

**MILITARY CONSTRUCTION APPROPRIATIONS FOR
FISCAL YEAR 1998**

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

ON

H.R. 2016

AN ACT MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION FOR
THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEP-
TEMBER 30, 1998, AND FOR OTHER PURPOSES

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**MILITARY CONSTRUCTION APPROPRIATIONS
FOR FISCAL YEAR 1998**

TUESDAY, MARCH 11, 1997

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

The subcommittee met at 9:37 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.
Present: Senators Burns, Stevens, Murray, Reid, and Inouye.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

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

ACCOMPANIED BY:

**MAJ. GEN. JOSEPH STEWART, DEPUTY CHIEF OF STAFF, INSTAL-
LATIONS AND LOGISTICS, U.S. MARINE CORPS**
**REAR ADM. DAVID NASH, CHIEF, NAVAL FACILITIES ENGINEERING
COMMAND, U.S. NAVY**
**CAPT. JOHN BRUNELLI, DEPUTY CHIEF, NAVAL RESERVE, U.S.
NAVY**

OPENING STATEMENT OF CONRAD BURNS

Senator BURNS. Good morning and I will call the committee to order. Senator Murray, the ranking member, is on her way.

The subcommittee this morning will hear testimony on military construction, family housing, BRAC, and Reserve programs for the Navy and the Air Force. I welcome this morning our new ranking member of military construction, Senator Murray of Washington State, and thank you for coming. I look forward to working with her and her staff as we work our way through the 1998 military construction programs.

We are pleased to hear from the Assistant Secretary of the Navy for Installations and Environment, Robert B. Pirie, and we welcome you this morning. It is great to have you with us again. I certainly thank you for coming.

Would you please introduce the gentlemen that you brought with you this morning.

Mr. PIRIE. Thank you, Mr. Chairman.

With me this morning are: Rear Adm. Dave Nash, who is the Chief of the Naval Facilities Engineering Command; and Maj. Gen. Joe Stewart, who is the Deputy Chief of Staff of the Marine Corps

for Installations and Logistics; and Capt. John Brunelli, who is the Deputy Chief of the Naval Reserve.

Senator BURNS. We thank you and want to commend you for your commitment to the quality of life of our sailors and our marines, as well as their families. We recognize the Navy has a significant challenge to maintain the momentum in an area that we want to work with you to achieve those objectives.

I think our missions have changed in the last 10 years. We continue to appropriate and be concerned with the quality of life of our marines and sailors. We know that they are probably the most mobile of all of our military troops and we want to make sure that they have everything that they need in order to make a really fighting outfit like they are known to be.

We have asked you to address the fiscal year of 1998, the construction request for Navy housing, a portion of the base closure account, and the request for the Navy reserves. So if you have your opening statement, and I would tell you that your entire statement will be made part of the record, and thank you for coming this morning. You may proceed.

Mr. PIRIE. Thank you, Mr. Chairman. With your permission, I will just hit some of the highlights.

Senator REID. I wonder if I could—

Senator BURNS. Oh, I am sorry. I better do this. I better recognize my ranking member this morning. Senator Murray, I am sorry.

STATEMENT OF PATTY MURRAY

Senator MURRAY. Thank you, Mr. Chairman. I really appreciate your arranging this early hearing on our Navy and Air Force military construction, BRAC, and housing programs, and I am very pleased to serve as your ranking member on this very important subcommittee, and I look forward to working with you, Mr. Chairman, and all of the committee in much the same fashion as my predecessor Senator Reid, who is here with us today, worked so successfully with you last year.

The programs the subcommittee oversees are crucial, focusing as they do on the quality of life of our uniformed personnel here and abroad and on the vital infrastructure that allows our forces to operate with assurance as the world's sole superpower. These programs allow in the long run to defend our interests and those of our allies and friends across an increasingly confusing and complicated world scene.

I recall that this committee was able to mark up and report its annual bills out, get them through the Senate and the Congress and to the President's desk very early in the process. Even though the committee added some \$617 million to the request last year, the President wisely signed it. It was overwhelmingly supported in the Senate, much of that due to your excellent work, Mr. Chairman, in putting it together. I hope that we can repeat that performance this year.

Mr. Chairman, judging from the President's request, it looks like we are being invited to rewrite much of the budget submitted. The request for our Guard and Reserve program is, as in the past several years, largely inadequate and perhaps deliberately so. For the

Guard and Reserve we appropriated \$411 million last year. The request for fiscal year 1998 is for less than \$173 million. So either the administration is preparing to put the Guard and Reserve out of business or, more likely, it expects us to add to the budget to fund it appropriately, just as the committee did last year.

I have no doubt that we will together do just that. We admonished the administration last year not to repeat the budget history of underfunding the Guard and Reserves, anticipating a huge plus-up by the committee, but it seems to have done just that.

First, the overall request for the Guard and Reserve is two-thirds less than the amount we appropriated for fiscal year 1997. In order to match last year's amount, we would have to add nearly \$239 million to the budget.

Second, Mr. Chairman, the budget for housing has been reduced by some 13 percent from last year's appropriated amount. This is the heart of quality of life and I am not certain that we can leave it at the requested level. I know that the Department is attempting to put into place a new public-private housing initiative, the Department of Defense family housing improvement fund, which allows the private sector to participate in our housing programs. I fully support that initiative, and indeed one of the first of two of these programs has just been announced at a naval base at Everett, WA.

But this program is in its infancy and I am not certain there is any justification for the substantial reduction in the budget for family housing.

Third, Mr. Chairman, I have looked through this budget and I have found that the only category which actually experiences an increase over last year is for NATO infrastructure. The request is slightly over last year's amount, but is greater than the entire amount requested for the Guard and Reserves. I have to ask, what is wrong with this picture?

We gut the American National Guard and Reserve and plus-up the amounts for allied construction in Europe. And I thought the cold war was over.

Having said all this, Mr. Chairman, I warmly greet Messrs. Pirie and Coleman, Assistant Secretaries of the Navy and the Air Force. Each of them have been most helpful to this committee in the past and I know that they are concerned about the budget problems that I have just cited, and I know that whatever can be done to correct them, each of us will do so.

So I welcome all of you back before us and, Mr. Chairman, I look forward to working with you this year.

Senator BURNS. Thank you, Senator Murray.

Now my good friend from Nevada in this matter, and we have been through these wars before and plan to go through them again. Senator Reid from Nevada.

STATEMENT OF HARRY REID

Senator REID. Chairman Burns, thank you very much.

The reason I wanted to drop by today is to express publicly how much I enjoyed working with Chairman Burns. This bill on two separate occasions has been brought through the Congress by Senator Burns and, hopefully with my assistance, we have been able

to get the bill to the President. Our military construction bills were the earliest and first signed bills of any of the appropriations bills these past 2 years. Most of that is due to Chairman Burns' ability to work with his colleagues and those on the other side of the aisle.

I just want to say to Senator Burns how much I appreciate having had the opportunity to work with him.

I say to my colleague Senator Murray, she has done a lot of the same things that I have done. She has had the experience of working with the legislative branch, which is a difficult bill, and now she has the opportunity to work on this bill. I think these bills are both extremely important.

I want to reiterate what Senator Burns has said about how the Guard and Reserve has been neglected. Some day we are going to just follow the submission of the President and then see what happens. We should probably do that except it would be, in my opinion, too drastic. It is just unfair to the Guard and Reserve.

Especially, I do not think the American public would understand when, if you look through the budget, you find the only category that maintains the same level of funding this year is for NATO infrastructure. It is a little hard for me to justify that we are going to spend more money for NATO infrastructure and have these huge cuts for Guard and Reserve.

So I would hope, Mr. Chairman, that with your attention you will again direct money to the Guard and Reserve Forces, which in my opinion are a very key component of making our military the mightiest in the world.

I look forward to working with you and Senator Murray in this Congress and the Congresses to come.

Senator BURNS. Thank you very much and thanks for the work of both of you. It really is a pleasure to work with Senator Reid and Senator Murray. I am sure we will get it to the President first this time too, so we can be on vacation when everybody else is still working. We will do that.

I have a statement from Senator Craig that I would like to put in the record at this time.

Mr. Secretary, thank you.

[The statement follows:]

PREPARED STATEMENT OF SENATOR LARRY E. CRAIG

Mr. Chairman, it is indeed a pleasure to be a member of the Appropriations Committee and on this very important Subcommittee for Military Construction. Although military construction represents a small portion of the overall defense budget, it is the only portion that touches everyone within the service and their families.

Every type of facility and installation contributes to the quality of life. High quality installations contribute to personnel and family readiness, which translates directly to combat capability. That is why the success of your installations is just as important as your next generation of new technology.

Mr. Pirie, I welcome you and note the Navy's ongoing efforts to replace many antiquated facilities with a single composite facility at specific installations. Such a composite engineering and support facility is currently being constructed at the Naval Surface Warfare Center at Bayview, Idaho. This effort will save future moneys by reduced utilities and maintenance costs, necessary to operate the older facilities.

Likewise, Mr. Coleman, I welcome you and the efforts the Air Force has put forward in developing the new enhanced training range in Idaho. We are working closely with your Air Force team, the Bureau of Land Management, our communities and environmentalists to ensure that the future range becomes a valuable combat resource and a good neighbor to the community. I believe that ranges can

rival the importance of as our next air superiority fighter, and high quality ranges can only be accomplished with solid planning and programming.

With the completion of the range, Mt. Home Air Force Base in Idaho, which the Air Force considers one of the most successful composite wings today, will be the model installation and wing for the Air Force of the 21st century.

Mr. Chairman, thank you for holding this hearing, and I look forward to working with you to provide funding adequate for high quality installations, necessary housing and environmental protection for our lands. This the least a grateful Nation can do for our service personnel and their families.

STATEMENT OF ROBERT B. PIRIE

Mr. PIRIE. Thanks. Good morning, Mr. Chairman, Senator Murray, and Senator Reid. I am really very glad to be here this morning to present the Navy's military construction, family housing, and base closure implementation program for—

Senator BURNS. Pull the microphone up.

Mr. PIRIE [continuing]. For fiscal 1998. Is that better?

Senator BURNS. Yes.

STATEMENT SUMMARY

Mr. PIRIE. Just to summarize some of the main points in my formal testimony, our fiscal year 1998 Milcon, family housing, and BRAC request runs about \$2.8 billion in total. That is down some \$800 million from the fiscal year 1997 level of \$3.6 billion because in the environment of downsizing, fiscal stringency, and the need to beef up our investment accounts. Our judgment is that this is about all we can afford in this area.

There is enormous and continuing pressure to reduce overall infrastructure costs and to increase our force modernization.

The fiscal year 1998 Milcon budget is down some \$200 million from fiscal year 1997, and that is something that I am not particularly happy about, but, in fact, we could not sustain, given the other pressures within our budget, the fiscal year 1997 level. We focus projects on those that support military readiness needs, and that includes quality of life. About one-third of the fiscal year 1998-99 budget is for BQ construction. It will provide an additional 5,676 spaces and replace some 1,723 old substandard spaces in BQ's.

All permanent party BQ's in the Navy that are built new will be of the one plus one standard. The marines will replace their oldest and worst facilities using an alternative called two plus zero, which in our judgment is the fastest and best way to get the most marines into some acceptable dormitories.

The fiscal year 1998 family housing budget is down about \$200 million from fiscal year 1997. The primary reduction is in the area of new construction, and this is a result of a decision we made to scale back the acquisition of houses that the Government would own and operate. We looked in depth at the cost of housing our sailors and marines in the private sector with housing allowances versus in Government-owned and operated homes. We have concluded that building and operating Government houses is not a good deal either for the taxpayer or the average sailor or marine.

It costs about \$15,000 a year to operate and maintain a Government-owned house on the average. We pay our members not in Government housing about \$8,000 a year in allowances, to which

they add about \$2,000 a year on the average from their own pockets to get decent housing.

Our research indicates that in many locations the private sector can provide appropriate housing at a price much closer to the allowance figure than to what it costs for a Government house. We think it is a good idea at this point to go slow on Government-provided housing and to explore the possibilities open to us in public-private ventures and in enhanced allowances.

Last year's BAQ increase and VHA floor are an enormous help in this area, and this was something we are very grateful to the Congress for providing. The Office of the Secretary of Defense is now preparing a report and recommendations to remedy some of the known defects in the current allowance indexing methodology.

The Navy is making public-private ventures a reality. We had a groundbreaking last December for 404 homes in the Corpus Christi, TX, area. Occupancy will begin this November.

We provided congressional notification last month for 185 homes in Everett, WA. The Navy is a limited partner in this endeavor and contributing \$5.9 million. The general partner contributes about \$12.9 million. We expect to sign that agreement this month and have occupancy of these houses in May 1998.

Both projects give sailors and marines preference for renting and a rent reduction of approximately \$100 a month under comparable homes in the locale.

BASE CLOSURE AND REALIGNMENT

With respect to base closure and realignment, the fiscal year 1998 BRAC budget is down about \$400 million from fiscal year 1997, primarily because of lower BRAC Milcon needs. By the end of the year 2000 we will have invested \$10 billion in the implementation of four rounds of base closure. By that time we will already have saved \$15 billion, for a net savings of \$5 billion, and we will save \$2.6 billion a year every year thereafter.

We are now on the down slope of BRAC implementation. We have already completed 66 percent of all mandated closures and realignments. Thirty-one more are scheduled this year, including big ones like Long Beach Naval Shipyard and the Naval Air Station at Alameda.

Fiscal year 1998 is the last year with significant BRAC construction requirements. Our BRAC budget is transitioning from a closure and realignment phase to the completion of environmental cleanup and the disposition of the property. We are, of course, committed to the cleanup of all BRAC property, but we give priority in funding to sites with near-term reuse potential.

The general area of BRAC this year has seen the privatization of the Naval Air Warfare Center in Indianapolis and the Naval Ordnance Station in Louisville. These actions have saved the taxpayer money, saved jobs in the area, and opened the possibility of continued productive use of the installations under the aegis of local redevelopment authorities.

We are pleased with this result because it shows that we can, working together with communities, get past the trauma of BRAC rapidly.

We are pursuing a number of initiatives to reduce infrastructure support costs, including outsourcing, privatization, and regionalization of functions. Details of these activities are provided in my full testimony, Mr. Chairman, and that concludes my summary.

[The statement follows:]

PREPARED STATEMENT OF ROBERT B. PIRIE, JR.

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

My statement will cover a number of areas:

- The need for quality Naval facilities;
- The Department of the Navy's overall infrastructure budget;
- Program highlights of our base closure implementation, military construction, and family housing programs;
- Meeting the housing challenge; and
- The need for further infrastructure efficiencies.

THE NEED FOR QUALITY NAVAL SHORE FACILITIES

Naval Forces—Defending U.S. National Security

Naval forces provide unique capabilities in defending our national security interests around the world. Able to provide forward presence, power projection, sea control, maritime superiority, strategic deterrence, and strategic sealift, the Navy and Marine Corps team continues to conduct operations around the world, 24 hours a day, every day of the year. On any given day, roughly 30 percent of the Navy and Marine Corps operating force, consisting of more than 50,000 men and women aboard 100 ships, is deployed throughout the world. Last year, Navy ships made over 1,600 port visits to 99 nations and conducted 160 major multinational and bilateral exercises with 64 different countries. Naval operations ranged from providing humanitarian care in Bosnia, to promoting regional stability and freedom of navigation in the Straits of Formosa between China and Taiwan, to suppressing air defenses in the skies over Iraq.

Well-trained, highly motivated people are our most important asset in maintaining this military capability. We need to attract, properly train, outfit, and retain top caliber people from across the United States if we expect to maintain a fully responsive military capability to support our national goals.

Shore Facilities—the Gateway to the Sea

Our shore facilities are the gateway to the sea. They are the home base for maintaining the readiness of our Naval forces. They provide the daily “at work,” “at home,” and “at play” locations for our Sailors and Marines when they are not at sea. Whether it is piers that provide berthing, electrical power, and support facilities for ships in homeport; hangars that shelter aircraft; training facilities and ranges where Sailors and Marines hone their war fighting skills; shipyards that provide the industrial capability for ship repairs; or the housing that our Sailors, Marines and their families call home—all are a critical ingredient in our ability to deploy Naval forces when needed.

I know this Committee understands how high quality shore facilities bring out the best in our people. Our mutual goal is to provide quality shore facilities to support the current and future readiness of U. S. Naval forces.

Investing in the Shore Infrastructure

Our facilities are old. Nearly half were constructed between 1931 and 1950. We are devoting about 1.7 percent of current plant value to real property maintenance. The Center for Naval Analyses concluded that we must invest about 2.0 percent of current plant value each year to maintain the present condition of our facilities. Often, our repair and maintenance choices are limited to short-term cash flow alternatives rather than long-term investment strategies. Our military construction and family housing budget represent only 2.3 percent of the Department of the Navy fiscal year 1998 budget. The current critical backlog of maintenance and repair (BMAR) is \$3.0 billion, and is projected to grow to \$3.7 billion in fiscal year 1998.

Unfortunately, we cannot afford to invest more in our shore infrastructure. Budget constraints, the need to modernize the remaining force structure for the future, existing pockets of excess shore capacity, and the potential for additional downsizing

limit larger infrastructure investments. We have been able to invest only limited funds to support new and expanding mission needs.

While I would like to see us investing more money in our facilities, our situation in the facilities business is certainly no worse than that of other parts of the Department of the Navy. As you know, it is very important that we recapitalize our force structure. I strongly support this priority.

INFRASTRUCTURE BUDGET REQUEST

Facilities Investment Strategy

The Secretary of the Navy must carefully balance many competing demands. Our shore infrastructure investment strategy consists of:

- Implementing the decisions of the four rounds of Defense Base Closures and Realignments (BRAC) to attain the expected savings and efficiencies;
- Investing in military construction projects that support readiness;
- Enhancing the quality of life of our Sailors, Marines and their families;
- “Holding the line” on Base Operations Support (BOS) and Maintenance of Real Property (MRP) funds; and
- Pursuing further shore infrastructure efficiencies.

Fiscal year 1998–99 Infrastructure Budget Request

This Subcommittee, and your colleagues in Congress, supported significant increases last year. The \$9.6 billion added to the Department of Defense’s topline budget included \$209 million in Military Construction, Navy, and \$96 million in Family Housing, Navy, above the President’s fiscal year 1997 budget request. We are grateful for the additional funds which will allow us to build important new projects such as the BEQ at Marine Corps Air Station Kaneohe Bay, Hawaii, and to renovate existing facilities such as the pier electrical upgrades at Naval Station Norfolk, Virginia.

However, affordability and other budget priorities prevented the Department of the Navy from sustaining that higher level of funding into the fiscal year 1998 and fiscal year 1999 budget for military construction, and family housing. Our fiscal year 1998 military construction budget request of \$554 million is on par with our fiscal year 1997 budget request of \$536 million. Our \$1,255 million family housing budget request maintains our focus on fixing what we own, but reduces new construction. We have reduced our base closure budget request, not because of affordability, but as a result of having completed much of the construction requirements needed to relocate forces. Our BRAC budget is now transitioning from one with large construction and relocation costs to one that is focused on environmental cleanup and disposal of property.

[In millions of dollars]

	Fiscal year			
	1996	1997	1998	1999
Military construction	569	745	554	491
Family housing	1,573	1,514	1,255	1,272
Base closure	2,496	1,375	991	605
BOS/MRP	4,344	4,091	4,015	4,028
Total	8,982	7,725	6,815	6,396

I will now discuss our budget request in greater detail.

BRAC IMPLEMENTATION

Implementation of the Four Rounds of BRAC

The base closure process is a challenging one for the Department of the Navy and for the many communities who have hosted our ships, aircraft, Sailors and Marines for so many years. Yet it is one we must pursue if we are to properly size our shore infrastructure to reflect the smaller force structure of the Post Cold War era. As you know, excess capacity in our shore facilities creates a significant financial drain on the Department of the Navy’s budget.

We are implementing four rounds of base closure as directed by law, the first was in 1988 under the Defense Authorization Amendments and Base Closure and Realignment Act of 1988 (Public Law 100–526), and three additional rounds in 1991,

1993, and 1995, under the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510). As a result of these decisions, we are implementing a total of 178 actions consisting of 46 major closures, 89 minor closures, and 43 realignments.

BRAC Implementation Strategy

Our implementation strategy focuses first on achieving operational closure at each military installation selected for closure as quickly as possible. By that, I mean all mission equipment and military personnel (with the exception of a small caretaker cadre) have been disbanded or relocated to the "receiving" location and the military mission has ceased. Second, we seek to expeditiously cleanup and dispose of BRAC property to support local communities in their conversion and redevelopment efforts.

Rapid operational closure benefits both the Navy and the base closure communities. The faster we close a base, the sooner we attain savings. Operational closure substantially reduces the costs for utilities, fire and police protection services, supplies, waste handling and disposal, administrative support personnel, and a host of other landlord functions. The savings generated by not having to operate and maintain this excess infrastructure are significant. Annual savings first exceeded annual implementation costs in fiscal year 1996, and total savings will exceed total costs in fiscal year 1998. By the end of fiscal year 2001, when all BRAC actions must be completed, we will have invested \$10 billion and saved \$15 billion, for a net savings of \$5 billion. We expect savings of \$2.6 billion per year thereafter. We are counting on these savings to recapitalize our force structure in the future.

Rapid operational closure also provides base closure communities with early opportunities for economic redevelopment. Effective community involvement and planning are central to conversion and redevelopment of our bases and to the retention of a skilled labor force in the base closure communities. Our conversion and redevelopment efforts are guided by President Clinton's Five-Point Plan for Revitalizing Base Closure Communities: Job-centered property disposal as an economic incentive; Fast track environmental cleanup to facilitate reuse; Base Transition Coordinators to reduce red-tape; Ready access to redevelopment assistance; and Larger redevelopment planning grants.

BRAC IMPLEMENTATION STATUS

The Department of the Navy has completed two-thirds (118 of the total 178) of the closures and realignments required under the 4 BRAC rounds. We plan to complete 31 more BRAC actions this year, 14 in fiscal year 1998, 12 in fiscal year 1999, two in fiscal year 2000, and one in fiscal year 2001. Major closures planned in fiscal year 1997 are Naval Air Facility Adak, Alaska; Naval Air Station Alameda, California; Long Beach Naval Shipyard, California; Naval Training Center San Diego, California; and Naval Station Treasure Island, California.

BRAC Budget

The Navy's BRAC implementation budget request totals \$991 million in fiscal year 1998, and \$605 million in fiscal year 1999, compared to \$1.4 billion in fiscal year 1997. There are 19 BRAC 93 construction projects and 15 BRAC 95 construction projects in fiscal year 1998. The BRAC 93 projects support closures of Naval Air Station Barbers Point, Hawaii, and Marine Corps Air Station El Toro, California. The BRAC 95 actions include the relocation of Naval Sea Systems Command headquarters, the closure of Naval Air Station Cecil Field, Florida and the realignment of Navy assets from Naval Air Station Miramar, California.

[In millions of dollars]

	Fiscal year		
	1997	1998	1999
BRAC II	88	117	59
BRAC III	834	485	277
BRAC IV	452	389	269
Total	1,374	991	605

The decline in the Navy's BRAC budget occurs because the Navy is "over the hump" on construction and relocation requirements. Fiscal year 1996 was the Navy's single largest year for the construction and O&M funds that were required to relocate forces. Fiscal year 1996 and fiscal year 1997 are our largest years for

completing major closures and realignments. Our emphasis is now shifting from closure and realignment to environmental cleanup and property disposal.

We are proud of our execution performance. Through the end of fiscal year 1996, we had obligated 93.8 percent of all BRAC funds allocated.

While our execution performance has been very good, it is a constant struggle to balance construction plans, realignment schedules, and environmental cleanup priorities. The BRAC account has allowed a great deal of execution flexibility, due to the statutory six-year BRAC implementation deadline. However, last year report language was added requiring a Congressional reprogramming action if the award of a construction project slipped and required funds in the following fiscal year. This makes the BRAC account more restrictive than current reprogramming standards for military construction accounts and complicates BRAC execution and management. I ask that the Committee review this area with the goal of applying the current military construction reprogramming standards to the BRAC process.

Privatization of Louisville and Indianapolis Facilities

We are particularly proud of our successful efforts last year to privatize the former Naval Ordnance Station Louisville, Kentucky, (NOSL), and the Naval Air Warfare Center Indianapolis, Indiana, (NAWC). NOSL was an engineering and industrial organization of approximately 1,600 employees and had a plant value of \$274 million, while NAWC Indianapolis was an engineering research and development activity with approximately 1,800 employees and a plant value of \$147 million. The BRAC 95 Commission recommended two options: close the facilities and move the work to other government activities or privatize the work in place.

The Navy initially pursued both options, but soon realized that privatizing in place could eliminate excess infrastructure and support the communities' reuse goals. Instead of simply turning the Navy's work over to a private company, "privatization" would provide private industry with the facilities, equipment, workload, and most importantly, the skilled people to perform the work in support of the Fleet.

Privatization in place had never been done in the Department of Defense. We relied on the skill, dedication, and persuasion of a team from the Navy, Members of Congress and their staffs, the Environmental Protection Agency, State and city officials, the Local Redevelopment Authorities, and private industry to craft an agreement that was acceptable to all parties. The agreement was implemented just 10 months after the BRAC 95 decision was final for NAWC Louisville, and after only 15 months for NOSL.

Supporting Economic Redevelopment

In implementing BRAC closures, we want to convey property to communities expeditiously to advance their economic recovery—but not so quickly that we fail to protect the public from contaminated soil, air and water, lead-based paint, and friable asbestos. We are also required by law to consider the impact of property disposal on the protection of wetlands, the coastal zone, endangered species, and archeological and historic sites. A final, approved reuse plan from the Local Redevelopment Authority (LRA) is critical to the process.

This process takes time, and in many ways, is far more challenging than the closure and relocation actions. We can provide interim leases of base closure property to promote redevelopment, but as stewards of Federal land, we are required first to prepare an environmental document known as the "Finding of Suitability to Lease" (FOSL). To accelerate this process, we have been working with LRA's to identify the most attractive leasing prospects and to prepare the required documentation ahead of time. We also prepare the required "Finding of Suitability to Transfer" (FOST) as soon as the property is environmentally suitable to convey title. We have conveyed 7,835 acres of land to local LRA's and other federal agencies at 27 activities to date.

	FOST	FOSL
Completed	25	533
Acres covered	7,234	4,696
Projected in fiscal year 1997:		
Completed	134	332
Acres covered	5,417	5,038

Proceeding with Environmental Cleanup

Several communities have expressed concerns about the pace at which the Navy is able to cleanup contamination on closing bases. Navy has occupied these Bases

for 50 to 100 years or more, many of them as industrial areas. We now know that disposal practices that were acceptable in the past are no longer practiced because of the environmental contamination they leave behind. However, environmental problems posing an imminent risk to health and human life are rare, and in fact, we give these problems immediate priority in our cleanup efforts. Cleaning up these sites will be expensive—an estimated cost of \$2.5 billion—and time consuming.

We have established BRAC cleanup teams comprised of Navy personnel and environmental regulators to assess, prioritize, and expeditiously perform the necessary cleanup. We are working with regulators to tie cleanup standards to the nature of the reuse. This will speed cleanup, save money, and still protect human health and the environment. We have established detachments of former shipyard workers and trained them to do the necessary cleanup work. We have put into place both national and local contracting authority to perform the work.

Nevertheless, budget constraints limit our ability to accomplish the cleanups which do not pose an imminent threat but still must be performed before the property can be conveyed. There is simply not enough money to clean up every base at once. Our goal is to target cleanup dollars on those sites that have the most immediate and definitive prospect for reuse. Those sites that are supported by approved reuse plans with feasible reuse will get top priority for cleanup funds. Our intent is to not let cleanup get in the way of reuse. We are also working with EPA and state regulators to use the new Section 334 Amendments to CERCLA, which permits the conveyance of property before the cleanup has been completed.

The Department of Defense has categorized the environmental condition of property under the Comprehensive Environmental Response Facilitation Act (CERFA) to provide a convenient breakout of the current status of our BRAC property. CERFA categories 1–4 properties are environmentally suitable for transfer. CERFA category 5 indicates analysis is underway. CERFA category 6 includes property where the actual cleanup is underway. CERFA category 7 property has not yet been completely evaluated.

	<i>As of 30 Sept. 96</i>	<i>Acres (All BRAC)</i>
CERFA Cat 1–4		107,833
CERFA Cat 5		11,260
CERFA Cat 6		7,572
CERFA Cat 7		39,194
Total		165,859

MILITARY CONSTRUCTION

Military Construction in Support of Readiness

The Honorable William S. Cohen, the new Secretary of Defense, has stated that maintaining readiness will continue to be the number one priority of the Department of Defense. Our military construction budget request, comprised of Military Construction, Navy, and Military Construction, Navy Reserve appropriations, has been structured to maintain Naval readiness into the future. These two appropriations provide the necessary investment funds to construct new and replacement facilities for the active and reserve forces of the Navy and Marine Corps.

[In millions of dollars]

	Fiscal year	
	1998	1999
MC,N	540	475
MC,NR	14	15
Total	554	490

Military planners view readiness in terms of “force,” “capability,” and “mobility.” “Force readiness” provides well trained, highly motivated personnel that are needed to carry out a particular mission. “Capability readiness” refers to the equipment needed to perform the mission. “Mobility readiness” provides the flexibility to perform the mission wherever and whenever we can take advantage of our Naval strengths and the adversaries’ weaknesses. Of course, we must comply with all environmental and safety requirements.

It is useful to view the military construction program in this manner, especially since Fleet and Fleet Marine Force operators have a decisive input in establishing military construction project priorities. Force Readiness provides the proper facilities to induct and train new recruits, to enhance the quality of life necessary to attract and retain the best and brightest Sailors and Marines, and to provide continuous skill training and educational opportunities for their professional development.

Force Readiness projects typically consist of training buildings, ranges, reserve centers, barracks, other personnel support and quality of life facilities. Our fiscal year 1998 military construction budget request includes a total of \$162 million Navy, \$64 million Marine Corps, and \$11 million Navy Reserve for force readiness projects. Specific examples of such projects include an \$8.7 million enlisted dining facility at Marine Corps Air Station, Miramar, California; a \$25.0 million barracks at Administrative Support Center, Bahrain; a \$4.4 million child development center at Naval Shipyard Puget Sound, Washington; and a \$6 million Marine Corps Reserve Training Center at Naval Weapons Station, Seal Beach, California.

Operational readiness projects include research, development and testing facilities that allow us to design, engineer, develop, test and sustain the technological advantage in weapons systems and platforms that we now enjoy over our adversaries. It also includes maintenance hangers, repair shops, utility systems upgrades, and pier replacements. Our fiscal year 1998 budget request includes a total of \$104 million Navy, and \$40 million Marine Corps for operational readiness projects. Specific examples include a \$15.3 million Nuclear Aircraft Carrier Maintenance Facility at Naval Air Station, North Island, California; a \$21.9 million River Flood Control Project on the Santa Margarita River at Marine Corps Base, Camp Pendleton, California; an \$8.9 million Undersea Weapons Systems Laboratory at Naval Underwater Systems Center at Newport, Rhode Island; and a \$1.5 million Hangar Alteration and Repair at Naval Air Reserve Center, Norfolk, Virginia.

Mobilization readiness projects supply the proper facilities to store war reserve stocks, outload and embark forces and material, and sustain our deployed forces. Typical projects include ammunition wharves and supply piers, facilities at forward operating bases, warehouses and munitions magazines, air and port terminals. Our fiscal year 1998 budget request includes a total of \$48 million Navy and \$10 million Marine Corps for mobilization readiness projects. Specific examples include a \$14.2 million Air Logistics Terminal at Naval Air Station Norfolk, Virginia; and \$2.7 million Tactical Support Van Pads at Marine Corps Air Station New River, North Carolina.

Compliance projects ensure that our actions meet all Federal, state, and local environmental standards, allowing us continued access to and use of the sea, land and air for training and operational missions. We must similarly comply with safety and health regulations to ensure the well being of our military and civilian personnel. Typical compliance projects include boiler plant modifications, hazardous waste treatment plants, explosive handling aprons, and municipal sewer connections. Our fiscal year 1998 budget request includes a total of \$56 million Navy, and \$3 million Marine Corps for compliance projects. Specific examples include a \$25.0 million Oily Waste Collection System at Naval Station Pearl Harbor, Hawaii; and an \$11.0 million Explosive Safety Ordnance Facility at Naval Air Facility El Centro, California.

Our fiscal year 1998 budget request also includes planning and design funds (\$42 million in Military Construction, Navy; \$2.5 million Military Construction, Naval Reserve), and unspecified minor construction funds (\$10 million for Military Construction, Navy; \$0.6 million for Military Construction Naval Reserve).

We continue to invest in replacement and modernization projects. One-third of the fiscal year 1998 Navy projects and more than three-quarters of the Marine Corps projects are for replacement and modernization of existing facilities.

FAMILY HOUSING

Quality of Life

Quality of life programs include military pay and allowances, housing, medical care, child care, family services, and morale, welfare and recreation programs. We must invest in these programs just as we invest in technology, combat systems, and weapon platforms.

The Secretary of Defense, with the enthusiastic support of the Service Secretaries and Chiefs of Staff, has continued to make quality of life programs a top priority. I will focus my comments on the family housing component of quality of life.

Family Housing Priorities

Several years ago, Navy adopted a Neighborhoods of Excellence (NOE) program to "first fix what we own." NOE used family housing improvement funds to upgrade

electrical and plumbing systems, replace windows and doors, install new insulation, update kitchens and baths, and improve landscaping, street lighting, and utility services for an entire neighborhood, rather than perform piecemeal improvements on selected components of an individual house. The Marine Corps has adopted a similar program in the Commandant's Campaign Plan. In addition to revitalization, we also program replacement construction projects for houses that can no longer be economically repaired and maintained.

Family Housing Budget

Our fiscal year 1998–99 budget request reflects these priorities. Our Operations and Maintenance accounts, the backbone of our family housing programs, remains steady on a per unit cost basis. Funding reductions are the result of a 3,000 reduction in houses due primarily to BRAC. The increase in our leasing program is for recruiters at high cost locations who are not supported by a nearby military installation; and additional leases in Italy. Although the total dollar value of our improvements program is down somewhat from fiscal year 1997, the number of homes being renovated under our NOE effort remains about the same at 2,300 homes in 31 locations.

[In millions of dollars]

	Fiscal year			
	1996	1997	1998	1999
Construction	207	272	90	61
Improvements	293	205	174	211
Design	24	22	15	18
Leasing	104	109	125	134
Operations	411	397	389	385
Maintenance	534	509	462	463
Total	1,573	1,514	1,255	1,272

Our fiscal year 1998 family housing construction budget request is \$90 million. There are 2 replacement construction projects and 2 new construction projects, which together provide 597 homes. All of these homes are for junior enlisted personnel. The fiscal year 1998 new construction request is a reduction of \$182 million below the fiscal year 1997 appropriated level. This reduction represents Navy's decision to step back from acquiring new homes that the Government will own and operate. Let me explain the rationale for this decision.

Location and type	Cost	No. of homes
Fiscal year 1998:		
NAS Lemoore, CA, replacement	\$14,800,000	128
MCB Camp Pendleton, CA, new	22,500,000	171
MCAS Miramar, CA, new	28,900,000	166
MCAGCC Twentynine Palms, CA, replacement	23,900,000	132
Total	90,000,000	597

MEETING THE HOUSING CHALLENGE

A Holistic Approach to Housing

As members of this Committee are well aware, we have an enormous challenge before us to solve our housing shortfalls. These are long-standing, seemingly intractable problems for which we have made great plans in the past, but fallen short of the mark in subsequent budgets. The necessity for the Department of Defense to increase procurement spending to modernize aging weapon systems makes the prospect for gaining large increases in housing construction funds unlikely.

We cannot hope to solve this problem in isolation. Our past attempts to do so have been unsuccessful. We must take a holistic approach to the housing problem, realistically examining both the facilities and the housing allowances. We completed a number of housing studies this year that have done just that.

THE HOUSING PROBLEM

Family housing:

15,000 homes Navy deficit; solve by fiscal year 2020.
 10,500 homes Marine Corps deficit; solve by fiscal year 2088.
 36,000 unsuitable Navy homes; solve by fiscal year 2005.
 13,000 unsuitable Marine Corps homes; solve by fiscal year 2037.
 \$2.5 billion Navy major repair/improvement backlog; solve by fiscal year 2005.
 \$2.0 billion Marine Corps major repair/improvement backlog; solve by fiscal year 2037.

Bachelor quarters:

78,000 Navy spaces to convert to 1+1 standard; solve by fiscal year 2075 but in interim moving to 2+0 alternative by fiscal year 2005.
 64,600 Marine Corps spaces to convert to 1+1 standard; solve by fiscal year 2078 but in interim moving to 2+0 alternative by fiscal year 2005.
 \$380 million Navy major repair backlog; solve by fiscal year 2004.
 \$110 million Marine Corps major repair backlog; solve by fiscal year 2005.

Housing Allowances

Three-quarters of Navy and Marine Corps families live in the community and receive housing compensation in the form of Basic Allowance for Quarters (BAQ) and a supplemental Variable Housing Allowance (VHA). The stated intent of Congress is that Service members absorb 15 percent of their housing cost. The absorption is currently 19.6 percent even after the significant 4.8 percent BAQ funding increases provided last year. While this absorption may be the same across the country, in practice, personnel in high cost areas tend to have smaller, lower quality, more distant homes than in those low cost areas. The Navy and Marine Corps have a disproportionately larger number of Sailors and Marines living in these high cost areas.

In addition to the increase in housing allowance, Section 606 of the Fiscal Year 1997 Defense Authorization Act established a minimum monthly amount of VHA for those living in high cost housing areas. This VHA "floor," which became effective on 1 January 1997, applies to both single members as well as those with dependents, and will raise the VHA amount paid. It will provide additional money to very junior personnel enabling them to better compete for housing in the community. We are now trying to evaluate the effect that this will have on the overall deficit of family housing and bachelor quarters for Navy and Marine Corps.

The Department of Defense is preparing a Congressionally mandated report on the pay and allowance system, including any inequities in the current BAQ/VHA methodologies. One significant problem with the military housing allowance system is that personnel in high cost areas often pay significantly more out of pocket for housing than personnel in low cost areas. The Secretary of Defense, with the participation of the Services, is evaluating alternatives to address the problem. I strongly support this study because I think the results could help us solve many of our housing problems. The report is due to the Congress next month.

Public/Private Ventures

The Fiscal Year 1996 Defense Authorization Act (Public Law 104-106) provided important new tools for us to stimulate development and revitalization of housing. This Act expanded the limited partnership authorization of the Fiscal Year 1995 Authorization Act, which was available only to the Navy.

We are making good progress. We entered into a limited partnership agreement in July 1996 with Landmark Organization of Austin, Texas, to construct a total of 404 homes in South Texas. Three hundred homes will be built in Portland, Texas, to serve personnel stationed at Naval Air Station Corpus Christi and Naval Station Ingleside, and 100 homes will serve personnel assigned to Naval Air Station Kingsville. Four homes have been set aside for use by the developer for management purposes. Navy contributed \$9.5 million from the Department of Defense Family Housing Improvement Fund (FHIP), and the developer is contributing the remaining \$22.5 million construction cost. The project will provide 76 two bedroom, 276 three bedroom, and 52 four bedroom homes targeted at an E-5 with dependents. Ground breaking ceremonies were held in December 1996, and we expect the homes to be available for occupancy by November 1997. Military members receive

first preference for renting these homes and a lower monthly rent. The partnership extends for 10 years, with an optional 5-year extension. The Navy will share in the proceeds upon conclusion of the partnership.

The Under Secretary of Defense (Comptroller) provided Congressional notification last month for Navy to enter into a limited partnership to construct 185 two, three, and four bedroom homes at Naval Station Everett, Washington. Military members will receive rental preference and a lower monthly rent. The target population is an E-5 with dependents. We intend to transfer \$5.9 million of Family Housing, Navy, construction funds to the FHIP to fund our share of the \$18.8 million development cost. The developer is now securing financing. Our plan is to begin construction this month and complete the project by May 1998. The partnership will continue for 10 years, with the developer planning to begin selling about 37 units per year as condominiums at the 6 year point. Navy families interested in purchasing these homes will be entitled to a lower purchase price, partial rent credit, and lower sales commission. Navy will share in any profits at the conclusion of the agreement.

NAVY PUBLIC/PRIVATE VENTURES

404 homes now under construction in South Texas, to be completed in November 1997.

Congressional notification submitted for building 185 homes in Everett Washington, to be completed in May 1998.

Navy and Marine Corps actively pursuing additional projects.

We are also proceeding with other privatization projects. The Navy has 10 projects in various stages of development. The most advanced are projects to provide 824 homes at Norfolk, Virginia; 238 homes at Newport, Rhode Island; and another 100 homes at Everett, Washington. Site visits have been completed at these locations, and project data are being developed. Site visits should be completed this spring at six additional locations. The most advanced Marine Corps projects are at Marine Corps Base Camp Pendleton, California where we plan to construct 204 new homes and revitalize 512 others, and at Marine Corps Logistics Base Albany, Georgia where we plan to dispose of 419 houses off-base and construct 160 new homes on base. Four other projects are being developed at other locations including Marine Corps Base Camp Lejeune, North Carolina; and Marine Corps Air Ground Combat Center Twentynine Palms, California.

I am pleased with the progress made to date, but would prefer to have been further along. We are in unfamiliar waters. It requires an entirely different perspective—a cultural change in thinking for both Navy and private developers. We are making sure we do this right.

We are working closely with the Housing Revitalization Support Office (HRSO) in the Office of the Secretary of Defense to do the necessary analysis and scoping of the projects in light of local market conditions. All of the Navy projects have previously authorized and appropriated Family Housing, Navy, construction money available to fund these initiatives. The Marine Corps also plans to contribute land and housing equity for some of their projects. I expect that by this time next year we will have more projects underway using the tools provided in the 1996 Authorization Act.

Bachelor Quarters

Our job of solving the bachelor quarters problem is perhaps even more formidable than that of family housing. Many of the BQs are as obsolete as our family housing units. But, unlike members with dependents who live primarily in the community, most unmarried members live on the Base.

Navy: 42 percent of bachelors live on base, 32 percent onboard ship, and 26 percent in the community.

Marine Corps: 89 percent of bachelors live on base, 11 percent in the community.

Our fiscal year 1998–99 budget request includes funding for an additional 5,676 bachelor spaces and replacement and modernization of 1,732 spaces. Comprising over 30 percent of the Department's military construction program in fiscal year

1998 and fiscal year 1999, the budget funds construction of 11 BEQ's in the Continental United States, 2 in Puerto Rico, 2 in Hawaii, and 3 overseas.

Two years ago, the Secretary of Defense approved a new 1+1 standard for permanent party BQs. The new standard is based on a module consisting of two individual living/sleeping rooms with closets and a shared bath and service area. The module contains up to 47 square meters of gross area, including 11 square meters of net living area per living/sleeping room. This new standard does not apply to BQs that house transients, recruits, and those receiving entry-level skill training.

The new standard will solve long-standing dissatisfaction from Service members over the privacy and living space afforded under the old standard. Navy is designing all of its permanent party BQ projects under the new standard and will convert older BQs to as close to the 1+1 standard as practicable. Under an exception to the 1+1 standard, the Marine Corps will initially emphasize construction of two-person rooms, i.e., "2+0," to more quickly improve quality of life for a larger number of Marines, and later transition to the 1+1 configuration. Each installation is now developing detailed conversion plans for all of our permanent party BQs.

Housing Direction of the Future

I mentioned earlier that we had completed several housing studies. The conclusions were both illuminating and surprising to many. The studies, one performed by the Center for Naval Analysis (CNA) and another by an outside consultant, concluded that it costs the Government far more to own and operate housing than it costs the private sector. CNA found that it costs the Navy \$13,000 per home per year to operate and maintain its existing inventory in perpetuity. This amount excludes \$2,000 per year in school impact aid that is not a direct part of the Navy budget. In contrast, a family living off-base costs the Navy \$8,000 per year in allowances, and the family pays about \$2,000 out-of-pocket costs. Both studies concluded that market forces tend to increase the efficiency of providing housing.

These studies, combined with changes in the VHA floor enacted last year, and the possibility of further improvements in housing allowances, make it prudent to scale back our family housing construction program. The goal here is not to put an additional financial burden on our families, but rather to provide them with the best housing at the best overall value to both our members and their dependents, and the Department of the Navy. We want to put less emphasis on acquiring new homes that we will own and operate and focus on first fixing what we own. We would look primarily to both a revised housing allowance structure and Public Private Ventures projects in selected markets to solve our housing problems. We need to let these efforts continue to take root and blossom.

THE NEED FOR FURTHER INFRASTRUCTURE EFFICIENCIES

Infrastructure Efficiencies to Modernize Force Structure

The end of the Cold War has brought about dramatic changes in the political, social, military, and economic fabric of the world. Old allegiances have disintegrated. New alliances have been formed. The threat of global war has diminished.

The domestic base closure process and overseas base closures such as Subic Bay, Philippines, have eliminated substantial excess capacity in our shore infrastructure. Nevertheless, even after implementing these closure actions, infrastructure reductions have not kept pace with our force structure reduction. We will have reduced the plant replacement value of our shore infrastructure by only 17 percent since 1988, the first round of BRAC. This stands in sharp contrast to the 26 percent reduction in military end strength, and 40 percent reduction in ships over this same time period.

We must continue our efforts to reduce unneeded infrastructure on remaining bases, consolidate functions, and demolish unneeded structures to minimize operation and maintenance costs. Let me outline a few ways that we are accomplishing that.

Competition and Outsourcing

Competition and outsourcing are business practices that hold enormous opportunities to reduce infrastructure costs. The 1995 Commission on Roles and Missions of the Armed Forces recommended that the Department of Defense outsource commercial type work to save money. Last year, the Deputy Secretary of Defense directed the Services to make outsourcing and privatization a priority. A 1996 CNA analysis estimated that the Navy spends over \$10 billion each year performing in-house functions that could be purchased from the private sector at lower cost. Savings could be obtained by competing these functions using the procedures set forth in OMB Circular A-76, Commercial Activities Program. CNA's analyses of past com-

petitions revealed that work was retained in-house in about half of the competitions, with savings averaging 20 to 30 percent regardless of who won the competition.

In January 1997, I provided Congressional notification of Navy's intent to compete 10,600 positions across the country under Circular A-76 standards. In this initial effort, the bulk of the positions are in base support functions such as public works, supply, berthing, and motor vehicle maintenance. There are also significant efforts involving administrative support, data processing, and child care. To maximize potential savings, we want to compete entire business areas by consolidating similar functions within a region where feasible. We hope to gain \$3 billion in savings through fiscal year 2003 under this initiative.

We have put a team of talented individuals in place to manage this process. The Chief of Naval Operations established a new headquarters division, N47, headed by a flag officer, to develop detailed execution plans to guide Navy wide execution. Navy also established a new Outsourcing Support Office (OSO) as a joint effort by the Naval Supply Systems Command and the Naval Facilities Engineering Command. OSO is preparing generic templates and work statements to simplify and standardize cost comparisons.

Throughout this process, we want Commanding Officers, who will be in charge of the competitions, to give their employees and unions every opportunity to participate in the cost comparison and to keep them fully informed of the progress as it occurs. We will conduct fair and open competitions and we will minimize as much as we can any disruption to our dedicated work force.

Privatization

Privatization transfers the control and ownership of government assets to the private sector with no impact on mission need. Besides the one time benefit to Navy arising out of transfer of the asset, privatization reduces current and future infrastructure support costs.

We are studying the feasibility of privatizing Navy utility systems (electric, natural gas, potable water, and wastewater) at Public Works Center Jacksonville, Florida; Construction Battalion Center Port Hueneme, California; Naval Station Pascagoula, Mississippi; and Naval Air Station Whidbey Island, Washington.

Regionalization of Base Support Functions

Many areas of large fleet concentration have multiple activities and tenants who may perform duplicate and redundant base support functions. Does each base need multiple managers for galleys? for barracks? for fire, security and police protection? We want to achieve greater efficiencies by consolidating and centralizing functions to provide less costly base operations services with equal or better service than before. Regionalization of base support functions at Naval Air Station Jacksonville, Florida was our first attempt at regionalization and should save an estimated \$20 million per year.

A similar effort is now underway at the Naval complex in San Diego, California that should save \$40 million per year. We are trying to take base support functions now being performed by 10 host activities down to just three host activities, and to regionalize specific functions such as BQ management, security, food service, supply, mail service, and safety under a single command. Regionalization at Pearl Harbor, Hawaii would consolidate 8 host activities down to one, saving \$18 million per year. We are gathering data to pursue regionalization opportunities in Pensacola, Florida; Washington, D.C; Puget Sound, Washington; and Norfolk, Virginia. The central tenet that has emerged from all of these efforts is that:

- No tenant should do what a host can do more cost effectively;
- No host should do what a large Naval complex can do more cost effectively; and
- No large Naval complex should do what the surrounding community can do more cost effectively.

Navy is also trying to reduce the number of major commands who have base support responsibilities, thereby eliminating much of the management overhead. These efforts will try to identify those core functions that are necessary and what drives them, those specific functions that can be regionalized, and those organizational structures that are necessary to support regionalization.

We are also trying to take advantage of the competitive forces that are now at work in the electric power industry. For example, we recently negotiated a new electricity rate with Virginia Power that should reduce our utility costs by about 10 percent this year and 15 percent each year thereafter through fiscal year 2002. We are also working with the utility industry to implement demand side management.

Building Demolition

There are many old, unnecessary, under-utilized and economically obsolete facilities on our bases that are often an eyesore and reduce morale. More importantly,

they create a financial burden for police and fire protection and maintenance. We have put \$13 million in fiscal year 1998 in a centrally managed operations and maintenance account to eliminate high cost excess facilities. The major claimants can supplement this effort with their own Operations and Maintenance funds.

Regional Maintenance

Navy is restructuring and consolidating ashore maintenance functions for ships and aircraft. The Regional Maintenance Concept seeks to right-size, level load, and share the use of maintenance capacities and facilities. This will eliminate excess infrastructure and provide customers with a single provider of maintenance; strengthen battle force intermediate maintenance activities; and protect and strengthen technical authority.

Eight Regional Maintenance Centers have been established, and Regional Repair Center pilots are also being established. The next step is to establish a Ship Availability Planning and Engineering Center (SHAPEC) to consolidate ship maintenance engineering and planning functions. Full implementation will continue until the turn of the century.

Smart Base

Smart Base is an initiative to identify and implement innovative, commercially available technology and better business practices to increase shore installation efficiency and reduce infrastructure costs. A Smart Base project team was established in November 1996. An announcement was published in the Commerce Business Daily to solicit responses from industry and academia for suggested technology and management applications. Naval Station Pascagoula, Mississippi and Naval Shipyard Portsmouth, New Hampshire will serve as the test bases for Smart Base.

Other Possible Infrastructure Changes in the Future

Two other initiatives could alter the shape and composition of our infrastructure program: the Quadrennial Defense Review (QDR) and Vision 21.

The QDR is a Congressionally mandated review of the future threats to the security of the Nation and the Department of Defense's response to the threats. One of the QDR panels is assessing current infrastructure capacity and support levels, and considering whether any changes should be made. This panel is trying to gain more savings out of infrastructure to support force modernization. I expect the QDR to make some assessment concerning whether another round of base closures is necessary. The QDR report is due to the Congress on 15 May 1997. A National Defense Panel will review the QDR report and provide its independent assessment to the Congress in December.

Vision 21 is also a Congressionally mandated review of whether there is excess capacity in the Department of Defense's research and laboratory facilities. A multi-service, interdisciplinary Vision 21 work group has been collecting and analyzing existing capacity and workload requirements. The Vision 21 report will be provided to Congress as part of the fiscal year 2000 budget.

Infrastructure Vision of the Future

For some time now we have been trying to formulate a more precise vision of exactly how to tailor our infrastructure needs to best support future Naval readiness. After engaging headquarters leaders, fleet operators, facility managers, and the analytic prowess of CNA, we appreciate both the difficulty and enormity of the task. The QDR and Vision 21 add a certain measure of uncertainty as well. We cannot determine a baseline requirement for infrastructure until we know what force structure requirements result from these two efforts. Nonetheless, we continue our efforts to develop an analytical methodology to focus our infrastructure requirements.

We must establish an effective process for evaluating the relationship of force structure to the infrastructure required to support it, for assessing future infrastructure needs, and for prioritizing recapitalization requirements to sustain those future readiness needs. Towards that end, the Secretary of the Navy has established at my urging a Department of Navy Infrastructure Steering Committee to recommend policy on the acquisition, disposal, operation, maintenance and recapitalization of the Department's infrastructure. The Committee will rely on an existing analysis group, the Department of the Navy Organization Management and Infrastructure Team (DONOMIT) to gather and analyze data to support strategic investments and policy that best match the Department of the Navy's infrastructure to core missions and force levels.

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

BIOGRAPHICAL SKETCH OF ROBERT B. PIRIE, JR.

Mr. Pirie was confirmed by the U.S. Senate as Assistant Secretary of the Navy (Installations and Environment) on 15 March 1994. He has over thirty years experience in defense-related work in the armed forces, the civil service and in industry. A Naval Academy graduate in the class of 1955, he was also a Rhodes Scholar, and attended Oxford University from 1956–59. He served twenty years as a naval officer, culminating his service with three years in command of a nuclear attack submarine.

Upon retirement from the Navy in 1975 Mr. Pirie joined the newly formed Congressional Budget Office as Deputy Assistant Director, National Security. In 1977 Mr. Pirie became Principal Deputy Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics). He was nominated to be Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) by President Carter in December, 1978, and served in that position until January, 1981. After leaving government service he held a variety of positions in the private sector, including that of President of Essex Corporation and Vice President of the Center for Naval Analyses and Vice President of the Institute for Defense Analyses. He also directed the CNO Strategic Studies Group from 1989 to 1992.

Mr. Pirie and his wife, the former Joan Adams of Barrington, Rhode Island, reside in Bethesda, Maryland. They have three grown children; two sons, John and Carl, and a daughter, Susan.

HOUSING CONSTRUCTION BUDGET

Senator BURNS. Thank you, Mr. Secretary. A couple of questions.

The housing construction budget is down more than 30 percent from last year. Tell me, does this mean that we have a less severe problem than last year or that we think that private housing will solve that problem for—I think we have around a 15,000 unit deficit?

Mr. PIRIE. We have a fairly substantial deficit, Mr. Chairman. And clearly our thinking is the latter, that access to private capital, the public-private ventures, and the improvement of allowances for the troops, which leverages us in two ways—one, it makes ordinary housing in the private sector more affordable for them and more available; and second, it makes our public-private ventures more attractive to the people that we want to attract.

So we think the combination of that is the way to go in housing.

Senator BURNS. What is the average waiting list right now for Navy and Marine Corps for family quarters?

Mr. PIRIE. It is between, I think, 1 to 6 months for Navy housing and 15 months, if I am not mistaken, for Marine Corps housing.

Senator BURNS. I am sorry?

Mr. PIRIE. It is 15 months for Marine Corps housing, Mr. Chairman.

Senator BURNS. Do you think that privatization is going to help that situation?

Mr. PIRIE. I think so. I think it will give us access to more houses faster than if we depend simply on straight Government Milcon, because that budget, as we have seen, is under intense pressure from other demands.

Senator BURNS. Tell me about the risk in this in the private sector whenever we go into another round of BRAC, whenever a base closes? How much exposure do we have out there on long-term situations that may be very costly to us?

Mr. PIRIE. Well, these deals can take different forms, but the ones that we have entered into already, these are two limited partnerships, Mr. Chairman. So our liability is limited to the amount that we have in the partnership.

Further, even if we close the installation and move away, the housing is available to be used by the partnership and can be occupied by civilian people from the local area. So we do not believe that the liability is very great.

Senator BURNS. Now, let us go back to another situation. Is El Toro closed?

EL TORO BASE CLOSURE

Mr. PIRIE. El Toro still has not reached the operational closure phase, but we are beginning to phase down. I think General Stewart can give you a little more detail on that.

Senator BURNS. Can you bring me up to date on what state we are at El Toro?

General STEWART. Sir, we are moving along. We are moving to Miramar. We have some units at Miramar already, but the closure date for El Toro is not until the summer of 1999.

Senator BURNS. When we start in our environmental cleanup, Mr. Secretary, so that that base can—then I assume it will be put on the market and we will dispose of that. But the cleanup has to take place first. I am told that the EPA now is working with us and it will depend on what that base will be sold for as to the degree of cleanup.

Is that correct? Or have we got all those things worked out?

Mr. PIRIE. Yes, sir; generally, we consider what the use of the base will be in standards of cleanup. So if it is going to be an airport and it has been an air station, we take that into account. We do not clean it back up to national park standards. That is taken account of, yes, sir.

Senator BURNS. Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman.

HOUSING INITIATIVE—BANGOR, WA

Mr. Secretary, I understand that there was a proposal for this budget submission to include a new public-private housing initiative at our Navy base at Bangor, WA. And I believe the amount of public funding was to be \$15.8 million. I also understand that the planning at the base with regards to this initiative, which would produce about 600 or more new housing units, was developing very well.

To my surprise, the funding was eliminated from the budget and pushed out into the out-years. Can you explain why?

Mr. PIRIE. I will have to give you a detailed answer for the record, Senator Murray. What I know about the issue is that the justification for that particular project was considered less compelling than the justification for some others. But I will provide a detailed response for the record.

[The information follows:]

The Navy had project P-406 in the program for fiscal year 1998 to provide 118 homes for junior enlisted families at Naval Submarine Base Bangor, Washington at a cost of \$15,698 thousand. This project would have been a candidate for public/private venture and could conceivably provide two to three times the number of homes.

However, this project and three other housing projects at PWC San Diego, California were deleted in the final stages of budget preparation. As I mentioned in my testimony before this Committee, we completed several housing studies this year that concluded that it costs more for the Navy to own and operate housing than it

costs the private sector. These studies, combined with changes in the VHA floor enacted last year, along with the possibility for further improvements in housing allowance being pursued by the Department of Defense, made it prudent for us to scale back our family housing construction program and let us focus on fixing what we currently own. The Bangor housing project, along with the San Diego projects, were new construction projects intended to reduce the housing deficit, and thus would have added to our housing inventory. They were not replacement construction projects as the other family housing projects that were retained in the Navy program and included in the President's Budget Submission.

Senator MURRAY. I would like to see the justification for that.

Mr. Secretary, Senator Cohen on February 12 stated before the Senate Armed Services Committee—and I want to quote it to you:

My first priority goes to people. We must continue to attract and retain the high quality personnel necessary to preserve U.S. military superiority. The increasing complexity of technology, the quickening pace of warfare, and growing unpredictability of the international scene require that our people be more adaptable and versatile than ever. The key to America's military strength is the superb quality of our uniformed men and women.

He then goes on to state his second priority is readiness and his third priority is modernization. But your testimony conflicts with Secretary Cohen in several locations because in your testimony you say:

The necessity for the Department of Defense to increase procurement spending to modernize aging weapons systems makes the prospect for gaining large increases in housing construction funds unlikely.

On page 3 of your testimony you say that you are reducing the funding for the construction of new housing. In fact, you have reduced the funding for new construction by 44 percent below last year's actual level.

I have to tell you that I represent a region of the country with an increased Navy presence and a significant deficit in housing. I also want to note that you have a chart that you provide which details the housing problem and the chart shows that you plan to solve the Marine Corps housing deficit by the year 2088, which is about 91 years away. I guess maybe that is long-term planning, but I find that a little bit worrisome.

Do you think that the priorities that you have presented today are consistent with Secretary Cohen's?

Mr. PIRIE. Yes, ma'am, I do. I believe that we have protected the quality of life accounts fairly successfully in the past and we have protected readiness. I think we are under some pressure to think about the consequences of a fair amount of block obsolescence in the weapons systems and so forth, so that, having stood by quality of life and readiness for the past few years, we are looking for other ways to make funds available for the investment accounts.

I do not think our budget is inconsistent with Secretary Cohen's priorities.

Senator MURRAY. Well, it seems to me that if we want to attract quality people and keep them in the service, one of the things we have to do is make sure that they have adequate housing, places to live, and feel comfortable. I certainly know, in talking to many of the people in the Navy in my home State, that that is a high priority.

Let me ask one other question, Mr. Chairman, at this time.

I note that the fiscal year 1998 military construction budget contains money for a medical-dental clinic at the Everett Naval Sta-

tion in Washington State. The new clinic is going to replace a series of trailers that are now used to provide health care services and it is really needed by our people in Everett.

My staff and I were given information about this clinic indicating that the facility would be used for active duty personnel only, and I wanted to know if you can explain that to me. I was recently at the Everett facility and I have to tell you this proposal to build an active duty only health care facility really contradicts many of the other family friendly initiatives that are being undertaken at Everett.

If you could explain the justification for active only, I would appreciate it. I am especially concerned because we have a new child development center there. If a child is hurt or injured there that needs medical attention, where do they go? Or if a family member is injured at the recreational facility, where do they go?

Can you explain the justification for active duty only?

Mr. PIRIE. The policy with respect to the operation of our medical facilities is not in my charter or area of responsibility, Senator Murray. I can get you an answer from the appropriate officials for the record.

Senator MURRAY. I would very much appreciate it if you would do that for the record.

Mr. PIRIE. Yes, ma'am.

[The information follows:]

The existing Branch Medical Clinic at Everett provides care to active duty and their family members. Family members will continue to receive health care in the replacement clinic as long as capacity is not exceeded. If capacity is attained, then family members will be enrolled in the civilian TRICARE managed care network that has been established in the Everett/Bremerton area. This is a strong TRICARE unit with over 35 primary care providers in the network.

Senator MURRAY. Thank you, Mr. Chairman.

Senator BURNS. Senator Stevens.

Senator STEVENS. My good friend was here ahead of me.

Senator BURNS. I am referee in this outfit. Senator Stevens, would you proceed. [Laughter.]

Senator STEVENS. Well, all right.

Senator BURNS. And if you have a statement, I would make that part of the record, or you can give your statement or whatever.

Senator STEVENS. I have no statement. I just want to ask a question of the Secretary.

ADAK NAVAL AIR FACILITY

What I am really interested in is Adak. Adak will close this year. There are a series of controversies out there arising now. Have you ever been to Adak?

Mr. PIRIE. Yes, sir; I was there last September.

Senator STEVENS. I think one of the things most people don't realize about Adak was that it was the logistical center for not only the Navy, but also for the various islands there, the Native villages, and the fishing industry. The commercial airlines went to Adak and offloaded their material, even mail for the villages on those islands, and the Navy tugboats delivered that material to them. It was a courtesy that was developed over a series of years, primarily due to the interest of the commander, the base com-

mander there, and it was a real interesting relationship that developed.

Now I understand the Navy is going to take the tugboats out of there as it turns over the Adak base to the Aleut Corp. Are you familiar with that?

Mr. PIRIE. I have just become aware of it in the last several days. As I understand the situation, the Aleut Corp., if it, in fact, takes over Adak, which is not yet absolutely certain, although we are working to that end—but before they are in a position to do that, there will be no one to maintain the tugboats in Adak and the Admiral in charge of this area believes that it would be best to take the tugboats back to Puget Sound and keep them there.

If the Aleut Corp.—

Senator STEVENS. Are you going to surplus them when they get down there?

Mr. PIRIE. As far as I know, they will be useful in the Puget Sound area. We will certainly be able to maintain them and keep them—

Senator STEVENS. Mr. Secretary, when I went out there I found that we had surplused a whole series of trucks by taking them down to the west coast, outside, as we call it, and the cost of taking the trucks down exceeded the price that the Navy got for the trucks.

Have you looked into what you are doing there in terms of incurring costs to move material that is useable to the people who are going to take over, but it will cost more to move it than it is worth?

Mr. PIRIE. I am not familiar with the truck case, but I will look into it, Senator.

[The information follows:]

I am not aware of any wholesale movement of surplus trucks from Adak to the West Coast for disposition by sale. The non-appropriated Navy Exchange System has, however, moved several vehicles off Adak as a business decision not affected by the BRAC statutes. I can assure you that the small fraction of the total inventory of personal property that has left the island has done so with good economic justification supporting Navy reuse and only after notification to the Adak Reuse Authority. No surplus appropriated material that I am aware of has left Adak for the purpose of disposal by sale.

Mr. PIRIE. With respect to the other personal property, we have taken less than 1 percent of the available personal property, which includes trucks, fire trucks, cranes, and things of that kind. Less than 1 percent of that has actually been moved out of Adak.

Senator STEVENS. There was a substantial portion of the personal property that was moved on. I congratulate the Navy on some of that. The school, I think some members know, is named after my first wife, Ann Stevens School, and all of the materials in that school were distributed up and down the chain, which I thought was a very nice thing to do.

But I really question the extent to which the Navy seems to think that it ought to take everything out of there without regard to the value of what they are taking. On the tugs, if those tugs go away, did you know we are going to have to buy some for the BIA or somebody to deliver the material that comes to Adak still that goes to Native villages?

Mr. PIRIE. I am not aware of this arrangement, Senator. And it is not clear to me who is going to operate the tugs if we leave them

in Adak, and we are very concerned about maintaining them. I think they will be maintained better if they go to Puget Sound.

If the LRA, if the Aleut Nation, later needs them, we can transfer them back to them.

Senator STEVENS. When I came to the Senate there were two vessels called the *North Star One* and *North Star Two*. They made a trip annually in the summertime to the villages along the chain and up the west coast of Alaska. That was their only annual supply.

They are gone now. One of the reasons they are gone now is because we have made arrangements, just sort of ad hoc arrangements, all the way along the line using military bases for the centers of distribution for the villages. It was worked out as an accommodation, as I said, through the generosity, really, and courtesy of the military commander.

I would urge you to take a look at really what has been going on out there in terms of how those facilities function to assist the people who live in the area. Not all Native people; some are part of the fishing industry. At one time there was a cannery there and a fishing dock on the other side of Adak, away from the naval base, that flourished and worked very well.

It is my understanding that that will be reopened, hopefully, and it will mean that some of the equipment that is there in Adak will be necessary to maintain the road and to have access to that other area.

I know you have a job to do in terms of protecting the Government's interest in this property. But I also hope that there is some way. Let me ask you this: If you need further legal authority to allow you to leave that material there so it can continue to provide the services for the people in the Aleutians, would you let me know?

Mr. PIRIE. Yes.

Senator STEVENS. I think Congress would understand that concept. We all know that when that material has been exhausted its life is over. Whoever takes over Adak has got to find some way to replace it. It is not going to be a permanent responsibility, but right now the transition between having the tremendous amount of assistance that was available—there were four naval bases on Adak. I am not sure that people here even realize that was the seventh largest population center in my State.

Now, just 2 months from now, the Navy population will be zero.

Mr. PIRIE. We are committed to doing whatever we can, Senator, to make this transition of Adak to whoever will be operating it in the future as smooth and productive as possible, and to protecting the interests of the citizens who remain in the area.

Senator STEVENS. One last question—

Mr. PIRIE. So we will work with you, sir.

Senator STEVENS. Are you familiar with the proposed meeting for April in Anchorage with all the parties that are supposed to be interested in the transition at Adak?

Mr. PIRIE. Yes, sir.

Senator STEVENS. What level of naval people are going to go there?

Mr. PIRIE. I believe Admiral Nash is planning to go, and my Deputy for Conversion and Redevelopment, Mr. Cassidy, is going to go.

Senator STEVENS. Both the Governor and I are interested in being there if we possibly can. I will be in touch with you on that.

Mr. PIRIE. Yes, sir.

Senator STEVENS. Thank you.

Thank you, Mr. Chairman. And I thank my colleague from Hawaii. I do not agree with what he did.

Senator BURNS. Thank you.

Our good friend Senator Inouye from Hawaii.

FORD ISLAND DEVELOPMENT PLAN

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

Mr. Secretary, you may be aware that the causeway bridge that connects Ford Island to the rest of Pearl Harbor will be operational some time this year. I am aware that there are plans for the development of Ford Island. Are you prepared to discuss that with us or is that a bit early yet?

Mr. PIRIE. It is a bit early. I have seen a conceptual plan for the development of Ford Island and I know that the base commander is at work. And I know that the base commander is at work with that.

It would include a substantial amount of family housing, but also a center which would include a museum and a tourist center and things of that kind, and it has a place for the *Missouri* to be moored and access to the *Missouri*. As a concept, it is a very attractive plan and I hope that we can continue to move in that direction and build on it.

Senator INOUE. It has not gone through the process in your shop?

Mr. PIRIE. It is still in the thinking stage. So far there is no program money or anything like that behind it.

Senator INOUE. Most of us in Hawaii are very excited about this, so we look upon you for your lead.

Mr. PIRIE. Yes, sir.

Senator INOUE. Thank you very much.

Mr. PIRIE. Yes, sir.

Senator INOUE. Thank you, Mr. Chairman.

Senator BURNS. Thank you, Mr. Chairman.

ONE PLUS ONE BARRACKS REQUIREMENT

Mr. BURNS. Mr. Secretary, when do you anticipate the Navy will meet its new one plus one standard under the current funding conditions?

Mr. PIRIE. I think our schedule for one plus one gets the Navy there in about 2013, Mr. Chairman.

Senator BURNS. And the bachelor housing deficit in the Navy, what is your deficit right now in that kind of housing? And also in the Marine Corps, if I could get a figure on that?

Mr. PIRIE. I am going to have to provide that for the record. We are not at all certain. Because of the fact that we have new authorities for bachelors to take housing in the private sector and be given basic allowance quarters and a variable housing allowance

and things of that kind, I am not sure we have got the right numbers. But we will supply them, Mr. Chairman, for the record.

[The information follows:]

The Navy estimates that it will require \$2.3 billion over the next sixteen years to construct the 38,500 spaces necessary to satisfy its 1+1 barracks requirement. The Marine Corps cost is the same but the execution time frame significantly longer. This is due to their strategy to first build enough 2+0 barracks spaces to erase their existing inventory of inadequate spaces. The 1+1 construction that follows is estimated to cost \$1.9 billion over 73 years to construct 35,500 spaces. FYDP funding required to work towards the 1+1 barracks standard goal is \$0.7 billion for the Navy and \$0.3 billion for the Marine Corps (cost of eliminating inadequate spaces using 2+0 configuration).

Senator BURNS. General Stewart?

General STEWART. Sir, in the Marine Corps we have 10,477 inadequate quarters, bachelor enlisted quarters, which is why we went to the two plus zero standard, two marines in a room sharing a head, as our standard to fix that more quickly, and that is an interim standard. But we plan on having our marines out of inadequate quarters by 2005.

Senator BURNS. Is the two plus working?

General STEWART. We think it is going to work, sir. We think that, while we are still committed to the one plus one, we think there is a lot of value to having two marines in the same room. It is good for training, it is good for morale, it is good for unit cohesion. So we do not see it as a degradation to use two marines in a room.

Senator BURNS. It is funny how times change. When I was in it was 60. [Laughter.]

Senator BURNS. In a Quonset hut, and the air-conditioning that you got if you were lucky enough to have a door on both ends, those type of situations.

I want to just bring up a subject here that I think has caught a lot of us, and I am not sure that this is the place to raise this thing. I would like to know what is the situation at Long Beach, CA, and what is happening there with the PRC? It caught a lot of us in Congress off guard.

PORT OF LONG BEACH

Mr. PIRIE. The local redevelopment authority, which is a Long Beach city organization, has a reuse plan which countenances the naval station and the naval shipyard becoming part of the Port of Long Beach. The Port of Long Beach then intends to lease part or all of that port facility, which would be a major intermodal port, to the China Ocean Shipping Co.

But this will be after the Port of Long Beach has essentially demolished the naval station and the naval shipyard and created an intermodal port in the area. So there will be no naval facility there.

What we are talking about is an ultimate commercial deal between the Port of Long Beach and one of its customers, China Ocean Shipping.

Senator BURNS. But the Long Beach—the civil authorities there have complete control of the area of the old Long Beach Naval Station and Shipyard, is that correct?

Mr. PIRIE. They will when we turn it over to them.

Senator BURNS. When does that happen?

Mr. PIRIE. Let us see. I think the shipyard closes operationally in October. When we will be able to lease—I am not certain when we actually will be able to lease it to Long Beach and allow them to actually start the demolition. I think that is probably beyond October but I am not sure. I will supply that for the record, Mr. Chairman.

[The information follows:]

The shipyard operationally closes on 30 September 1997. A Lease in Furtherance of Conveyance (LIFOC) is the mechanism by which control of the facility will be passed to the Local Reuse Authority. Although interim leases between Navy and interested parties could be executed at any time (before or after closure), the master lease approach (LIFOC) to transfer of control is strongly supported by the LRA and the Port Authority. This LIFOC will be executed upon the issuance of the Environmental Record of Decision (ROD) which is expected by the end of the calendar year 1997.

The Naval Station is operationally closed (9/30/94). The LIFOC is in my office with approval waiting for the resolution of a court order directed at the Port Authority (so as not to influence the court decision).

Senator BURNS. In other words, it is a lease arrangement? We are still going to own the property, either the Federal Government or the Department of Defense?

Mr. PIRIE. The Navy cannot transfer the property to Long Beach until we have completed the final environmental impact statement and the cleanup is complete. What we do in the interim is lease it to the city of Long Beach to allow them to sublease it to the Port of Long Beach, to allow them to build the new container port.

BRAC ENVIRONMENTAL CLEANUP

Senator BURNS. I understand the Navy is working hard to implement the BRAC round of decisions as well as the previous three rounds. Long-term financial obligations—what obligations do you think the Navy will incur as a result of these environmental cleanup activities? What is in the future and your plans, and how far have you really planned out into the future, because I know the goodly part of BRAC is environmental cleanup?

Mr. PIRIE. We figure that BRAC environmental cleanup will run us about \$2.5 billion, Mr. Chairman, which is about one-quarter of what it is going to cost us to implement the four rounds of BRAC. And the cleanup will run beyond the year 2001 simply because, in some cases, the technology does not allow you to clean these places up that fast.

So we will then cover the environmental cleanup costs of BRAC installations out of the “Environmental restoration, Navy” account. We have plans to do that.

Senator BURNS. Have we incurred any problem now on turnover that has been subject to environmental cleanup or any hangups?

Mr. PIRIE. We have had no problems. No turnovers have been delayed because of environmental problems.

BASE CLOSURE

Senator BURNS. Does the Navy need another round of base closure? How about a little loaded pistol to carry around in your pocket?

Mr. PIRIE. That is a fairly straightforward question, Mr. Chairman. Let me tell you what I know about that. I know that Sec-

retary Perry said some time ago that we would probably need another round, perhaps in 2001. And I know that the Chairman of the Commission, former Secretary Dixon, picked the same year in his valedictory. You are probably aware that the Navy recommended a number of installations for closure which the Commission denied.

So I believe that there is enough excess capacity for us to contemplate another round. The "Quadrennial Defense Review" [QDR] has an infrastructure panel and it is quite possible that that panel will recommend to the Secretary of Defense that he ask for another round of BRAC.

Senator BURNS. With regard to that, your permanent base facilities—shoreline facilities, I think there has been—I have been questioned about it and I have some concern about the infrastructure there, our investment in that infrastructure. Has that been adequate?

Mr. PIRIE. Well, it is never as much as I want, but it is about as much as is permitted by the other funding pressures. Certainly the facilities—piers, runways, hangars, and so forth—need to be kept in good shape, and I wish we had more money to spend on them.

I would say that we are accomplishing the art of the possible there.

Senator BURNS. Mr. Secretary, could I ask you, you all have done a study and you probably have a priority list in what infrastructures we invest more in than we do in others. I would imagine that some of the facilities in your infrastructure that were recommended for BRAC and then were denied by the Commission, the investment there would be more scrutinized for investment probably than any other area.

Other than money, what other obstacles do we run into on dealing with our infrastructure?

Mr. PIRIE. I do not think we have any. I think Admiral Nash's command is quite capable of executing a substantial amount of both the maintenance of real property and new construction. They have been quite good at that in the past, so I do not think we have got limitations other than money, Mr. Chairman.

Senator BURNS. I would like to visit with you sometime, just sit in an office and sit down and take a look at those priorities. I have a list somewhere, but I probably could not lay my hands on them. I have got very capable people here.

But I would like to take a look at the situation of what you recommended for BRAC closure and see your priorities and maybe work with you a little bit maybe on that infrastructure, because there is some concern about that infrastructure. And if we could work together, why, I am sure I would just like to do that.

Mr. PIRIE. I would be very glad to do that, Mr. Chairman.

Senator BURNS. Mr. Secretary, that is all the questions I have for this panel. Senator Murray may have some followup questions.

COMMUNITY FACILITIES

Senator MURRAY. I just have one more general area I wanted to ask you about and that is community facilities, like child care development centers, physical fitness centers, and community cen-

ters. How many, roughly, do you have in the budget for those kinds of things?

Mr. PIRIE. Let us see. I think we have one child care center in 1997 and one in 1998. Is that right, Admiral Nash?

Admiral NASH. Two, one in Navy, one in Marine Corps.

Mr. PIRIE. Child care centers. With respect to gyms, community centers, and other facilities, I will have to take that for the record. [The information follows:]

In the fiscal year 1998 Department of the Navy military construction budget, there is one Child Development Center, two Physical Fitness Centers, one Community/Recreation Center, and one Religious Education/Community Support Center. There is one additional Physical Fitness Center in our BRAC budget.

Senator MURRAY. OK, because the Marsh Commission, I know, on quality of life issues recommended 44 fitness centers and child development centers. So I would like to know that information.

Also, if you can just give me your rough feeling on how many unfunded needs we have in that area?

Mr. PIRIE. I think we could spend a very substantial amount of money in the area. The real question here is to what degree should we depend on the private sector to support our child care needs, to what degree should we depend on the private sector to provide for gyms and other things? I think the wave of the future is to look to other commercial activities to provide services that are not strictly related to the operational needs of the forces.

If in some cases we appear to be dragging our feet, it is probably because we are trying to figure out what the best way to provide the best services for the people really is.

Senator MURRAY. Certainly it depends on what community you are in. But I can tell you, Everett or Bangor, child care is a tremendous problem in the communities surrounding the bases, especially with welfare reform coming down, it is going to have a dramatic increased need for day care centers. We need to be ahead of the curve so that the men and women on the base do not get caught in a bind that there is nothing available for them.

Mr. PIRIE. Yes, ma'am.

Admiral Nash, do you want to say anything?

Admiral NASH. I know that this is not my area of expertise, but I know that we are actively pursuing other alternatives in terms of ways to provide child development. So we are not sitting back. We are pursuing this as rapidly as we can.

Like everything, it kind of depends on the area, whether it is housing privatization or child development. But we understand, yes, ma'am.

Senator MURRAY. That is all I have, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator BURNS. Thank you, Mr. Secretary for your capable help today. We appreciate your coming this morning. We have some more questions that will be submitted for the record. And if other committee members have questions, if you could respond to them and to the committee, I would appreciate that.

Once again, thank you for your great cooperation that this committee enjoys with your Department, and we hope to continue that

right along through this process and we thank you for coming this morning.

Mr. PIRIE. Thank you, Mr. Chairman.

Senator BURNS. 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 BY SENATOR MURRAY

Question. I understand that there was a proposal for this budget submission to include a new public/private housing initiative at our Navy Base at Bangor, Washington. I believe the amount of the public funding was to be \$15.8 million. I also understand that the planning at the base in regards to this initiative, which would produce some 600 or more new housing units, was developing well. To our surprise the funding was eliminated from the budget, and pushed into the outyears. Why?

Answer. The Navy had project P-406 in the program for fiscal year 1998 to provide 118 homes for junior enlisted families at Naval Submarine Base Bangor, Washington at a cost of \$15,698 thousand. This project would have been a candidate for public/private venture and could have conceivably provided two to three times the number of homes.

However, this project and three other housing projects at PWC San Diego, California were deleted in the final stages of budget preparation. As I mentioned in my testimony before this committee, we completed several housing studies this year that concluded that it costs more for the Navy to own and operate housing than it costs the private sector. These studies, combined with changes in the VHA floor enacted last year, along with the possibility for further improvements in housing allowance being pursued by the Department of Defense, made it prudent for us to scale back our family housing construction program and let us focus on fixing what we currently own. The Bangor housing project, along with the San Diego projects, were new construction projects intended to reduce the housing deficit, and thus would have added to our housing inventory. They were not replacement construction projects as the other family housing projects that were retained in the Navy program and included in the President's Budget Submission.

INFRASTRUCTURE

Question. The infrastructure reductions resulting from the rounds of BRAC that we have conducted amount to an overall DOD reduction of some 18 percent. While this has been difficult, our overall force reductions have been far more substantial than that, over 30 percent. Doesn't this mean that we still have far too much infrastructure for our requirements, and that we should look again at reducing infrastructure. Would you support another round of BRAC? If not, why not?

Answer. Yes, I would support at least one more round of BRAC. After implementing four rounds of BRAC, we will have reduced the plant replacement value of our shore infrastructure by only 17 percent since 1988, the first round of BRAC. That stands in sharp contrast to the 26 percent reduction in military end strength, and 40 percent reduction in ships over this same time period.

We are pursuing a number of initiatives to further reduce infrastructure support costs, including competition and outsourcing, privatization, regionalization of base support function, building demolition, regional maintenance, and smart base technologies.

PRIVATIZATION OF UTILITIES

Question. I understand that privatization of utilities at our bases has been lagging. Is this the case? What is the problem in the privatization of utility infrastructure, and what can be done to speed this process up? I understand that the Administration has been considering proposed legislation for utility privatization—is this the case, and what is the status of this legislative proposal?

Answer. The Navy initiated its utilities privatization effort in fiscal year 1996 with a pilot study comprised of four installations: PWC Jacksonville (large multi-location complex, well maintained); NAVSTA Pascagoula (small, new installation); CBC Port Hueneme (medium, aging installation); and NAS Whidbey Island (medium large, aging installation).

The objectives of the pilot study are to identify and remove barriers to privatization and to establish criteria that the Navy can use to readily identify promising privatization candidates. Although the study will not be completed until the end of

fiscal year 1997, one obstacle to privatization has been identified: no legal authority exists to allow the government to transfer or lease non-surplus property to a private entity.

The administration is proposing legislation to authorize the Services to privatize utility systems when in the best economic interest of the Government and after notifying Congress. The lack of legislation allowing privatization requires that DOD seek enabling legislation for each and every utility system it seeks to privatize. The current process requires that the new owner be identified and an economic analysis provided that documents the benefits of privatization before special legislation is requested. This process can take two years or more which is a disincentive to private corporations to participate in the privatization process. The proposed legislation, if enacted into law, will provide the legal authority for the Services to privatize utility systems where in the best economic interest of the Government and subject to a Congressional notification process. This will greatly streamline the process.

WAITING LIST FOR BASE HOUSING

Question. In general, can you characterize the problem of waiting lists for base housing? What is the backlog, and what is the affect on morale? How can we eliminate this problem in the long run?

Answer. As of 30 September 1996, there were 25,000 Navy families and 6,000 Marine Corps families on waiting lists for family housing. Waiting times for assignment to family housing vary from a few months to several years depending on the location, time of year, and other factors.

The waiting list reflects the quality, cost, and availability of housing, commuting distances, surrounding support facilities, and availability of good schools. The Navy and Marine Corps have a disproportionately larger number of members living in high cost areas.

The best way to reduce waiting lists in the long run is to improve housing allowances. Improving the allowance system will reduce members' out-of-pocket costs and allow them to afford a wider selection of quality housing in the private sector.

We have also instituted aggressive housing referral efforts to identify and capture the maximum supply of affordable community housing.

BUDGET BENEFITS OF PRIVATIZATION OF HOUSING

Question. The housing construction budget is down more than 30 percent from last year. Does this mean we have a less severe problem than last year? What does this say about our commitment to quality of life initiatives? Do you believe the housing budget is adequate for fiscal year 1998? What is the right number? How many housing units does a 30 percent reduction represent?

Answer. The reduction in the family housing construction account represents our decision to step back from acquiring new homes that the Government would own and operate. The Department of the Navy plans to rely more on improved housing allowances; privatization authorities; and enhanced housing referral services to meet the housing needs of Navy and Marine Corps families. This decision reinforces our commitment to quality of life and provides a balanced approach to reducing our housing shortfalls.

Our fiscal year 1998 request supports our policy to "first fix what we own." In addition to revitalization, we budget for replacement construction projects for units that can no longer be economically repaired and maintained. Although the dollar value of our improvement request is down slightly from fiscal year 1997, the number of homes being renovated remains about the same at 2,300 homes in 31 locations. This year's request also includes two projects for the replacement of 260 homes at Lemoore and Twentynine Palms, California, and two projects for a total of 337 new homes at Camp Pendleton and Miramar, California.

The 30 percent reduction to our construction program request equates to about \$125 million. At a nominal cost of \$142,250 per unit cost, this would be about 878 homes.

NEW PUBLIC/PRIVATE HOUSING INITIATIVE IN DOD

Question. What is your assessment of the Military Housing Privatization Initiative? What are the long-term impacts that we can expect in the way of Housing construction? Can the initiative be extended to the construction of barracks as well? What can we expect to see in the way of projects in the current calendar year?

Answer. The DOD Military Housing Privatization Initiative (MHPI) is off to a good start. It receives praise in public and private forums, and requests for activity site visit evaluations continue to increase as installation Commanding Officers recognize the potentials for leveraging currently held land and housing assets as the

Department's equity investment in Public-Private Venture (P/PV) deals. We are aggressively flattening the learning curve in the application of the MHPI Authorities with the help of real estate industry consultants and, thereby, increasing the likelihood of a fair investment return and reduction of market risks to the developer.

With respect to long-term impacts on housing construction, the Department is shifting course away from traditional Navy construction in pursuit of new acquisition methodologies. We anticipate being able to identify candidate P/PV projects as part of the budget request in the future, but we are not there yet. Housing MILCON funding serves two vital purposes. It: (1) provides the only liquid form of equity available for P/PV deals; and, (2) keeps the Navy on track with its promise to "fix what we own." New housing Authorities, improved housing allowances, and enhanced housing referral services will be creatively matched with housing requirements to reduce operating costs, and multiply the return on our investment through the careful leveraging of Navy assets.

The fiscal year 1996 MHPI legislation included language which authorized the Services to address bachelor quarters construction requirements. We have been focusing our energies in pursuing P/PV initiatives for family housing, and have conceptually discussed possible BQ P/PV projects.

I cannot reasonably predict whether we will have any P/PV projects developed to the point where we will provide Congressional notification on a solicitation for proposal or intent to sign a contract by the end of this calendar year. There are still uncertainties that must be resolved, some of which are beyond our immediate control. We are proceeding with 10 projects in various stages of development. The most advanced Navy projects are to provide 824 homes at Norfolk, Virginia and 238 homes at Newport, Rhode Island. Site visits have been completed at these locations and project data are being analyzed. The most advanced Marine Corps projects are at Marine Corps Base Camp Pendleton, California where we plan to construct 204 new homes and revitalize 512 others, and at Marine Corps Logistics Base Albany, Georgia where we plan to dispose of 419 houses off-base and construct 160 new homes.

COMMUNITY DEVELOPMENT FACILITIES

Question. What is in this budget in the way of community facilities, such as child care or child development centers, physical fitness centers, community centers? How many of each, roughly are in the budget? Is it true that there are only 2 gymnasiums and no Child Development Centers in the Air Force budget? The Marsh commission on quality of life issues recommended 44 (forty-four) fitness centers and child development centers. What is the need for such facilities? What is the unfunded need for these type of facilities?

Answer. The fiscal year 1998 Department of the Navy military construction budget includes one Child Development Center, two Physical Fitness Centers, one Community/Recreation Center, and one Religious Education/Community Support Center. There is one additional Physical Fitness Center in our BRAC budget. We are evaluating the feasibility of contracting with private child care providers as a way to provide cost-effective care for more military families.

Question. Adequacy of funding for Maintenance and Repair of Military Family Housing and Real Property Maintenance for Military Family Housing. What is the adequacy of the budget request for these accounts, and what is the backlog?

Answer. The Department of the Navy's fiscal year 1998 maintenance request provides sufficient funding to take care of routine maintenance, preventive maintenance, service calls, and change of occupancy, and work on the backlog.

The current critical backlog is \$3.0 billion, and is projected to grow to \$3.7 billion in fiscal year 1998.

UNSPECIFIED MINOR CONSTRUCTION

Question. The Unspecified Minor Construction program supports urgent, unforeseen requirements that cannot wait for the normal military construction program and a lump sum is appropriated to accomplish requirements that arise during the year costing between \$500,000 and \$1.5 million. The Navy annual requirement for this fund is about \$14 million. However, only \$10.6 million is requested. Is this account under strain, and what is the right number for the fiscal year 1998 budget?

Answer. While the Department would like to have more funds available to meet unforeseen requirements, the need to balance competing demands for resources limited our request for UMC funding.

QUESTIONS SUBMITTED BY SENATOR REID

BRAC FUNDING FOR BACHELOR OFFICERS QUARTERS AT FALLON NAVAL AIR STATION

Question. Naval Facilities Engineering Command solicited for bids to build a Bachelor Officers Quarters (BOQ) at Fallon Naval Air Station in fiscal year 1997. This project was funded from the BRAC III account and construction was to begin this year.

In February of this year construction on the BOQ was deferred. What happened to the funds that were to be used to build this BOQ? How does this deferment affect operations at Fallon Naval Air Station?

Answer. The BOQ project you refer to is the second phase of an earlier (fiscal year 1994) project in our BRAC III construction budget. The first phase, completed in 1996, provided 140 BOQ rooms; the second phase will provide 81 more rooms. The fiscal year 1997 BRAC III budget you refer to anticipated income of \$244 million from land sales revenues to offset various implementation costs. The primary method of land conveyance to date has been Economic Development Conveyance which have yielded significantly less revenue than anticipated when that budget submission was prepared. Funding for a number of BRAC construction projects was not available due to this land sales revenue shortfall.

The operational impact on Fallon is minimal, and occurs during peak loading of transient personnel at the base. During these peak times some transient personnel may be berthed in local hotels. We now plan to construct the BOQ in fiscal year 1998.

FITNESS CENTER AT FALLON NAVAL AIR STATION

Question. In last year's Military Construction Appropriation Bill this committee directed that not less than \$400,000 be made available for the design of a gymnasium at Fallon Naval Air Station (anticipated cost \$5.7M). I understand that planning for this project has not been initiated and that the gymnasium is not yet in the FYDP.

I am deeply concerned, the Department of Defense echoes this concern, over the quality of life for our military members. Conversations with Navy Fallon personnel reveal that overcrowded conditions and long equipment waits prevent our Sailors from maintaining their top physical conditioning.

When do you anticipate that this important project will arrive on the FYDP so that we may move forward with construction? (NOTE: No progress has been made on this contract even though the report language said that "this design contract is to be awarded as early in fiscal year 1997 as practical.")

Answer. Preliminary design has been authorized for this project. It will be considered for inclusion in the FYDP during our program review this summer.

MESS HALL ADDITION AT FALLON NAVAL AIR STATION

Question. In last year's Military Construction Appropriation Bill this committee earmarked not less than \$1.3 million for the acquisition of a mess hall addition at Fallon Naval Air Station. Can you give me an update on this project?

Answer. Senate Report 104-287 which accompanied the Senate Appropriations Committee markup of the fiscal year 1997 Military Construction Appropriation Bill directed the Navy to use \$1.3 million of the \$9.973 million provided by the Committee for Navy Unspecified Minor Construction to construct a Mess Hall Addition. However, because only \$5.115 million was approved in Conference Report 104-721, additional funds were not appropriated to allow us to proceed with this project. Since the requirement remains valid, we hope to be able to award it with fiscal year 1998 funds.

NATO INFRASTRUCTURE FUNDING

Question. This military construction budget, at \$8.4 billion, is 16 percent smaller than what was appropriated in 1997 (\$10 billion). Of all the account requests, I note that each reflects an overall reduction from last year's appropriation, with the exception of one: the NATO infrastructure account.

The request for NATO is greater than what was requested for all five of our reserve components. Is it wise to give such assistance to our allies at the expense of our own guard and reserve forces?

Answer. Development of the NATO construction budget is not entirely within our influence.

NATO is a collective security organization of sixteen sovereign nations. Program and budget decisions for the NATO military construction program, now called the

NATO Security Investment Program, are based on consensus among those sixteen nations. The U.S. contribution to the Alliance is determined by all sixteen member nations during discussions at Ministerial meetings held in the spring. Procedures and project execution decisions are likewise arrived at by consensus by member nations.

The Department of the Navy does program and budget for reserve military construction projects. The fiscal year 1998 President's budget request includes \$13.9 million budget in fiscal year 1998 and \$15.3 million in the fiscal year 1999 Military Construction, Naval Reserve appropriation. This amount reflects a balance between Navy and Marine Corps reserve construction requirements and affordability given all other funding requirements that the Department of the Navy must consider and fund.

I would note that both active and reserve U.S. naval forces benefit from the availability of modern NATO support facilities.

DEPARTMENT OF THE AIR FORCE

**STATEMENT OF HON. RODNEY A. COLEMAN, ASSISTANT SECRETARY
OF THE AIR FORCE FOR MANPOWER, RESERVE AFFAIRS, IN-
STALLATIONS AND ENVIRONMENT**

ACCOMPANIED BY:

**MAJ. GEN. EUGENE A. LUPIA, THE AIR FORCE CIVIL ENGINEER
BRIG. GEN. PAUL A. WEAVER, DEPUTY DIRECTOR, AIR NATIONAL
GUARD
BRIG. GEN. JOHN A. BRADLEY, DEPUTY TO THE CHIEF, AIR FORCE
RESERVE**

REMARKS OF SENATOR BURNS

Senator BURNS. The military construction request for the U.S. Air Force is \$1.677 billion. Once again, we want to recognize the Air Force the way it has handled its needs and its service to members. While it appears that the Air Force has managed its construction requirements, it seems many key quality of life projects are being pushed out in the out-years, and I have a wee bit of a concern about that.

Representing the Department of the Air Force today is the Honorable Rodney Coleman, Assistant Secretary of the Air Force for Manpower and Reserve Affairs, Installations and Environment. Sir, we welcome you back to the committee this morning.

We have asked you to address the fiscal year 1998 military construction request for Air Force family housing, the Air Force portion of the base closure account, and requests for the Air Guard and the Air Force Reserve. Secretary Coleman, may I ask you to please introduce your witnesses, your backup witnesses, and you may proceed with your statement. If you want to make your full statement, that would be all right. But you can also submit your statement and summarize if you so wish.

I would ask comments from my ranking member, Senator Murray. I will not forget that any more.

Senator MURRAY. I appreciate that, Mr. Chairman, and I will just wait and ask questions after your testimony.

STATEMENT OF RODNEY COLEMAN

Mr. COLEMAN. Thank you very much. Thank you, Mr. Chairman, Senator Murray.

With me today is the Civil Engineer of the Air Force, Maj. Gen. Gene Lupia on my right. To my left is Brig. Gen. Paul Weaver, Deputy Director of the Air National Guard. And on my far right is Brig. Gen. John Bradley, Deputy to the Chief of the Air Force Reserve.

We are pleased to be here to discuss with you our \$1.68 billion Milcon submittal for active duty Guard, Reserve, and family housing programs. Over the past 18 months, as you are well aware, the

Air Force has crafted a strategy which spells out the role of air and space power for the Nation and the core mission capabilities critical to that strategy.

Our responsibility is to skillfully forge a supporting facility and infrastructure approach to that strategy. That approach includes emphasis on supporting new mission beddowns, protecting the quality of life for our people, and reinvesting in our few remaining overseas bases.

We developed an integrated priority list based on the most urgent needs of the total Air Force, integrating new mission, current mission, and environmental projects for Active, Guard and Reserve components, and then identified the minimum requirements to sustain readiness and quality of life.

We are on target to demolish our worn out and obsolete facilities and infrastructure in order to reduce operations and maintenance costs. We are also looking very hard at maintaining only those facilities that we need to meet core mission requirements. We are proceeding to effectively determine what we need and to look out for opportunities to consolidate functions and retain facilities.

But even our best management of declining resources will not be enough, Mr. Chairman. We have to stretch our dollars and use every means available to protect our hard-fought position as the world's most respected air and space force.

Last year's legislation that enabled us to pursue privatization of family housing and dormitories hits the mark. We also welcome the opportunity to privatize other assets of our fiscal plan where it makes economical and operational sense. We can optimize our resources using better business practices, privatization, or what we call corporate asset management. We must think outside the box and embrace innovations which are not part of our current paradigms.

An example of that is our military housing and dormitory privatization program. Right now we have 10 privatization projects at 10 separate installations, which could produce as many as 4,000 new or renovated housing units for our Air Force families.

Well, you may ask, so what? Can we not do that with our regular Milcon funds? The difference—the answer is yes, but the difference is that with privatizing we are leveraging our resources for about a three to one return on our tax dollars, getting three times as many units for the same dollar.

Our people are the foundation of our strength and we must recruit, train, and retain the highest quality force possible. In this light, we take the needs of our people very seriously. Privacy remains the No. 1 concern among our airmen. We have focused on the buyout of all remaining permanent party gang latrine dormitories. With your constant support, we will be able to fully achieve this improvement in the quality living conditions with the fiscal year 1999 Milcon program. Then we will focus on depleting our 14,000 room dormitory deficit.

Our fiscal year 1998 quality of life Milcon request includes the 10 permanent party dormitory projects valued at \$128 million and two fitness centers valued at \$6.5 million.

Military family housing is one of our most important programs. We are requesting \$139 million for fiscal year 1998 projects at 16

Conus bases that will construct 70 new houses, replace 899 existing houses, and replace one housing support facility. The replacement units will take the place of existing homes that are no longer economical to maintain.

Our housing budget request reflects our longstanding commitment to provide our Air Force families with homes and communities that are as comparable to private sector housing as we can make them.

So in conclusion, Mr. Chairman, I want to thank the committee for its strong support of the Air Force military construction program and its resulting benefits in Air Force readiness, recruiting, training, retention, and the quality of life of our people. We are ready to respond to any of your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. RODNEY A. COLEMAN

INTRODUCTION

Mr. Chairman and members of the committee, good morning. I appreciate the opportunity to appear before you today to discuss the Department of the Air Force fiscal year 1998 military construction program.

OVERVIEW

As the Air Force recognizes its fiftieth anniversary, it is only fitting that we celebrate it during a watershed year. 1997 will see a remarkable series of events that will define Air Force direction and capability for many years to come. Every member of the Air Force will impact these events, and every member will be affected by them. Our responsibility now lies in mapping out and understanding this journey's turning points and major objectives.

The major objectives of the military construction program must be in line with the corporate Air Force. In that light, we will seek to follow the path outlined during the long range planning effort. The plan's vision, based on fundamentally sound core values, includes creating a corporate identity based on a common understanding of Air Force core competencies; sustaining our modernization and quality of life initiatives; and helping to ensure the success of the quadrennial defense review.

As a result of these goals to support Air Force core competencies, force modernization, and our people we are focusing on reducing our physical plant using private sector partnerships and sound business practices. This will ensure that our infrastructure efficiently supports necessary Air Force missions and force structure. We are pursuing this "rightsizing" of the Air Force physical plant using a variety of means which include demolition, consolidation, divestiture and privatization.

We must also balance installation support requirements, while accepting a greater level of risk, without diminishing readiness and/or quality of life. As with previous submissions, installation programs continue to reflect hard decisions and tough choices. The maintenance and repair of facilities and infrastructure at Air Force installations are essential to our core competencies. We are striving to maintain facilities and infrastructure where Air Force people work and live to preclude weakening unit readiness, impairing mission accomplishment or degrading quality of life. The Air Force corporate strategy for the installation support program includes:

- Ensuring our Milcon program places emphasis on supporting new mission beddowns and current mission necessities, including redirecting limited capital investment to our most pressing requirements.
- Maintaining our operations and maintenance programs to protect the quality of life of our personnel and their families.
- Reinvesting in the few remaining overseas bases, which even after host-nation burdensharing have numerous facility needs critical to Air Force core competencies.
- Maintaining a fundamentally sound, risk-based, environmental program in view of fiscal constraints.

I must stress, however, that even our best stewardship of declining resources will not be enough. The Air Force recognizes that we must look at our installation facility requirements differently than in the past. This is why the Air Force was very supportive of the fiscal year 1996 legislation enabling us to pursue privatization of military housing and dormitories. We also welcome the opportunity to privatize

other assets of our physical plant where it makes sense. One example is the privatization of our base utilities.

The actions outlined in this military construction budget will fundamentally influence our installation investment strategy and quality of life well into the next century. Properly done, these actions will be a powerful investment in the future.

Mr. Chairman, we are cognizant that the Air Force could not maintain the quality of any of our facilities and the advantages they render without the strong support we have always received from this committee, for which we are most appreciative.

With this background, Mr. Chairman, I would like to proceed now to discuss the major program areas of our Milcon budget request. I will review the Active Force Program—including military family housing—the Air National Guard Program, and the Air Force Reserve Program. Finally, I will address the Air Force part of the Department of Defense budget request for base realignment and closure accounts.

AIR FORCE MILITARY CONSTRUCTION BUDGET

The Air Force Milcon program consists of three principal areas: new mission, current mission, and design and unspecified minor construction. New mission construction supports the beddown of new weapon systems and force structure realignments. Current mission Milcon revitalizes existing facilities and infrastructure, and builds new facilities to correct existing deficiencies. Design and unspecified minor construction includes funds to design our construction projects and a small program to handle urgent, unforeseen construction requirements.

Our total Air Force military construction budget request for fiscal year 1998 is \$1.68 billion. This request includes \$1.60 billion for Active duty military construction (\$520 million for traditional Milcon and \$1.08 billion for military family housing), \$60.0 million for Air National Guard Milcon, and \$14.6 million for Air Force Reserve Milcon.

ACTIVE DUTY AIR FORCE MILITARY CONSTRUCTION PROGRAM

The Active Air Force's fiscal year 1998 military construction and family housing programs were developed using a facility investment strategy with the following objectives: maintain what we have; beddown new missions; support quality of life investment; optimize use of public and private resources; continue demolition program; reinvest overseas; and continue environmental leadership.

Program Overview

This year we significantly departed from the way Milcon allocation occurred in the past. The major commands were tasked to submit an unconstrained list of their budget requirements. Our Milcon integrated process team, the cornerstone of the Air Force corporate structure, developed an integrated priority list based on the most urgent needs of the total Air Force, and integrating new mission, current mission, and environmental projects for Active, Guard, and Reserve components. This priority list was presented to the corporate structure—to include the Chief of Staff and the Secretary of the Air Force—for review and approval.

Current Mission: Maintain What We Have

"Maintaining what we have" is the investment strategy underlying our current Milcon program. This concept results in identifying the minimum requirements to sustain readiness and quality of life. This strategy is rooted in the stewardship entrusted to us for maintaining eighty-eight major installations. We are not looking to increase our spending on infrastructure or new facilities. Conversely, we are targeting demolition of worn out or obsolete facilities and infrastructure in order to reduce reoccurring operations and maintenance costs. During the BRAC process, we deliberately delayed funding for most of the current mission Milcon while we awaited final closure decisions.

With the BRAC 95 cycle complete, we are looking at our remaining installations and assessing their infrastructure and facility needs—rather than what we would like to have. We are looking very hard at keeping only those facilities which we need to meet the core competencies stated by the corporate Air Force.

We will continue our vigil to effectively use available resources to determine what we need, to care for what we own, and to look for opportunities to consolidate functions in retained facilities.

Beddown New Missions: Provide Timely Support to Modernization and Weapon System Beddowns

The Air Force is ever evolving, modernizing and realigning weapon systems to guarantee future relevancy in an ever changing world. We are developing, testing and fielding new aircraft, satellites, and communications systems. We are realigning

our aircraft to take better advantage of their capabilities. This year the integrated prioritization process funded 62 percent of known mission requirements. We funded those projects essential for our core modernization as well as some construction supporting force structure changes.

Military construction is needed to support programs such as the C-17; joint surveillance and target attack radar system (JOINT STARS); space based infrared systems; ballistic early warning system; and conventional air launched cruise missiles.

C-17

The C-17 Globemaster III aircraft is designed to replace our aging fleet of C-141 Starlifters. It combines the airlift capabilities of the C-141, the C-5 galaxy's ability to carry oversize cargo, and the C-130 hercules' ability to land directly on short, forward-located airstrips. In November 1995, the Defense acquisition board determined that the C-17 met the Nation's needs, after which, the Under Secretary of Defense approved the purchase of all 120 aircraft requested.

At that time, McChord Air Force Base, Washington, was designated as the second active duty operational base for the aircraft. We had already identified Charleston Air Force Base, South Carolina, as the first active duty operational base, and Altus Air Force Base, Oklahoma, as the C-17 training base. Since then we have identified Thompson Field, Mississippi, as the Air National Guard operating location. Military construction projects satisfying the total beddown requirement at Charleston Air Force base total \$144.4 million; with \$87.4 million at Altus Air Force Base; and \$133.5 million at McChord Air Force Base. The fiscal year 1998 program includes both an engine test cell facility and a maintenance hangar at McChord Air Force Base at a cost of \$10 million. Air National Guard beddown requirements at Thompson Field have not been determined.

JOINT STARS

JOINT STARS is an Army and Air Force system designed to detect, locate, and classify targets. The system then provides the information to successfully execute attacks against these targets. The Air Force main operating base for J-STARS is Robins Air Force Base, Georgia, where we are requesting \$18.7 million for five projects. These projects will provide facilities needed for continuing beddown of the JOINT STARS aircraft. Prior year Milcon to support JOINT STARS at Robins Air Force Base totals \$92.0 million. Future Milcon requirements at Robins Air Force Base totals approximately \$13.1 million. There are two forward operating locations for J-STARS, one in Europe at Raf Fairford, United Kingdom, and the other in the Pacific, at Kadena Air Base, Japan. These two locations will require minimal operations, maintenance, and support facilities for J-STARS due to reuse of existing facilities as a result of defense drawdowns in Europe and Japan.

Space Based Infrared System (SBIRS)

The goal of the SBIRS program is to consolidate all space based infrared systems into one integrated architecture. SBIRS replaces the existing defense support program providing early warning and assessment. The SBIRS will consist of a mission control station and two unmanned relay ground stations. It will consolidate the defense support program functional capability at the mission control station and enable us to close down two manned overseas ground stations.

The mission control station will be located at Buckley Air National Guard Base, Colorado, and the two unmanned relay stations will be located in Australia and Europe. Fiscal year 1997 Milcon totaled \$14.4 million and provided the mission control station at Buckley Air National Guard Base. The \$14.0 million Milcon project in fiscal year 1998 will construct the two unmanned remote ground stations.

Ballistic Missile Early Warning System (BMEWS)

The BMEWS Program provides continuous and supportable missile warning data to North American Aerospace Defense Command and U.S. Space Command. The \$47 million fiscal year 1998 Milcon project allows BMEWS beddown at Clear Air Station, Alaska. This upgrades the 1960's technology to include installation of a precision acquisition vehicle entry/phased array warning system (PAVE/PAWS) radar that increases the stations inherent operational capabilities. The technology is required to maintain the missile warning system well into the next century.

Quality of Life

The Department of the Air Force continues to believe that our people are the most important asset of our service. The Secretary maintains that they are the foundation of our strength, and that we must recruit, train, and retain the highest quality force possible. If we are to be successful, then this Air Force team must take care of our people and their families.

Privacy remains the number one concern among our airmen in unaccompanied personnel housing. As we mentioned last year, the Air Force has targeted the buyout of all remaining permanent party central latrine dormitories. With your continued support, we will be able to conclude this immediate, and most pressing, improvement to quality living conditions with the fiscal year 1999 Milcon program. The Air Force will then turn its attention to our 14,000 room deficit. The support of this and other committees has enabled a one-half billion dollar investment of Milcon and quality of life enhancement funds over the last two fiscal years—another great stride in “putting our people first.”

The Air Force is continuing its commitment to provide at least a private sleeping room to every permanent party airman we house. We have begun implementation of new assignment policies which will phase our junior enlisted personnel into private rooms over the next six fiscal years.

I would be remiss if I didn't report on how the Air Force used the additional funds you gave us last year. The \$58 million for dormitory Milcon enabled us to build and revitalize over 1,000 rooms, and the \$108 million in quality of life enhancement funds allowed us to convert eighteen central latrine dormitories to provide privacy and improve living conditions for our airmen. It also reduced our most pressing dormitory maintenance and repair requirements.

Our fiscal year 1998 quality of life Milcon request includes ten permanent party dormitory projects valued at \$128 million, and two fitness centers for \$6.5 million.

Optimize Use of Public and Private Resources

While revolutionary changes in basing requirements are unlikely to occur over the short term, careful planning is critical to achieving the desired structure at the appropriate future time without the unnecessary expenditure of constrained resources. The first essential step in leveraging our resources is the movement towards better business practices—privatization, or what we call corporate asset management (CAM). The greatest obstacle in pursuing CAM is our comfort with the old and familiar ways of doing business. Unless we aggressively move beyond those ways with all the ingenuity at our command, we will not be able to capitalize on the opportunities that await us.

As we prepare for the first quarter of the 21st century, we must think “outside the box” and embrace innovations far removed from the paradigms we have today. These include, but are not limited to, changes in military family housing and dormitory privatization. Right now we have ten privatization projects at ten installations which could produce as many as 4,000 new or renovated housing units for our Air Force family. Well, you may ask so what * * * can't we do that with regular Milcon funds? The difference is that with privatization, we are leveraging our resources for a three to one return on our tax dollars—getting three times as many units for the same dollar.

One final observation: We depend on corporate asset management to complement our military family housing budget—not to take its place. We need housing Milcon to meld with funds from the family housing improvement fund to act as seed money for potential privatization initiatives. Without the Milcon funding base, privatization as we know it today would not be possible.

Overseas Milcon

Air Force overseas basing and force structure is finally stable after years of base closures and major force reductions. In Europe, we now have six main operating bases: two in Germany, one in Italy, two in England and one in Turkey. In the Pacific, we have five such bases: two in Korea and three in Japan. During the recent period of closures and force structure reductions, we refrained from investing in our overseas installations. Now that things are more stable, we must prudently reinvest in these installations. We are actively pursuing NATO funding, host nation funding, and payment-in-kind; however, the need is bigger than available burdensharing opportunities can satisfy.

Our 1998 program for our European and Pacific installations includes \$71 million in unclassified Milcon. The program consists of a fire training facility at Kunsan Air Base, Korea; four dormitory projects at Kunsan and Osan Air Bases in Korea; Raf Lakenheath, England; and Spangdahlem Air Base, Germany; a water treatment plant at Lajes Field, Portugal; and a utility upgrade project and a waste water disposal system project at Aviano Air Base, Italy. For all European projects, we are sending a precautionary prefinancing statement to the NATO infrastructure committees. These statements will permit recoupment from the NATO infrastructure program if eligibility is subsequently established.

Environmental Milcon

As we continue our stewardship of the environment, we are dedicated to improving our already open relationship both with the regulatory community and with our installation neighborhoods. We not only strive to ensure our operations meet all environmental regulations and laws, but we also seek out partnerships with local regulatory and commercial sector counterparts to share ideas and create an atmosphere of trust. Our aggressive campaign to foster an environmental ethic within the Air Force culture has enabled us to sustain operational readiness, be a good neighbor, and leverage our resources to remain a leader in environmental compliance and cleanup.

To that end, we have partnered with regulators and local communities to execute projects supporting the Presidential mandate to reinvent environmental regulations. These projects support our paradigm shift to implement pollution prevention projects that eliminate future compliance requirements. This allows better business decisions both for us and for others concerned with the fate of our shared environment.

As a result of these cooperative efforts, we have established schedules for cleanup commensurate with funding levels, responded to community concerns, preserved precious natural, cultural, and historical resources, while continuing to maintain a high level of operational readiness. We also were able to decrease the number of open notices of violations from 262 in fiscal year 1992 to 35 in fiscal year 1998. This is important for today, and even more important for our future.

Our environmental compliance Milcon request for fiscal year 1998 totals \$32 million for eight, level-1 compliance projects. Our program focuses on environmental projects for sanitary sewer systems, wastewater treatment facilities, and fire training facilities. All of these projects satisfy level-1 requirements. Level-1 compliance requirements refer to conditions or facilities currently out of compliance with environmental laws or regulations, including those which are the subject of a compliance agreement.

I would also like to draw attention to our stewardship of the Defense environmental restoration account. In fiscal year 1997 we obligated 34 percent of the budget on actual clean-up actions. This year we have turned the corner on studies and will use the lion's share of the account, 82 percent, for actual clean-up activities.

Unspecified Minor Construction (P-341 funds)

We have requested \$9 million in fiscal year 1998 for unspecified minor construction funds (P-341), which will provide the Air Force with its primary means of responding to small, unforeseen Milcon requirements that cannot wait for the normal military construction process. The rapid rate of change taking place in the Air Force is putting a strain on this account. From fiscal year 1991 through 1995, a total of \$11.9 million was reprogrammed into the account to fund urgent requirements. The fiscal year 1993 through fiscal year 1997 accounts are now fully committed.

Planning and Design

Our request for fiscal year 1998 planning and design is \$41 million. These funds are required to complete design of the fiscal year 1999 construction program and to start design of our fiscal year 2000 projects.

MILITARY FAMILY HOUSING

As in years past, the Air Force leadership considers military family housing to be one of our most important programs. We are convinced that no other facility program so greatly influences the performance and commitment of our people as much as having quality homes for their families. Maintaining our commitment to the family housing program is even more important in this era of major force reductions and increased operating and personnel tempo demands. Because these factors are so stressful for military families, it is imperative that we continue to emphasize quality of life issues to mitigate the stress.

Due in large part to strong congressional support, our military family housing investment program has been sustained during recent force structure changes. Even so, the average age of our family housing inventory is 34 years, and over 58,000 of our current 110,000 housing units do not measure up to contemporary standards. While we definitely must continue our major improvement and replacement programs, the current funding stream won't get the job done for at least 26 years.

The Fiscal Year 1996 Defense Authorization Act created the family housing improvement fund. The authorization act permits military family housing and dormitory privatization initiatives which enables us to accelerate improvement and replacement of our existing family housing inventory. We recently released a request for developer proposals to provide 420 privately owned housing units at Lackland

Air Force Base, Texas. So, in lieu of spending Milcon dollars for only 140 units, we will get almost three times as many units for the same amount of money. That's good business. This is the first of several projects that will leverage Milcon funds, existing houses, lands, and family housing improvement fund dollars with private sector capital to satisfy a portion of our housing needs. We ask for your continued strong support for our requested investment level so we have sufficient capital to invest in an accelerated fix of our housing deficit.

Housing Improvements

The Air Force "whole house/whole neighborhood" improvement concept has been extremely successful. Under this concept, we upgrade older homes to contemporary standards—updating worn-out bathrooms and kitchens, replacing obsolete utility and structural systems, providing additional living space as permitted by law, and at the same time, accomplishing all required maintenance and repair. The result is a very cost effective investment that extends the life of these houses 25 years. In addition, the "whole neighborhood" program provides recreation areas, landscaping, playgrounds and utility support systems to give us attractive and functional living environments.

Our fiscal year 1998 improvement request is \$102 million. This amount revitalizes 938 homes at 13 bases. This includes \$73.9 million for 748 homes in the continental United States, \$21.6 million for 190 homes overseas, and \$6.5 million for three neighborhood improvement projects.

New Construction

We are requesting \$139 million for fiscal year 1998 projects at 16 conus bases to construct 70 new houses, replace 899 existing houses, and replace one housing support facility. The replacement units will take the place of existing homes that are no longer economical to improve.

Operations, Utilities and Maintenance

Our fiscal year 1998 request for family housing operations, utilities and maintenance is \$713 million. These funds are necessary to operate and maintain the 110,000 homes remaining in the fiscal year 1998 Air Force inventory, representing a replacement value exceeding \$12.5 billion. Approximately 75 percent of this requested funding represents the Air Force's obligation as homeowners for items such as utilities, refuse collection, and routine maintenance. The remaining 25 percent is for major maintenance contracts to fix the deteriorating infrastructure, such as repairs to electrical distribution systems, streets and roofs.

Leasing

We have requested \$117 million for leasing both domestic and overseas houses.

Our fiscal year 1998 military family housing budget request reflects our commitment to provide our Air Force families with homes and communities that are comparable in design and amenities to private sector housing. This program continues to put our people first by fostering a sense of community and supporting neighborhood identity. We seek to achieve a pride of place mentality within our family housing community. We ask for the support of the committee in approving the full request for our military family housing program.

AIR NATIONAL GUARD MILITARY CONSTRUCTION

The Air National Guard is an integral element of the total Air Force, and has been a full partner in the Air Force mission for a long time. The Air Force is increasingly using Guard and Air Reserve Forces whenever and wherever it makes good sense. Air National Guard personnel operate side-by-side with their active duty counterparts in all theaters of operation as part of a true total force team. The Air Guard remains a cost effective, community-based defense force trained and equipped to rapidly and skillfully respond to the needs of our country, our states and our local communities. The volunteer spirit of our Air Guard women and men continues in the finest tradition, history and culture of the militia of this nation.

Program Overview

The Air National Guard Program for fiscal year 1998 totals \$60.0 million, including \$49.0 million for military construction, \$4.0 million for unspecified minor construction, and \$7.0 million for planning and design. This will support the readiness of Air Guard units by modifying facilities to support mission beddowns and force structure changes. It will also ensure compliance with environmental laws and regulations. It addresses only our most urgent needs, as identified and prioritized by our integrated project matrix.

New Mission

The fiscal year 1998 new mission Milcon request supports the continuing trend of transferring an increasing number of different missions to the Air National Guard. The Milcon portion is \$37 million, which comprises 62 percent of the Air Guard Program.

This new mission budget request includes projects for the B-1 beddown at Robins Air Force Base, Georgia; C-130 conversion at Boise Air terminal, Idaho; an aircrew combat training system range support facility at Alpena County Airport, Michigan; and upgrades of base infrastructure systems at Buckley Air National Guard Base, Colorado.

Environmental Compliance

The Air Guard requests \$12.0 million for environmental projects at eight locations. These projects will bring fire training facilities and fuel cell/corrosion control hangars into compliance with environmental regulations, and also provide vehicle washing facilities at two bases. This supports our goal to ensure that Air Guard bases comply with all Federal, State and local environmental laws. Our staff continues to work closely with environmental agencies at every level to resolve and eliminate all Air Guard notices of violation.

Unspecified Minor Construction

We are requesting \$4.0 million for this very important program on which we depend to satisfy urgent, unforeseen requirements that cannot wait for the fiscal year 1999 budget. As with past programs, the large majority of projects are expected to be in direct support of aircraft conversion and modernization requirements.

Planning and Design

Our 1997 budget request for \$7.0 million will allow us to complete and initiate the design for those projects planned for inclusion in the respective 1999 and 2000 budget requests.

AIR FORCE RESERVE MILITARY CONSTRUCTION

The Air Force Reserve has emerged from another period of reorganization, force structure reductions, and constrained budgets with an increased role in national defense. Our 73,300 reservists now work and train at 67 locations. The Air Force Reserve is host at four major installations and eight air Reserve stations, and is a tenant at 55 locations, mostly on Active Air Force bases.

Program Overview

The 1998 Reserve military construction budget request of \$14.6 million represents a sound facility investment strategy which is in line with the objective prioritization matrix executed by the corporate Air Force. Though the budget is tight, it meets the highest priority requirements supporting the total Air Force mission. The long-range strategy prioritizes our Reserve Milcon into four categories:

Included in our \$14.6 million fiscal year 1998 Milcon budget request is \$5.2 million for major construction of three projects at Youngstown Air Reserve Station, Ohio, \$4.6 million for unspecified minor construction, and \$1.5 million in planning and design. Our fiscal year 1998 request also includes two environmental compliance projects, a fire training facility at Westover Air Reserve Base, Massachusetts, and a corrosion control facility at Minneapolis-St. Paul Air Reserve Station, Minnesota. This request adequately funds all Air Force Reserve new mission requirements.

Environmental Compliance

The top facility priority in our fiscal year 1998 program is to satisfy our level-1 environmental compliance requirements. One project will provide an environmentally safe fire-fighter training facility, and the other will bring a corrosion control facility into compliance with stringent environmental laws.

New Mission

Having ensured environmental compliance, we then concentrate on new mission requirements. In fiscal year 1998, we have three projects that support additional C-130's at Youngstown Air Reserve Station, Ohio.

Unspecified Minor Construction

The Air Force Reserve request \$4.6 million in fiscal year 1998 for unspecified minor construction. As in the case of the active duty Air Force and the Air National Guard, this authority will provide the Reserve with its primary means of responding to small unforeseen Milcon requirements. The current rapid rate of aircraft conver-

sions places extraordinary demands on this account. To respond to these and other changes, we need the strong support of this committee for this request.

Planning and Design

Our planning and design request for fiscal year 1998 is \$1.5 million. These funds are required to complete design for the fiscal year 1999 Milcon program, achieve 35 percent design completion for our fiscal year 2000 program, and fully design all late-to-need 1998 new mission Milcon projects.

BASE CLOSURE ACCOUNTS

The Air Force requirements included in the Department of Defense fiscal year 1998 budget request for the base closure accounts are designed to support the President's five-part program by continuing to transfer property at closure installations as quickly and efficiently as possible to communities for economic reinvestment at the earliest opportunity. As part of the Defense budget, the Air Force request reflects a thorough review of all remaining requirements and careful budgeting to fulfill validated requirements to the greatest extent possible within the budget constraints of the Defense Department. The Air Force has significantly improved execution of the BRAC Program, effectively minimizing the unobligated balances of past years.

As a result of these initiatives, we budgeted \$139 million for the BRAC 1991 account, \$120.2 million for BRAC 1993, and \$353.4 million to meet fiscal year 1998 requirements for BRAC 1995. Of these three fiscal year 1998 budget amounts, \$124.6 million support fiscal year 1998 military construction and family housing construction requirements at realigned bases. This amount completes the construction programs for BRAC 93, and fully funds fiscal year 1998 construction requirements for BRAC 95.

The Department of the Air Force continues to be committed to timely, thorough environmental restoration, and smooth transition of closing bases to civilian uses as soon as possible. In addition to turning over closure bases for reuse, we continue the realignment beddown process at remaining installations to ensure base closure does not disrupt our operational requirements nor adversely affect quality of life issues. We appreciate the support of this committee in meeting these objectives.

CONCLUSION

In conclusion, Mr. Chairman, I thank the committee for its strong support of the Air Force military construction program and the resulting benefits to the Air Force in readiness, retention, recruiting, training and the quality of life for our personnel.

The fiscal year 1998 Air Force military construction submission reflects the corporate priorities supporting Air Force core competencies while working to maintain our deteriorating plant. Our installations constitute a crucial factor in Air Force readiness. We rely on our bases as places for people to work to effectively project U.S. air and space power. This budget submission reflects our commitment to maintain the quality of Air Force installations to help ensure that the U.S. Air Force remains the world's most respected air and space force.

Thank you Mr. Chairman and members of the committee. I will be happy to address any questions you may have.

BIOGRAPHICAL SKETCH OF RODNEY A. COLEMAN

Rodney A. Coleman is assistant secretary of the Air Force for manpower, Reserve affairs, installations and environment, Washington, D.C. He is responsible for the management and policy of all matters pertaining to the formulation, review and execution of plans and programs for Air Force military and civilian personnel, Reserve and Guard forces, installations and environment. He assumed this position April 14, 1994.

Mr. Coleman was born Oct. 12, 1938, in Newburgh, N.Y. He earned a bachelor of architecture degree from Howard University in 1963, and was commissioned as a second lieutenant through the Air Force Reserve Officer Training Corps program.

He served on active duty from 1963 to 1973, attained the rank of captain and compiled a distinguished career as an Air Force civil engineering officer. During his Air Force career, he was directly responsible for the design and construction management of military facility projects valued in excess of \$10 million. Among the numerous projects Mr. Coleman was involved in during his military career was serving as the project architect for the million dollar renovation and addition to the prestigious Bolling Air Force Base Officers' Club, the largest Air Force officers' club in the world.

Mr. Coleman is the recipient of the Bronze Star Medal, Republic of Vietnam Technical Services Honor Medal-First Class, Meritorious Service Medal and Air Force Commendation Medal. He also served as an augmentee officer-in-charge of the elite U.S. Air Force Honor Guard. In 1970 he was one of 17 individuals appointed by the president as a White House Fellow, and served as a special assistant to the secretary of the interior.

After separating from the Air Force, he was appointed executive assistant to the chairman of the District of Columbia City Council. From 1978 until 1980 he was an architectural design consultant to the Pennsylvania Avenue Development Corp., Washington, D.C. He joined General Motors in 1980 and served successively as director of government relations, as director of municipal government affairs, and as executive director of urban and municipal affairs. Among Mr. Coleman's responsibilities during his GM career was coordinating the government relations activities with local governments incident to the largest plant closing and consolidation activity in the company's history. More than 30 GM facilities were closed throughout the country during this rationalization process.

Mr. Coleman has two children, a son, Stephen, and a daughter, Terri.

EDUCATION

1963—Bachelor of architecture degree, Howard University, Washington, D.C.
1988—The Executive Development Program, University of Michigan Graduate School of Business

CAREER CHRONOLOGY

1. June 1963, commissioned as a second lieutenant through the Air Force Reserve Officer Training Corps program
2. June 1963–February 1965, chief, requirements and planning branch, U.S. Air Force Civil Engineering Squadron, Dover Air Force Base, Del.
3. March 1965–April 1966, engineering officer, U.S. Air Force Civil Engineering Squadron, Kunsan Air Base, South Korea
4. April 1966–August 1969, project architect, U.S. Air Force Civil Engineering Squadron, Bolling Air Force Base, D.C.
5. September 1969–June 1970, Air Force representative, U.S. Air Force Institute of Technology Education-with-industry program, Day and Zimmerman, Inc., Architects and Engineers, Philadelphia
6. September 1970–September 1971, White House fellow, Special Assistant to the Secretary of the Interior, Washington, D.C.
7. October 1971–July 1972, chief, engineering and construction branch, 366th Civil Engineering Squadron, Da Nang Air Base, South Vietnam
8. August 1972–October 1972, director, operations and maintenance branch, deputy chief of staff, civil engineering, Headquarters 7th Air Force, Tan Son Nhut Air Base, South Vietnam
9. November 1972–July 1973, staff architect, Headquarters Tactical Air Command, Langley Air Force Base, Va.
10. August 1973–January 1979, executive assistant to the chairman, District of Columbia City Council, Washington, D.C.
11. January 1979–October 1980, architectural design consultant, Pennsylvania Avenue Development Corp., Washington, D.C.
12. November 1980–October 1985, director, government relations, foundry division of General Motors Corp., Saginaw, Mich.
13. November 1985–March 1990, director, municipal government affairs, General Motors Corp., Detroit
14. March 1990–April 1994, executive director, urban and municipal affairs, General Motors Corp., Detroit
15. April 1994–present, Assistant Secretary of the Air Force for manpower, Reserve affairs, installations and environment, Washington, D.C.

MAJOR AWARDS AND DECORATIONS

1996—The Howard University Distinguished Alumni Award for Postgraduate Achievement in Corporate and Government Service
1996—The Lt. Gen. Benjamin O. Davis Jr. Distinguished Achievement Award, East Coast Chapter of the Tuskegee Airmen
1996—The Black Engineer of the Year Dean's Award
1994—The Newburgh Free Academy Distinguished Alumnus Award
1972—Bronze Star Medal
1972—Republic of Vietnam Technical Services Honor Medal—1st Class
1969—Outstanding Young Men in America

1969—Meritorious Service Medal
 1965—Air Force Commendation Medal
 1960—PONY Baseball Man of the Year

PROFESSIONAL MEMBERSHIPS AND AFFILIATIONS

White House Fellows Association
 Executive Leadership Council
 Air Force Association
 Tuskegee Airmen, Inc.

Senator BURNS. Thank you very much, Mr. Secretary, I have a couple questions.

AVIANO AB, ITALY

I want to start off. We just completed a trip. We visited Aviano and Prince Sultan. In our planning and our presence in that part of the world, with security costs—we all understand what those are, especially at Prince Sultan—what is our long-range liability, because there is no housing at all for personnel at Aviano? What is our liability there, and what does the Air Force have in mind as far as our longevity at Aviano?

Mr. COLEMAN. I am going to have the civil engineer address that in more detail. But Aviano is a permanent base for us. It is one of our overseas bases, whereas Prince Sultan is not. We are looking at all the leased housing that we can possibly do at Aviano, and that is why—and some other Milcon at Aviano, to make that base a base like any other that we have in our overseas network.

You want to fill in, Gene?

General LUPIA. Senator, I am on the senior executive review group at Aviano that meets there every 3 months to go through the construction program beddown, and we are, in fact, creating some very permanent facilities there, mostly paid for by the NATO Program. As a matter of fact, the vast majority of the bill is paid for by the NATO Program.

In terms of housing, we right now have given Aviano 1,000 lease points, as we call them, to be able to lease houses off base. Most of these houses are individually leased, and there are some very small complexes, 22 houses, 24 houses, et cetera. But we have a submission from our headquarters at Ramstein that would allow the Italian developers to create a 500-unit housing complex for us. They would not necessarily all be in one place. There could be a number of parcels of property. But we would hope, through a privatization effort much like we have going on here in the United States, that we would be able to release a request for proposal for 500 units of family housing, so that we could get our people closer to Aviano.

The problem is that many of the people have to live a long way and travel those very narrow, two-lane roads in order to get to work. So we think we are on the verge of solving a good portion of the housing problem.

This month, actually April, we will cut the ribbon on two big dormitories that have been constructed at Aviano for 552 of our airmen. So we will be able to get a number of our airmen back onto base at Aviano. And we have additional dormitories in the program.

At Prince Sultan—I was through there I think just a little bit before you. At Prince Sultan, we are hoping that that housing complex will be paid for by the Saudis. Our Government has requested that. I think the Saudis have responded favorably to that. And that is how we would intend to solve the housing problem at Prince Sultan.

Senator BURNS. I think those negotiations were ongoing as we were there, and I have not followed up.

General LUPIA. Yes, sir.

I believe the first commitment we got from the Saudis was that they would pay \$100 million toward the bill. Our Government responded that that was not enough, and that we are now up to a commitment of about \$180 million from the Saudis.

Senator BURNS. Well, General, I will tell you. I was there during Desert Shield and just after Desert Storm. I could not believe my eyes, because I think when the Air Force first went down there during Desert Shield I do not even think you had a taxiway to the main runway. I think everything had to be built, tarmac and the whole thing. Is that correct?

General LUPIA. That is correct, sir.

Senator BURNS. Everybody was operating under tents.

Has the Air Force made progress in securing a lease for Aviano with the Italian Government? Have we got a formal agreement with the Italian Government for Aviano, or is that still—

General LUPIA. I do not know the answer to that question, Mr. Chairman. I will have to provide it for the record.

[The information follows:]

HQ USAFE has leasing agreements throughout the Aviano area. These leases are off-base for support purposes (e.g., hospital, school, regional support group administrative facilities, OSI facility, AAFES warehouse, etc.). The Italian government provided the Zappala area to the United States without a lease and at no cost. There are no plans to lease Aviano Air Base. One hundred tents (greenbacks) are being used there, solely for contingency purposes. HQ USAFE is working towards a formal agreement with the Italian government for Aviano. The original basing agreement is the 1954 Bilateral Infrastructure Agreement, which the Italians feel is outdated. USAFE presence at Aviano is governed by a memorandum of understanding (30 Nov 93) and a technical agreement (11 Apr 94), both of which fall under the framework of the 1954 Bilateral Infrastructure Agreement. In early 1995, the United States and Italy agreed to standardize basing agreements and, when possible, develop a subordinate and separate technical agreements for each location. The technical agreement is part of the overall basing agreement being developed in Italy for the purpose of updating the support procedures initiated under the Bilateral Infrastructure Agreement. The current Aviano technical agreement is being updated by HQ USAFE and will be presented to the Italians in May 1997.

General LUPIA. I do know that the new piece of property we have at Aviano, called the Zappola area, was given to us by the Italian Government. But in terms of the actual country to country agreement for the lease at Aviano, I think we would have to provide that for the record.

Mr. COLEMAN. We will supply that to you, Mr. Chairman.

Senator BURNS. When we were there there was no formal agreement and there was some concern on the committee, the Appropriations Committee. There was concern about that there should be some formal agreement with regard to Aviano.

MILITARY HOUSING PRIVATIZATION INITIATIVE

Your assessment, Mr. Secretary? Your assessment of military housing privatization initiative? Should the initiative be extended to barracks?

Mr. COLEMAN. Absolutely. We are looking at it for our barracks, dormitories. We do not have a specific area where we are doing it now because we are studying it, looking at it. But it makes sense, sir, to look at every aspect of how we can bring in the private sector to assist us in our very stringent budget that we have. That is why we are so happy that we have your support in doing this.

Senator BURNS. The extended housing and, of course, the leveraging of those dollars, of course. And then when you go into a BRAC round—and I want to congratulate you. I think the Air Force and the Navy has done a very good job in protecting its liabilities in the event of a BRAC closing and what can be done.

I would suggest that the exposure, the liability exposure, be somewhat kept to a minimum if we possibly can. Do you think we will have another BRAC round for the Air Force?

Mr. COLEMAN. Do not know, sir. I would assume that—sir, you and I know that we are—

Senator BURNS. All your flag officers, that money is going to go to the Marine Corps. You remember that. We have got it at risk here. [Laughter.]

Mr. COLEMAN. Sir, I think that we are looking at a few things in our QDR exercise. What that reveals I do not know. I am working on the infrastructure panel. We are supplying some information to that process. It has to be studied. All things have to be weighed. We do not have a definitive list. I do not know what our exact excess capacity is. But all of that will come out in due time.

Senator BURNS. Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman.

BUDGET FOR RESERVE COMPONENTS

On the budget request for the Air National Guard, \$60.2 million, that is less than one-third of the amount that this committee appropriated last year. Can you tell me if that is adequate and, if not, what you think the appropriate amount should be?

Mr. COLEMAN. Senator Murray, as you know, the Chief said recently, and the Secretary, when they were up here that we have used Milcon as a billpayer, and we did that for a definitive reason, to get money into modernization. The racking and stacking through the corporate process of what we have presented you includes Guard and Reserve input and prioritization of their projects.

I will allow, of course—not allow, but I will ask the Guard and Reserve to respond on their behalf with this. But we feel it does, Senator. What the Guard and Reserve has in there is really adequate for their priorities at this juncture. We hope that after the next two submittals, 1998 and 1999, that we are able to ramp up, use our money more for military construction than we are on this submittal.

Senator MURRAY. Well, I wonder if you can comment, because the Air Force Reserve is also less than one-third of last year, if you can comment on that.

Mr. COLEMAN. Well, we make no bones about it, that we did take our money and prioritize it more toward modernization than we have in the past.

Paul, John, if you wish to.

General WEAVER. Yes, ma'am. As you know, we sit at the same table with our active duty counterparts and we have done that for many years. And I think the Air Force—I know the Air Force sets the standard as far as its use of the Reserve components. As Mr. Coleman stated, we go through the process, through the Board, to the Air Force councils as our constrained budget. We look at the priorities both within the Air Force, the Air Force Reserve, and the Air National Guard. And for what we have, within the constraints of the budget, it is adequate.

I mean, we have got a \$1.4 billion backlog in current mission Milcon. I know that, everyone else knows that.

MILCON BACKLOG

Senator MURRAY. 1?

General WEAVER. \$1.4 billion.

Senator MURRAY. Backlog?

General WEAVER. Backlog, in the Air National Guard current mission. And we are hoping to get better. We would need approximately about \$160 million a year in the out years to help solve that. With the budgetary constraints that we do have, and we understand that as a total force, that the priorities are set by the Chief and the Secretary, and we totally support that.

We also totally support the great support that we have in Congress and from you all in allowing us the additional funds that you do at times give us. And I can tell you and testify to you that every dollar that you do give us for additional Milcon goes to our combat capability, our combat readiness in the Air Force National Guard and Air Force Reserve, and that is why you have got a Reserve component in the Air Force that is the most combat-capable Reserve component in DOD, and in large measure as a result of the additional add-ons that you have given us, and we enjoy that.

But we also support the President's budget and we also have to operate within the constraints of that budget, Senator.

General BRADLEY. Senator Murray, I would echo essentially what General Weaver has said. The Air Force has had to make some very difficult decisions with its budget levels and, as General Weaver has said, the Air Force Reserve has been very involved in the Air Force prioritization process, in making all budget decisions, whether it is in Milcon or in all other areas.

So we are very satisfied that we have been included in the process. We are adequately funded for this year and we appreciate what the committee has done for us in past years as well.

We have needs in the Air Force Reserve. We want to have quality of facilities for our people. And we think that the levels that we have this year are adequate. But we are very proud to be a part of the Air Force team and be involved in the prioritization process.

We believe that the right thing to do is to make decisions for the total Air Force, and we do that through the prioritization process for Milcon projects that we have. So we believe that the level is correct for this year.

Senator MURRAY. What would be the immediate impact if we just gave you the budget request that is in here this year?

General BRADLEY. Senator Murray, if we received what we have asked for in the President's budget, we will be just fine. We will be able to operate without reducing any level of training or with no reduced levels of readiness. The program we asked for in the budget is adequate.

General WEAVER. Same with the Air National Guard.

Senator MURRAY. What will happen in the out-years if we do not, if we funded this request this year and keep going down? What will we eventually see?

General WEAVER. Eventually that will lead to our combat capability decreasing as well, absolutely.

Senator MURRAY. OK. So my question is how vital are the contributions of your agencies in a wartime situation?

WARTIME CONTRIBUTIONS OF RESERVE COMPONENTS

Mr. COLEMAN. Absolutely essential.

General WEAVER. We provide 40 percent of the combat capability of the total Air Force between the Guard and Reserve. If you look at the total Air Force budget, the \$4 billion is our budget in the Air National Guard and \$3 billion in the Air Force Reserve. So if you are looking at a \$66 or \$62 billion Air Force budget, we do provide a lot of combat capability of the total force with the Reserve components.

Lessening our quality, our quality of life issues being the facilities in which our people work on the weekends, if we see a degradation in that it is also going to lead to a degradation of our combat capability as well.

Senator MURRAY. Are you going to be able to recruit?

General WEAVER. We still will be able to recruit.

Senator MURRAY. Will it make it more difficult?

General WEAVER. I think it will. Yes, it will.

General BRADLEY. Yes, ma'am. I would again agree with what General Weaver has said. If these levels were to continue to reduce in the future, it would certainly impact the quality of our facilities, our ability to train and to maintain our readiness. It would certainly impact our recruiting ability and would impact retention highly, because our people deserve, of course, to have good facilities to train in. If we cannot in future years provide adequate facilities, then our retention would suffer greatly.

It is a great quality of life issue, as General Weaver says, because we do not have housing for Reserve Forces, of course. The facilities we work and train in as reservists and guardsmen are our quality of life, and we do provide great combat capability for the Air Force every day around the world. We are working side-by-side with the Active Air Force. So we need to continue to fund our facilities in future years at the proper levels.

Senator MURRAY. Mr. Secretary, you say in your statement that:

The Air Force leadership considers family housing to be one of our most important programs. Even so, the average age of our family housing inventory is 34 years and over 58,000 of our current 110,000 housing units do not measure up to contemporary standards.

Given your testimony and the priorities that have been set by the Secretary, it is somewhat perplexing to see that your budget actually calls for a 20-percent reduction over last year's actual appropriation for new construction of family housing. Do you think that this reduction reflects an adequate emphasis on the quality of life of Air Force personnel?

FAMILY HOUSING BUDGET REQUEST

Mr. COLEMAN. Yes, ma'am. Given what we have to work with in this overall budget, we are asking for about \$1.08 billion for military family housing and about \$595 million for Milcon. We feel, given our long-range program—privatization, Milcon, outsourcing, prudent RPM, taking care of other costs like utilities and infrastructure costs hopefully—that our plan to build out and to get all of our housing up to our standards, we can do it.

Gene, if you want to.

General LUPIA. Senator, the Air Force request in the President's budget this year is actually larger than our request in the President's budget last year. For new construction last year we asked the Congress for \$232 million. This year we are asking for \$253 million.

Senator MURRAY. The appropriation was different than the request, though.

General LUPIA. Yes, Senator, it was. We were plussed up from the \$232 million I just mentioned to \$317 million for new construction. But our actual budget in the operations and maintenance account includes an increase of somewhere around 2 percent for increased cost of doing business.

At the same exact time, we went from a housing inventory of 114,000 down to 110,000 with the closure of March Air Force Base or transfer of March Air Force Base, closure or lease, et cetera. So we have a smaller inventory by 4,000 houses. We asked for a little bit of money to take care of them.

On the construction side, we actually increased our money by \$20 million. The Air Force really is committed to housing and the dormitory program as well for enlisted folks.

USAF SURVIVAL SCHOOL

Senator MURRAY. Let me ask you one more question, Mr. Chairman. As you know, Fairchild Air Force Base is home to the USAF Survival School to train our pilots how to survive difficult and traumatic situations, much like the survival school graduate Scott O'Grady did in Bosnia. Would you regard the survival school program as part of what your testimony terms the "Air Force core competencies"?

Mr. COLEMAN. Absolutely.

Senator MURRAY. Well, given the priority to support these competencies, does your budget adequately support the facility at Fairchild Air Force Base?

Mr. COLEMAN. That I do not know specifically, if there is a line item in there for the Fairchild site.

General LUPIA. Our emphasis, Senator, at Fairchild Air Force Base is to bed down 135's, the tankers. After the Air Force's consolidation, we wound up with tankers in our Air Force at three

bases, one of which is Fairchild, as you know, Grand Forks and McConnell. When we put additional squadrons into Fairchild, we have really concentrated in our budget over the last few years and in the coming years over building squadron operations and aircraft maintenance units at Fairchild.

So that has really been the highest priority for us there.

Senator MURRAY. Thank you very much. I appreciate it.

General LUPIA. That is what is in our program again this year.

Senator MURRAY. Thank you.

AIR GUARD BUDGET REQUEST

Senator BURNS. Mr. Secretary, I have just a couple other questions. We have been looking at housing amounts and we are following up on that, and I appreciate your efforts there. I am, like Senator Murray, still concerned about the Guard. I do not think \$60 million adequately does the job that I think we ought to do, especially if 40 percent of our mission depends on them being capable and ready.

In my State I have F-16's in my Guard. We are very proud of the Montana Air Guard up there. I think they fulfill their mission, although they have not been anywhere. That is where I got my 9G pin, so I do not want to be fiddling around up there.

General WEAVER. They are an outstanding unit, sir. They are an outstanding unit.

Senator BURNS. They really are, and I think they have a mission and they do very good at it.

But I want to just caution you, I think. I want to work with you on that particular end of this budget and with the President to make sure that—40 percent is a big whack.

General WEAVER. Yes, sir.

Senator BURNS. You are not talking about 10 percent or 20 percent here. Should something happen—and we still, to my estimation, live in kind of a rough neighborhood, and I think we see some serious things developing a lot closer to home than we think, with some very bad situations that could develop into some major confrontations.

So I want to work with you and the President to make sure that we have got all of our bases covered, so to speak, especially when we start talking about the Guard and Reserves. So I have sort of a soft spot in my head for that.

That is all the questions I have. I want to thank you for coming this morning.

ADDITIONAL COMMITTEE QUESTIONS

Do you have other questions?

Senator MURRAY. No; that is all I have.

Senator BURNS. We certainly appreciate your cooperation and look forward to working with you as this process moves along. Thank you very much.

Mr. COLEMAN. Thank you, Senator.

Senator BURNS. 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 BY SENATOR BURNS

Question. I have noted that the Air Force has several privatization projects under development. However, I am concerned that these projects do not significantly reduce the housing deficit situation, but rather improve the quality of family housing. What is your assessment of this issue?

Answer. The Air Force's housing investment plan puts primary emphasis on reducing the significant revitalization backlog on our existing housing units. As a result, our emphasis to date in housing privatization has been to leverage our investment funds to accelerate the buyout of our maintenance backlog. As we continue to mature our housing privatization program, we will look at addressing the deficit situation.

Question. What is the Air Force overseas military construction requirement in the fiscal year 1998 budget request?

Answer. The Air Force fiscal year 1998 Milcon request includes \$102M for overseas requirements.

Question. Are we asking our allies to help fund some of the Air Force's requirements in overseas areas? Is this strategy working? How can we ensure that the U.S. doesn't pay the total bill for stationing our forces in their country?

Answer. We are asking our allies to support our facility requirements in overseas areas to the maximum extent possible and they are contributing significantly. We are aggressively screening all projects for potential allied funding eligibility to garner as much allied support as possible. We must continue to request Milcon to support urgent operational and quality of life requirements which are not eligible or cannot wait for allied funding. Our allies have been providing support for Air Force requirements as follows:

[In millions of dollars]

Country	Fiscal year			
	1994	1995	1996	1997 ¹
Germany (PIK) .....	.....	1	18	13
Germany (FAG)	18	22	22	.....
NATO	69	105	108	235
NATO recoupment	8	24	5	31
Korea (RFCP)	9	16	14	15
Korea (CDIP)	6	11	13	10
Japan (JFIP)	139	305	363	311
Totals	249	484	543	615

¹The fiscal year 1997 column shows expected funding levels.

PIK: Payment in Kind.

FAG: Frankfurt Airport Authority, one-time agreement to construct facilities on Ramstein AB due to Rhein Main AB drawdown.

NATO: North Atlantic Treaty Organization Security Investment Program.

NATO Recoupment: Repayment for U.S. prefinanced NATO eligible projects.

RFCP: Republic of Korea Funded Construction Program.

CDIP: Combined Defense Improvement Projects.

JFIP: Japanese Facilities Investment Program.

Question. How much money did the Air Force receive in fiscal year 1996 and anticipate receiving from NATO infrastructure fund? Are we getting our fair share?

Answer. The Air Force received \$108 million in fiscal year 1996 and anticipates receiving \$235 million in fiscal year 1997 from the NATO Security Investment Program (NSIP). Additionally, we received \$5 million in fiscal year 1996 and expect \$31 million in fiscal year 1997 as recoupment for NATO eligible projects prefinanced with U.S. dollars. Yes, the Air Force is getting its fair share.

Question. It appears that the only Air National Guard Milcon in the fiscal year 1998 budget request is to accommodate new missions and environmental compliance. Is the level adequate for the Air National Guard? What kind of things will not get done with the proposed \$60.2 million budget?

Answer. The Air National Guard (ANG) facility investment strategy prioritizes military construction (Milcon) requirements as follows: environmental compliance, new mission, and then current mission. Although the fiscal year 1998 budget does address the ANG's most urgent facility needs, some new mission and numerous current mission projects had to be slipped to later years. These requirements are identified in the ANG's Future Years Defense Plan.

Question. The Air Force Reserve Budget again looks very slim this year. What does the \$14.5 million accomplish? Does it provide for any quality of life initiatives?

Answer. The Air Force Reserve Command's \$14.53 million fiscal year 1998 Milcon budget request includes two (2) level 1 environmental compliance projects at \$3.35 million, three (3) projects at \$5.20 million that support the robust of C-130 aircraft at Youngstown ARS, unspecified minor construction at \$4.46 million, and planning/design at \$1.52 million.

Due to higher Air Force funding priorities, the Air Force Reserve Command was unable to include any quality of life initiatives in the fiscal year 1998 budget request.

Question. How can the Reserve components maintain parity with the Active Air Force unless they are truly resourced adequately, especially in military construction?

Answer. The Air Force Reserve Command can maintain military construction parity with the Active Air Force if adequately resourced.

QUESTIONS SUBMITTED BY SENATOR MURRAY

REQUEST FOR AIR NATIONAL GUARD

Question. Do you regard the budget request for the Air National Guard, at \$60.2 million, less than one-third of the amount this committee appropriated last year, as adequate? What is the right number for fiscal year 1998? What would be the result if this committee decided to endorse the budget request, and added nothing to it?

Answer. The Air National Guard (ANG) was unable to fully fund its military construction (Milcon) requirements due to higher Air Force budget priorities. While the fiscal year 1998 budget request is the lowest in 18 years, it does address the ANG's most urgent facility needs. If the committee decided to endorse the budget request, the ANG would still be able to perform its missions. However, the deferral of Milcon projects causes converting units to use inefficient workarounds for longer periods of time and severe current mission facility deficiencies to remain uncorrected.

REQUEST FOR AIR FORCE RESERVE

Question. Do you regard the budget request for the Air Force Reserve, at \$14.5 million, less than one-third of the amount appropriated last year? Is the \$14.5 million adequate? Should we increase it? What is your professional recommendation?

Answer. Although the Air Force Reserve Command's fiscal year 1998 budget request of \$14.5 million is, indeed, one-third the amount appropriated last year, we consider it adequate in the constrained military budget of today. If funds became available to increase the Air Force's Milcon program, the Air Force Reserve Command could execute an annual Milcon program of \$86 million. This would include \$73 million for Milcon projects, \$5 million for unspecified minor construction, and \$8 million for planning and design. If funds do become available, my recommendation is to increase our Milcon program to an executable level.

ROLE OF AIR GUARD AND RESERVE IN WAR

Question. Does the cut in the Military Construction Budget reflected in your request indicate that the Air Force can do without the Guard and Reserve in a wartime situation? How vital are the contributions of these agencies to the warfighting capacity of the Air Force?

Answer. Our reduced total force Military Construction (Milcon) requests for the next two years are a deliberate resource prioritization decision. We see this as a temporary measure to help pay for critical force modernization in fiscal year 1998 and fiscal year 1999. The Air Force emphatically cannot do without the Air National Guard (ANG) and the Air Force Reserve (AFR) in wartime or in peacetime—they are an integral part of the Air Force's operations daily and partners in the total force. Today, for example, the Guard is providing 12 of the 30 combat aircraft flying in Southwest Asia as part of Air Expeditionary Force 97-1. The Reserve is a vested partner in every operational mission the Air Force has, from airlift and aerial refueling to fighters and bombers, to aeromedical evacuation and satellite operations. Both the ANG and the AFR represent large portions of total Air Force combat capability and wartime contingencies only increase their participation.

HOST NATION SUPPORT

Question. We have in the budget a rather robust request for both U.S. facilities construction abroad, and for NATO infrastructure funding. Are we sure that we

have gone as far as we can to secure supporting funding from host nations, particularly Germany, where these facilities are going to be built? I understand the Japanese pay for pretty much everything, but there are some who feel that the Germans could be more supportive, and that the funding by NATO, and by the host nations in terms of both funding and so-called "payment-in-kind" is insufficient and not timely enough to meet our requirements. What is the situation?

Answer. The Air Force fiscal year 1998 Milcon request includes \$102M for overseas requirements. Only one project, Spangdahlem Dormitories at \$18.5M, is proposed for Germany. We significantly reduced overseas Milcon investment during the overseas drawdown. The basing and force structure are now stabilized. We are asking our allies to support our facility requirements in overseas areas to the maximum extent possible and they are contributing significantly. We must continue to request Milcon to support urgent operational and quality of life requirements which are not eligible or cannot wait for allied funding. Our allies have been providing support for Air Force requirements as follows:

[In millions of dollars]

Country	Fiscal year			
	1994	1995	1996	1997 ¹
Germany (PIK)		1	18	13
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RFCP: Republic of Korea Funded Construction Program.

CDIP: Combined Defense Improvement Projects.

JFIP: Japanese Facilities Investment Program.

FUNDING FOR THE DORMITORY PRIVATIZATION EFFORT

Question. The fiscal year 1997 Appropriations Act provides \$5 million to support a dormitory privatization effort. How much is the fiscal year 1998 request, and is that adequate?

Answer. The Air Force has no request for this purpose for fiscal year 1998. We are studying the application of the housing privatization authorities in order to determine how to best integrate the privatization tools into our dormitory investment plan. We plan to complete that study by May 1997.

AIR GUARD FUTURE YEARS DEFENSE PLAN

Question. This Committee in last year's committee report directed that the "National Guard Bureau develop and provide a future years defense plan to the appropriate committees not later than April 20, 1997". What is the status of this planning action?

Answer. In accordance with the fiscal year 1997 Appropriations Conference Report, the Air National Guard (ANG) included the Future Years Defense Plan (FYDP) in its February 1997 fiscal year 1998/1999 President's Budget submission. The FYDP identifies the ANG's military construction requirements through fiscal year 2003.

INFRASTRUCTURE

Question. The infrastructure reductions resulting from the rounds of BRAC that we have conducted amount to an overall DOD reduction of some 18 percent. While this has been difficult, our overall force reductions have been far more substantial than that, over 30 percent. Doesn't this mean that we still have far too much infra-

structure for our requirements, and that we should look again at reducing infrastructure. Would you support another round of BRAC? If not, why not?

Answer. The need for another round of Base Realignment and Closure (BRAC) and its timing depends on the results of the Quadrennial Defense Review, currently underway, and appropriate legislation.

PRIVATIZATION OF UTILITIES

Question. I understand that privatization of utilities at our bases has been lagging. Is this the case? What is the problem in the privatization of utility infrastructure, and what can be done to speed this process up? I understand that the Administration has been considering proposed legislation for utility privatization—is this the case, and what is the status of this legislative proposal?

Answer. Our long term goal is to turn utility systems over to the private sector where there is no readiness impact and it makes economic sense. Currently, the services have to seek specific legislative language for each utility privatization project that they propose to accomplish. The process of privatization would go quicker if more general legislative authority was provided to pursue these projects with proper congressional notification. OMB has approved OSD release of proposed legislation for inclusion in a general authorizations request to Congress.

WAITING LIST FOR BASE HOUSING

Question. In general, can you characterize the problem of waiting lists for base housing? What is the backlog, and what is the affect on morale? How can we eliminate this problem in the long run?

Answer. There are housing shortages at 65 of 79 Air Force bases. The majority of families on the waiting list are having to pay 20 percent out-of-pocket instead of the Congressional intended 15 percent to supplement BAQ/VHA. Some families, including those with deployed member spouses, want to live on base for safety and security as well as access to community support facilities.

There are 41,000 families on waiting lists for government-provided family housing. The average waiting time is from 12 to 24 months. This impacts morale as it makes on-base housing impossible for families who then must seek off-base housing. We are expanding our efforts to provide safe and affordable community housing through a "Housing Set-aside" program. This provides for landlords and property managers to house service members at below market rates for guaranteed rents paid by allotment.

BUDGET BENEFITS OF PRIVATIZATION OF HOUSING

Question. The housing construction budget is down more than 30 percent from last year. Does this mean we have a less severe problem than last year? What does this say about our commitment to Quality of Life initiatives?

Answer. The Air Force requested \$231 million for the fiscal year 1997 family housing construction program. With strong support from Congress, the program was increased by \$86 million (Congress appropriated \$317 million for the program). Due to current budget constraints and the need to balance the requirements for both modernization and quality of life, the Air Force requests \$253 million in the fiscal year 1998 budget. Although it is \$64 million, or 20 percent, less than the fiscal year 1997 appropriated amount, it is an increase of \$22 million, or 9.5 percent, to the fiscal year 1997 budget request. The Air Force continues to have a backlog of housing revitalization needs, however; we are very much committed to our "people" program and support the Quality of Life initiatives.

Question. Do you believe the housing budget is adequate for fiscal year 1998? What is the right number? How many housing units does a 30 percent reduction represent?

Answer. We believe the fiscal year 1998 Air Force housing budget adequately addresses our most critical housing needs given the current budget constraints. With the current funding level, it will take 26 years to reduce our revitalization backlog of 58,000 units. An additional \$100 million in fiscal year 1998 would be needed to accelerate the revitalization from 26 years to a more manageable 20 years. The \$64 million difference between the fiscal year 1997 appropriation and the fiscal year 1998 request represents renovation or replacement of about 600 housing units.

NEW PUBLIC/PRIVATE HOUSING INITIATIVE IN DOD

Question. What is your assessment of the Military Housing Privatization Initiative? What are the long term impacts that we can expect in the way of housing con-

struction? Can the initiative be extended to the construction of barracks as well? What can we expect to see in the way of projects in the current calendar year?

Answer. We are very excited about the new housing privatization authorities and are working an aggressive program to institutionalize these tools as an additional way to address our family housing concerns. The request for proposal on our lead privatization project at Lackland AFB was advertised on 11 Feb 97. The project calls for a developer to design, construct, maintain, own, and manage a housing development of 420 units on 96 acres of outleased base property. Award is anticipated in late 1997. We are also working to develop our other nine active family housing projects and will notify you as we approach release of the request for proposal on each project.

The Air Force is studying the application of housing privatization authorities in order to determine how to best integrate the privatization tools into our dormitory investment plan. We plan to complete that study by May 1997.

COMMUNITY DEVELOPMENT FACILITIES

Question. What is in this budget in the way of community facilities, such as child care or child development centers, physical fitness centers, community centers? How many of each, roughly are in the budget? Is it true that there are only 2 gymnasiums and no Child Development Centers in the Air Force budget?

Answer. The fiscal year 1998 budget includes two Physical Fitness Centers. There are no Child Development Centers or Community Centers. The Military Construction (Milcon) Future Year Defense Plan (FYDP) includes 8 Child Development Projects, 17 Physical Fitness Centers and 19 Community facilities. Additional Milcon requirements exist beyond the FYDP.

Question. The Marsh Commission on Quality of Life issues recommended 44 (forty four!) fitness centers and child development centers. What is the need for such facilities? What is the unfunded need for these type of facilities?

Answer. A 1995 AF-wide quality-of-life survey rated fitness centers as the most important community support program by almost two-to-one (over four-to-one for our junior enlisted personnel.) We have already conducted independent needs assessment studies that validate the need for major fitness center renovation or construction at many bases. Two fitness center projects, one for Maxwell AFB and one for the Air Force Academy, are included in the 1998 Budget Request. Seventeen other fitness center projects are currently in the Milcon Future Year Defense Plan (FYDP) at the following locations:

Aviano AB, Italy	Little Rock AFB, AR
Barksdale AFB, LA	Los Angeles AFB, CA
Davis-Monthan AFB, AZ	MacDill AFB, FL
Grand Forks AFB, ND	Malmstrom AFB, MT
Hanscom AFB, MA	Robins AFB, GA
Holloman AFB, NM	Vance AFB, OK
Kirtland AFB, NM	Vandenberg AFB, CA
Langley AFB, VA	Wright-Patterson AFB, OH

Child development centers were ranked number two behind fitness centers. Despite the large number of centers constructed in recent years, we have also identified a need for additional child development centers. Eight of these child development projects are currently in the Milcon FYDP at the following locations:

Andrews AFB, MD	Luke AFB, AZ
Bolling AFB, D.C.	MacDill AFB, FL
Eglin AFB, FL	Wright-Patterson AFB, OH (2 centers)
Falcon AFB, CO	Scott AFB, IL

Question. Adequacy of funding for Maintenance and Repair of Military Family Housing and Real Property Maintenance for Military Family Housing. What is the adequacy of the budget request for these accounts and what is the backlog?

Answer. The \$432M request in the fiscal year 1998 budget is adequate to address the most pressing maintenance requirements for our houses. However, it is not enough to satisfy all our requirements. The Air Force will need an additional \$104M to stop the growth of deferred maintenance and repair (DMAR), estimated at \$1.06B at the end of fiscal year 1998.

UNSPECIFIED MINOR CONSTRUCTION

Question. The Unspecified Minor Construction program supports urgent, unforeseen requirements that cannot wait for the normal military construction program and a lump sum is appropriated to accomplish requirements that arise during the year costing between \$500,000 and \$1.5 million. The Air Force annual requirements

for this fund is about \$15 million. However, only \$8.5 million is requested. Is this account under strain, and what is the right number for the fiscal year 1998 budget?
 Answer. The fiscal year 1998 \$8.5M request is sufficient to meet our most urgent needs.

QUESTIONS SUBMITTED BY SENATOR REID

PRIVATIZATION OF MILITARY HOUSING AND UTILITIES

Question. In your prepared statement you remarked that the Air Force was seeking to support its core competencies, force modernization, and quality of life. To do this you are focusing on reducing the physical plant using private sector partnerships and sound business practices. You discussed that this would be accomplished through the use of consolidation, divestiture, and privatization. Would you please update me on your progress to privatize military housing and utilities.

Answer. In family housing we have an aggressive program with 10 active projects. The request for proposal on our lead privatization project at Lackland AFB was advertised on 11 Feb 97. The project calls for a developer to design, construct, maintain, own, and manage a housing development of 420 units on 96 acres of outleased base property. The units will be rented to E-3 through E-7 personnel from the Lackland community. Award is anticipated in late 1997. We are continuing to work the remaining projects and will notify you as we approach release of the request for proposal on each project.

In regards to utilities, our long term goal is to turn these systems over to private/public ownership where there is no readiness impact and it makes economic sense. OMB has approved OSD release of proposed legislation for inclusion in a general authorizations request to Congress.

AIR NATIONAL GUARD FUNDING LEVEL

Question. The fiscal year 1998 military construction request for the Air National Guard is only \$60 million. This is less than one-third of what was appropriated to the Air National Guard for 1997. Do you regard this an adequate funding level? What would be the long-term impact to the Air National Guard if Congress simply endorsed this budget providing no plus ups?

Answer. The Air National Guard (ANG) was unable to fully fund its military construction (Milcon) requirements due to higher Air Force budget priorities. While the fiscal year 1998 budget request is the lowest in 18 years, it does address the ANG's most urgent facility needs. If the committee decided to endorse this budget without plus-ups, the long-term effects would be cumulative and eventually degrade ANG readiness and quality of life. Deferring Milcon projects forces new mission units to use inefficient workarounds for longer periods of time and severe current mission facility deficiencies to remain uncorrected.

PARKING RAMP MODERNIZATION

Question. The Army National Guard estimates that 51 percent of their parking ramps are inadequate in size or condition. Contributing factors to the untimely deterioration of these ramps include a modernized fleet, aging asphalt, and deferred ramp maintenance. Has the Air National Guard accomplished any studies to determine if similar circumstances exist at their facilities?

Answer. The Air National Guard (ANG) performs a pavement condition survey for each ANG base every five years. These surveys identify those pavements that do not meet desired operational parameters and standards. The surveys also include recommendations on the necessary maintenance and repair work. A review of the 40 most recent surveys indicates that 75 percent of the pavements are adequate and only require maintenance efforts to remain operational. The other 25 percent require some type of repair work. In the last three years, the ANG executed Real Property Maintenance projects for airfield pavements as follows:

[Dollars in millions]

Fiscal year	No. of projects	Amount
1995	9	\$2.1
1996	17	10.6

[Dollars in millions]

Fiscal year	No. of projects	Amount
1997	13	8.7

Currently, the ANG has identified \$23.7 million of airfield pavement requirements to be accomplished. Within this figure are 18 projects from local airport authorities for which the ANG cost share totals \$13 million. These projects are for joint use pavements at civil airfields.

NATO INFRASTRUCTURE FUNDING

Question. The military construction budget, \$8.4 billion, is 16 percent smaller than what was appropriated in fiscal year 1997 (\$10 billion). Of all the account requests, I note that each reflects an overall reduction from last year's appropriation, with the exception of one: NATO Infrastructure account. The request for NATO is greater than what was requested for all five of our reserve components. Is it wise to give such assistance to our allies at the expense of our own guard and reserve forces?

Answer. The fiscal year 1998 request of \$176.3 million in budget authority for the NATO Security Investment Program (NSIP), formerly the NATO Infrastructure Program, is consistent with funds appropriated the past two fiscal years. The amount appropriated for NSIP in fiscal year 1997 was \$172 million and fiscal year 1996 was \$198.5 million, of which \$37.5 million was in support of Bosnia. The fiscal year 1998 budget request provides the U.S. share of funds for the construction, upgrade, and restoration of operational facilities; and other related programs and projects the NATO Alliance requires in support of the agreed NATO Strategic Concepts and Military Strategy. The NATO Security Investment Program is financed by 16 participating NATO nations on a cost sharing basis. The U.S. share is approximately 26 percent; therefore, 74 percent of any comparison between the NATO and Guard and Reserve requests, the NATO request supports the Secretary of Defense's commitment to the NATO Ministerial and is unrelated to the size of the request for the Guard and Reserve.

SUBCOMMITTEE RECESS

Senator BURNS. The subcommittee will now stand in recess.

[Whereupon, at 10:50 a.m., Tuesday, March 11, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1998

THURSDAY, MAY 8, 1997

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

The subcommittee met at 9:35 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.
Present: Senators Burns, Stevens, and Murray.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

STATEMENT OF ROBERT M. WALKER, ASSISTANT SECRETARY FOR INSTALLATIONS, LOGISTICS, AND ENVIRONMENT

OPENING STATEMENT OF CONRAD BURNS

Senator BURNS. I call this subcommittee to order this morning. First of all, let me apologize for being late, I got to listen to my esteemed friend, Stephen Ambrose, this morning. So we will put that up as we work our way through appropriations. It is called "Undaunted Courage." For those of you who have not read the book, it is Lewis and Clark's expedition from St. Louis to Senator Murray's home State and through quite a lot of Montana.

And the Cannon Building is a hell of a long way from here.

Senator MURRAY. They went all the way through Montana and Washington State.

Senator BURNS. That is right.

This morning we will hear testimony on the military construction, family housing, base realignment and closure [BRAC], and Reserve component programs for the Army and the military construction programs for the Defense agencies. First we will hear from the Department of the Army. We are pleased to hear from Assistant Secretary of the Army for Installations, Logistics, and Environment, Mike Walker.

Welcome, Mike, this morning. We are looking forward to hearing your testimony. It is great to see everybody here showing a little bit of flexibility and the awareness of our mission that we have in front of us, and the ability to work together. I appreciate that very much, especially with our ranking member, on what our mission is, defining that mission, and trying to get there the best way that we possibly can, serving our soldiers and our sailors that protect this country.

The Army's emphasis on replacing and renovating barracks is critical to meeting the long-term recruiting and retention goals for the Army and ensuring that our service members live in housing that is comparable to those of civilian peers.

In 1998 the Army is recommending \$45 million for Army National Guard military construction projects. This is a step in the right direction, and you are to be congratulated for your leadership in this area. Much remains to be done, however. Last year Congress added \$134 million for the Army Guard and Army Reserve military construction projects. We feel with the tendency moving from the active Army into the Reserves and Guard that we have an obligation to those people as well.

However, we do appreciate your efforts and look forward to ensure that the Reserve components, their critical elements, are met.

Secretary Walker, I would ask you to keep your statement short. We are going to kind of hold down here for a little give and take this morning.

Now I would like any opening statement that the ranking member, Senator Murray has from the great State of Washington. Thank you this morning, and again my apologies for being a bit late.

STATEMENT OF PATTY MURRAY

Senator MURRAY. Thank you, Mr. Chairman. I appreciate your arranging for this hearing on our Army and Defense-related agencies military construction, BRAC, and housing program.

The programs the subcommittee oversees are crucial, focusing as they do on the quality of life of our uniformed personnel here and abroad, and on the vital infrastructure that allows our forces to operate with assurance as the world's sole superpower. These programs allow us in the long run to defend our interests and those of our allies and friends across an increasingly confusing and complicated world scene.

Last year, Mr. Chairman, your subcommittee was able to mark up and report its bill out, get it through the Senate and conference and to the President's desk very early in the process. And even though the committee added some \$617 million to the request last year, the President wisely signed it. It was overwhelmingly supported in the Senate, much of that due to your excellent work in putting it together. I hope that we can repeat that performance this year.

Mr. Chairman, judging from the President's request, it looks like we are being invited to rewrite much of the budget as submitted. The request for our Guard and Reserve program is, as in the past several years, largely inadequate, and perhaps deliberately so. For the Army Guard and Reserve, we appropriated a total of \$135.6 million last year. The request for fiscal year 1998 is for \$84.5 million, a reduction in the Guard account of some 42 percent, and in the Reserve account of 30 percent.

These are steep reductions. Perhaps the administration expects us, as in the past, to increase the budget for these accounts, as this committee did last year. We admonished the administration last year not to repeat the budget history of underfunding the Guard

and Reserves, anticipating a huge plus up by the committee, but it seems to have done just that.

The overall request for the Guard and Reserves is two-thirds less than the amount we appropriated for fiscal year 1997. In order just to match last year's amount, we would have to add about \$50 million to the budget for the Army Guard and Reserve.

Second, Mr. Chairman, the Army's budget for housing construction has been reduced by some 53 percent from last year's appropriated amount. This is the heart of quality of life, and I am not certain that we can leave it at the requested level. I know that the Department is attempting to put into place a new public-private housing initiative, the Department of Defense family housing improvement fund, which allows the private sector to participate in our housing programs. I fully support that initiative and indeed one of the first of two of these programs has just been announced at a naval base at Everett, WA.

But this program is in its infancy and I am not certain of any justification for the substantial reduction in the budget for family housing.

Third, Mr. Chairman, I note that press reports yesterday indicated that very substantial cuts were being discussed in the context of the "Quadrennial Defense Review" in both Army and Army National Guard, and that additional base closings may be needed to get our infrastructure costs down. We need to understand how these proposals will affect the President's budget request, if at all.

Having said this, Mr. Chairman, I warmly greet Mr. Robert Walker, Assistant Secretary of the Army, as well as the representatives of the Defense-wide agencies, representing special operations, health services, logistics, and the finance and accounting service. Each has been most helpful to this committee in the past, and I know they are concerned about the budget problems I have just cited, and I know that whatever can be done to correct them, each will do so.

So I welcome all of the gentlemen back before us and I look forward to their testimony.

Senator BURNS. Thank you, Senator Murray. Senator Stevens has joined us from Alaska. Do you have an opening statement?

STATEMENT OF TED STEVENS

Senator STEVENS. Mr. Chairman, thank you very much. It is nice to see you, Secretary Walker. I have to go to the floor rather quickly, so I will not stay to ask questions and I will ask the chairman to put them in the record. They are addressed to you and Mr. Baillie.

I do want to make a statement, though, concerning the Army hospital at Fairbanks. That is a 74-bed hospital. It was built in 1950. It is ready now to be designed; a replacement hospital must be designed. We put up \$10 million last year to start planning.

The plan is to get a smaller hospital of approximately 50 beds, and to solve one of the most challenging programs for the Army as far as health delivery systems are concerned.

We seek now to see if we can get an agreement between the community hospital, the Indian Health Service hospital, and this new Army hospital so that the trauma cases can go on base, the OB

cases go to the community hospital, and the Indian Health Service hospital becomes the out-patient hospital.

We would have, for the first time, a real cooperative base in a rural area, showing what could be done in a new way to share the responsibility so that there will not be duplicated technology in each one of those three hospitals, but with the Army specializing in trauma, your people would have the best training in the world in terms of trauma activity during peacetime, and they will have the best hospital for OB and general family care. The base is almost right in town.

I think this is really a great opportunity to move forward, but I do not know that the timeline is going to be sufficient. If we do not get that other hospital on base, in place, the old hospital cannot do this, and the community will have to move forward and build another hospital.

So we want to get this other hospital going and get it so the community knows what the timeline is so they will not proceed to add additional space and so the Indian Health Service hospital will not have to add additional space.

I would urge you to take a look at it, Mike, because I think it is one of the finest plans I have seen so far, and it is the kind of thing we ought to do on a cost-effective basis with military funds. I look forward to your answer.

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

PREPARED STATEMENT OF SENATOR REID

Senator BURNS. Thank you, Senator Stevens. I know you are pretty busy on the floor with the supplemental. I have an opening statement from Senator Reid that I would like to put in the record at this point.

[The statement follows:]

PREPARED STATEMENT OF SENATOR HARRY REID

Thank you Mr. Chairman. I would like to start off by thanking the Chairman for calling this hearing. I look forward to the testimony of our distinguished panel, especially the testimony of Mr. Walker, and hope that we can effectively address some of the quality of life issues which are so important in today's environment of shrinking budgets.

This years budget has significant reductions in military construction spending for fiscal year 1998. The President's budget proposal calls for a requested budget authority of \$8.4 billion. This is down 8 percent from the fiscal year 1997 request and is 16 percent less than the \$10 billion approved by Congress last year. The fiscal year 1998 request for the Army National Guard is \$45 million as compared to a fiscal year 1997 appropriation amount of \$78 million, a reduction of more than 40 percent.

I was surprised at Secretary Cohen's comments on Tuesday in which he advocated two more rounds of BRAC, the first of which would take place as early as 1999. The actual savings that would occur as a result of more base closures, especially in the near term, is questionable. We know that savings from previous BRAC's have not proven to be as substantial as originally anticipated.

I question the idea of rushing into another round of BRAC until we are able to attain a complete and thorough understanding of the military implications of additional base closures. To my knowledge, there has been no study which analyzes the impact of previous base closures. Until we have a firm understanding of the impact previous base closures have had on the readiness posture of our military, the decision to further reduce our infrastructure should be delayed.

We cannot look to the MilCon budget and to another BRAC in order to pay the bill for the military's weapons modernization program. Over the years, this subcommittee has worked very hard to ensure adequate funding for our defense infra-

structure. This established infrastructure is important and helps our military attract, sustain, and retain quality personnel. Consequently, I am very hesitant to sacrifice our infrastructure in order to fund military's modernization efforts.

The programs this subcommittee oversees are crucial to our military and directly affect our uniformed service members and their families. The Military Construction Appropriations bill is the sole source of funds for our quality of life programs. At many bases and installations throughout the United States, family housing, child care centers, and gymnasium facilities are cited as being inadequate to meet the needs of the installation. We must remain committed to improving the quality of life for our soldiers and their families—it has a conclusive and profound impact upon our military's readiness.

I want to thank our panel members for their efforts in preparing for this hearing. I know the work that goes into preparing for a hearing and so often the appreciation is never expressed. Again, I appreciate your hard work and look forward to continuing this relationship in the coming months as we progress through the appropriation process.

I also look forward to working with the other members of this committee in much the same fashion as we worked so successfully together in the past. I am sure that we can be as efficient this year as we were last. I am hopeful that we will be able to markup and report the Military Construction Appropriation bill out of committee, and get it to the President's desk early in the legislative year.

STATEMENT OF ROBERT M. WALKER

Senator BURNS. Mr. Walker, we are ready for your statement.

Mr. WALKER. Thank you very much, Mr. Chairman. I appreciate the opportunity to appear before the committee again. You know, after 3 years of being on this side of the table, I still feel awkward. I still feel like I ought to be sitting up there.

Senator BURNS. It is just a matter of moving that chair, you know. [Laughter.]

Mr. WALKER. Sometimes I would love to ask myself some questions.

I do look forward to reading Steve Ambrose's new book. I have not read it yet. But I must say when you set it up there, "Undaunted Courage," I was wondering what questions you had in mind for me.

Mr. Chairman, I am accompanied this morning by Mr. Paul Johnson, who is the Deputy Assistant Secretary of the Army for Installations and Housing, Brig. Gen. Evan Gaddis, who is the Acting Assistant Chief of Staff for Installation Management, Brig. Gen. William Bilo, who is Deputy Director of the Army National Guard, and Brig. Gen. James Helmly, who is the Deputy Chief of the Army Reserve.

Mr. Chairman, we very much appreciate the opportunity to appear before the committee to discuss the Army's military construction and family housing request for fiscal year 1998.

I think we all agree that we do have the best Army in the world. Our challenge is to keep it that way. While we may have the best Army in the world today, I think we all know that that status is not preordained. The fact is that in a good economy it is hard to compete with the civilian job market.

Studies are showing that the propensity of young people to join the Armed Forces is declining. This year, for instance, in the Army we need to recruit almost 90,000 young men and women. When I was sworn in 3 years ago, we were only recruiting 65,000. And then, once we recruit soldiers, they gain skills and training which are valuable in the civilian job market.

So, Mr. Chairman, there is no guarantee that we will always be able to attract and retain the kind of men and women we need to protect this Nation's security. That is why the work of this subcommittee is so very important.

Mr. Chairman, it is very imperative that we continue to provide a good quality of life for our soldiers and their families. If ever our soldiers perceive or believe that we have lost our focus on quality of life, then the American Army will be in danger of losing its edge.

The request before you, Mr. Chairman, represents many months of discussion and debate within the Department of the Army. The guidance we received from then Secretary of Defense Bill Perry was that we continue to emphasize military readiness as the first priority, and that we provide the maximum pay raises allowed by law.

Now, once we did that, all the other requirements had to compete for the remaining resources. But, even so, Mr. Chairman, the request before the subcommittee does represent some progress. In the fiscal year 1998 request we were able to increase the military construction and family housing accounts by over \$300 million over the amount we had originally planned for the fiscal year 1998 budget year.

As a result, the request before you, for the first time in many years, provides more funding for Active Army military construction than was approved by the Congress in the previous fiscal year. As a result of this increase, we were able to fully fund our highest facility priorities, which are barracks and strategic mobility.

Mr. Chairman, since I have been an Assistant Secretary for the last 3 years, I have found that today's soldiers are very realistic. They know that we cannot do everything right now. They understand that there are financial limits and budgetary pressures and limitations.

But what they do want to know is that we have a plan to make things better, and that we are working to execute that plan. Mr. Chairman, we have developed a plan to replace or renovate single soldier barracks in the United States by the year 2008, and overseas by the year 2012. The previous plan called for completing the job by 2020. That was just too long.

So, Mr. Chairman, we deeply appreciate this committee's support for this effort, and we ask your assistance in helping to keep this barracks plan on track in the future.

We have seen what just a little barracks money can do. When the 1st Armored Division deployed from Germany to Bosnia in late 1995, they left behind some of the worst barracks in the Army's inventory. And, with the help of Congress, we were able to begin the rather long process of improving barracks at Baumholder and other areas.

So when the soldiers redeployed back to Baumholder and back to Germany, they came back and they saw some improvements. They saw that there was a commitment there. They saw that their country cared for them. And today I must tell you that that division, while it is one of the most deployed divisions and busiest divisions in the Army, it also has one of the highest reenlistment rates. And one of the reasons reenlistments are so high is because we demonstrated a commitment to soldiers' quality of life.

I was just at Baumholder a few days ago, and I heard that repeated by soldiers over and over. So quality of life does make a difference to the readiness of the Army.

Now, Mr. Chairman, with regard to family housing, as Senator Murray mentioned, the request before you does provide for plans to replace or revitalize more than 1,000 units of family housing. But, as you point out, we have almost 120,000 units of family housing. We cannot ask America's soldiers to wait more than one century while we replace or renovate substandard housing.

The unfortunate reality is that the traditional methods of providing family housing will never be enough for us to meet all of the family housing requirements. So we are looking at ways of leveraging the private sector to help us to construct, renovate, operate and maintain family housing.

Mr. Chairman, I want to thank this subcommittee for approving the seed money to implement the legislation that permits us to test a wide range of housing privatization concepts.

I was recently at Fort Carson to review the Army's first and the Department of Defense's most complex housing privatization effort, and during fiscal years 1998 and 1999 we hope to proceed with an additional 15 projects. So, Mr. Chairman, we ask for the committee's continued support for our housing privatization initiatives.

Mr. Chairman, briefly with regard to our base closure program, I am pleased to tell you that during the current fiscal year, fiscal year 1997, we will begin to save more money from base closures than we are spending, and by the end of fiscal year 2001 we will be saving \$1 billion annually from base closures and realignments, even after we pay the large cost of environmental cleanup. So we ask for the committee's continued support for our request to fund the base closure program.

Mr. Chairman, before I conclude and take your questions, I would like to highlight one particular request before the subcommittee, and that is for our prepositioning program in the Persian Gulf region. Recently I visited our new prepositioning afloat maintenance facility in Charleston, SC. And during my visit the Army was loading the first LMSR—that is the acronym for the six-football field-size cargo ship that has joined our war reserve afloat fleet at Diego Garcia.

And while I was walking around observing loading operations, I asked a young PFC from Ohio what it all meant to him. And he said, without thinking, "So Saddam Hussein will not make the same mistake again." I think that PFC was right on the money. During Desert Shield it took us 20 days before we had even the first M-1 tank in the desert. Last fall, when the President deployed elements of the 1st Cav to Kuwait, we had a brigade of soldiers beginning to fall in on dozens of tanks in 96 hours.

That is deterrence, Mr. Chairman. But our existing prepositioning in the region is not enough for long-term deterrence or enough to assure a strong enough, swift enough defense, should Saddam or some other enemy of freedom decide to attack again.

A future enemy, I think we all know, is not going to do what Saddam did the last time. He just sat there and he allowed us to build up an offensive capability for 6 months. That will never happen again. So we need the additional prepositioning capability. Mr.

Chairman, the last phase of our repositioning initiative in Qatar is included in this request, and we respectfully ask for your support.

Now, Mr. Chairman, I have taken the last few minutes to talk about some of the initiatives that are included in the budget. Let me talk about some of those initiatives that you both had mentioned that are not included.

As we went through the programming process for this budget, we, of course, found that every requirement could not make it to the top, given the top line that we had. And because of the necessity to prioritize and to make tradeoffs in order to ensure adequate funding for readiness and personnel, we were simply unable to provide increases for operational facilities or for Guard and Reserve Milcon.

And that, quite frankly, is our challenge for the future. The longer it takes us to revitalize infrastructure, the more it is going to cost in the long run. So we know that we must find ways to increase our investment in these areas, and the requirement to increase our investment in these Milcon areas is also coming at a time that we need to increase our investment in science and technology and equipment modernization.

So when we see that challenge before us, and when we factor in a balanced Federal budget, we know that the budget for Milcon is not going to grow appreciably. So that means that we are going to have to continue to do some things better, to become more efficient, to become more innovative, to adopt better business practices.

And as we found out already, doing that is not very easy. But we are going to have to take that approach if we are going to find the resources within our top line to make the facility investments that are needed for a modern Army.

PREPARED STATEMENT

So, Mr. Chairman, we are going to need the help and support and the suggestions of the subcommittee, and we look forward to our continued partnership together on behalf of the men and women who are the American Army.

Thank you very much, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF ROBERT M. WALKER

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Active Army and Reserve Components' military construction request for fiscal years 1998 and 1999. This request will provide new and renovated facilities needed to improve Army readiness, quality of life and efficiency. These matters are of considerable importance to America's Army, as well as this committee, and we appreciate the opportunity to report to you on them.

Our statement is in four parts:

Part I—Military Construction, Army Family Housing, Army Homeowners Assistance Fund, Defense

Part II—Military Construction, Army National Guard

Part III—Military Construction, Army Reserve

Part IV—Base Realignment and Closure (BRAC).

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

First, I am pleased to present the Active Army's portion of the Military Construction budget request for fiscal years 1998 and 1999. This budget provides construc-

tion and family housing resources essential to support the Army's role in our National Military Strategy.

The program presented requests fiscal year 1998 appropriations for Military Construction, Army (MCA) of \$595,277,000, and \$1,291,937,000 for Army Family Housing (AFH). No additional budget authority for the Homeowners Assistance Fund, Defense, is required in fiscal year 1998. A companion request for authorization in fiscal year 1998 includes \$555,277,000 for MCA and \$1,291,937,000 for AFH. For fiscal year 1999, the program requests appropriations of \$696,969,000 in MCA, \$1,255,908,000 for AFH, and \$40,229,000 for Homeowners Assistance Fund, Defense. The fiscal year 1999 companion authorization request is \$780,569,000 for MCA, \$1,255,908,000 for AFH and \$40,229,000 for Homeowners Assistance Fund, Defense.

Now, let's discuss America's Army. Today, "America's Army" is a total force comprised of Active Duty, Reserve, National Guard, civilian employees, and family members serving the Nation both at home and abroad. It is the world's premier land combat force, trained and ready to answer the Nation's call. We are the Nation's full-spectrum force for the 21st Century.

America's Army is important to our national security. Although smaller now than at any time since before World War II, we are being called on for an increasing number of diverse missions around the world. Whether conducting operations in support of national security policy, participating in joint or combined training exercises, providing support to civil authorities during natural disasters or stationed overseas, American soldiers are the Nation's standard bearers throughout the world. However, because we must continue to perform more demanding, more diverse and more soldier intensive missions, our operational deployments have increased. The impact of this increased mission is immense on both our soldiers and their families. We have a duty to provide the best possible facilities and improved quality of life that is necessary to retain these dedicated soldiers and their families.

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

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

Now, I would like to discuss our facilities strategy as it affects the Army and as we move toward the 21st Century.

FACILITIES STRATEGY

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

The Army's facilities strategy is threefold. First, because resources are limited, we must focus our investment on what is most important. To do this we must identify required facilities, infrastructure and services and then focus our resources on those to assure the desired level of readiness. Second, we must divest of all unneeded real property. Third, we must reduce the total cost required to support our facilities and related services, including management and maintenance of our real property inventory.

As part of our effort to better focus our investment, we have developed a decision support tool, the Installation Status Report (ISR) Part One (Infrastructure), which is fully fielded, Army-wide, worldwide, to help formulate and monitor our facilities strategy. We are using it for the first time this year to assess the status of our facilities' condition. This identifies critical areas for consideration of resource allocation. Also, it assists in condition assessment of our facilities essential to the installation's mission, and quality of life.

We are reducing our requirement by rigorously eliminating excess facilities. Between our current facilities reduction program and base realignment and closure,

we will eliminate over 200,000,000 square feet in the United States by 2003. We continue to demolish one square foot for every square foot constructed and will begin reducing our leasing costs significantly in fiscal year 1997. By 2003, with our overseas reductions included, the Army will have eliminated over 400,000,000 square feet from its fiscal year 1990 peak of 1,157,700,000 square feet.

We are looking for innovative ways to reduce the cost of our facilities, including privatization or outsourcing of certain functions. It is proving an effective solution for installation utilities systems. Our goal is to privatize at least 75 percent of all Army utilities by 2003. Privatization is also being considered to provide better housing for soldiers and their families, while reducing the Army's inventory. Partnering with civilian communities around an installation is also a viable alternative to the Army maintaining some facilities.

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

MILITARY CONSTRUCTION, ARMY (MCA)

Within our military construction request, we focus on three major categories of projects: mission facilities, quality of life projects, and support programs such as infrastructure and environmental projects.

MISSION FACILITIES

In fiscal year 1998, there are six mission facility projects totaling \$90,000,000. In fiscal year 1999, there are eight projects for a total of \$103,000,000. Essential mission facilities include several initiatives such as the Army Strategic Mobility Program (ASMP) and Close Combat Tactical Training (CCTT) facilities.

Army Strategic Mobility Program.—Fiscal years 1998 and 1999 continue the upgrade of the strategic mobility infrastructure we started several years ago. In fiscal year 1998, we have included \$23,000,000 to complete the two-phased program at Concord Naval Weapons Station, started in fiscal year 1997. This project upgrades the ammunition pier to increase the throughput of ammunition on the west coast to a level equal to that available on the east coast. Also in CONUS, we have included an upgrade to the infrastructure supporting the Army Strategic Maintenance Complex at Charleston Naval Weapons Station, \$7,700,000, and construction of a container loading and shipping facility at Crane Army Ammunition Activity, \$7,700,000.

Fiscal year 1998 also completes the multi-phased Strategic Logistic Initiative (SLI), that began in fiscal year 1996. This initiative constructs facilities in Southwest Asia for the pre-positioning of equipment and materiel needed to speed the deployment of forces during a contingency in that region. The budget requests the final phase of the program, \$37,000,000. This project will complete facilities and infrastructure required to preposition equipment, materiel, and supplies for a second armored heavy brigade, along with unit equipment of a division base.

Fiscal year 1999 includes upgrades to facilities for air deployment at Fort Bragg, \$31,000,000, and rail loading at Fort Hood, \$33,000,000. Also included are container and MILVAN loading and shipping facilities for McAlester Army Ammunition Plant, \$10,400,000; Tooele Army Depot, \$5,000,000; Crane Army Ammunition Activity, \$7,100,000; Anniston Army Depot, \$3,900,000, and Bluegrass Depot Activity, \$5,300,000.

Close combat tactical trainers.—CCTT facilities leverage technology to enhance training and maintain readiness through a group of fully interactive, networked emulators and command, control and communications work stations. When the first CCTT becomes operational in 1997, it will reduce reliance on field exercises as the single method for combined arms training and provide a long term, cost effective option to field exercises. The budget request includes two trainers in fiscal year 1998 at Fort Carson and Fort Riley, \$14,600,000, and one in fiscal year 1999 at Fort Lewis, \$7,300,000.

QUALITY OF LIFE PROJECTS

The Army remains committed to improving the quality of life of our soldiers and their families, since it has a dominant impact on the Army's readiness. Over 56 percent of the fiscal year 1998 request and over 44 percent of the fiscal year 1999 request is for projects in this category. This substantial effort will reduce the amount of time to improve the living conditions of our single soldiers. This is our top MCA priority. In CONUS, we will provide upgraded or new living facilities to our single personnel by the year 2008, while overseas, we will complete the renewal by 2012. The largest change in funding from previous years' requests is in the area of overseas barracks. The Army has done little construction in Korea or Europe since the 1980's. Now that both theaters are stabilizing after years of troop reductions, we

revised our investment strategies for overseas. This request addresses long standing shortfalls in both Korea and Europe. Our programs reflect significant funding levels for quality of life programs in line with the Department of Defense's emphasis in this area.

Whole barracks renewal initiative.—The Army's Whole Barracks Renewal program provides funding for new construction and modernization projects. It represents our efforts to provide our single soldiers with a home, not just a place to live. We will provide more space, more privacy and a quality of life for our single soldiers that is comparable to living off the installation or that of our married soldiers. The Whole Barracks Renewal program includes personal privacy, larger rooms, closets, upgraded day rooms, centrally procured furnishings, additional parking, landscaping and administrative offices separated from the barracks. In fiscal year 1998, we are planning eighteen barracks projects at a cost of \$337,800,000. This includes five projects in Korea, \$76,100,000, and four projects in Europe, \$43,000,000, to address the deplorable living conditions there. Our budget also funds the completion of the Fort Knox barracks renewal complex, \$22,000,000, that was authorized in fiscal year 1997. Fiscal year 1999 adds another eleven projects totaling \$312,500,000 for CONUS and Korea.

SUPPORT PROGRAMS

Included in this area are those projects which provide vital support to installations and balance to the military construction program. We have requested six projects in fiscal year 1998 for \$98,000,000. The request includes two environmental projects, one at Yakima Training Center, \$2,000,000, to comply with an environmental remediation plan, and one to construct a replacement facility for a central washrack, \$5,400,000, at Fort A.P. Hill, Virginia. The fiscal year 1998 budget also requests the appropriation of \$18,000,000 to fund the second phase of the National Range Control Center project at White Sands Missile Range that was authorized by Congress in fiscal year 1997. Funding to construct a replacement facility for the disciplinary barracks at Fort Leavenworth, \$63,000,000 is included in the fiscal year 1998 request. Additional projects at Charlottesville, Virginia, for design of the National Ground Intelligence Center and a classified location are included for \$9,600,000.

In fiscal year 1999, there are 18 projects totaling \$206,950,000 in this budget area. Projects include Child Development facilities for Germany and Belgium, \$11,850,000; a power plant and two unaccompanied housing projects for Kwajalein Atoll, \$77,500,000; four projects at Yakima Training Center—a central fuel facility, \$3,950,000, a central washrack expansion, \$4,650,000, an ammunition supply point expansion, \$5,500,000, and a road upgrade project to comply with the environmental mitigation plan, \$2,000,000—to support stationing and training of the heavy brigade at Fort Lewis, Washington. Included in this category in fiscal year 1999 is funding for the first phase of the revitalization of the cadet physical development center at U.S. Military Academy, West Point, \$4,400,000. Two projects are requested for Fort Irwin. The first is a maintenance hardstand for \$11,000,000. The second project is for the construction of a heliport at Barstow-Daggett for the National Training Center. The total cost of this project is \$27,000,000; however, all but \$7,000,000 will be funded from prior year appropriations. Construction of the National Ground Intelligence Center at Charlottesville, Virginia, \$46,200,000, is in fiscal year 1999. There are five other projects at Fort Jackson, Fort Leonard Wood, Fort Sill, Fort Detrick and Rock Island Arsenal for infra-structure and revitalization in the United States totaling \$32,900,000. Now, let me talk about one of the most important projects in this category.

United States Army disciplinary barracks.—The fiscal year 1998 request includes \$63,000,000 for a replacement facility for the U.S. Army Disciplinary Barracks (USDB) at Fort Leavenworth. This facility is required for the Army to perform its executive agent role to confine military inmates from all services. Although there is a memorandum of agreement to transfer some inmates that have been discharged from the military to the Federal Bureau of Prisons (FBOP), over half of the current USDB inmates are awaiting appeals or have not been discharged and are not eligible for transfer. Additional transfers would also exacerbate the overcrowding already experienced in FBOP facilities. The current facility was constructed in the early 1900's and is deteriorated, showing evidence of structural cracking and exposed reinforcement steel, which if not corrected may present a life safety problem. The antiquated configuration and outdated facilities are expensive to maintain and inefficient to guard and process inmates.

BUDGET REQUEST ANALYSIS

The fiscal year 1998 MCA budget includes a request for appropriations of \$595,277,000, along with a companion request for authorization for \$555,277,000. The authorization request is lower, since we are using authority from fiscal year 1997 to fund the second phase of the Range Control Center at White Sands Missile Range, \$18,000,000, and the remainder of the Whole Barracks Renewal Complex at Fort Knox, \$22,000,000. The fiscal year 1999 MCA budget request includes a request for appropriations of \$696,969,000, along with a companion request for authorization of \$780,569,000. The authorization request includes full authority, \$88,000,000, for the U.S. Military Academy project to replace the Cadet Physical Development Center; however, only \$4,400,000 in appropriations is required for the first phase of this project. The request for appropriations for fiscal years 1998 and 1999, by investment focus, is shown in Table 1.

TABLE 1—INVESTMENT FOCUS APPROPRIATIONS

Category	Appropriations	Percent
Fiscal year 1998:		
Whole Barracks Renewal	\$337,800,000	56.7
Strategic Mobility	75,400,000	12.7
Environmental	7,400,000	1.2
Critical Mission	105,200,000	17.7
Planning and Design/Minor Construction	69,477,000	11.7
Total	595,277,000	100.0
Fiscal year 1999:		
Whole Barracks Renewal	312,500,000	44.8
Strategic Mobility	95,700,000	13.7
Environmental	2,000,000	0.3
Critical Mission	212,250,000	30.5
Planning and Design/Minor Construction	74,519,000	10.7
Total	696,969,000	100.0

TABLE 2 shows the fiscal years 1998 and 1999 distribution of the appropriations request among the Army's major commands.

TABLE 2—COMMAND SUMMARY MILITARY CONSTRUCTION ARMY

Command	Appropriations	Percent of total
Fiscal year 1998:		
Inside the United States:		
Forces Command	\$103,100	17.3
Training and Doctrine Command	127,000	21.3
U.S. Army, Pacific	44,000	7.4
Army Materiel Command	33,400	5.6
Medical Command	16,000	2.7
Military District of Washington	13,600	2.3
Military Traffic Management Command	23,000	3.9
Intelligence and Security Command	3,100	0.5
Assistant Chief of Staff Installation Management	6,500	1.1
Total	369,700	62.1
Outside the United States:		
Eighth, United States Army	76,100	12.8
United States Army Central Command	37,000	6.2

TABLE 2—COMMAND SUMMARY MILITARY CONSTRUCTION ARMY—Continued

Command	Appropriations	Percent of total
United States Army, Europe	43,000	7.2
Total	156,100	26.2
Total Major Construction	525,800	88.3
Worldwide:		
Planning and Design	63,477	10.7
Minor Construction	6,000	1.0
Total	69,477	11.2
Total appropriations requested	595,277	100.0
Fiscal year 1999:		
Inside the United States:		
Forces Command	211,600	30.4
Training and Doctrine Command	94,300	13.5
U.S. Army, Pacific	49,000	7.0
Army Materiel Command	37,000	5.3
Medical Command	27,100	3.9
Intelligence and Security Command	46,200	6.6
United States Military Academy	4,400	0.6
Total	469,600	66.5
Outside the United States:		
United States Army, Europe	11,850	1.7
Eighth, United States Army	63,500	9.1
United States Army Strategic Defense Command	77,500	11.1
Total	152,850	21.9
Total Major Construction	622,450	89.3
Worldwide:		
Planning and Design	64,519	9.3
Minor Construction	10,000	1.4
Total	74,519	10.7
Total appropriations requested	696,969	100.0

ARMY FAMILY HOUSING

No single quality of life component matches the importance of proper housing for Army soldiers and their families. The family housing program provides a major incentive necessary for attracting and retaining dedicated individuals to serve in the Army. Yet, adequate housing continues to be the number one soldier concern when they are asked about their quality of life. Out-of-pocket expenses for soldiers living off post in the U.S. are typically 20 to 22 percent above their housing allowances. Thus, the Army's continuing challenge is maintaining and revitalizing our on-post housing, and finding affordable, quality off-post housing for our soldiers and families.

In an effort to manage our installation family housing program in a more businesslike manner, the Army implemented the Business Occupancy Program in fiscal year 1996. Under this program, family housing operating funds are allocated to our

installations on the basis of housing units occupied rather than the total number of units in the inventory. This provides an incentive to more effectively and efficiently manage occupancy and assets, since installation funding is now directly related to the number of units occupied, vice the total inventory. We saw a two percent increase in occupancy rates using the Business Occupancy Program during fiscal year 1996.

Additionally, the 1996 Defense Authorization Act provided new authorities under the Military Housing Privatization Initiative, commonly referred to in the Army as the Capital Venture Initiative (CVI). Fifteen housing projects are under development using these authorities, which will privatize part of our housing inventory. We are working closely with the Office of the Secretary of Defense on efforts to further privatize the acquisition, revitalization and management of housing assets.

Our fiscal year 1998 budget is \$1,291,937,000 and includes \$143,000,000 for a modest replacement construction program for units no longer economical to revitalize; a modest housing revitalization program for our aging housing inventory; and for planning and design of future construction projects. Funding for the annual costs of operating, maintaining, and leasing housing units for military families in fiscal year 1998 is \$1,148,937,000.

Our fiscal year 1999 budget is \$1,255,908,000 and includes \$137,900,000 for a modest replacement construction program for units no longer economical to revitalize; a modest housing revitalization program for our aging housing inventory; and for planning and design of future construction projects. Funding for the annual costs of operating, maintaining, and leasing housing units for military families in fiscal year 1999 is \$1,118,008,000. Table 3 summarizes each of the categories of the Army Family Housing program.

TABLE 3—ARMY FAMILY HOUSING

Facility category	Fiscal year 1998		Fiscal year 1999	
	Appropriations	Percent	Appropriations	Percent
New Construction	\$88,650	7	\$81,000	6
Post Acquisition Construction	44,800	3	49,650	4
Planning and Design	9,550	1	7,250	1
Operations	180,756	14	183,267	15
Utilities	265,732	21	269,582	21
Maintenance	468,393	36	423,698	34
Leasing	234,053	18	241,458	19
Debt	3	<1	3	<1
Total	1,291,937	.....	1,255,908	.....

WHOLE NEIGHBORHOOD REVITALIZATION

This two year request continues the initiative the Congress first approved in fiscal year 1992 to revitalize both the housing unit and the entire living environment of the military family. The whole neighborhood revitalization program provides for systematically upgrading and repairing the existing housing inventory, while concurrently improving neighborhood amenities. The projects recommended for this program are based on life-cycle economic analyses and will provide units which meet community standards. The combination of replacement and post-acquisition construction in fiscal year 1998 provides for an annual worldwide investment that is on a 62 year replacement cycle, versus an Army goal of 35 year replacement cycle. The fiscal year 1999 program represents a 69 year replacement cycle.

New construction.—The fiscal year 1998 new construction program provides whole neighborhood revitalization projects for replacing 583 units at five locations, Fort Bragg, Fort Hood, Fort Bliss, Fort Meade and Schofield Barracks, where it is more economical to replace than renovate current housing. The fiscal year 1998 program also includes a project for \$2,300,000 to either purchase or construct eight housing units in Miami, Florida, for senior key and essential officials of the Headquarters, U.S. Southern Command. Further, the fiscal year 1999 program replaces 536 units at four locations, Fort Bragg, Fort Hood, Redstone Arsenal and Schofield Barracks. This replacement construction, which includes the supporting infrastructure, ensures that adequate housing is available for our soldiers and their families without adding to the current inventory. At each location, the housing being replaced will

be demolished. Each project is supported with a housing survey showing that adequate and affordable units are not available in the surrounding community.

Post acquisition construction.—The Post Acquisition Construction program is an integral part of our housing revitalization program. In fiscal year 1998, we are requesting funds for improvements to 455 units at three locations in the U.S. and three locations in Europe. Included in this request is a project to revitalize 120 units at Fort Benning for \$15,000,000, of which \$2,000,000 will be funded from fiscal year 1996 appropriations. The fiscal year 1999 program improves 774 units at five U.S. locations and two European locations. Also included within the scope of each of these projects are efforts to improve supporting infrastructure, energy efficiency and eliminate environmental hazards.

OPERATIONS AND MAINTENANCE

The operations, utilities and maintenance programs comprise the majority of the fiscal years 1998 and 1999 budget requests. This budget provides for the Army's annual expenditures for maintenance and repair, municipal type services, furnishings and utilities. The requested amounts of \$914,881,000 for fiscal year 1998 and \$876,547,000 for fiscal year 1999 are approximately 71 percent of the family housing request.

LEASING

The leasing program provides another way of adequately housing our military families. Our fiscal year 1998 request is \$234,053,000. We are requesting \$241,458,000 in fiscal year 1999. Our request will fund existing Section 2835 project requirements, temporary domestic leases in the United States and nearly 11,300 units overseas. The fiscal year 1998 request is \$6,538,000 more than appropriated in fiscal year 1997. This increase reflects an increase in the number of leased units overseas and approximately 60 new housing units in the Miami, Florida, area requested by the Commander-in-Chief of the Southern Command for junior enlisted families assigned to Headquarters, U.S. Southern Command.

Our experience shows that the foreign leasing program generally saves the Army money. In fiscal year 1996, the average overseas housing allowance was \$15,732 per family, while our average lease cost was \$14,566 per unit. Our foreign leasing program increases slightly from 10,800 units in fiscal year 1997 to 11,300 units in fiscal year 1999.

The Army's total leasing program request supports approximately 15,300 units in fiscal year 1998, and 15,400 units in fiscal year 1999, to satisfy requirements in the United States, Europe, Korea, Panama, and other locations. These are our high priority locations where providing flexible family housing solutions to commanders is essential to improving the quality of life of our soldiers.

REAL PROPERTY MAINTENANCE

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

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

Within the RPM area, we have two programs that I would like to highlight. The first program is our Barracks Upgrade Program. While 40 percent of our barracks requirement will be revitalized or replaced through our Whole Barracks Renewal effort using major construction funding, the larger part of the inventory, 60 percent, can be modified to the 1+1 standard using RPM resources. In the fiscal year 1997 DOD Appropriations Act, Congress provided Army \$149 million in a new two year appropriation, Quality of Life Enhancements, Defense (QOLE, D) for maintenance and repair of facilities key to quality of life. We have allocated all of these funds to start a long-term initiative to repair our Volunteer Army era barracks inventory to the 1+1 standard. We call this our Barracks Upgrade Program (BUP). The Army committed approximately \$150 million per year in fiscal years 1998 and 1999 to this

program, to continue the efforts to upgrade our single soldier's quality of life. This program, when combined with the Whole Barracks Renewal program, will reduce the amount of time required to improve the living conditions of our single soldiers to the current DOD standard by almost one half, so all barracks facilities worldwide are revitalized or replaced by the year 2012.

The second is our long range strategy to provide reliable and efficient utility services at our installations. As discussed earlier, privatization or outsourcing of utilities is the first part of our strategy. We are maximizing our efforts to partner with the local communities utility departments and private utility companies to provide utility services that are more efficient and reliable. We have already successfully transferred twelve utility systems at ten installations. Additionally, eight other utility systems are currently in the process of being transferred. The second part of the strategy is the utilities modernization program to help upgrade those utility systems that cannot be privatized, such as central heating plants and distribution systems. We have requested \$60,000,000 for utility modernization projects in fiscal year 1998. Utility systems at unique or remote installations are particularly reliant on these modernization projects. We are also funding energy saving projects which will further improve our energy efficiency. We have allocated \$40,000,000 per year for this effort.

HOMEOWNERS ASSISTANCE FUND, DEFENSE

The Army is the executive agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. For fiscal year 1998, there are no additional requirements for funds. The fiscal year 1999 request is for appropriations of \$40,229,000, along with a companion request for authorization and authorization of appropriations for the same amount.

The request will provide assistance to personnel at approximately 21 installations that are impacted with either a base closure or a realignment of personnel, resulting in adverse economic effects on local communities. The Homeowners Assistance Program is funded not only from the resources being requested in this budget, but is also dependent, in large part, on the revenue earned during the fiscal year from the sale of properties.

SUMMARY

Mr. Chairman, this budget is essential to ensure that there is a balance between all Army programs affecting readiness and the support of our personnel. Our strategy can only be achieved through balanced funding, divestiture of excess capacity and improvements in management. We will continue to work toward maintaining the maximum flexibility for our installation commanders to use the resources available to them, to maintain maximum readiness and provide the needed support and facilities. We will also continue to streamline, consolidate and establish community partnerships that generate resources for infrastructure improvements and continuance of services. The fiscal year 1998 request for appropriations for Military Construction Army and Army Family Housing is \$1,887,214,000. In fiscal year 1999, our request for Military Construction Army and Army Family Housing is \$1,952,877,000 and \$40,229,000 for the Homeowners Assistance Program. With approval of this request we will continue to: improve our strategic mobilization posture, provide environmental compliant facilities; provide additional adequate housing for both our single and married soldiers and their families; and meet statutory and regulatory requirements. This request will provide for family housing leasing and operation and maintenance of the current inventory. Approval of this request will provide the minimum level of facilities funding within the total funding available to the Department of the Army in fiscal years 1998 and 1999. Thank you for your continued support for Army facilities funding.

PART II—MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

Next, I will present the Army National Guard's Military Construction Program for fiscal years 1998 and 1999.

The Guard's fiscal year 1998 request for appropriations of \$45,098,000 includes \$35,600,000 for major construction, \$2,800,000 for planning and design and \$6,698,000 for unspecified minor construction. The fiscal year 1999 request of \$33,800,000 includes \$23,640,000 for major construction, \$3,160,000 for planning and design, and \$7,000,000 for unspecified minor construction. The companion request for authorization and authorization of appropriations is the same as the appropriation request for both fiscal years.

The Army National Guard is America's community based, dual-use reserve force, "A trained and ready citizen-Army," and, by statute, an integral part of the first line defense of the United States. It is balanced and ready. The National Guard is manned with over 367,000 quality soldiers in 1,823 major units in over 2,700 communities nationwide.

The National Guard is a capabilities based force providing grass roots support to America's Army. They have demonstrated combat, combat support, and combat service support performance from the Pequot War of 1637 through the Gulf War of 1991. Recently, the National Guard has supported missions in Somalia, Rwanda, Haiti, and is in Bosnia in support of Operation Joint Endeavor today. The National Guard has always performed its mission superbly. The National Guard has been an active participant in every major American conflict. Today, they are engaged in over fifty countries around the world. Last year they provided one and a half million man-days for Federal and State missions.

The National Guard is a relevant and accessible force. They are task organized and readily available to both national and State authorities, for all foreign and domestic missions.

The National Guard is an expandable force. Five times this century, they have served as the framework on which to build a larger land force to meet a growing threat. The National Guard serves as "insurance" against an unknown future. They can provide the maximum possible number of missioned units as part of the Army's force structure required to achieve directed capabilities. They have the expertise and capability to respond to the needs of the Nation, both Federal and State.

The National Guard is affordable. The Guard provides a majority of the combat force and over a third of the support units to America's Army.

FACILITIES STRATEGY

The National Guard is accomplishing new missions and taking on new responsibilities in addition to its historic domestic and international roles. To do this, they have higher quality soldiers, trained and equipped to a higher degree of readiness than ever before. The support of our communities, States, the Active Army, and the Congress have made this possible.

Readiness is the key factor of a strong force. To keep citizen-soldiers ready, the most critical element is training time. We must minimize distractions, such as travel time to distant training sites, additional maintenance time on stored equipment, and delays caused by working in inefficient and obsolete facilities.

Adequate facilities are necessary to meet the level of readiness demanded by the American people. We have an obligation to provide safe, cost effective, and mission essential facilities to keep our citizen-soldiers ready. Modern facilities enhance training, maintenance, administration, quality of life, and the environment. We continue to pursue the use of joint installations and facilities by more than one reserve component, in order to provide cost effective facilities. The Base Realignment and Closure program has also conveyed facilities and training land to the National Guard.

Our vision for the National Guard is a relevant force, missioned across the spectrum of contingencies, structured and resourced to accomplish its mission when called, with trained citizen-soldiers committed to preserving timeless traditions of service to our Nation and communities. Adequate facilities are necessary to provide for the training, safety, health, and fitness of the force. We envision state-of-the-art, community based installations and training sites. By virtue of their geographical disbursement, these sites can be leveraged by the Active Army and facilitate communications, operations, training, and equipment sustainment from which to deploy the force.

The facilities program for the Army National Guard benefits the local community, the State, and the Nation. Federal funds for both military construction and real property maintenance for many National Guard facilities are leveraged by States contributing a share of the design, part of the construction costs, and the site for the facility. Operations and maintenance costs are a State responsibility for many State owned facilities. For other facilities, it is a shared responsibility which reduces Federal costs.

Now, I will discuss several of the highlights of the budget that we are presenting today.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)

Within our military construction request, we focus on five investment areas: ranges, training, maintenance support, readiness centers, and planning and design/

minor construction. We have grouped these into two major categories of projects: mission facilities and readiness center projects.

MISSION FACILITIES

In fiscal year 1998 there are eight mission facility projects, totaling \$26,139,000. In fiscal year 1999 there are six such projects, totaling \$19,112,000. Essential mission facilities include several initiatives such as training site modernization and maintenance facility revitalization.

Training site modernization.—Fiscal year 1998 continues the slow process of adapting existing State operated training sites to training strategies for the 21st century. In fiscal year 1998 we have included a new project, at \$10,229,000, for a multipurpose training range at Camp Atterbury, Indiana. This will allow enhanced readiness brigade units, both ground and air, in the central United States to conduct doctrinally correct crew collective gunnery qualification. It will also provide lanes training for these same units so that they can maintain their readiness for early deployment. In fiscal year 1999 we have included an additional remote electronic targetry system range, \$1,023,000, at Camp Ripley, Minnesota. This project greatly enhances the utilization and realism of the Camp Ripley range complex and will permit year-round training in all types of weaponry for soldiers of all components in all services.

In fiscal year 1998 we have also included the final phase of the Battalion Training Complex project at Camp Dodge, Iowa, for \$4,529,000. This will permit full utilization of the Equipment Maintenance Center—CONUS, a national school house for training general and direct support maintenance units for immediate worldwide deployment. The project further supports a regional school house, part of the Total Army School System, which integrates training for all components of the Army.

Maintenance facility revitalization.—In fiscal year 1998 we have included five projects, totaling \$11,381,000, to continue the revitalization of Army National Guard maintenance facilities. In fiscal year 1999 we have included an additional four such projects, totaling \$17,474,000. As the Army National Guard has assumed additional real world deployment missions, it has received the current generation of equipment. Unfortunately, our maintenance facilities were built to accommodate the last generation of equipment, which required less space and less sophisticated facilities. These nine projects are part of a long standing effort. We need to replace our 1950, 1960, and 1970 era facilities with ones that permit our undermanned maintenance shops to have the working environment necessary to keep our modern equipment to readiness standards.

READINESS CENTER PROJECTS

Army National Guard soldiers require a training environment that provides the morale enhancing facilities that will retain them and lessen the investment cost of initial entry training of their replacements. A critical focal point of this training is the soldiers' readiness center. This is also the only place that many Americans see America's Army on display. Therefore, in fiscal year 1998 we have included in our program three readiness center revitalization projects, totaling \$9,461,000. In fiscal year 1999 we have included an additional two projects, totaling \$4,528,000.

OTHER PROGRAM HIGHLIGHTS

Unspecified minor military construction, Army National Guard.—The Army National Guard has allocated \$6,698,000 in fiscal year 1998 and \$7,000,000 in fiscal year 1999 to be used worldwide for urgent, unforeseen projects.

BUDGET REQUEST ANALYSIS

This request includes a request for appropriations of \$45,098,000 in fiscal year 1998 and \$33,800,000 in fiscal year 1999, along with companion requests for authorization and authorization of appropriations for the same amounts.

The fiscal year 1998 appropriations request, by investment focus, is shown in Table 1.

TABLE 1—INVESTMENT FOCUS APPROPRIATIONS

Category	Appropriations	Percent
Ranges	\$10,229,000	22.6
Training	4,529,000	10.0

TABLE 1—INVESTMENT FOCUS APPROPRIATIONS—Continued

Category	Appropriations	Percent
Maintenance Support	11,381,000	25.3
Readiness Centers	9,461,000	21.1
Planning and Design/Minor Construction	9,498,000	21.1
Total	45,098,000	100.0

The fiscal year 1999 appropriations request, by investment focus, is shown in Table 2.

TABLE 2—INVESTMENT FOCUS APPROPRIATIONS

Category	Appropriations	Percent
Ranges	\$1,638,000	4.8
Maintenance Support	17,474,000	51.7
Readiness Centers	4,528,000	13.4
Planning and Design/Minor Construction	10,160,000	30.1
Total	33,800,000	100.0

REAL PROPERTY MAINTENANCE

The States will continue to prudently manage their existing facilities, despite the challenges of age and shrinking real property support funding. Facilities built during the last decade have played a major role in meeting force structure changes, accomplishing quality training, maintaining readiness, and improving soldier quality of life.

The operation and maintenance of our physical plant is an issue of concern. The replacement value of all National Guard facilities exceeds \$16 billion. Their average age is 35 years. States take care of these facilities using the limited resources in Real Property Maintenance accounts, as authorized and appropriated by Congress.

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

The States, Territories, and Commonwealths then pay the utility bills, hire and reimburse employees necessary to operate and maintain these facilities, buy the supplies necessary for operations and maintenance, and contract for renovation and construction projects. They also lease facilities when required.

The Construction and Facility Management Offices are making a herculean effort to operate and maintain all National Guard facilities. They will do so for \$1.56 a square foot in 1998.

SUMMARY

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

PART III—MILITARY CONSTRUCTION, ARMY RESERVE

Next, I present the Army Reserve, representing America's citizen-soldier, an integral part of, and an essential and relevant partner in, America's Army. This fact is clearly evidenced by the fact that Army Reserve units and personnel currently comprise 74 percent of American Reserve Component forces operating in Bosnia. In addition to relying on Army Reserve forces to support major worldwide contingencies, the Army is increasingly dependent on its Army Reserve for support of a wide variety of daily, ongoing missions at home and abroad during peacetime, in-

cluding an expanding role in commanding and controlling Army installations and providing regional base operations support. Army Reserve units and soldiers will continue to respond to national security needs and constrained resources into the 21st century. To ensure continued readiness, they must have the minimum essential facilities resources with which to train, support, and sustain our forces.

FACILITIES STRATEGY

The organization, roles, and missions of the Army Reserve dictate the need for a widely dispersed inventory of facilities. We occupy about 1,400 facilities, consisting of more than 2,800 buildings and structures that have an average age of about 32 years. Army Reserve operated installations add another 2,600 buildings and structures to the total inventory. The average age of facilities on these installations is about 47 years.

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

PROGRAM HIGHLIGHTS

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

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

Modernization.—The plant replacement value (PRV) of Army Reserve facilities is approximately \$3.6 billion and an additional \$1.9 billion for Army Reserve operated installations. The budget requests for fiscal years 1998 and 1999 address the Army Reserve's highest priorities for modernizing and revitalizing the inventory and for providing new facilities in response to new and changing missions.

Installations and base support.—The Army Reserve continues to undergo significant change as America's Army shapes itself for the 21st Century. One of these changes is the mission to command and control former Active Army installations. These installations serve as high quality, regional training sites for forces of both the Reserve and Active Components of the Army, as well as the other Armed Services; provide sites for specialized training; and offer a variety of supporting facilities. To fulfill this important mission, we must be able to fund projects that support critical training, mobilization, and quality of life requirements at the installations. The Army Reserve's military construction program for fiscal years 1998 and 1999 in-

cludes a total of six projects at Fort McCoy, Wisconsin, one of the army's fifteen power projection platforms. These projects directly support training and readiness of the force, aircraft operations and safety, and improved quality of life for thousands of soldiers and civilian employees who train at the Army Reserve Readiness Training Center each year. The Army Reserve is also assuming greater responsibilities in managing base operations support and facilities engineering activities, using the command, control, and management capabilities of its Regional Support Commands. This mission reinforces the Army reserve's relevance and value to the total Army as a provider of combat service support and other essential infrastructure support in both peacetime and wartime.

BUDGET REQUEST ANALYSIS

The Military Construction, Army Reserve (MCAR) budget for fiscal year 1998 includes a request for appropriations of \$39,112,000 and a companion request for authorization of \$47,012,000. The amount of the request for appropriations reflects the Army reserve's application of unobligated prior year appropriations of \$7,900,000 toward the fiscal year 1998 budget, as directed by the Department of Defense. The amount of the companion request for authorization reflects the full authorization of the cost of all projects in the budget request. The budget for fiscal year 1999 includes a request for appropriation and authorization of \$66,140,000. These budget requests for fiscal years 1998 and 1999, while constrained, provide adequate funds for our highest priority, most essential requirements, and they are in line with our commitment to operate successfully in an environment of constrained resources. They also reflect the priority of maintaining near term force readiness and meeting critical requirements for military construction that directly supports that readiness. The MCAR appropriation includes three categories of funding: Major Construction, Unspecified Minor Construction, and Planning and Design.

—(1) *Major construction*.—These funds provide for essential construction, revitalization, expansion, alteration, or conversion of facilities, and for land acquisition, when required. For fiscal year 1998, our request for an appropriation of \$34,012,000, with a companion authorization request of \$41,912,000, will fund the construction of one new Army Reserve center in California and four projects at Fort McCoy, Wisconsin: a new billeting facility at the Army Reserve Readiness Training Center; provision of electrical power to various training ranges; and revitalization of rifle and pistol ranges. The fiscal year 1999 requests for appropriation and authorization of \$58,640,000 will fund construction of three Army Reserve centers in Michigan, Tennessee, and Virginia; an Aviation Support Facility in Virginia that supports new mission requirements; and two projects at Fort McCoy, Wisconsin: a new airfield crash rescue station to replace an inadequate and unsafe facility; and construction of a machine gun range to support training readiness.

—(2) *Unspecified minor construction*.—These funds provide for construction of projects not otherwise authorized by law, and which have a funded cost of less than \$1,500,000. Unspecified minor construction may include construction, alteration, or conversion of permanent or temporary facilities. This program provides an important means to accomplish small projects that are not now identified, but which may arise during the fiscal year, and that must be accomplished to satisfy critical but unforeseen mission requirements. Based on the availability of unobligated prior year funds, the Army Reserve has adjusted its budget request for fiscal year 1998 to include no funds for unspecified minor construction. The budget request for 1999 is \$1,500,000.

—(3) *Planning and design*.—These funds provide for a continuous, multi-year process of designing construction projects for execution in the budget years and beyond. Planning and design activities include the preparation of engineering designs, drawings, specifications, and solicitation documents necessary to execute major and unspecified minor construction projects. Planning and design funds are also required to support the Army reserve's share of the costs of the continued development of the Modular Design System as an effective and cost and time saving facility design tool. Our budget requests for planning and design are \$5,100,000 for fiscal year 1998 and \$6,000,000 for fiscal year 1999.

Real property maintenance (RPM).—Another important issue that is directly linked to stewardship responsibilities for facilities and installations is funding for real property maintenance (RPM). Although provided separately by the Operations and Maintenance Army Reserve (OMAR) appropriation, these funds complement military construction (MILCON) funds to round out the total resources necessary to manage the Army reserve's facilities inventory. Long term resource constraints in both military construction and real property maintenance have a combined effect of

increasing the rates of aging and deterioration of facilities and infrastructure. In exercising our stewardship responsibilities for facilities that belong to the American taxpayer, we are applying available resources to only the most critical military maintenance and repair needs.

SUMMARY

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

PART IV—BASE REALIGNMENT AND CLOSURE (BRAC)

INTRODUCTION

Closing and realigning installations have been a major part of the Army's reshaping efforts during the past decade. The Army is entering the final third of a 13 year implementation effort that spans four rounds of closures. We are now saving more than is being spent. By implementing BRAC, the Army is complying with the law, while saving money that would otherwise support unneeded overhead. These closed assets are now available for productive reuse in the private sector.

BRAC savings do not come immediately because of the up front costs for implementation and the time it takes to close and dispose of property. The resulting savings are not as substantial as originally anticipated because potential land, facilities and equipment revenues are being converted to local economic opportunities that create jobs and expand the tax base. Environmental costs are significant and are being funded up front to facilitate economic revitalization. The remaining challenges that lie ahead are implementing the final two rounds, BRAC 93 and 95, ahead of schedule, disposing of property at closed bases, cleaning up contaminated property and assisting communities with reuse.

In fiscal year 1998, we will begin to focus almost exclusively on BRAC 1995, the last of the four rounds. The fiscal year 1998 and 1999 budgets are important because they contain over 40 percent of the resources needed over the six year implementation period in support of the BRAC 1995 round.

The Army is accelerating all BRAC actions to obtain savings and return assets to the private sector as quickly as feasible. All of the five closures approved by the 1991 Commission have already occurred. In fiscal year 1997, we are closing Vint Hill Farms Station, Virginia, two years early. This was the only closure recommended by the 1993 Commission. We are also closing the first of the installations recommended by the 1995 Commission: Fort Chaffee, Arkansas; Fort Pickett, Virginia; Baltimore Publications Center, Maryland; Stratford Engine Plant, Connecticut; Fort Totten, New York; Detroit Tank Plant, Michigan; and Fort Missoula, Montana.

The fiscal year 1998 budget supports completing the disestablishment of the Aviation and Troop Command in St. Louis, Missouri; continuing a major construction program at Fort Leonard Wood, Missouri, to house the military police and chemical schools relocating from Fort McClellan, Alabama, and the closure of Fort Indiantown Gap, Pennsylvania.

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

While we constantly evaluate the role of forward deployed forces, overseas presence helps to reassure friends and deter potential enemies. It can reduce our response time in crises by positioning forces nearer potential trouble spots. On a typical day, the Army has 138,000 soldiers providing overseas presence in 120 countries. This provides tangible proof of the Nation's commitment to defend American interests and those of our allies.

The President's Five Part Community Reinvestment Program, announced on July 2, 1993, speeds economic recovery of communities where military bases are closing by investing in people, investing in industry and investing in communities. The Army is making its bases available more quickly for economic redevelopment because of the additional authorities we now have.

The Army has been working with communities to convert military bases to public and private uses. Just last year, the Army completed an economic development conveyance of the large maintenance facility at Tooele Depot, Utah, to the local community, which has completed a business arrangement with Detroit Diesel Remanufacturing Corporation to spur economic development and create jobs. Significant parcels of property were also conveyed at Fort Benjamin Harrison, Indiana, and Fort Devens, Massachusetts. Local and State redevelopment authorities are projecting new employment levels that far exceed those of the Army when the bases were active. We are also partnering with local reuse authorities to conduct cost effective cleanup efforts, consistent with local reuse plans and prudent expenditure of resources.

BASE REALIGNMENT AND CLOSURE—OVERSEAS

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

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

664

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

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

BASE REALIGNMENT AND CLOSURE 1988—BASE CLOSURE ACCOUNT (BCA) I

BRAC 1988 overview.—Though this round has been completed, the work of property disposal and environmental remediation will continue for several years. In late 1996, the Army completed the sale of the former Cameron Station, Virginia, to a residential developer for \$33 million.

BRAC 1988 financial summary.—The one-time cost to implement was \$1,361,279,000. The one-time savings during implementation were \$721,011,000. Annual recurring savings of \$259,611,000 began in fiscal year 1996.

BRAC 1988 environmental cleanup and compliance.—Cleanup is complete at 460 of 885 (52 percent) sites. Eleven BRAC Cleanup Teams and nine Restoration Advisory Boards work on these environmental issues.

BASE REALIGNMENT AND CLOSURE 91 (BRAC 91)—BASE CLOSURE ACCOUNT (BCA) II

BRAC 91 overview.—Public Law 101–510, the Defense Base Realignment and Closure Act of 1990, established a new process for base realignment and closure actions in the United States through 1995. The first phase of this new process is known as BRAC 91 and the funding account is referred to as BCA II. The Army is currently in the final year of the six year execution period. All closures are completed. The realignment of the Army Research Laboratory in Adelphi, Maryland in 1997 completes this round.

BRAC 91 financial summary.—One-time implementation costs during the period fiscal year 1992–97 totals \$1,419,433,000. The largest component is military construction, which accounts for 38 percent of the program. Savings during the same period are \$1,181,201,000, primarily due to the elimination of 5,648 civilian positions and reduced operating costs for installations being realigned or closed. Recurring savings are estimated to be \$303,825,000, starting in fiscal year 1997. Proceeds from land sales are anticipated to be \$37,498,000 million.

BRAC 91 environmental cleanup and compliance.—Cleanup is complete at 136 of 235 sites (58 percent). Five BRAC Cleanup Teams and five Restoration Advisory Boards are working at closing sites.

BASE REALIGNMENT AND CLOSURE 93 (BRAC 93)—BASE CLOSURE ACCOUNT (BCA) III

BRAC 93 overview.—The Army is in its fourth year of a six year execution period. During fiscal year 1997 the Army will close Vint Hill Farms Station, Virginia. The Army is working very closely with the local redevelopment authority to expedite reuse of the installation in support of economic recovery.

BRAC 93 financial summary.—One time implementation costs during the period fiscal year 1994–97 totals \$288,953,000. Savings during the same period are \$206,892,000, primarily due to the elimination of 1,113 civilian positions and reduced operating costs of installations being realigned or closed. We estimate our recurring savings to be \$67,727,000, starting in fiscal year 1999. Land sales are expected to be deferred as part of the economic development conveyance process and will be collected in the future as economic development occurs.

BRAC 93 environmental cleanup and compliance.—Cleanup is complete at 12 of 68 sites (18 percent). Three BRAC Cleanup Teams and three Restoration Advisory Boards (RAB) are working to accelerate cleanup.

BASE REALIGNMENT AND CLOSURE 95 (BRAC 95)—BASE CLOSURE ACCOUNT (BCA) IV

BRAC 95 overview.—The Army is in its second year of a six year execution period. The Army expects to close Fort Chaffee, Fort Pickett, Stratford Army Engine Plant and several minor installations in fiscal year 1997. In fiscal year 1998, the Army will complete the disestablishment of Aviation and Troop Command in St. Louis and return Fort Indiantown Gap to the State of Pennsylvania.

BRAC 95 financial summary.—One time implementation costs during the period fiscal year 1996–2001 are currently estimated to total \$2,140,995,000. Savings during the same period are \$1,197,973,000, primarily due to the elimination of 4,247 civilian positions in the Army and reduced operating costs of installations being realigned or closed. An additional 1,431 positions from DOD's medical program are being eliminated as a result of the closure or realignment of medical facilities at our installations. We estimate recurring savings to be \$363,578,000 starting in fiscal year 2002. Land sales are expected to be deferred as part of the economic development conveyance process and will be collected in the future as economic development occurs.

BRAC 95 environmental cleanup and compliance.—Cleanup is complete at 183 of 716 sites (26 percent). Twenty BRAC Cleanup Teams and seventeen Restoration Advisory Boards (RAB) are working to accelerate cleanup.

SUMMARY

Closing and realigning bases saves money that otherwise goes to unneeded overhead and frees up valuable assets for productive reuse. These savings permit us to invest properly in the forces and bases we keep to ensure their continued effectiveness. Our debt to local communities keeps us dedicated to the rapid reuse of our installations, so local communities can realize the opportunities that base closures can bring. The Army is supporting the rapid redevelopment of communities affected by BRAC by using the economic development conveyance authorities established by the Congress. Real property assets are being conveyed to local communities, and cleaned environmentally when necessary, thereby permitting communities to quickly enter into business arrangements with the private sector. These business arrange-

ments are producing jobs and tax revenues at the local level which, over time, will allow some revenues to return to the Army.

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

BARRACKS PROJECTS OVERSEAS

Senator BURNS. Thank you, Mr. Secretary.

Mr. Secretary, the 1998 budget request contains eight barracks projects overseas, for a total of about \$119 million. I guess my question is, is that inadequate, or are we investing too much overseas in new barracks in Europe and Germany as we have significant amounts of barracks domestically in this country sorely in need of repair?

I cite Fort Sill. I saw some quarters there that really need replacing and some facilities that we need to replace on some of our posts here in this country to meet the one plus one.

Are we making the investment in the wrong place? Are we investing in Europe and Korea and maybe not making the adequate investment here?

Mr. WALKER. Mr. Chairman, we are trying to provide a balanced program. In our barracks program, as I mentioned, we have taken the old barracks renewal program, which said we would not finish completing renovating barracks to the one plus one standard by the year 2020, and we have rolled that back and now will complete all barracks in the United States by 2008.

We are not going to complete that overseas until the year 2012, out of recognition of what you say. But I must tell you that we have some bad barracks all over, and some of the worst barracks I have ever seen are in Korea and Germany. I have been going to Korea, for instance, since the early 1980's. We are still using 50-year-old Quonset huts for American soldiers to live in that should have been torn down when I first went to Korea in 1983.

So we have an obligation to our soldiers, wherever they may be, and what we are trying to do is put an adequate amount of money so we can conclude this barracks renewal program throughout the Army as soon as possible.

Senator BURNS. It looks like throughout our part of the country the Quonset Corp., still sells building—grain, machine sheds, this kind of thing. Maybe they had better go over and take some pictures and see how long their product lasts?

Mr. WALKER. It is amazing.

Senator BURNS. I think we have done an adequate job of maintaining and using them a long time.

BRAC

I want to ask you now, in light of that, and with the announcement a couple of days ago, Secretary Walker—and I guess this might be a little too quick, but I would give rise to the thought that with the announcement from the Secretary of Defense and from the President that they are suggesting another round of BRAC, base realignment and closure, and when we start talking about making investments, and then looking down the line—and I personally, with the demand that has been put on the cleanup and especially the underestimation of what our environmental liability was and the cost of taking care of that liability on these closures—I am

wondering if you are starting to put together plans that right now we have to start watching where we invest for this future round, if it comes to pass, of BRAC.

Mr. WALKER. Well, Mr. Chairman, of course, Secretary Cohen has not told us yet exactly what his plan is. That will be announced on May 19, I believe, Monday next.

We probably do need another BRAC, though, Mr. Chairman. The numbers of soldiers have declined far faster than our infrastructure, although I must tell you that in the Army most of our soldiers were taken out of Europe, where we have had large base closures there.

Here in the United States, fewer soldiers have been reduced proportionately to the number of soldiers overall. But even with that said, we still have some flexibility, I believe, in order to save some funds for the future.

What we are finding with regard to base closures is what you point out. It is very expensive on the front end. But the past four BRAC base closures that we have had are going to result, by the year 2001, in a savings to the Army budget of \$1 billion, on an annual basis that we would not have saved. So if you can get past the first few years—that is the difficult part—then you do end up saving money.

Senator BURNS. With the new approach of providing the seed money for off-base housing and a commitment to our family housing especially, whenever we close a base or that facility closes down, we still have obligations in that area. Does that concern you?

Mr. WALKER. Well, of course, that has also been true for several years. We had the 801 housing program, which had some very large leases throughout all military services. That has been on the books for some time. So we faced that before in base closure rounds.

Senator BURNS. I bring that up, with the suggestion that we have to start thinking in those kind of directions. It may change our planners' approach a little bit on how we plan for the future and what facilities. I personally do not think another BRAC round can probably start until maybe the year 2001, maybe 2002, because we still have commitments from the old rounds that still have to be met, and we can only support the closing of so many financially, no matter what your feelings are about what size the Army ought to be.

I am concerned about the declining numbers in Korea and Germany, and when we make those investments are we building a facility to abandon later on. I ask that because I think sometime we better make the investment in this country.

Mr. WALKER. Well, I think the President has, and Secretary Cohen on his recent trip to Korea, indicated the troop levels will stay pretty much the same in Korea. And I think we are still looking at about 100,000 total, 65,000 Army, in Germany. So unless QDR makes a change on that, we do not anticipate any substantial change in the numbers of troops we have forward-deployed.

PLANNING/EXPANSION OF NATO

Senator BURNS. In your planning stages, the expansion of NATO, does that enter the planning or the mindset of our planners at all?

Mr. WALKER. No, sir; we have not been asked to do anything on that.

Senator BURNS. Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman.

REDUCTIONS TO ACTIVE AND RESERVE FORCES

Secretary Walker, I noted that the lead article in the Washington Post yesterday indicated that the quadrennial defense review process includes a proposal to cut the Army by 15,000 but also cut the Army Guard and Reserves by some 70,000, most of that coming from the Army Guard.

Is that report accurate and, if it is, does that represent a fair balance in reductions between the Active and Reserve and Guard Forces?

Mr. WALKER. Well, Senator Murray, I read that same article yesterday, and I must tell you I regret I cannot confirm or deny, because I really do not know what the answer is. I do not know if the Army staff coordinated their original proposal with the Army National Guard or not.

But I do know that the Army staff did not coordinate their original proposal with the members of the Secretariat. I have not been briefed, for instance, on any Army staff proposal. And, according to another press report today, the Secretary of Defense had given the service chiefs great latitude in determining the mix of cuts.

So, like you, I am very interested in seeing what the Army staff has proposed, and I regret I do not know the answer to your question.

Senator MURRAY. Well, the Post indicated that the Guard had been excluded from the decisionmaking process, and I wanted to know if you knew if that was true or not and whether you thought the Guard agreed with the level of reduction that was being proposed.

Mr. WALKER. You would need to ask the Guard. I understand the leadership of the Guard is probably in town discussing that issue today.

Senator MURRAY. Well, thank you. Let me move to another area, then.

You mentioned in your opening remarks the propensity for young people not to go into the Army today and the declining number of people. One of the things I know when I talk to young people that we are looking at recruiting is that they talk about the quality of life issues.

CHILD DEVELOPMENT CENTERS

One of the issues that often comes forward is whether or not there is any child development centers for young people and their families. I notice that there are no child development centers in the Army's budget request. I thought DOD had a goal for providing child care facilities. If you could tell me why we do not see that and what is in the budget in terms of that, I would appreciate it.

Mr. WALKER. Senator, I think we have roughly 165 child development centers throughout the Army. The goal is to have 65 percent of our eligible children in child development centers. This year I think we are going to make 64 percent. We are almost there.

In addition to organic child development centers on military bases, we also have an aggressive program of inhouse child care, where you certify homes for child care. So we think we are doing a good job at child development. Even though there is not a new child development center project in the budget, we think the right thing is being done.

QUALITY OF LIFE ISSUES

Senator MURRAY. OK. What about other quality of life issues like community centers or physical fitness centers, those kinds of things, that really add to the quality of life?

Mr. WALKER. You are right. As I mentioned, you do not see very many of them in the budget, very many of those kinds of facilities, not very many of operational or mission facilities. We have put our emphasis on quality of life in terms of barracks, and that is where we are putting most of the money now.

We have many requirements out there like that that we have still got to figure out a way to fund in the future.

Senator MURRAY. Do you know what the unmet need is?

Mr. WALKER. I do not, but I will be glad to provide that for the record.

[The information follows:]

OTHER QUALITY OF LIFE FACILITIES

With regard to fitness centers, the U.S. Army emphasizes total fitness to meet its contingency and mobilization requirements. Although facilities continue to need renovation or replacement (average age is 53 years), resources have been insufficient to fund all of the Army's infrastructure revitalization requirements. Our current Future Years Defense Program includes funding in Military Construction, Army (MCA) of Physical Fitness Training Centers in: fiscal year 1999 at Fort Detrick (\$3.5 million BRAC/\$3.1 million MCA); fiscal year 2001 at Walter Reed Army Medical Center (\$6.0 million); fiscal year 2003 at Fort Eustis (\$4.3 million).

A Soldier Community Building is included as part of each Whole Barracks Renewal Complex. This facility provides social gathering areas, room for recreational activities, and multi-purpose meeting space.

With regard to community centers, family centers, libraries, and other quality of life facilities, resources have been insufficient to fund the Army's requirements.

Senator MURRAY. I would really appreciate seeing that. I think if we want to encourage young people to come into the Army—and we do need to do that—that these are astute young people and they are looking around at the other opportunities that are available, and quality of life is absolutely critical.

Mr. WALKER. You are exactly right, Senator. It is a competition out there. We are in competition with the rest of the civilian economy and we have got to compete.

FAMILY HOUSING IMPROVEMENT FUND

Senator MURRAY. I also notice that there is no appropriation request for the family housing improvement fund for fiscal year 1998, and I wanted to know how the Army planned to execute this program next year.

Mr. WALKER. Senator, we will provide an answer for the record for that.

Senator MURRAY. I would appreciate that.

Thank you, Mr. Chairman.

[The information follows:]

FAMILY IMPROVEMENT FUND

The Office of the Secretary of Defense centrally manages programs and budgets for the DOD Family Housing Improvement Fund (FHIF). The fund received direct appropriations of \$22 million in fiscal year 1996 and \$25 million in fiscal year 1997. These funds are available until expended; approximately \$30 million remains available to finance projects.

Consistent with design of the initiative, project award will use cash, land, and/or facilities depending on the site and terms of the contract. Some sites may not require any up-front money. However, if cash is needed (for example, mortgage guarantees), funds will come from either the family housing construction account at that site, or the Army will request funding from the centrally managed FHIF.

RELOCATION OF SOUTHCOM

Senator BURNS. Let us talk about one of my favorite projects, the relocation of the Southern Command. I think I have brought this up 3 years ago—I do not know how long it has been. But I still question the wisdom of moving from Panama to Miami. I do not question the wisdom of moving it maybe back in the contiguous States, but you have got a request in here for \$2.3 million for general and staff officer housing.

And yet we are requiring some enlisted people to move into an area where you have a very high cost of living and, you know, we all have champagne tastes, but most of us are on Miller payrolls. It does not lead to a very, very good situation, given the area in which they are moving.

I have no problem with living in Miami year-round, but I also know that these families—I have often wondered, as Senator Murray said a while ago, attracting young people to the military services, we hear the complaint of housing facilities.

I tell you what. That was the last thing that was on my mind when I joined the U.S. Marine Corps in 1955. But I will say that after you are in the service and you find that people that you want to retain, then the amenities become very, very important in the retention of qualified soldiers and people that we want to make career people.

So would you comment on this relocation and try to put my mind at ease that we are doing the right thing in this situation, especially when we have facilities that might be located in Florida but might not be in Dade County, to be specific?

Mr. WALKER. Senator, with regard to your general statement, there is a saying in the Army that you enlist soldiers but you reenlist families. I think that is very true.

Since that is true, that was one of the concerns that we had with the SOUTHCOM relocation when the Army was given the executive agency responsibility to execute that. We sent a team from the Corps of Engineers down there to do a family housing survey to find out if soldiers could afford living down there.

And they found in their survey that most soldiers could afford adequate housing, given the housing allowances that are available. But even with that said, we know that younger soldiers, junior enlisted, both single soldiers and junior enlisted with families, many of them who have larger families or families with special needs still have specific requirements.

So as a result of that, we will be moving about 225 enlisted into the area totally. We have sought and secured the ability to lease housing for about 120 of them, and we are going to be leasing 62

junior enlisted housing for the larger families and those with particular situations and 60 junior enlisted unaccompanied housing units in the area.

We are doing that for just the reason that you mentioned, because we feel that there would be a special burden on some of those, and we hope that that will be sufficient to ensure that when we check the next time the reenlistments of SOUTHCOM we will find that the reenlistment rates are still high.

Senator BURNS. I have still got my questions, I guess, about that move, but it does not make any difference what one guy thinks and another guy. I just thought it sounded funny at the time.

DISCIPLINARY BARRACKS—FORT LEAVENWORTH

There is a \$63 million project to build a new disciplinary barracks at Fort Leavenworth. That is about 10 percent of your total Milcon allocation. It is my understanding that it houses prisoners from all services and a significant number of these inmates participate in a work release program throughout the fort, such as barber shops and different things.

Why are we building a prison facility at Fort Leavenworth that is nicer and more modern than many barracks that we are trying to fight so hard for on our military posts for the good soldiers?

Mr. WALKER. Mr. Chairman, I think when we finish the new facility it is not going to be a place any of us would like to live. It is going to be a prison. There is no question about it. It is going to be small rooms and small beds and a big door that slams closed every night. I do not think we are going to see any soldiers trying to trade their barracks room for it intentionally.

The truth is, we are using essentially the same kind of design that the Federal Bureau of Prisons uses for their prisons. So it is not going to be—these are long-term prisoners that will be there. It is not going to be a very pleasant place to live.

It is a lot of money, and I will tell you honestly that the project got slipped for the last 2 years because of other requirements. We have reached the point that we really cannot slip it any longer. The reason we are spending this amount of money for this project is because the current disciplinary barracks is, frankly, just unsafe.

The Corps of Engineers has gone in there and we have had three other consultants go in there to verify that there is a safety problem there. It was built back in the early 1900's by prison labor, and, I will tell you, it is a challenge. The bricks just fall off the wall.

Senator BURNS. What do you plan to do with the old building if this project is approved?

Mr. WALKER. Well, we plan to mothball it. It is not going to be used. We are not sure whether we can tear it down or not because it falls under the National Historic Preservation Act. So there is a process you have to go through there.

Senator BURNS. The only thing is, there at Fort Leavenworth I think Custer's horse is still there, isn't he? [Laughter.]

Mr. WALKER. It is a very historic base.

Senator BURNS. I think so.

FORT CARSON—HOUSING PRIVATIZATION

Fort Carson, a plan to privatize all family housing is at Fort Carson, CO. The initiative will revitalize, what, 1,824 existing units and construct 840 units. Do you want to bring us up to date on that?

Mr. WALKER. Yes, Mr. Chairman. The request for proposals is out. There have been about, I believe, around 300 responses, which is just an enormous response, much more than we expected. So we believe as a result of that that we are going to see a very competitive project, a project that is going to result in family housing a lot quicker for soldiers there than otherwise would have been.

At the current rates of funding that were going in there, it would have taken 50 to 75 years to revitalize all that housing. Now, the 1,824 units of family housing that is there will be revitalized in 5 years and the additional units that are going to be built will be built in 5 years.

We believe that the project is on track for an award sometime this summer.

Senator BURNS. The BRAC announcement, would that change emphasis on that project there, should it come to pass? You do not know?

Mr. WALKER. Of course, we do not know what Secretary Cohen is going to recommend at this point.

Senator BURNS. I think just as a suggestion, you know, if that announcement is made on that BRAC, I would say that planners will have to go back to work anyway. We may be having lots of meetings and sitting down and reprogramming, and this type of thing.

Senator Murray, do you have any more questions?

GUARD AND RESERVE BUDGETS

Senator MURRAY. Thank you, Mr. Chairman. I just have one more. I continue to be concerned with the request for Guard and Reserves that you just talked about for 1 minute.

Does the military construction budget reflected in your request mean that the Army can do without the Guard and Reserve in a wartime situation?

Senator WALKER. Well, no, we cannot. That is for sure. I just came from Bosnia over the weekend, and there in Bosnia I think we have got about 3,500 Guard and Reserve personnel. To give you an example, at any given time, any day of the year we have about 30,000 soldiers who are deployed for a variety of missions. Of those soldiers, 7,000 to 8,000 are Guard and Reserve, primarily Guard soldiers or units that are deployed just like active duty.

Today in the European theater, when you add it all up, we have about 6,000 that are Guard and Reserve. We saw demonstrated very clearly in the Persian Gulf war that 60 to 70 percent, and it may be more in the future, of our combat support and combat service support, for instance, has to come out of the Guard and Reserve. Other units, such as artillery units and others performed magnificently.

So we cannot go anywhere anymore as an Army, we cannot deploy without the Guard and Reserve. So it does not reflect that. It reflects very simply that we did not have enough money.

Senator MURRAY. Thank you, Mr. Chairman.

Senator BURNS. Secretary Walker, thank you this morning. I am sure there will be other questions and other committee members may have some questions. If we could channel those letters to you and if you could respond to the individual Senator and to the committee, I would certainly appreciate that. We will leave the record open.

I think with the recent announcement—and I will tell you very sincerely I appreciate your cooperation and we may be working together a little more closely on some projects as the world changes and as our approach to national defense changes. So I appreciate your thoughts and your cooperation.

ADDITIONAL COMMITTEE QUESTIONS

Mr. WALKER. I look forward to working with you.

Senator BURNS. Thank you very much.

Mr. WALKER. 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 BY SENATOR BURNS

NATIONAL GUARD MILCON FUNDING

Question. Mr. Secretary, I applaud the Army's effort in securing some funding for the Army National Guard. \$45 million is a starting point, but I am concerned that the proposed funding drops to \$33.8 million in fiscal year 1999. What is the proposed funding for the Army Guard in the out years?

Answer. The military construction funding for the Army National Guard as published in the current Future Years Defense Plan (FYDP) submitted to Congress with the fiscal year 1998 budget is as follows: fiscal year 2000, \$44.9 million; fiscal year 2001, \$31.137 million; fiscal year 2002, \$34.037 million; and fiscal year 2003, \$36.937 million. However, the Army reviews these funding levels as it develops each year's budget for submission to Congress.

Question. How does the Department propose to continue this forward momentum?

Answer. Since the Army transitioned to six functional Program Evaluation Groups in 1996, the avenues of communication between the Army National Guard (ARNG) and the Assistant Chief of Staff for Installation Management (ACSIM) have strengthened. The ARNG and ACSIM meet frequently on budget and planning issues. The ARNG has placed a senior officer on a series of short temporary active duty tours to work full-time at the ACSIM. The ACSIM has integrated the ARNG into their requirements generation model. The ARNG reports its facility issues through the Army's Installation Status Report. We believe that these actions will continue the forward momentum.

Question. How does the Army determine what the priorities are between the various Guard projects competing for limited funding?

Answer. We set priorities by ranking projects using the following criteria: readiness priorities of the units supported by the facility (40 percent), the adequacy of the existing facility (35 percent), and the priority the individual State places on the project (25 percent). To break ties when preparing a budget we also examine the design status of the project and the State's proven ability to execute military construction.

Question. Mr. Secretary, I understand that the Army is proceeding with the full privatization of family housing at Fort Carson with a contract award date of July. With Secretary Cohen's recent announcement that he wants two more rounds of base closure, why would we want to endorse any leasing arrangement which provides guarantees against base closure?

Answer. First, the Army does not make its base closure decisions based solely on investments in its installations, whether the investment is in facilities construction, or in guarantees such as this.

Second, the housing initiative provides essential support to provide the adequate housing we owe our military families. To accomplish a privatization initiative we must include some type of guarantee for the contractor. The Army recognizes that there is a future risk of base closure, but such a guarantee is the only way to make the financial risk acceptable to the private sector.

Question. Any installation with a housing privatization deal would be protected in future rounds of base closure, because of the costs to buy the government out of the lease. This would seem to lock the Army into Fort Carson for the next 50 years, is that correct?

Answer. No. We believe we can negotiate an equitable settlement. And, since the criteria for establishing the military value of our installations has not been agreed to, I would be speculating on those installations that should be retained, closed or realigning. Further, the size and type of force structure will, if a new round of base closures is approved by Congress, have an effect on those installations retained in our infrastructure.

QUESTIONS SUBMITTED BY SENATOR FAIRCLOTH

BASE REALIGNMENT AND CLOSURE

Question. As I look over the portion of your statement on “Base Realignment and Closure,” (BRAC), I’m very concerned about all the money that is being spent at the time of closure. In fact, it is so great that in every case, from BRAC 1988 through BRAC 1995, both your actual and planned spending exceeded or exceeds the actual or planned savings over the six-year implementation period. For what is all this spending? Why is so much new construction needed at a base that is being closed?

Answer. The majority of the costs associated with the closure or realignment of an installation are for the movement or separation of personnel, transfer or procurement of equipment, environmental restoration of the excess land, and construction of new facilities at the gaining installation. New construction is required at gaining installations for the functions and missions that are transferred or realigned from other installations. We are not constructing new facilities at installations that are closing. Although there are expenses associated with each BRAC round, the resulting savings in infrastructure costs are far greater.

Question. Break down the savings over the implementation period. You say it is primarily from elimination of civilian jobs. What portion is from this and what portion is from “reduced operating costs?”

Answer. The following chart provides the annual savings by fiscal year and the civilian personnel reductions.

	Fiscal year								
	1989	1990	1991	1992	1993	1994	1995	1996	1997
BRAC 88	-23.0	-10.2	-34.8	-56.3	-119.8	-240.3	-259.6	-259.6	-259.6
BRAC 91	-55.1	-105.5	-198.9	-241.3	-276.6	-303.8
BRAC 93	-10.9	-1.6	-20.3	-48.5
BRAC 95	-19.2	-16.6
CIV RED	20.0	1,364.0	2,386.0	3,312.0	1,129.0	757.0	3,410.0

	Fiscal year						Total
	1998	1999	2000	2001	2002	2003	
BRAC 88	-259.6	-259.6	-259.6	-259.6	-259.6	-259.6	-2,820.8
BRAC 91	-303.8	-303.8	-303.8	-303.8	-303.8	-303.8	-3,004.0
BRAC 93	-61.0	-67.7	-67.7	-67.7	-67.7	-67.7	-480.8
BRAC 95	-195.7	-255.4	-347.5	-363.6	-363.6	-363.6	-1,925.2
CIV RED	2,856.0	647.0	380.0	101.0	.....	.....	16,362.0

The Army has eliminated 16,362 civilian positions during the first four rounds of BRAC. These eliminations account for \$831 million of the \$994 million annual recurring savings. The remainder of the savings is from reduced base operating costs.

Question. You indicated that resulting savings are lower than anticipated. By how much? What are these "local economic opportunities that create jobs and expand the tax base?" Are you giving away moneys that you had originally intended would come back to the Federal Government? How are these moneys transferred?

Answer. The Army originally over-projected potential land sale revenues. In the first two BRAC rounds \$1.7 billion in savings were projected, however, \$108 million has been realized to date.

The Army uses Economic Development Conveyance, as authorized by Congress, as a vehicle for local economic opportunities that create jobs and expand the tax base. Following the July 1993 announcement of the President's program to revitalize base closure communities, Congress created a new property conveyance authority, designed specifically to ease the economic hardship caused by base closures. Section 2903 of Title XXIX, Public Law 101-510, gives the Department of Defense the authority to transfer property to Local Redevelopment Authorities, for consideration at or below fair market value to spur economic redevelopment and job creation. If any loss is incurred by the Federal Government it would be lost land sales revenues that might have been generated if property were at fair market value. No BRAC moneys are transferred to state or local governments.

DOD does provide grants to Local Redevelopment Authorities through the Office of Economic Adjustment (OEA) to assist the local communities in developing reuse plans and other activities required to transition properties to civilian reuse. The money granted by OEA is not part of the BRAC account, but is appropriated as a line item in the defense wide Operation and Maintenance Appropriation.

Question. Can we count on the "recurring savings" as all federal revenue, or are some of these savings transferred to the local economy? For how many years will the "recurring savings" continue to flow in? How can we be certain that these annual savings will not be lower than anticipated, just as the savings over the implementation were and are?

Answer. The "recurring savings" generated as a result of BRAC are not revenues. They are costs that are avoided as a result of a closure or realignment. When an installation is closed, the Army no longer incurs the costs for operating that facility. This includes, but is not limited to, civilian payroll and base operations costs (utilities, and repair and maintenance). These "recurring savings" are permanent and will continue indefinitely.

Question. Would you send up the detailed economic analyses that accompany BRAC decisions? I would like to see the original estimates of costs and savings and a comparison of the actual costs and savings that you are sure of today. What was the original, estimated payback period, and what has the actual payback period turned out to be? I'm assuming that the costs turned out to be higher than anticipated and the savings turned out to be lower than anticipated. Is that a correct assumption?

Answer. All original estimates are contained in the Defense Base Closure and Realignment Commission's final reports to the President. Attached is a summary of the Commission's final analysis. Also attached is a summary of the Army's current budget submission of costs and savings to date. BRAC closure and realignment decisions were based on a decision modeling tool called COBRA (Cost of Base Realignment Actions). Office of the Secretary of Defense policy did not permit the consideration of environmental costs in BRAC decisionmaking since clean-up would have to be accomplished whether or not a base is closed. In fact, budgeted costs are higher with longer payback periods than the original COBRA estimates since they include environmental restoration costs. Without these added costs, the totals are close to what were originally projected. While there are differences between actual and projected savings due largely to unrealistic assumptions regarding land sale revenues, the figures continue to support the original decisions.

Question. You indicate that environmental costs are significant. What is the nature of these environmental problems on a facility that all of the sudden makes uninhabitable after the military leaves, when it was perfectly fine for habitation when the facility was in operation? Are these environmental costs a portion of the costs over the implementation period?

Answer. Applicable Federal and State environmental laws and regulations require the Army to complete this environmental work prior to transferring the property to non-federal purchasers. The Army has an ongoing program to cleanup environmental contamination on many active installations. Although we have very few imminent threats to human health and the environment, there are levels of contamination, mostly from past practices, that require remedial actions. The BRAC pro-

gram includes funding to support environmental restoration of the excess property at closing and realigning installations.

The Army works with the local communities to clean properties to support reuse plans that on occasion differ from the current military use of the property while considering affordability of required cleanup actions. Cleanup standards do change with some of the differences in reuse, and negotiations with the local communities include affordability of required cleanup in determining the reuse scenarios.

ARMY BRAC 95 CLOSURES AND REALIGNMENTS

Installation	State	Action	Civilian		Military		One-Time Cusst (\$K)	Annual Recurring Savings (\$K)	20-Year NPV (\$K)	Jobs Lost		Economic Impact	Cumulative Economic Impact
			Eliminate	Realign	Eliminate	Realign				Direct	Indirect		
Aviation Troop Command	MO	Close	786	2,895	48	171	152,126	56,014	573,421	2001 (3 years)	4,485	2,797	-0.5
Baltimore Pubs Dist Ctr	MD	Close	91	38	2	0	7,023	7,726	100,642	1998 (Immed)	131	82	< -0.1
Bayonne MOT	NJ	Close	179	1,615	7	151	79,682	17,127	143,502	2003 (5 years)	2,276	1,229	-1.3
Bellmore Logistics Facility	NY	Close	0	0	0	0	0	342	5,279	1996 (Immed)			
Big Copper Key	FL	Close	0	0	0	0	0	8	123	1996 (Immed)			
Camp Bonicville	VA	Close	0	0	0	0	38	151	2,218	1996 (Immed)			
Camp Kilmer	NJ	Close-E	0	0	0	0	140	206	2,940	1997 (1 year)			
Camp Piedricktown	NJ	Close-E	0	0	0	0	140	361	5,226	1996 (Immed)			
Concepts Analysis Agency	MD	Close	0	124	0	51	2,681	872	8,596	2002 (4 years)			
Detroit Arsenal	MI	Realign	8	62	0	0	1,436	3,139	38,159	1996 (Immed)	-186	-116	< +0.1
East Fort Baker	CA	Close	1,309	292	0	1,303	11,868	1,293	5,157	2009 (11 years)	144	81	< -0.1
Firststans Army Med Ctr	CO	Close-E	117	0	41	0	6,962	8,934	108,856	1999 (Immed)	161	96	< -0.1
Fort Buchanan	PR	Realign	191	7	2	90	9,596	13,371	166,089	1999 (1 year)	290	119	-0.4
Fort Chaffee	AR	Close-E	0	9	0	0	256	31	4,101	1996 (Immed)	-950	-506	< +0.1
Fort Detrick	MD	Redirect	0	77	15	135	11,624	12,243	145,428	1999 (1 year)	217	118	< -0.1
Fort Dix	NJ	Realign	114	73	135	245	23,065	17,905	210,348	1999 (1 year)	671	230	-33.7
Fort Greely	AK	Realign											
Fort Hainbird	MD	Close											
Fort Hunter Liggett	CA	Realign	6	73	21	452	6,694	5,742	67,619	1999 (1 year)	552	237	-0.4
Fort Indiantown Gap	PA	Close-E	300	13	48	102	8,470	18,388	249,171	1997 (Immed)	463	234	-0.2
Fort Lee	VA	Realign	106	0	99	0	2,121	3,702	50,542	1997 (1 year)	205	116	-0.1
Fort McClellan	AL	Close-E	457	658	237	9,226	230,951	40,604	287,445	2005 (6 years)	8,369	2,124	-16.9
Fort Meade	MD	Realign	74	0	55	0	1,645	3,507	49,523	1997 (1 year)	129	74	< -0.1
Fort Missoula	MT	Close-E	0	0	0	0	363	168	2,155	1998 (2 years)			
Fort Pickett	VA	Close-E	270	9	20	1	25,306	21,786	256,044	1999 (Immed)	300	126	-1.0
Fort Ritchie	MD	Close-E	177	741	140	851	69,909	26,082	275,464	2001 (2 years)	2,364	878	-4.8
Fort Totten	NY	Close-E	3	11	0	11	1,010	667	7,964	1999 (Immed)	25	14	< -0.1
Hingham Coliseum	MA	Close	0	0	0	0	150	2,241	2,241	1996 (Immed)			
Info Sys Software Cnd	VA	Close	0	191	0	111	8,988	1,215	7,105	2007 (9 years)	332	191	< -0.1
Rely Support Center	PA	Realign	13	0	0	0	283	665	8,412	1998 (Immed)	13	9	< -0.1
Leiterkenny Army Depot	PA	Realign	1,317	823	23	19	49,599	76,003	953,144	1998 (Immed)	2,554	2,489	-8.1
Oakland Army Base	CA	Close	113	560	15	37	36,097	15,917	176,305	2000 (2 years)	1,865	1,168	-0.3

Included with Defense Investigative Service recommendation

ARMY BRAC 95 CLOSURES AND REALIGNMENTS

Installation	State	Action	Civilian		Military		One-Time Costs (\$K)	Annual Recurring Savings (\$K)	20-Year NPV (\$K)	ROI Year		Jobs Lost Direct	Jobs Lost Indirect	Economic Impact	Cumulative Economic Impact
			Eliminate	Realign	Eliminate	Realign				1996 (limited)	1997 (limited)				
Recreation Center #2	NC	Close	0	0	0	0	0	0	0	0	1996 (limited)				
Red River Army Depot	TX	Realign	386	0	0	0	7,246	20,030	273,761	1997 (limited)	386	368	-1.3	2.6	
Rio Vista Reserve Center	CA	Close	0	0	0	0	0	105	1,621	1996 (limited)					
Savanna Army Depot	IL	Close	172	264	4	5	66,630	12,138	80,713	2006 (5 years)	445	190	-8.3	-8.3	
Seneca Army Depot	NY	Close-E	269	4	4	0	29,850	19,300	202,314	1999 (limited)	277	119	-2.7	-2.7	
Sierra Army Depot	CA	Realign	198	34	36	17	9,951	18,496	219,305	1998 (limited)	427	176	-5.3	-5.3	
Stratford Army Eng Plant	CT	Close	4	91	5	0	6,583	6,127	78,774	1998 (1 year)	1,700	2,656	-0.9	-0.9	
Sudbury Training Annex	MA	Close	0	35	0	0	798	131	1,171	2003 (5 years)	38	24	< -0.1	-0.1	
USDB, Longmead	CA	Close	0	0	0	0	0	0	0	1996 (limited)					
COMMISSION TOTAL			6,660	8,699	960	13,791	\$974,870	\$467,051	\$5,129,439		30,908	17,098			
Change from Revised DOD Total			-15.4%	-5.8%	-11.0%	-1.8%	-3.2%	-15.4%	-16.6%		-3.6%	2.3%			
Change from Initial DOD Total			-30.3%	0.2%	-13.0%	-5.0%	-14.4%	-30.9%	-31.6%						
REVISED DOD TOTAL			7,876	9,233	1,079	14,049	\$1,007,289	\$552,012	\$6,152,145						
Change from Initial DOD Total			-17.6%	6.3%	-2.3%	-3.2%	-11.6%	-18.4%	-18.0%						
INITIAL DOD TOTAL			9,553	8,684	1,104	14,515	\$1,139,449	\$676,206	\$7,502,448		32,053	16,710			

Question. Why are you funding environmental costs up-front? How much per year is this unique financing costing taxpayers?

Answer. We are funding environmental costs up-front as required by various applicable Federal and State environmental laws. The BRAC account is the exclusive funding source for environmental restoration of any property made excess to the needs of the Department of Defense under BRAC. In addition, the law states that this restoration must be carried out as soon as possible given the funds available for that purpose. The Army is spending between \$80 and \$350 million per year for environmental restoration at BRAC installations.

Question. Can I assume that savings for closing overseas bases will give us a better return than for closing U.S. bases? Give me the same analyses on these closures also, please.

Answer. The closure of overseas bases is funded from the Army's operating accounts. As such, we do not have data on the actual cost to implement these overseas actions. Generally, the infrastructure is excess due to unit realignments to CONUS or unit eliminations in place. These types of realignments do not require much construction at the gaining installations and civilian personnel relocations are minimal. Differences in these implementation costs differences do not change the fact that there are significant operational savings generated by the closure of both U.S. and overseas bases.

QUESTIONS SUBMITTED BY SENATOR REID

ARMY GUARD FACILITIES—CARSON CITY ARMORY

Question. The Army National Guard is taking on many new missions and responsibilities in addition to its more traditional domestic roles. The Army National Guard has been an active participant in every major American conflict, and has always performed admirably. In order to maintain a strong National Guard Force, we must first supply the Army National Guard with the tools and facilities necessary to do the job.

In Carson City, Nevada, our Army National Guard is operating out of woefully inadequate facilities. According to federal criteria, the current Armory is undersized by 32,000 square feet. Additionally, the roof is in such disrepair that it leaks every time it rains.

I understand that there are significant problems with many of Army National Guard facilities throughout the nation. Does the Army have a long-term modernization plan for the National Guard armories?

Answer. The Army does have a long-term modernization plan for the National Guard Armories. In an attempt to fully delineate the cost of modernizing and revitalizing the existing infrastructure of the Army National Guard, a study was prepared outlining a 25-year long-term plan. This study was based on the use of the individual State Long Range Construction Programs which were consolidated into a prioritized list. This list was developed using the following parameters: the readiness priority of unit(s) which the project supports (40 percent); adequacy of the existing facility (35 percent); and the state's priority (25 percent). Armories are considered as part of the overall readiness factor, along with aviation, maintenance, logistic, and training facilities.

Question. Do you know where Carson City armory is on that list?

Answer. The Carson City armory is currently in the Army National Guard's Future Years Defense Program for fiscal year 2003.

EFFECTS BRAC HAS HAD ON THE READINESS

Question. Last Tuesday, Secretary Cohen announced that he intended to seek two more rounds of base closings. The first round is proposed to occur in 1999 with another one in the year 2000. In the last nine years, the Army has closed nearly 100 bases in the United States, and more than 600 bases overseas. In light of Secretary Cohen's comments on Tuesday, do you know of any research being accomplished which addresses the long-term effects of these base closures on the Army's readiness posture?

Answer. No specific research has been undertaken to compare base closures and readiness. However, base closures can improve readiness since they result in considerable savings which can be reinvested in readiness accounts.

Question. In 1996, the Army implemented the Business Occupancy Program. As I understand it, the Business Occupancy Program was initiated to incentivise the Army housing program and was intended to ensure more effective and efficiently managed occupancy rates. Can you expand on the progress and the success of this

program? Will the Business Occupancy Program in anyway change the long-term need for additional or rejuvenated military family housing?

Answer. The Business Occupancy Program presently covers the entire Army-owned family housing inventory. The Business Occupancy Program achieved its goal to increase the family housing in occupancy rate by 2 percent in fiscal year 1996 and is on track to meet the goal of another 1 percent increase in fiscal year 1997.

The Business Occupancy Program will not affect the long-term need for family housing. The Business Occupancy Program is used as a means of distributing annually appropriated funds for family housing operation and maintenance. It is not a factor in determining either the need for family housing or the funding necessary for renovating housing.

Question. In 1996 the Defense Authorization Act provided new authorities under the Military Housing Privatization Initiative. I understand that as a result of this initiative the Army now has fifteen housing projects under development which will privatize part of the Army's housing inventory. When do you anticipate that you will be able to first move families into these units? Do you plan on expanding these efforts to further privatize the management of Army housing?

Answer. The Army expects to award the first privatization project at Fort Carson this summer. The project involves the construction of 840 new units and the revitalization of the 1,824 existing units. Occupancy of the 840 new units is planned over a four-year period with the first completed units expected to come on line early 1999. All of the existing, 1,824 units will be revitalized within five years.

The Army's current objective is to pursue privatizing all U.S. family housing over the next several years.

PARKING RAMP MODERNIZATION

Question. I have seen a study which stated that 51 percent of the Army National Guard parking ramps are inadequate in size or condition. Contributing factors to the untimely deterioration of these ramps include a modernized fleet, aging asphalt, and deferred ramp maintenance. Now that the Army National Guard is getting newer more advanced aircraft; parking locations, pavement bearing capacities, and ramp clearances will need to be increased. This is a long term problem which cannot be corrected in the 11th hour.

Is there a mechanism in place, sort of a parking ramp modernization panel, which is addressing the inadequacies of the Army National Guard's parking facilities?

Answer. The Army National Guard is addressing the issue as a matter of special emphasis through regular aviation staff channels and its aviation advisory council. These groups have identified 62 aircraft parking ramp maintenance and repair construction projects with a cost of \$50.7 million and 14 additional projects for which cost estimates have not yet been determined. The Army National Guard has made such projects a priority item for the use of fiscal year 1997 Quality of Life Enhancement-Defense funds. However, a number of these projects have not been executed because they require a State matching share.

Question. Is there a strategic plan for the future that is prioritizing ramp construction, renovation, and repair projects based on risk analysis and cost effectiveness for maintenance and repair?

Answer. The Army National Guard aviation staff has proposed a parking ramp modernization program that addresses the following: conducting engineering surveys of ramp conditions to identify and prioritize construction or repair needs based on risk analysis and cost effectiveness; providing construction funding for projects currently designed, projects programmed to correct urgent safety deficiencies, and in support of priority units; and establishing a phased schedule for construction, or repair and maintenance, based on engineering survey data and cost effectiveness. Projects identified in this program will compete for operations and maintenance or military construction funding, as appropriate, through established prioritization processes. The ability of these projects to compete will depend on the readiness priority of the supported units, the adequacy of the existing ramps, and individual State priorities. Repair projects will also require a 25 percent State matching share.

DEFENSE AGENCIES

U.S. SPECIAL OPERATIONS COMMAND

STATEMENT OF GARY W. ROBINSON, COMMAND ENGINEER

ASSISTANT SECRETARY OF DEFENSE FOR HEALTH SERVICES
OPERATIONS AND READINESS

STATEMENT OF BRIG. GEN. ROBERT G. CLAYPOOL, DEPUTY ASSISTANT SECRETARY OF DEFENSE (HEALTH SERVICES OPERATIONS AND READINESS)

DEFENSE LOGISTICS AGENCY

STATEMENT OF FREDERICK N. BAILLIE, EXECUTIVE DIRECTOR, BUSINESS MANAGEMENT

DEFENSE FINANCE AND ACCOUNTING SERVICE

STATEMENT OF BRUCE M. CARNES, DEPUTY DIRECTOR FOR RESOURCE MANAGEMENT

Senator BURNS. We will now hear from the second panel, representing the Defense agencies this morning. We appreciate all the folks. We have Mr. Gary Robinson, who is U.S. Special Operations Command; Brig. Gen. Robert Claypool, Defense Medical Facility Office; Fred Baillie, the Defense Logistics Agency; and Bruce Carnes, Defense Finance and Accounting Service.

We welcome and appreciate you being here today, and we look forward to hearing your testimony. I think it will provide the subcommittee an overview on your respective agencies' proposed 1998 budget. I ask again if your statements could be shortened up. Your full statement will be included in the record for everybody. So I ask you to keep those statements a little bit on the short side.

We have a vote coming up or scheduled for 10:30, and we will try to get as much done here as we possibly can.

Mr. Robinson, if we could hear from you and if you would proceed, please. Thank you.

STATEMENT OF GARY W. ROBINSON

Mr. ROBINSON. Thank you, Senator. Mr. Chairman, members of the committee, I am pleased to discuss the U.S. Special Operations Command 1998 military—

Senator BURNS. You might want to pull that microphone a little closer to you. Thank you.

Mr. ROBINSON [continuing]. The fiscal year 1998 military construction budget request. Our Milcon program has a direct positive impact on our training and operational capabilities. The highly specialized skills and equipment required to successfully execute a full

spectrum of special operations missions also demand a modern array of operations, training, maintenance and storage facilities.

The current program is planned to provide facilities that will improve this force capability, increase the readiness of complex weapons systems, and support our diverse training needs.

Our Milcon budget request for fiscal year 1998 is \$29.8 million for seven major construction projects, plus our required unspecified minor construction and planning and design funds.

PREPARED STATEMENT

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

Thank you.

[The statement follows:]

PREPARED STATEMENT OF GARY W. ROBINSON

INTRODUCTION

Mr. Chairman and members of the committee, I am pleased to present the United States Special Operations Command (USSOCOM) fiscal year 1998 Military Construction (MILCON) submittal. Our MILCON program has a direct, positive impact on our training and operational capabilities. The highly specialized skills and equipment required to successfully execute the full spectrum of special operations missions also demand a modern array of operations, training, maintenance and storage facilities.

PURPOSE

The long term goal of the USSOCOM facilities program, of which MILCON is one part, is to have all units and individuals working and living in adequate facilities in order to maximize training and operations capabilities. Facilities requirements are generated by the need to support new weapons systems, force structure, and missions or by the need to modernize or replace inadequate facilities. The current program is planned to provide facilities that will improve force capability, increase the readiness of complex weapons systems, and support diverse training needs. In particular, the program provides facilities to support new special operations systems, such as the Mark V Special Operations Craft and the AC-130U (Gunship). It also provides facilities for the 160th Special Operations Aviation Regiment where no facilities exist and replaces substandard facilities for the 75th Ranger Regiment. These facilities will accommodate an improved and expanded special operations forces (SOF) capability. All of the individual construction requests are part of a component master construction plan. Component MILCON projects are integrated at the USSOCOM level to ensure that the most needed projects are constructed at the right place, on time, and with the highest return on investment.

Your support in prior years has aided immeasurably in improving our operations capability. We look forward to working with your committee to acquire facilities needed by USSOCOM to perform its mission and ensure we have a fully trained and capable force in the future.

MILCON PROGRAM

The seven military construction projects in this program include two projects for the Air Force Special Operations Command, three for the Army Special Operations Command, one for the Naval Special Warfare Command and one for the Joint Special Operations Command. Included in the seven are two projects totaling \$3.05 million designed to improve the resistance of our facilities against terrorist attack. Our MILCON budget request for fiscal year 1998 totals \$37.6 million: \$29.8 million for major construction, \$3.7 million for unspecified minor construction, and \$4.1 million for planning and design. Approximately 45 percent of the construction supports new mission requirements, and 55 percent support current mission requirements. This budget request recognizes the need to balance construction requirements against ac-

quisition programs and the high state of readiness required of all special operations forces.

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

Waterfront operations support facility NAS North Island, CA—\$7.4 million

This project constructs a new building to house operations, warehouse, maintenance/repair, armory and administrative requirements for the new Mark V Special Operations Craft. The Mark V provides a medium range insertion and extraction capability for Special Operations personnel in a low to medium threat environment. There are currently no facilities to accommodate this new program.

Squadron operations/AMU, AC-130 Hurlburt Field, FL—\$6.1 million

Construction provides a squadron operations facility and aircraft maintenance unit for thirteen AC-130U model Gunships and 551 personnel. This facility provides space for planning and briefing combat crews and for directing flight and maintenance operations. The commander and his staff require administrative space to plan and conduct mission briefings and related command activities. Space to maintain, store and issue flying clothing and maintenance equipment is also required. The squadron is currently accommodated in temporary leased modular facilities pending construction of this project.

Perimeter fence/vehicle barrier system Hurlburt Field, FL—\$2.45 million

This project will provide a security fence around the flightline and upgrade the existing boundary fence. A concrete ditch will prevent vehicle entry to the airfield to prevent access to combat aircraft aprons except at authorized locations. Pipe bollards and movable concrete barriers will channelize and slow traffic at base entry gates.

Battalion and company operations facility Fort Benning, GA—\$9.81 million

Construct a battalion command and control facility with classrooms, company operations and administrative facilities for the 3rd Battalion, 75th Ranger Regiment. This battalion occupies Korean War era deteriorated barracks buildings that are inadequate for battalion operations. The facility layout is inefficient and impedes smooth synchronized operations. The facilities' heating, ventilation and air conditioning systems are inadequate and failing. Soldiers' workplace quality of life is substandard. This project will provide a consolidated, permanent, adequate command control facility capable of supporting sophisticated intelligence and communications systems.

Company operations facility Hunter Army Airfield, GA—\$2.5 million

This project will provide a permanent adequate facility to support the operations, administration, and supply functions for the headquarters, two flight companies and a maintenance company of the 3rd Battalion of the 160th Special Operations Aviation Regiment. Requirements include company operations and briefing functions, company supply, NBC personnel equipment area, arms room, storage for individual equipment and communications work areas. The unit currently uses space within the aircraft maintenance hangar. Functions that would normally occupy hangar space are located in WWII wood buildings remote from their aircraft maintenance responsibilities. This dispersion and improper use of maintenance space causes inefficiencies and impedes smooth and synchronized operations.

Electronics maintenance facility Fort Bragg, NC—\$1.0 million

Constructs an electronics maintenance facility to support mission needs. This project is required to provide permanent and adequate space to receive, maintain and issue multi-million dollar electronic systems and equipment. The new facility will provide proper climate control and security. Currently, the electronics maintenance functions are being conducted in two 2,400 square foot temporary metal buildings. These facilities lack adequate power, proper security and environmental controls.

Security upgrades Fort Bragg, NC—\$0.5 million

Project will install mylar window film (shatter protection) on various facilities. Mylar window film is designed to minimize the impact of flying glass and debris in the event of a terrorist attack. Facilities included in this project generally house 150 to 450 military and civilian employees and are located close to uncontrolled high volume traffic areas and parking lots. Many of the Command's facilities were constructed and sited prior to the establishment of government-wide standards for security. As a result, these facilities have minimal setback and are located on or near uncontrolled high volume vehicle traffic areas. Since Fort Bragg is an "open installation," facilities are extremely vulnerable to random terrorists acts. Installation of

mylar window film will provide a quick method to minimize injury and loss of life in the event of an attack.

SUMMARY

Our proposed fiscal year 1998 MILCON budget for facility investments will significantly improve the operational and training capability of special operations forces. Approval of this program is essential to ensure the continued development of our nation's Special Operations Forces.

STATEMENT OF BRIG. GEN. ROBERT G. CLAYPOOL

Senator BURNS. General Robert Claypool, Defense Medical Facility Office.

General CLAYPOOL. Thank you, Mr. Chairman. I am pleased to be here before this committee and I would like to state that if I develop a cough during the middle of my testimony I indulge your apologies. I feel quite well, but it is an occupational hazard being a grandfather, so I get these coughing spells.

Senator BURNS. I was going to get even with you. I have a daughter graduating medical school this June. I was going to send her to the Army and get even with you. [Laughter.]

General CLAYPOOL. On behalf of Dr. Martin, the Acting Assistant Secretary of Defense for Health Affairs, I thank you for this opportunity. I would like to address the composition of our fiscal year 1998 program.

Fiscal year 1998 contains a budget request for 14 projects, unspecified construction, planning and design, for a total appropriation request of \$156.425 million.

We are requesting \$20 million for the last phase of the Walter Reed Army Institute of Research at Forest Glen, MD. This project was fully authorized in previous budget submissions.

And a project at Fort Detrick, MD, for \$4,650,000, funded with base realignment and closure funds to accommodate the Fort Detrick beneficiaries and mitigate the impact of migration from beneficiaries from the closure of Fort Ritchie. The BRAC portion of this project is an additional \$650,000.

My testimony includes, and at the request of your instruction, sir, I will keep it short, and the testimony will include the six clinics that we are submitting for this year, a total of six clinics, and a Naval Undersea Medical Institute addition/alteration at New London, CT, which will renovate the current facility into an adequate and properly configured training facility to present the curriculum in a centralized facility that provides the kind of learning environment that is necessary.

The environmental and preventive medicine unit at San Diego Naval Air Station will consolidate operations from the North Island and Mare Island units into San Diego.

We are also requesting \$3 million for a blood donor center at Lackland Air Force Base in Texas and this new blood donor center is necessary to meet the increasing demand for blood products from Wilford Hall Medical Center, the Audie L. Murphy VA, and the Armed Forces Whole Blood Program.

The Department intends to improve the clinical capability of 17 small inpatient facilities by reengineering from ones that provide low concentrations of inpatient care to facilities that provide im-

proved access to ambulatory care for our beneficiaries and ensure that care is rendered of the highest quality.

Two ambulatory health care centers are being rightsized from hospitals. The first is McGuire Air Force Base, the second is the ambulatory health care center at Robins Air Force Base in Georgia.

We are also requesting \$2,750,000 for a composite medical facility alteration at Wright-Patterson Air Force Base to alleviate overcrowding and inefficiencies, and we also have a request for unspecified minor construction.

There are two projects we are requesting authorization for only, sir. We are not seeking appropriation for an aeromedical clinic at Andersen Air Force Base and for an occupational health clinic at Tinker AFB, OK. We have submitted language to utilize the dollars from the BRAC-directed cancellation of a fiscal year 1995 funded McClellan project, which was a life safety upgrade project, and we intend to use those dollars to finance the Andersen and Tinker projects. We ask for your support on this action.

For fiscal year 1999, we are asking for \$256,959,000 for 24 projects, as well as \$12 million for unspecified minor construction and \$18.8 million for planning and design.

A few of the details include funding of \$34,954,000 for the final phase of the Portsmouth Naval Hospital and, as I think you are aware, sir, the draft GAO report which had delayed this for 1 year has suggested and supported fully renovating building 215 as a practical option.

One of our projects is conjunctively funded with base realignment and closure funds. The alteration at Bremerton Naval Hospital modifies a facility built in 1979. Our request for construction is \$30 million, and the BRAC portion of this at an additional \$11 million has been canceled due to lack of projected workload from homeporting.

We also request funds for two hospital addition/alteration projects—Pensacola Naval Air Station Hospital in Florida for \$20,400,000 to construct an outpatient clinic; and the Royal Air Force Lakenheath Hospital annex replacement to support the RAF Lakenheath/RAF Mildenhall communities for \$10 million. The current annex is an old Quonset hut construction.

There are a total of 11 clinics included in the 1999 budget request. One is at Moody AFB, GA, for \$11 million; one at Fort Stewart, GA, for \$10,400,000; and two at Camp Pendleton Marine Corps Base, CA. There is a fifth clinic at Barksdale Air Force Base which will consolidate flight medicine, pediatrics, and immunizations clinics.

The sixth clinic is a medical/dental clinic for Grand Forks Air Force Base; the seventh clinic is an aerospace medical clinic at Edwards Air Force Base, and the eighth clinic is a clinic replacement at McChord Air Force Base in Washington to provide outpatient emergency care to flight crews and other military personnel.

The ninth clinic is a health clinic addition at Carlisle, PA; the tenth is an occupational health clinic and bioenvironmental engineering laboratory facility at Wright-Patterson AFB, OH. And the last clinic is an \$11 million primary care clinic to provide primary care in the COSCOM area at Fort Hood.

We are also requesting three warehouse projects, to include the 44th Medical Brigade war reserve materiel warehouse at Fort Bragg, a second one in Yongsan, Korea, and a third war readiness materiel warehouse at Holloman Air Force Base.

Our program contains a blood donor center at Fort Hood to support the armed services blood program there. Our program also includes a physiological support division addition/alteration project at Beale AFB, CA.

We are requesting three instruction facilities in 1999. The first is the medical applied instruction facility at Fort Sam Houston at a cost of \$23 million to renovate the old beach pavilion. A second is an aviation physiological training facility at Kanoeha Marine Corps Station in Hawaii. And the third is an addition at Great Lakes Naval Station for \$7 million.

The last request is \$700,000 for a bioenvironmental engineering facility replacement at Kessler Air Force Base.

PREPARED STATEMENT

This concludes my overview of and a condensed version of my statement and I thank you for the opportunity to present our budget and welcome any questions.

[The statement follows:]

PREPARED STATEMENT OF BRIG. GEN. ROBERT G. CLAYPOOL

Thank you, Mr. Chairman. I am Brigadier General Robert G. Claypool, Deputy Assistant Secretary of Defense (Health Affairs) for Health Services Operations and Readiness. I would like to submit a written statement for the record and open with some brief remarks.

Mr. Chairman and Members of the Subcommittee: On behalf of Dr. Edward Martin, the Acting Assistant Secretary of Defense for Health Affairs (AASD(HA)), I thank you for the opportunity to present the Department of Defense's fiscal year 1998 and fiscal year 1999 Medical Military Construction Program budget request. First I would like to address the composition of our fiscal year 1998 program.

FISCAL YEAR 1998

Fiscal year 1998 contains a budget request for 14 projects, Unspecified Minor Construction, and Planning and Design funds for a total appropriation request of \$156,425,000.

We are requesting \$20,000,000 for the last phase of the Walter Reed Army Institute of Research at Forest Glen, Maryland. This project was fully authorized in previous budget submissions. The project at Fort Detrick, Maryland for \$4,650,000 is conjunctively funded with Base Realignment and Closure funds (BRAC) to provide a Health/Dental Clinic replacement for the Fort Detrick beneficiaries and mitigate the impact of migration of beneficiaries resulting from the closure of Fort Ritchie. The BRAC portion of this project is an additional \$650,000.

Six additional clinics are included in our fiscal year 1998 request. The Troop Medical Clinic at Fort Campbell, Kentucky, at a cost of \$13,600,000 will consolidate six old, widely disbursed, Korean War vintage clinics.

The second clinic is a Medical/Dental clinic located at Everett Naval Station, Washington that will replace seven temporary portable modular facilities put in place in 1994 to support the new homeport mission which moved from the Sand Point Base in fiscal year 1994. The cost for this replacement project is \$7,500,000.

The third clinic is a Medical Clinic Addition for the Naval Aerospace Medical Institute (NAMI), at Pensacola Naval Air Station, Florida at a cost of \$2,750,000. It will provide clinical and training space.

The fourth clinic is a Medical/Dental Clinic Replacement at Quantico Marine Corps Base, Virginia at a cost of \$19,000,000. It will provide primary medical/dental care to the eligible beneficiary population in and around Marine Corps Base, Quantico.

The fifth clinic is an outpatient Clinic Addition to the existing clinic adjacent to the main hospital at Hill Air Force Base, Utah for \$3,100,000. It will replace a Flight Medicine Clinic currently housed in a modular building.

Our last clinic in this program is a Dental Clinic Replacement at Holloman Air Force Base, New Mexico. The clinic will replace an old, deteriorating and obsolete facility that is functionally inadequate and undersized for the delivery of modern dental care. We are seeking \$3,000,000 for this facility.

The Naval Undersea Medical Institute Addition/Alteration, at Naval Sub Base New London, Connecticut will renovate the current facility into an adequate and properly configured training facility to present curriculum in a centralized facility that provides a learning environment conducive to training officers and corpsmen in undersea medicine and radiation health. We are requesting \$2,300,000 for this project.

The Environmental and Preventive Medicine Unit Addition/Alteration at San Diego Naval Air Station, California will consolidate operations from the North Island and Mare Island Units into the San Diego unit. The existing building will receive alterations and an addition at a cost of \$2,100,000.

We are requesting \$3,000,000 for a Blood Donor Center at Lackland Air Force Base, Texas. A new Blood Donor Center is required to meet the increasing demand for blood products from Wilford Hall Medical Center, Audie L. Murphy Veterans Hospital, and the Armed Forces Whole Blood Program.

The Department intends to improve the clinical capability of 17 small inpatient facilities by re-engineering from ones that provide low concentrations of inpatient care to facilities that provide improved access to ambulatory care for our beneficiaries and ensure that care rendered is of the highest quality. The goals of the initiative are to:

(1) *Improve beneficiary access.*—The most common beneficiary complaint is inadequate access to ambulatory care. Staff and physical plant currently used for inefficient inpatient care will be used to significantly increase ambulatory capability.

(2) *Maintain quality.*—Low inpatient loads result in challenges for providers to maintain skills.

(3) *Efficient use of resources.*—Small inpatient facilities are inefficient users of resources due to the intensity of inpatient staffing requirements and overhead.

(4) *Maintain readiness.*—The expansion beds provided by these hospitals are excess to wartime requirements. Referral of some inpatient work to military tertiary care facilities will provide increased physician experience in the appropriate clinical setting that will receive wartime casualties.

Two Ambulatory Health Care Centers being rightsized from hospitals are requested in this program. The first is a replacement facility at McGuire Air Force Base, New Jersey for \$35,217,000. The second is an Ambulatory Health Care Center Addition/Alteration at Robins Air Force Base, Georgia, for \$19,000,000.

We are also requesting \$2,750,000 for a Composite Medical Facility Alteration at Wright-Patterson Air Force Base, Ohio to alleviate overcrowding and inefficiencies in providing medical services to the Air Force Material Command and eligible beneficiaries of the base.

In addition to our specific line item projects, we are requesting \$7,958,000 for Unspecified Minor Construction and \$10,500,000 for planning and design efforts in our fiscal year 1998 program.

There are two projects for which we are requesting authorization only. We are not seeking appropriation for an Aeromedical Clinic Addition at Andersen Air Force Base, Guam for \$3,700,000 and an Occupational Health Clinic Replacement at Tinker Air Force Base, Oklahoma for \$6,500,000. We have submitted language to utilize the dollars from the BRAC directed cancellation of the fiscal year 1995 funded McClellan Air Force Base, California, Life Safety Upgrade project to fund the Andersen and Tinker projects. I ask for your support on this action.

FISCAL YEAR 1999

Our fiscal year 1999 request seeks \$256,959,000 in appropriation for 24 projects as well as \$12,005,000 for Unspecified Minor Construction and \$18,800,000 for planning and design. I would like to provide a few details on our projects in this year.

We seek funding of \$34,954,000 for the final phase of the Portsmouth Naval Hospital, Virginia project. Congress has appropriated \$316,400,000 to date for this project. This project requested no funding in fiscal year 1998 due to an ongoing GAO study. We do not anticipate any changes from the GAO study that will alter the planning of this project. We continue to ask your support for this important teaching hospital which serves the largest population in the Navy.

One of our projects is conjunctively funded with Base Realignment and Closure (BRAC) funds. The Hospital Addition/Alteration project at Bremerton Naval Hospital, Washington, modifies a facility built in 1979. Our request for this construction is \$30,000,000. The BRAC portion of this project is an additional \$11,000,000.

We also request funds for two hospital addition/alteration projects in fiscal year 1999. The Pensacola Naval Air Station, Florida Hospital Addition/Alteration requires \$20,400,000 to construct an Outpatient Clinic addition and to renovate a major portion of the existing hospital. Companion Operations and Maintenance projects will complete the renovation. Royal Air Force (RAF) Lakenheath requires a Hospital Annex Replacement to support the RAF Lakenheath/RAF Mildenhall communities for \$10,000,000. The current annex is a group of primarily World War II era "Quonset huts" connected together with a common corridor.

Eleven additional clinics are included in our fiscal year 1999 budget request. A CMF/Alteration and a Dental Clinic addition is required at Moody Air Force Base, Georgia at a cost of \$11,000,000.

Three Medical/Dental Clinic Replacements are requested, one at Fort Stewart, Georgia, for \$10,400,000, and two at Camp Pendleton Marine Corps Base, California, Margarita and San Mateo for \$3,050,000 each.

The fifth clinic, an addition/alteration is sought at Barksdale Air Force Base, Louisiana. This clinic will consolidate the operations of the Flight Medicine, Pediatrics, and Immunization clinics which are located in separate buildings throughout the base. We ask \$3,450,000 for this clinic.

The sixth clinic, a Medical/Dental Clinic Addition/Alteration is required for Grand Forks Air Force Base, North Dakota to provide an adequate aeromedical service facility and a replacement dental clinic for \$5,500,000.

The seventh clinic, an Aerospace Medical Clinic Addition/Alteration is required at Edwards Air Force Base, California to provide adequate space for several Aerospace medical clinic functions: Flight Medicine, Physical Exams, Public Health, Bioenvironmental Engineering, and Optometry at a cost of \$6,000,000.

The eighth clinic is a Clinic Replacement at McChord Air Force Base, Washington to provide outpatient and emergency care to flight crews, other military personnel, and eligible beneficiaries for a cost of \$17,500,000.

The ninth clinic is a Health Clinic Addition required at Carlisle Barracks, Pennsylvania at a cost of \$4,550,000 to expand the existing health care clinic.

The tenth clinic is an Occupational Health Clinic/Bioenvironmental Engineering Laboratory Replacement facility at Wright-Patterson Air Force Base, Ohio. We seek \$3,600,000 for this facility.

The last clinic is an \$11,000,000 Primary Care Clinic to provide family practice health services to active duty personnel assigned to the COSCOM area of Fort Hood, Texas and their eligible beneficiaries. This project also consolidates functions from a troop medical clinic which is located at Hood Army Airfield.

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

The second is a Medical Supply Warehouse Replacement at Yongsan, Korea for \$2,800,000 to provide an adequate receiving, storage and issuing facility with a climate controlled environment for the holding of medical equipment and for equipment that requires technical review by medical maintenance personnel prior to issuing to the customer.

The third is a War Readiness Material Warehouse at Holloman Air Force Base, New Mexico at a cost of \$1,250,000 to accommodate the peacetime storage of propositioned medical war readiness material resources.

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

The program includes a Physiological Support Division Addition/Alteration project at Beale Air Force Base, California for \$3,350,000 to modify a 30 year old facility to provide adequately sized and properly configured space to meet the Aerospace Medicine Physiological Support division requirements.

We are requesting three instruction facilities in fiscal year 1999. The first is the Medical Applied Instruction Facility Alteration project at Fort Sam Houston, Texas at a cost of \$23,100,000. This project is required to provide consolidated training facilities for the Army Medical Department Center and School (AMEDDC&S) to train Army, Navy, Air Force, Army Reserve, Navy Reserve, National Guard, and foreign national students.

The second project is an Aviation Physiological Training Facility at Kaneohe Marine Corps Air Station, Hawaii for \$3,800,000 required to meet all of the aviation physiological training needs of the Department of Defense aviation personnel in the mid-Pacific.

The third project is the Hospitalman "A" School Addition at Great Lakes Naval Station, Illinois for \$7,100,000. This project will provide adequate and properly configured training facilities to present curricula in a centralized facility that provides a learning environment conducive to Navy Hospitalman "A" School training in one location.

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

CONCLUSION

This concludes my overview statement of the fiscal year 1998-99 medical military construction budget request. The programs stand as a testament to our commitment to provide quality medical care to the men and women of our Armed Forces and to maintain our medical readiness. I thank you for the opportunity to present our budget and I welcome your questions on any aspect of the budget before you now.

STATEMENT OF FREDERICK N. BAILLIE

Senator BURNS. Thank you very much, General Claypool.

The Executive Director of the Defense Logistics Agency, Frederick Baillie. You know, I want to add a little note here. There were some of us who really did not appreciate what logistics do if you were not here during the time of Desert Shield and Storm. I really appreciate, because this is one little agency that sits down there at the end of the corridor and does not get much acclaim. But I want to sincerely thank you for what you do, and I want you to know that this committee takes your work very seriously because you are a key. We do not do anything until logistics has been run properly.

So I want to just say that publicly on the work that you do and how important you are. Thank you for coming this morning.

Mr. BAILLIE. Thank you, Mr. Chairman. Mr. Chairman, Senator Murray, the Defense Logistics Agency's fiscal year 1998 military construction request is \$141.8 million for 12 projects.

Our program this year continues the tasks started in fiscal year 1996 of integrating the management of bulk petroleum for the Department of Defense. Seven of the projects we are requesting are fuel related and support the services' operational requirements. These projects include fuel receipt and storage facilities at several military installations as well as a hydrant fuel system project to support strategic mobility.

The projects we are proposing will increase the mission responsiveness, eliminate environmental hazards, and improve health, safety, and the quality of working conditions at our activities. A large portion of this request, 93 percent, to be exact, is for projects to replace old and deteriorated facilities. At critical military installations we propose to replace fuel storage tanks and piping systems that are more than 40 years old, cannot meet current operational requirements. Due to their condition, these facilities also pose a serious environmental hazard.

Our program also includes the second phase of a hydrant fuel system project to improve the Department of Defense's strategic inroute fueling capability.

At two of our most active distribution depots we plan to replace inefficient World War I-era warehouses with automated warehouses to consolidate operations and improve productivity. We will also modify an existing warehouse to refurbish gas cylinders to recover and recycle ozone-depleting substances within the Department.

Further, we are continuing our program to construct hazardous waste storage facilities that conform with the requirements of the Resource Conservation and Recovery Act.

Finally, we are requesting funds to build a child development center at our collocated supply center and depot in Richmond, VA.

PREPARED STATEMENT

In summary, our military construction request reflects our efforts to support military readiness, protect the environment, and provide safe and healthful working conditions for our military and civilian work force. We believe these are worthy investments with significant benefits.

Mr. Chairman, this concludes my oral statement. Thank you for asking me to appear today.

[The statement follows:]

PREPARED STATEMENT OF FREDERICK N. BAILLIE

Mr. Chairman, and members of the Subcommittee: I am Frederick N. Baillie, Executive Director of Business Management, Materiel Management business area at the Defense Logistics Agency (DLA). I am pleased to have the opportunity to provide information about DLA's fiscal year 1998 Military Construction request.

MILITARY CONSTRUCTION REQUEST

Our total Military Construction request for fiscal year 1998 is \$141,831,000. The program consists of 12 projects that will increase mission responsiveness, eliminate environmental hazards, and improve facility readiness at our activities in support of the Agency's missions. This request includes:

- \$78.8 million for replacing or constructing additional fuel storage tanks, fuel unloading facilities, direct refueling systems, and fuel pipelines at six Air Force and Navy bases.
- \$14.4 million for completing the final phase of a project to replace a deteriorated, obsolete hydrant fuel system at a critical Air Force base.
- \$35.2 million for replacing two deteriorated World War I-era warehouses with an addition to an existing distribution center at the DLA distribution depot in New Cumberland, Pennsylvania, and the construction of one high-bay general purpose warehouse at the DLA distribution depot in Norfolk, Virginia. The request also includes the conversion of an existing warehouse for processing cylinders for recycled ozone depleting substances at our distribution depot in Richmond, Virginia.
- \$2.1 million for constructing a new child development center at DLA's Defense Supply Center, Richmond, Virginia.
- \$11.3 million for constructing conforming storage facilities for the disposal of DOD generated hazardous waste at various DLA sites.

NEW FUEL MISSION RESPONSIBILITIES

In fiscal year 1996, DLA assumed new responsibilities for programming fuel-related MILCON projects for bulk and intermediate fuel storage and hydrant fuel systems at the Services' installations. The Office of the Secretary of Defense approved this responsibility transfer from the Services in fiscal year 1992 in its Plan for the Integrated Management of Bulk Petroleum. In carrying out this responsibility, we are requesting approval of seven fuel-related projects at \$93.2 million, which is 66 percent of our total program request. Four of these projects (at Elmendorf AFB, AK; Andersen AFB, Guam; Westover Air Reserve Base, MA; and, Moron Air Base, Spain) are priorities of the Joint Chiefs of Staff since the projects will provide critical fuels infrastructure to support strategic en route mobility. The remaining three

projects (at NAS Jacksonville, FL; Truax Field, WI; and Craney Island, VA) are necessary to meet environmental compliance and operational requirements.

Fuel Receipt and Storage Facilities

Our proposed investment of \$78.7 million is to replace or add fuel storage, distribution, and piping systems at six locations. These projects will overcome shortfalls affecting support of the bases' missions and eliminate potential environmental liabilities.

At Elmendorf AFB, AK, we will construct a \$21.7 million fuel storage facility. It will replace existing on-base bulk fuel storage tanks that have failed or are failing due to their age and mechanical condition. Recent tank failures account for a loss of 63 percent of the base's storage capacity, and have forced the Agency to store some of the base's critical war-reserve fuel stock at other locations in the northwest Pacific. This new facility will allow the base to consolidate its war-reserve and peacetime fuel stocks in storage tanks that comply with state and Federal environmental regulations. Six aboveground storage tanks will be demolished as part of this project.

At Andersen AFB, Guam, we will replace the two existing 200 millimeter (mm) aboveground crosscountry pipelines with one underground 250 mm pipeline for \$16 million to meet peacetime and contingency operations. Currently, the base receives its entire supply of jet fuel from one of these two existing pipelines, which are more than 40 years old and are severely corroded. One pipeline has been removed from service due to severe deterioration. The new pipeline and improvements to the main transfer pumping station are necessary to deliver fuel at the required rate to support Andersen AFB and to protect the environment from fuel contamination caused by a potential rupture of the existing pipeline. The new pipeline will include features to protect it from the harsh environment and will employ a leak detection system. The existing pipelines will be demolished.

A \$4.7 million project at Westover Air Reserve Base, MA, will provide for the construction of a jet fuel storage complex to support operations of assigned C-5A aircraft and other transient aircraft. Westover lacks onbase bulk fuel storage to support strategic en route mobility operations. Commercial storage and pipeline systems are too small to meet fuel requirements during contingencies.

At Craney Island, VA, we will provide aboveground fuel storage to replace deteriorated underground bulk storage tanks that have been in service for more than 50 years. Our proposed \$22.1 million replacement project will provide the tanks, spill containment structures, piping, and mechanical controls to meet current environmental standards and reduce the potential for costly fuelpoll cleanups. The project includes the decommissioning of 17 existing underground tanks.

At Naval Air Station, Jacksonville, FL, we will replace 11 old, deteriorated underground storage tanks (UST) with three new aboveground storage tanks. This \$9.8 million project will fulfill an environmental compliance consent agreement with the State of Florida to take these 40 year old UST's out of service by December 31, 2000.

At Truax Field, WI, we propose a \$4.5 million project to construct a jet fuel storage complex to replace the existing 40 year old underground storage tanks. This project is necessary to meet environmental compliance requirements. The facility supports assigned units of the Wisconsin Air National Guard. The existing facility does not meet safety regulations, environmental statutes, or operational requirements, and is located in an environmentally contaminated area that must be remediated.

Hydrant Fuel Systems

We propose to complete the final phase of the replacement of the hydrant fuel systems at Moron Air Base, Spain. Phase 1 of this project was approved in the DLA fiscal year 1997 MILCON program for \$13 million. The existing system, built in the 1950's, is technologically obsolete and incapable of meeting current wide-bodied aircraft refueling requirements. Because this system is obsolete, repair parts are no longer available; they must be individually fabricated or salvaged from other inoperable systems. The \$14.4 million project provides a new hydrant fuel system, storage tanks, and supporting facilities constructed to current standards. This project is not eligible at this time for NATO Security Investment Program funding.

DISTRIBUTION AND SUPPLY CENTER INVESTMENTS

Distribution Depots

We propose to invest \$35.2 million to replace or modify warehouse facilities at three locations. These projects will eliminate inefficiencies with the use of aging low-bay facilities by allowing us to consolidate and mechanize storage and distribution.

At the Defense Distribution Depot in New Cumberland, PA, we propose a \$15.5 million addition to DLA's Eastern Distribution Center. This high-bay facility will provide additional pallet rack storage to enhance the automated throughput capabilities of one of DLA's primary distribution sites for the storage of highly active stock. The warehouse addition of 6,850 square meters (73,733 square feet) replaces one World War I-era warehouse totaling more than 18,900 square meters (203,500 square feet). This wooden warehouse, now storing some of this fast moving stock, will be demolished as part of this project.

A new general purpose warehouse will replace a deteriorated warehouse built in 1939 at the Defense Distribution Depot in Norfolk, VA. The proposed \$16.6 million warehouse will have pier-side accessibility for the receipt, storage, packaging, and distribution of nonperishable materiel to ships berthed at the Norfolk Naval Base. This project supports DLA's plan to consolidate depot storage and vacate by fiscal year 2001 more than 260,000 square meters (2.8 million square feet) of storage space in aging warehouses remotely located from the depot's primary customers at the pier.

At the Defense Distribution Depot in Richmond, VA, we propose to convert an existing warehouse to a processing center for the refurbishment of steel gas cylinders and the recycling of ozone depleting substances (ODS). This facility will provide clean, refurbished cylinders to the Services to recover ODS from worldwide DOD locations and will directly support the recycling of these substances within the Department. This depot is the Department's storage site for the reserve of this material that is critical to the national defense.

Supply Centers

Our Child Development Center project will provide a facility for 99 children at the Defense Supply Center, Richmond, VA (DSCR), and the collocated Defense Distribution Depot Richmond. There are no facilities on or near DSCR that can be used to satisfy the needs of the 3,400 military and civilian employees at this location. The estimated cost of this center is \$2.1 million.

Conforming Storage

Since 1980, DOD has tasked DLA with disposing hazardous waste generated by DOD components. Before disposal, DLA must store this hazardous waste in conformance with federal and state environmental regulations implementing the Resource Conservation and Recovery Act (RCRA). In fiscal year 1998 we are requesting \$11.3 million to build conforming storage facilities at several of our Defense Utilization and Marketing Offices to comply with these environmental requirements. We will proceed with those projects that receive RCRA permits from state regulators—a process that is lengthy and somewhat unpredictable. Consequently, as in prior years, we are requesting single-line-item funding for this program so that we may award projects as we receive these permits. We will continue to notify the appropriate committees before construction of each project.

SUMMARY

DLA's Military Construction request reflects our efforts to support military readiness, protect the environment, and provide safe working conditions for our military and civilian work force. Seven of the 12 projects provide vital fuel facilities to support the Services. The remaining five are needed to meet the Agency's other mission requirements and provide quality of life facilities to sustain operations into the 21st Century. I believe these are worthy investments with significant benefits.

Thank you, Mr. Chairman, for this opportunity to present our fiscal year 1998 requirements.

STATEMENT OF BRUCE M. CARNES

Senator BURNS. Thank you, thank you.

Bruce Carnes, Defense Finance and Accounting Service. Whatever accounting you use is foreign to me. [Laughter.]

If there is one thing in this Government, it is the accounting system. Thank you for coming this morning.

Mr. CARNES. Thank you, Mr. Chairman, Senator Murray. Thank you for the opportunity to talk about the Defense Finance and Accounting Service [DFAS] request for fiscal year 1998 Milcon funds.

Senator, we are asking for funds for four projects totaling \$55 million. One of the projects is for the final tranche of funds to com-

plete our Columbus center. We have five major centers. This funding, \$24 million, will complete the construction of that building.

In addition, we are asking for approximately \$31 million spread across three operating locations, in essence regional offices for DFAS.

I will just add one more word on that, if I could, Mr. Chairman. We are closing 330 field level installation-based finance and accounting offices. We have closed two-thirds of those. By the end of this year we will have closed all but about 25 of those, and will complete closing all of them within the next 18 months.

PREPARED STATEMENT

We are locating them in these regional operating locations, 21 of which have been designated by the Deputy Secretary of Defense. When we finish that, we will save \$120 million per year in operating costs. That is an annual savings in operating costs that offsets the cost of the renovation of some of these regional offices that we are going into.

Mr. Chairman, that concludes my opening statement. I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF BRUCE M. CARNES

Mr. Chairman, members of the committee, thank you for the opportunity to appear before you today to discuss Military Construction requirements for the Defense Finance and Accounting Service (DFAS) for fiscal year 1998.

The military construction request for the Department of Defense for fiscal year 1998 includes \$55.0 million for the Defense Finance and Accounting Service. Of this, \$23.9 million supports Phase III (the final phase) of the construction of the Columbus Center. The renovation of three other Department of Defense facilities into adequate administrative facilities for finance and accounting operations will cost \$29.7 million, and the remaining \$1.4 million will be used for planning and design.

The Columbus Center project, collocated with the Defense Supply Center, Columbus, is under construction. When it is complete, the building will provide a multi-story 580,000 square-foot administrative facility with space for 3,200 people. DFAS Columbus Center employees will provide contract pay, travel pay, commercial vendor pay, installation accounting, and financial systems design support to the Department of Defense. The move to the new facility is scheduled to begin in June 1999, and the consolidation of DFAS into the facility should be completed by the end of fiscal year 1999.

The other three projects we request funding for are renovations to existing buildings. These buildings are up to 65 years old; one is currently configured as a training facility, one is a warehouse, and one is the location for Fleet Electronic Systems equipment. Renovation of these facilities will provide modern, efficient workplaces which will accommodate current and emerging technologies such as electronic commerce/electronic data interchange and electronic data management. Renovations at all sites include the installation of communications lines, increased electrical capacity, and improved heating, air conditioning and ventilation systems, and would bring the buildings into compliance with current building codes. The interior design of the facilities emphasizes an open space concept to the greatest extent possible.

This concludes my formal remarks. I have provided a copy of my briefing slides for the record and am prepared to respond to any question that you might have concerning these projects.

DEFENSE FINANCE AND ACCOUNTING SERVICE FISCAL YEAR 1998-99 MILITARY
CONSTRUCTION PROGRAM

DFAS inherit—total

6 Centers
327 Activities
30,500 Employees

In fiscal year 2001

5 Centers
19 Operating locations
21,500 Employees

Fiscal Year 1998 DFAS Milcon Program

[In millions of dollars]

Columbus, OH	23.9
Honolulu, HI	10.0
Memphis, TN	6.9
Norfolk, VA	12.8
Planning and Design	1.4
Total	55.0

COLUMBUS CENTER PROJECT—OHIO

*Office and support space for Columbus Center and Financial Systems Activity—
Columbus*

Replaces 8 buildings and 5 trailers on 2 installations (including Air Force
Plant #85, 50 year old aircraft manufacturing facility)
48,800 square meters
Co-located with Defense Supply Center Columbus

Funded over 3 years

Total Cost—\$80.7 million
Fiscal year 1998—Final phase of \$23.9 million

HONOLULU OPERATING LOCATION, PEARL HARBOR, HAWAII

OPLOC

9 DAO's
304 Personnel
Vendor pay, disbursing, accounting and travel functions

Building 77, Ford Island

2 stories
9,414 SM (101 KSF)
Constructed prior to WWII
Configured for Fleet Electronic Systems Equipment
35 percent Design Complete
\$10.0M

MEMPHIS OPERATING LOCATION, MILLINGTON NAVAL AIR STATION, TENNESSEE

OPLOC
 26 Corps of Engineers Finance and Accounting Offices
 400 Personnel
 Vendor pay, disbursing and accounting functions

Building 787
 1 story
 10,223 SM (110 KSF)
 Configured as special purpose training space
 35 percent design complete
 \$6.9M

NORFOLK OPERATING LOCATION, CINCLANTFLEET, NORFOLK, VIRGINIA

OPLOC
 12 DAO's
 515 Personnel
 Vendor pay, disbursing, accounting and travel functions

Building Z133
 5 stories, renovate 4 floors (2½ DFAS, 1½ Navy)
 12,949 SM (139 KSF)
 Conjunctively funded project with Navy
 Configured as warehouse
 Constructed in 1940's
 35 percent Design Complete
 \$18.9M (DFAS \$12.8M, Navy \$6.1M)

Fiscal Year 1999 DFAS Milcon Program

[In millions of dollars]

Seaside, CA	20.0
Pensacola, FL	17.7
Lexington, KY	8.6
Planning and Design	2.2
Total	48.5

SEASIDE OPERATING LOCATION, FORT ORD, CALIFORNIA

OPLOC
 3 DAO's
 105 Personnel
 Vendor pay, accounting and travel functions

Defense Manpower Data Center
 400 Personnel
 Manpower, personnel, training and financial analysis

Building 4385
 8 stories
 13,521 SM (146 KSF)
 Constructed in 1972, configured as hospital
 Installation closed
 \$20.0M

PENSACOLA OPERATING LOCATION, PENSACOLA NAVAL AIR STATION, FLORIDA

OPLOC

7 DAO's
 525 Personnel
 Civilian pay, vendor pay, accounting and travel functions

Building 603

4 stories
 12,077 SM (130 KSF)
 Configured as administrative and warehouse space
 Constructed late 1930's
 \$17.7M

LEXINGTON OPERATING LOCATION, LEXINGTON-BLUE GRASS DEPOT ACTIVITY,
KENTUCKY*Building*

1 story
 12,367 SM (133 KSF)
 Constructed in 1943
 Configured as administrative space
 Closed installation
 35 percent design complete
 \$8.6M

Senator BURNS. Mr. Carnes, while we are fresh in that conversation, it seems like we have been building on Columbus forever, ever since I have been here anyway.

Mr. CARNES. Yes, sir.

MOVEMENT OF FINANCIAL DATA

Senator BURNS. Tell me, when you close these different offices, that information has to get to you from our different locations for processing in Columbus. In moving that information, do you move that electronically, or is that done hard copy, courier, or comail? How do you move that information?

Mr. CARNES. We move it by a variety of means. Obviously, we are trying to get it all done or as much of it done electronically as we can. Because that means we will also be able to reduce our staffing.

When we started that operation, it was all hard copy. We had miles and miles of hard copy files—just almost impossible to wrestle with. We are imaging some of those documents. We are instituting electronic commerce so that we will have electronic interchange of data between our customers and ourselves and those organizations that we pay.

Senator BURNS. When you move things electronically, are you satisfied with the security of moving those documents?

Mr. CARNES. Yes; in fact, we think that the use of electronic means is far superior to any other means not only because it is cheaper but because it is more accurate and because there are security provisions built into these systems so that they are probably more secure. In fact, I feel certain they are more secure than the present system of hard copy documents.

Senator BURNS. The reason I ask you that is because we are going through quite a debate now on encryption and this type thing and moving things electronically, and the information that you move tells us as much about our military capabilities as looking at a base or looking at hardware or anything else. I just happen to believe that there are people who have an analytical mind that can read finance records. Of course, they are a lot smarter than I am, I tell you that.

Senator Murray.

MEDICAL/DENTAL CLINIC, EVERETT, WA

Senator MURRAY. Thank you, Mr. Chairman. I just have a few questions for General Claypool.

In your testimony you referred to the medical/dental clinic that is located at Everett Naval Station in Washington. I have been to that several times recently, and I can really attest personally to the need for this facility, so I am really pleased that it is in your budget request.

But I do have a question about that. I have been told by personnel on the ground that this facility is only going to be available for active duty personnel, and I wanted to know if that is true. If so, can you provide me with the justification for the decision to exclude family members, particularly since we have children on-site at the day care center there—children and family members?

General CLAYPOOL. Senator, I will have to get back to you for the record on that. I do not know. I made the comment that at some places some of the troop medical clinics that we have do take care of active duty service people and health clinics take care of family members as well. That might be the reason behind that, but the specifics I will have to provide.

[The information follows:]

The Station has limited space and the site itself is very small. The Station is so small that full Navy Exchange, Commissary and BOQ are off-site. From the earliest point of planning the Everett Homeport (1990 or earlier), directions had come from the Commander Naval Surface, Pacific and Commander Naval Base, Seattle that Everett would provide active duty medical/dental needs and civilian occupational health needs only. The Station is a constrained, active industrial base with no civilian traffic unless directly related to ships' services. The Managed Care Plan for family members and retirees is to contract with a local Health Maintenance Organization (HMO) or Preferred Provider Organization (PPO) to provide both routine and specialty outpatient care, as well as inpatient treatment. TRICARE was implemented in Washington State March 1995. Parking for workers, civilian and military, is on the periphery of the base. Buildings are sited for walking, not vehicle traffic (except for industrial vehicles such as forklifts and cranes).

Senator MURRAY. I would really appreciate that.

You also refer in your testimony to several additional Washington State health facilities, including the Milcon project at Naval Hospital Bremerton. In your testimony you said that this is a fiscal year 1999 item. Is there any reason we cannot move that up to 1998?

General CLAYPOOL. It is not ready for design yet. That would prohibit that.

MEDICAL TRAINING AT MC CHORD AIR FORCE BASE

Senator MURRAY. OK. We also understand that there is a medical training facility request for McChord Air Force Base on the Air Force accelerated priority list for 1998. Your testimony did not mention this and I wanted to know if that project is ready for construction in fiscal year 1998 and would you support the inclusion in the construction budget?

General CLAYPOOL. It is under design right now and not yet ready for execution.

Senator MURRAY. Thank you.

Senator BURNS. Tell me about the situation at Portsmouth. Evidently we did not plan far enough or should have planned further. Can you bring us up to date on what is happening there?

General CLAYPOOL. Yes, sir; as I understand it—I have not yet visited the place and I plan to do that—over the life of the entire project, health care and health care delivery and how the place is going to be utilized has changed, and at the present time, under the managed care environment that we have, there is a need for administrative kinds of functions to support the managed care program, TRICARE.

So I think to utilize the rest of 215, which is the old medical facility, there are plans to relocate administrative functions, the TRICARE support office and a naval environmental health center in that building.

Senator BURNS. Do you have planned downsizing there? Is there a planned downsizing?

General CLAYPOOL. Sir, no; I think the answer to that is no. We are reconfiguring in this day and agree of how we do less inpatient, less overnight kinds of surgery, more same-day surgery, more ambulatory care. So I think the work that is being done there will be the same. The actual average daily patient load of inpatients, that likely will change.

DLA CHILD CARE CENTER

Senator BURNS. Mr. Baillie, you might bring us up to date on, for me, the requirement for a child care center at Richmond, VA, as contained in this budget request.

Mr. BAILLIE. Yes, sir; right now, Mr. Chairman, there are approximately 3,400 military and civilian employees working at both the supply center and the distribution depot at Richmond. There currently are no child care facilities for them at all, neither Government-supported nor in the immediate area surrounding the operation.

What this requires is for our folks to have to go through some extraordinary means to make arrangements to care for their children, so we believe that this is a project that is definitely needed to improve the quality of work life at that facility.

Senator BURNS. That is just about all the questions that I have for this panel. Senator Murray, do you have any followup?

Senator MURRAY. I just have one, if I could. General, I do have in front of me a memorandum for the record dated March 17, 1997, from the Air Force with the accelerated priority list that includes military construction money. The McChord medical training facility

is on here. You indicated it is not ready to go forward. If it is not ready to go forward, why is it on the accelerated priority list?

General CLAYPOOL. I understand, Senator, that it is proposed to be accelerated in 1999.

Senator MURRAY. It is a letter for fiscal year 1998. It is on the accelerated priority list.

General CLAYPOOL. We will have to get back to you for the record.

Senator MURRAY. If you could, I would appreciate it, because that is a very important one for us.

Thank you.

[The information follows:]

Based on the best information available to us (General Fogleman's letter to Senator Thurmond dated 13 March 1997), the McChord Training Facility referred to in the referenced letter is a notional list of unfunded military construction requirements from the Air Force Reserves. These types of facilities do not fall under the purview of DMFO's medical military construction program.

ADDITIONAL COMMITTEE QUESTIONS

Senator BURNS. We may have other questions that will arise as we work our way through this process. We appreciate you coming this morning. I think other Senators will have questions too. If you could respond to them and the committee, we will make your statements and those responses part of the record.

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

QUESTIONS SUBMITTED BY SENATOR BURNS

PORTSMOUTH NAVAL HOSPITAL

Question. General Claypool, why did DMFO not perform a comprehensive review of medical requirements at Portsmouth before January 1997? What action precipitated the review?

Answer. DMFO has performed numerous reviews of the Portsmouth project throughout its development including but not limited to:

- Economic Analysis of 1988 (Proposed renovation of buildings 1 and 215 (partial) and construction of a new acute care facility)
- Space program review of 1990 (finalized the space requirements based on economic analysis)
- Revalidation of 1992 (identified some reduction in space requirements)
- DOD IG Review of 1993 (reduction of 101 beds)
- Health Care Requirements Analysis for Renovation of Building 215, Phase IX, May/June 1995 (validated the requirements based upon the condition of the present buildings, viability of the Portsmouth mission and projected health care needs of the Tide Water beneficiaries)
- GAO Review of 1997 (concluded that total renovation of building 215 is cost-effective)
- Revalidation of 1997 (full renovation of building 215 is the best economic solution)

The Senate Appropriations Committee Conference Report for the fiscal year 1997 Military Construction Bill directed the GAO to review the requirements and funding which has been appropriated for the Naval Hospital at Portsmouth.

Question. Has DMFO been a rubber stamp for Navy plans at Portsmouth? Did DMFO play a role in reducing the scope or cost of this project?

Answer. DMFO has never rubber stamped Navy plans at Portsmouth. DMFO and Navy have been working together as a team to contain scope and cost increase on this project. This project has been designed to or less than the DOD's space criteria to meet these goals. Consolidation of requirements in the Tidewater area have been thoroughly reviewed and analyzed to arrive at the most efficient and cost-effective solution for the Portsmouth Naval Hospital complex. In fact, Navy agreed to reduce scope by 101 beds following the 1992 Health Affairs and DOD IG review. DOD and

Navy also eliminated hyperbaric medicine capability at a cost avoidance of \$13.6 million until considered "medically efficacious" at some point in the future.

Question. What impact will the elimination of more than half of the Graduate Medical Education programs have on the space requirements or use at Portsmouth?

Answer. Elimination of Graduate Medical Education (GME) will have no effect on space requirements at Portsmouth. The proposal to terminate 7 of the 12 GME programs would have eliminated or realigned 87 of 198 resident billets. To accommodate the projected workload, these residents would have to be replaced by 50 staff physicians who would require the space under construction. The proposal to reduce GME has been withdrawn by the Navy.

Question. Although the revalidation is ongoing, can you describe the preliminary results?

Answer. Revalidation of the Phase IX, MILCON project at Portsmouth has just been completed. It concludes that the requirement to renovate Building 215 for both medical and administrative/support occupancy has been and continues to be a reality and full renovation of Building 215 is the best economic solution. Timing is critical due to the linkage between the pending Phase-9 renovation of Building 215 and all prior construction currently underway at NMC Portsmouth. More than 1,000 people are scheduled to occupy the renovated 215. In the event scheduled renovation work is delayed or canceled, nearly two-thirds of them could be stranded in trailers or moved off base into leased office space at substantial cost to the government. Any further delays may result in additional real costs due to construction schedule interruption.

Question. Has DMFO done any studies comparing the cost of contracting for certain medical and support functions, rather than funding additional DOD infrastructure for this?

Answer. DOD and Navy have done numerous studies for contracting functions and both Departments continue to do so. Prior to undertaking the Portsmouth project, an Economic Analysis compared the cost of direct care with discounted contract care. Across virtually every clinical area and for each beneficiary category, direct care at Portsmouth was found to be the best economic solution. DOD follows this process for each military treatment facility to determine the best economic solution.

Question. Do you have any plans for consolidation of hospitals or clinics?

Answer. Navy plans consolidating health care administration in the northeast. Also, Navy is closing NH Millington and downsizing three other hospitals at Groton, Corpus Christi and Patuxent River. Base Realignment and Closure resulted in the closure of naval hospitals at Philadelphia, Long Beach, Oakland, and Orlando. Navy also turned over F. Edward Ebert hospital in New Orleans to the Chief of Naval Reserve Forces retaining only a clinic in the building. On-going studies are reviewing the future roles of health care facilities worldwide. In the fiscal year 1998 budget submission, one project consolidates six troop medical clinics into one and two projects rightsize hospitals to clinics. Other consolidations may occur as Services decide on realignment or rightsizing of its forces and market conditions determine the best economic solution.

USSOCOM SECURITY MEASURES

Question. Mr. Robinson, please explain what kind of security measures are contained in your fiscal year 1998 budget request? Are these upgrades a result of the Khobar Tower bombing?

Answer. The budget request contains two security improvement projects:

—Hurlburt Field, FL: Perimeter Fence/Vehicle Barrier System (\$2.45M)

—Fort Bragg, NC: Security Upgrades (\$500K)

Both were identified during an OSD-directed review of security requirements last fall. Several other security upgrade requirements identified were satisfied with O&M or Procurement funding.

USSOCOM CRITICAL FUNDING REQUIREMENTS

Question. In the past few years, the Congress has been instrumental in adding MILCON projects outside the normal budget process. What efforts are you taking to ensure that your most critical funding requirements are met through the budget process?

Answer. With one exception, our current MILCON investment program only allows funding for roughly \$30 million in construction projects each year. We have determined that we need about double that amount as a continuing baseline to replace and renovate our aging facilities and to solve facility space deficits. Funding for MILCON investment has been necessarily limited within our total funding level in

order to protect our force structure and readiness demands. Given a higher level of construction spending, we could begin to move projects from the unfunded into the funded program and achieve improvement to our operations and training capability in a much more reasonable timeframe. An excellent example is replacement facilities for the 4th Psychological Operations Group and the 96th Civil Affairs Battalion; these units are among our most heavily tasked organizations and also are among the last on Fort Bragg, North Carolina, to still be in World War II era wooden facilities.

USSOCOM makes decisions on strategic planning, program, and budget issues through the Board of Directors—a group made up of the CINC, the Deputy Commander, the Commanders of our four component organizations, and the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict. At this time, the board intends to fund our planning and design in fiscal year 1999 at a level which will support a program level, beginning in fiscal year 2000, of about \$60 million per year in constant dollars.

STREAMLINING INFRASTRUCTURE

Question. Mr. Baillie, what actions has the Defense Logistics Agency taken to reduce and streamline its infrastructure in keeping with the overall downsizing of the Department of Defense? Are your MILCON requirements for fiscal year 1998 reflective of this restructuring?

Answer. The Defense Logistics Agency (DLA) announced on April 15, 1997, a new strategy to restructure its distribution depot system while maintaining readiness and affordability of its services. DLA has been reducing its distribution costs commensurate with the decline in military force structure for several years and has significantly reduced many of the direct costs of operations. This action, which began on April 15 and will be completed over the next several years, is intended to adjust the management overhead and reduce overall distribution infrastructure to recognize the changing way in which DLA has to do business to provide its military customers responsive and affordable support.

In 1993 DLA's distribution management organization was comprised of four regional offices and a staff element at DLA headquarters. Today, the regional offices have been reduced to two. (Stockton, California (Defense Distribution Region West-DDRW) and New Cumberland, Pennsylvania (Defense Distribution Region East-DDRE)). Because additional measures must be taken, the first step in DLA's restructuring strategy is to realign, streamline, and further consolidate headquarters distribution management, eliminating duplication, reducing overhead costs, and thereby creating a more efficient single DLA Distribution Center.

In May 1997, a site selection team began its analysis to determine the best single location for DLA's distribution management organization. Selection will be completed by September 1997. The total streamlining effort is expected to eventually eliminate approximately 850 positions. This reduction will generate a projected annual savings of about \$34 million in fiscal year 2000 and beyond.

In addition to the Management Center, DLA operates 22 smaller distribution depots throughout the United States and Europe. DLA has been able to make great steps in reducing the number of depots through Base Realignment and Closure (BRAC) Commission decisions in 1993 and 1995 from 30 depots in 1992 to 24 now (including Primary Distribution Sites (PDS's)); 13 in the Eastern Region and 11 in the Western Region. There will be 19 depots remaining after BRAC-designated depots have been closed.

Although a considerable amount of excess storage space and inventories have been reduced at its distribution depots, DLA's downsizing has not kept pace with the 35–40 percent reductions in military force structure which have occurred within the Department of Defense since fiscal year 1988. To accelerate downsizing further, DLA has determined additional actions are required.

Accordingly, the second step of the restructuring strategy calls for a program to subject all DLA distribution depots (excluding PDS's and those depots designated for closure by BRAC) to public-private competition on a site-by-site basis. DLA has selected this process as a fair and effective method of creating rapid and significant cost reduction in its shrinking distribution operations. Plans call for the new Defense Distribution Center, teaming with the depots, to be the Government's bidder for the depot work.

DLA plans call for implementation to be completed by 2001, with projected savings in depot operating costs to be at least 20 percent. These savings and reductions will be over and above those generated by separate, additional downsizing and efficiency measures already planned.

A similar restructuring effort was also announced for the Defense Reutilization and Marketing Service business area on April 10, 1997. Plans call for a 25 percent reduction in headquarters staffing and a reduction in Defense Reutilization and Marketing Offices from 148 to approximately 60 major sites in the continental United States to be effected over the next two years.

FISCAL YEAR 1998 MILCON REQUIREMENTS

Question. Are your MILCON requirements for fiscal year 1998 reflective of this restructuring?

Answer. Yes. Our strategy is to invest only in those facilities that provide a long term return on investment and is in accordance with our strategic plan.

CHILD CARE CENTER

Question. Describe for me the requirement for a Child Care Center in Richmond, Virginia, as contained in the fiscal year 1998 Budget request?

Answer. The feasibility study for the construction of a child care facility at Defense Supply Center Richmond (DSCR) went through several rigorous reviews to include a needs assessment of the population and assessment of available child care centers in the local area. A needs assessment was conducted in June 1992 with a total of 3,699 surveys distributed and with a 21 percent (789) return. Of those responding, 37 percent (292) indicated an immediate need for child care facilities.

The Department of Defense (DOD) views early childhood programs as a workforce priority. The emphasis is on providing personnel at least one affordable options for a high quality, safe and developmentally appropriate early childhood experience. National accreditation is required by Public Law 101-189, Title XV, Military Child Care, Accredited Child Care Center.

In the Richmond area, child care demand is high in the civilian community. Nationally accredited civilian child care centers within an 8 mile radius of DSCR, which is located in an industrial area outside the Richmond metropolitan city area, do not offer the capacity to meet the needs of our DOD population. Within this radius, none of the accredited child care centers offer infant care. When an accredited civilian facility in the area recently opened, it rapidly filled to capacity in less than 8 weeks.

PERSONNEL LEVELS

Question. How many military personnel are assigned to this facility? Does this number justify building a child care center when child care is available in the local community?

Answer. The facility is designed to support the 2,940 DOD personnel assigned to DSCR. Of these, 58 are military and 2,882 are DOD civilians. It will also be available to the 37 military families residing on the installation (DSCR) but are assigned elsewhere.

Department of Defense policy states the purpose of child care programs is "to assist DOD military and civilian personnel in balancing the competing demands of family life and the accomplishment of DOD mission and to improve the economic viability of the family unit." Priority is given to working parents, both military and civilians.

DLA strongly supports this MILCON project for the child care center at DSCR. This initiative supports key work/life issues impacting on personnel performance, the corporate "bottom line," and successful accomplishment of our combat support mission. Child care programs support the President's initiatives on the Family Friendly workplace, federal policies on early childhood development, and the National Goals for Education 2000.

REVIEW OF DFAS OPERATIONS

Question. Mr. Carnes, I understand that the DOD Comptroller has directed DFAS to reexamine its operations in light of new business practices that have been adopted. I further understand that this may impact the total number of DFAS facilities required by DFAS. When is this review scheduled to be complete?

Answer. Preliminary results of the study will be presented to the DOD Comptroller in the summer of 1997.

FISCAL YEAR 1998 MILCON REQUEST

Question. I am concerned about the requirement to renovate the three centers in the fiscal year 1998 budget. Why should we appropriate money for these projects

when the DOD Comptroller certification has not happened yet and the review process is still ongoing?

Answer. Funds should be appropriated for the renovation of three of our Operating Locations, as requested in the President's fiscal year 1998 budget proposal, for two reasons. First, we expect that during the summer the DOD Comptroller will certify the need to renovate certain Operating Locations, but that this certification will occur after the Subcommittee has marked up the appropriation. Thus, funds would not be available if the Subcommittee required certification prior to the appropriation.

Second, the appropriation of funds will neither obviate nor supersede the requirement that the Comptroller certify as to the need for these facilities in order to spend funds to renovate them. However, should the Subcommittee not appropriate the funds but the Comptroller certify as to the need for the facilities, the absence of the appropriation would make it impossible for us to renovate those facilities.

QUESTIONS SUBMITTED BY SENATOR STEVENS

REPLACEMENT FOR BASSETT ARMY COMMUNITY HOSPITAL

Question. The Army intends to build a 50-bed hospital at Fort Wainwright, Alaska. What does the timeline look like for the construction of this new facility?

Answer. Bassett Army Community Hospital will be a 32-bed facility, not a 50-bed facility. Following is the current scheduled timeline for the programmed fiscal year 2000 design and construction of this facility:

- 35 percent design complete: 24 July 1998;
- RTA for Construction: 1 September 1999;
- Contract Award: 30 November 1999;
- Construction start: April 2000.

Question. What is the approximate size of the facility and what part will it play in the Alaska health care partnership?

Answer. The replacement facility will be a 32-bed hospital. Bassett Army Community Hospital does not "directly" play a part in the Alaska Federal Health Care Partnership. It does support the Partnership, as the new facility design continues to support current levels of service at Bassett. The existing Alaska Federal Health Care Partnership is primarily an inter-agency contracting support agreement. There are no TRICARE wrap-around contracts in Alaska. DOD depends on individual provider contracts for TRICARE services. Through the Alaska Federal Health Care Partnership, federal agencies can more effectively negotiate as a unit in Alaska's non-competitive environment.

ELMENDORF TANK FARM

Question. Could you please explain how DFSC intends to spend the \$3 million that we added for planning and design for the Elmendorf Tank Farm? I understand that money was intended for design and planning, not a new hydrant system.

Answer. These funds will be used to install and upgrade pipelines to improve fuel distribution to current and planned tanks and hydrant fuel systems at Elmendorf AFB, AK. Congress added the \$3 million to the Defense Agencies' construction account, not the planning and design account. Neither information in congressional reports nor any communication with DLA described the purpose of these funds. Lacking any guidance, DLA developed a project, after the funds were appropriated, based on information provided to the staff of the Senate Armed Services Committee on April 26, 1996, when they initially asked us about additional needs at Elmendorf AFB. At that time, we said these funds would be used to improve the base's fuel distribution pipelines to support the construction of a \$21.7 million fuel farm replacement project programmed for fiscal year 1998. We formally notified the appropriate Congressional committees of the scope of this project on February 10, 1997, before beginning design work.

Design of these pipeline improvements is 30 percent complete. Design of the 250,000-barrel tank farm is 50 percent complete. DLA funded these designs from the Defense Agencies Planning and Design accounts. If Congress approves the fiscal year 1998 project, we will solicit one construction contract to accomplish both projects. The expected contract award date is March 1998.

WHITTIER TANK FARM

Question. What is DFSC schedule to turn back to the Army the Whittier Tank Farm Facility? What potential problems do you envision with environmental concerns?

Answer. DFSC completed fuel contract operations at Whittier on May 30, 1997. All DLA product has been removed and the fuel tanks cleaned. DFSC is currently coordinating the schedule for return of the Whittier facility with the Army. We understand the Army intends to make the Whittier facility available for lease to interested commercial activities in the near future.

DFSC will require continued access to the Whittier facility for environmental assessment and any required remediation during the initial portion, at least, of the proposed lease period. They are developing a Memorandum of Understanding (MOW) with the Army addressing continued access and lease requirements in order to limit DOD's environmental liability to only remediation required as a result of past DFSC fuel operations. The environmental assessment and any required remediation of the terminal is a long-term process (probably 3-5 years). DFSC will need unconstrained access for the environmental assessment/remediation contractor during that time.

DFSC has completed the site characterization phase; the risk assessment will be finished in 1998. Based on the results of the risk assessment, cleanup standards will be established, and construction of any required remediation system will proceed.

CONCLUSION OF HEARINGS

Senator BURNS. With that, I thank you for coming this morning and we appreciate your participation and your time.

These proceedings are recessed.

[Whereupon, at 10:45 a.m., Thursday, May 8, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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