

RECORD VERSION

STATEMENT BY

**MR. DAVID M. REED
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS AND HOUSING)**

BEFORE THE

**HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS**

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**ON THE FISCAL YEAR 2009
MILITARY CONSTRUCTION, ARMY
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD
MILITARY CONSTRUCTION, ARMY RESERVE
ARMY FAMILY HOUSING
AND
BASE REALIGNMENT AND CLOSURE
BUDGETS**

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INTRODUCTION

Mr. Chairman and members of the Subcommittee, it is a pleasure to appear before you to discuss the Army's Military Construction budget request for fiscal year 2009. Our request is crucial to the success of the Army's strategic imperatives to Sustain, Prepare, Reset, and Transform the force. We appreciate the opportunity to report on them and respond to your questions. We would like to start by thanking you for your support to our Soldiers and their Families serving our Nation around the world. They are and will continue to be the centerpiece of our Army, and their ability to successfully perform their missions depends upon Congressional support.

The Army's strength is its Soldiers – and the Families and Army Civilians who support them. The quality of life we provide our Soldiers and their Families must be commensurate with their quality of service. Our budget request, if approved, will enable Soldiers and their Families to receive the facilities, care, and support they need to accomplish the tasks our national leaders ask them to perform.

OVERVIEW

Rebalancing the Force in an Era of Persistent Conflict

Installations are the home of combat power and a critical component of the Nation's force generating and force projecting capability. Your Army is working hard to deliver cost-effective, safe, and environmentally sound capabilities and capacities to support the national defense mission.

The tremendous changes in our national security environment since the terrorist attacks on our Nation clearly underscore the need for a

joint, integrated military force ready to defeat all threats to U.S. interests. In the 21st century, warfare is increasingly becoming a contest between America and its allies trying to build up human resources, governmental authority, and physical infrastructure faster than the enemy can tear it down. People and the knowledge, experience, and skills they can bring to bear in this contest, will often be equally or more decisive to the outcome than sophisticated technology and massive firepower. This is a key difference from the industrial age warfare of the 20th century.

To meet these security challenges, we require interrelated strategies centered on people, forces, quality of life, and infrastructure. Regarding infrastructure, we need a global framework of Army installations, facilities, ranges, airfields, and other critical assets that are properly distributed, efficient, and capable of ensuring we can successfully carry out Army roles, missions, and tasks to safeguard our security at home and abroad.

Army infrastructure enables the force to successfully accomplish missions and generate and sustain combat power. As we transform our operational forces, so too must we transform the institutional Army and our installation infrastructure. We will accomplish these efforts by translating the Army's four major imperatives (Sustain, Prepare, Reset, Transform) into initiatives such as Base Realignment and Closure (BRAC) 2005, Global Defense Posture Realignment (GDPR), Army Modular Force Transformation, the Army Medical Action Plan, the Soldier and Family Action Plan, and the President's Grow the Force initiative.

Forging the Pieces Together: Stationing

The Army's stationing initiative is a massive undertaking, requiring the synchronization of base realignments and closures, unit activations and deactivations, and the flow of forces to and from current global

commitments. Our decisions to synchronize activities associated with the aforementioned initiatives continue to be guided by the following key criteria:

- Meeting operational requirements
- Funding critical requirements to achieve unit mission
- Compliance with applicable laws
- Minimizing the use of temporary facilities
- Giving facility priority to ranges, barracks, housing, vehicle maintenance shops, headquarters and operations, dining and instruction facilities
- Providing economic benefits
- Using existing infrastructure to reduce cost and excess capacity

Completion of this combined set of initiatives will result in an Army that is better positioned to respond to the needs and requirements of the 21st Century security environment, with our Soldiers and Families living at installations that are truly the centerpiece of the Army.

Infrastructure Quality

In addition to mission support, our installations provide the base of support for Soldiers and their Families. The environment in which our Soldiers train, our civilians work, and our Families live plays a key role in recruiting and retaining the high quality people the Army needs. Through efforts such as Barracks Modernization and Residential Communities Initiative (RCI) for Family housing privatization programs, the Army has made tremendous progress in improving the quality of life for Soldiers and their Families. These efforts will combine with the Army's stabilization of the force to strengthen the bonds between units, Soldiers, Families, and the communities in which they live.

The quality of our installations is critical to support the Army's mission, its Soldiers, and their Families. Installations serve as the platforms to train, mobilize, and rapidly deploy military power. When

forces return from deployments, installations enable us to efficiently reset and regenerate combat power for future missions. In the past year, the Army has made tremendous progress in enhancing training and improving its ability to generate and reset the force.

Global Defense Posture Realignment (GDPR)

The United States' global defense posture defines the size, location, types, and roles of military forces and capabilities. It represents our ability to project power and undertake military actions beyond our border. Together with our overall military force structure, our global defense posture enables the United States to assure allies, dissuade potential challengers, deter enemies, and, if necessary, defeat aggression. The new global defense posture will be adjusted to the new security environment in several key ways: 1) expand allied roles, build new partnerships, and encourage transformation, 2) create greater operational flexibility to contend with uncertainty, 3) focus and act both within and across various regions of the world, and 4) develop rapidly deployable capabilities. Lastly, the United States and its allies and partners will work from a different paradigm than in the past: GDPR will relocate over 41,000 Soldiers and their Families from Europe and Korea to the United States by 2011. These moves are critical to ensure Army forces are properly positioned worldwide to support our National Military Strategy. The new posture will yield significant gains in military effectiveness and efficiency in future conflicts and crises and will enable the U.S. military to fulfill its many global roles. The new posture will also have a positive effect on our military forces and Families. While we will be moving toward a more rotational and unaccompanied forward presence, these rotations will be balanced by more stability at home with fewer overseas moves and less disruption in the lives of spouses and dependents.

Army Modular Force

The Army Modular Force initiative transforms the Army from units based on the division organization into a more powerful, adaptable force built on self-sufficient, brigade-based units that are rapidly deployable. These units, known as Brigade Combat Teams (BCTs), consist of approximately 3,500 to 4,000 Soldiers. BCTs increase the Army's combat power while meeting the demands of global requirements without the overhead and support previously provided by higher commands. The main effort of Army transformation is the Army Modular Force, which reorganizes the Total Army: the Active Component, Army National Guard, and Army Reserve into modular theater armies, theater support structure, corps and division headquarters, BCTs, and multi-functional and functional support brigades. The Army is reorganizing from a division-based to a modular brigade-based force to achieve three primary goals:

First, to increase the number of available BCTs to meet operational requirements while maintaining combat effectiveness equal to or better than previous divisional brigades. Second, create brigade-size combat support and combat service support formations of common organizational designs that can be easily tailored to meet the varied demands of the geographic combatant commanders and reduce the complexities of joint planning and execution. Third, redesign organizations to perform as integral parts of the joint force, making them more effective across the range of military operations and enhancing their ability to contribute to joint, interagency, and multinational efforts. By implementing the Army Modular Force, the Army is better prepared to wage full-spectrum operations in a persistent conflict against an adapting enemy.

The fiscal year 2009 budget includes projects to ensure that our facilities continue to meet the demands of force structure, weapons systems, and doctrinal requirements.

New facility requirements for transforming units are being provided, where feasible, through the use of existing assets. Where existing assets are not available, the Army is programming high-priority projects to support Soldiers where they live and work. The Army is requesting \$321 million for fiscal year 2009 through the Military Construction, Army program to provide permanent facilities to support the conversion of existing BCTs to new, modular BCTs. In addition, all new Grow the Army BCTs will be modular.

Grow the Army

The President's Grow the Army initiative, announced last year, will increase the Army's end strength by 74,000 Soldiers, bringing the inventory to 48 active duty BCTs. Given current operational requirements, the decision was made to accelerate Grow the Army. One BCT, previously budgeted to be cut from the force (the 43rd BCT), was retained at Fort Carson, and five new BCTs will be stationed at Fort Bliss, Fort Stewart, and Fort Carson. Additional stationing decisions for combat service and combat service support units have also been provided to Congress.

At the same time these announcements were made, the Army notified Congress of the decision to temporarily keep two BCTs in Europe for up to two years longer than originally planned. In fiscal years 2012 and 2013, these BCTs will be restationed at Fort Bliss and White Sands Missile Range.

Part of this year's request Military Construction, \$4.195 billion, supports the Grow the Army initiative. Grow the Army projects include essential facilities required to support the increase in end strength such as brigade complexes and associated combat support, combat service support, training, and quality of life facilities worldwide. Funding is

requested for planning and design and military construction projects in the active Army, Army National Guard, Army Reserve, and Army Family Housing.

THE WAY AHEAD

To improve the Army's facilities posture, we have undertaken specific initiatives or budget strategies to focus our resources on the most important areas – Range and Training Lands, Barracks, Family Housing, and Workplaces.

Range and Training Lands. Ranges and training lands enable our Army to train and develop its full capabilities to ensure our Soldiers are fully prepared for the challenges they will face. Our Army Range and Training Land Strategy supports Army transformation and the Army's Sustainable Range Program. The Strategy identifies priorities for installations requiring resources to modernize ranges, mitigate encroachment, and acquire training land.

Barracks. Providing safe, quality housing is a crucial commitment the Army has made to its Soldiers. We owe single Soldiers the same quality of housing that is provided to married Soldiers. Modern barracks are shown to significantly increase morale, which positively impacts readiness and quality of life. The importance of providing quality housing for single Soldiers is paramount to success on the battlefield. The Army is in the 16th year of its campaign to modernize barracks to provide 147,700 single enlisted permanent party Soldiers with quality living environments. Because of Grow the Army, the requirements have increased, and for fiscal year 2009, a total of \$1,003.6 million will be invested in new barracks complexes that will meet DoD's "1+1" or equivalent standard. These units provide two-Soldier suites, increased personal privacy, larger rooms with walk-in closets, new furnishings, adequate parking,

landscaping, and unit administrative offices separated from the barracks. We are on track to fully fund this program by 2013.

Family Housing. This year's budget continues our significant investment in our Soldiers and their Families by supporting our goal to have contracts and funding in place to eliminate remaining inadequate housing at enduring overseas installations by the end of fiscal year 2009. The U.S. inadequate inventory was funded for elimination by the end of fiscal year 2007 through privatization, conventional military construction, demolition, divestiture of uneconomical or excess units and reliance on off-post housing. For Families living off post, the budget for military personnel maintains the basic allowance for housing that eliminates out of pocket expenses.

Workplaces. Building on the successes of our Family housing and barracks programs, we are moving to improve the overall condition of Army infrastructure by focusing on revitalization of our workplaces. Projects in this year's budget will address requirements for operational, administration, instructional, and maintenance facilities. These projects support and improve our installations and facilities to ensure the Army is deployable, trained, and ready to respond to meet its national security mission.

Leveraging Resources

Complementary to these budget strategies, the Army also seeks to leverage scarce resources and reduce our requirements for facilities and real property assets. Privatization initiatives such as RCI and utilities privatization represent high-payoff programs which have substantially reduced our dependence on investment funding. We also benefit from agreements with Japan, Korea, and Germany where the Army receives host nation-funded construction.

In addition, Congress has provided valuable authorities to utilize the value of our non-excess inventory under the Enhanced Use Leasing program and to exchange facilities in high-cost areas for new facilities in other locations under the Real Property Exchange program. In both cases, we can capitalize on the value of our existing assets to reduce un-financed facilities requirements.

The Army is transforming military construction by placing greater emphasis on installation master planning and standardization of facilities as well as planning, programming, designing, acquisition, and construction processes. Looking toward the immediate future, we are aggressively reviewing our construction standards and processes to align with industry innovations and best practices. In doing so, we expect to deliver quality facilities at lower costs while meeting our requirements more expeditiously. By encouraging the use of manufactured building solutions and other cost-effective, efficient processes, the Army will encourage non-traditional builders to compete. Small business opportunities and set-aside programs are being addressed. Work of a repetitive nature coupled with a continuous building program will provide the building blocks for gaining efficiencies in time and cost.

Action Plans for Soldiers, Families, and Medical Programs

In a persistent conflict, sustaining the All-Volunteer Force is a fundamental strategic objective for the Army. The most important element in sustaining our Army is the quality of life we provide to our Soldiers and their Families. At the core of the Army's strategy lie two programs the Army leadership has developed: the Soldier and Family Action Plan and an Army Medical Action Plan. Both initiatives will integrate programs spanning a range of Army budget accounts. At the core of the Soldier and Family Action Plan is the Army Family Covenant that conveys our commitment to support all members of the Army Family in five general

areas: standardizing and funding existing Family programs and services; increasing accessibility and quality of health care; improving Soldier and Family Housing; ensuring excellence in our schools, youth services, and child care facilities; and expanding education and employment opportunities for Family members.

The budget includes \$70.6 million for child development centers and youth centers. We will also be using the extended authority granted in the Fiscal Year 2008 National Defense Authorization Act to fund child development centers using Operation and Maintenance, Army funds. Once Congress completes its deliberations for the Fiscal Year 2008 Supplemental, Army Medical Action Plan projects will proceed as planned.

MILITARY CONSTRUCTION

Military Construction Appropriation	Authorization Request	Authorization of Appropriations Request	Appropriation Request
Military Construction Army (MCA)	\$4,178,513,000	\$4,615,920,000	\$4,615,920,000
Military Construction Army National Guard (MCNG)	N/A	\$539,296,000	\$539,296,000
Military Construction Army Reserve (MCAR)	N/A	\$281,687,000	\$281,687,000
Army Family Housing Construction (AFHC)	\$678,580,000	\$678,580,000	\$678,580,000
Army Family Housing Operations (AFHO)	\$716,110,000	\$716,110,000	\$716,110,000
BRAC 95 (BCA)	\$72,855,000	\$72,855,000	\$72,855,000
BRAC 2005 (BCA)	\$4,486,178,000	\$4,486,178,000	\$4,486,178,000
TOTAL	\$10,132,236,000	\$11,390,626,000	\$11,390,626,000

The Army's fiscal year 2009 budget request includes \$11.4 billion for Military Construction appropriations and associated new authorizations, Army Family Housing, and BRAC.

MILITARY CONSTRUCTION, ARMY

The Active Army fiscal year 2009 Military Construction budget request is \$4,178,513,000 for authorization and \$4,615,920,000 for authorization of appropriations and appropriation, including \$3,483,664,000 (including planning and design) for Grow the Army.

Sustain (Barracks and Quality of Life Projects). The well-being of our Soldiers, civilians, and Families is inextricably linked to the Army's readiness. We are requesting \$1.3 billion of our Military Construction, Army budget for projects to improve Soldier quality of life in significant ways.

The Army continues to modernize and construct barracks to provide Soldiers quality living environments. We will provide new permanent party barracks for 6,362 single Soldiers. For Soldiers in a training environment, this year's budget request includes 6,864 training barracks. With the approval of \$503.6 million for these training barracks, 38 percent of our requirement will be funded at the standard.

We are requesting the second increment of funding, \$81.6 million, for the previously approved, incrementally funded, SOUTHCOM Headquarters at Miami-Doral, Florida. In addition, we are requesting the third increment of funding, \$102 million, for the Brigade Complex at Fort Lewis, Washington. The budget also includes \$15 million for a Brigade Complex-Operations support Facility and \$15 million for a Brigade Complex-Barracks/Community, both projects at Dal Molin, Italy.

Overseas Construction. Included in this budget request is \$275 million in support of high-priority overseas projects. In Germany, a Command and Battle Center located at Wiesbaden and an Aircraft/Vehicle Maintenance Complex at Katterbach are included. In Korea, we are requesting funds to further our relocation of forces on the peninsula. This action is consistent with the Land Partnership Plan agreements entered into by the U.S. and Republic of Korea Ministry of Defense. A vehicle maintenance shop is included. Our request for funds in Italy funds continuing construction for a BCT, as described above. The bulk fuel storage and supply projects (phase 5 and 8), and the joint special operations forces headquarters facility in Afghanistan and the Sensitive

Compartmented Information Facility and the Battle Command Training Center, both in Japan, are the remaining overseas projects.

Mission and Training Projects. Projects in our fiscal year 2009 budget will provide maintenance, infrastructure, utilities, operational and administration facilities, and training ranges. These projects support and improve our installations and facilities to ensure the Army is deployable, trained, and ready to respond to meet our National Security mission.

We will also construct a military operations urban terrain, tracked vehicle drivers course, automated anti-armor range, stationary tank range, modified record firing ranges, and digital multipurpose training ranges. These facilities will provide our Soldiers realistic, state-of-the-art, live-fire training. We are requesting a total of \$242 million for these high-priority projects. We are also requesting funding of \$9.1 million for range access roads.

Army Modular Force Projects. Our budget continues support of the transformation of the Army to a modern, strategically responsive force and contains \$321 million for four brigade complexes and other facilities. The new barracks will house 988 Soldiers in support of the Army Modular Force.

Other Support Programs. The fiscal year 2009 budget includes \$177 million for planning and design of future projects, including \$69 million to Grow the Army. As executive agent, we also provide oversight of design and construction for projects funded by host nations. The fiscal year 2009 budget requests \$24 million for oversight of host nation funded construction for all Services in Japan, Korea, and Europe.

The budget request also contains \$23 million for unspecified minor construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The Army National Guard's fiscal year 2009 Military Construction request for \$539,296,000 (for appropriation and authorization of appropriations) is focused on Mission and Training, Transformation, Growth of the Force/Army, and other support and unspecified programs.

Mission and Training. In fiscal year 2009, the Army National Guard has requested \$192.5 million for 12 projects to support preparing our forces. These funds will provide the facilities our Soldiers require as they train, mobilize, and deploy. Included are two logistics facilities, two training institutes, four range projects and four Readiness/Armed Forces Reserve Centers.

Transformation. This year, the Army National Guard is requesting \$199 million for 10 projects in support of our new missions. There is one Aviation Transformation project to provide facilities for modernized aircraft and change unit structure. Also in support of the Modular Force initiative we are asking for four readiness centers, three range projects, one aviation facility, and one headquarters building.

Growth of the Force/Army. Improving the Army National Guard's ability to deal with the continued high levels of Force Deployment, under the category of growth of the Force/Army, we are submitting a request of \$87.2 million for seven readiness centers, and included within the total Planning and Design request of \$4.5 million for Growth.

Other Support Programs. The fiscal year 2009 Army National Guard budget also contains \$48.8 million for planning and design of future projects and \$11.8 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY RESERVE

The Army Reserve fiscal year 2009 Military Construction request for \$281,687,000 (for appropriation and authorization of appropriations) is for Preparation, Transformation, other support, and unspecified programs.

Preparation: In fiscal year 2009, the Army Reserve will invest \$72.2 million to build four Army Reserve Centers and modernize one Army Reserve Center, in four states. The five Reserve Centers will support over 1,200 Army Reserve Soldiers and civilian personnel. In addition, the Army Reserve will invest \$13.7 million to construct four training ranges, which will be available for joint use by all Army components and military services.

Transformation: The Army Reserve plan to transform from a strategic reserve to an operation force includes converting 16,000 Soldiers positions from generating force structure to operational forces. The Army Reserve will construct ten Army Reserve Center in ten states, with an investment of \$178,731,000. The transformation projects will provide operational facilities for over 3,600 Combat Service and Combat Service Support units in support of Army BCTs.

Other Unspecified Programs. The fiscal year 2009 Army Reserve budget request includes \$13.9 million for planning and design for future year projects and \$3.1 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

ARMY FAMILY HOUSING CONSTRUCTION (AFHC)

The Army's fiscal year 2009 Family housing construction request is \$678.6 million for authorization, authorization of appropriation, and appropriation, including \$333.8 million for Grow the Army. It finalizes the

successful Whole Neighborhood Revitalization initiative approved by Congress in fiscal year 1992 and our RCI program.

The fiscal year 2009 new construction program provides a Whole Neighborhood Revitalization by replacement projects at Wiesbaden, Germany, in support of 326 Families for \$133 million using traditional military construction. Also included for new construction is \$125 million for Family housing at Camp Humphreys in Korea to support relocation of forces south of Seoul.

The Construction Improvements Program is an integral part of our housing revitalization and privatization programs. In fiscal year 2009, we are requesting \$333.8 million in support of Grow the Army, as well as \$66.2 million for direct equity investment in support of the privatization of 3,936 homes at Forts Wainwright and Greely, Alaska, as well as Fort Carson, Colorado; Fort Stewart, Georgia; and Fort Bliss, Texas, in support of Army Growth. The Improvements program also provides \$20 million for traditional revitalization of 97 homes in Wiesbaden, Germany.

In fiscal year 2009, we are also requesting \$579,000 for planning and design for final design on fiscal year 2009 and 2010 Family housing construction projects as well as for housing studies and updating standards and criteria.

Privatization. RCI, the Army's housing privatization program, is providing quality housing that Soldiers and their Families can proudly call home. The Army is leveraging appropriated funds and existing housing by engaging in 50-year partnerships with nationally recognized private real estate development, property management, and home builder firms to construct, renovate, repair, maintain, and operate housing communities.

The RCI program will include 45 locations, with a projected end state of over 89,000 homes - 98 percent of the on-post Family housing

inventory in the U.S. At the end of fiscal year 2008, the Army will have privatized 38 locations, with an end state of over 83,000 homes. Initial construction and renovation at these 38 installations is estimated at \$11.2 billion over a 3 to 10 year development period, of which the Army will contribute about \$1,287 billion. Although most projects are in the early phases of their initial development, since 2001 our partners have constructed 12,418 new homes, and renovated 10,662 homes. In addition to the 2,225 additional homes that will be constructed to support Grow the Army, the fiscal year 2009 budget request provides funding for additional homes at Forts Wainwright and Greely, Alaska. In total, the Army will expand the portfolio of privatized Family housing, transferring six additional installations during fiscal year 2009.

ARMY FAMILY HOUSING OPERATIONS (AFHO)

The Army's fiscal year 2009 Family Housing Operations request is \$716 million (for appropriation and authorization of appropriations). This account provides for annual operations, municipal-type services, furnishings, maintenance and repair, utilities, leased Family housing, demolition of surplus or uneconomical housing, and funds supporting management of the Military Housing Privatization Initiative.

Operations (\$126 million). The operations account includes four sub-accounts: management, services, furnishings, and a small miscellaneous account. All operations sub-accounts are considered "must pay accounts" based on actual bills that must be paid to manage and operate Family housing.

Utilities (\$113 million). The utilities account includes the costs of delivering heat, air conditioning, electricity, water, and wastewater support for Family housing units. The overall size of the utilities account is decreasing with the reduction in supported inventory.

Maintenance and Repair (\$252 million). The maintenance and repair account supports annual recurring projects to maintain and revitalize Family housing real property assets. Since most Family housing operational expenses are fixed, maintenance and repair is the account most affected by budget changes. Funding reductions result in slippage of maintenance projects that adversely impact Soldier and Family quality of life.

Leasing (\$193 million). The leasing program provides another way of adequately housing our military Families. The fiscal year 2009 budget includes funding for 9,119 housing units, including 1,080 existing Section 2835 (“build-to-lease” – formerly known as 801 leases) project requirements, 2,017 temporary domestic leases in the United States, and 6,022 foreign units.

Privatization (\$32 million). The privatization account provides operating funds for implementation and oversight of privatized military Family housing in the RCI program. RCI costs include selection of private sector partners, environmental studies, real estate surveys, and consultants. These funds support the preparation and execution of partnership agreements and development plans, and oversight to monitor compliance and performance of the privatized housing portfolio.

BASE REALIGNMENT AND CLOSURE (BRAC)

The Army is requesting \$4,486,178,000 for BRAC 2005 which is critical to the success of the Army’s new initiatives, and \$72,855,000 for legacy BRAC to sustain vital, ongoing programs.

BRAC 2005 is carefully integrated with the Defense and Army programs of GDPR, Army Modular Force, and Grow the Army. Collectively, these initiatives allow the Army to focus its resources on installations that provide the best military value, supporting improved

responsiveness and readiness of units. The elimination of Cold War era infrastructure and the implementation of modern technology to consolidate activities frees up financial and human resources to allow the Army to better focus on its core war fighting mission. These initiatives are a massive undertaking, requiring the synchronization of base closures, realignments, military construction and renovation, unit activations and deactivations, and the flow of forces to and from current global commitments. If done efficiently, the end results will yield tremendous savings over time, while positioning forces, logistics activities, and power projection platforms to efficiently and effectively respond to the needs of the Nation.

As an essential component of Army transformation, BRAC 2005 decisions optimize infrastructure to support the Army's current and future force requirements. Under BRAC 2005, the Army will close 13 Active Component installations, 387 Reserve Component installations and eight leased facilities. BRAC 2005 realigns 53 installations and/or functions and establishes Training Centers of Excellence, Joint Bases, a Human Resources Center of Excellence, and Joint Technical and Research facilities. To accommodate the units relocating from the closing Reserve Component installations, BRAC 2005 creates 125 multi-component Armed Forces Reserve Centers and realigns the Army Reserve command and control structure. By implementing BRAC 2005 decisions, the Active Army will maintain sufficient surge capabilities to expand to 48 maneuver brigades and handle increased production, training, and operational demands now and in the future. BRAC 2005 better postures the Army for an increase in end strength by facilitating the Army's transformation to a modular force and revitalizing and modernizing the institutional Army through consolidation of schools and centers.

In total, over 150,000 Soldiers and civilian employees will relocate as BRAC is implemented over the next three-plus years. The over 1,300

discrete actions required for the Army to successfully implement BRAC 2005 are far more extensive than all four previous BRAC rounds combined and are expected to create significant recurring annual savings. BRAC 2005 will enable the Army to become a more capable expeditionary force as a member of the Joint team while enhancing the well-being of our Soldiers, Civilians, and Family members living, working, and training on our installations.

BRAC 2005 Implementation Strategy

The Army has an aggressive, carefully synchronized, fully resourced, BRAC fiscal year 2006-2011 implementation plan, designed to meet the September 2011 deadline, while supporting our national security priorities. National Environmental Policy Act (NEPA) requirements necessary to support our implementation plan were initiated in fiscal year 2006 to enable the early award of essential construction projects. Our BRAC construction plan is fully coordinated and carefully synchronized to support our overall strategy for re-stationing, realigning, and closing installations while continuing to fully support ongoing missions and transformation initiatives. This construction plan identifies requirements, defines scope, and considers existing installation capacity and infrastructure needs. It is an extremely complex plan that manages numerous construction projects, re-stationing actions, BRAC moves, and deployment timelines to allow the Army to implement the BRAC statute while supporting critical missions worldwide.

Seventy-seven percent of all required construction projects are planned for award by the end of fiscal year 2009, and 100 percent by fiscal year 2010. This will enable the major movement of units and personnel in fiscal year 2010 and 2011, with expected completion by the mandated BRAC 2005 deadline.

In fiscal year 2006 the Army awarded 11 BRAC military construction projects to support re-stationing and realignments, including: three projects to support GDPR; two incremental projects for BCTs, and five Armed Forces Reserve Centers, totaling over \$789.1 million. In fiscal year 2007, the Army awarded 61 projects: 20 projects to support GDPR; 20 Reserve Component projects in 12 states; and 21 other Active Component projects totaling over \$3.3 billion, including planning and design for fiscal year 2009 and 2010 projects. This will lay the foundation for follow-on projects, and in earnest, start the implementation of our synchronized construction program.

As signed into law, the Consolidated Appropriations Act for Fiscal Year 2008 (Public Law 110-161) contained a very significant reduction in BRAC funding of \$938.7 million (of which \$560 million is reduced from the Army's BRAC budget). I cannot overstate the difficulties that repeated cuts or delays in BRAC funding have, and will continue to pose to the Army as we implement BRAC construction projects. It directly threatens to derail our carefully integrated implementation plan. If the Army program is not fully funded, we will be significantly challenged to execute BRAC as intended. Construction of required facilities will be delayed and cause increased cost, uncertainty for mission commanders, and the resulting impact will cascade through our re-stationing, transformation, and growth plans for years to come. The net impact from shortfalls in BRAC funding will likely be felt by funds from the MILCON programs as they are shifted to plug the gaps in BRAC.

BRAC 2005 Fiscal Year 2009 Budget

The Army's fiscal year 2009 budget request of \$4,486,178,000 will continue to fund both BRAC and GDPR actions necessary to comply with BRAC 2005 Law. The Army plans to award and begin construction of 83 military construction projects, plus planning and design for fiscal year 2009

and 2010 projects. This is estimated to cost \$3,792 million and includes: five additional GDPR projects, 37 Army National Guard and Army Reserve projects, and an additional 41 Active Component projects.

A significant portion of the Army's BRAC request supports the transformation and re-stationing of the operational force. BRAC military construction projects support major realignments of forces returning to the United States from Europe, as well as several stateside relocations. The fiscal year 2009 budget request also funds projects supporting Reserve Component transformation in 22 states and Puerto Rico.

The BRAC budget request will also fund furnishings for BRAC projects awarded in fiscal year 2006 and 2007 as the buildings reach completion and occupancy. The request also funds movement of personnel, ammunition, and equipment associated with BRAC Commission Recommendations.

The Army will continue to procure investment type equipment in fiscal year 2009 in support of our BRAC military construction program as part of the "other procurement" budget line. This equipment exceeds the investment and expense unit cost threshold of \$250,000 each and includes information technology infrastructure and equipment for the previously awarded BRAC projects, which will be impacted if fiscal year 2008 funding is not fully restored.

In fiscal year 2009, the Army will continue environmental closure and cleanup actions at BRAC properties. These activities will continue efforts previously ongoing under the Army Installation restoration program and will ultimately support future property transfer actions. The budget request for environmental programs is \$54.8 million, which includes Munitions and Explosives of Concern and Hazardous and Toxic Waste restoration activities.

Prior BRAC

Since Congress established the Defense Base Closure and Realignment Commission in 1990, the Department of Defense (DoD) has successfully executed four rounds of base closures to reduce and align the military's infrastructure to the current security environment and force structure. As a result, the Army estimates approximately \$12.6 billion in savings through 2008 – nearly \$1 billion in recurring, annual savings from prior BRAC rounds.

The Army is requesting \$72,855,000 million in fiscal year 2009 for prior BRAC rounds (\$4.9 million to fund caretaking operations of remaining properties and \$68 million for environmental restoration) to address environmental restoration efforts at 147 sites at 14 prior BRAC installations. To date, the Army has spent \$2.8 billion on the BRAC environmental program for installations impacted by the previous four BRAC rounds. We disposed of 235,480 acres (93.5 percent of the total acreage disposal requirement of 259,674 acres), with 24,194 acres remaining.

Homeowners Assistance Program

The Army is the DoD Executive Agent for the Homeowners Assistance Program (HAP). This program provides assistance to eligible military and civilian employee homeowners by providing some financial relief when they are not able to sell their homes under reasonable terms and conditions as a result of DoD announced closures, realignments, or reduction in operations when this action adversely affects the real estate market. For fiscal year 2009, HAP will execute the approved program for Naval Air Station (NAS) Brunswick, Maine, and complete a market impact study expected to result in an approved program at Naval Station (NS) Ingleside, Texas. NAS Brunswick was approved two years earlier than

anticipated due to the more rapid departure of personnel and a marked decline in areas markets.

The numerous government employee and service member homeowners who are required to move with their transferred organizations, or to new jobs beyond the commuting distance from their present homes, will benefit from this program during periods of fluctuating home values. We are requesting an appropriation of \$4.46 million for the Homeowners Assistance Program.

OPERATION AND MAINTENANCE

The Army's fiscal year 2009 Operation and Maintenance budget includes \$2.85 billion in funding for Sustainment, Restoration, and Modernization (S/RM) and \$8.61 billion in funding for Base Operations Support (BOS). The S/RM and BOS accounts are inextricably linked with our military construction programs to successfully support our installations. The Army has centralized the management of its installations assets under the Installation Management Command to best utilize this funding.

Sustainment, Restoration, and Modernization (S/RM). S/RM provides funding for the Active and Reserve Components to prevent deterioration and obsolescence and restore the readiness of facilities on our installations.

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

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

Base Operations Support. This account funds programs to operate the bases, installations, camps, posts, and stations for the Army worldwide. The program includes municipal services, government civilian employee salaries, Family programs, environmental programs, force protection, audio/visual, base communication services, and installation support contracts. Army Community Service and Reserve Component Family programs include a network of integrated support services that directly impact Soldier readiness, retention, and spouse adaptability to military life during peacetime and through all phases of mobilization, deployment, and demobilization.

SUMMARY

Mr. Chairman, our fiscal year 2009 Military Construction and BRAC budget requests are balanced programs that support our Soldiers and their Families, the GWOT, Army transformation, readiness, and DoD installation strategy goals. We are proud to present this budget for your consideration because of what this budget will provide for our Army:

Military Construction:

- 2,225 New homes for Grow the Army
- 1,117 Additional homes privatized (230 require government contribution, 1,481 do not require government contribution)
- 423 homes replaced or renovated

- 30,845 government-owned and leased homes operated and sustained at the end of fiscal year 2009
- Portfolio management of 87,691 privatized homes
- 13,962 Soldiers get new barracks
- 30 new Training Ranges/Facilities
- \$11 billion invested in Soldier/Family Readiness
- \$4.2 billion to Grow the Army
- Over 3,300 Soldiers training in 16 new or improved Readiness Centers and Armed Forces Reserve Centers
- 14 New Army Reserve Centers
- 1 Modernized Army Reserve Center
- 4,954 Soldiers get new Reserve Centers

Base Realignment and Closure:

- Statutory compliance by 2011 for BRAC
- 83 Military Construction projects
- Planning & Design for fiscal year 2009 – 2010 Projects
- Remaining NEPA for BRAC 2005 actions
- Continued Environmental Restoration of 24,194 acres

Base Operations Support:

- Goal is to meet essential needs for all BOS programs: Base Operations, Family, Environmental Quality, Force Protection, Base Communications, and Audio/Visual.

Sustainment/Restoration and Modernization:

- Funds Sustainment at 90 percent of the OSD Facility Sustainment model requirement.

Our long-term strategies for installations will be accomplished through sustained and balanced funding, and with your support, we will continue to improve Soldier and Family quality of life, while remaining focused on Army and Defense transformation goals.

In closing, we would like to thank you again for the opportunity to appear before you today and for your continued support for America's Army.