

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss both the Active Army and Reserve Components' military construction, and The Army Environmental Program request for Fiscal Year 2003. This request includes initiatives of considerable importance to America's Army, as well as this committee, and we appreciate the opportunity to report on them to you.

This budget provides resources in our construction and family housing programs essential to support The Army's role in our National Military Strategy. It provides resources to comply with environmental regulations, to continue our efforts in cleaning up contamination from past practices, and to sustain the land and natural resources so important to The Army's training mission and the American people. The budget supports The Army's Vision and Transformation strategy.

The program presented herein requests Fiscal Year 2003 appropriations and authorization of appropriations of \$1,476,521,000 for Military Construction, Army (MCA); \$1,405,620,000 for Army Family Housing (AFH); \$101,595,000 for Military Construction, Army National Guard (MCNG); \$58,779,000 for Military Construction, Army Reserve (MCAR). There is no request this year for the Homeowners Assistance Fund, Defense.

In addition, the program requests Fiscal Year 2003 appropriations and authorization of appropriations of \$1,580,492,000 for the Army Environmental Program.

At the turn of the century, The Army published its Vision --- People, Readiness, and Transformation --- that defined how we meet the Nation's military requirements today and into the future. We started the arduous task of self-transformation that will allow us to continue to dominate conventional battlefields

but also provide the ability to deter and defeat adversaries who rely on surprise, deception and asymmetric warfare to achieve their objectives.

Army Transformation was already well under way when the attacks on September 11, 2001, provided a new urgency to our efforts. By accelerating Transformation, we will provide additional capabilities to the warfighting CINCs, enabling them to assure allies and friends; dissuade future military competition; deter any threats; and, if necessary, defeat any adversary.

To meet the challenges of accelerating transformation and carrying out today's missions at home and abroad, The Army must sustain a force of high quality, well-trained people; acquire and maintain the right mix of weapons and equipment; and maintain effective infrastructure and power projection platforms to generate the capabilities necessary to meet our missions. Taking care of soldiers and families is a readiness issue and will ensure that a trained and qualified soldier and civilian force will be in place to support the Objective Force and the transformed Army.

As The Army transforms, we must ensure that Army installations are transformed to meet the needs of the force. Army installations, both Active and Reserve Component, must fully support our war fighting needs, while providing soldiers and their families with a quality of life that equals that of their peers in civilian communities.

To support the transformation of our installations, the Secretary of the Army has approved the concept of centralized installation management through a regional alignment. The implementation date of the new management structure is October 1, 2002.

The regional alignment creates a corporate structure with a sole focus on efficient and effective management of installations. Mission commanders can

concentrate on readiness but still influence critical issues through the rating chain for Garrison Commanders and membership on the Installation Board of Directors.

This approach will ensure standard and equitable delivery of services from installation to installation. It will also ensure that all tenants, including the Reserve Components, are treated equally. It enables the Army to resource to standards.

The future will increasingly trend toward multi-functional installations. Supporting transformation, geographic-based regions provide the maximum flexibility for the future. In the end, it will allow improved facilities provided to soldiers and their families and better permit us to implement our facilities strategy.

FACILITIES STRATEGY

The Army's Facilities Strategy (AFS) is the centerpiece of our efforts to fix the current state of Army facilities over 20 years. It addresses our long-term need to sustain and modernize Army-funded facilities in both Active and Reserve Components by framing our requirements for both sustainment, restoration and modernization (SRM) and military construction (MILCON) funding. The AFS addresses sustainment, recapitalization, quality and quantity improvements, and new mission requirements so that The Army will have adequate facilities to support our 21st Century missions. SRM includes funds for annual maintenance and scheduled repair – sustainment; and military construction funding to repair or replace facilities damaged due to failures attributable to inadequate sustainment or emergencies or to implement new or higher standards – restoration and modernization.

The first pillar of the strategy requires us to halt further deterioration of our facilities. Our sustainment funding, which comes from the Operation and Maintenance (O&M) SRM accounts, has greatly improved thanks to the support

from Congress. We are funded at over 90% of our requirements in Fiscal Year 2003. This level of funding may be sufficient to prevent further deterioration of Army facilities. Our current C-3 conditions are a result of years of underfunding. We must have sufficient O&M SRM resources to sustain our facilities and prevent facilities from deteriorating further, or we put our MILCON investments at risk.

The second pillar of the strategy is to tackle the enormous backlog that has grown over numerous years of underfunding. Since we can't afford a quick fix to buy down the SRM backlog, we will centrally manage resources towards focused investments. This capital investment requirement will primarily require MILCON funding, supplemented by O&M SRM project funding. Our goal is to raise Army facilities from current C-3 ratings to C-2 by the end of 2010 by bringing a focused set of facilities to C-1 during that timeframe. Also, we plan to eliminate facility shortfalls where they exist over the entire 20-year strategy. These shortfalls are a result of facilities modernization not keeping pace with our weapons modernization and supporting force structure.

We are basing the initial focused set of facilities on Commanders' ratings in our Installation Status Report. The facilities we chose to modernize under this centrally managed program are critical to The Army's mission and to our soldiers. It is essential that both the sustainment (O&M SRM) and the capital investment (MILCON and O&M SRM) pieces be funded as a single, integrated program.

The third (recapitalization) and fourth (new mission) pillars of our strategy address improving recapitalization of our facilities to a 67-year cycle and ensuring adequate facilities keep pace with future force structure changes and weapons modernization programs (such as transformation). These four pillars will enable us to improve the health of Army real property and its ability to successfully support our worldwide missions and our soldiers.

In addition to implementing our facilities strategy, we continue our policy of eliminating excess facilities throughout the entire Army to allow us to use our limited resources where they have the most impact. During Fiscal Years 1988-2003, our footprint reduction program, along with the base realignment and closure process, will result in disposal of over 200 million square feet in the United States. We continue our policy of demolishing at least one square foot for every square foot constructed. By 2003, with our overseas reductions included, The Army will have disposed of over 400 million square feet from its Fiscal Year 1990 peak of 1,157,700,000 square feet.

Additionally, we are pursuing innovative ways to modernize our infrastructure and reduce the cost of our facilities. One example is installation utilities systems. Our goal is to privatize all utility systems in CONUS by 2003, where it is economically feasible, except those needed for unique security reasons. We are also expanding the privatization of military family housing in an effort to provide quality residential communities for soldiers and their families.

MILITARY CONSTRUCTION, ARMY (MCA)

This year's MCA program focuses on six major categories of projects: mission facilities, transformation, well-being, efficient basing, installation support, and chemical demilitarization. I will explain each area in turn.

MISSION FACILITIES

In Fiscal Year 2003, there are 10 mission facility projects to ensure The Army is deployable, trained, and ready to respond to meet its national security mission. Projects in this program conclude the successful Army Strategic Mobility Program (ASMP) to ensure deployment within specified timelines; provide

enhanced training via live fire ranges and simulators; and maintain equipment readiness by ensuring Army vehicles are repaired and operational.

ARMY STRATEGIC MOBILITY PROGRAM: The six mobility projects in our Fiscal Year 2003 budget request facilitate movement of personnel and equipment from CONUS bases for both the Active and Reserve Components to meet Army and Defense timelines for mobilization operations. They are part of an important program started in the early 1990's to upgrade our strategic mobility infrastructure, enabling The Army to maintain the best possible power projection platforms. We are requesting \$53.6 million. The Fiscal Year 2003 projects will complete the Strategic Mobility program. A follow-on program, Army Power Projection Program (AP3) is being implemented as a result of changes in force structure and stationing.

The six projects in our request include improving our deployment capability by upgrading a deployment facility at Fort Stewart, Georgia; constructing a truck loading/unloading facility at Fort Carson, Colorado; and providing ammunition storage/outloading facility improvements at Anniston Army Depot, Alabama, Blue Grass Army Depot, Kentucky, and Letterkenny Army Depot, Pennsylvania. In addition, to improving fuel storage, we plan to consolidate multiple fuel points at Fort Bragg, North Carolina, into one modern facility.

TRAINING AND READINESS: To improve soldier training, we are requesting \$23.8 million to construct four training and readiness projects. Our request includes a Modified Record Fire Range at Darmstadt, Germany, and a live fire Shoot House at Fort Drum, New York. These ranges will provide our soldiers with realistic, state-of-the-art marksmanship training. We are also requesting a Military Operations in Urban Terrain (MOUT) Urban Assault Course at Fort Benning, Georgia, that will provide realistic urban combat training necessary for many scenarios in today's environment. A Tactical Vehicle

Simulator facility at Fort Leonard Wood, Missouri, is requested to train new motor transport operators with our new vehicle simulators.

TRANSFORMATION

Our budget contains \$194.9 million for eight projects at three installations, Fort Lewis, Washington; Fort Wainwright, Alaska; and Fort Polk, Louisiana, that support the deployment, training, unit operations, and equipment maintenance and motor pool facilities of the Interim Brigade Combat Team (IBCT) new transformed force. These projects include one maintenance facility for new vehicles, three ranges, a Military Operations in Urban Terrain (MOU) facility, a Battle Simulator Center and a Mission Support Training Facility to ensure our forces are properly trained, and a Battalion Headquarters/Company Operations Facility to provide a command and control facility for the increased unit size. We will continue to identify and validate additional requirements associated with transformation and will include these projects in future budgets.

EFFICIENT BASING, EAST

The Army is requesting the first year of a five-year plan to support the Efficient Basing, East, initiative in Germany. The initiative will move a Brigade Combat Team to Grafenwoehr from 13 smaller installations over a five-year time frame. This year's budget requests three projects at Grafenwoehr totaling \$69.9 million. Army construction for the entire initiative is expected to cost \$596 million. The three projects in this year's budget will complete the site preparation for the brigade, construct infrastructure to and around the brigade complex, and renovate existing barracks to the current Army standard. These projects will support the Brigade headquarters element.

WELL BEING PROJECTS

Fifty-four percent of our MCA budget is dedicated to providing for the well being of our soldiers, their families, and civilians. Although our first priority is to move permanent party soldiers out of gang-latrines type barracks, we are also requesting Phase II of the Basic Combat Trainee barracks project at Fort Jackson, South Carolina, that was authorized in Fiscal Year 2002. We are also requesting two child development centers, one physical fitness center, and the expansion of a community support center. These projects will improve not only the well being of our soldiers and families, but also the readiness of The Army. We are requesting \$796.8 million for well being projects this year.

WHOLE BARRACKS RENEWAL PROGRAM: Modernization of barracks for enlisted permanent party soldiers continues to be the Army's number one facilities' priority for military construction. It provides single soldiers with a quality living environment. The new complexes provide increased personal privacy, larger rooms, closets, new furnishings, adequate parking, and landscaping. In addition, administrative offices are separated from the barracks. With the approval of our budget, as requested, 77% of our barracks requirement will be funded at the new standard for our permanent party soldiers. Between Fiscal Years 2004 and 2009, we plan to invest an additional \$4.0 billion in MCA and host nation funds, supplemented by \$400 million in SRM funding to achieve our goal of providing improved living conditions for all of our single soldiers by Fiscal Year 2009. While we are making considerable progress at installations in the United States, we will request increased funding for Germany and Korea in future budgets to compensate for these areas having been historically funded at lower levels than installations in the United States. A large portion of the remaining modernization effort, 41%, is in these overseas areas.

In Fiscal Year 2003, we are planning 21 barracks projects. This includes 4 projects in Europe and 5 projects in Korea. The installations with the largest investment are Fort Bragg, North Carolina, with \$100 million (2 projects), and Schofield Barracks, Hawaii, with \$91 million (2 projects). Large soldier

populations and poor barracks conditions require sustained high investment through Fiscal Year 2008 at both of these installations to provide quality housing. We are completing a complex at Fort Carson, Colorado, which was authorized in Fiscal Year 2002; and we are continuing second phases at Fort Lewis, Washington, and Fort Richardson, Alaska, which were also fully authorized in Fiscal Year 2002. At Fort Campbell, Kentucky, we are requesting authorization for all phases of a multi-phase barracks complex; however, we are only requesting the appropriation needed for the Fiscal Year 2003 phase. Our plan is to award each complex, subject to subsequent appropriations, as a single contract to gain cost efficiencies, expedite construction, and provide uniformity in building systems. Barracks projects are also requested for Fort Hood, Texas; Fort Riley, Kansas; Fort Benning, Georgia; and Fort Detrick, Maryland.

BASIC COMBAT TRAINING COMPLEXES: We are requesting Phase 2 to complete the Basic Combat Training complex at Fort Jackson, South Carolina, that was authorized in Fiscal Year 2002. This project will provide a modern, initial entry basic training complex that includes separate and secure housing to support gender-integrated training, and provides for the administrative and training functions that are organic to the mission of the basic training battalion.

COMMUNITY FACILITIES: Our budget request includes two new child development centers to replace failing or inadequate facilities in Bamberg, Germany, and Vicenza, Italy. To improve soldier physical fitness and community wellness, our budget includes a physical fitness training center at Camp Castle, Korea. The expansion of a Community Support Center at Fort Detrick, Maryland, is also included in our request.

INSTALLATION SUPPORT PROGRAMS

This category of construction projects provides vital support to installations and helps improve their readiness capabilities. We are requesting one project for

a Centralized Wash Facility at Schweinfurt, Germany, \$2 million. A classified project is also requested at \$4 million.

AMMUNITION DEMILITARIZATION

The Ammunition Demilitarization (Chemical Demilitarization) Program is designed to destroy the U.S. inventory of lethal chemical agents, munitions, and related (non-stockpile) materiel. It also provides for emergency response capabilities, while avoiding future risks and costs associated with the continued storage of chemical warfare materiel.

The Office of the Secretary of Defense devolved the Chemical Demilitarization program to the Department of the Army in Fiscal Year 1999. Although Congress has consistently authorized and appropriated funding for the Chemical Demilitarization construction program to the Department of Defense, the overall responsibility for the program remains with The Army and we have included it in this year’s Army budget.

We are requesting \$167.6 million in The Army’s Fiscal Year 2003 budget to continue the Chemical Demilitarization projects previously authorized, and a Non-Stockpile Chemical Munitions Facility at Pine Bluff, Arkansas. Table 1 summarizes our request:

**Table 1
FISCAL YEAR 2003**

<u>Installation</u>	<u>Type</u>	<u>Amount</u>
Aberdeen PG, MD	Ammun Demil Facility, Phase V	\$ 30,600,000
Blue Grass AD, KY	Ammun Demil Facility, Phase III	\$ 10,300,000
Blue Grass AD, KY	Support Facility, Phase III	\$8,300,000
Newport AD, IN	Ammun Demil Facility, Phase V	\$61,494,000
Pine Bluff AD, AR	Non-Stockpile Munitions Facility	\$18,937,000
Pueblo AD, CO	Ammun Demil Facility, Phase IV	\$38,000,000

Total

\$167,631,000

The destruction of the U.S. stockpile of chemical weapons is a major priority of The Army, DOD and the Administration. These chemical weapons must be destroyed to reduce the risk to the stockpile storage communities and eliminate these weapons as potential terrorist targets. The MILCON funding for the chemical weapons facilities is essential to achieving this goal.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

The Fiscal Year 2003 MCA budget includes \$119.8 million for planning and design. The Fiscal Year 2003 request is a function of the construction programs for three Fiscal Years: 2003, 2004, and 2005. The requested amount will be used to design-build a portion of the Fiscal Year 2003 program, complete design in Fiscal Year 2004, and initiate design of Fiscal Year 2005 projects.

Host Nation Support (HNS) Planning and Design (P&D): The Army, as Executive Agent, provides HNS P&D for oversight of Host Nation funded design and construction projects. The U.S. Army Corps of Engineers oversees the design and construction to ensure the facilities meet our requirements and standards. Lack of oversight may result in an increase in design errors and construction deficiencies that will require United States dollars to rectify. Maintaining the funding level for this mission results in a payback where \$1 of United States funding gains \$36 worth of Host Nation Construction. The Fiscal Year 2003 budget request for \$23.7 million will provide oversight for approximately \$850 million of construction in Japan, Korea, and Europe.

The Fiscal Year 2003 budget also contains \$20.5 million for unspecified minor construction.

ARMY FAMILY HOUSING

The family housing program provides a major incentive that is necessary for recruiting and retaining dedicated individuals to serve in the Army. Adequate and affordable housing continues to be a major concern to soldiers when asked about their quality of life. We have waiting lists at nearly all of our major posts and as of January 2, 2002, the out-of-pocket expenses for soldiers living off post were approximately 11.3% of the total cost of their housing. The Army supports the initiative to increase the Basic Allowance for Housing (BAH) to eliminate the out-of-pocket costs being paid by Service members for off-post housing in the United States by 2005. Maintaining and sustaining safe, attractive, and convenient housing for our soldiers and families is one of our continuing challenges. This budget represents an increase in the family housing program for family housing improvements and expanded privatization. This increase will assist us in providing improved housing quicker and to more of our military families. Our current plan ensures we meet the Secretary of Defense's goal of 2007 to provide adequate housing to all military families.

Privatization is an essential element in solving our acute family housing problem. The Army's privatization program, Residential Communities Initiative (RCI), utilizes the authorities granted by the Congress in 1996 and extended to December 31, 2012 to implement an aggressive program to create modern residential communities in the United States. The Army is leveraging appropriated funds and government assets by entering into long-term partnerships with private sector real estate development and management firms to obtain financing and management expertise to construct, repair, maintain, and operate Army family housing communities.

The RCI program includes projects at Fort Carson, Colorado; Fort Hood, Texas; Fort Lewis, Washington; and Fort Meade, Maryland. Fort Carson transitioned to privatized operations in November 1999, and Fort Hood

transitioned in October 2001. Forts Lewis and Meade are expected to transition by mid-2002. The projects include over 15,000 housing units. Army families have already moved into new and renovated housing at Fort Carson and our experience to date has been very positive.

The program is expanding to 20 additional privatization projects between Fiscal Years 2002 and 2004. These projects will privatize more than 48,000 additional housing units. Using funds appropriated in Fiscal Year 2002, The Army kicked-off nine projects. The 2003 budget request will continue to expand the program, adding five projects covering seven installations (Fort Polk, Louisiana; Fort Belvoir, Virginia; Forts Eustis and Story, Virginia; Fort Leonard Wood, Missouri; and Fort Shafter and Schofield Barracks, Hawaii).

The Army is using the development partners' experience and resources, and market-based incentives, to bring about dramatic improvements in the Army family housing and the quality of life for soldiers and their families.

Our Fiscal Year 2003 request for Army Family Housing is \$1,405,620,000. Table 2 summarizes each of the categories of the Army Family Housing program.

Table 2

**ARMY FAMILY HOUSING
Fiscal Year 2003**

<u>FACILITY CATEGORY</u>	<u>(\$000)</u>	<u>PERCENT</u>
New Construction	27,942	2%
Post Acquisition Const	239,751	17%
Planning and Design	15,653	1%
Operations	183,408	13%
Utilities	212,432	15%
Maintenance	485,257	35%
Leasing	215,251	15%
Privatization	25,926	2%

TOTAL

1,405,620

100%

FAMILY HOUSING CONSTRUCTION

The total Fiscal Year 2003 request for construction is \$283,346,000. It continues the Whole Neighborhood Revitalization (WNR) initiative approved by Congress in Fiscal Year 1992 and supported consistently since that time. This successful approach addresses the entire living environment of the military family. The projects are based on life-cycle economic analyses and support the Department of Defense's 2007 goal by providing units that meet current construction and adequacy standards.

NEW CONSTRUCTION: The Fiscal Year 2003 new construction program provides WNR projects at four locations. Replacement construction provides adequate facilities where there is a continuing requirement for the housing and it is not economical to renovate. All of these projects are supported by housing surveys, which show that adequate and affordable units are not available in the local community.

POST ACQUISITION CONSTRUCTION (RENOVATION): The Post Acquisition Construction Program is an integral part of our housing revitalization program. In Fiscal Year 2003, we are requesting funds for improvements to 18,314 existing units at 9 locations in the United States, including privatization at 7 installations; 7 locations in Europe; and 1 site in Korea. Included within the scope of these projects are efforts to improve supporting infrastructure and energy conservation.

FAMILY HOUSING OPERATIONS AND MAINTENANCE

The operations, utilities, maintenance, and leasing programs comprise the majority of the Fiscal Year 2003 request. The requested amount of \$1,122,274,000 for Fiscal Year 2003 is approximately 80% of the total family housing budget. This budget provides for The Army's annual expenditures for operations, municipal-type services, furnishings, maintenance and repair, utilities, leased family housing, and funds supporting the Military Housing Privatization Initiative.

FAMILY HOUSING LEASING

The leasing program provides another way of adequately housing our military families. We are requesting \$215,251,000 in Fiscal Year 2003 to fund existing Section 2835 project requirements, temporary domestic leases in the United States, and approximately 8,600 units overseas.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)

The Army National Guard's (ARNG) focus is on two categories of projects: transformation and mission.

TRANSFORMATION

This year we continue converting twelve brigades and two division slices to support the Army Division Redesign Study (ADRS). The ADRS is a high priority for this budget. Eight facilities will be constructed or converted to house the ARNG's Combat Support/Combat Service Support structure. We are requesting \$26.8 million for this transformation for facilities in Alabama and North Carolina and two projects each in California, Kansas, and Nebraska.

MISSION

In Fiscal Year 2003, the ARNG has requested \$55.2 million for five mission projects. Two projects are in Wisconsin and will replace part of the existing United States Property and Fiscal Office complex made up of 23 buildings, ranging in year built from 1895 to 1980. These new facilities will permit all personnel to perform the necessary tasks that will improve their own readiness as well as provide fiscal and logistical support for the entire Wisconsin Army and Air National Guard.

The first phase of a project for administrative buildings at Barbers Point, Hawaii is also included. These units are currently stationed in the Diamond Head State Monument area, in order, pre-World War II facilities. The renovation of an existing building at Barbers Point will help with the Diamond Head State Monument Plan, allowing the Monument area to revert back to a semi-wilderness condition.

As part of The Army's Facility Strategy, we are requesting a Readiness Center at Summersville, West Virginia, and phase one of a joint facility with the Marine Corps Reserve and the Kansas Counterdrug Office at Topeka, Kansas.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

The ARNG's Fiscal Year 2003 budget request contains \$14.7 million for planning and design and \$4.9 million for unspecified minor construction.

MILITARY CONSTRUCTION, ARMY RESERVE (MCAR)

The Fiscal Year 2003 MCAR budget focuses on mission facilities that support the Army Reserve's mission of providing trained and ready unit and individuals to mobilize and deploy in support of the National Military Strategy.

MISSION FACILITIES

In Fiscal Year 2003, there are seven mission facility projects in the Army Reserve's Military Construction program. These projects provide four Army Reserve Centers (Lincoln, Nebraska; Oswego, New York; Grand Prairie, Texas; and Fort Story, Virginia); four maintenance facilities (Mare Island, California; Lincoln, Nebraska; Grand Prairie, Texas; and Fort Story, Virginia); a battalion-size dining facility at Fort McCoy, Wisconsin; and an alteration to an Army Reserve training facility at Fort Bragg, North Carolina.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

The Fiscal Year 2003 MCAR budget includes \$6.965 million for planning and design and \$2.85 million for unspecified minor construction.

SUSTAINMENT, RESTORATION AND MODERNIZATION (SRM)

In addition to Military Construction and Family Housing, the third area in the facilities arena is the O&M SRM program. O&M SRM is the primary account in the base support funding area responsible to maintain the infrastructure to achieve a successful readiness posture for The Army's fighting force. Installations and Reserve Component facilities are the platforms of America's Army and must be properly maintained to be ready to support current Army missions and any future deployments.

O&M SRM consists of two major functional areas: (1) facilities sustainment of real property and (2) restoration and modernization. Facilities sustainment provides resources for maintenance and repair activities necessary to keep an inventory of facilities in good working order. It also includes major repairs or replacement of facility components, usually accomplished by contract, that are expected to occur periodically throughout the life cycle of facilities. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident or other causes. Modernization includes alteration 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.

Within the O&M SRM program, there are two areas to highlight: (1) our Barracks Upgrade Program (BUP) and (2) the Long Range Utilities Strategy. The first area is our BUP program, which is the major renovation and restoration of existing barracks and an integral part of the Barracks Modernization program's goal to eliminate gang-latrines barracks by 2008. However, due to the reallocation of central funding of the BUP program in Fiscal Year 2002, we will now complete the program in 2009. At the completion of the Fiscal Year 2003 program, as requested, we will have funded, with MILCON and BUP, adequate housing to meet or approximate the DOD 1+1 barracks standard for 77% of our soldiers. The Fiscal Year 2004-2008 Military Construction program will provide barracks for another 18% of eligible soldiers. We will use O&M SRM resources to renovate barracks to an approximate DOD 1+1 standard for the remaining 5% of eligible soldiers. We are committing an average of about \$120 million per year in O&M SRM to continue the efforts to upgrade housing for our single soldiers.

The second area to highlight within the O&M SRM program is our Long Range Utilities Strategy to provide reliable and efficient utility services at our

installations. Privatization or outsourcing of utilities is the first part of our strategy. All Army-owned electrical, natural gas, water, and wastewater systems are being evaluated to determine the feasibility of privatization. When privatization appears economical, we use competitive contracting procedures as much as possible. We continue to successfully privatize utility systems on Army installations. Recent successes include privatization of the natural gas system at Fort Benning, and the water and waste water systems at Presidio of Monterey. Of the 320 Army systems available for privatization since 1998, 24 have been privatized, 28 have been exempted, and the remaining are in various stages of privatization. The second part of the strategy is the utilities modernization program. We are upgrading utility systems that are not viable candidates to be privatized, such as central heating plants and distribution systems. We have executed approximately \$188 million in utility modernization projects in Fiscal Years 1998 through 2001 and we plan to accomplish \$83 million in additional projects in Fiscal Year 2002 to complete the program. Together, privatizing and modernizing utility systems will provide reliable and safe systems.

We are making progress in upgrading barracks and improving utility services, and funding for the basic maintenance and repair of Army facilities has improved to 92% of the OMA, OMNG and OMAR requirement in Fiscal Year 2003. However, we still need to strive toward fully funding sustainment to keep facilities from getting worse and to protect the large infrastructure investment requested in this budget. The Installation Status Report (ISR) shows Army facilities are rated C-3 (not fully mission capable) due to years of under-funding. At the end of Fiscal Year 2001, the ISR for The Army showed 28% of our facilities were “red” – mission failure; 42% were “amber” – mission degraded; and only 30% were “green” – mission supported.

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 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 2003, there is no request for appropriations and authorization of appropriations. Requirements for the program will be funded from prior year carryover and revenue from sale of homes. Assistance will be continued for personnel at 7 installations that are impacted with either a base closure or a realignment of personnel, resulting in adverse economic effects on local communities.

BASE REALIGNMENT AND CLOSURE (BRAC)

Our facilities strategy strives to meet the needs of today's soldiers while also focusing on the changes required to support the Army of the 21st century. For BRAC in Fiscal Year 2003, we are requesting appropriations and authorization of appropriations of \$149.9 million. This budget represents the Army's budget required to continue unexploded ordnance (UXO) removal, environmental restoration and property management of those facilities not yet disposed from the first four rounds of BRAC. In Fiscal Year 2001, the Army began saving \$945 million annually upon completion of the first four rounds of BRAC. Although these savings are substantial, we need to achieve even more, and bring our infrastructure assets in line with projected needs. The Army supports the need to close and realign additional facilities and we appreciate the Congress' authority to have an additional round in Fiscal Year 2005.

The Army is now in the first year of exclusively care taking and completing the remaining environmental restoration activities at BRAC installations. The Army implemented innovative approaches to environmental restoration at BRAC sites in Fiscal Year 2001, which will support the early transfer of several properties. The Army will continue to support early property transfers in Fiscal Year 2002 and beyond and requests \$149,878,000 in Fiscal Year 2003 to continue this important work. These funds allow us to properly care take these properties and to continue environmental and ordnance removal efforts that will facilitate economic revitalization and will render these properties safe. Our efforts will make 24,854 acres of property available for reuse in Fiscal Year 2002 and complete restoration activities at 7 additional locations. This budget includes the resources required to support projected reuse in the near term and to continue with current projects to protect human health and the environment.

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 reducing the number of installations by 70%, roughly equal to the troop reductions of 70%. Your support of our Efficient Basing, East, military construction project will allow us to continue reducing the number of installations in Europe. In Korea, the number of installations is dropping 20%. The total number of Army overseas sites announced for closure or partial closure since January 1990 is 680. Additional announcements will occur until the base structure matches the force identified to meet U.S. commitments.

The significant challenges posed by the removal of unexploded ordnance, the remediation of groundwater, and the interface of a variety of regulatory authorities continue to hinder the disposal of property. A number of innovative approaches for environmental restoration were recently developed in an effort by

the Army to expedite the transfer of property, while ensuring the protection of human health and the environment. Two innovative mechanisms are being utilized to complete environmental restoration efforts: Guaranteed/Fixed Price Remediation (G/FPR) Contracts and Environmental Services Cooperative Agreements (ESCA). A G/FPR Contract obligates BRAC funds necessary for regulatory closure of specified restoration activities. The Army retains responsibility for completion of the environmental restoration, overseeing the contractor and ensuring that regulatory closure of the property is obtained. An ESCA is a different mechanism, authorized under the environmental restoration program that obligates Army BRAC funds and apportions some amount of liability to a governmental entity representing the reuse interests of the particular BRAC installation, in exchange for specific environmental restoration services outlined in the ESCA.

We remain committed to promoting economic redevelopment at our BRAC installations. We are supporting early reuse of properties through economic development conveyances as well as the early transfer of properties along with cooperative agreements to accelerate the completion of remaining environmental remediation. The Army is also making use of leasing options approved by Congress and awarding guaranteed fixed price remediation contracts to complete environmental cleanup to make properties available earlier. Real property assets are being conveyed to local communities, permitting them to quickly enter into business arrangements with the private sector. Local communities, with the Army's support and encouragement, are working to develop business opportunities that result in jobs and tax revenues. The successful conversion of former Army installations to productive use in the private sector benefits the Army and ultimately the local community.

The BRAC process has proven to be a viable method to identify and dispose of excess facilities. The closing and realigning of bases saves money that otherwise would go 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. We request your support by providing the necessary BRAC funding to continue environmental restoration and property management in Fiscal Year 2003.

THE ARMY ENVIRONMENTAL COMMITMENT

The Army's Environmental Program budget request for Fiscal Year 2003 totals \$1,581,085,000 for its Compliance, Restoration, Conservation, Pollution Prevention, and Environmental Quality Technology Programs. This figure includes \$146,156,000, reflecting the environmental portion of the total BRAC budget request. In addition, this figure reflects the Office of the Secretary of Defense budget request of \$212,102,000 for the DOD Formerly Used Defense Site (FUDS) program for which The Army is the DOD Executive Agent.

The Army Environmental Program supports readiness and improves the quality of life for our soldiers and their families. It fulfills the public trust to manage Army lands by protecting natural and cultural resources, in accordance with Federal, state, and local laws. The Army is fully committed to complying with laws and regulations, conserving natural and cultural resources, and cleaning up active, BRAC, and FUDS sites. We are continuing to integrate pollution prevention practices into all that we do, and we have expanded the focus of our technology program to address environment, safety, and occupational health needs comprehensively and cost effectively. By dedicating our efforts to these activities, we will become increasingly successful in identifying efficiencies to support The Army's core business practices; developing creative solutions to support our environmental stewardship efforts; protecting the health and safety of our soldiers, civilians and communities; and helping to fulfill The Army's commitment to support and execute the National Military Strategy.

We are further determined to accomplish our environmental program tasks with effectiveness and resource efficiency. Restoration and compliance still require the majority of our budget dollars. Programs in conservation, pollution prevention, and innovative technology provide venues for primary investments to reduce future compliance and restoration requirements and recapture dollars for The Army's core missions. Overall, our Fiscal Year 2003 budget request provides for a lean, but effective, program implementation and investment in both corrective and preventive actions to continue eliminating past problems and preventing future ones.

RANGES AND MUNITIONS

The Army must provide our soldiers with tough, realistic, battle-focused training in preparation for a wide variety of mission essential warfighting scenarios ranging from desert to tropical to cold region operations. Ensuring our soldiers have access to the most realistic training possible is a challenge for both our operations and environmental communities.

As part of that effort, we are developing integrated sustainable range management strategies to cut across functional lines to support The Army's live-fire requirements and ensure our range capability into the future. The Army Range Sustainment Integration Council was established to work across operational, environmental, and installation management areas to develop solutions for sustaining continued training and testing on Army ranges. The Army also is making prudent investments in environmental quality technology to improve its ability to detect, identify (discriminate), and respond to unexploded ordnance (UXO), and to reduce costs in the future.

Our environmental programs support The Army's core training mission by conserving training lands, preventing pollution, complying with laws and regulations, partnering with local communities, and cleaning up contamination at Army installations.

COMPLIANCE

The Army requests \$640,931,000 for the compliance program in Fiscal Year 2003. This is a \$43 million increase from last year's request and can be attributed to increased funding for the Massachusetts Military Reservation response activities, and manpower for the environmental program. This investment makes it possible for The Army to comply with applicable federal, state, and local environmental laws, regulations, and Executive Orders, as well as international agreements and Final Governing Standards overseas.

The Army's compliance goals are to attain and sustain cost-effective compliance with all applicable federal and state regulations. The Army's long-term compliance objectives are to: (1) integrate environmental compliance into all aspects of installation operations to support sustainment of the mission and promote the well being of soldiers, family members, civilian employees, and citizens of neighboring communities; and (2) sustain compliance costs within Fiscal Year 2002-2007 funding levels by shifting emphasis to pollution prevention solutions as a means for helping to achieve compliance.

The Army focuses on achieving environmental compliance through strong command emphasis and use of effective environmental management systems, pollution prevention, diverse training, new tools and technologies, audits and better metrics, new and improved processes, tracking development of new environmental laws and regulations to ensure timely compliance, and developing strong partnerships.

Since environmental laws and regulations are designed to protect human health and the environment, compliance with them is vital to maintaining the well being of our soldiers, civilian personnel, their families, and our neighboring communities. We have steadily improved our environmental compliance posture over time. Although the number of regulatory inspections increased slightly in Fiscal Year 2001, the number of new enforcement actions The Army received decreased by 15%. Following major reductions the previous two years, we achieved a further reduction of 6% in open Enforcement Actions (ENFs) in Fiscal Year 2001 and continue to resolve ENFs more quickly.

A key element necessary for The Army to meet our long-term environmental goals and strategy is the use of an internationally recognized Environmental Management System (EMS), or ISO 14001. The Army will use ISO 14001 processes at all levels to build trust and better cooperation with regulators and the community. Our goal is to use EMS to integrate environmental considerations across Army planning and operations.

Army investments in Regional Environmental Offices are paying big dividends through improved relations with Federal and state environmental regulators. This is evidenced by negotiation of effective air emission requirements at Fort Leonard Wood, reduced hazardous waste fees in New Mexico, improved communications with the United States Environmental Protection Agency, and numerous partnering endeavors with regulators and other Federal and state agencies.

POLLUTION PREVENTION

Pollution Prevention (P2) supports The Army by enabling our compliance with current and future laws and regulations, promoting good environmental

stewardship of the lands entrusted to The Army, and developing new technologies and partnerships with industry. The Army requests \$39,676,000, which is a decrease of \$6 million from last year's request. Nonetheless, we will continue to realize significant savings from our investments in pollution prevention efforts.

One of our major challenges is compliance with existing environmental laws and regulations. Achieving and maintaining compliance through development and implementation of pollution prevention strategies is a good business practice and a cost-effective way for The Army to meet its environmental goals.

The Army is continuing with its efforts to fundamentally change its operations through incorporation of a centralized hazardous materials management program, which is designed to reduce or eliminate processes and activities that generate wastes or emissions. The Army is a leader in the reduction of chemicals in the Toxic Release Inventory (TRI). In 1994, The Army reported a total of 2.4 million pounds of releases to the environment. By 1999, a 71% reduction of baseline releases was achieved. Today, the total releases for all installations combined is now less than the emissions of just one Army industrial facility in 1994.

Solid Waste Minimization efforts reduce costs while promoting recycling efforts. The goals for the solid waste management program are to minimize the generation of solid wastes, develop cost-effective waste management practices, protect public health and the environment, and recycle to conserve natural resources. The Army currently reuses and recycles 21% of all solid waste generated. Our recycling efforts significantly extend the life of existing landfills and resulted in a savings of approximately \$18.1 million in solid waste disposal costs in Fiscal Year 2001.

The Army has also taken a cue from the private sector and developed a military version of the Sustainable Project Rating Tool (SPiRiT). This model is being used to evaluate our military construction projects in terms of their sustainability, or how well they incorporate “green” building techniques, such as recyclable building materials, energy efficiency, natural daylight, and compatibility with the natural surroundings. This initiative is a common sense design and building practice that is intended to reduce life cycle costs while helping the Department support other Federal goals.

The Army’s vision is not one of mere compliance with laws and regulations, but rather a vision of environmental excellence through pollution prevention.

CONSERVATION

The Army’s Environmental Conservation program is a crucial component in sustaining the land used for the Nation’s military mission, as entrusted by the American people. Environmental requirements are increasing at the same time The Army’s use of current land capability is reaching capacity. Also, aging infrastructure is stretched beyond its life expectancy. The National Historic Preservation Act (NHPA), Sikes Act, and the Endangered Species Act (ESA) are the primary drivers for increased cultural and natural resources requirements on Army training lands and base areas.

The Fiscal Year 2003 budget request of \$93,651,000 reflects a \$16 million increase over last year’s funding level. The increase will enable The Army to continue its good stewardship of the land by implementing viable management plans that outline how The Army will continue to protect cultural resources, manage threatened and endangered species, integrate environmental land management, and comply with applicable Federal and state natural and cultural resource laws. The Sikes Act Improvement Act (SAIA) further defines DOD’s stewardship responsibilities, in the context of the military mission. In addition to

our mission requirements, The Army must provide for the conservation and rehabilitation of natural and cultural resources, sustain multipurpose use of the resources, and grant public access to the extent that safety and security allow.

The most significant statutory requirement for Army-owned historic properties is the National Historic Preservation Act (NHPA) and its implementing regulation. The current scope of Army historic building management and compliance requirements is enormous, and will substantially increase over the next ten years. As our Cold War-era infrastructure reaches the 50-year mark, it triggers compliance under the NHPA. The Army currently has 50,557 buildings over the 50-year mark, 63,155 archeological sites, and 17 National Historic Landmarks, all subject to NHPA regulation. By 2010, nearly two-thirds of all buildings on Army installations in the United States (77,613 of 129,059) will be at least 50 years old and subject to NHPA requirements.

In addition to the maintenance of cultural and historic resources, The Army is charged with the stewardship of its training lands, natural resources, and endangered species that reside on Army installations. One of The Army's most significant natural resource challenges relates to the use of training land, which is vital for national defense and readiness, while simultaneously maintaining compliance with the Endangered Species Act.

There are 170 distinct threatened and endangered species on 94 Army installations. The increased operational tempo of Army activities is placing an increasing demand on land use. Additionally, urban development is further isolating the natural habitats located on Army installations. As critical habitat is destroyed on unprotected private lands adjacent to Army installations, training areas and ranges provide the only remaining large areas of habitat in many regions.

Integrated Natural Resource Management Plans are serving as good tools to help The Army avoid future problems and reduce costs of repairing disturbed soil, vegetation, and wildlife habitats. These plans not only help us manage threatened and endangered species habitat, but also continue the long-standing tradition of providing outdoor recreation opportunities for soldiers and their families.

RESTORATION

The Army's commitment to its restoration program remains strong as we continue to make progress toward our goals of reducing risk and restoring property for future generations. With our regulatory and community partners, we are exploring ways to improve and accelerate cleanup. Achieving site closure and ensuring long-term remedies are challenges we are prepared to face. Improved business practices, partnerships, and innovative technologies, have enabled us to provide sound stewardship of the environment and taxpayer dollars.

The Fiscal Year 2003 budget request for Army Restoration is \$395,900,000, and this funding level will meet our legal agreements and the Defense Planning Guidance goal of Fiscal Year 2014. Also reflected in the total Army Environmental Program budget request is \$146,156,000, which represents the environmental portion of the total BRAC budget request. In addition, the Office of the Secretary of Defense has requested \$212,102,000 for the Formerly Used Defense Sites (FUDS) program.

The Army's environmental restoration program addresses active, BRAC, and FUDS properties that became contaminated due to past practices. Protection of human health and the environment is the primary goal for The Army's restoration programs. Another Army goal is to restore sites to productive use and move sites into "response complete" phases as quickly as possible. Examples of

initiatives to meet these goals are Scranton Army Ammunition Plant, the first military installation to complete cleanup under the Pennsylvania-DOD Multi-Site Agreement, and Sudbury Training Annex, the cleanup of which has resulted in its deletion from EPA's National Priorities List.

By the end of Fiscal Year 2001, The Army completed response at 85% of active sites, 80% of its BRAC sites, and 57% of its FUDS sites. We continue to move forward in our goal of completing environmental restoration and disposal/transfer of activities.

The Army is expanding its efforts to focus on completion, thereby freeing up much needed resources for our warfighting mission. We are accomplishing this through management initiatives that emphasize comprehensive program reviews - scrutinizing remedies, applying new technologies, and providing additional technical expertise and training; resource optimization – focusing resources on selected installations; and increased partnering and stakeholder outreach - enabling us to accelerate the cleanup by reaching agreement early in the process.

The Army has several review tools that have made significant improvements across programs, primarily through measuring cost-effectiveness. Groundwater Extraction Treatment Effectiveness Reviews, Principles of Restoration Workshops, Focused Technical Review, and Exit Strategy Meetings are all designed to take a close look at a specific portion of the program and hold it up to intense scrutiny.

For example, the Groundwater Extraction Treatment Effectiveness Review, has optimized efficiencies directly through the implementation of the Groundwater extraction and Treatment Evaluation Review program since 1999. To date, this program has reviewed over 20 existing and proposed groundwater remedies at

Army installations across the country and has identified approximately \$45 million potential life cycle cost avoidances at those installations during the past year alone.

An innovative contracting mechanism that is significantly different from the standard cost-plus type environmental restoration contract is the Guaranteed/Fixed Price Remediation (G/FPR) contract. Although it is currently being used only at BRAC sites, active sites and FUDS properties may also use G/FPR contracts more frequently in the near future. A G/FPR contract was awarded for Fort Gordon in Fiscal Year 2001, and one is scheduled for award at Fort Leavenworth in Fiscal Year 2002. Under a G/FPR contract, The Army maintains ownership of the site while the contractor performs the cleanup, negotiates with regulators, and guarantees regulatory closure for a fixed price. The fixed price element of the contract protects The Army from costly overruns associated with any unknown contamination found on a site and transfers the risk of cost overruns to the contractor. The contractor, in turn, obtains private insurance to protect from costs associated with the cleanup of previously unknown contaminants.

The Army is currently piloting the concept of a regionalized long-term monitoring/long-term operation contract in EPA Region VII. The intent of a regionalized contract is to gain efficiencies in conducting similar efforts in bulk. The current pilot covers Long Term Management/Long Term Operation (LTM/LTO) activities at active installations, BRAC installations, and FUDS properties. If successful, regionalized contracts may be implemented in other regions and may include environmental compliance activities.

ENVIRONMENTAL QUALITY TECHNOLOGY

The Army's Environmental Quality Technology (EQT) Fiscal Year 2003 budget request is \$52,669,000, which is an increase of \$19 million over the Fiscal Year 2002 budget request. This will fund continuing Army research, development, test and evaluation to address The Army's high priority EQT requirements, and the request supports the increased investment in range sustainability, reduction of ownership costs, and a high rate-of-return on investment of limited EQT resources.

Illustrative of our Fiscal Year 2003 programs are initiatives like range sustainment and the identification and discrimination of UXO. The Army EQT training range-related programs use a holistic approach to resolve environmental issues that impact military readiness. The program addresses a comprehensive suite of historic and emerging range-related environment and safety issues that include UXO, impacts of explosives, contaminated soils and groundwater, dust control, and land rehabilitation. In addition, sustainability of ranges is an overarching concept, which incorporates appropriate sustainable design elements into planning, design, construction, operation and maintenance functions to enhance and balance total life cycle costs affecting environmental, safety, and occupational health issues impacting soldiers, installations, and adjacent communities.

Unexploded ordnance and munitions' constituents present a significant challenge to installations seeking to manage and clean up their test and training ranges, to sites designated for BRAC, and to FUDS. Current technologies used to identify, discriminate, and address clean up practices for UXO and munitions constituents are, for the most part, neither cost nor time efficient. Development of new technologies capable of detecting UXO with high detection rates and low false alarm rates to drastically reduce the cost of site characterization and cleanup are needed. Development of these technologies is among the highest

priority for the EQT Program, and the DOD community. The Army has recognized the importance of this problem and has fully funded its UXO technology program that seeks to resolve the detection and discrimination problem.

The EQT Program is an increasingly robust vehicle for identification of Army requirements. Because of its inherent fiscal accountability, the program provides senior leadership the confidence to champion its programs. Through this program, The Army continues to establish environmentally compatible installations and weapons systems through development and exploitation of technology, without compromising mission readiness or training. The Office of the Secretary of Defense has placed The Army EQT process in the forefront as an appropriate model to be used to identify, prioritize, and resolve high priority EQT requirements.

FISCAL YEAR 2003 SUMMARY

Mr. Chairman, our Fiscal Year 2003 budget is a balanced program that permits us to execute our construction programs; provides for the military construction required to improve our readiness posture; provides for family housing leasing, operations and maintenance of the non-privatized inventory; and initiates privatization at seven additional installations. This budget request further provides for protection of training lands, environmental compliance with Federal and state regulations, restoration of contaminated sites, and important technology and pollution prevention initiatives in support of Army infrastructure, material systems, and operations and training. This request is part of the total Army budget request that is strategically balanced to support both the readiness of the force and the well being of our personnel. Our long-term strategy can only be accomplished through sustained, balanced funding, divestiture of excess capacity, and improvements in management and technology. We will continue to

streamline, consolidate, and establish community partnerships that generate effective relationships and resources for infrastructure improvement, continuance of services, and improved quality of life for soldiers, their families, and the local communities of which we are a part.

The Fiscal Year 2003 request for the Active Army is for appropriations and authorization of appropriations of \$2,882,141,000 for Military Construction, Army and Army Family Housing.

The request for appropriations and authorization of appropriations is \$101,595,000 for Military Construction, Army National Guard and \$58,779,000 for the Military Construction, Army Reserve.

The request for appropriations and authorization of appropriations is \$1,580,492,000 for the Army Environmental Program.

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