosity of time shared by members of this subcommittee with me as I made my rounds. I regret that I was not able to call on everyone, but I thank the members that I was able to meet. Those opportunities are always invaluable to me in getting insights.

I would like to acknowledge in our audience today representatives from some of our veterans service organizations. Their insights have been helpful to me in understanding our obligation and how to frame our actions to better meet the needs of veterans.

By way of introduction, Mr. Chairman, let me introduce the members of my team from my left here. Mike Walcoff is the Acting Under Secretary for Benefits. Todd Grams is our new Principal Deputy and Acting Assistant Secretary for Management. Dr. Randy Petzel to my right, recently confirmed Under Secretary for Health. Steve Muro, Acting Under Secretary for Memorial Affairs. And on my extreme right, Roger Baker, our Assistant Secretary for Information and Technology, who also serves as our Chief Information Officer.

This subcommittee's longstanding commitment to our Nation's veterans has always been unequivocal and unwavering, and such commitment and the President's own steadfast support of veterans resulted in a 2010 budget that provides this Department the resources to begin renewing itself in fundamental and comprehensive ways, not in spots but as an entire organization, fundamental and comprehensive ways.

We are well launched on that effort and determined to continue that transformation into 2011 with this budget and 2012.

For over a year now, we have promoted a new strategic framework organized around three governing principles, and I have mentioned them before in prior testimonies, and I will just repeat them again. It is about transforming VA into being more people-centric, results-oriented or results-driven, and forward-looking. And in our effort, our strategic goals are several: improve the quality of, and increase access to, care and benefits while optimizing value; heighten readiness to protect our people, clients as well as our workforce, and our resources each day, as well in times of crisis; enhance veteran satisfaction with our health, education, training, counseling, financial, and burial benefits and services; and finally, invest in our human capital both in their well-being, our workforce, and in their development as leaders so that over time we have this irreversible drive toward excellence in everything we do, from management, to IT systems, to support services.

This last goal is vital to mission performance if we are to attain being a model of governance in the next 4 years, which is our goal. These goals will guide our people daily and focus them on producing the outcomes veterans expect and have earned through their service to the Nation. We will advocate for veterans we serve.

To support our pursuit of these goals, the President's budget provides \$125 billion in 2011, \$60.3 billion in discretionary resources and \$64.7 billion in mandatory funding. Our discretionary budget request represents an increase of \$4.2 billion over the President's 2010 enacted budget.

VA's 2011 budget focuses primarily on three critical concerns that are of significant importance to veterans, and I get this in feedback as I travel and I am sure members of the subcommittee do as well. First, increase access to benefits and services now. Eliminate the disability claims backlog by 2015. And finally, end veteran homelessness in the next 5 years. The three goals we have set for ourselves.

Access. This budget provides the resources required to increase access to our healthcare system and our national cemeteries. We will expand access to healthcare by activating new and improved facilities, by honoring the President's commitment to veterans who

were exposed to Agent Orange 40 years ago, by delivering on President Obama's promise to provide healthcare eligibility to more priority group 8 veterans, by making greater investments in telehealth and extending our delivery of care into the most remote rural communities and, where warranted, even into veterans' homes. And finally, we will increase access to our national shrines by establishing five new national cemeteries.

The backlog. We are requesting an unprecedented 27 percent increase in funding for our Veterans Benefits Administration, primarily for staffing to address the growing increase in disability claims receipts, even as we continue to reengineer our processes and develop a paperless system integrated with VLER, the Virtual Lifetime Electronic Record. That is the joint project between DOD and VA.

Our goal in processing: no claim that is longer than 125 days. So it is not an average. No claim longer than 125 days, and a processing accuracy of 98 percent. Today we are at the 84 percent mark. So this is a stretch goal.

Ending homelessness. We are requesting substantial investment in our homelessness program as part of our plan to eliminate homelessness in 5 years. Ending the downward spiral that often enough leads to veterans' homelessness mandates that we aggressively and simultaneously address housing, education, jobs, and healthcare.

In this effort, we partner with other Departments. The Department of Housing and Urban Development is probably our closest collaborator, but we collaborate as well with Labor, Education, Health and Human Services, Small Business Administration, among others.

Now, taken together, these initiatives are intended to meet veterans' expectations in each of these three mission-focused areas. I mentioned them earlier. Increasing their access, eliminating the backlog, ending homelessness. We will achieve these objectives by developing innovative business processes, some of them already underway, and delivery systems that not only better serve veterans and families' needs for many years to come, but which also dramatically improve our efficiency and control our costs.

While our budget and advance appropriations request provide the resources to continue our pursuit of the President's two overarching goals for this Department—transform this Department and ensure veteran access—we still have much work to accomplish.

We appreciate the chairman's and ranking member's leadership and the support of all the members of the subcommittee especially in some of the areas that we have given attention to, areas like rural health and healthcare for women veterans. We are determined to build on the progress you have enabled, especially with the provision of a significant first-year funding for rural initiatives. So our efforts are well begun, but there is more work to be done in meeting our obligations here.

PREPARED STATEMENT

Again, Mr. Chairman, members of the subcommittee, thanks for this opportunity to appear here today. I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. ERIC K. SHINSEKI

Chairman Johnson, Ranking Member Hutchison, Distinguished Members of the Senate Appropriations Committee, Subcommittee on Military Construction, Veterans Affairs, and Related Agencies:

Thank you for this opportunity to present the President's Fiscal Year 2011 Budget and Fiscal Year 2012 Advance Appropriations request for the Department of Veterans Affairs (VA). Our budget provides the resources necessary to continue our aggressive pursuit of the President's two overarching goals for the Department—to transform VA into a 21st century organization and to ensure that we provide timely access to benefits and high quality care to our Veterans over their lifetimes, from the day they first take their oaths of allegiance until the day they are laid to rest.

We recently completed development of a new strategic framework that is people-centric, results-driven, and forward-looking. The path we will follow to achieve the President's vision for VA will be presented in our new strategic plan, which is currently in the final stages of review. The strategic goals we have established in our plan are designed to produce better outcomes for all generations of Veterans:

- Improve the quality and accessibility of healthcare, benefits, and memorial services while optimizing value;
- Increase Veteran client satisfaction with health, education, training, counseling, financial, and burial benefits and services;
- Protect people and assets continuously and in time of crisis; and,
- Improve internal customer satisfaction with management systems and support services to achieve mission performance and make VA an employer of choice by investing in human capital.

The strategies in our plan will guide our workforce to ensure we remain focused on producing the outcomes Veterans expect and have earned through their service to our country.

To support VA's efforts, the President's budget provides \$125 billion in 2011—almost \$60.3 billion in discretionary resources and nearly \$64.7 billion in mandatory funding. Our discretionary budget request represents an increase of \$4.3 billion, or 7.6 percent, over the 2010 enacted level.

VA's 2011 budget also focuses on three concerns that are of critical importance to our Veterans—easier access to benefits and services; reducing the disability claims backlog and the time Veterans wait before receiving earned benefits; and ending the downward spiral that results in Veterans' homelessness.

This budget provides the resources required to enhance access in our healthcare system and our national cemeteries. We will expand access to healthcare through the activations of new or improved facilities, by expanding healthcare eligibility to more Veterans, and by making greater investments in telehealth. Access to our national cemeteries will be increased through the implementation of new policy for the establishment of additional facilities.

We are requesting an unprecedented increase for staffing in the Veterans Benefits Administration (VBA) to address the dramatic increase in disability claim receipts while continuing our process-reengineering efforts, our development of a paperless claims processing system, and the creation of a Virtual Lifetime Electronic Record.

We are also requesting a substantial investment for our homelessness programs as part of our plan to ultimately eliminate Veterans' homelessness through an aggressive approach that includes housing, education, jobs, and healthcare.

VA will be successful in resolving these three concerns by maintaining a clear focus on developing innovative business processes and delivery systems that will not only serve Veterans and their families for many years to come, but will also dramatically improve the efficiency of our operations by better controlling long-term costs. By making appropriate investments today, we can ensure higher value and better outcomes for our Veterans. The 2011 budget also supports many key investments in VA's six high priority performance goals (HPPGs).

HPPG I: REDUCING THE CLAIMS BACKLOG

The volume of compensation and pension rating-related claims has been steadily increasing. In 2009, for the first time, we received over 1 million claims during the course of a single year. The volume of claims received has increased from 578,773 in 2000 to 1,013,712 in 2009 (a 75 percent increase). Original disability compensation claims with eight or more claimed issues have increased from 22,776 in 2001 to 67,175 in 2009 (nearly a 200 percent increase). Not only is VA receiving substantially more claims, but the claims have also increased in complexity. We expect this level of growth in the number of claims received to continue in 2010 and 2011 (in-

creases of 13 percent and 11 percent were projected respectively even without claims expected under new presumptions related to Agent Orange exposure), which is driven by improved access to benefits through initiatives such as the Benefits Delivery at Discharge Program, increased demand as a result of nearly 10 years of war, and the impact of a difficult economy prompting America's Veterans to pursue access to the benefits they earned during their military service.

While the volume and complexity of claims has increased, so too has the productivity of our claims processing workforce. In 2009, the number of claims processed was 977,219, an increase of 8.6 percent over the 2008 level of 899,863. The average time to process a rating-related claim fell from 179 to 161 days in 2009, an improvement of 11 percent.

The progress made in 2009 is a step in the right direction, but it is not nearly enough. My goal is to process claims so no Veteran has to wait more than 125 days. Reaching this goal will become even more challenging because of additional claims we expect to receive related to Veterans' exposure to Agent Orange. Adding Parkinson's disease, ischemic heart disease, and B-cell leukemias to the list of presumptive disabilities is projected to significantly increase claims inventories in the near term, even while we make fundamental improvements to the way we process disability compensation claims.

We expect the number of compensation and pension claims received to increase from 1,013,712 in 2009 to 1,318,753 in 2011 (a 30 percent increase). Without the significant investment requested for staffing in this budget, the inventory of claims pending would grow from 416,335 to 1,018,343 and the average time to process a claim would increase from 161 to 250 days. If Congress provides the funding requested in our budget, these increases are projected to be 804,460 claims pending with an average processing time of 190 days. Through 2011, we expect over 228,000 claims related to the new presumptions and are dedicated to processing this near-term surge in claims as efficiently as possible.

This budget is based on our plan to improve claims processing by using a three-pronged approach involving improved business processes, expanded technology, and hiring staff to bridge the gap until we fully implement our long-range plan. We will explore process and policy simplification and contracted service support in addition to the traditional approach of hiring new employees to address this spike in demand. We expect these transformational approaches to begin yielding significant performance improvements in fiscal year 2012 and beyond; however, it is important to mitigate the impact of the increased workload until that time.

The largest increase in our 2011 budget request, in percentage terms, is directed to the Veterans Benefits Administration as part of our mitigation of the increased workload. The President's 2011 budget request for VBA is \$2.149 billion, an increase of \$460 million, or 27 percent, over the 2010 enacted level of \$1.689 billion. The 2011 budget supports an increase of 4,048 FTEs, including maintaining temporary FTE funded through ARRA. In addition, the budget also includes \$145.3 million in information technology (IT) funds in 2011 to support the ongoing development of a paperless claims processing system.

HPPG II: ELIMINATING VETERAN HOMELESSNESS

Our Nation's Veterans experience higher than average rates of homelessness, depression, substance abuse, and suicides; many also suffer from joblessness. On any given night, there are about 107,000 Veterans who live on the streets, representing every war and generation, including those who served in Iraq and Afghanistan. VA's major homeless-specific programs constitute the largest integrated network of homeless treatment and assistance services in the country. These programs provide a continuum of care for homeless Veterans, providing treatment, rehabilitation, and supportive services that assist homeless Veterans in addressing health, mental health and psychosocial issues. VA also offers a full range of support necessary to end the cycle of homelessness by providing education, jobs, and healthcare, in addition to safe housing. We will increase the number and variety of housing options available to homeless Veterans and those at risk of homelessness with permanent, transitional, contracted, community-operated, HUD-VASH provided, and VA-operated housing.

Homelessness is primarily a healthcare issue, heavily burdened with depression and substance abuse. VA's budget includes \$4.2 billion in 2011 to prevent and reduce homelessness among Veterans—over \$3.4 billion for core medical services and \$799 million for specific homeless programs and expanded medical programs. Our budget includes an additional investment of \$294 million in programs and new initiatives to reduce the cycle of homelessness, which is almost 55 percent higher than the resources provided for homelessness programs in 2010.

VA's healthcare costs for homeless Veterans can drop in the future as the Department emphasizes education, jobs, and prevention and treatment programs that can result in greater residential stability, gainful employment, and improved health status.

HPPG III: AUTOMATING THE GI BILL BENEFITS SYSTEM

The Post 9/11 GI Bill creates a robust enhancement of VA's education benefits, evoking the World War II Era GI Bill. Because of the significant opportunities the Act provides to Veterans in recognition of their service, and the value of the program in the current economic environment, we must deliver the benefits in this Act effectively and efficiently, and with a client-centered approach. In August 2009, the new Post-9/11 GI Bill program was launched. We received more than 496,000 original applications, 578,000 enrollment certifications, and 237,000 changes to enrollment certifications since the inception of this program.

The 2011 budget provides \$44.1 million to complete the automated solution for processing Post-9/11 GI Bill claims and to begin the development and implementation of electronic systems to process claims associated with other education programs. The automated solution for the Post 9/11 GI Bill education program will be implemented by December 2010.

In 2011, we expect the total number of all types of education claims to grow by 32.3 percent over 2009, from 1.70 million to 2.25 million. To meet this increasing workload and complete education claims in a timely manner, VA has established a comprehensive strategy to develop an end-to-end solution that utilizes rules-based, industry-standard technologies to modernize the delivery of education benefits.

HPPG IV: ESTABLISHING A VIRTUAL LIFETIME ELECTRONIC RECORD

Each year, more than 150,000 active and reserve component service members leave the military. Currently, this transition is heavily reliant on the transfer of paper-based administrative and medical records from the Department of Defense (DOD) to the Veteran, the VA or other non-VA healthcare providers. A paper-based transfer carries risks of errors or oversights and delays the claim process.

In April 2009, the President charged me and Defense Secretary Gates with building a fully interoperable electronic records system that will provide each member of our armed forces a Virtual Lifetime Electronic Record (VLER). This virtual record will enhance the timely delivery of high-quality benefits and services by capturing key information from the day they put on the uniform, through their time as Veterans, until the day they are laid to rest. The VLER is the centerpiece of our strategy to better coordinate the user-friendly transition of service members from their service component into VA, and to produce better, more timely outcomes for Veterans in providing their benefits and services.

In December 2009, VA successfully exchanged electronic health record (EHR) information in a pilot program between the VA Medical Center in San Diego and a local Kaiser Permanente hospital. We exchanged EHR information using the Nationwide Health Information Network (NHIN) created by the Department of Health and Human Services. Interoperability is key to sharing critical health information. Utilizing the NHIN standards allows VA to partner with private sector healthcare providers and other Federal agencies to promote better, faster, and safer care for Veterans. During the second quarter of 2010, the DOD will join this pilot and we will announce additional VLER health community sites.

VA has \$52 million in IT funds in 2011 to continue the development and implementation of this Presidential priority.

HPPG V: IMPROVING MENTAL HEALTH CARE

The 2011 budget continues the Department's keen focus on improving the quality, access, and value of mental healthcare provided to Veterans. VA's budget provides over \$5.2 billion for mental health, an increase of \$410 million, or 8.5 percent, over the 2010 enacted level. We will expand inpatient, residential, and outpatient mental health programs with an emphasis on integrating mental health services with primary and specialty care.

Post-Traumatic Stress Disorder (PTSD) is the mental health condition most commonly associated with combat, and treating Veterans who suffer from this debilitating disorder is central to VA's mission. Screening for PTSD is the first and most essential step. It is crucial that VA be proactive in identifying PTSD and intervening early in order to prevent chronic problems that could lead to more complex disorders and functional problems.

VA will also expand its screening program for other mental health conditions, most notably traumatic brain injury (TBI), depression, and substance use disorders.

We will enhance our suicide prevention advertising campaign to raise awareness among Veterans and their families of the services available to them.

More than one-fifth of the Veterans seen last year had a mental health diagnosis. In order to address this challenge, VA has significantly invested in our mental health workforce, hiring more than 6,000 new workers since 2005.

In October 2009, VA and DOD held a mental health summit with mental health experts from both departments, and representatives from Congress and more than 57 non-government organizations. We convened the summit to discuss an innovative, wide-ranging public health model for enhancing mental health for returning service members, Veterans, and their families. VA will use the results to devise new innovative strategies for improving the health and quality of life for Veterans suffering from mental health problems.

HPPG VI: DEPLOYING A VETERANS RELATIONSHIP MANAGEMENT SYSTEM

A key component of VA's transformation is to employ technology to dramatically improve service and outreach to Veterans by adopting a comprehensive Veterans' Relationship Management System to serve as the primary interface between Veterans and the Department. This system will include a framework that provides Veterans with the ability to:

- Access VA through multiple methods;
- Uniformly find information about VA's benefits and services;
- Complete multiple business processes within VA without having to re-enter identifying information; and
- Seamlessly access VA across multiple lines of business.

This system will allow Veterans to access comprehensive online information anytime and anywhere via a single consistent entry point. Our goal is to deploy the Veterans Relationship Management System in 2011. Our budget provides \$51.6 million for this project.

In addition to resources supporting these high-priority performance goals, the President's budget enhances and improves services across the full spectrum of the Department. The following highlights funding requirements for selected programs along with the outcomes we will achieve for Veterans and their families.

DELIVERING WORLD-CLASS MEDICAL CARE

The Budget provides \$51.5 billion for medical care in 2011, an increase of \$4 billion, or 8.5 percent, over the 2010 level. This level will allow us to continue providing timely, high-quality care to all enrolled veterans. Our total medical care level is comprised of funding for medical services (\$37.1 billion), medical support and compliance (\$5.3 billion), medical facilities (\$5.7 billion), and resources from medical care collections (\$3.4 billion). In addition to reducing the number of homeless Veterans and expanding access to mental healthcare, our 2011 budget will also achieve numerous other outcomes that improve Veterans' quality of life, including:

- Providing extended care and rural health services in clinically appropriate settings;
- Expanding the use of home telehealth;
- Enhancing access to healthcare services by offering enrollment to more Priority Group 8 Veterans and activating new facilities; and
- Meeting the medical needs of women Veterans.

During 2011, we expect to treat nearly 6.1 million unique patients, a 2.9 percent increase over 2010. Among this total are over 439,000 Veterans who served in Operation Enduring Freedom and Operation Iraqi Freedom, an increase of almost 57,000 (or 14.8 percent) above the number of Veterans from these two campaigns that we anticipate will come to VA for healthcare in 2010.

In 2011, the budget provides \$2.6 billion to meet the healthcare needs of Veterans who served in Iraq and Afghanistan. This is an increase of \$597 million (or 30.2 percent) over our medical resource requirements to care for these Veterans in 2010. This increase also reflects the impact of the recent decision to increase troop size in Afghanistan. The treatment of this newest generation of Veterans has allowed us to focus on, and improve treatment for, PTSD as well as TBI, including new programs to reach Veterans at the earliest stages of these conditions.

The fiscal year 2011 Budget also includes funding for new patients resulting from the recent decision to add Parkinson's disease, ischemic heart disease, and B-cell leukemias to the list of presumptive conditions for Veterans with service in Vietnam.

Extended Care and Rural Health

VA's budget for 2011 contains \$6.8 billion for long-term care, an increase of 858.8 million (or 14.4 percent) over the 2010 level. In addition, \$1.5 billion is included for non-institutional long-term care, an increase of \$276 million (or 22.9 percent) over 2010. By enhancing Veterans' access to non-institutional long-term care, VA can provide extended care services to Veterans in a more clinically appropriate setting, closer to where they live, and in the comfort and familiar settings of their homes.

VA's 2011 budget also includes \$250 million to continue strengthening access to healthcare for 3.2 million enrolled Veterans living in rural and highly rural areas through a variety of avenues. These include new rural health outreach and delivery initiatives and expanded use of home-based primary care, mental health, and telehealth services. VA intends to expand use of cutting edge telehealth technology to broaden access to care while at the same time improve the quality of our healthcare services.

Home Telehealth

Our increasing reliance on non-institutional long-term care includes an investment in 2011 of \$163 million in home telehealth. Taking greater advantage of the latest technological advancements in healthcare delivery will allow us to more closely monitor the health status of Veterans and will greatly improve access to care for Veterans in rural and highly rural areas. Telehealth will place specialized healthcare professionals in direct contact with patients using modern IT tools. VA's home telehealth program cares for 35,000 patients and is the largest of its kind in the world. A recent study found patients enrolled in home telehealth programs experienced a 25 percent reduction in the average number of days hospitalized and a 19 percent reduction in hospitalizations. Telehealth and telemedicine improve healthcare by increasing access, eliminating travel, reducing costs, and producing better patient outcomes.

Expanding Access to Health Care

In 2009 VA opened enrollment to Priority 8 Veterans whose incomes exceed last year's geographic and VA means-test thresholds by no more than 10 percent. Our most recent estimate is that 193,000 more Veterans will enroll for care by the end of 2010 due to this policy change.

In 2011 VA will further expand healthcare eligibility for Priority 8 Veterans to those whose incomes exceed the geographic and VA means-test thresholds by no more than 15 percent compared to the levels in effect prior to expanding enrollment in 2009. This additional expansion of eligibility for care will result in an estimated 99,000 more enrollees in 2011 alone, bringing the total number of new enrollees from 2009 to the end of 2011 to 292,000.

Meeting the Medical Needs of Women Veterans

The 2011 budget provides \$217.6 million to meet the gender-specific healthcare needs of women Veterans, an increase of \$18.6 million (or 9.4 percent) over the 2010 level. The delivery of enhanced primary care for women Veterans remains one of the Department's top priorities. The number of women Veterans is growing rapidly and women are increasingly reliant upon VA for their healthcare.

Our investment in healthcare for women Veterans will lead to higher quality of care, increased coordination of care, enhanced privacy and dignity, and a greater sense of security among our women patients. We will accomplish this through expanding healthcare services provided in our Vet Centers, increasing training for our healthcare providers to advance their knowledge and understanding of women's health issues, and implementing a peer call center and social networking site for women combat Veterans. This call center will be open 24 hours a day, 7 days a week.

ADVANCE APPROPRIATIONS FOR MEDICAL CARE IN 2012

VA is requesting advance appropriations in 2012 of \$50.6 billion for the three medical care appropriations to support the healthcare needs of 6.2 million patients. The total is comprised of \$39.6 billion for Medical Services, \$5.5 billion for Medical Support and Compliance, and \$5.4 billion for Medical Facilities. In addition, \$3.7 billion is estimated in medical care collections, resulting in a total resource level of \$54.3 billion. It does not include additional resources for any new initiatives that would begin in 2012.

Our 2012 advance appropriations request is based largely on our actuarial model using 2008 data as the base year. The request continues funding for programs that we will continue in 2012 but which are not accounted for in the actuarial model. These initiatives address homelessness and expanded access to non-institutional

long-term care and rural healthcare services through telehealth. In addition, the 2012 advance appropriations request includes resources for several programs not captured by the actuarial model, including long-term care, the Civilian Health and Medical Program of the Department of Veterans Affairs, Vet Centers, and the state home per diem program. Overall, the 2012 requested level, based on the information available at this point in time, is sufficient to enable us to provide timely and high-quality care for the estimated patient population. We will continue to monitor cost and workload data throughout the year and, if needed, we will revise our request during the normal 2012 budget cycle.

After a cumulative increase of 26.4 percent in the medical care budget since 2009, we will be working to reduce the rate of increase in the cost of the provision of healthcare by focusing on areas such as better leveraging acquisitions and contracting, enhancing use of referral agreements, strengthening DOD/VA joint ventures, and expanding applications of medical technology (e.g. telehome health).

INVESTMENTS IN MEDICAL RESEARCH

VA's budget request for 2011 includes \$590 million for medical and prosthetic research, an increase of \$9 million over the 2010 level. These research funds will help VA sustain its long track record of success in conducting research projects that lead to clinically useful interventions that improve the health and quality of life for Veterans as well as the general population.

This budget contains funds to continue our aggressive research program aimed at improving the lives of Veterans returning from service in Iraq and Afghanistan. This focuses on prevention, treatment, and rehabilitation research, including TBI and polytrauma, burn injury research, pain research, and post-deployment mental health research.

SUSTAINING HIGH QUALITY BURIAL AND MEMORIAL PROGRAMS

VA remains steadfastly committed to providing access to a dignified and respectful burial for Veterans choosing to be buried in a VA national cemetery. This promise to Veterans and their families also requires that we maintain national cemeteries as shrines dedicated to the memory of those who honorably served this Nation in uniform. This budget implements new policy to expand access by lowering the Veteran population threshold for establishing new national cemeteries and developing additional columbaria to better serve large urban areas.

VA expects to perform 114,300 interments in 2011 or 3.8 percent more than in 2010. The number of developed acres (8,441) that must be maintained in 2011 is 4.6 percent greater than the 2010 estimate, while the number of gravesites (3,147,000) that will be maintained is 2.6 percent higher. VA will also process more than 617,000 Presidential Memorial Certificates in recognition of Veterans' honorable military service.

Our 2011 budget request includes \$251 million in operations and maintenance funding for the National Cemetery Administration. The 2011 budget request provides \$36.9 million for national shrine projects to raise, realign, and clean an estimated 668,000 headstones and markers, and repair 100,000 sunken graves. This is critical to maintaining our extremely high client satisfaction scores that set the national standard of excellence in government and private sector services as measured by the American Customer Satisfaction Index. The share of our clients who rate the quality of the memorial services we provide as excellent will rise to 98 percent in 2011. The proportion of clients who rate the appearance of our national cemeteries as excellent will grow to 99 percent. And we will mark 95 percent of graves within 60 days of interment.

The 2011 budget includes \$3 million for solar and wind power projects at three cemeteries to make greater use of renewable energy and to improve the efficiency of our program operations. It also provides \$1.25 million to conduct independent Facility Condition Assessments at national cemeteries and \$2 million for projects to correct safety and other deficiencies identified in those assessments.

LEVERAGING INFORMATION TECHNOLOGY

We cannot achieve the transformation of VA into a 21st century organization capable of meeting Veterans' needs today and in the years to come without leveraging the power of IT. The Department's IT program is absolutely integral to everything we do, and it is vital we continue the development of IT systems that will meet new service delivery demands and modernize or replace increasingly fragile systems that are no longer adequate in today's healthcare and benefits delivery environment. Simply put, IT is indispensable to achieving VA's mission.

The Department's IT operations and maintenance program supports 334,000 users, including VA employees, contractors, volunteers, and researchers situated in 1,400 healthcare facilities, 57 regional offices, and 158 national cemeteries around the country. Our IT program protects and maintains 8.5 million vital health and benefits records for Veterans with the level of privacy and security mandated by both statutes and directives.

VA's 2011 budget provides \$3.3 billion for IT, the same level of funding provided in 2010. We have prioritized potential IT projects to ensure that the most mission-critical projects for improving service to Veterans are funded. For example, the resources we are requesting will fund the development and implementation of an automated solution for processing education claims (\$44.1 million), the Financial and Logistics Integrated Technology Enterprise project to replace our outdated, non-compliant core accounting system (\$120.2 million), development and deployment of the paperless claims processing system (\$145.3 million), and continued development of HealthVet, VA's electronic health record system (\$346.2 million). In addition, the 2011 budget request includes \$52 million for the advancement of the Virtual Lifetime Electronic Record, a Presidential priority that involves our close collaboration with DOD.

ENHANCING OUR MANAGEMENT INFRASTRUCTURE

A critical component of our transformation is to create a reliable management infrastructure that expands or enhances corporate transparency at VA, centralizes leadership and decentralizes execution, and invests in leadership training. This includes increasing investment in training and career development for our career civil service and employing a suitable financial management system to track expenditures. The Department's 2011 budget provides \$463 million in General Administration to support these vital corporate management activities. This includes \$23.6 million in support of the President's initiative to strengthen the acquisition workforce.

We will place particular emphasis on increasing our investment in training and career development—helping to ensure that VA's workforce remain leaders and standard-setters in their fields, skilled, motivated, and client-oriented. Training and development (including a leadership development program), communications and team building, and continuous learning will all be components of reaching this objective.

CAPITAL INFRASTRUCTURE

VA must provide timely, high-quality healthcare in medical infrastructure which is, on average, over 60 years old. In the 2011 budget, we are requesting \$1.6 billion to invest in our major and minor construction programs to accomplish projects that are crucial to right sizing and modernizing VA's healthcare infrastructure, providing greater access to benefits and services for more Veterans, closer to where they live, and adequately addressing patient safety and other critical facility deficiencies.

Major Construction

The 2011 budget request for VA major construction is \$1.151 billion. This includes funding for five medical facility projects in New Orleans, Louisiana; Denver, Colorado; Palo Alto and Alameda, California; and Omaha, Nebraska.

This request provides \$106.9 million to support the Department's burial program, including gravesite expansion and cemetery improvement projects at three national cemeteries—Indiantown Gap, Pennsylvania; Los Angeles, California; and Tahoma, Washington.

Our major construction request includes \$51.4 million to begin implementation of a new policy to expand and improve access to burial in a national cemetery. Most significantly, this new policy lowers the Veteran population threshold to build a new national cemetery from 170,000 to 80,000 Veterans living within 75 miles of a cemetery. This will provide access to about 500,000 additional Veterans. Moreover, it will increase our strategic target for the percent of Veterans served by a burial option in a national or state Veterans cemetery within 75 miles of their residence from 90 percent to 94 percent.

VA's major construction request also includes \$24 million for resident engineers that support medical facility and national cemetery projects. This represents a new source of funding for the resident engineer program, which was previously funded under General Operating Expenses.

Minor Construction

The \$467.7 million request for 2011 for minor construction is an integral component of our overall capital program. In support of the medical care and medical research programs, minor construction funds permit VA to realign critical services;

make seismic corrections; improve patient safety; enhance access to healthcare; increase capacity for dental care; enhance patient privacy; improve treatment of special emphasis programs; and expand our research capability. Minor construction funds are also used to improve the appearance of our national cemeteries. Further, minor construction resources will be used to comply with energy efficiency and sustainability design requirements.

SUMMARY

Our job at the VA is to serve Veterans by increasing their access to VA benefits and services, to provide them the highest quality of healthcare available, and to control costs to the best of our ability. Doing so will make VA a model of good governance. The resources provided in the 2011 President's budget will permit us to fulfill our obligation to those who have bravely served our country.

The 298,000 employees of the VA are committed to providing the quality of service needed to serve our Veterans and their families. They are our most valuable resource. I am especially proud of several VA employees that have been singled out for special recognition this year.

First, let me recognize Dr. Janet Kemp, who received the "2009 Federal Employee of the Year" award from the Partnership for Public Service. Under Dr. Kemp's leadership, VA created the Veterans National Suicide Prevention Hotline to help Veterans in crisis. To date, the Hotline has received almost 256,000 calls and rescued about 8,100 people judged to be at imminent risk of suicide since its inception.

Second, we are also very proud of Nancy Fichtner, an employee at the Grand Junction Colorado Medical Center, for being the winner of the President's first-ever SAVE (Securing Americans Value and Efficiency) award. Ms. Fichtner's winning idea is for Veterans leaving VA hospitals to be able to take medication they have been using home with them instead of it being discarded upon discharge.

And third, we are proud of the VA employees at our Albuquerque, New Mexico Clinical Research Pharmacy Coordinating Center, including the Center Director, Mike R. Sather, for excellence in supporting clinical trials targeting current Veteran health issues. Their exceptional and important work garnered the center's recognition as the 2009 Malcolm Baldrige National Quality Award Recipient in the non-profit category.

The VA is fortunate to have public servants that are not only creative thinkers, but also able to put good ideas into practice. With such a workforce, and the continuing support of Congress, I am confident we can achieve our shared goal of accessible, high-quality and timely care and benefits for Veterans.

CLAIMS BACKLOG

Senator JOHNSON. Thank you, Secretary Shinseki.

In the 4 years that I have chaired this subcommittee, we have provided a total of \$427 million above what the VA requested to hire additional claims processors to reduce the claims backlog. I am pleased to see that this year's budget request reflects a significant increase over last year to hire claims processors. However, the average claims time still hovers around 161 days and is expected to increase, given the new decision regarding Agent Orange.

I know that the task of transforming the VA is daunting, but the level of frustration that vets expressed to me is growing.

When can we expect to see some tangible results from the investments that we are making into the VBA claims process?

Secretary SHINSEKI. Mr. Chairman, if there is frustration to go around, I share a good bit of it.

I wanted to put a little more of my attention into the claims backlog last year. I got diverted a little bit. I spent some time making sure that the 9/11 G.I. bill was up and running properly, and now that it is, this year for me and for VA is about breaking the back in the backlog, getting to the root causes of what creates this as a never-ending challenge. Last year, we produced 977,000 decisions on claims, and then we got a million new claims in return. So this is a big numbers issue.

Today we have probably 11,400 claims adjudicators, and this number of workforce, good people who come to work every day, takes a while to get them trained up. They provide us the ability to take that average processing time from, at one point, 190 days, and we have worked our way down to about 160 days now, headed toward that 125 goal as an average.

With this budget for 2011, we have increased VBA's budget by 27 percent. A good portion of that resources initiatives underway, but also adds 4,000 people to the workforce. And right now, if we want to go faster, the solution is to hire more people because we lack the automation tools that should have helped us break the code some time ago. We are working on developing those tools, and I will turn to Secretary Baker in a second to give you an assessment of where we are.

I will also tell you that we created four pilots to take this process apart and look at those pieces individually and we intend to put them back together in a way that makes greater sense, simpler, less complex, and then try to get momentum here at the same time we are developing these tools.

This year, 2010, I am happy to report that we have the resources in the right place, and we have the leadership focused on how to do this correctly.

So let me turn to Secretary Baker and then I will turn to Mike Walcoff here for any other comments he might like to provide.

Mr. BAKER. Thank you, Mr. Secretary. Just quickly recapping where we are on the paperless system, the Veterans Benefits Management System. There are a number of pilots in place right now looking at different processes and different technologies to move VBA forward, one in Baltimore that we are particularly proud of, the Virtual Regional Office, that ties together process changes with technology to demonstrate what can be done inside of VBA. We will be letting contracts in the spring and the summer to get that fully implemented into pilots during 2011 at VBA regional offices and then full rollout starting in late 2011 and 2012 of the paperless system across the entire VBA enterprise.

Now, the paperless system does two things for us. One clearly is moving the system away from being paper-bound and into electronic. But the second is making it much more flexible for the VBA to look at their processes and make changes in their processes that will speed the way the work is done on top of the electronic system. So we are making good progress in that area at this point, primarily driven by our Chief Technology Officer, Peter Levin, and I think we have substantial progress to this point and you will see substantial progress through the rest of 2010 and 2011.

Mr. WALCOFF. Thank you, Mr. Secretary.

Just a couple of things that I want to add. The Secretary mentioned that we are going to be hiring more people. Secretary Baker talked about the technology. And we also mentioned the pilots that we are doing that are looking at the business process itself to determine what can we do to improve the process so that when we have the new tools, it will not be just adding the tools to the old process.

In addition to that, we recently brought all of our leadership together about a month ago and laid out for them what the challenge

was. The Secretary has set some very, very ambitious goals for us. We always used to talk about time limits in terms of average. So when we said our goal was 125 days, it was that the average case would take 125 days. This goal is a lot more ambitious where he is saying that he is eliminating any cases over 125 days and, at the same time, doing it with a 98 percent accuracy rate. That is really putting the challenge to us and saying we have to change the basic way we do business in order to accomplish that.

We talked with our directors. We got a lot of really good ideas. We have some things that we are going to implement immediately. Just to give you an example, we are looking at doing what we call interim ratings where, for instance, on Agent Orange, if a veteran applies, is able to establish Vietnam service, has a diagnosis of, say, ischemic heart disease, but we do not have an exam to determine how disabling is the condition, we would pay him immediately at a minimum rate so he at least starts getting benefits and starts getting entitlement to things like voc rehab and treatment at VA hospitals while we go and do the exam to determine what his permanent rating would be. Those are the kinds of things that we believe we need to do to improve the service that we are providing to veterans.

Senator JOHNSON. My time has expired.
Senator Hutchison.

PRESUMPTIVE DISEASES

Senator HUTCHISON. Thank you very much, Mr. Chairman.

On the gulf war illness issue, your task force recommended nine new conditions to be automatic presumptions, and I am very pleased because these young men and women have been really in never-never land for a long time. I think that hitting it now rather than waiting so long, as was done in Agent Orange, it is still late, but I am glad we are doing it.

This is my question. What is the timetable that you have after you have your rulemaking and you go through all of the required processes, that you think you will make the final determination on the gulf war syndrome presumptions? And then after learning the timetable, then I am wondering on the budget what you will expect, if it is going to be able to be covered this year, or will you have to accommodate that next year.

Secretary SHINSEKI. I am going to turn to Dr. Petzel on this.

Dr. PETZEL. Thank you, Mr. Secretary.

The process by which presumption is established is that there is a gulf war task force that will look at information such as the IOM report that recently came out regarding the gulf war. They will then make a recommendation to the Secretary as to illnesses that ought to be considered presumptive. The decision then is his as to what illnesses will be presumptive and what illnesses will not. And then there is a rulemaking process that occurs after the Secretary's decision has been made. As an example, I believe that the decision and the rules regarding Agent Orange, where the decision was made this early spring/late winter, will be finished, Michael, some—

Mr. WALCOFF. Early July.

Dr. PETZEL. In the late summer.

Mr. WALCOFF. Correct.

Dr. PETZEL. So, Senator, that would be the process by which we establish presumption.

Senator HUTCHISON. So give me a guesstimate then. Is it 9 months you are talking about after you get the recommendation and then there is the rulemaking and then the publication? I am just getting just a general idea. I am not asking for some blood oath, but just a general idea of what are we looking at in a timetable?

Secretary SHINSEKI. I believe we will begin and will have the rulemaking done this summer, and then we will begin processing claims. It will be late summer timeframe.

FORT BLISS JOINT FACILITIES

Senator HUTCHISON. Okay. That is what I needed. Thank you.

So we will probably need—I know it is not in this year's budget. So we will probably need to address that at some point in the future.

The other question that I have—General, you and I have talked about this, but the VA and the Army currently share joint facilities at Fort Bliss, and as we all know, Fort Bliss is in the process of being plused-up by about 30,000 troops. And that is going to affect the retiree population as well. Once the Army leaves the facility, the VA is going to be in a problem situation if the VA does not move with the Army.

This is my question. The funding for the new hospital that is, at this stage, planned to be a joint facility, Army and VA, is in the Army's 2011 budget request and in the 2009 stimulus and then the 2009 war supplemental. The Army is ready to move and it is not in your budget this year because you were planning for all of this to be 1 year out.

My question is, what are your plans? A, are you committed to the joint facility with the Army at Fort Bliss? And B, what are you thinking in updating your timetable to go along with the Army?

Secretary SHINSEKI. Senator, we are committed to an integrated effort with the Army. We are a bit mid-stride right now because we planned on and were programmed for a 2012 start. So this acceleration to 2011 leaves us in a position where we do not have the resources to do that. We are looking at what options might be available to us. It also requires about a \$20 million design investment this year, 2010. So we are looking at that as well.

And while we may be successful in being able to find those dollars, 2011 still remains an issue. I do not have the resources for it right now. It is not in my budget, and there are a number of longstanding projects that are on execution for us, and I would prefer to keep that priority because there have been veterans waiting for those assets to be provided. But we are interested in staying abreast of the Army's move here. We think it is important for it to be an integrated facility, and so we are looking at this hard.

Senator HUTCHISON. You believe that you can have the \$20 million that would work with the Army to start the planning process in June. Is that correct?

Secretary SHINSEKI. We are locating those dollars. I think there is a good chance we will do that, but I am hesitant to put \$20 mil-

lion up without understanding how we take care of 2011, and right now I do not have resources.

Senator HUTCHISON. Well, I will look forward to having you come to us with your suggestions, and then we certainly will be helpful because it would not make sense not to be joint and it would leave a big void if the Army moved and you did not. And it also would not be a wise use of taxpayer dollars when a joint effort would be so much more efficient. So I will look forward to hearing from you and helping as well. Thank you.

Secretary SHINSEKI. Thank you.

Senator JOHNSON. Senator Nelson.

OMAHA VAMC

Senator NELSON. Thank you, Mr. Chairman.

Thank you, Secretary Shinseki for testifying today. I am particularly pleased with your budget this year. I know the increases are there and there will be those who ask questions about why during these difficult times are we having increases. But the various causes that you are addressing in your budget are the kinds of things that I think, in spite of difficult times, we still have to identify and help.

And I was especially pleased to see in your fiscal year 2011 budget request that it addresses the needs of the Omaha VA Hospital. As we have discussed, this institution provides very good care for veterans, and I know Dr. Petzel knows that. But the physical facility is stuck back in the 20th century. Built back in the 1950s, upgrades to the facility and its equipment have served well, but now it is in need of a major overhaul. And working with your predecessor, Secretary Peake, and you, we have pushed to see that the hospital shortcomings are being addressed. You personally are well aware of these shortcomings, but for the record, I think they bear noting.

A study by the VA, released last summer, found a number of critical functional deficiencies. I will not name all of them, but I will address a few. Significant space deficiencies. Forty-two out of 52 departments will need additional space. Surgical capacity is based on 1948 design. Present space does not meet room size, privacy requirements. A deteriorating building envelope, including problems with windows, walls, and the roof. Air handling and HVAC system beyond useful life, and overall refrigeration systems rated an F.

In addition, the hospital has a unitary heating and cooling system and health officials have shared serious concerns about a virus such as the recent H1N1 virus being spread by this HVAC throughout the entire hospital, providing less than adequate health safety for the patients.

So for these reasons, I am very pleased to see that your 2011 budget calls for \$56 million for planning and design toward substantial modernization of this hospital. It is a necessary first step toward what we expect will be a 21st century healthcare facility. And, Secretary Shinseki, this commitment is extremely good news for the thousands of veterans both in Nebraska and western Iowa.

I have often said that I hope we some day become—and I think you are in the process of doing that—as good at taking care of our veterans as we are creating them. And your commitment to im-

proving the Omaha VA Hospital is just one more example that caring for American veterans remains one of the Nation's highest priorities and clearly is one of yours.

So, Mr. Secretary, from your perspective, perhaps you could give us your idea why this is a high priority for the Veterans Administration to see an improved facility in Nebraska.

Secretary SHINSEKI. There is a great tradition in the VA, Senator. When we have problems, we do not blame our predecessors. When something comes out right, we give credit to them as well. Jim Peake is an old friend. He and I soldiered together for many years. In fact, I selected him to be the Surgeon General when I was on my last service in uniform. He was my predecessor in 2008, I think. Because he was apprised of some shortfalls in the service, primarily the safety aspects of the hospital in Omaha, he initiated an independent study, not a VA study, but an independent study, to go in and make their own assessment to provide him some idea of what the conditions were. As things turned out, I inherited that study which came in the spring of last year, as I recall. We put it into our annual scoring process. I think the Omaha hospital at one point was 15 or 16 on a priority list. Seven of the projects in that list were funded in the previous year's budget. So it moved up, and so all of the projects moved up, at least moved up accordingly. One project was removed from the list, as I recall, for some reason, but then with this new independent study, the rescoring just put Omaha within the range to get the ranking it did.

I think it came out well. It came out right. It was the right thing to do for veterans in that part of the country. But understand, Omaha is just the location of the hospital. It serves Iowa. It serves lots of adjacent States. So veterans in many locations are serviced by this hospital. Location is only one issue.

So that is my take on it, Senator.

VETERANS CEMETERY

Senator NELSON. Well, I appreciate that.

I also want to commend you for the VA budget having design funds for a new national veterans cemetery in Sarpy County, Nebraska, also eastern Nebraska adjacent to the Omaha area, which will serve a number of veterans from a region. The location of that cemetery, as the location of the hospital, will catch not only some South Dakota residents, veterans, but Iowa and northern Missouri, as well as perhaps some of Kansas' as well. So we appreciate your focus on it. You are doing an outstanding job, and we appreciate the opportunity to work with you.

And we want to compliment former Secretary Peake for his wisdom in stepping in and seeing that we get an independent study so that it is some outside thoughts, as well as our inside thoughts.

Thank you very much.

Thank you, Mr. Chairman.

Senator JOHNSON. Senator Murkowski.

RURAL ACCESS

Senator MURKOWSKI. Mr. Chairman, thank you.

Secretary Shinseki, good to see you. Thank you for our conversation earlier in the week. Not only did we have a chance earlier this

week to discuss the issue of access to care to so many of our veterans who live in very rural parts of the country, we talked about it last year and the challenges that particularly our Alaska Native veterans face in accessing their earned healthcare benefits when they come back to their villages and they are hundreds of miles from the nearest VA facility, the challenges that they face. And we have talked a little bit about the effort that has gone into the rural Alaska pilot project and the need to make sure that we make that pilot function a little more efficiently.

I understand—and I thank you for your offer to visit with the folks over at Indian Health Service (IHS) to see how we cannot iron out some of those issues, but again, find an easier path for those veterans who are in some of our most rural communities and have access to an IHS facility, that we might be able to partner with some of that care. But we know that that is just one part of the problem in Alaska.

The other dimension of access to our veterans in my State is we have got concerns that those that actually have access to the VA facilities there cannot access the facilities with their particular healthcare conditions. Sometimes demand exceeds the capacity. Sometimes our veterans are told that they have to travel to Seattle because the procedures are not available in Alaska, just not available within the facilities that we have. It is our understanding that these veterans are told, well, the regulations require us to send you outside to Seattle rather than purchase care within the community. I had asked whether or not you felt that the VA was being a little overly rigid in interpreting these regulations.

But essentially what I am looking for and what I am hoping that we can work with you on is how we ensure that the commitment made to these Alaskans is kept without having to send them outside to care, a 2,000-mile trip, for some even more than 2,000 miles, to access care when it could be made available through purchased care within the State.

Secretary SHINSEKI. Well, Senator, I appreciate those insights. I am reminded that in our geographical descriptions of our system, we have urban, rural, highly rural. So two-thirds of our definitions have the word “rural” in it, and then I am told that even highly rural may not describe some parts of the country and Alaska is one of them.

We are going to look at very closely why we would send a veteran on a 2,000-mile journey if there is competent, safe healthcare available close by. We will take a look at that.

This also behooves us to have a better working relationship, although we have already started this with the Indian Health Service, but a better relationship of sharing assets and capabilities so that we reach out into these areas. Even as hard as we are working at it, it is not still good enough. Telehealth is another capability we have invested in heavily. If there is any place we ought to be demonstrating the power of a microprocessor it would be in places like remote tribal lands in Alaska.

Let me just turn to our senior medical officer, Dr. Petzel, and ask him for his insights here.

Dr. PETZEL. Thank you, Mr. Secretary.

Senator Murkowski, I share your concern about the distance that some of these people have had to travel. We looked back and 685 veterans were asked to travel from Alaska down to a medical center in the Lower 48, usually Seattle, but it may have been other places. The question that I have when I heard that is what sorts of things are they being referred for. It is one thing to come down for open heart surgery, which may be a super-special kind of thing to do. But, on the other hand, routine surgery that we could be performing in Anchorage on a contract or on a fee basis probably ought to be looked at. So it is my intention to look at why those cases were sent, what kinds of cases were sent, and see if we can find out some sort of an arrangement that provides better, more community-level access for those veterans.

Senator MURKOWSKI. Well, Dr. Petzel, I appreciate that. In speaking with constituents that are expressing their concerns and their frustrations, what we are hearing is that a 6-week chemotherapy treatment—an individual lives in Fairbanks, our second-largest community, fine medical facilities, and yet they are being sent outside down to Seattle for treatment. I would like to think that that is one of those that should absolutely not be necessary for something as routine as chemotherapy treatment. So we would like to work with you on that. I would certainly like a better understanding myself. So much of what we know is anecdotal, but when we hear these anecdotes, this is something that for these families that have to make these transitions and spend 6 weeks down in a hotel in Seattle with no family members, the expense that is involved, but also the separation is something that is not the kind of care that I think our veterans certainly deserve and that we owe to them. So we want to work with you on this.

Dr. PETZEL. We would share your concern, Senator.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Senator JOHNSON. Senator Murray.

VETERANS EMPLOYMENT

Senator MURRAY. Thank you very much, Mr. Chairman. And I would tell my colleague from Alaska that we would happily take care of your veterans in Seattle. But I think most people do not realize it is a 3½ hour flight from Alaska to Seattle. It is a long way for those people to go. So I appreciate your concern.

Mr. Secretary, thank you for you and your team being here today.

I wanted to talk with you about an issue that is really weighing heavily on our veterans today and that is that they are coming home from serving us so honorably overseas and cannot find a job. The unemployment rate for our young veterans returning from Iraq and Afghanistan is now over 21 percent.

When I was out in my State for the last 2 weeks, I sat down with a number of young veterans to talk to them about what was keeping them from finding work when they came home. And frankly, it was really shocking what a lot of them said to me. Some of them told me that they actually leave off the fact on their résumé, when they are giving it to an employer, that they are a veteran. And I asked them why and they said it was because it went to the bottom of the stack. They did not know if it was because of the stigma of

the invisible wounds of war, but they were finding that from many employers.

Many of them told me that the Pentagon and VA transition programs do not work for the jobs and types of opportunities that could be available today.

Many of them told me that they completely struggle to get civilian employers to understand what their experience was in the military that translates to what a civilian employer might need.

They basically told me that their peer group either chose to get a job and had good experience or went to college or some kind of apprenticeship school and had that experience. They chose to go to the military and their experience does not count when they come home to get a job.

I just find that completely unacceptable. I found that it often triggers a lot of mental and emotional issues that we are seeing among our veterans today as well. These people serve our country honorably. They are great workers. They are skilled. They come to work on time. They should not be facing these kind of barriers when they come home.

So I wanted to ask you today, while you are here, if you are hearing the same kinds of concerns from our returning veterans and if there is anything the VA is doing today to try and make the transition work better.

Secretary SHINSEKI. Thank you, Senator.

I hear some of the same things, perhaps not the same anecdotes, but it feeds a couple of images I carry around and I tend to refer to them in speeches. This will take a few minutes, so I hope I do not take up too much time here.

The first image is the one we are most familiar with. Every year about 60 percent of high school graduates go on to universities or some higher institution of learning. The remaining 40 percent go to vocational training or right into the workforce, and as you indicate, a very small percentage join the less than 1 percent of Americans serving in uniform doing the Nation's bidding. Good folks. They go through the train of experience, prepare for life with discipline and accountability. When they arrive in their first unit, good leadership puts them on missions that are complex, dangerous, sometimes near impossible. And yet, they outperform all our expectations. Great youngsters.

The second image is a smaller population, but it says veterans are a disproportionate share of the Nation's homeless, jobless, mental health, depressed patients, substance abusers, and suicides.

So the issue is what happened here. They are the same kids in both images. Something happened, and that is what we are about, is to try to figure this out, how to keep the kids in image one going on to do great things and then reach into image two and get those youngsters the help they need. That is what we are about.

Senator, I would tell you that in all of our Departments of the Federal Government we have a goal of hiring veterans as part of the workforce. Right now, VA is at about 30 percent. It may be a point or two less. We intend to raise that. I am happy to serve as the Vice Chair to Secretary Solis who chairs the interagency task force on hiring veterans in the Federal Government. All of us are working toward this to try to increase the opportunities for them.

At the VA, we have a Veterans First project which is better known. Small businesses are given the opportunity to compete for our contracts, and if competent, we level the playing field and they have a good shot at that.

An example of this is last year in the stimulus funding, we were given \$1 billion, lots of money for VA, and we competed 98 percent of those dollars. As a result, our contracts came in lower than usual, and so we were able to have 20 percent more buying power.

So just by the way we run these things, we feel good about the processes we have in place. In that process, 82 percent of our contracts went to veteran-owned small businesses, important for us because veterans hire other veterans. So that creates the churn of jobs, and we are looking for any opportunity we might have to repeat that.

But I do share your concern. The G.I. bill is important because it gives some opportunity for youngsters to have constructive work for the next 4 years, but 4 years from now, they will be looking for jobs, and we need to have in place—

Senator MURRAY. Well, I very much appreciate that response. I think there are a number of things we need to do. The TAPS program, National Guard, their skills and the way we treat them today cannot be the way we treated them 20 years ago.

I am going to be introducing actually legislation next week on a veterans' employment legislation. I would love to have anybody join me on that that is interested. But looking at how we can help them transition their skills better so that civilian employees actually hear the skills that they have, opening up opportunities for apprenticeship programs that they currently do not have under the G.I. bill in an online school which often works for them, and helping them actually establish small businesses, not just have veterans on preference, but actually helping them do that. I think there are a number of things we have really got to aggressively work on so that as we are recruiting today and telling young people to come into the military, it is great experience, it is actually an experience that will help them get a job some day and they do not feel left behind.

So, Mr. Chairman, I thank you for the extra time here.

Mr. Secretary, I hope I get your help and support on my legislation as well. Thank you.

Senator JOHNSON. Senator Collins.

VETERAN SUICIDES

Senator COLLINS. Thank you, Mr. Chairman.

Mr. Secretary, welcome. I was pleased to have an opportunity to talk with you recently in my office and to thank you for coming to the great State of Maine to tour our veterans hospital, which I would inform my colleagues is the oldest in the Nation, the very first veterans hospital.

A recent article in Time magazine noted that between 2001 and the summer of 2009, our military lost 761 soldiers in combat in Afghanistan. During that exact same period, the military lost more soldiers to suicide, 817 of our men and women in uniform. Last year, 160 active duty soldiers took their lives, and just this week

the Army announced that in the first 3 months of this year, 71 more soldiers took their own lives.

I know that this news is heartbreaking to you personally, as it is to all of the members of this subcommittee. I have talked with the active duty leaders in our military about what the Pentagon is doing to address the mental health needs of the active duty force, but I would like to know from you whether you feel the VA's budget is adequate to address the same kind of needs for mental health services and counseling that face so many of our returning veterans.

Secretary SHINSEKI. Well, Senator, thank you very much for that question.

We have resourced this properly, but there is so much more to be done in this area. First of all, none of us are experts in how to deal with the phenomena that results in great young people who do such wonderful things for us ending up feeling that there is no other choice but to have to take this step and hurt themselves.

We have, in the last 4 years, hired probably an additional 5,000 to 6,000 mental health staff to bolster our capabilities here in dealing with this issue. We probably number 20,000 or 19,000 mental health staff today. We have made mental health part of our primary care facilities so that having someone think about having to go to the mental health clinic and the stigma associated with that is eliminated, especially amongst 20-year-olds. We are trying to help them not have to deal with that. So we provide mental healthcare inside the primary care facility.

We have created a suicide hotline that is well recognized nationally out of Canandaigua, New York. They handle probably 10,000 calls each month and each day something on the order of 10 rescues online of individuals who are under such great duress that they are thinking about hurting themselves. Over the several years since we have started this, we have had probably 3,000 intercessions that stop the act of self-destruction in progress while the phone call is being made. When the phone is picked up, it is a mental health professional on the line. It is not just an operator. There are two of them. They work in a pair, one of them speaking to the individual and getting as much information and the other is helping to try to locate the individual so we can get help there. So these are actual online rescues that are occurring.

We advertise this hotline in most of the major cities in the country so that people have some understanding of this, at bus stops, on buses, on the metro.

More work needs to be done in terms of research, and so we are putting some energy there as well.

Let me turn to the Chief Medical Officer here, Dr. Petzel, and see if he has got anything to add to this.

Dr. PETZEL. Thank you, Mr. Secretary. That was really quite thorough. Just a couple of things, Senator, that I would add.

One is that we have a suicide prevention team at every one of our facilities. These teams include experts in PTSD, substance abuse, and those other mental illnesses that are often associated with suicide.

In addition to that, all of the veterans returning from combat who seek care with us are screened for traumatic brain injury, sub-

stance abuse, PTSD, and depression: again, those things which we often have associated with suicide. Any suicide death is a tragedy. Any suicide death is a tragedy.

I think that we have the resources, as the Secretary pointed out, and the programs to have an impact on veterans' suicide. I would not want to say we can eliminate this, but I think we will be able to see the fact that we are having an impact.

The Secretary mentioned at the end of his remarks, research. One of the things that we need, that the Nation needs to do is a better job of, is being able to identify those people who are really at risk. I mean, there is a suicide assessment that could be done, but it does not really hone in on those people who are very seriously at risk and I think we need to be at the forefront of doing that kind of research.

Secretary SHINSEKI. May I just provide just some data here to answer your question, Senator? The 2011 budget request includes an 8.5 percent increase, or \$400 million, over the 2010 budget for mental healthcare, and then in terms of mental health research, the 2011 budget request is a 15 percent increase above the 2009. Eighty-three million dollars is the research number.

G.I. BILL

Senator COLLINS. Thank you. That is very encouraging.

Mr. Chairman, I have another question that I would like to just submit for the record. It has to do—and the Secretary was the one who brought this to my attention, the fact that when we updated the G.I. bill to help provide more educational assistance, we narrowed the kind of training program that is available, and we left out a lot of vocational, community college kinds of programs. And that is something I think we need to take a second look at. So I have a couple of questions on that that, with your consent, I would like to submit for the record. Thank you, Mr. Chairman.

Senator JOHNSON. It will be received.

Senator Pryor.

RURAL ACCESS

Senator PRYOR. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for being here.

I do want to echo Senator Collins' concerns about the suicide rates. I agree with what you have said, that any suicide is a tragedy. I know you are working on it. You are very attentive to it, and I would just encourage you to continue on that track and even put more resources there if that is what you need to do. But it is very important.

Let me ask a question. I do not want this to sound like a parochial question because I am going to talk about Arkansas here for just a minute. I am sure every other State in the Union has these same type of concerns because even the most urban States have some type of rural area in them.

But in our rural areas of my State, I hear from a lot of our veterans about the difficulties they have in accessing medical care that meets their needs. The VA outreach initiatives have been good in a lot of ways and there have been good attempts and steps in the right direction. I know you have the community-based out-

patient clinic program. But have you done any sort of top-down review of the community-based outpatient programs and looking for ways that they can provide greater oversight and guidance so that the best possible care and access is available to these veterans who live in these rural areas? I know you mentioned some of the most rural areas in the country, Alaska, but our State has a lot of hard-to-access areas with not much healthcare in there.

Secretary SHINSEKI. I am going to turn to Dr. Petzel in a second.

Again, Senator, this is a great reminder. Several years ago, very bright people, well before my time, decided that having 153 premier flagship medical centers was not good enough, that there is so much expanse to our country that we had to find a different solution in delivering healthcare, not just welcoming people to come get it but delivering healthcare. So we created a community-based outpatient clinic system, which you have asked me whether or not we are taking a look at. Outreach clinics in places that do not have a veteran population to support a full-time clinic will go lease a piece of real estate, stand a clinic up for 3 days, shut it down, and move it, mobile, on wheels, and do the same thing.

Telehealth, telemedicine. Right now, we have 40,000 veterans who are receiving telehealth monitoring because they are chronically ill in their own homes. They do not have to go anywhere. The technology is there. So this is part of the structure.

Yes, we are looking down to make sure that we have the right capabilities, the right services to meet the needs out there, and that is a constant look. There are looks underway right now. In fact, I would just offer to everyone that this is a look and we are trying to ensure that we have a good understanding where the needs are.

With that, let me turn to Dr. Petzel.

Dr. PETZEL. Thank you, Mr. Secretary.

Senator Pryor, I heard two questions or two concerns. Let me just add a little bit to the first one to what the Secretary had to say.

Each year we assess the needs for community-based outpatient clinics. It starts at the medical center level, moves up through the network, and eventually we come to a national understanding of what the needs are for additional community-based outpatient clinics. We will be opening a number of new ones during 2010. We hope to have about 862 clinics opened with the completion of fiscal year 2010.

But as the Secretary mentioned, there are much more mobile, if you will, modalities that we can use. Home-based primary care where we send visitors into the home. Telehome health where we actually have tools for monitoring in the home. A case manager, from the veterans' perspective, is probably the most desirable way to provide care in the rural community. They do not have to travel very frequently to a clinic or to a medical center. And then we have telemedicine where we can provide in the community telemedicine access to specialists at various places.

I think we are going to be doing a better job in these next 2 years of reaching rural America. I think the Secretary mentioned there are 40,000 patients on telehome health. I think that the number who need that modality is probably hundreds of thousands, and we

are moving aggressively to increase the number using telehome health.

The second question, though, that I thought I heard in what you said was, what about the quality of the care that we receive in our community-based outpatient clinics. And we do hold them to the same standards and do assess them in the same ways for the quality of care that they are receiving, and that is whether it is a clinic that we staff ourselves or whether it is a clinic where we contract for care.

ELECTRONIC HEALTH RECORD

Senator PRYOR. Great. I appreciate that and I appreciate your attention to that. It is important to pretty much every Senator in the Senate because we all have some rural areas and some challenges out in those rural areas.

Mr. Secretary, I would like to ask you about the joint lifetime electronic record. I know that this is something that the DOD and the VA have been working on together. I think it is very important that we do it and do it right. Could you give us a very brief status report on that?

Secretary SHINSEKI. Let me turn to the expert, Senator. Let me turn to Roger Baker here who handles that for us.

Mr. BAKER. Thank you, Mr. Secretary. I will give you a quick update. We have a lot of detail on this one.

As you know, we have probably the best interoperability right now with the Department of Defense, exchanging information between our electronic health records. As we moved to expand that, we have moved to a national standard for information exchange so that we can bring the private sector into that electronic health record. Roughly 50 percent of the care provided to veterans is done by the private sector, and in the past we have not shared those health records. So we are moving that forward.

We have had a pilot live in San Diego with Kaiser Permanente on that project for several months. We have announced that we will be doing another pilot in the Hampton Roads area and moving forward with pilots there toward a 2012 general availability of that for private sector folks to hook in with.

On the benefits side, we have also made substantial progress in achieving what the Secretary terms the "seamless transition" and doing things along the lines of putting all of our benefits information and the DOD's benefit information on a common Web site so that a service member goes to the e-benefits portal while they are in the service and sees what their benefits are. They have the same log-in, exactly the same Web site, when they move to VA so all the information is the same there.

We really have moved a long ways forward in a global approach to sharing that information. It is a long process. There are a lot of systems involved and a lot of information involved, but we feel very good about the progress.

Senator PRYOR. Good.

Thank you, Mr. Chairman.

Senator JOHNSON. Senator Brownback.

JOINT VENTURES

Senator BROWNBACK. Thank you, Mr. Chairman.

Mr. Secretary, welcome, and gentlemen, good to have you here.

I want to raise two quick issues with you. One is the joint VA/DOD ventures that you have around the country, Mr. Secretary. I understand you have eight joint ventures between DOD and the Veterans Administration as far as healthcare facilities that serve both active duty members and veterans.

I just want to put out for you that at Leavenworth one of the things that I have been talking about with the local base and the Veterans Administration in Leavenworth is that as they look to move forward, I think there are some real synergies and possibilities of a joint facility in Leavenworth. You have a small VA hospital that is there. You have got a major Army base. We have the disciplinary barracks from the DOD also there. And then the Bureau of Prisons (BOP) has a major facility. And yet, no hospital healthcare facility for the entire complex.

It is expensive care that is taking place now. The Bureau of Prisons is building a kidney care center for dialysis just for older people that are in prison. To get dialysis, they are going to move all their prisoners from around the country to Leavenworth to get dialysis care. Probably a good idea, but I am looking at this and thinking you have a VA, a major military base, disciplinary barracks, and BOP, and it is all the same Government and we are short of taxpayer money.

I think this is a prime place to look at something of that nature, and I would just urge your folks to take a look at that. I know the base commander at Leavenworth would be interested in doing this because he does not have a healthcare facility at all, and it is a substantial base. I think it is the largest base in the country without a healthcare facility, and it would be nice to do this in the most economical way we could.

A second issue I just want to raise with you—and Senator Collins raised it. It was on Senator Pryor's mind as well—is on the suicide, PTSD, traumatic brain injury issue. I think we are doing a lot better job this time around on this than after the Vietnam era. When I first came into Congress, I would see a number of Vietnam veterans come into our office that just had not—there was not any recognition that there was a PTSD syndrome at the time, and then they did not get any care and it just got worse for neglect. I think you are doing a better job this time around.

One issue I would offer to you on that and I hope you do is to engage more of the private sector community on it, particularly the not-for-profit, faith-based community that would really like to engage because in my experience, these guys have difficulties that in many cases they are not willing to express or talk about or it is not tough if I do, and yet the longer it goes on, the worse it is going to dig in. And they need to really just build relationships. They need somebody that just sits there and says I care about you. Look, we have a problem and let us go get it taken care of.

And I have seen some interesting models around the country of where the private sector is stepping in. There is a group that just came into my office—I think they are from Kentucky—that is

working doing this—and this seemed to me to be really classically built for a private, faith-based community engagement because really what you need is somebody to build a relationship that can see the signs coming on this. And many of these guys either do not have that level of relationship or have already blown through their relationships, their close ones, because of PTSD or traumatic brain injury and then the steps on down the road are drugs or alcohol or suicide at the worst case. This one seemed to me to be really made for that sort of issue because you are going to need a lot of hands on deck to pick these sort of problems up as they come along.

I would urge you to look at that and I would hope you could look at this possible joint facility at Leavenworth.

Secretary SHINSEKI. Senator, I am going to turn to the Chief Medical Officer here for his insights.

But I would tell you we look for any opportunity to partner, especially with DOD. Very little of what we do in VA originates here. We are joined by the one key link between us and that is the individual who wears a uniform one day and takes the uniform off the next. And the VA then has responsibility to care for them for a long period of time.

You may be interested to know that today we still have two children of Civil War veterans on our rolls as beneficiaries.

Senator BROWNBACK. Is that right?

Secretary SHINSEKI. One hundred and fifty-one Spanish-American War beneficiaries. So our responsibilities go on for a long time, and this effort to partner with DOD makes good sense, makes good business sense, and it takes great care of these youngsters.

Let me just turn to Dr. Petzel here for a few seconds.

Dr. PETZEL. Just to elaborate a bit on the Secretary's comment—thank you, Mr. Secretary. In Kansas, we are actually engaged already with Leavenworth. The VHA leadership has been in discussions with the Leavenworth military community about how we can cooperate.

Senator BROWNBACK. Good.

Dr. PETZEL. I think that is an excellent suggestion, Senator.

Senator BROWNBACK. I have been pushing them to do this. It really makes a lot of sense to do it.

Dr. PETZEL. We are actually also looking at another place in Kansas, in Wichita at McConnell Air Force Base. We have engaged McConnell in discussions about how we can share jointly. We are one Federal Government and there ought to be ways that we can share our expenses.

Senator BROWNBACK. This would be unusual, but if you could even think about involving the disciplinary barracks which is part of the military that is in Leavenworth and the BOP. I know that is really outside of the box, and we may be pushing it to get two stovepipes together, and three or four may be just a bridge too far. But they are all within 3 miles of each other—4. And you would impress a lot of people if you are able to get that many stovepipes in the same chimney.

Dr. PETZEL. We will certainly look into that.

Senator BROWNBACK. Thank you.

Secretary SHINSEKI. Senator, I will just add to this. Forty thousand veterans come out of prisons every year, and so out of our medical care system—out of VA for both benefits and healthcare, we have already been in touch with prisons. I think there are something on the order of 1,300 Federal prisons. We have visited maybe 800 of them and made contact with about 15,000 prisoners in the effort to prepare them so they leave to be on track with a good phase in the next phase of their lives. Much of that has to do with treatment to begin with and then stability in jobs and other things. But already there is this requirement to work together with the Bureau of Prisons.

Senator BROWNBACK. Good.

Thank you, Chairman.

Senator JOHNSON. Thank you, Senator Brownback.

I would like to thank the Secretary and those accompanying him for appearing before this subcommittee. I look forward to working with you this year.

ADDITIONAL COMMITTEE QUESTIONS

For the information of members, questions for the record should be submitted to the subcommittee staff by close of business on April 21.

[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 TIM JOHNSON

Question. Mr. Secretary, on March 18, the VA published a Proposed Rule in the Federal Register that would establish a presumption of service connection for nine diseases for veterans who served in the Persian Gulf and Afghanistan. I am pleased that the VA is taking steps to recognize diseases that afflict vets that served in the Gulf. As the VA moves to implement this proposed rule, have you developed any budget estimates, both for compensation payments and healthcare costs, for the cost of implementing this new policy?

Answer. The compensation benefit costs associated with this proposed rule are estimated to be \$1.5 million during the first year, \$11.5 million for 5 years, and \$36.4 million over 10 years. This proposal would amend section 3.317 of title 38 C.F.R. to establish a presumption of service connection for the nine diseases (brucellosis infection, campylobacter jejuni infection, coxiella burnetti infection, malaria infection, mycobacterium tuberculosis infection, nontyphoid salmonella infection, shigella infection, visceral leishmaniasis and west nile virus infection). However, the costs associated with this regulation are based only on compensation for tuberculosis due to insufficient data available on the other rare diseases. Because of the small number of veterans and survivors affected by this rule annually, the additional caseload and cost of implementing this new rule will be absorbed in existing resources.

Question. Collaboration between the VA and the Indian Health Service needs to improve. Many Native Americans who are veterans often get conflicting information regarding benefits that they are entitled to. What plans does the VA have to improve the coordination of benefits between the two Departments?

Answer. VA has a robust program with the Indian Health Service (IHS) as is reflected in Attachment A, which provides details regarding specific Native American/Alaska Native veteran outreach and healthcare activities.

In addition, on May 24, 2010, VA Secretary Shinseki met with Dr. Yvette Roubideaux, Director of Indian Health Service. During this meeting, it was agreed the Memorandum of Understanding between VA/IHS would be updated by September 30, 2010, to reflect the expansion of collaborative activities, as well as the enhancement of communications. Both organizations agreed that working together in partnership will enhance the delivery of benefits to our Native American and Alaska Native veterans.

Question. Mr. Secretary, the budget includes a supplemental request to implement the Agent Orange decision. The entire request is for VBA disability claims. How-

ever, this decision is likely to have an important impact on demand for VHA medical care as well. Has VHA projected the likely effects on its medical expenditures?

Answer. VHA projects Agent Orange expenditures of \$165 million and \$171 million in fiscal year 2011 and 2012, respectively. These costs are included in the budget request.

Question. The denial of On-the-Job Training (OJT) benefits under the GI Bill for the State workers who work in State Veterans Affairs' State Approving Agencies (SAA) is inconsistent with the policy regarding Federal VA workers and OJT. There have been several incidents where the VA has denied OJT programs with the South Dakota SAA. The VA has deemed employees to be "fully qualified" due to the fact that they were hired to their positions, but being fully qualified is not the same as being fully trained. VA employees, such as a VA Veterans Claims Representative, or an Education Liaison Representative can use their GI Bill benefits for an OJT program with the VA, but those in State Approving Agencies are denied approval to use their GI Bill benefits for OJT Programs. The VA's argument for denying the claims of SAA employees is that they don't need training because they are already qualified, and yet, the VA employees who are in positions of authority over the SAA employees are generally approved to use OJT benefits.

Why does the VA deny the use of the GI Bill for OJT programs for SAA employees while approving them for the education liaison representatives (and others) who would generally be considered more qualified, trained, and knowledgeable?

Answer. SAAs are charged with approving education courses in accordance with the provisions of chapters 33, 34, 35 and 36 of title 38 U.S.C. Under contracts with VA, SAAs ensure that education and training programs meet Federal VA standards through a variety of approval activities, such as evaluating course quality, assessing school financial stability, and monitoring student progress. SAAs also promote the development of apprenticeship and on-the-job training programs and approve tests used for licensing and certification. The Federal Acquisition Regulations (FAR) require SAAs to be qualified to perform the required duties before they can be awarded a contract. Therefore, VA has denied the requests of current SAA employees for on-the-job training programs.

VA's General Counsel is currently reviewing the law and regulation as it applies to this matter and will issue a formal opinion by mid-July 2010.

The Veterans Benefits Administration does hire employees in entry-level trainee positions. Work completed by trainees is reviewed and approved by experienced supervisors. These supervisors are required to have the necessary knowledge and skills to perform the duties of the job prior to being selected for the position, much like the requirements for SAAs. Therefore, they would not be approved for an on-the-job training program.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

Question. Mr. Secretary, it is my understanding that the Department of Veterans Affairs has done an extremely good job when it comes to both hiring veterans, and utilizing service-disabled veterans small businesses to execute contracts. Would you please elaborate on some of the goals that VA would like to meet with regard to both hiring and small businesses in fiscal year 2011?

Answer. The average employment of veterans across the Federal workforce is 25.8 percent according to OPM, as of September 30, 2009. Today, approximately 30 percent of the Department of Veterans Affairs workforce (over 90,000 of 300,000 employees) is comprised of veterans. We've set a strategic target of 35 percent veteran employment. Our target for fiscal year 2011 is to obtain 31 percent veteran employment.

VA is proud to lead the Federal Government in small business contracts to service-disabled and other veteran-owned small businesses. Preliminary VA data for fiscal year 2009 indicate that service-disabled and other veteran-owned small business interests respectively received 16.3 percent and 19.3 percent of VA's total procurement dollars. We are on a similar performance track to exceed our goals in fiscal year 2010. Our employees worked especially hard to exceed these ambitious goals for implementing ARRA funds. Of the over \$1 billion in ARRA funding for VA approximately 80 percent have so far been awarded to Veteran Owned Small Businesses (VOSB). Our goal for fiscal year 2011 for service-disabled VSOB is 10 percent, and for VSOB is 12 percent.

Question. Mr. Secretary, there are many pressing issues that face our veterans, and the fiscal year 2011 VA budget was crafted to seek the greatest degree of balance. The VA is the agency charged with caring for the needs of our veterans for the long-term. As you looking forward and anticipate the greater demands that will

fall upon VA, in terms of healthcare and benefits, what actions are you taking to prepare the Department for the expected influx? Given the constraints we are all facing during these economically difficult times, how do you see the Department meeting the requirements this preparation requires?

Answer. We recently completed development of a new strategic framework that is people-centric, results-driven, and forward-looking. The path we will follow to achieve the President's vision for VA will be presented in our new strategic plan, which is currently in the final stages of review. The strategic goals we have established in our plan are designed to produce better outcomes for all generations of veterans:

- Improve the quality and accessibility of healthcare, benefits, and memorial services while optimizing value;
- Increase veteran client satisfaction with health, education, training, counseling, financial, and burial benefits and services;
- Protect people and assets continuously and in time of crisis; and
- Improve internal customer satisfaction with management systems and support services to achieve mission performance and make VA an employer of choice by investing in human capital.

VA's 2011 budget focuses on three concerns that are of critical importance to our veterans—easier access to benefits and services; reducing the disability claims backlog and the time veterans wait before receiving earned benefits; and ending the downward spiral that results in veterans' homelessness.

This budget provides the resources required to enhance access in our healthcare system and our national cemeteries. We will expand access to healthcare through the activations of new or improved facilities, by expanding healthcare eligibility to more veterans, and by making greater investments in telehealth. Access to our national cemeteries will be increased through new burial policies that lower the veteran population threshold required to build a national cemetery from 170,000 to 80,000 within a 75-mile radius and that allow for the establishment of urban satellite cemeteries.

We are also requesting a substantial investment for our homelessness programs as part of our plan to ultimately eliminate veterans' homelessness through an aggressive approach that includes housing, education, jobs, and healthcare.

The Veterans Benefits Administration now employs more than 11,600 full-time claims processors and plans to add 3,000 additional decisionmakers in fiscal year 2011. However, continuing to increase the size of our workforce is neither a long-term nor scalable solution; we need to do a much better job of leveraging network automation and software productivity tools to more effectively manage our workload and serve our clients. Bold and comprehensive changes are needed to transform VA into a high-performing 21st century organization that provides high quality services to our Nation's veterans and their families.

VA's transformation strategy leverages the power of 21st century technologies applied to redesigned business processes. Pilot programs are underway at four of our regional offices to support our business transformation plan to reduce the claims backlog, improve service delivery, and increase efficiencies. Each pilot functions as a building block to the development of an efficient and flexible paperless claims process. The results of all four pilots will be incorporated into the nationwide deployment of the Veterans Benefits Management System (VBMS) in 2012. VBMS will be built upon a service-oriented architecture, enabling electronic claims processing by providing a shared set of service components derived from business functions. Initially, VBMS will focus on scanned documents to facilitate the transition to a paperless process. Ultimately, it will provide end-to-end electronic claims workflow and data storage.

VA is also seeking contractor support to develop a system to support evidentiary assembly and case development of the new Agent Orange presumptive claims. The system will enable veterans to proactively assist in the development of their claims through a series of guided questions and will automate many development functions such as Veterans Claims Assistance Act notification and follow up.

In addition to an electronic claims processing system, VA is committed to improving the speed, accuracy, and efficiency with which information is exchanged between veterans and VA, regardless of the communications method. The Veterans Relationship Management Program (VRM) will provide the capabilities to achieve on-demand access to comprehensive VA services and benefits in a consistent, user-centric manner to enhance veterans', their families' and their agents' self-service experience.

In summary, VA will be successful in resolving these three concerns by maintaining a clear focus on developing innovative business processes and delivery systems that will not only serve veterans and their families for many years to come, but will

also dramatically improve the efficiency of our operations by better controlling long-term costs. By making appropriate investments today, we can ensure higher value and better outcomes for our veterans.

Question. Mr. Secretary, would you please discuss some of VA's long-term plans to meet the healthcare needs of our veterans that live in remote areas? For example, the State of Hawaii is home to many brave men and women that have served this country in uniform. Remote and rural areas in the State as well as the territories in the Pacific create unique demands on the VA's system. There has been discussion of allowing existing Federal healthcare providers in the area to provide care for veterans. Could you please elaborate on the plans to address these unique needs through partnerships, telehealth, or other initiatives, and how these goals may be met through the VA's budget?

Answer. It is VA's intention to continue aggressively pursuing a strategy designed to reach veterans in remote areas, no matter where they live. Veterans Integrated Service Network (VISN) and local facility leadership are also exploring opportunities to extend the reach of VA's benefits into more remote areas. As a result, a comprehensive strategy for addressing the needs of rural and highly rural veterans, including those in the Hawaiian and other Pacific Islands, is based on the establishment of community-based outpatient clinics, rural health outreach clinics, telehealth and telemental health initiatives, as well as partnering with other Federal, State and local healthcare providers.

In Hawaii, VA closely partners with the Department of Defense and is exploring opportunities to partner with Papa Ola Lokahi, a non-profit organization which addresses native Hawaiian healthcare needs, and other healthcare systems and practitioners located in the Islands. This partnership is seeking to improve the availability of and access to VA enrollment materials for Native Hawaiian veterans, and is considering the potential use of Native Hawaiian Clinics where veterans can access traditional and complementary medical care, where feasible.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. General Shinseki, as you are aware, VA is in the process of improving its human capital capabilities through the Human Capital Investment Plan and Human Resources Lines of Business initiative. These are important efforts and I applaud VA's efforts to both improve its efficiency and look after its people. With respect to the HR Line of Business initiative, there are a number of Federal shared service centers capable of providing these services, one of which is located in East New Orleans at USDA's National Finance Center. In February, I wrote you asking that you consider the merits of utilizing NFC for your department's line-of-business needs. Utilizing a Federal agency like the National Finance Center would allow VA to avoid a lengthy and costly procurement process—and there are certainly other benefits.

I would be interested to know where VA is in the process of selecting a line-of-business provider, and whether your staff has met with NFC personnel to discuss this matter.

Answer. VA has been working with the Office of Personnel Management and other Executive Branch Departments and agencies on the overall Human Resources Line of Business Initiative. Using our current selection process guidelines, VA will consider NFC as our human resources services provider along with all interested and approved providers.

NFC will be afforded the full opportunity to demonstrate to key members of my staff the full range of products and services they desire to provide VA in this regard, and we will look forward to that process.

Question. I would also like to ask about an issue that I am sure is very much on your mind—the implementation of the Post 9/11 GI Bill. There has been a great deal of effort to make sure this goes as smoothly as possible—a difficult task under the best of circumstances, but made all the more difficult given the complexity of the law and the short amount of time to get the system up and running. And indeed, there have been delays and backlogs that have frustrated veterans, but I know the VA is moving aggressively to address these issues.

A significant amount of the work to develop the long term solution for the Post 9/11 GI Bill is being done by SPAWAR in New Orleans. It seems to me that given the concentration of subject matter expertise in both the implementation of the law and development of the supporting IT system, VA would be wise to examine an ongoing relationship between VA and SPAWAR with respect to GI Bill benefits.

Once the planned releases of the Long Term Solution (LTS) system are complete, what are VA's plans with respect to the LTS system?

Answer. As of today, VA intends to continue to house the Long Term Solution at the Terremark Data Center in Culpepper, Virginia. No decision has been made to date on whether or when to transition LTS back into a VA data center.

Question. It is my understanding correct that the system will be housed at a VA data center and that claims will be processed in regional centers? Given the complexity of this undertaking, would it not be wise to examine a centralized processing center to handle claims and eliminate any existing backlog?

Answer. All VA education benefit claims are currently processed at one of four Regional Processing Offices (RPOs) nationwide using systems housed in various locations throughout the country. VA has substantial experience in processing claims through off-site systems and is prepared to continue this procedure for the Long Term Solution (LTS). The creation of a centralized processing center would add complexity to the process by requiring that VA build out a centralized location, transition all relevant IT systems to this center, and relocate the trained claims processing staff currently spread throughout the four RPOs. VA has developed staffing and IT strategies to address any backlog of education claims that may occur and is confident that these strategies will be sufficient to achieve timely processing and payment of claims.

Lastly, the LTS will both reduce the number of people needed to process claims and allow VA to move work electronically to available resources. Therefore, once VA gains experience with the new claims processing system, a review of the best model for claims processing locations will routinely occur as we maintain the best efficiency in our system while accounting for workload and available resources.

Question. Will VA consider a Project Labor Agreement for the construction of the New Orleans VA Hospital?

Answer. The Executive Order which relates to Project Labor Agreements encourages Federal agencies to consider the use of a PLA on construction projects valued at greater than \$25 million. The final change to the Federal Acquisition Regulation was recently issued. The Department is finalizing an acquisition instruction letter that will establish policy on evaluating the use of PLAs for projects over \$25 million, including New Orleans. This will include evaluating factors such as the positive or negative impacts of a PLA on project cost, schedule, labor availability, competition, and labor unrest. The developed business cases and final decisions will become part of the contract file.

Question. Where is VA in its decision for VA/DOD centers of excellence for blind veterans?

Answer. VA is assisting the Department of Defense (DOD) in establishing the Vision Center of Excellence (VCE). VA is responsible for providing staff support for the VCE based on a Joint DOD/VA Memorandum of Understanding signed on October 16, 2009. VA has successfully recruited a Deputy Director, Chief of Staff, and Vision Rehabilitation Specialist. A Research Optometrist and Administrative Assistant are in the selection process and the Biostatistician position will be released for recruitment before the end of the 3rd Quarter of fiscal year 2010. VA personnel are currently occupying DOD space in Falls Church, VA.

DOD has the lead on developing the Joint Defense and Veterans Eye Injury and Vision Registry (DVEIVR) to provide capability for analyzing longitudinal outcomes, assessing intervention strategies, enhancing performance improvement, and developing a common user/provider interface across DOD and VA. VA provided \$1.7 million for use in developing a data store to capture information to populate the DVEIVR. Initial testing for VA's data store was completed in March 2010. VA estimates that by the end of the first quarter of fiscal year 2011, it will begin data abstraction efforts for the VA functional data store. Data abstractors will take clinical information from medical records and enter it into a computable database for analysis to improve medical care and conduct research. Development of the DVEIVR is projected to begin in the first quarter of fiscal year 2011.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

Question. Secretary Shinseki, Congress has continued to fund Department of Defense and the Department of Veterans Affairs' efforts to integrate record keeping for over two and a half decades. As a result of departmental failures in both agencies, wounded soldiers often languish between the systems and receive inadequate care. Last April, President Obama joined you and Secretary Gates in announcing a combined DOD-VA electronic health record system development effort. Since that announcement over a year ago, what concrete progress has been made towards making the system a reality? What role have you played in accomplishing this goal? What are the milestones and timelines for completion of this effort? What will the system

look like when completed? Will it be one seamless system, an integrated system, or an interoperable system?

Answer. The Department is fully committed to meeting the needs of our service members and veterans, especially those who have given so much for their country. The Virtual Lifetime Electronic Record (VLER) is one of VA's highest priorities. VA's dedicated VLER team quickly explored new opportunities for exchanges of health information between not only VA and the Department of Defense (DOD), but also with private healthcare providers who also care for our veterans. The information obtained from this group is critical to the Department's efforts to ensure a complete treatment record is available. VA and DOD capitalized on the work being done by the Department of Health and Human Services to create the Nationwide Health Information Network (NHIN). VA conducted a proof of concept in September 2009 by exchanging very limited information over the NHIN on two patients who consented to be a part of this exchange. The test was conducted in San Diego, California, with two veterans who were seen by both the VA Medical Center and by Kaiser Permanente (KP). After the test, VA completed more work to be able to begin exchanging a limited set of health data for approximately 400 veterans who have consented to be part of a production pilot in San Diego between the VA and KP. That effort commenced mid-December 2009 and continues today. VA plans a second pilot in the Virginia Tidewater area that is expected to go into production during the summer of this year. Following the guidelines of the Chief Information Officer's Program Manager Accountability System (PMAS), development and deployment of additional health data elements and additional functionalities will occur in 6-month phases.

However, as VLER builds upon this health data exchange, the VA's Enterprise Program Management Office (EPMO), which was established to oversee the efforts of both the health and benefits lines of business teams and coordinate those requirements with the information technology development teams, will begin exploring additional means of creating the framework for information interoperability necessary for all of VA's service providers to seamlessly have secure access to the information needed. This data liquidity will significantly reduce the burden on service members and veterans to repeatedly provide information that should and will be made available to our service providers.

The next step in this approach will be to engage in discussions throughout VA and with the Social Security Administration (SSA) to identify those health data elements required for a disability claim that can be exchanged via the NHIN, and to determine the remaining data elements and design the framework for those exchanges. This approach will build on the lessons learned from the NHIN work and rely on HHS standards and protocols where applicable for health data exchanges.

The approach VA is taking leverages the work being done by HHS and allows exchange of health data information over the NHIN. Utilizing the NHIN by creating an adapter from each Electronic Health Record (EHR) to the NHIN gateway allows each Department to modernize on their own schedule and meet their individual needs but still share health information.

The VA's approach to VLER will accomplish the following:

- Create the data liquidity required for service providers to access and use the information needed;
- Reduce the burden on the service member and veteran of repeatedly providing information;
- Deliver new functionalities and capabilities every 6 months, to the NHIN adapter for information interoperability; and
- Position the Department to have laid the framework for the lifetime electronic record by 2012.

Question. Secretary Shinseki, many wounded, disabled, and homeless veterans live in rural areas. Conversely, Department of Veterans' Affairs facilities tend to be aggregated in more densely populated areas to achieve maximum efficiencies. Southern West Virginia disabled veterans often have to travel to facilities as far away as Richmond, Virginia, to receive certain types of medical care. For some services, these veterans may have to travel 6–8 hours each way in order to receive care. For homeless veterans living in these areas, services are often completely unavailable. Last year, I asked what could be done to accommodate some of these services closer to home. What new initiatives have been undertaken since then, in West Virginia and nationwide, to accommodate some of these services closer to rural veterans?

Answer. A significant number of initiatives have been developed and are providing services to veterans in remote areas, including West Virginia. Partnering with local community providers, community and outreach clinics, and telehealth initiatives are all methods VA is utilizing to provide care closer to the veterans' home.

Attachment B provides details on a variety of programs that benefit all veterans who reside in the Appalachian region.

Question. Secretary Shinseki, many VA community-based treatment centers are being collocated with large VA hospitals. These hospitals, in turn, are near large community or general hospitals. In part, this is because collocation affords cost-savings and staff-sharing relationships. Unfortunately, community-based centers are most needed in underserved areas where VA hospitals are far away. What are some of your thoughts on how we can best serve veterans living in these rural areas and what have you done to accomplish this in the last year?

Answer. VA has long recognized that veterans who reside in more remote communities or geographic areas require the same level of services and healthcare as those living in more accessible areas. Providing care away from a VA medical center is a concept that VA began using in the early 1990s. Initially, community-based outpatient clinics (CBOCs) were located in areas with large concentrations of veterans and were reasonably accessible to a VA medical center or community hospital. As the number of CBOCs has increased and technology has improved, VA has recognized that veterans who reside in more remote communities or geographic areas require the same level of services and healthcare as those living in more accessible areas. As a result, in fiscal year 2008, the Office of Rural Health (ORH) funded the establishment of 10 part-time outreach clinics and 4 rural mobile healthcare clinics to target areas where there is not sufficient demand (or it is not feasible) to establish a full-time CBOC. These clinics extend access to primary care, case management and mental health services to rural veterans.

Building upon these initiatives, an additional 30 rural outreach clinics and 51 CBOCs were approved in fiscal year 2009 and fiscal year 2010, respectively. The primary requirement in determining the location of the outreach clinics was based on drive time and percentage of rural and highly rural veterans who receive care.

In addition to the establishment of CBOCs and outreach clinics, a number of telehealth and Home-Based Primary Care (HBPC) teams have been activated.

In fiscal year 2009, VA allocated \$80 million for telehealth, augmented by an additional \$67 million in fiscal year 2010 for a total of \$147 million. Telehealth care is now provided from 144 VA medical centers to 500 other sites of care and supports care to more than 260,000 veterans.

The outcomes of this funding through the end of September 2009, when compared to the September 2008 baseline, has shown an 18 percent growth in the average daily census of rural and highly rural veteran patients receiving care in their homes via care coordination home telehealth (CCHT); a 41 percent growth in the number of clinical video telehealth (CTV) visits provided to rural and highly rural veteran patients; and a 77 percent increase in the number of care coordination store-and-forward telehealth (CCSF) visits provided to rural and highly rural veteran patients.

The fiscal year 2010 initiatives are also showing positive growth over the prior year achievements by increasing access to care for veterans who reside in rural/highly rural area and who use telehealth care.

Question. Secretary Shinseki, with an aging Vietnam veteran population, my office is receiving an increasing number of complaints about the lack of adequate VA nursing home and extended care facilities for veterans in West Virginia. Many facilities scheduled for construction years ago have experienced repeated delays. Last year, I asked you to look into this and get back to me on what we can do to accelerate and increase the construction of these facilities. Has anything been done to accelerate the construction of nursing home facilities during the last year and when can we expect to see additional Administration efforts in this area?

Answer. The Beckley VA medical center submitted a 90-bed Community Living Center (CLC) Major Construction project application that ranked 50 out of 61 in the fiscal year 2011 budget consideration. Projects ranking higher in priority focused on several sub-criteria, such as special emphasis, safety or seismic deficiencies. However, this project only supported the access sub-criteria; therefore, it ranked in the lower echelon.

VA CLCs offer modern nursing home care units focusing on a home-like environment to foster healing. These are primarily constructed in pods of 10–12 home-like units. Due to this new concept, the current CLC design offers a unique opportunity to construct pods within the Minor Construction threshold. In the fiscal year 2010 Minor Construction program, for example, VA started approximately \$261.3 million worth of design or construction projects across the country. VA will analyze the opportunities for Beckley's CLC to use an approach that considers Minor Construction while continuing to evaluate the project under Major Construction.

Question. The Conference Report associated with the fiscal year 2010 Military Construction, VA and Related Agencies Appropriations Act encouraged the VA to expand its partnership with accredited nonprofit service dog organizations where vet-

erans with PTSD help to train service dogs. What is the current status of this effort, and to what degree has the Department of Veterans Affairs expanded its partnership with accredited nonprofit service dog organizations where veterans with PTSD help to train service dogs?

Answer. VA has developed an excellent working relationship with nationally recognized organizations in the service dog community. VA has provided information to these organizations to assist with veteran education about the benefits of service dogs, and the veterans they interact with are provided an invitation to contact VA with questions. VA is partnering with the certification agency, Assistance Dogs International, Inc., for assistance with the development of educational materials for our veterans and clinicians, including a brochure and a video.

VA Rehabilitation Service has a pilot program at the Palo Alto Veterans Healthcare System (Menlo Park Division) called the "Paws for Purple Hearts Service Dog Training Program," which began in July 2008. VA has found that patients with PTSD assigned to the Men and Women's Trauma Recovery Program have benefited from this program. These patients are training dogs to become service dogs for persons with mobility impairments. Under this program, the service dogs are the property of the Assistance Dog Institute, with the Bergin University of Canine Studies, and return there for placement after the dogs are trained. The program has made the following clinical observations, finding that participants who train service dogs for mobility impairment have, on average:

- Increased patience, impulse control, and emotional regulation;
- Improved ability to display affection with less emotional numbness;
- Increased positive social interactions and reduced isolation;
- Improved sleep patterns and decreased use of pain medication;
- Decreased number of startled responses and lowered stress levels; and
- Improved parenting skills and family dynamics.

The pilot program is ongoing. Its outcomes and the demand for its services will continue to be assessed to determine if expansion of the program to other VA medical centers is warranted.

Question. Secretary Shinseki, the Department of Veterans Affairs receives funding for research. Historically, this funding has been restricted by the Department to research performed by, or in conjunction with, VA researchers. This practice has sometimes resulted in policy-based rather than science-based research. The VA's own Gulf War Veterans Illness Research Advisory Committee has been forced to approach Congress directly, year after year, to get funding for independent peer-reviewed scientific research. Last year, we had some indications that the Administration would request this independent research funding in the fiscal year 2011 budget request; however, it did not. This research has been funded through the Department of Defense, and again in fiscal year 2011, Congress will have to directly provide these funds. Some of this research has been groundbreaking and very productive. Last year, I asked you what could be done to bring this type of research back into the VA budget process. What has been done in this regard since our last meeting, and when will the VA's own Gulf War Research Advisory Committee be able to say that they no longer need Congressional assistance to fund the best and brightest proposals and scientists to conduct research into the causes and treatments for gulf war related illnesses?

Answer. VA's plans for its gulf war research portfolio include a multi-pronged approach that balances the urgency of understanding and finding new diagnostic tests and treatments for ill veterans of the 1990–1991 gulf war (short-term) with the need to do new studies on a national group of gulf war veterans (long-term). VA's goal is to maintain funding levels for gulf war research as close as possible to \$15 million per year.

VA's Office of Research and Development (ORD) issued three new requests for applications (RFA) specific to gulf war veterans research on November 10, 2009. RFA CX-09-013 is specifically aimed at identifying potential new treatments (clinical trials, including complementary medicine approaches) for ill gulf war veterans. RFA CX-09-014 and BX-09-014 are aimed at increasing our understanding of gulf war veterans' illnesses and identifying new diagnostic markers of disease and potential therapeutic targets to develop new therapies. The lists of topics of interest in CX-09-014 and BX-09-014 incorporate over 80 percent of the research recommendations contained in the 2008 report from the VA Research Advisory Committee on Gulf War Veterans' Illnesses (RAC) and direct RAC input to ORD. The three RFAs described above will be re-issued twice a year to regularly request submission of new proposals and revisions of previously reviewed, but unfunded, applications.

ORD's long-term plans include the design and implementation of a new study of a national group of gulf war veterans under the auspices of the VA Cooperative Studies Program, which has extensive experience in developing multi-site VA clin-

ical trials and clinical studies. The design of this new study will include a Genome Wide Association Study (GWAS) and other elements, based on evaluating the existing body of scientific and clinical knowledge about the illnesses affecting gulf war veterans and recommendations received from the RAC. VA has targeted September 2010 for completion of the study design and implementation. This study was discussed with the RAC at their November 2–3, 2009, meeting to gather input on what additional elements could be included in the study. A planning committee has been established to define the elements to be included in the final study.

The expiring authority found at 38 U.S.C. § 1117(c)(2) will not result in the loss of compensation benefits or medical care for gulf war veterans currently receiving benefits for disabilities that are categorized as “undiagnosed illnesses” and for which service connection has been properly decided. Those veterans will continue to receive benefits after the date of the expiring authority on September 30, 2011.

Question. Secretary Shinseki, the Persian Gulf War Veterans Act of 1998, passed as part of the fiscal year 1999 Omnibus Appropriations Act (Public Law 105–277), is scheduled to expire this year, 10 years after the last day of the fiscal year in which the National Academy of Sciences submitted its first report. Will any veterans lose priority care or benefits as a result of the expiration of the law, such as those who remain classified as having an “undiagnosed illness,” and will Congress have to pass additional legislation to ensure that these veterans will continue to receive priority healthcare, disability payments and other benefits? If so, what efforts are you aware of within your department or the Congress to draft this legislation?

Answer. No veterans will lose priority care or benefits as a result of expiration of Public Law 105–277. Section 513 of the recently enacted Public Law 111–163, the “Caregivers and Veterans Omnibus Health Services Act of 2010,” gives both certain Vietnam-era veterans exposed to herbicides, as well as veterans of the gulf war, special priority care for treatment.

Benefit determinations and payments initiated under Public Law 105–277 will continue to be made. For future reference, 2 of the 3 expiring sections of Public Law 105–277, including the one affecting benefit decisions, actually expired on the first day of fiscal year 2010 per Public Law 105–277, 122 STAT 2681–744 and 745.

Question. Secretary Shinseki, given the importance of the care we give to veterans, and knowing that not all needs can be adequately reflected in a budget document, what do you feel are critical or important needs at the Department of Veterans Affairs that are not well reflected in the fiscal year 2011 budget request?

Answer. The 2011 VA budget continues the strong commitment of the President with an increase in discretionary funding of almost 20 percent since 2009. The budget reflects a balanced and prioritized program that addresses the most critical and important needs of the Department. It allows VA to improve services for veterans and continue transformation of the VA. VA’s 2011 budget focuses on three concerns that are of critical importance to our veterans—easier access to benefits and services; reducing the disability claims backlog and the time veterans wait before receiving earned benefits; and ending the downward spiral that results in veterans’ homelessness. The budget includes \$799 million in specific programs to eliminate homelessness and \$250 million for Rural Health Initiatives. It also provides a \$42 million increase in telehealth funding in VHA and an unprecedented increase of 27 percent in funding for VBA to address the disability claims backlog. Funding is also provided to continue improving the condition of VA’s capital infrastructure.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

Question. Secretary Shinseki, I was deeply disturbed by the news reports in January stating the VA’s preliminary data show a dramatic increase in veterans suicide between 2005 and 2007. The fact that our veterans have sacrificed for our Nation only to spiral into depression and suicide is appalling. The preliminary data did suggest that access to VA services makes a difference in suicide prevention. The VA needs a more comprehensive effort and these numbers show that the duty of providing mental health services and outreach to our returning veterans is still a challenge.

Answer. VA shares your concern regarding veteran suicide. Each is a tragedy for the veteran, his family, the community and the Nation. The rates of suicide among veterans in the 16 States monitored by the Center for Disease Control and Prevention’s (CDC) National Violent Death Reporting System increased from 2005 to 2007. The increases were greatest among those veterans aged 18–29, with only a slight increase among those aged 30–64, and a slight decrease among those 65 and older. However, among those aged 18–29, suicide rates decreased significantly in those veterans who came to VA for services. VA interprets these findings as an early indi-

cation that VA's mental health enhancements and its suicide prevention programs are working for those who come to us for care. As a result of these statistics, as well as other factors, VA is transforming its mental health system to follow a public health model, providing more programs and resources to veterans in the community and the Nation as a whole, as well as to those seen in our medical centers, clinics, and Vet Centers. These efforts will focus on outreach and education to returning service members and veterans, and to veterans of all eras in their communities. The goal is to encourage as many eligible veterans as possible to seek care within VA, and to support help-seeking for all veterans when they need it. Specific plans are being developed as components of VA's Operating Plan for Mental Health for 2011–2013, and the Department of Defense (DOD)-VA Integrated Strategy for Mental Health.

Additionally, VA created the Veterans National Suicide Prevention Hotline in June 2007 to help veterans in crisis. To date, the hotline has received almost 256,000 calls and rescued about 8,100 people judged to be at imminent risk of suicide since its inception. The center's newest feature is a chat line for those who prefer computer-oriented communication, especially young veterans. Both the hotline and chat line are available 24 hours a day, 7 days a week.

Question. It has been 9 years since our service members have been going to war, often for multiple deployments. What have we done to improve the mental health efforts of those returning veterans?

Answer. VA has made enormous efforts to expand access to care, continuity of care, and quality of care regarding mental health concerns of returning veterans. Those efforts particularly began in 2005, with the implementation of the VA Comprehensive Mental Health Strategic Plan. In each fiscal year from 2005 through 2008, VA funded elements of the Strategic Plan for implementation, with broad national development of innovative programs and overall enhanced staffing of mental health services. In fiscal year 2008, the results of implementation helped VA organize a national model of what mental health services must be made available to all eligible, enrolled veterans seeking VA healthcare. The resulting document, VHA Handbook 1160.01, "Uniform Mental Health Services in VA Medical Centers and Clinics," became VA policy at the start of fiscal year 2009 and is being fully implemented throughout the system nationally, with regular monitoring of implementation showing excellent progress. As of the end of December 2009, VA medical centers and community-based outpatient clinics (CBOC) reported an implementation rate of 98 percent for the more than 200 requirements in the Uniform Mental Health Services Handbook.

We have reported previously on VA mental health efforts—some of the successes include (but are not limited to) the following: increasing mental health staff by over one-third, from 14,000 to over 20,000 nationally and decreasing time to a first appointment for new mental health referrals with a standard of evaluation within 24 hours. This is then followed by urgent care, if needed, or development and implementation of a treatment plan within the next 14 days (with 96 percent success in meeting this standard). VA has also developed the Suicide Prevention Hotline and teams of Suicide Preventions Coordinators at every VA facility. VA integrated mental health into primary care clinics and mandated screening for mental health problems to include: PTSD, depression, problem drinking, military sexual trauma, and suicide risk assessment if PTSD or depression screens are positive. Finally, VA expanded substance use disorder treatment and treatment of co-occurring substance use and PTSD problems.

All of these efforts improved the full system of care for all veterans, but there also have been elements specifically designed to serve returning Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF) veterans. These include:

- Development of special mental health staff specifically reaching out to returning veterans, in the system, to ensure mental health issues are fully addressed.
- Integration of these staff into the Post-Deployment OEF/OIF special primary care clinics.
- Collaboration with the case management system for OEF/OIF veterans to ensure mental health needs are always considered.
- Placement of mental health staff in specialty polytrauma care settings for severely wounded returning veterans.
- Training of over 3,000 VA mental health staff in evidence-based psychotherapies for PTSD, depression, family distress, and other mental health disorders that have been shown in research and clinical practice to have the greatest likelihood of resulting in significant improvement in these mental health conditions. Training has been provided with guidance to ensure that initial implementation of these therapies should target OEF/OIF veterans, to provide early intervention as much as possible.

- Expansion of mental health services for women veterans. Female OEF/OIF veterans are more likely to seek VA care than male OEF/OIF veterans, and their increasing numbers require VA to expand services. Specific requirements for serving female veterans are included in the VA Uniform Mental Health Services Handbook mentioned above.
- Collaboration with the Defense Centers of Excellence (DCOE) for Psychological Health and Traumatic Brain Injury, to coordinate efforts.
- Implementation and planning of a joint VA/DOD Mental Health Summit with DCOE and other health components of DOD. This has led to development of an integrated Mental Health Strategic Plan to increase coordination and continuity of care as service members obtain care in DOD, then separate and come to VA for care.

In summary, VA has transformed its overall mental health services in the last 5 years, and that transformation has included focused efforts to ensure enhanced care for currently returning OEF/OIF veterans. These efforts will continue to receive priority.

Question. Why do we still not have the trained mental health professionals in all of our VA facilities?

Answer. VA does have a greatly increased number of mental health staff throughout the system, with mental health professionals in all VA medical facilities. Community living centers, residential rehabilitation treatment programs and domiciliares have access to mental health resources because they are co-located with other facilities (hospitals or outpatient centers) that have mental health professionals. All large community-based outpatient clinics (CBOC) and all vet centers also have mental health staff who provide outpatient mental health services. Smaller CBOCs must provide mental healthcare through telemental health connections or by contract or fee basis. In addition, all medical facilities have mental health professionals who have been trained in providing various evidence-based psychotherapies and connections to staff with such training are available via telemental health in most CBOCs. VA strongly believes in ensuring that VA mental health staff members have appropriate, high quality training to promote the delivery of high quality, evidence-based and recovery-oriented services. VA qualification standards for employment in mental health positions require that mental health professionals have established levels of education necessary to provide clinical care, with specific competencies required for specific clinical activities and responsibilities.

VA develops and provides extensive training to mental health staff throughout its healthcare system on a broad array of mental health topic areas to ensure that mental health staff can deliver high quality care that is consistent with current clinical science. As part of its commitment to training and high quality patient care, VA has developed national staff training programs in state-of-the-art, evidence-based psychotherapies (EBPs), including cognitive processing therapy and prolonged exposure therapy for posttraumatic stress disorder (PTSD), cognitive behavioral therapy and acceptance and commitment therapy for depression, and social skills training and family psychoeducation for serious mental illness. Training in these programs consists of two key components: (1) participation in an in-person, experientially based workshop of 2–4 days in length, followed by (2) active participation in weekly consultation with an expert in the specific psychotherapy for approximately 6 months. To date, VA has provided training to over 3,000 mental health staff in evidence-based psychotherapy, including providing evidence-based psychotherapy training to staff at all VA medical centers.

In addition, VA annually provides national and regional training to mental health staff on a wide variety of mental health topics through VA's Employee Education System. These trainings are provided through in-person conferences, videoconferences, Web-based trainings, and DVD video trainings. In addition to training provided through these national mechanisms, local VA facilities provide a wide variety of mental health trainings to mental health staff on specific mental health topics.

Question. What can Congress do to assist you? Do you need additional hiring authorities or incentives?

Answer. VA's fiscal year 2011 budget provides for more than \$5.2 billion for mental health, an increase of \$410 million, or 8.5 percent, over the 2010 enacted level. We will expand inpatient, residential, and outpatient mental health programs with an emphasis on integrating mental health services with primary and specialty care. Recent VA research has demonstrated that the more returning veterans feel supported by their communities and by the Nation as a whole, the less likely they are to develop PTSD and depression. Congress has helped our troops and veterans by continuing to support mental health programs.

VA has significantly invested in our mental health workforce, hiring more than 6,000 new workers since 2005. VA has estimated that the current level of staffing is sufficient to meet the needs of veterans who use VHA for their mental healthcare. There are still a small number of unfilled positions at various VA medical facilities that are supported with mental health enhancement funds. Direction has been sent to all Veterans Integrated Service Networks (VISNs) to use the enhancement funds to fill these positions. In addition, it is essential that this level of staffing be sustained, e.g., positions that are vacated through retirement or other departures are filled in timely fashion.

VA has not experienced widespread difficulties in hiring and retaining mental health professionals. However, it has been VA's experience that in certain localities, particularly highly rural regions, there may be a limited number of mental health professionals, especially psychiatrists. Specific incentives have been developed and used in such situations. In addition to opportunities for education debt reduction, VHA has established opportunities for facilities to engage in local advertising and recruitment activities, and to cover interview-related costs, relocation expenses, and provide hiring bonuses for certain applicants. Flexibility is provided to hire providers of other appropriate disciplines or to utilize fee-basis or contract care, when indicated, so that veterans have continuous access to the full continuum of mental health services.

Question. In Washington we are bringing in residents to assist with the manning shortfall. Do we need to expand the program?

Answer. Recognizing the importance of mental health services in the overall care of veterans, VA has expanded training positions in the core mental health disciplines of Psychology, Psychiatry, and Social Work. Within Graduate Medical Education (GME), VA launched the GME Enhancement Initiative in 2006 to expand physician residents in areas of need to attain greater geographic balance in resident allocations, and to foster innovation in the models of training physician residents. The GME Enhancement Initiative created an additional 1,221 physician residents positions, with 123 in psychiatry, and 169 in all mental health related specialties.

In addition, over the last several years, VA has pursued an initiative to increase the number of non-physician mental health practitioners, especially psychologists and social workers. These efforts have been highly successful. Psychology has expanded its national trainee complement by 251 positions, to a total of 683 nationally. Moreover, social work training positions have increased from 588 to 732 for the coming year.

The impact of these initiatives for the State of Washington is shown in the chart below. The overall increase in VA mental health training positions (psychiatry, psychology, and social work) from 2005 to the present is 48 percent.



These data suggest that Washington has benefited greatly from recent expansions in trainee positions. In addition, because of the rural nature of practice in some parts of Washington, it is anticipated that the State will continue to have a high priority for future trainee expansions.

Question. Secretary Shinseki, as you know, women are the fastest growing subsection of veterans and increasingly in need of services from our VA system. Unfortunately the VA has been slow to modernize to meet their unique physical and mental health needs. I recognize the VA is trying to make changes at their facilities to make them more female-friendly, but there appears to lack a coherent, nationwide plan to review and assess the capabilities of all facilities and create a capital plan to start addressing shortfalls in high demand areas.

What is the status of a VA-wide capital plan to evaluate each facility in the VA system and target those that service greater populations of female veterans and veterans with children?

Answer. VA has undertaken an ongoing assessment and improvement process to ensure that VHA facilities meet the healthcare needs of women veterans in a friendly and safe environment that respects their unique needs, dignity, and privacy.

Elements relevant to structural, environmental, and psychosocial patient safety and privacy issues have been incorporated into VHA's monthly environment of care rounds checklist. VA is obtaining monthly assessments from each medical center in order to follow actions taken to address identified issues in the privacy and security of all veterans. Women Veteran Program Managers at each medical center are included in the review process.

In addition, an annual review of structural, environmental, and psychosocial patient safety and privacy issues in VHA patient care settings will be conducted by the Director, Environmental Program Service and incorporated into monthly environment of care rounds.

The Women Veteran's Health Strategic Health Care Group is in the process of performing a comprehensive assessment of facilities' current capacity for providing optimal care of women veterans. The assessment includes site visits and tours of six medical centers in fiscal year 2010 with ongoing assessments in fiscal year 2011. During tours, the site assessment team will review available space, environmental considerations (e.g., signage, privacy), patient and provider flow, and availability of equipment and supplies. The assessment team will also conduct brief interviews with staff in each of these areas. Results of the assessment will be used to address deficiencies and drive future budget allocation requests.

VA's design and construction standards are being enhanced to address the physical and mental healthcare needs of women veterans. Space planning criteria are being adjusted for specific functions to be performed (mammography spaces, outpatient clinics, radiation therapy, etc.).

The national capital plan to address women's healthcare is incorporated into the new Strategic Capital Investment Planning (SCIP) process. With this process, every medical center will identify how it will mitigate service delivery gaps over a 10-year window, including women's privacy deficiencies. As part of the SCIP process, we will create corporate data to support women's privacy needs to ensure a more focused effort is dedicated to mitigating the deficiencies.

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

Question. The VA has established a new policy to presume veterans with ischemic heart disease, Parkinson's disease, and B cell leukemia and who served in Vietnam are entitled to compensation benefits as a result of their exposure to Agent Orange. The Department estimates this new policy will result in approximately 150,000 new claims generated in 2010, and for the total number of disability claims to increase from 1 million in 2009 to 1.3 million in 2010. The claims process already takes too long to make decisions on a veteran's disability claim, and I am highly concerned that this new policy will further complicate the already large claims backlog.

I understand that there are funds for 1,800 new claims processing staff in the 2011 budget (excluding term-hire positions included in last year's stimulus bill), and I applaud the effort to handle this influx in claims. But since 2007, this subcommittee has appropriated funding to add nearly 7,000 new positions to the VA's claims processing staff, and there has been no significant decrease in claims processing time. This does not seem to be purely a problem of understaffing.

Does the Department have any estimates on how the 30 percent increase in claims receipts will affect the processing time, and what can we do to help you tackle this problem?

Can you tell me whether the Department is looking at new ways to change the way in which it handles disability claims and what impact the paperless claims IT project will have on both the claims backlog and the average claims processing time?

Answer. Currently, the average time to process a disability compensation claim is about 160 days. Based on the continued growth in claims receipts and the anti-

pated influx of claims related to the new Agent Orange presumptions VA anticipates our inventory will rise to over 700,000 claims in 2011, and the average time to process claims is expected to increase as a result.

The Veterans Benefits Administration now employs more than 11,600 full-time claims processors and plans to add 3,000 more in fiscal year 2011. However, continuing to increase the size of our workforce is neither a long-term nor scalable solution; we need to do a much better job of leveraging network automation and software productivity tools to more effectively manage our workload and serve our clients. Bold and comprehensive changes are needed to transform VA into a high-performing 21st century organization that provides high quality services to our Nation's veterans and their families.

VA's transformation strategy leverages the power of 21st century technologies applied to redesigned business processes. Pilot programs are underway at four of our regional offices to support our business transformation plan to reduce the claims backlog, improve service delivery, and increase efficiencies. Each pilot functions as a building block to the development of an efficient and flexible paperless claims process. The results of all four pilots will be incorporated into the nationwide deployment of the Veterans Benefits Management System (VBMS) in 2012. VBMS will be built upon a service-oriented architecture, enabling electronic claims processing by providing a shared set of service components derived from business functions. Initially, VBMS will focus on scanned documents to facilitate the transition to a paperless process. Ultimately, it will provide end-to-end electronic claims workflow and data storage.

VA is also seeking contractor support in development of a system to support evidentiary assembly and case development of the new Agent Orange presumptive claims. The system will enable veterans to proactively assist in the development of their claims through a series of guided questions and will automate many development functions such as Veterans Claims Assistance Act notification and follow up.

In addition to an electronic claims processing system, VA is committed to improving the speed, accuracy, and efficiency with which information is exchanged between veterans and VA, regardless of the communications method. The Veterans Relationship Management (VRM) transformational initiative will provide the capabilities to achieve on-demand access to comprehensive VA services and benefits in a consistent, user-centric manner to enhance veterans', their families' and their agents' self-service experience.

Question. It is everyone's goal to leverage information technology to improve services to our veterans and to have them seamlessly transition from DOD to the VA. A paperless solution to the disability claims backlog, a lifetime electronic service record that follows a soldier through DOD and VA, a new electronic health record, and a financial management system that provides greater accountability of government resources all have potential to transform the VA. However, the Department has a poor track record in its ability to develop and implement these costly programs. An internal audit by the VA last year temporarily halted 45 of the VA's 282 ongoing IT projects because they were either significantly over budget or behind schedule, and the Department's 2011 budget proposes \$3.3 billion for IT, which is identical to the 2010 appropriation, not including the nearly \$700 million that was unspent from the 2010 appropriation. I am concerned that this may not be the most efficient use of taxpayer dollars in 2011 without proper oversight and transparency. These projects are of great importance to our veterans, and I want to be sure they succeed.

Mr. Secretary, have you found the certification requirements included in last year's bill to be helpful in your efforts to improve management over IT projects and programs?

Answer. In 2010, VA has fully implemented its Project Management Accountability System (PMAS). This system has put in place the necessary program review and rigor to examine an IT project's chances for success on an ongoing basis. PMAS has been successful in identifying what projects VA should terminate and what projects should continue. Now that the PMAS process is in place, all IT projects must be certified by the Chief Information Officer in order to receive funding and approval to proceed. With PMAS in place, we believe bill language requiring certification may no longer be necessary. The Department is committed to keeping the Committee informed on the PMAS process and the status of IT projects.

Question. Mr. Secretary, we believe there is the potential for more budgetary steps to be taken to improve accountability over IT projects, such as separating the 1-year costs of staff salaries and expenses, and operations and maintenance costs, from the longer-term costs of developing new IT programs. Do you have any thoughts on that idea?

Answer. The Department appreciates the flexibility Congress has provided by making funds appropriated to the Information Technology Systems account available for a 2-year period. This flexibility was a key factor and management tool in VA's successful consolidation of all IT funding into one account over a 3-year period.

The Department would like to retain this management flexibility for administering its IT program. VA continues to refine its accounting for IT costs; this includes better defining which projects are purely new development projects as opposed to operations and maintenance projects. The distinction is not always simple to discern, and there would be some risk in segregating the availability of these funds either by time period or by establishing separate accounts. In addition, the availability of 2-year funding for salaries and administrative costs will enable IT managers to effectively plan for the hiring of additional staff and to adjust to unanticipated changes impacting the workforce.

Currently, VA identifies development, operations and maintenance, and salary/administrative costs separately as part of the annual budget submission and the IT project reprogramming baseline. We will continue to do so to meet the information needs of the Congress.

Question. Can you tell us how many of your project managers are "Project Management" certified by an outside organization (such as Project Management Institute, etc.)?

Answer. Trained project management leaders are critical to ensuring IT project success. As an important part of workforce management, all project managers are involved in ongoing project training, training that can be applied towards Project Management certification requirements. At present, 70 percent of IT development project and program managers maintain credentials in Program Management, either through organizations such as the Project Management Institute or VA's rigorous Project Management training programs.

Question. Mr. Secretary, the 2011 budget recommends nearly \$2 billion for the VA construction program, including \$864 million in site-specific funding for new or replacement hospitals. However, I was concerned to see that there was \$2.56 billion in unobligated funds from 2009 into 2010, more than the last 2 years of major construction appropriations, for projects that should be obligated within the fiscal year. I am concerned that our major construction program is not spending its appropriations in a timely and efficient manner, and I want to work with you to resolve this challenge. As I'm sure you know, this is an issue for military construction projects, and we combat it by making projects subject to 5-year funding and by having the services publish a Future Years Defense Program (FYDP) that outlines each service's expected construction needs in the immediate future. This helps us to ensure efficient budgetary planning and that only those projects that are shovel-ready receive funding.

Mr. Secretary, as a former Army Chief of Staff, do you have any thoughts on making new VA construction projects subject to some of these rules? Would you be willing to submit a prioritized "FYDP" for VA construction projects in order to ensure they are shovel-ready and to help us be more fiscally responsible to our veterans and to the taxpayer?

Answer. VA does not support restricting the availability of major construction funding to 5 years. Construction funds should remain as no year money. Once funding is received for a major project, it is obligated over a period of several years for design, construction, contingencies, completion items and contract closeout. VA monitors the progress closely to ensure contracts remain on time and within budget. There are several reasons that project funding remains unobligated including:

- When VA awards a construction contract, a contingency is set aside, 5 percent on new construction and 7.5 percent on renovation. The contingency set-aside is available to address unforeseen conditions. These funds are not obligated until needed and contribute to the unobligated amounts.
- Some projects are phased. Funds required for future phases cannot be awarded until the preceding phase is completed. There are 10 projects with funding of \$698.6 million that have future phases. These projects have phases that are currently under construction that must be completed prior to awarding the subsequent phase. Some of these phases will be awarded later this fiscal year. Some of the high visibility projects in this category are polytrauma centers at Palo Alto and Tampa
- When contract claims have been filed or are anticipated, funding is held after completion in case it is needed when a claim is adjudicated.

There are 4 projects with funding of \$713.3 million that are currently in design and VA anticipates a construction award later this fiscal year. Some of the high visibility projects in this category are new medical facilities at New Orleans and Denver. Projects like these would be halted until funding could be obtained if funding

is restricted. The major challenge for VA has been in the planning phase for these projects. The current process selects projects for initial budget submission without the benefit of early design. Projects at this stage often have significant unknowns such as constructability issues, incomplete scope definition and the need to complete environmental, historic preservation and often real estate due diligence. The resolution of these issues contributes to delay in making significant obligations on the projects.

VA submits a 5-year Capital Plan annually with the President's budget submission. The current 5-year plan lists approximately 92 major projects. These projects may vary from year to year due to re-prioritization each year—new projects are added, while others are removed as alternative investment strategies (e.g., leases or enhanced-use leases) are utilized to provide the services. Currently the Department is embarking on a Strategic Capital Investment Planning (SCIP) process that will provide a 10-year plan for all capital investments. This plan will help to address where facilities are needed throughout the Department based on demographics, changes in the delivery of care, and the type of care to be provided. The SCIP process will result in a consolidated prioritized list for all capital investments (major/minor construction, non-recurring maintenance, and leases) for 2012–2021. This multiyear planning effort will thus obligate project funding sooner after an appropriation from Congress is received.

Question. Mr. Secretary, I understand that the VA has conducted a comprehensive review of the VA's approach and practices to treat veterans of the 1990–1991 gulf war. This Gulf War Illness Task Force recently released its report and recommended adding nine new conditions as automatic presumptions for service-connected injuries. I applaud your efforts to improve the lives of those veterans suffering from undiagnosed illnesses during this conflict and hope we remain committed to treating those affected and finding a cure. However, as I understand it, this new policy was not in effect when the Department's 2011 budget was formulated.

Assuming these new presumptions go into effect, has the Department made any cost estimates for adding these nine new presumptive conditions for gulf war veterans?

How does the VA expect to pay for these new presumptions if they are not in the Department's 2011 budget request?

Answer. The compensation benefit costs associated with this proposed rule are estimated to be \$1.5 million during the first year, \$11.5 million for 5 years, and \$36.4 million over 10 years. VBA will provide updated fiscal year 2011 projections in the annual Mid Session Review budget submission. This budget submission will include changes in economic assumptions, changing trends based on FYTD experience, and technical adjustments including estimated effects of proposed rules.

The decision to create nine new presumptives based on exposure to infectious agents in the Gulf resulted from the IOM report on Gulf War and Health, Volume 5, Infectious Agents. The Secretary's decision to establish these presumptions was made prior to the formation of the Gulf War Illness Task Force.

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

Question. Telemedicine is a tool that would seem to have potential to provide improved access to healthcare services for rural veterans, allowing them to get the medical advice they need without undertaking the time and expense of driving to a major VA facility. What measures, if any, are being taken by the VA to expand the use of this technology to help rural veterans?

Answer. VA's 2011 President's budget includes an investment of \$163 million in home telehealth. Taking greater advantage of the latest technological advancements in healthcare delivery will allow us to more closely monitor the health status of veterans and will greatly improve access to care for veterans in rural and highly rural areas.

Telehealth is one of the ways in which VA is actively increasing access for veteran patients to healthcare services in rural and remote locations. In fiscal year 2009, 118,000 veterans received healthcare services from VA in rural and remote locations via telehealth. This number represented a 20 percent increase over fiscal year 2008 levels and included 16,000 veterans receiving care in their own homes via home telehealth, 67,000 veterans receiving teleretinal screening and teledermatology services via "store-and-forward" telehealth technologies and 35,000 veterans participating in specialist consultations between community-based outpatient clinics and VA medical centers, predominantly to meet mental health needs. By the end of fiscal year 2010, VA anticipates a further 20 percent increase in telehealth-based care

to veteran patients in rural/remote locations. This will reduce avoidable time and expenses involved in veterans travel to a major VA facility. Telehealth, therefore, continues to be an important capability that VA is utilizing to meet the healthcare needs of veterans we serve in rural and remote locations.

Question. In 2006, there was an alleged homicide that occurred at the Lexington, Kentucky VA Medical Center where the patient died due to an overdose of morphine. In 2009, the nurse involved in the case was arrested and charged with homicide.

Consistent with any restrictions governing the release of information linked to ongoing criminal investigations, what further developments have occurred in this investigation? What actions have been taken by the VA to prevent events like these from happening in the future?

Answer. The investigation was turned over to the VA Office of the Inspector General (OIG) and Federal investigators. A trial for this case is before the U.S. District Court, Eastern District of Kentucky, Central Division at Lexington, KY, and it has been re-set for October 12, 2010. To prevent events like this from happening in the future, VA purchased new intravenous (IV) pumps with additional safety features. These features help prevent the pumps from being set over the maximum dosage or below therapeutic levels. VA used at the time of the event, and continues to use today, tubing sets that prevent the free flow of medication as another safety precaution. VA continues to review monthly dispensing practices to monitor the narcotic administration practices of individual staff.

Question. Of the contract-run Community Based Outpatient Centers in Kentucky, what is the level of patient satisfaction with their care?

Answer. There are two contracted CBOCs in Kentucky. The Bowling Green CBOC received an outpatient score of 62.7 which exceeds the VISN nine goal and makes it the highest satisfaction score for any Tennessee Valley Healthcare System CBOC. The Hopkinsville CBOC does not have a sufficiently large response population for a patient satisfaction score.

Question. What is the VA doing to enhance efforts to locate homeless veterans and to provide resources and programs to help them?

Answer. VA is taking decisive action toward its goal of ending homelessness among our Nation's veterans in 5 years. VA has continued to use and expand its Healthcare for Homeless Veterans (HCHV) efforts, which involve staff making direct searches of environments where homeless veterans are likely to be found and making every effort to gain their trust and bring them in for services. The National Call Center for Homeless Veterans (NCCHV) is a recent initiative in VA's 5-year plan to end homelessness. It can provide homeless veterans with timely and coordinated access to VA and community services, and disseminate information to concerned family members and non-VA providers about all the programs and services available to assist these veterans. There have been callers who have not been previously identified and can now be connected with VA and other services. Callers seeking more details about VA Homeless programs or services can also be referred to the VA Homeless Web site and appropriate VA medical center points of contact for further intervention, referral, or information. As information about the Call Center is more broadly disseminated by local VA facilities and the Homeless Coordinators in all VISNs, more calls are expected. This new outreach effort already is proving very valuable.

In order to better track veterans located through these and other efforts, VA is developing a homeless veterans registry that will track and monitor the expansion of homeless and prevention initiatives and the treatment outcomes for homeless veterans. The registry will be a comprehensive veteran-centric registry (data warehouse) of information about homeless veterans who receive services provided by VA administered programs, as well as services provided by external Federal agencies, and other private and public entities. Additionally, the registry will also be used to identify and collect information about veterans who are at-risk for homelessness. This system will allow VA to analyze mobility among homeless veterans.

Question. What is the VA doing to enhance the privacy of and to increase the resources and programs available for female veterans?

Answer. Following recommendations by a VA workgroup on Veteran Privacy, Security and Dignity, a review of structural, environmental, and psychosocial patient safety and privacy issues has been conducted in VHA outpatient care settings and incorporated into monthly environment of care action plans. The initial review was completed in August 2009 and VA has been conducting monthly status updates since that time. The Women Veteran Program Manager participates as a member of the environment of care team. Each facility must engage in an on-going, continual process to assess and correct physical deficiencies and environmental barriers to care for all veterans, particularly women veterans. In addition, Women Veterans

Program Managers and Deputy Field Directors are conducting on-site visits to monitor compliance with correction of privacy deficiencies. Findings are communicated to local leadership. Other strategies to ensure compliance include unannounced site visits by VISN Environment of Care Teams, random site visits, and records reviews by VHA's Office of Environmental Programs Service, as well as System-wide Ongoing Assessment and Review Strategy (SOARS) site visits. Action plans will be maintained and tracked by the VHA Environmental Programs Service to ensure compliance and assist with construction planning to renovate facilities.

Current initiatives to increase resources and programs available to women veterans include:

—*Redesigning Primary Care for Women.*—Specifically, VHA is redesigning comprehensive women's healthcare delivery within three models of care, which colocate commonly used services and specialties into one care delivery process, ensuring that women can receive all of their primary healthcare (prevention, medical, and routine gynecologic care) by a single primary care provider. Our goal is to decrease fragmentation of care and improve continuity of care.

—*A Full-Time Women Veteran Program Manager at Each Site.*—As of June 28, 2010, 132 of the 144 facilities with a Women Veterans Program Manager has a full-time employee in place; seven other facilities have an acting or interim Women Veterans Program Manager, and four of the remaining five will fill the position by August 2010.

—*National Training Programs for Women's Healthcare Providers.*—Improving primary care clinicians' proficiency, knowledge, and cultural sensitivity in women's health and VA resources available to women veterans through the implementation of mini-residency programs.

—*Evaluation of Primary Care for Women.*—Assessing VA women's health programs through the creation of an assessment tool to identify highly developed women's health programs, their best practices, and better understand successful pathways to implementing comprehensive women's health.

—*Women Veteran Outreach Campaigns.*—Educating women veterans through age and culturally informed communication and outreach initiatives. For example, modifying their cardiovascular risk factors and maintaining their health status in order to delay the onset of complex chronic conditions.

Question. The percentage of female veterans who do not show up for their medical appointments is in many cases greater than the percentage of male veterans that do not show up for theirs. What is the VA doing to better understand why this occurs, and what is being done to reduce this higher percentage?

Answer. Addressing barriers to access for women veterans is a priority. VHA is preparing a report, "Assessment of the Health Care Needs and Barriers to VA Use Experienced by Women Veterans: Findings from the National Survey of Women Veterans." One of the aims of the National Survey of Women Veterans (NSWV) was to determine how healthcare needs and barriers to VA healthcare use differ among women veterans of different periods of military service and assess women veterans' healthcare preferences in order to address VA barriers and healthcare needs. The interim report on barriers to care will be complete by mid-July 2010 with the final report anticipated to be published in 2011.

In addition, several current initiatives will directly improve access to care for women veterans.

—*Redesigning Primary Care for Women.*—Our goal is to decrease fragmentation of care and improve continuity of care. By providing all of a woman veteran's care from one provider, no-show rates will be improved by decreasing the number of appointments a women veteran will have to keep.

—*Patient Centered Medical Home (PCMH).*—VHA recognizes the unique needs of women veterans, specifically the need for after hours care, women's health providers at community based outpatient centers (CBOC) and flexibility in how appointments are scheduled due to demands as the primary caregivers of their families which often include other veterans and inflexible work schedules. The PCMH improves access to care by providing flexibility in when and how women veterans schedule appointment time so complicated schedules can be accommodated. Access to women's health providers in a CBOC means fewer miles traveled to see a provider who can meet women veterans' needs.

In addition, PCMH improves access through direct contact with case managers who will assist veterans with care coordination, facilitates veteran participation with their healthcare with the use of self-management health tools and improves veteran satisfaction by allowing for greater communication with a provider and the veteran through alternative forms of communications such as the Internet through secure messaging.

Question. Following the Wounded Warrior legislation and the Dole-Shalala Commission's recommendations, improvements were to be made to the coordination mechanisms between DOD and VA facilities to better care for our injured troops who are transitioning between the two healthcare systems. What steps have already taken place to improve coordination between the two Departments? What steps remain? Are these provisions sufficient to provide a seamless transition for wounded warriors from the DOD to the VA system? Does DOD or the VA need further legislative authority to improve matters? If so, what?

Answer. To ensure a smooth transition from the Department of Defense (DOD), VA has stationed 33 healthcare liaisons at 18 military treatment facilities to facilitate the transfer of care to VA facilities. This program grew during 2009 with six additional liaisons at five new sites. Altogether these liaisons have assisted more than 20,000 service members in transitioning from DOD to VA since 2004. We continue to work with DOD to identify additional sites that have increasing numbers of wounded warriors who may benefit from these services. VA works closely with DOD to support high quality integrated care for severely injured service members and veterans. The two Departments recently developed revisions to clinical codes to improve identification and tracking of traumatic brain injury (TBI). In 2009, a 5-year pilot project to provide assisted living services for veterans with severe TBI was initiated in collaboration with the Defense and Veterans Brain Injury Center (DVBIC). We have placed three veterans in Virginia, Florida and Wisconsin, and enrollment is pending for two veterans in Texas and Kentucky.

Pursuant to the Dole-Shalala Commission's recommendation, VA and DOD collaborated on development of the eBenefits portal to provide a single and transparent access point to online benefits for wounded, ill, and injured service members, veterans, and their family members and care providers. The eBenefits portal has expanded beyond its original scope and is now intended to be an interactive Web portal for all veterans, service members, and their families. In April 2010, eBenefits launched version 2.3 that provides on-line capability to check the status of disability claims, review payment histories, obtain home loan certificates of eligibility, and obtain military documents.

In November 2007, DOD launched the Disability Evaluation System (DES) Pilot to modernize the process by which potentially unfit wounded, ill, and injured service members are evaluated for retirement, separation, or placement on the temporary disability retirement list. A single medical examination is used by both DOD and VA in determining entitlements. The pilot program began in November 2007 in the National Capitol Region (Walter Reed Army Medical Center, National Naval Medical Center (NNMC) at Bethesda, and Malcolm Grow Air Force Hospital) and has since expanded to 24 additional military installations. Of those separating with a medical disability, approximately 47 percent participate currently in the DES pilot process. VA and DOD are developing a plan to deploy and transform the DES pilot into the integrated DES process worldwide by the end of fiscal year 2011.

VA believes current legislative authority is sufficient to ensure a smooth transition of our injured troops from DOD. VA will work closely with the Committee if further legislative authority is needed in the future.

Question. The Western Kentucky Veterans Center expansion in Hanson, Kentucky is listed as priority #47 in the Fiscal Year 2010 Priority List of Pending State Home Construction Grant Applications subject to 38 CFR part 59. (It involves increasing the number of beds by 40). It is my understanding that an updated priority list for fiscal year 2011 will be submitted sometime in the fall. Although Kentucky is classified as a "limited needs" State by the VA, I want to ensure that expansion of the Hanson facility takes place in the near future and is not permitted to slide down the list of priorities. How can we ensure that even "limited needs" States such as Kentucky are properly looked after in the State Home Construction Grant Application process?

Answer. The Department of Veterans Affairs (VA) may have sufficient funds to participate in a grant for the construction of a 36-bed expansion project at the State Veterans Home in Hanson, Kentucky during fiscal year 2010. A letter was sent to the Honorable Ken Lucas, Commissioner Kentucky Department of Veterans Affairs on May 18, 2010, stating VA participation in the project is contingent upon the State of Kentucky's compliance with the remaining Federal requirements listed in title 38, Code of Federal Regulations, part 59. All projects on the priority list are strictly ranked following the guidelines in the regulation which places life safety projects at the top of the list.

QUESTION SUBMITTED BY SENATOR SUSAN COLLINS

Question. Many of the employees at VA Togus focus specifically on disability claims processing. I was recently told that the Veterans Benefits Administration at Togus is in the process of hiring 40 new employees that will process disability claims for 8,000 cases related to new Agent Orange and Agent Purple claims. I understand that another 20 employees may be added at Togus to continue to help reduce the disability claims backlogs. Because of the age of some of the buildings and recent storms, as well as the increasing number of claims processing employees, the facility may require additional space and administrative offices. Has the Department reviewed the space requirements at the VBA facility at Togus or can you commit to performing such a review in the near future?

Answer. The Togus Regional Office (RO) received authority to hire 61 additional full-time employees. The RO is actively recruiting, and 32 employees are already on the rolls. The RO plans to use 40 new employees to process Agent Orange claims with the remaining new employees focused on processing the regular disability claims workload. To fully utilize the space at the RO facility, the majority of the new employees will work during a second shift. The RO is on the campus of the Togus VA Medical Center. Although an older building, significant investments were made over the last 2 years to improve the physical space. The improvements include new windows, a new roof, and a new heating, ventilation and cooling system.

SUBCOMMITTEE RECESS

Senator JOHNSON. This hearing is recessed.

[Whereupon, at 3:17 p.m., Thursday, April 15, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

**MILITARY CONSTRUCTION AND VETERANS
AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2011**

THURSDAY, APRIL 22, 2010

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

The subcommittee met at 10 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Tim Johnson (chairman) presiding.
Present: Senators Johnson, Pryor, Collins, and Murkowski.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

STATEMENT OF HON. LOUIS JEROME (JERRY) HANSEN, DEPUTY ASSISTANT SECRETARY OF THE ARMY (STRATEGIC INFRASTRUCTURE) AND SENIOR OFFICIAL PERFORMING DUTIES OF ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND ENVIRONMENT)

ACCOMPANIED BY:

JOSEPH F. CALCARA, DEPUTY ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND HOUSING)

BRIGADIER GENERAL JIM BOOZER, DIRECTOR OF OPERATIONS, OFFICE OF THE ASSISTANT CHIEF OF STAFF (INSTALLATION MANAGEMENT)

MAJOR GENERAL RAY CARPENTER, ACTING DIRECTOR, ARMY NATIONAL GUARD

JAMES SNYDER, ASSISTANT CHIEF, ARMY RESERVE

OPENING STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. This hearing will come to order.

I welcome everyone to today's hearing to discuss the President's fiscal year 2011 budget request.

Today we will hear from two panels of witnesses representing the Army and the Air Force and their Reserve components.

The first panel will be the Army. Secretary Hansen, Secretary Calcara, General Boozer, General Carpenter, Mr. Snyder, thank you for coming today. General Carpenter, I am always happy to see a fellow a South Dakotan. We will look forward to your testimony.

Senator Hutchison has asked me to let you know she has a conflict this morning and will not be able to attend this hearing, but I will submit her statement and questions for the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Good afternoon, Mr. Chairman. Thank you for holding this hearing today as we examine the President's budget request for military construction and family housing for the Department of the Army and the Department of the Air Force. I would also like to welcome our witnesses and guests: Mr. Hansen, Mr. Calcara, Major General Carpenter, General Boozer and Mr. Snyder. I look forward to discussing military construction and family housing needs with you.

I am very pleased that we are nearing completion of the Base Realignment and Closure program. The Department is entering its final year of Milcon before the September 2011 statutory deadline for all BRAC projects. For the last several years, I have emphasized the importance of fully funding and effectively implementing the BRAC program, which has evolved into a \$32 billion Milcon program for the Department.

Mr. Hansen and General Boozer, as we begin the budget process for fiscal year 2011, the Department of the Army is facing several challenges within its military construction budget, such as changes to our Global Defense Posture, which we will discuss shortly, and changes to the Army's recapitalization strategy. As you have heard me say many times, I believe we should all strive to station as many of our troops as realistically possible within the United States, and in modern facilities we can all be proud of.

Overall, the Department of the Army budget proposes a 9.7 percent increase, and the Department of the Air Force budget proposes a 7.2 percent decrease. There are big differences in these accounts, and considering the big disparities in the Guard and Reserve accounts, I am anxious to discuss the rationale for these budget decisions. I want to be sure we are providing our soldiers, sailors, airmen, and marines with the infrastructure they and their families deserve.

GLOBAL DEFENSE POSTURE

Another issue I hope to discuss today is our Global Defense Posture as it relates to our Milcon requirements. First, I hope our witnesses will explain the DOD policy of Building Partnership Capacity in Europe. I hope by partnership you mean that our allies will share in the financial burden as we build military infrastructure in Europe. Our specified overseas Milcon request is \$2 billion for projects not directly related to the war in Afghanistan. When you add in projects for Afghanistan, overseas Milcon totals \$4 billion. That is huge.

As I have said many times, I believe we should be restationing our troops in the United States, but the proposed 2011 budget contains a Milcon request for \$513 million for Germany, which includes \$186 million for Wiesbaden Army Base and \$75 million for four new barracks at Grafenwoehr—a training facility—just as examples. As the services consolidate our forces in fewer facilities to save on operational costs, I know we have to build some new consolidated facilities, but I would like our witnesses today to give us the rationale behind these proposals and a sense that there is a strategy driving our Milcon requirements and not the other way around.

In Korea, the Department is looking at "tour normalization," which would greatly increase the number of U.S. citizens on the peninsula and require expanding our support infrastructure in Korea. I understand that you are currently executing phase 1 of a 3-phase consolidation operation and that phases 2 and 3 will require more substantial U.S. funding. I look forward to your remarks concerning the costs of future infrastructure requirements and the Korean Government's financial contributions associated with this consolidation effort.

QUADRENNIAL DEFENSE REVIEW (QDR)

The Quadrennial Defense Review recommends retaining four brigade combat teams in Europe, rather than the current stationing plan to reduce the number to two. I have raised this issue before with the Secretary of Defense and the Army Chief of Staff because I am concerned that this decision will disrupt our commitment to return our forces to the United States, where we can provide better training and a better quality of life for them and their families. I am concerned it will also disrupt the extensive military construction already in progress at Fort Bliss. The sooner we can get our service-men and -women home and into new, state-of-the-art facilities, the sooner we will live up to our commitment to provide for them in a way that is commensurate with their service to our Nation. Our troops can deploy to any region of the world from the United States just as easily as they can from Europe, and in some cases more so. We need to return our troops to the United States, but just as importantly, we need to be fiscally responsible when we decide on a strategy to do this.

ARMY NATIONAL GUARD AND ARMY RESERVE

The services have always maintained that the Reserve components play a vital role in meeting our defense mission and in enabling us to manage the stress on the Active Force. The QDR calls them "equal partners". The fiscal year 2011 budget request reduces funding for the Army Reserve by 26 percent, the Air National Guard by 52 percent, and the Air Force Reserve by 93 percent. I do not recall the Air Force Reserve only receiving one project in the entire budget request. Every year Congress has to add programs to these accounts because the Department, in my opinion, does not fund them as robustly as it should. This is a challenge. I look forward to the Army's remarks concerning the impacts of these budgetary reductions.

CLOSING

The budget before us poses some challenges, but I do commend the Department of the Army for making quality of life a top priority. Even if we discuss different ways to best support our troops, we all have the same goal in mind and that is keeping our soldiers first.

Thank you again Mr. Chairman for holding this hearing. I look forward to discussing these and other issues with our witnesses.

Senator JOHNSON. The Army's 2011 budget request for Active and Reserve Military Construction and Family Housing, Base Realignment and Closing, and Overseas Contingency Operations is \$7.9 billion. Included in this budget is a historically high funding request for the Army Guard, \$873.7 million. I commend the Army for investing so heavily in the Guard and I hope you will bring the same commitment to the Army Reserve in future budget requests.

This is also the final year to execute the 2005 BRAC program. I understand that the Army has several projects that could be at risk of missing the statutory deadline. I hope we will receive an update on the status of these projects.

Last year, the subcommittee provided additional funding to expand the homeowners assistance program which I have a keen interest in. I hope that you will be able to update us on the progress of the program and let us know how well the funding is being executed.

Secretary Hansen, I look forward to your opening statement, but before you begin, Senator Collins, would you care to make an opening statement?

Senator COLLINS. Thank you, Mr. Chairman. You have explained that the ranking member, due to an unscheduled event, is unable to join you today. So I am very happy to act in her capacity as we review the fiscal year 2011 Milcon request for the Army and the Air Force. So I look forward to working with you. Thank you.

Senator JOHNSON. Thank you, Senator Collins.

Secretary Hansen, again I welcome you and your colleagues to this subcommittee. I understand that yours will be the only opening statement. Your prepared statement will be placed in the record, so I ask you to summarize your remarks to allow adequate time for questions. Secretary Hansen, please proceed.

SUMMARY STATEMENT OF HON. JERRY HANSEN

Mr. HANSEN. Thank you, Mr. Chairman. We will be brief.

Chairman Johnson, Senator Collins, distinguished members of the subcommittee, I am Jerry Hansen, the designated senior official currently performing the duties of the Assistant Secretary of the Army for Installations and Environment. It is my pleasure to appear before you today on behalf of the Secretary of the Army to

discuss the Army's fiscal year 2011 military construction, base realignment and closure, and family housing budget requests.

I would like to first thank you for your continued consistent support to our soldiers, families, and Army civilians serving the Nation across the globe. The Army's strength lies in the people who serve. We work with your ever-important support to ensure that we provide a quality of life commensurate with the quality of their service.

I would also like to thank you for the legislative expansion of the housing assistance program. As the DOD executive agent for the program, I am pleased to report that in the first 6 months since the expanded HAP authority was implemented, we have paid benefits of over \$125 million to more than 1,000 military families. The program has and will continue to save many families from financial ruin. Currently we believe we have enough funding on hand, but we do continue to see growth in eligible applicants.

Our Milcon budget request for fiscal year 2011 represents the minimum level of funding required to provide the Army with the facilities needed to support the mission accomplishment while preserving an All-Volunteer Force. We remain an Army at war that continues its largest transformation since World War II. As we withdraw forces from Iraq, build up forces in Afghanistan, and then begin that drawdown as well, we are simultaneously completing transformation to a modular brigade-centric force, growing the Army and completing both global defense posture realignments and Base Realignment and Closure 2005.

In addition, we remain committed to our previously stated timelines of funding adequate barracks for all permanent party soldiers by fiscal year 2013 and trainees by fiscal year 2015 with occupancy completed 2 years later.

Our fiscal year 2011 budget request supporting these initiatives totals \$7.9 billion across all components. This reflects an expected decrease in BRAC 2005 appropriation requirements of about \$3 billion from that of last year, as we anticipated that fiscal year 2010 would be the final year of BRAC construction. The Army remains fully committed to meeting the BRAC timeline, intensely managing those remaining actions with tight construction schedules. Funds requested in fiscal year 2011 will be used units and personnel and to outfit our new facilities as they come on line. With full funding, we expect all actions to be completed on time without degradation of training or readiness, although we recognize that fourth quarter fiscal year 2011 will be extremely busy.

Last year, you appropriated \$30 million in additional military construction funding for both the Army Reserve and National Guard. We thank you for that initiative. The funds are being used to address critical requirements. Included in the overall fiscal year 2011 request is \$874 million of military construction for the Army National Guard and \$318 million for the Army Reserve. Collectively, this represents 149 percent increase from the fiscal year 2010 request for our reserve components, a very significant increase for the Guard, but a slight decrease, as you indicated, for the Army Reserve. This is balanced, however, by an increase in our sustainment, restoration, and modernization funding for the Reserves. This funding will ensure that the Guard and Reserve are

able to continue transformation to operationalized forces. I cannot overstate how important the readiness and availability of our reserve components remains to our national defense.

Another high priority for fiscal year 2011 is energy security and implementing energy efficiencies in facility construction. As stewards of a significant portion of our national resources, the Army requires that new military construction projects attain a minimum of leadership in energy and environmental design, Lead Silver standards, that we achieve compliance with energy efficiency mandates and we incorporate smart building technologies where cost effective.

In addition, water conservation is being pursued through a comprehensive program which includes water management plans, adoption of best management practices, establishment of waterless urinals as a standard in new Army construction, increased metering, and improved asset management of water distribution systems. We take energy conservation very seriously and continue to look for ways to implement innovative energy initiatives.

Finally, I would like to address the concerns of the subcommittee regarding the return of two brigade combat teams from Europe to the United States. Currently, the Army cannot provide specific plans for the BCTs as we await guidance from the Secretary of Defense on the strategic posture in Europe. This guidance will allow the Army to review current plans for returning these brigades to the United States and make any adjustments that might be required. None of these projects in our fiscal year 2011 request are planned to support keeping brigades in Europe. There will be minimal impact to State-side projects should the decision be made to keep one or both brigades in Europe. Once the decision is made, our out-year military construction programs will be adjusted accordingly.

I am accompanied today by Mr. Joe Calcara, the Deputy Assistant Secretary of the Army for Installations and Housing; Brigadier General Jim Boozer, Director of Operations from the Office of the Assistant Chief of Staff for Installation Management; Major General Ray Carpenter, Acting Director, Army National Guard; and Mr. James Snyder, Assistant Chief of the Army Reserve.

PREPARED STATEMENT

We thank you again for the opportunity to appear before you this morning and for your continued support to the Army, and we look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. JERRY HANSEN; JOSEPH F. CALCARA; GENERAL JAMES C. BOOZER; GENERAL RAYMOND W. CARPENTER; AND JAMES SNYDER

Mr. Chairman and members of the subcommittee, on behalf of the more than 1 million Active, Guard, and Reserve soldiers, their families, and the civilians of the United States Army, I welcome the opportunity to discuss the Army's Military Construction, Family Housing, and Base Realignment and Closure budget requests for fiscal year 2011.

The Army's strength is its soldiers—and the families and Army civilians who support them. I would like to start by thanking you for your support to our soldiers and their families serving our Nation around the world. They are and will continue to be the centerpiece of our Army, and their ability to perform their missions successfully depends upon the staunch support of the Congress.

Our Nation has been at war for nearly 9 years. The Army continues to lead the war efforts in Afghanistan and Iraq, as well as in defense of the homeland and in support of civil authorities in responding to domestic emergencies. Over time, these operations have expanded in scope and duration, stressing our All-Volunteer Force and straining our ability to maintain strategic depth. During this period, the Congress has responded to the Army's requests for resources, and that commitment to our soldiers, their families, and civilians is deeply appreciated. Continued timely and predictable funding is critical as the Army continues to fight two wars, meet other operational demands, sustain an All-Volunteer Force, and prepare to protect against future threats to the Nation.

OVERVIEW

FACILITIES STRATEGIC CONTEXT

The Army continues its largest organizational change since World War II, as it transforms to a Brigade centric modular force and grows the force to achieve an Active component end strength of 547,400, a National Guard end strength of 358,200, and an Army Reserve end strength of 206,000 soldiers. At the same time, we are restationing about one-third of the force through a combination of Base Closure and Realignment (BRAC) and Global Defense Posture Realignment (GDPR) actions.

The Army is executing a tightly woven, operationally synchronized plan integrating BRAC, GDPR, and Grow the Army (GTA); facilitated by Military Construction. The strategy includes aligning facilities to support a CONUS based Army Modular Force (AMF) structured expeditionary Army; completing facilities to implement and comply with BRAC 2005 law by 2011; completing GDPR by 2013; completing GTA by 2013; and completing AMF new unit facilities builds. Facilities modernization for AMF units converted from the legacy force structure extends beyond 2015.

ARMY IMPERATIVES AND FACILITY INITIATIVES

The fiscal year 2011 Milcon request is crucial to the success of the Army's strategic imperatives to sustain, prepare, and transform the force. The Army has developed military construction facility initiatives that support the Army imperatives.

Sustain

To sustain the force, the following initiatives provide for the recruitment and retraining of soldiers; care of soldiers, families, and civilians; care of wounded warriors; and the support of families of fallen comrades:

Family Housing.—Provides housing services, preserves the balance of military owned housing and the distinction of privatized on-post housing commensurate with U.S. civilian community standards.

Barracks.—Provide quality barracks for Army soldiers including: permanent party, training, and warriors transition complexes. We owe single soldiers the same quality of housing that we provide married soldiers. Modern barracks are shown to significantly increase morale, which positively impacts readiness and quality of life across all components. The Army intends to buyout the original inadequate permanent party barracks by 2013 with full occupancy by 2015, and will continue to budget to maintain all permanent party barracks as adequate.

Army Medical Action Plan.—Provide command and control, primary care and case management for Warriors in Transition (WT) to establish a healing environment that promotes the timely return to the force or transition to civilian life.

Soldier Family Action Plan.—Provides soldiers and families a quality of life commensurate with their service; provides families a strong, supportive environment where they can thrive; and provide quality, standardized facilities.

Prepare

To Prepare our Army to meet the challenges of the current operations and the full spectrum of combat operations, the Army has funded projects in the Grow the Army, Mission and Training, and Trainee Barracks initiatives.

Grow the Army.—Provide facilities to support the increase of the Army end strength to 1,111.6K (74.2K increase) across all components to fill key force capability shortfalls and increase Active component dwell time. GTA facilities include operations, maintenance, and training facilities; barracks, and facilities to improve the quality of life for soldiers, families, and civilians in the Active Army, Army Reserve and Army National Guard. The Army's strategy is to complete all facilities requirement to support this initiative by fiscal year 2013.

Mission and Training.—Provides facilities to support unit operations, maintenance, and training. Ranges and training land to support individual, and unit collec-

tive training in support of the Army Force Generation (ARFORGEN) training cycle are included in Mission and Training facilities.

Training Barracks.—Provides initial entry and advance individual training quality barracks and eliminates all inadequate trainee barracks spaces. The goal is to fund all trainee barracks requirements by fiscal year 2015 and full occupancy of the barracks in fiscal year 2017.

Operational Readiness Training Complex.—Fiscal year 2011 is the start of the Army's investment in unit facilities in support of the ARFORGEN training cycles of the Active and Reserve components. ORTCs are complexes with operations, maintenance and storage facilities, barracks, dining facility, and equipment parking.

Transform

To meet the demands of the 21st century, the Army is transforming via the AMF, GDPR, and BRAC initiatives. Collectively, these initiatives allow the Army to shape and station forces to provide maximum flexibility.

Army Modular Force.—The Army continues to reorganize the Active and Reserve components into standardized modular organizations, increasing the number of Brigade Combat Teams (BCTs) and support Brigades to meet operational requirements and create a more deployable, versatile and tailorable force.

Global Defense Posture Realignment.—The GDPR initiative ensures Army Forces are properly positioned worldwide to support our National Military Strategy and to support the mission in Afghanistan. GDPR will relocate over 48,000 soldiers and their families from Europe and Korea to the United States by 2013. As part of the fiscal year 2011 program, the Army is requesting \$188.7 million to construct facilities in Bagram, Afghanistan, and Forts Benning, Bliss, and Riley.

Base Realignment and Closure.—BRAC 2005 enables the Army to reshape the infrastructure supporting the operating force, the generating force, the Reserve component and enhance the repositioning of those forces making them more relevant and combat ready for the Combatant Commander.

FISCAL YEAR 2011 MILCON OVERVIEW

The Army's fiscal year 2011 Military Construction and Overseas Contingency Operations budget requests include \$7.9 billion for Military Construction, Army Family Housing, and BRAC appropriations and associated new authorizations.

The details of the Army's fiscal year 2011 request follow:

Military construction authorization	Authorization request	Authorization of appropriations request	Appropriation request
Military Construction Army (MCA)	\$3,665,662,000	\$4,078,798,000	\$4,078,798,000
Military Construction Army National Guard (MCNG)	836,601,000	873,664,000	873,664,000
Military Construction Army Reserve (MCAR)	289,275,000	318,175,000	318,175,000
Army Family Housing Construction (AFHC)	55,329,000	92,369,000	92,369,000
Army Family Housing Operations (AFHO)	518,140,000	518,140,000
BRAC 95 (BCA)	73,600,000	73,600,000	73,600,000
BRAC 2005 (BCA)	1,012,420,000	1,012,420,000	1,012,420,000
Overseas Contingency Operations (OCO)	761,950,000	929,996,000	929,996,000
Homeowners Assistance Program (HAP)	16,515,000	16,515,000	16,515,000
TOTAL	6,711,352,000	7,913,677,000	7,913,677,000

FISCAL YEAR 2011 BUDGET REQUEST

MILITARY CONSTRUCTION, ARMY

The Active Army fiscal year 2011 Military Construction request for \$4,078,798,000 (for appropriation and authorization of appropriations) supports the Army Imperatives of Sustain, Prepare and Transform.

Mission and Training (\$866 million).—Operations, maintenance, and training facilities and ranges are the cornerstones to “Prepare” the Army for current operations. The fiscal year 2011 request includes \$269 million for operations facilities, \$65 million for maintenance facilities, \$212 million for ranges and \$213 million for training facilities. Utilities and other support facilities complete the mission and training request at \$107 million.

Army Modular Force (1,268 million).—The fiscal year 2011 request of \$1.584 billion will provide permanent operations and maintenance facilities and barracks to support the conversion of existing forces into new modular force units in the Active Army (1.268 billion) and Army National Guard (0.316 billion). The Army strategy

is to use existing facility assets where feasible and program new construction projects when existing facilities are inadequate.

Grow the Army (\$698 million).—The Grow the Army request in fiscal year 2011 is for 34 projects. The total includes \$148.7 million for maintenance facilities, \$215.4 million for operations facilities, \$259 million for Barracks, and \$74.6 million for training ranges and training support facilities. The Army's gap analysis for Grow the Army, following the fiscal year 2009 Secretary of Defense decision on the number of Brigades, confirmed that these facilities were essential to support growth in the Army's combat support and combat service support force structure and establish the appropriate training support infrastructure.

Barracks Modernization (\$891 million).—The Army is in the 18th year of modernizing permanent party barracks to provide about 148,000 single enlisted soldiers with quality living environments. Because of increased authorized strength, the requirements for barracks modernization have increased in several locations. The fiscal year 2011 request will provide for 5,115 new permanent party barracks spaces that will meet DOD's "1+1" or equivalent standard and eliminate common area latrines. These units provide two-soldier suites, increased personal privacy, larger rooms with walk-in closets, new furnishings, adequate parking, landscaping, and unit administrative offices separated from the barracks. The \$891 million in barracks projects includes projects requested in the GTA, GDPR, and AMF initiatives. We are on track to fully fund this program by fiscal year 2013. The last inadequate permanent party spaces will be removed after the new barracks are fully occupied in fiscal year 2015.

Trainee Barracks Modernization (\$191 million).—The \$350 million provided by the Congress in the 2010 appropriations for trainee barracks is greatly appreciated. The additional funding will accelerate the Army's ability to provide necessary quality barracks. The request in fiscal year 2011 will provide 1980 new training barracks spaces for our soldiers. Six trainee barracks are going to be constructed at four installations (Forts Benning, Bragg, Jackson, and Leonard Wood).

Warrior in Transition (\$18 million).—The WT complex at Fort Eustis completes the Army's plan for WT complexes in the United States.

Overseas Construction.—Included in this budget request are high-priority overseas projects at enduring locations. In Germany, we are requesting funds for barracks at Grafenwoehr and Rhine Ordnance, a vehicle maintenance shop and a physical fitness center in Ansbach, an information processing center, sensitive compartmented information facility, command and battle center and an access control point in Wiesbaden. In Korea, we are requesting funds to further our relocation of forces on the peninsula. This action is consistent with the Land Partnership Plan agreements entered into by the United States and Republic of Korea Ministry of Defense. Our request for funds in Italy continues construction for a BCT.

Other Support Programs (\$273 million).—The fiscal year 2011 budget includes \$222 million for planning and design. As executive agent, the Army also provides oversight of design and construction for projects funded by host nations. The fiscal year 2011 budget requests \$28 million for oversight of host nation funded construction for all Services in Japan, Korea, and Europe. The budget request also contains \$23 million for unspecified minor construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

Incremental Funding (\$140 million).—We are requesting the second increment of funding, \$59.5 million, for the Command and Battle Center at Wiesbaden, Germany. In addition, we are requesting the first phase, and second increment of funding, \$30 million, for the Aviation Task Force Complex at Fort Wainwright, Alaska. The budget also includes \$25 million for a Brigade Complex-Operations support facility and \$26 million for a Brigade Complex-Barracks/Community, both projects at Vicenza, Italy.

MILITARY CONSTRUCTION, NATIONAL GUARD

The fiscal year 2011 request for \$873,664,000 (for appropriation and authorization of appropriations) is focused on Army Modular Force, Mission and Training, Grow the Army, planning and design and unspecified minor military construction represents the largest Milcon budget ever requested by the Army National Guard.

Mission and Training.—In fiscal year 2011, the Army National Guard is requesting \$440.5 million for 24 projects which will support the preparation of our forces. These funds will provide the facilities our soldiers require as they train, mobilize, and deploy. Included are four Training/Barracks Facilities, nine Range projects, four Maintenance Facilities, one United States Property and Fiscal Facility, and six Readiness/Armed Forces Reserve Centers.

Army Modular Force.—Our budget request also includes \$316.5 million for 16 projects in support of our modern missions. There are five Readiness Centers, one Armed Forces Reserve Center, five Maintenance Facilities, four Unmanned Aircraft System Facilities and one Aircraft Parking project to provide for modernized facilities.

Grow the Army.—To support the Army National Guard end strength increase, \$79.6 million is requested to construct eight Readiness Centers. The new Readiness Centers will house newly activating units to address the continued high levels of force deployment.

Other Support Programs.—The fiscal year 2011 Army National Guard budget also contains \$25.6 million for planning and design of future projects and \$11.4 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY RESERVE

The Army Reserve fiscal year 2011 Military Construction request for \$318,175,000 (for appropriation and authorization of appropriations) is for Preparation, Transformation, other support, and unspecified programs.

Mission and Training Projects.—In fiscal year 2011, the Army Reserve will invest \$76.5 million to prepare our soldiers for success in current operations. Included in the mission and training projects are, four ranges, a tactical vehicle wash rack, a maintenance and equipment storage facility and an Annual Training/Mobilization Barracks Grow The Army. The Army Reserve transformation from a strategic reserve to an operational force includes converting 16,000 authorizations from generating force structure to operational force structure from fiscal years 2009 through 2013. In fiscal year 2011, the Army Reserve will construct 17 Reserve operations complexes in 11 States, with an investment of \$212.8 million to support the transformation. These projects will provide operations, maintenance, and storage facilities for over 3,300 soldiers in 66 newly activating combat support and combat service support units and detachments.

Other Unspecified Programs.—The fiscal year 2011 Army Reserve budget request includes \$25.9 million for planning and design for future year projects and \$3.0 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

ARMY FAMILY HOUSING CONSTRUCTION

The Army's fiscal year 2011 family housing construction request is \$92.4 million for authorization of appropriation, and appropriation. This year's budget continues our significant investment in our soldiers and their families by supporting our goal to continue funding to sustain military-owned housing and eliminate remaining inadequate military-owned at enduring overseas installations.

The fiscal year 2011 new construction program uses traditional military construction to provide 64 new homes for families with a \$34.3 million replacement project at Baumholder, Germany. The Army also requests \$21 million for the completion of the supporting infrastructure for two projects authorized and appropriated in fiscal year 2004 at Fort Wainwright, Alaska.

The fiscal year 2011 construction program also provides \$35 million to make adjustments to two existing Residential Communities Initiative (RCI) family housing privatization projects at Fort Eustis, Virginia and Carlisle Barracks, Pennsylvania.

In fiscal year 2011, we are also requesting \$2.0 million for final design of fiscal year 2011 family housing projects and to initiate design of 2012 family housing construction projects, as well as for housing studies and updating standards and criteria.

Privatization.—The Residential Communities Initiative (RCI), the Army's housing privatization program, continues to provide quality housing which soldiers and their families can proudly call home. The Army is leveraging appropriated funds and existing housing by engaging in 50-year partnerships with nationally recognized private real estate development, property management, and home builder firms to construct, renovate, repair, maintain, and operate housing communities.

The RCI program will include 44 locations, with a projected end state of over 85,000 homes—98 percent of the on-post family housing inventory in the United States. At the end of fiscal year 2010, the Army will have privatized all 44 locations. Initial construction and renovation at these 44 installations is estimated at \$12.6 billion over a 3- to 14-year initial development period, of which the Army will contribute close to \$2.0 billion. Although most projects are in their initial development

periods, since 1999 through November 2009, our partners have constructed over 21,000 new homes, and renovated another 16,000 homes.

ARMY FAMILY HOUSING OPERATIONS

The Army's fiscal year 2011 Family Housing Operations request is \$518,140,000 (for appropriation and authorization of appropriations). This account provides for annual operations, municipal-type services, furnishings, maintenance and repair, utilities, leased Family housing, demolition of surplus or uneconomical housing, and funds supporting management of the Military Housing Privatization Initiative. This request will support almost 17,000 Army-owned homes, at home and in foreign countries areas, as well as leasing more than 9,000 residences and providing government oversight of more than 80,000 privatized homes.

Operations (\$97.3 million).—The operations account includes four sub-accounts: management, services, furnishings, and a small miscellaneous account. All operations sub-accounts are considered “must pay accounts” based on actual bills that must be paid to manage and operate Lily housing.

Utilities (\$69.6 million).—The utilities account includes the costs of delivering heat, air conditioning, electricity, water, and wastewater support for family housing units. The overall size of the utilities account is decreasing with the reduction in supported inventory.

Maintenance and Repair (\$120.9 million).—The maintenance and repair account supports annual recurring projects to maintain and revitalize family housing real property assets. Since most family housing operational expenses are fixed, maintenance and repair is the account most affected by budget changes. Funding reductions result in slippage of maintenance projects that adversely impact soldier and family quality of life.

Leasing (\$203.2 million).—The leasing program provides another way of adequately housing our military Families. The fiscal year 2011 budget includes funding for 9,036 housing units, including project requirements for 1,080 existing section 2835 (“build-to-lease”—formerly known as 801 leases), 1,828 temporary domestic leases in the United States, and 6,128 leased family housing units in foreign areas.

Privatization (\$27.1 million).—The privatization account provides operating funds for management and oversight of privatized military family housing in the RCI program. RCI costs include civilian pay, travel, and contracts for environmental and real estate functions, training, real estate and financial consultant services and oversight to monitor compliance and performance of the overall privatized housing portfolio and individual projects.

BRAC 95

Since Congress established the first Defense Base Closure and Realignment Commission in 1988 and then authorized the subsequent rounds in 1990, DOD has successfully executed four rounds of base closures to reduce and align the military's infrastructure to the current security environment and force structure. As a result, the Army estimates approximately \$13.5 billion in savings through 2009—and nearly \$1 billion in recurring, annual savings from prior BRAC rounds.

The Army is requesting \$73.6 million in fiscal year 2011 for prior BRAC rounds (\$5.2 million to fund caretaking operations and program management of remaining properties and \$68.4 million for environmental restoration) to address environmental restoration efforts at 147 sites at 14 prior BRAC installations. To date, the Army has spent \$3.1 billion on the BRAC environmental program for installations impacted by the previous four BRAC rounds. The Army has disposed of 183,637 acres (88 percent of the total acreage disposal requirement of 209,292 acres), with 25,654 acres remaining.

BRAC 2005

Under BRAC 2005, the Army will close 12 Active component installations, one Army Reserve installation, 387 National Guard Readiness and Army Reserve Centers, and eight leased facilities. BRAC 2005 establishes Training Centers of Excellence, joint bases, a Human Resources Center of Excellence, and joint technical and research facilities. To accommodate the units relocating from the closing National Guard Readiness and Army Reserve Centers, BRAC 2005 creates 125 multi-component Armed Forces Reserve Centers and realigns U.S. Army Reserve Command and control structure.

With over 1,100 discrete actions required for the Army to successfully implement BRAC 2005, they must be carefully integrated with the Defense and Army programs of Grow the Army, GDPR, and Army Modular Force. Collectively, these initiatives allow the Army to focus its resources on installations that provide the best military

value, supporting improved responsiveness and readiness of units. The elimination of cold war-era infrastructure and the implementation of modern technology to consolidate activities allow the Army to better focus on its core warfighting mission. These initiatives are a massive undertaking, requiring the synchronization of base closures, realignments, military construction and renovation, unit activations and deactivations, and the flow of forces to and from current global commitments. Results will yield substantial savings over time, while positioning forces, logistics activities, and power projection platforms to respond efficiently and effectively to the needs of the Nation.

The Army fiscal year 2011 budget request for BRAC 2005 is \$1,012.4 million. The Army remains committed to achieving BRAC 2005 Law and is on track to do so. Our request is critical to the success of the Army's BRAC 2005 initiative and does not contain funding for new construction projects. The funding request includes \$887.2 million in Operations and Maintenance (O&M) to support Civilian Permanent Change of Station (PCS), furnishings and equipment for completed BRAC projects, as well as support for facility caretaker requirements. An additional \$51.7 million is requested for information technology and capital equipment procurement to comply with the BRAC 2005 requirements.

In fiscal year 2011, the Army will continue environmental closure and cleanup actions at BRAC properties. These activities will continue efforts previously ongoing under the Army Installation Restoration Program and will ultimately support future property transfer actions. The budget request for environmental programs is \$73.5 million, which includes munitions and explosives of concern and hazardous and toxic waste restoration activities.

OVERSEAS CONTINGENCY OPERATIONS

The fiscal year 2011 request includes \$930 million to support Overseas Contingency Operations (OCO). The request funds non enduring mission projects critical to the support of deployed war fighters for example: troop housing, dining facilities, rotary wing airfield facilities, logistical and environmental facilities, command and control facilities, and force protection to ensure safe and efficient military operations in Afghanistan. A total of 48 projects fulfill the Department's immediate mission needs and urgent infrastructure requirements in theater for a total of \$762 million. The OCO request provides \$78.3 million for unspecified minor construction and \$89.7 million for planning and design.

HOMEOWNERS ASSISTANCE PROGRAM

The Army is the DOD Executive Agent for the Homeowners Assistance Program (HAP); that is, the Army requests in its budget the funds needed by the DOD-wide program supporting all of the services. In normal times, this program assists eligible military and civilian employee homeowners by providing some financial relief when they are not able to sell their homes under reasonable terms and conditions because of DOD announced closures, realignments, or reduction in operations when this action adversely affects the real estate market.

The fiscal year 2011 budget requests authorization of appropriations in the amount of \$16.5 million. Total program estimate for fiscal year 2011 is \$49.9 million and will be funded with requested budget authority, revenue from sales of acquired properties, and prior year unobligated balances.

SUMMARY

Mr. Chairman, the fiscal year 2011 Military Construction and BRAC budget requests are balanced programs that support our soldiers and their families, overseas contingency operations, Army transformation, readiness, and DOD installation strategy goals. We are proud to present this budget for your consideration because of what this budget will provide for the Army.

Military Construction:

- \$7.9 billion invested in soldier/family readiness;
- \$930 million to support projects for overseas contingency operations;
- \$4,079 million to Active Army;
- \$318 million to Army Reserve;
- \$874 million to Army National Guard;
- \$610 million to family housing;
- 39 new training ranges/facilities;
- 37 new Reserve and National Guard operations and readiness centers;
- 245 families get new or improved housing;
- 8,857 soldiers get new barracks.

Base Realignment and Closure:

- \$1,012 million to support BRAC 2005;
- Statutory compliance by 2011 for BRAC 2005;
- Continued environmental restoration and disposal of excess acres.

Our long-term strategies for installations will be accomplished through sustained and balanced funding, and with your support, we will continue to improve soldier and family quality of life, while remaining focused on Army and Defense transformation goals.

In closing, we would like to thank you again for the opportunity to appear before you today and for your continued support for America's Army.

HOMEOWNERS ASSISTANCE PROGRAM (HAP)

Senator JOHNSON. Mr. Calcara, I will start with you. Department of Transportation has proposed legislative changes to the HAP language. Can you explain the reasons for the change?

Mr. CALCARA. Sir, are you referring to the start date for the program of July 2006? Is that the legislative change you are referring to? I am not aware of the exact DOT request.

Senator JOHNSON. That is DOT and its short sales.

Mr. CALCARA. Short sales. Sir, I am unaware of the request. Could you provide me some clarity on the request, and I could perhaps—

Senator JOHNSON. Yes, I can.

Has the Secretary made a decision to terminate the temporary expansion of HAP on September 30, 2010, and if so, why?

Mr. CALCARA. Oh, okay. Yes. Sir, as you know, when we started the program, we had a specific amount of resources that we were given to work across three elements of the program, one being BRAC, one being Wounded Warriors, one being permanent change of station (PCS). Initially, to ensure that we had enough resources available for the BRAC migration which would occur down the line, we set aside some funding for that. The remaining dollars allowed us to implement the program for the PCS, for the permanent change of station, portion on a 1-year basis.

As we have now got into the program and we are looking at affordability, it does appear that we will be able to extend it. So currently we have extended it through the calendar year, and depending on how much funding is available after we pay through those quarters, we would again continue it another year. That would be our approach.

So I do not know as we would need legislation to do that. We have the flexibility in the program to do it without the legislation. We certainly would support it. It has always been our intent to cover as many PCS applications as we can. It is just we are trying to make sure we have enough money left for the BRAC portion which is coming down the line in the next 18 months.

ENERGY SECURITY

Senator JOHNSON. Secretary Hansen, energy security on bases is a major. What is the Army doing to protect critical mission assets from the threat of extended disruptions to the commercial power grid?

Mr. HANSEN. Thank you, Mr. Chairman. The Army has \$98.7 million programmed in fiscal year 2011 for installation, facility, energy security initiatives, for example, utilities modernization, ad-

vanced metering, renewable energy project development, comprehensive energy and water management, and energy security planning. That planning includes working very closely with the critical infrastructure protection people to ensure that we are putting a high priority on securing those facilities and those portions of the facilities.

In the Milcon area for new construction, approximately 2 percent of the cost is devoted to energy efficiency additions which address EPAAct 2005 goals, plus the standard to design the Lead Silver. With restoration and modernization funding, we are incorporating metering for large projects and attempt, where impossible, to include other energy security initiatives, features such as motion sensor lights, solar street lights, LED lighting, and additional insulation. With future years defense program (FYDP) 2012 to 2017, this will be the first POM cycle in which we have been able to address comprehensively energy security initiatives identified in our newly approved Army energy security implementation strategies. We will have much more to come with fiscal year 2012, sir.

Senator JOHNSON. Secretary Hansen, could you provide the subcommittee with a list of potential unfunded Energy Conservation Investment Program (ECIP) projects that could be executed in fiscal year 2011?

Mr. HANSEN. Yes, sir, we will.

[The information follows:]

The following is a list of unfunded ECIP project that could be executed in fiscal year 2011:

Region	Installation	DD 1391	Title	Amount
NERO	Letterkenny AD	75934	Solar Walls	\$1,100,000
PARO	Ft Wainwright	76006	Improve Motors	3,200,000
SERO	Ft Bragg	78034	Retrocommissioning Barracks, HQs, others.	7,200,000
SERO	Redstone Arsenal	76139	Solar Walls	1,582,000
ARNG	Sea Girt, NJ	77795	PV Solar System	5,600,000
SERO	Ft Knox	67393	Photovoltaic, Phase 1	6,100,000
NERO	Ft Drum	75514	Retrocommissioning 27 build- ings.	3,650,000
WEST	Ft Bliss	77029	Install Microgrid	5,600,000
WEST	Ft Bliss	76085	Solar Daylighting	2,250,000
WEST	Ft Bliss	76083	Solar Power Facility	4,750,000
WEST	Ft Bliss	76082	Solar Power Facility	2,450,000
WEST	Ft Bliss	76048	Solar Facility	1,200,000
WEST	Ft Bliss	76034	Power Facility	2,400,000
WEST	Ft Bliss	76031	Solar Power Facility	4,050,000
TOTAL	51,132,000

Senator JOHNSON. Secretary Hansen, the Army like all of the services, has experienced large bid savings over the past 2 years due to a competitive bid climate. What is the average percent of bid savings on the fiscal year 2010 projects that have been awarded to date, and what has been the projected level of bid savings for the fiscal year 2011 program if the bidding climate continues to be favorable?

Mr. HANSEN. I know we have had significant savings in some areas, but it has been somewhat erratic, sir. If I may defer to Mr. Calcara, I believe he has more detailed information on that.

Mr. CALCARA. Sir, we have currently executed about 40 percent of the program and we are averaging anywhere between 10 and 25 percent depending on the location. Savings, of course, are very centric to the market and the type of construction and where we are doing the work.

I would tell you this that I think if the current bid climate holds the way it has through the first 6 months of the year—we have two taxes that we are paying. One is a tax that came out of the fiscal year 2010 appropriation. It is about \$230 million, I believe, for the Army that we have to source out of that savings. The other one was dollars that were assessed to us from a GAAP analysis process that was done from the fiscal year 2009 program. We owe about \$160 million on that.

So what we are trying to do is harvest the savings we have against the dollars we have captured so far to pay those two taxes, and then there would be some dollars left over. I know you are looking for a number from me. I think there will be some savings, but it will not be 10 or 15 percent of the total program amount because of those taxes.

Senator JOHNSON. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

BRAC PROPERTY CONVEYANCE

Secretary Hansen, last year I was among those members who worked very hard to put new authority in the defense authorization bill for the military to look at no or low-cost conveyances for economic development purposes of BRAC-related property. Has the Army used that new authority yet?

Mr. HANSEN. Yes, ma'am. We began reviewing all of our conveyances immediately upon receipt of that new authority. I am happy to say that it has given us a lot of flexibility to move more quickly and to create more win-win situations. A case in point is the Kansas Army ammunition plant that we are trying to finalize this year, and we are doing a revenue sharing plan with them for fiscal years 2006 through 2010 with the potential of \$3.5 million coming back to the Army if they are successful and achieve their desired outcomes. Everyone is very enthused about this additional flexibility now, and I think it will allow us to dispose of properties more quickly with much more favorable results.

Thank you, ma'am.

Senator COLLINS. Thank you. I am delighted to hear that.

General Carpenter, let me start by thanking you for coming to Maine last week. I have heard from the employees at the Maine Military Authority, as well as the Maine troop greeters, how pleased they were that you came firsthand to thank the troop greeters who have welcomed back or sent off more than a million members of our Armed Forces over the past few years.

Also, I was delighted that you came to see the capabilities of the Maine Military Authority in Limestone in northern Maine.

Could you share with the subcommittee your professional opinion of the capabilities of the Maine Military Authority?

General CARPENTER. First of all, Senator, let me tell you what an honor and a privilege it was to accompany you up to Maine the other day. The pride that you have in the State of Maine and spe-

cifically the Maine Military Authority and the troop greeters for what they do up there was very obvious, and I appreciate your support for the National Guard across the board. So thank you very much, Senator.

Senator COLLINS. Thank you.

General CARPENTER. We are looking at our visit the other day, and it was a great opportunity for me to see what the Maine Military Authority is all about because I had not visited that particular facility before. As they very eloquently outlined, they have more capability than what is being used up there, and we are really taking a long look at how we parcel out work to that particular effort up there, and I think there are some opportunities to expand what is going on up there in the Maine Military Authority.

As I mentioned when I was up there, our effort here is to be a good steward of the taxpayers' dollar, and what we get from the Maine Military Authority is absolutely a top product for a very good price. So it only makes sense for us, to the extent that we can, to utilize that particular effort up there and to maximize the capacity.

I would also like to say it was a very humbling experience to get a chance to see the troop greeters the other day. There were almost 75 people there and they ranged in age from high school kids to World War II veterans. It was very impressive. They have met every airplane since Desert Storm that has come back from theater, and you can also see how proud they are of that.

So, again, I think we have got some opportunities in the Maine Military Authority, and again, it was a great privilege to accompany you the other day.

Senator COLLINS. Thank you, General. We were very honored to have you in our State.

General BOOZER, I understand that you are also taking a look at the Maine Military Authority. Are you working to identify possible opportunities where the Maine Military Authority might be able to assist the Army in its needs?

General BOOZER. Yes, Senator Collins, thanks for the question.

Based on some of the feedback that I have received, I think I need to make a trip up there to take a look at that facility that General Carpenter just described.

Senator COLLINS. We would welcome you anytime.

General BOOZER. I believe you know that Army Materiel Command CCOM already has a recapitalization program for some of our HMMWV's, our shelter-carrying HMMWV's, and that is about a \$7 million a year program. But Army Materiel Command is also in discussions with MMA about a potential for them to compete in their expanding wheel assembly program. So that has got great promise, and I know AMC has asked MMA for their capabilities and capacities in that regard, and those discussions are ongoing.

There were some folks there too, Senator, from the installation management team, and it looks like there may be a possibility of funneling some of our nontactical fleet to the MMA, specifically our fire fighting equipment that is in dire need of refurbishment that we supply to our installations. So all of that is ongoing.

Senator COLLINS. Great.

Thank you, Mr. Chairman. And I thank the witnesses.

PINE BLUFF ARSENAL

Senator JOHNSON. Senator Pryor.

Senator PRYOR. Thank you, Mr. Chairman.

Thank you all for being here today. I would like to ask, if I can, maybe General Boozer and also Mr. Hansen a little bit about the Pine Bluff arsenal, which is a facility in my State that has a huge chemical stockpile that has been destroyed on schedule and I think even under budget or at least on schedule and ahead of budget. As that thing closes down and that goes away and we lose all of that, it is going to have about a \$100 million impact to the community annually.

The Workforce Transition Office, I think, was established in 2009 between the Army and the Southeast Arkansas Economic Development Authority to address things like retirement counseling, outplacement assistance, training assistance, et cetera. And I will be meeting with them soon. I think it is next week or the week after. I am not sure.

I guess the first question is for both of you all. Are you aware of the circumstances surrounding the Pine Bluff arsenal and the Pine Bluff community? Are you all aware of that?

General BOOZER. Senator Pryor, I am not simply aware of that issue.

I know kind of where we are with the Pine Bluff disposal facility. They have started that campaign that started in about December of 2008, and they are doing great work out there destroying just tons of mustard gas and mustard stuff.

We had not even as an Army begun the closure process because I think we have to go through and figure out what there really needs to be decontaminated and/or demolished and then what are some potential uses as well. So the closure process, at least to my knowledge, has not even begun at Pine Bluff.

Mr. HANSEN. I am somewhat familiar, although you have alluded to some things that I probably need to find out some more about. As you are aware, the chem demil program, established by Public Law 99-145, called for eliminating all chemical warfare-related materials, and a key feature of that program is the requirement for those chem demil facilities themselves to be destroyed upon completion of the mission. At that time, we are looking at each of the buildings and structures there right now to determine which ones might be retained and which ones would be contaminated and have to be destroyed or decontaminated.

We do not know an exact closure date. We have not finished that process at this time, but we do expect to work very closely with your authority to make sure that people are taken care of to the extent possible.

Senator PRYOR. Great. I do not know if you all have plans for all the equipment and weapons that will be coming back from Afghanistan and Iraq in terms of reset and all that, but I would suggest the Pine Bluff arsenal may be a good place that a lot of that could be done. If you are familiar with the facility, you will know why I say that because they just have a great workforce, a lot of infrastructure there, and a lot of resources there that I think could really be helpful on that.

Let me also ask about the Army National Guard itself. I know that if you look at the Army National Guard installations, I think the average age is maybe 41 years old. I think 24 percent are over 70 years old, and I think we have 37 facilities that are over 100 years old. I know that last year when we did the stimulus and the Recovery Act, we discussed the needs for the Guard Bureau to be able to have resources to upgrade or improve their situation. I think that they gave us a list of over 100 priorities that were shovel-ready projects. I think they totaled about \$1.2 billion, if my memory is correct.

But anyway, unfortunately I think that most of this—not all of it, but most of it—was just ignored by the Army. So I guess my first question is do we know why a lot of these shovel-ready projects were not funded. Let me just start with that question. Do we know why they were not funded, why the shovel-ready projects were not funded?

ARMY NATIONAL GUARD

General CARPENTER. Senator, as we worked through the process when the stimulus package was being formulated, a call went out to all components of the Army to provide potential projects that would be shovel-ready, and from the Army Guard's perspective, we had a number of those. You have identified the list that we submitted, sir. And we forwarded them to the Army for competition.

Senator PRYOR. Did they lose out on that competition, or are they still being considered?

General CARPENTER. Sir, we ended up having, I believe, \$50 million worth of projects funded through the construction piece of the stimulus package, and that amounted to, I believe, about 8 or 10 projects. I would have to provide that information to you for the record.

[The information follows:]

Fiscal year 2009 MCNG Economic Stimulus Package Program (ARRA)—Six projects funded:

- CA, Mather AFB, Airfield Resurface
- NE, Camp Ashland, Dining Facility Add/Alt
- NY, Fort Hamilton, Ready Building
- NC, Raleigh, Armed Forces Reserve Center
- OR, Camp Withycombe, Readiness Center
- WV, Gassaway, Readiness Center

Note: Due to bid savings in the fiscal year 2009 ARRA program, the ARNG is planning to fund four more projects:

- CA, Camp Roberts, Dining Facility
- GA, Marietta Dining Facility Add/Alt
- OR, Camp Rilea, Sanitary Sewer Rehab
- RI, Camp Fogarty, Rigger Facility

Senator PRYOR. So are you saying the Guard Bureau got \$50 million out of that?

General CARPENTER. I believe that is the correct number.

Senator PRYOR. And do you remember what the total was that the military got for the shovel-ready projects?

General CARPENTER. Mr. Senator, I believe total Milcon from the stimulus bill was \$230 million, of which \$50 million went to the National Guard.

Senator PRYOR. I do not know about that ratio. That sounds like that may be close to 20 percent, if I am doing that math right, and

that may be about the right ratio, but at the same time, the Guard and the reserve component is really the key to our readiness today. I mean, we are asking them to do more and more. A lot of them—not all, but a lot of them—are working in antiquated buildings and outdated infrastructure. So I guess I would encourage you all just to continue to try to find ways to get the Guard the resources they need so that you can fund some of these projects. Like I said, it sounds like you maybe funded 8 and you have 100 on the list. Maybe you got eight done.

Mr. SNYDER. I would like to add also, Senator, that the Army Reserve received \$98 million that funded 22 projects in the ARRA.

Senator PRYOR. The Reserve did.

Mr. SNYDER. Yes, sir.

Mr. CALCARA. Sir, if I could, it is important to note that the ARRA program was a DOD-wide look in how the projects competed. Other than a worst first or a fair share type look, there were other aspects that were brought to that: geographic balance, job creation. There were other aspects in the funding of ARRA that are not present in our normal discourse when we decide how to make investments. So I think we did fairly well. If you look across the Army as a portfolio, we got the lion's share of the funding in DOD. So there is some goodness in what happened there, albeit we could always use more.

Senator PRYOR. Thank you, Mr. Chairman.

Senator JOHNSON. Senator Murkowski.

ALASKA MILCON

Senator MURKOWSKI. Thank you, Mr. Chairman.

Gentlemen, good morning. Mr. Hansen, I will start with you. I think we recognize well the opportunities that Alaska presents with its joint training ranges. Some have described them as superlative, and if I could think of a better word, I would go higher than that. But I think we recognize that the opportunity for the Air Force, the Army, now the Navy to conduct synchronized training free from encroachments is a real asset.

Can you comment on the Army's future plans for continued infrastructure development on these training grounds, and how do you plan to maximize utilization of this national asset?

Mr. HANSEN. We had a discussion on that just before the hearing this morning, ma'am. If it is okay with you, I would like to defer to Mr. Calcara on that. I think he has more detailed information.

Mr. CALCARA. I did not have the discussion this morning, Jerry.

Senator MURKOWSKI. They discussed that you were going to speak to it.

Mr. CALCARA. I am going to defer to General Boozier.

Senator MURKOWSKI. All right. Pass it on down.

General BOOZER. That is what I get, Senator, for sitting at the end of the table.

Ma'am, I know in the 2011 request there is some substantial Milcon in Alaska which I think goes to show that we believe that when you just stated is that there are great training opportunities up there in Alaska. A little over \$300 million in the 2011 request. A lot of that goes toward some multiple purpose machine gun range, a simulation center which gets right at the heart of training,

and I think an urban assault course as well. And I believe the Army will continue to invest in both Forts Greeley and Wainwright or Fort Richardson as well in Alaska for a long time to come.

Senator MURKOWSKI. Well, we continue at the State level to try to do what we can to further open up training ranges. Our legislature just met and are working to provide for some transportation corridors that I think will be helpful to you.

Let me ask a question, and again, I do not know whether this is to you, Mr. Hansen, or to others, but this is regarding improper classification of construction workers. The Department of Labor has initiated a pretty major effort to ensure that businesses do not improperly classify construction workers as independent contractors rather than employees. I was just visited yesterday in my office by some in the Alaska construction trades that are concerned that some of the contractors that utilize construction workers on Alaska Army bases may be engaging in this process of misclassification.

Does the Army have a process for investigating these complaints and enforcing compliance with wage and hour laws, and if they do not, should they?

Mr. CALCARA. I guess I will take that one, ma'am. It is hard to make a general statement whether we are talking about military construction projects or repair projects done through an RCI. But the Department of Labor does routinely conduct wage rate interviews, and that is the process. Essentially when DOL comes in and does a wage rate labor classification interview and they have a finding, then the Army would address it. So I believe there is a process in place. I have not heard about the issue you just mentioned, but I will certainly take it back and follow up with your staff and see what I can do about it.

Senator MURKOWSKI. Well, I would appreciate that, and if we can give you more specifics to which to respond, we will do so.

Mr. Calcara, we will just keep going with you here. You are certainly aware of the concerns that have been expressed previously by many in the Fairbanks community about the use of out-of-State contractors and construction workers by the Actus Lend Lease there at Wainwright. I had a chance to discuss this issue with Dorothy Rabin a few weeks ago and she suggested at that time that the issues that I raised were concerns that were uncommon in privatized housing projects, and she basically suggested that I ask the various services.

I know that you do have small business utilization goals, but that does not necessarily ensure that the local workers get the construction jobs. So the question is, do you think it is good policy to encourage housing privatization partners to use the local contractors and local construction workers for the privatization work, or is the Department indifferent on this as an issue?

Mr. CALCARA. We absolutely think it is good policy. Just to follow up, as you know, I have been personally engaged in this.

Senator MURKOWSKI. Which we appreciate.

Mr. CALCARA. And I have done a deep dive on the metrics across the programs. So I want to throw a couple numbers out there for the record. Of the \$5.7 billion in the portfolio in construction through December 31st of last year, \$3.6 billion, or over 60 percent

of it, has gone to small and local businesses. In Alaska, we are beating that by about 15 percent. We are in the 75 to 80 percent range.

So where is the issue? Because you are obviously getting feedback. My understanding is that while we have State-licensed contractors, they may, in fact, have corporate headquarters in other parts of the country. They may, in fact, be augmenting staff with folks that are coming in from other areas of the country.

I am not sure there is much that we could do through policy or incentivization to that. The developers and the service providers are incented to hit small business and local goals. They are also incented to be efficient and effective in the pricing and the delivery of the construction. And to the extent that someone who is locally licensed wants to hire someone from Washington State to work in Alaska on a project, there is really not much we can do about that. So that is kind of how I look at it, ma'am.

MILITARY HOUSING PRIVATIZATION

Senator MURKOWSKI. So you do not think it is necessary or perhaps appropriate to change the laws governing the military privatization to require that some level of local contracting be utilized.

Mr. CALCARA. Well, I guess if you define local as people who are born or living, I would say no. If you define local as someone who has a State license there, again, we are hitting two-thirds of the portfolio, three-quarters in Alaska local and small business. So it is how you define "local" I guess.

Senator MURKOWSKI. Well, as you know—and again, I appreciate your engagement in this—it has been an issue that has generated some controversy and a great deal of discussion. At least there has been more full-on debate and discussion about it of late, and I think that we are making some gains and that is good.

Another issue that is in the same category—and Mr. Chairman, if I just can have another 30 seconds to finish up here, I will conclude with my questions.

But I had a chance to bring this up again a couple weeks ago as it related to those who are not lawfully eligible to work here in the United States. We had a situation last year where on one of our Alaska bases there was an investigation of some of the individuals that were working on construction of building hangars, and it was determined that 4 out of the 30 individuals were not lawfully eligible to work in the United States. One was determined to have a criminal history in the State of California, and of course, the big brouhaha was this is on a military base. It is supposed to have secure areas, and we had a situation, an example, where not only were the people not eligible to work here in the United States getting through the gate, but with criminal backgrounds.

So the question that I had asked and I will ask of you is, is the Army doing anything to ensure that those working in its facilities are lawfully here working in the United States and whether or not, for security reasons, we need to be doing more to ensure a level of compliance?

Mr. CALCARA. Well, as you know, ma'am, all our bases are generally in controlled access areas. So all contractors have to have badges and, at some point, have to provide a copy of a contract that

they have with the Federal Government, as well as the necessary identification to get a badge issued.

Are there anecdotal instances where folks get through that net? It does not surprise me that you have uncovered some. I guess from here on out, we will reissue policy to ensure that we are diligent in checking those credentials. Obviously, contractors have to have an active contract to get on a post. Ultimately, that is the compliance measure that we use. We just have to get a little tighter, I guess, and catch those 4 out of 30 that appeared to get through the net.

Senator MURKOWSKI. And I think part of this issue was, again, it was a contractor who brought up folks from outside. It goes back to the local hire issue, and that is why they come to my attention.

Mr. CALCARA. Yes, ma'am.

Senator MURKOWSKI. And I in turn bring them to yours. So I look forward to working with you on some of these details.

With that, Mr. Chairman, I thank you for the time.

ADDITIONAL COMMITTEE QUESTIONS

Senator JOHNSON. To this panel, thanks for your service to our Nation. You may be excused.

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

QUESTIONS SUBMITTED TO HON. JERRY HANSEN

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

ENERGY EFFICIENCY IMPROVEMENT

Question. What is the Army doing to improve energy efficiency on its bases and increase the use of green building practices, in particular green or cool roof projects?

Answer. In order to provide energy efficient and sustainable new facilities, the Army continues to require all military construction (Milcon) achieve the SILVER criteria of the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating tool. Projects are evaluated in 6 LEED major credit areas: Sustainable Sites, Water Efficiency, Energy & Atmosphere, Material & Resources, Indoor Environmental Quality, and Innovation & Design Process. Army also requires new facilities to be 30 percent more energy efficient than the industry standard defined by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) 90.1-2004. As such, new buildings will incorporate appropriate engineering solutions (insulation and windows), design features (cool roofs and daylighting), technologies (LED lights and ground source heat pumps), and energy efficient mechanical systems (Energy Star® rated motors) where life-cycle cost effective.

All Sustainment, Restoration and Modernization (SRM) funded projects for repair, maintenance, and new work are also required to comply with and, where applicable, contribute toward the goals specified in the Energy Policy Act of 2005 and incorporate sustainable design features where life-cycle cost effective. For instance, all new roofing or planned re-roofing SRM projects in climate zones 1 to 5 are required to install reflective "cool" roofs over air conditioned spaces in buildings.

ENERGY SECURITY

Question. Energy security on bases is a major concern. What is the Army doing to protect critical mission assets from the threat of extended disruptions to the commercial power grid?

Answer. The Army Energy Security Implementation Strategy communicates the Army's energy security vision, mission, goals, and sets forth the framework to address the five key components of security—surety, survivability, supply, sufficiency, and sustainability. The Army is developing a template to ensure installation energy security plans have a standard to identify critical loads, methods and plans to sup-

ply backup utilities in the event of an emergency, and identify actions needed to harden utility systems to improve their energy security posture. Using American Recovery and Reinvestment Act (ARRA) funding, the Army is developing an Energy Security Audit Model which will provide a consistent methodology to identify potential energy security vulnerabilities and prioritize energy security risks and mitigation projects. The Army is also expanding the use of renewable energy through the Energy Conservation and Investment Program and alternative financing programs to reduce our reliance on the grid. Alternative financing programs for partnering with the private sector include Enhanced Use Leases, Power Purchasing Agreements, Energy Savings Performance Contracts and Utility Energy Services Contracts.

ENERGY CONSERVATION INVESTMENT PROGRAM

Question. The Army's share of the fiscal year 2011 Energy Conservation Investment Program (ECIP) is \$43.4 million. Could you execute additional funding?

Answer. Yes, the Army could execute as much as an additional \$51,132,000 if received early in the fiscal year.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

BARRACKS PRIVATIZATION

Question. Will the current Army Milcon and SRM investment funding plans provide single enlisted soldiers the same quality of housing we provide married soldiers by a date certain?

Answer. Yes, we are providing safe, convenient, high-quality housing for our single soldiers just as we are with the married soldiers. The Army is currently in year 17 of its 20-year Permanent Party Barracks Modernization Program. By fiscal year 2013, all funding will be in place for this barracks program with occupancy estimated for fiscal year 2015, every single soldier will be provided with a quality living space. The Permanent Party Barracks Modernization Program is the foundation for providing our warriors with the best facilities possible. Following the completion of the modernization program, the Army will program the replacement of older legacy facilities to ensure all soldiers remain adequately housed.

Question. Does budgeting to attempt to maintain permanent party barracks as "adequate" under current Army standards meet the obligation to provide single soldiers the same quality of housing as their married counterparts?

Answer. Yes, we are budgeting to maintain safe, convenient, high-quality housing for our single soldiers just as we are with the married soldiers. The sustainment requirements for Permanent Party barracks are generated through the Department of Defense Facilities Sustainment Model (FSM). The FSM calculates the funding requirement in order to sustain facilities at an adequate level or condition. The Office of Secretary Defense mandates that all facilities are funded to at least 90 percent of the Army requirement generated by the FSM. The buyout of inadequate barracks remains the top priority among facility programs in the Army.

QUESTIONS SUBMITTED TO JOSEPH F. CALCARA

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

HOMEOWNERS ASSISTANCE PROGRAM

Question. This subcommittee has provided a total of \$855 million in funding to expand the Homeowner's Assistance Program, or HAP, to help military families who face massive losses on the sale of their homes when they are required to relocate during the current mortgage crisis.

Could you outline the status of the expanded HAP program and the expenditures to date?

Answer. The U.S. Army Corps of Engineers began receiving applications in February 2009. Payments to beneficiaries began in October 2009. Eligible applications submitted to date total 5,918. Benefits totaling \$183.2 million have been paid to 1,445 eligible applicants.

Question. DOD has proposed legislative changes to the HAP language. Can you explain the reasons for these changes?

Answer. Presently, the law requires the Government to purchase an applicant's home when the applicant's home value is less than their mortgage payoff. This proposal would allow the Government to pay only the difference between the price for

which an applicant sells his/her home and the mortgage payoffs rather than purchasing the home and then immediately selling the home to the applicant's buyer. This legislation will simplify and speed claim payment and improve HAP fund management.

Question. DOD claims this proposal will have no budgetary impact. Would you please provide the subcommittee the detailed budgetary analysis on which that conclusion is based?

Answer. The proposal will substantially reduce claim processing time, slightly reduce transaction costs, and improve funds management by eliminating the current requirement for the Government to acquire the applicant's home and immediately re-sell the home to the applicant's buyer. Under the current law, this dual, sequential transaction forces the Government to fully fund the acquisition of the home and deposit the full Government "re-sale" proceeds in the HAP account, where they must be re-apportioned by OMB before they can be used by the program. That process of deposit and re-apportionment takes approximately 90 days and reduces available funds accordingly. The proposed legislation will have little budgetary impact, but will greatly simplify and improve the transaction by allowing the Government to merely pay the claim payment at the applicant's closing.

Question. The expanded HAP authority gives the Secretary the discretion to compensate homeowners through September 30, 2012, with the discretion to terminate the program earlier. However, the HAP Web site has been updated to say that the permanent reassignment orders must be received by September 30, 2010, to be eligible for compensation.

Given the continuing turmoil in the real estate market—especially in States like Florida, Arizona and Nevada which host large military installations—it seems very possible that military families will be struggling to sell their homes for some time to come.

Has the Secretary made a decision to terminate the temporary expansion of HAP on September 30, 2010, and if so, why?

Answer. DOD is currently assessing the availability of HAP funds to pay benefits for claims from members who move under Permanent Change of Station (PCS) orders. HAP claim payments for PCS applicants are averaging \$126,000, which is 60 percent greater than \$77,000 per claim cost originally forecast. However, DOD will assess what date PCS applications should be terminated after evaluating the number and rate of claim growth through the summer fiscal year 2010 PCS move cycle. Additionally, there is flexibility in the HAP budget plan that would allow payment of more PCS claims from HAP funds currently targeted for BRAC 2005 claim payments, if those BRAC claims lag forecasted volume.

Question. Do you foresee a requirement for any additional funding to compensate military families under this program if the expanded benefits extend beyond 2010?

Answer. The mortgage crisis has been extensive and costly. However, it is too early to accurately forecast whether current funding will be sufficient to fund the program as originally envisioned. While, claims are more expensive than forecast, it's not clear yet whether the volume of forecasted claims will vary substantially. DOD hopes to have a better analysis of the available funding at the conclusion of the fiscal year 2010 summer PCS cycle.

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Question. What is the Army plan to move forward with pilot junior barracks privatization projects to resolve these remaining questions once and for all?

Answer. The Army will continue to survey mission commanders and sergeants major regarding unit integrity and warrior ethos in an effort to identify locations where barracks privatization might be a viable option in the future.

QUESTIONS SUBMITTED TO GENERAL JIM BOOZER

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

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Question. What is the Army's plan to move forward with pilot junior barracks privatization projects to resolve these remaining questions once and for all?

Answer. The Army continues to look at all of its options to supplement our barracks modernization program throughout the United States to fix and sustain quality housing for single soldiers over the long term. The Army's Unaccompanied Personnel Housing Privatization Study did show that barracks privatization projects can be financially feasible. But, the Army has concerns that discontinuing Army culture and practices due to introduction of a privatized barracks project would adversely affect soldier training and discipline that currently occurs in this living space. Additionally, there is a challenge of how to fund the Basic Allowance for Housing bill that will be generated by privatization over the next 50 years.

Question. Assuming OMB full upfront scoring is avoided, is the cost of the three pilots in the study of \$22 million in the first year that significant for the Army given the ability to sustain the housing for the long term?

Answer. No. The first year cost of barracks privatization for the three pilots is not significant. However, the 50-year cost of barracks privatization for the three pilots (i.e., the difference between the Basic Allowance for Housing (BAH) and traditional funds available for barracks construction, renovation, sustainment, operations and management) is significant. In the study, we estimated the differential to be a total close to \$1.7 billion more than traditional funds available for the three projects over 50 years.

Question. Are there not additional offsets to those costs, such as the current BAH costs from issuances of certificates of non-availability that are not reflected in the financial analysis in the Army study?

Answer. Yes. There may be some additional, minor costs on “both sides of the equation” that were not considered in the study. However, we believe we have captured all of the major costs, and we are confident that the estimates in the study are reflective of the cost of barracks privatization.

DEPARTMENT OF THE AIR FORCE

STATEMENT OF HON. TERRY A. YONKERS, ASSISTANT SECRETARY OF
THE AIR FORCE (INSTALLATIONS, ENVIRONMENT AND LOGIS-
TICS)

ACCOMPANIED BY:

KATHLEEN I. FERGUSON, DEPUTY ASSISTANT SECRETARY OF THE
AIR FORCE (INSTALLATIONS)

MAJOR GENERAL PATRICK J. MOISIO, DEPUTY DIRECTOR, AIR NA-
TIONAL GUARD

MAJOR GENERAL DAVID L. COMMONS, MOBILIZATION ASSISTANT
TO THE CHIEF, AIR FORCE RESERVE

Senator JOHNSON. I am pleased now to welcome our second panel of witnesses: the Hon. Terry A. Yonkers, Assistant Secretary of the Air Force for Installations, Environment and Logistics; Ms. Kathleen I. Ferguson, Deputy Assistant Secretary of the Air Force for Installations; Major General Patrick J. Moasio, Deputy Director, Air National Guard; and Major General David L. Commons, Mobilization Assistant to the Chief of the Air Force Reserve. Thank you all for coming. We look forward to your testimony, and again, your full statements will be entered into the record.

Secretary Yonkers, please proceed.

Mr. YONKERS. Good morning, Chairman Johnson and distinguished members of the subcommittee. And thank you for inviting me here today to address the Air Force's military construction, family housing, and BRAC implementation programs.

I would like to begin by thanking the subcommittee for its continued support of the Air Force and the thousands of dedicated and brave airmen, their families serving this great Nation.

Today is the 40th anniversary of Earth Day, and throughout our Nation, businesses, schools, and our military services are working to protect our planet; preserve our air, water, and land; and develop clean alternative sources of energy. And the Air Force is doing its part to realize a more secure and sustainable future.

A clean and safe environment and secure sources of energy are essential for meeting our mission requirements and improving the quality of life for our airmen. The Air Force is proud to be a member of America's ongoing quest to restore and preserve our natural resources and use our energy more efficiently and effectively.

I will now briefly talk a little bit about the Air Force's military construction, family housing, and base realignment and closure programs which form the foundation of our installation structure and provide the direct support responsible for meeting the needs of our airmen and their families.

Our fiscal year 2011 President's budget request contains \$5.5 billion for facility maintenance, military construction, military family housing, and base realignment and closure, which is a 3.8 percent increase above our fiscal year 2010 request. Our facility

sustainment and recapitalization programs represent the largest portion of that request with \$3.1 billion to maintain and modernize our Air Force installations. The \$1.5 billion military construction request prioritizes our requirements and ensures new construction is aligned with weapon system deliveries and strategic basing initiatives, while we continue to accept some risk in our aging infrastructure recapitalization.

Additionally, we continue our efforts to provide quality housing for airmen and their families by dedicating \$600 million to sustain and modernize overseas housing and support housing privatization in the continental United States.

We also request a total of \$252 million to continue completing our BRAC 2005 program requirements, as well as our legacy BRAC programs and especially environmental cleanup.

In regards to our total force military construction program, I do want to mention the difficult decisions we made last year or made this year with regard to the funding of the component and major command priorities. Each component and each Active Duty major command received their top priority project. The apparent disparity among the Active Duty, the Guard, and the Reserve military construction reflects funding in the component's number one project and not the dollar value of these projects.

This year the Active Duty, which is about 87 percent of plant replacement value, received 80 percent of the investment stream. The Air National Guard is about 9 percent of plant-to-replacement value and received 17 percent of the investment stream. The Air Force Reserve is about 4 percent of plant replacement value. This year the Air Force Reserve received their top priority project, a maintenance facility at Patrick Air Force Base, but that only equated to about 2 percent of plant replacement value.

The funding to components and the major commands shifts from year to year and it is important that we take care of the entire total Air Force. We greatly appreciate Congress' continued support of all the Air Force components, particularly in fiscal year 2010 in which the Congress provided a substantial amount of additional funding for the Air Force Reserve.

I would like to close by briefly mentioning the Air Force's efforts in executing the base realignment and closure recommendations. To implement assigned recommendations, the Air Force's plan calls for the execution of nearly 400 separate actions, utilizing a budget that has been and remains fully funded at \$3.8 billion. Two-thirds of this budget is military construction. Our BRAC military construction program will make its last contract award before the close of this fiscal year. In total, we will execute 231 BRAC military construction projects at 56 installations in 36 States. I am confident in telling you that the Air Force will complete that implementation of BRAC 2005 on time and within the budget.

Today I am really pleased to have accompanying me Deputy Assistant Secretary for Installations, Ms. Kathleen Ferguson; Major General Commons, who is the Mobilization Assistant to the Chief of the Air Force Reserve; and also Major General Moisio, who is the Deputy Director of the Air National Guard.

PREPARED STATEMENT

Sir, that concludes my remarks. I thank the subcommittee again for all that you have done for us and your continued support of our airmen and their families, and I look forward to any questions that you may have.

[The statement follows:]

PREPARED STATEMENT OF HON. TERRY A. YONKERS

INTRODUCTION

The ability of our Airmen to perform their missions world-wide is directly affected by the quality of resources, access to facilities, a robust logistics infrastructure for sustainment, and a confidence that while they are deployed their families are well taken care of and their needs are being met.

Air Force Military Construction (Milcon), Military Family Housing (MFH), and Base Realignment and Closure (BRAC) programs form the foundation of our installation structure and provide the direct support responsible for meeting the needs of our Airmen and their families.

We recognize we cannot lose focus on critical Air Force infrastructure programs, and we are working hard to ensure we have the proper infrastructure to enable our Airmen to perform their duties while ensuring responsible stewardship of fiscal resources.

Our efforts are in direct support of the Air Forces' five priorities, which serve as a framework for this statement: (1) continue to strengthen the nuclear enterprise; (2) partner with the Joint and Coalition team to win today's fight; (3) develop and care for our Airmen and their families; (4) modernize our air and space inventories, organizations, and training; and (5) recapture acquisition excellence.

OVERVIEW

Our fiscal year 2011 President's Budget Request contains \$5.5 billion for facility maintenance, military construction, military family housing, and Base Realignment and Closure, which is a 3.8 percent increase above our fiscal year 2010 request. Our facility maintenance and repair account represents the largest portion of the request, with \$3.1 billion to maintain Air Force installations. The \$1.5 billion military construction request prioritizes our requirements and ensures new construction is aligned with weapon system deliveries and strategic basing initiatives, while we continue to accept some risk in aging infrastructure recapitalization. Approximately one-third of the military construction request is dedicated to new mission requirements, and in this year's budget all new mission projects are programmed in the Air National Guard and Active Duty components. Additionally, we continue our efforts to provide quality housing for Airmen and their families by dedicating nearly \$600 million to sustaining and modernizing overseas housing, and supporting housing privatization in the Continental United States. We also request a total of \$252 million to continue completing our BRAC 2005 program requirements as well as our legacy BRAC programs and environmental clean-up.

In the course of building the fiscal year 2011 budget request, we made a number of difficult choices among competing priorities. One of these was a necessary but difficult decision to continue taking risk in our military construction as well as our restoration and modernization accounts. We continue to mitigate risk by funding facility sustainment to the 90 percent level in order to ensure that we keep our good facilities good.

We also made difficult decisions regarding the funding of component and major command priorities. Each component and major command received their top priority project. The apparent disparity among the Active Duty and Guard and Reserve MILCON reflects funding of the component's No. 1 project and not the dollar value of those projects. This year, the Active Duty, which is about 87 percent of Plant Replacement Value (PRV), received 80 percent of the investment stream. The Air National Guard is about 9 percent of PRV and received 17 percent of the investment stream. The Air Force Reserve is about 4 percent of PRV. This year the Air Force Reserve received their top priority project, a maintenance facility at Patrick Air Force Base, but that only equated to about 2 percent of PRV. The funding to components and MAJCOMs shifts from year to year and it is important that we take care of the entire Air Force family. We greatly appreciate Congress' continued strong support of all of the Air Force components, particularly in fiscal year 2010, in which

the Congress provided a substantial amount of additional funding for the Air Force Reserve.

The Air Force is also very appreciative of the support provided through the American Recovery and Reinvestment Act of 2009. The Recovery Act contributed significantly to our infrastructure. From this legislation, we received a total of \$1.7 billion to support Air Force projects, including \$1.3 billion for operations and maintenance for facilities sustainment, restoration, and modernization (FSRM); \$327 million in military construction and military family housing for dormitories and child development centers; and \$75 million in research, development, testing and evaluation for projects to improve energy efficiency. In accordance with Congressional intent to allocate the funds quickly, we moved expeditiously to award contracts. By the end of calendar year 2009, we awarded nearly 90 percent of the funding allocated for our FSRM and military construction projects. Additionally, with the funding we saved from competitively bid projects, we funded two additional military construction requirements—a dormitory and a child development center collectively valued at \$33.2 million.

CONTINUE TO STRENGTHEN THE NUCLEAR ENTERPRISE

Since its inception, the Air Force has served as a proud and disciplined steward of a large portion of the Nation's nuclear arsenal. We steadfastly operate, maintain, and secure nuclear weapons to deter potential adversaries, and to assure our partners we are a reliable force providing global stability. The first Air Force priority during the last 2 years has been to reinvigorate the stewardship, accountability, compliance, and precision within the nuclear enterprise. We have made progress in this area and will continue our pursuit of the highest standards of performance.

In addition to ensuring our organizations and human resource plans support this mission, we are also concentrating on the infrastructure and facilities crucial to our success. To support this work, during the past 18 months, Air Force civil engineers have conducted enterprise-wide facility assessments to refine our investment plans, and we are now beginning to execute our long-term investment strategy. Our fiscal year 2011 budget request includes \$22.8 million in military construction for the nuclear enterprise, including a weapons load crew training facility at Barksdale Air Force Base (AFB), Louisiana, and a nuclear security tactics training center at Camp Guernsey, Wyoming. These and similar projects in the years to come will further our goal of a self-sustaining culture of critical self-assessment, continuous improvement, and unwavering excellence.

PARTNER WITH THE JOINT AND COALITION TEAM TO WIN TODAY'S FIGHT

Our Air Force continues to bring air, space, and cyber power to great effect in our conflicts in Afghanistan and Iraq, and our men and women make incredible contributions daily. We currently have almost 40,000 Airmen deployed, including nearly 3,500 Air Force civil engineers. Approximately 20 percent of these Air Force civil engineers are filling Joint Expeditionary Taskings, serving shoulder-to-shoulder with our Joint teammates. Due to their wide array of skills, our Air Force Rapid Engineer Deployable Heavy Operational and Repair Squadron Engineers (RED HORSE) and our Prime Base Engineer Emergency Force (Prime BEEF) personnel are in high demand in several theaters of operation. Additionally, we have more than 150 civil engineers who are supporting relief and recovery operations in Haiti.

In addition to our Airmen's contributions, our fiscal year 2011 budget request invests \$449 million in 40 projects that directly contribute to today's fight. Examples include the following:

- Projects supporting our combatant commanders, particularly in the U.S. Central Command area of operations, that will greatly enhance ongoing operations. These include a medical evacuation ramp expansion, fire station, fighter hangar, and consolidated rigging facility in support of enduring airdrop operations at Bagram Air Base (AB), Afghanistan; and an apron expansion, providing vital Afghan theater of operations with refueling capability out of Isa AB, Bahrain. The Air Force goes through a structured process to ensure that funds are not expended on enduring construction when expeditionary or temporary construction will suffice.
- New operations, maintenance, and training facilities for our Air Support Operations squadrons. Airmen from these units, including Joint Terminal Attack Control specialists, partner with ground forces to integrate airpower in Iraq and Afghanistan. These Active and Air National Guard facilities, located in close proximity to the Army units that they support in both Continental United States and overseas, will further increase our capacity to operate and integrate closely with our Joint partners.

- Improvements at Andersen AFB, Guam. Five projects continue to build our Pacific Air Force Regional Training Center and support the Air Force’s “Guam Strike” initiative, consolidating operational capability for fighter and bomber operations at the base.
- Remotely piloted aircraft beddown, operations, and maintenance support infrastructure. Nine projects at various Active Duty and Air National Guard locations that support this rapidly growing field include an operations facility at Cannon AFB, New Mexico; a fire/crash/rescue squadron at Creech AFB, Nevada; a new launch and recovery element facility at Fort Huachuca, Arizona; and MQ-9 infrastructure support at Fort Drum, New York; and others.
- Facility recapitalization efforts. These—our component and major command commanders’ “current mission” priorities—will, among other things, provide a modern operations facility for the National Capital Region’s Joint Air Defense mission; give our special operations Airmen at Hurlburt Field, Florida, a new logistics facility and school; and provide Kunsan AB, Korea, with a facility to house their new F-16 simulator, due to arrive in 2012.

DEVELOP AND CARE FOR AIRMEN AND THEIR FAMILIES

The All-Volunteer Force provides the required foundation for our flexible and agile force. Our fiscal year 2011 budget request reflects a commitment to preserving and enhancing our force through education and training, while also improving the overall quality of life of Airmen and their families where they work, live, and play.

Developing our Airmen

Our Airmen are the best in the world, and as such they deserve first-class facilities in which they can train and advance their personal and professional development. Our fiscal year 2011 budget request contains five projects totaling \$163 million for this effort. These projects include a flagship Center for Character and Leadership Development at the Air Force Academy, which will provide our future officers with a facility invested with the stature that our Service Core Values demand. Also, renovation and expansion of Air University’s Fairchild Research Information Center—the largest military library in the world—will preserve the historical perspective and current research that form the basis for future airpower and Air Force theory, doctrine, and strategy. Additionally, we are continuing to improve facilities that support our newest Airmen at Lackland AFB, Texas, by building a new recruit dormitory, classroom, and in-processing center. These projects continue to improve our Air Force basic military training and provide incoming Airmen with facilities that are commensurate with the commitment that they make to our Nation.

Caring for Our Airmen and Their Families

Because our families are crucial to the success of our Air Force, the Secretary of the Air Force designated July 2009–July 2010 as the “Year of the Air Force Family,” to focus on the contributions of the entire Air Force family—military, civilian, spouses, children, extended family, and retirees—and investigate ways to make their lives better. A large part of this is ensuring that our military have first-class homes and dormitories. We also must make certain our base and community environments are safe and secure, and they foster a sense of community. Simply put, our goal is to provide an even safer and more supportive environment for our men and women and their families, especially during deployments and other extended absences.

Billeting

This project, totaling \$62 million, will provide billeting for Airmen in our fiscal year 2011 military construction program. Of particular note is a third phase of billeting construction at Al Udeid AB, Qatar, which will continue our effort to provide Airmen supporting operations in the U.S. Central Command theater with a quality place to live while deployed far from their families. This project will build two billeting facilities.

Dormitories

We remain committed to providing excellent housing for our unaccompanied Airmen, and we continue to reference our 2008 Dormitory Master Plan to make this vision a reality. Our fiscal year 2011 budget request includes four dormitory projects totaling \$71 million. These include dorms at Cannon AFB, New Mexico; Joint Base McGuire-Dix-Lakehurst, New Jersey; Kapaun Annex, Germany; and Aviano AB, Italy. At Aviano, this single new dormitory will not only provide improved quality of life for Airmen, but also enable the Air Force to close an entire community support annex, which will yield savings in facility maintenance, energy, services, and

security costs. Our 2010 Dormitory Master Plan, to be released later this year, will also address dormitories that we gain from Joint Basing.

Military Family Housing

Our fiscal year 2011 budget for military family housing is nearly \$600 million. The Air Force request for housing construction investment is \$78 million to ensure the continuous improvement of over 400 of our more than 16,100 overseas homes. Our request also includes an additional \$514 million to fund operations, maintenance, utilities, and leases, and to manage privatized units for the family housing program.

Housing privatization is central to the success of our stateside—including Alaska and Hawaii—military family housing initiatives. At the start of fiscal year 2011, we will have 38,800 privatized units, to be increased to 52,900 by the end of fiscal year 2011. As of the end of fiscal year 2009, privatization has leveraged a \$423 million investment to \$6.54 billion in development. We plan to privatize 100 percent of our family housing, in the Continental United States, by fiscal year 2011.

Child Development Centers

Due to the elevated operations tempo in the past 8 years of conflict, child care for our families that remain stateside has become an increasingly significant focus area. As part of the American Recovery and Restoration Act, we have been able to allocate \$80 million for eight new child development centers, to help ensure that our force has adequate child care capacity. We have aggressively pursued solutions to eliminate an earlier capacity issue, and we are on course to reduce our child care deficit to zero by 2012.

MODERNIZE OUR AIR AND SPACE INVENTORIES, ORGANIZATIONS, AND TRAINING

Modernizing our force to prepare for a wide range of future contingencies requires a significant investment. For fiscal year 2011, we are requesting \$460 million for a variety of military construction projects, including:

- Eight projects to prepare to beddown our newest fighter, the F-35. This includes four projects at Nellis AFB, Nevada, where we will accomplish a large part of the operational test and evaluation for this aircraft. As we continue to assess F-35 program restructuring, we are closely analyzing the impacts that any delivery delays will have on associated military construction requirements.
- Seven projects supporting our H/MC-130 fleet. These projects will emphasize the newer “J” models.
- Six projects supporting F-22 operations. This effort will continue to modernize our air superiority fleet, including three projects at Hickam AFB, Hawaii, for the beddown of the Air National Guard squadron there.
- Other projects. These will support diverse mission areas, including space control, C-5/C-17 maintenance, and base and airfield operations.

OTHER PROGRAMS OF NOTE

Overseas Contingency Operations

Our fiscal year 2011 Overseas Contingency Operations (OCO) request for military construction supports \$280 million in projects for Afghanistan. This complements our fiscal year 2010 OCO request of \$474 million and our fiscal year 2010 OCO supplemental request of \$279 million to support the recently announced troop strength increase. The fiscal year 2011 OCO projects build upon and expand the operational capacity that was initially provided by the fiscal years 2009/2010 requests. These first military construction requirements provided access to operational areas in the rugged, undeveloped regions of Afghanistan. Our subsequent requests will expand that initial capability by providing primary theater hubs in Afghanistan. As such, they will reduce safety risks, increase throughput capacity of cargo and personnel, and increase the effectiveness and efficiency of air operations. In addition to supporting current operations, logistical facilities are required to sustain operations through the transition to Afghan control and will facilitate the eventual redeployment of our forces. Each project will be of great value to the Joint team, and we are committed to executing them as effectively and efficiently as possible.

BRAC 2005 Implementation

The Office of the Secretary of Defense codified BRAC 2005 implementation requirements and responsibilities through the use of business plans, a process that allows synchronization across the entire Department of Defense. The Air Force leads 64 business plans and is an equity partner in an additional 16.

To implement the assigned recommendations, the Air Force’s plan calls for the execution of nearly 400 separate actions utilizing a total budget that has been, and

remains, fully funded at approximately \$3.8 billion; two-thirds of this budget is military construction. Our BRAC military construction program will make its last contract award before the close of this fiscal year. In total, we will execute 231 BRAC military construction (BRAC MILCON) projects, on 54 installations, in 36 States. The remaining segment of the BRAC budget funds environmental efforts, military personnel costs, training, and operations and maintenance-funded elements.

BRAC 2005: The Air National Guard and Air Force Reserve

Seventy-eight percent of BRAC 2005 implementation actions affect the Air Reserve components. This stands in contrast to BRAC 1995 where just eighteen percent of actions affected either the Air National Guard (ANG) or Air Force Reserve (AFR). Many of the BRAC 2005 actions realigned similar missions or aircraft models to increase the efficient use of manpower, resources, and maintenance budgets. Single mission tasks were combined into Centralized Intermediate Repair Facilities where ANG, AFR, and Active Duty personnel work side-by-side. The Air Force Reserve has effectively managed manpower resources and minimized adverse impacts on personnel at locations such as General Mitchell Air Reserve Station, Wisconsin. The relocated reserve unit from General Mitchell is now fully operational at Pope AFB, North Carolina. The Air National Guard has better positioned units to accept future missions in such vital tasks as Homeland Defense, is more effectively integrated with the Active Force in current front-line fighters, and will share opportunities to accept new weapons platforms.

BRAC 2005: Execution Report Card

BRAC 2005 impacts more than 120 Air Force installations. Whether establishing the F-35 Joint Strike Fighter Initial Training Site at Eglin AFB, Florida, closing Kulis Air Guard Station in Alaska, or transferring Pope AFB, North Carolina, to the Army, the Air Force community as a whole—Active, Guard, and Reserve—benefits from changes BRAC achieves. Among the seven closure installations, two are already considered closed while the others are proceeding according to plan. The Air Force is fully engaged in executing our requirements, nearly a third of assigned business plans are now considered complete and the rest are on schedule to complete by September 2011, completing implementation of BRAC 2005 on time and within budget.

Legacy BRAC: Real Property Transformation

The Air Force remains a Federal leader in the implementation of the management principles outlined in Presidential Executive Order 13327, Federal Real Property Asset Management. We continue to aggressively manage our real property assets to deliver maximum value for the taxpayer, improve the quality of life for our Airmen and their families, and ensure the protection and sustainment of the environment to provide the highest level of support to Air Force missions. The Air Force is achieving these goals through an enterprise-wide Asset Management transformation that seeks to optimize asset value and to balance performance, risk, and cost over the full asset life cycle. Our approach is fundamentally about enhancing our built and natural asset inventories and linking these inventories to our decision-making processes and the appropriate property acquisition, management and disposal tools.

Even though the BRAC 2005 round did not substantially reduce the Air Force's real property footprint, our current transformation efforts seek to “shrink from within” and to leverage the value of real property assets in order to meet our “20/20 by 2020” goal of offsetting a 20 percent reduction in funds available for installation support activities by achieving efficiencies and reducing by 20 percent the Air Force physical plant that requires funds by the year 2020.

Base Realignment and Closure Property Management

To date, the Air Force has successfully conveyed by deed nearly 90 percent of the 87,000 acres of Air Force land directed by BRAC 88, 91, 93, and 95 with the remainder under lease for redevelopment and reuse. With the successful redevelopment of Air Force BRAC property, local communities have been able to increase the number of area jobs by over 31,000.

To complete the clean up and transfer by deed of remaining property, the Air Force is partnering with industry leaders on innovative business practices for its “way ahead” strategy. Of the 32 legacy BRAC bases slated for closure, the Air Force completed 20 whole-base transfers. Eight of the remaining 12 bases are targeted for transfer by the end of fiscal year 2010, while the last 4 (Chanute, George, McClellan, Griffiss) will transfer no later than the end of fiscal year 2013.

As the Air Force transfers BRAC property for civic and private reuse, it is paramount we ensure any past environmental contamination on the property does not endanger public health or the environment. The Air Force will continue to fulfill

this most solemn responsibility, as reflected in our fiscal year 2010 request of \$116 million for Legacy BRAC cleanup activities, and another \$13 million for BRAC 2005 cleanup activities.

Joint Basing

The Air Force remains committed to joint basing initiatives to maximize installation efficiency, warfighting capability, and jointness, all the while saving taxpayer resources. Of the 12 joint bases mandated by BRAC 2005, 10 have Air Force equity, and we are the lead Service on six. All told, our current efforts with joint basing are proceeding smoothly, with no major issues. Three of the phase I joint bases with Air Force equity have already reached full operating capability status, and seven more phase II bases with Air Force equity have reached initial operating capability status, with full operating capability expected by October 1, 2010.

Energy

The Air Force understands the criticality of furthering energy security for the Nation, and we remain committed to realizing our energy goals of reducing demand, increasing supply, and changing our culture to make energy a consideration in everything we do. Energy conservation investment is a significant component of our newly released 2010 Air Force Infrastructure Energy Plan. In fiscal year 2011, we will continue our energy conservation efforts, which have already reduced facility energy use 14.6 percent from our 2003 baseline. The Defense military construction budget request of \$120 million contains \$35 million for our Energy Conservation Investment Program, which will save—\$124 million. In fiscal year 2009, we exceeded our goals and produced or procured 5.4 percent of our total facility energy through renewable sources, and we have led the Federal Government as the number one purchaser of renewable energy for the fifth year in a row. The 19 projects in the fiscal year 2011 Defense-wide military construction budget, including six solar projects, will continue this trend.

CONCLUSION

The Air Force is committed to the infrastructure projects that support our missions; we are also committed to ensuring we continue to care for our Airmen and their families, to include first-class dormitories and housing, and Airman and family support.

We also remain committed to optimizing the utility of our resources through effective joint basing, completing BRAC actions, and continuing energy conservation efforts.

Finally, the Air Force is committed to being good stewards of funding intended to ensure Air Force mission success.

Senator JOHNSON. Thank you.

Ms. Ferguson, what is the status of the Northern Group Housing Privatization Project especially with reference to Ellsworth Air Force Base?

NORTHERN GROUP HOUSING

Ms. FERGUSON. Senator Johnson, we are very close to being able to begin the process to put this on the street. We have one more meeting that has to occur. Once that occurs, our intent is to issue the required notice of intent for solicitation to the Hill. That needs to be over here for 30 days, and then after that, we would anticipate issuing the request for qualifications. We are hopeful that we clear this last hurdle and be able to begin that within the next few weeks, and that will allow us to select an offeror as early as September, with a closure in June of next year.

Senator JOHNSON. What are the options and what is the timeline if the Northern Group Privatization Project does not go forward?

Ms. FERGUSON. Sir, we would have to step back and look to see what other options were available. We have worked with your staff. We have six bases linked in the Northern Group, and what we have done is we have blended a mixture of healthy bases that have a significant investment in military construction, as well as other

bases that still require investment. Overall, the Air Force invested about \$600 million in those bases so far, but there is another \$400 million that needs to be invested and we are hoping to leverage the private sector to do that. With an additional \$5 million of investment from the Department of the Air Force, we are able to leverage \$400 million from the private sector to get that work done. So we are very hopeful we will be able to move this project forward soon.

AIR FORCE RESERVE MILCON

Senator JOHNSON. To Secretary Yonkers and General Commons: This year's budget request includes only one military construction project for the Air Force Reserve and the future years defense program does not look much better. This should be an embarrassment to the Air Force. While I acknowledge that there continue to be many demands and tight budgets, it would seem to me that this does not support the Air Force's commitment to the total Force.

Secretary Yonkers, are you comfortable that this level of funding, \$3.8 million for one project, is adequate for the Air Force Reserve?

Mr. YONKERS. Thanks for your comments, Senator.

I think the short answer is we are not comfortable, but we had to make some really difficult decisions in fiscal year 2011 to try to balance amongst all the competing interests and programs in the Air Force.

As I mentioned in my opening remarks, each one of the major commands, the Air Guard and the Air Force Reserve, got their number one priority project this year. Had we looked back and circled back in the deliberations this last year, we would have found, I think, a more equitable distribution of our military construction dollars to particularly the Air Force Reserve. We will look at that much more closely in this upcoming budget review to make sure that occurs and they get a more equitable distribution of those dollars.

I would also say that even though the military construction program is small and it is not as robust as we would like to see it, we are augmenting it through the facilities sustainment modernization program. Those dollars are fairly hefty, and so our idea here as we go forward is to utilize those dollars to sustain those particularly aging infrastructure until such time as we can get robust in our military construction program.

Senator JOHNSON. General Commons, would you like to comment on the Air Force Reserve request?

General COMMONS. Thank you, Mr. Chairman.

In the budget formulation for fiscal year 2011, as Secretary Yonkers mentioned, the Air Force decided to take increased risk in current mission, and as a result of that, they made a determination that every major command would be awarded their top priority in current mission, which for the Air Force Reserve was the Patrick Air Force Base project.

Also, we had no new mission requirements, which was funded. They did not take as much risk in new mission. I think that led to some of the disparity, but funding just one of our projects per year will not address the \$1.2 billion backlog we now have in the Air Force Reserve on current mission requirements, which directly

impacts our readiness and our quality of life in the Reserve Command.

I would also like to add, though, and thank this subcommittee from last year for the plus-up in the \$120 million that was given to the Air Force Reserve in military construction which made fiscal year 2010 one of our most successful years in military construction. And I would like to thank the subcommittee for that.

ENERGY EFFICIENCIES WITHIN AIR FORCE

Senator JOHNSON. Secretary Yonkers, I understand that the Air Force has a net zero energy effort underway at the Air Force Academy. Could you explain that effort and whether the Air Force has any plans to employ that model at other bases?

Mr. YONKERS. I will try to answer that question, sir. I was not really prepared to.

Across the Air Force, Net Zero is one of the objectives that we have with regard to achieving these kinds of energy-related, as well as greenhouse gas-related, potential impacts, depending upon what energy source you use. So the Air Force Academy is out in front with regard to that effort, and certainly those lessons learned will be applied to other air bases in the future. My intent is to meet exactly what the President has asked us to meet, both President Bush, during his administration, and President Obama during this administration, with regard to hitting those kinds of carbon sequestration and carbon balance topics or objectives, while at the same time, aggressively pursue renewable energy at our installations.

Senator JOHNSON. I will ask you the same question I asked the Army. Could you provide the subcommittee with a list of potential ECIP projects that could be executed in fiscal year 2011?

Mr. YONKERS. Yes, sir, we would be happy to do that.

[The information follows:]

The following are the potential unfunded ECIP projects for the Air Force:

[Dollars in thousands]

MAJCOM	Installation/activity	State	Project description	Programmed amount
USAFE	Ramstein	GE	Install Photovoltaic System	\$765
USAFE	Ramstein	GE	Install Photovoltaic System	719
USAFE	Ramstein	GE	Install Photovoltaic System	520
USAFE	Ramstein	GE	Install Photovoltaic System	494
ANG	Atlantic City	NJ	Photovoltaic Generation System	3,700
AMC	McGuire	NJ	(MEBI) Install Solar Panels at Fitness Center	1,519
USAFE	Lajes Field	PO	Replace & Upgrade Water SCADA & EMCS	1,110
USAFE	Lajes Field	PO	Repair Water Service Lines, Multi	600
USAFE	Moron	SP	Install Non Potable Water System	1,200
ACC	Eglin	FL	Leak Detection & Repair	750
AETC	Tyndall	FL	Reclaimed Water Irrigation	3,255
AFSC	Thule	GR	EMCS	4,500
PACAF	Elmendorf	AK	HVAC Retro commission Ph-1	2,830
ACC	Eglin	FL	DDC Energy Mgmt System Upgrade	6,724
AFMC	Hanscom	MA	Repair Chiller Controls B1201	1,950
ACC	Grand Forks	ND	Replace Interior Lighting	1,316
AETC	Randolph	TX	Cns Chiller/TES Plant	1,200
AFMC	Arnold	TN	Test Area Energy Improvements	821
ACC	Mountain Home	ID	Repair Infrared Heaters, Multi facilities	1,180
AETC	Randolph	TX	B395 Thermal Energy Storage (TES)	1,527
AETC	Lackland	TX	Construct a Chiller/TES Plant	2,800
AETC	Lackland	TX	Install Thermal Storage Energy Tank B7429	1,110

[Dollars in thousands]

MAJCOM	Installation/activity	State	Project description	Programmed amount
AFMC	Kirtland	NM	ECIP Solar-LED Retrofits for Street, Parking & Runway Lights.	1,850
AMC	McGuire	NJ	(MEBI) Install Solar Panels @ Fitness Center	1,519
AMC	McGuire	NJ	Install Solar Wall Bldgs 3210/3211/3101	1,150
AFSPC	Los Angeles	CA	ECIP—Photo Voltaic System, B/286, Fitness Center Roof.	1,082
AFSPC	Los Angeles	CA	Solar Roof System, B/271, LAAFB	1,050
AFSPC	Los Angeles	CA	Solar Roof System, B/270, LAAFB	1,050
AFSPC	Los Angeles	CA	Solar Roof System, B/272, LAAFB	1,442
AFSPC	Los Angeles	CA	ECIP—Photo Voltaic Parking Canopy, South, LAAFB.	1,347
AFSPC	Los Angeles	CA	ECIP—Photo Voltaic Parking Canopy, West, LAAFB.	2,191
AFSPC	F.E. Warren	WY	Decentralize Base Central Heat Plant	14,008
AFMC	Hill Air Force Base.	UT	ECIP—Conv & RPR 1700 Area Bldgs & Dist Sys To Natural Gas.	2,365
AFSPC	Cape Cod Air Force Station.	MA	Install Two Wind Turbines/Support System	13,000

Senator JOHNSON. Senator Collins.
 Senator COLLINS. Thank you, Mr. Chairman.

MAINE MILCON

General Moisis, as I was preparing for this hearing, I noted that the fiscal year 2011 budget proposal contains requests from the Air National Guard for funding for two military construction projects that include two new SCIFs, the secure facilities, at a cost of \$9.6 million to the taxpayers.

Ms. Ferguson, I also noted that the Air Force has proposed spending more than \$221 million on six military construction projects that include six new SCIFs.

At the Air National Guard base in Bangor, Maine, there is a 28,000 square foot facility that meets all the requirements to be a SCIF, but the Air Force will not certify the facility as a SCIF until a mission is identified for that building.

My question, however, is did the Air National Guard review current assets, including this facility in Maine, before proposing the funding to build brand new additional secure facilities?

General MOISIO. Thank you, Senator Collins.

Yes. We, of course, keep track of all of our \$14 billion worth of plant value across the Nation and consider it all in new mission lay-down. The important thing to understand about the new mission lay-down that we are in right now—much of it is a result of BRAC. Much of it as a result of other changing missions, draw-down in Force structure, and so on, which has not affected the 101st, as you know, up in Bangor. They have a good, stable tanker mission and will continue to have that mission for a long time.

As time goes on, ma'am, when we continue to have to lay down across the Air Force missions that require classified facilities—also communication infrastructure is becoming a very important aspect—we do consider the existing facilities and the existing communication infrastructure when we go through our basing actions, as Ms. Ferguson, who runs that program, can attest. So it is a factor, ma'am.

Senator COLLINS. Secretary Ferguson, was that facility considered as the Air Force was putting together its request for six additional secure areas?

Ms. FERGUSON. I will have to go back and look at those particular six projects, but as General Moisio points out, under the new Air Force strategic basing process, that is one of the things we consider as we beddown new missions across the Air Force.

Senator COLLINS. I would encourage both of you to take a look at that facility because if it does meet your needs, we should use current assets and save some money in this very tight budget environment. And I know that you share that concern as well.

[The information follows:]

After significant reductions in requirements due to the end of the cold war, the Air National Guard has reused the majority of the SCIF facility. Of the 34,000 square feet, only 6,100 square feet remain vacant. Each of the military construction projects with SCIF requirements is associated with an existing mission and are already established at their current installations. For these current mission military construction projects, the benefit of reutilizing an existing SCIF at Bangor, Maine is out-weighed by the high cost associated with moving the missions to another installation. However, as we previously discussed, under the new Air Force strategic basing process, Bangor, Maine will be considered as we beddown new missions across the Air Force in the future.

Senator COLLINS. General, it sounds like you are very aware of the role that the air refueling wing of the Air National Guard in Maine has been playing in maintaining our air bridge to support our warfighters in Iraq and Afghanistan. The last time I visited the base, I was told that they actually offload more fuel than any other unit on the entire east coast, including Active Duty units with the exception of MacDill Air Force Base in Florida. So they are playing an absolutely essential role. Indeed, if you look just at Guard units, they offload more fuel to military aircraft than any other Guard unit in the country.

As you begin the process of deciding where to place the KC-X aircraft, the tanker that we desperately need to proceed with, will one of the primary considerations for basing include which aircraft in the inventory are most frequently relied upon to support war-time efforts? General?

General MOISIO. Senator Collins, your support of the 101st is admirable, as is the case across the Nation with our Guard units. It is one thing that makes the job that I have so great, is to hear the pride of Senators and Congressmen regarding their Guard units.

It is a true statement that the 101st is tops on the east coast in offload. It makes sense, closest to the air bridge across the Atlantic. So a very, very strategic point for us to have a tanker unit in the Air National Guard, and there is, I would hope, little doubt in my mind that that would continue for a long, long time.

In terms of competing for KC-X, I believe that the Northeast Tanker Task Force will undoubtedly be involved in some way in the initial beddown of KC-X. We will go through the normal basing process, and in my mind, the most important attribute of the 101st that will show up in the basing process is its location and the fact of the Northeast Tanker Task Force. So the competition will be fair. It will be transparent, and I know that the 101st in Bangor will compete.

Senator COLLINS. Thank you. Thank you, Mr. Chairman. Thank you all.

Senator JOHNSON. Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

ENERGY EFFICIENCY AT ALASKA INSTALLATIONS

Secretary Yonkers, I understand that you are in the process now of preparing a paper for me at my request on the future of the Polar Star Housing. This is the privatized housing in Eielson. I will look forward to receiving that paper and the opportunity for future dialogue on that. We would like to see, of course, positive resolution of this, but I understand that that is something that you are working to produce for me. So I will look forward to that. And I do not know. It looks like you, Secretary Ferguson, will be the one that will be working on it.

Mr. YONKERS. Actually she is the one that works these types of military family housing privatization issues, and I would be completely lost without her, as you probably know.

I mean, there is much more to come, and we will be more than happy to not only provide the paper but respond to any questions, concerns, Madam, that you have.

Senator MURKOWSKI. I appreciate that.

Let me ask you. You have mentioned the impact of energy usage and what we do to deal with our high energy costs. Congress had appropriated some substantial funding for the Air Force to consider locating a coal-to-liquids plant on or near Eielson to take advantage of the coal reserves that we have in interior Alaska and offer the Air Force an alternative source of jet fuel.

We have, of course, heard that the concept of coal-to-liquids, which was really quite popular in the last administration, has now kind of gone out of vogue within this administration, even if we can address the carbon capture issues.

The question to you this morning is whether the Air Force intends to pursue a coal-to-liquids plant at Eielson and what is the timeline then for any decision-making in this order.

Mr. YONKERS. Ma'am, thank you for your question, and I know you are personally very interested in this and your observations are right on target with regard to coal-to-liquid.

You know very well, I am sure, that the earmarks that we received are being utilized for the purposes under which they were intended to look at the feasibility and financial viability of a coal-to-liquids facility at or near Eielson. We are already in the process, as you probably know as well, of looking at the business case analysis particularly to see if an enhanced use lease would be appropriate for such activities and be financially viable for such activities.

In conjunction with that, the civil engineering squadron there is looking at the mission impacts and the environmental impact analysis to pull that information together.

And then the Air Force research labs down at Wright Patterson are considering things such as carbon sequestration and how that will play amongst the energy alternatives as we look at the broad scope of whether or not coal-to-liquid is really a viable option there at Eielson.

Once we get the information from those reports back and we can massage that a bit, and if we do, in fact, find that it is a viable alternative, our intent is to get with the Department of Defense, along with, we hope, prospective developers, companies that would be interested in implementing this, and see where we go from there.

Senator MURKOWSKI. Well, we would like to work with you on this. Obviously, the cost of energy is a key issue up there, but even more so, the opportunity to provide the Air Force with a fuel source that could be ready and affordable is something that we all want to focus on.

Mr. YONKERS. Yes, ma'am.

NEW TANKERS IN ALASKA

Senator MURKOWSKI. General, let me ask you. You spoke about the possibility of the KC-X for the 101st there in Maine. Does the same possibly apply to the 168th Wing at Eielson which has the significant responsibility for fueling in the Pacific?

General MOISIO. Absolutely, ma'am. I really should let Ms. Ferguson address the overall process, but hopefully you all are aware of the process that the Air Force has adopted over the last year to base new systems. But the process is open, transparent, repeatable, and when we are bedding down a system such as F-35s, such as KC-X soon, we look enterprise-wide at Air Force bases and grade them on a set of criteria that are developed by the gaining major command. And I am convinced that it is a very fair process.

Senator MURKOWSKI. One final question, and this is your soft ball for the morning and gives you a chance to do a little bit of bragging. In just a few weeks here, the Elmendorf Air Force Base is slated to receive the Commander-in-Chief Award from the Secretary of Defense. This is a pretty big deal. We certainly feel so. As one who represented Elmendorf in our State legislature, it is even more a particular point of pride. But it really means that Elmendorf is truly the best of the best in the Air Force.

So the question to you this morning, Secretary, is what did Elmendorf do to achieve this distinction, and how will the Air Force celebrate Elmendorf's accomplishments?

Mr. YONKERS. Well, you know, I will go back to some of the previous conversations with the pride and enthusiasm that you all bring to the table with regard to those air bases that are in your State. It is really gratifying to me as sort of a retread coming back into the Air Force just recently to see this. I mean, this was one of the things that I really missed when I left 8 years ago.

It is a big deal. It is truly a big deal for Elmendorf to be able to go through a rigorous competition amongst every air base that we have in the 50 States and all those major commands. There are 166 air bases that Elmendorf was in the mix with. And as you say, Senator, Elmendorf came out on top.

There is going to be at least one, if not several award assemblies that are going to recognize that accomplishment. When those folks from Elmendorf stand up in front of the Secretary and the Chief and receive that award, I think it is going to be a great day and there is going to be just a lot of fun and enthusiasm and pride from the people down at the installation level that made that happen.

Senator MURKOWSKI. We look forward to recognizing their accomplishments because they are significant. They are receiving the Commander in Chief Award, but this has been a pretty good year for them. They have received a whole handful of national recognitions, and we are really quite proud, as we are of all our men and women in uniform, but there are significant accomplishments that we want to celebrate. So thank you.

Thank you, Mr. Chairman.

Mr. YONKERS. Thank you, ma'am.

Senator JOHNSON. Thank you.

I would like to thank all of our witnesses for appearing before the subcommittee today. We look forward to working with you this year.

For the information of members, questions for the record should be submitted by the close of business on April 29.

CONCLUSION OF HEARINGS

Senator JOHNSON. This hearing is recessed.

[Whereupon, at 11:06 a.m., Thursday, April 22, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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