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BY THE COMMITTEE

STATEMENT OF

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READINESS AND MANAGEMENT SUPPORT
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INTRODUCTION

Mr. Chairman and distinguished members of this Subcommittee, thank you for the opportunity to discuss the Department of Defense's fiscal year 2003 programs supporting military installations and facilities and the Department's environmental management. The Department's goal is to restore the readiness of our installations and facilities – which are the foundation for military operations and deployments. We are continuing to improve the management of our installations and housing to ensure that they can fully support the men and women who live and work there in the accomplishment of their mission.

To begin I would first like to recognize you and the Committee for the support you continue to provide to the Department. In particular, we appreciate this committee's strong support for the Secretary's effort to rationalize our infrastructure through a needed round of base realignment and closure. We are also grateful for the Congress' willingness to extend our housing privatization authority to 2012. These actions support the key elements of the Department's program to manage military installations and facilities more efficiently.

Today, I will address the current state of our facility assets and the Department's revitalization plans; our sustainment, restoration and modernization programs; our management initiatives; and our environmental progress.

REVITALIZING INSTALLATIONS

As Secretary Rumsfeld recently testified to Congress, "...September 11th changed our nation forever." Our challenge today and in the future is to accomplish three difficult missions at

once: to win the war on terrorism, to restore our military forces through investments in procurement, people and modernization, and to transform our forces to meet future demands.

Last year, the Secretary of Defense undertook a series of initiatives to transform our installations and facilities into those required for a 21st Century military. Our fiscal year 2003 budget, as well as our current future years defense program, supports that commitment. In the context of competing priorities resulting from the events of September 11th, we have developed a feasible and fiscally responsible plan for getting our facilities on a path to recovery. Even after the events of September 11, we are continuing to transform our installations and maintain our commitment to our people by improving their quality of life.

Installations' Vision

Military installations and facilities are an integral component of readiness. Installations are the “platforms” from which our forces successfully deploy to execute their diverse missions. However, they are also places where our people live, work and train. The Department’s sustainment and restoration and modernization programs must enhance military readiness while also providing in adequate quality of life an adequate working environment and provide for appropriate military training.

Quality of life and quality of workplace are directly linked to the quality of our infrastructure. Many surveys have shown that poor quality facilities and services are a major source of dissatisfaction for families and services members alike. Our aging and deteriorating infrastructure has a direct impact on retention.

To address these long standing infrastructure problems in an integrated fashion, the Department is aggressively pursuing a number of approaches to benefit service members and

improve their quality of life. First, we will increase the basic allowance for housing to eliminate the out-of-pocket costs paid by service members for private sector housing in the United States. The fiscal year 2003 budget request includes necessary funding to continue lowering service members' out-of-pocket housing costs for those living off-base from 11.3 percent today to 7.5 percent in 2003. By 2005, the typical member living off-base will have no out-of-pocket housing expenses.

Second, we will increase our reliance upon the private sector -- higher allowances will increase and enhance service member access to existing quality housing. Higher allowances will also increase the income available to private sector developers, facilitating increases in the quantity and quality of privatized housing.

Finally, we will continue to fund military construction for housing where necessary. Our fiscal year 2003 budget requests about \$227 million more for family housing construction than last year. We have also maintained our significant investment in barracks modernization. The combination of increased allowances and continued use of privatization will permit more efficient use of our military construction funding. Increased availability of quality private sector options will ease pressure for on-base housing, reduce the need to maintain our current inventory, and allow us to spend our sustainment funding more wisely.

The Defense Facilities Strategic Plan, published in August 2001, defines our facilities vision for the future -- healthy, productive installations and facilities that are available when and where needed with capabilities to support current and future military requirements. At the same time, we must spend the taxpayer's investment wisely and transform the way we do business to reduce the total operational cost of ownership of our installations and facilities.

We must right size and locate our installations and facilities based on military requirements. The recently authorized base realignment and closure round in 2005 provides a key tool that will allow the Department to align operational forces with the installations best suited to their 21st Century missions. Providing the right quality installations and facilities also means we furnish quality living and working environments that support the warfighters' missions while enhancing quality of life for our service members and their families.

Through providing the right resources and leveraging that funding, we will achieve the right size and quality of our installations and facilities. We have developed analytical tools and metrics that allow us to more accurately forecast our requirements and measure our progress. Our tools, like the Facilities Sustainment Model, which identifies facility sustainment requirements, and the Facilities Recapitalization Metric, which assesses the rate of modernization relative to the service life of the facilities' inventory, have matured, and we have several new tools under development. For instance, we are integrating the Services' real property inventory databases to guide and monitor management decisions. Accomplishing these goals will ensure that the needs of the warfighters and military families are met.

Current State of Facility Assets

In fiscal year 2000, 42 Major Commands of the military services collectively rated 69 percent of their nine facilities categories C-3 (have serious deficiencies) or C-4 (do not support mission requirements) as reported in their Installations' Readiness Reports. At the end of fiscal year 2001, with 43 Major Commands now reporting, this percentage is 68 percent.

The first step to improve our readiness posture is to sustain what we own. It will take some time to reach an acceptable state of readiness. We are committed to sustaining our facilities

appropriately to avoid incurring substantial costs in later years. In the fiscal year 2003 budget request, the Department funds 93 percent of the requirement. The fiscal year 2003 recapitalization rate for our facilities has increased to about 150 years (121 if one factors in the potential 20 to 25 percent reduction that could be achieved from base realignment and closure). However, the fiscal year 2003 military construction request is the second largest in the past six years. We plan to invest over \$20 billion from fiscal years 2003 through 2007 to achieve our goal of a 67-year recapitalization rate by the end of the Future Years Defense Program.

For fiscal year 2003, we are requesting a total of \$9 billion for military construction, family housing and environmental remediation on properties from the 1988 to 1995 base realignment and closure rounds. Consistent investment levels over time will help us restore and maintain readiness, stabilize and reduce the average age of our physical plant, reduce overhead costs, and maximize our return on investment. Last year, the Department modernized its treatment of our real property requirement. Our approach to sustainment (operations and maintenance-like¹ funds) and restoration and modernization (both military construction and operations and maintenance funds), underscore our focus on improving infrastructure management.

Summary of Request
(President's Budget in \$ Billions)

Funding Category	Fiscal Year 2002 Request	Fiscal Year 2003 Request
<i>New Footprint</i> (MilCon)	1.4	1.5
<i>Restoration and Modernization</i> (MilCon)	3.8	2.5
<i>Restoration and Modernization</i> (O&M-like)	.8	.8
<i>Sustainment</i> (O&M-like)	5.1	5.6
<i>Family Housing Construction/Improvements</i>	1.1	1.3
<i>Family Housing Maintenance</i>	1.3	1.3
Total SRM, New Footprint, FH Const. & Maint.	13.5	13.0

Fully sustained, restored and modernized facilities are more cost effective in the long term and result in more prudent use of scarce resources. It is more expensive to allow facilities to deteriorate, which reduces service life and causes premature recapitalization requirements. Further, deteriorated facilities contribute to mission interruptions.

SUSTAINMENT

The first principle of sound installation management is taking care of what you own, and our fiscal year 2003 budget request supports that principle. Our fiscal year 2003 budget request of \$5.6 billion increases sustainment funding to 93 percent of the requirement, from 89 percent in last year's budget. Full funding of sustainment throughout the program is an appropriate investment that will avoid significant costs in the future by stabilizing facility conditions and preventing further erosion.

The fiscal year 2003 budget request also includes \$6.1 billion for Real Property Services (RPS) which are must pay "open-the-door" costs generally performed by contract. The RPS account includes purchase of utilities, lease payments, custodial services, trash collection, snow removal, and grounds maintenance.

RECAPITALIZATION

The Department is requesting \$3.3 billion for recapitalization in fiscal year 2003 (including both operations and maintenance and military construction funds) to restore and modernize our facilities. Recapitalization is important not only to restore the readiness of poor facilities, but also to maintain the relevance of all facilities to future missions of the Department. A consistent

¹ Includes O&M as well as related military personnel, host nation, and working capital funds.

modernization program tied to expected service life best accomplishes this. The Department stands by its goal of achieving a recapitalization rate of 67 years. We currently plan to achieve this goal by fiscal year 2007.

There may be concerns with the increased fiscal year 2003 recapitalization rate. However, our fiscal year 2003 budget request represents a restructuring of our priorities to achieve a more fiscally responsible program with lower costs over the long term. Sustaining facilities up front will reduce the need for costly restoration of facilities in the future, and we are requesting significant increases to our sustainment budget to accomplish this. In addition, the majority of the military construction budget projects (over 60 percent) are for restoration and modernization of mission critical requirements.

Comparison of Military Construction and Family Housing Requests
(President's Budget in \$ millions)

	Fiscal Year 2002 Request	Fiscal Year 2003 Request
Military Construction	5,210	4,054
NATO Security Investment Program	163	168
Base Realignment and Closure IV	532	545
Family Housing Construction	1,114	1,341
Family Housing Operations & Maint	2,940	2,877
Homeowners Assistance	10	0
Family Housing Improvement Fund	2	2
Total	9,971	8,987

HOUSING

Military housing is a priority for the President and the Secretary, is an integral part of the Administration's Management Plan and is crucial to providing a decent quality of life for our service members. We are investing \$1.2 billion in the budget request to construct or revitalize almost 14,000 barracks spaces for our unaccompanied service men and women to continue improvements in their quality of life. The Services are making great progress toward meeting, or

have already met, the Department's goal for eliminating gang latrine conditions for permanent party unaccompanied service members.

Our request of \$4.2 billion for military family housing in fiscal year 2003 will operate and maintain the Department's family housing and enable us to eliminate most substandard housing by 2007 – three years earlier than previously planned. Our family housing construction budget request of \$1.3 billion, up from the \$1.1 billion requested in fiscal year 2002, supports traditional approaches to military family housing as well as the Department's plan to renovate, replace, or privatize over 35,000 housing units. We plan to have privatized a cumulative total of over 60,000 units by the end of fiscal year 2003. The Department is also requesting \$2.9 billion for operating and maintaining almost 280,000 family housing units world-wide, (251,000 government-owned and another 29,000 leased), approximately 60 percent of the government-owned units are considered inadequate.

The Department's use of housing privatization, aided by Congress' extension of our authorities to 2012, continues to leverage our funding and has allowed us, to date, to privatize over 17,500 housing units. Our most recent projects have been at Fort Hood, Texas, where Army personnel have been deployed to support Operation Enduring Freedom and Naval Complex South Texas, which includes Naval Air Station Corpus Christi and Naval Station Ingleside in Texas.

Privatizing military housing is a Presidential and Secretary of Defense management priority and is recognized as a key item on the Administration's agenda to improve the quality of life for our service men and women. Because decent, safe and affordable housing is such an important component of our service members' lives, we are taking steps to ensure that the privatization projects we have already undertaken remain fiscally and physically in good shape. To that end, we are overseeing the legal and financial documents of these projects through our

internal oversight document called the Program Evaluation Plan, which provides the Secretary of Defense with key information on the Services' portfolio management of these projects. We are using this report to oversee the Services' progress in project management, meeting schedules for housing renovation and construction, customer satisfaction, and overall financial management.

Privatization is intended to enable the military services to revitalize their inventories of inadequate housing by leveraging appropriations with private capital. Under privatization policy, the Services leverage appropriations to get at least three times the housing they would get under traditional military construction programs. In practice, the current 10 projects in our most recent report have leveraged appropriations at a rate of six to one. In addition, our data show that our initial ten projects allowed us to build and renovate houses on our installations that would have cost \$600 million more had we used the traditional military construction approach. By leveraging available resources, we can revitalize housing on other military installations.

In terms of future steps, the Department plans to build on our earlier privatization successes by simplifying the process, accelerating project execution, and institutionalizing best practices in the Services' deals with the private sector. We plan to sharpen our post-award management to ensure fiscal integrity and sound project management.

IMPROVING BUSINESS PRACTICES

Our installations' management approach extends to improving our business practices. The Secretary of Defense is committed to improving the way the Department operates and reducing total ownership costs, and one of the methods is through improved information technology (IT) systems. The Installations' community is a frontrunner in the development and use of IT systems to improve the way we manage facilities.

For example, in the fiscal year 2000 CFO Financial Statement, we estimated the funding requirements for sustainment, since we had no system to capture or forecast sustainment requirements. Now, using the Facilities Sustainment Model which applies industry benchmarks for sustainment costs, we are able to precisely identify the requirements. Thus, sustainment costs in financial statements for fiscal years 2003 and beyond will be based on accurate, verifiable information.

Many of our decision-making tools and financial systems are linked to the Department's real property inventory databases. Currently, the Department maintains many divergent systems that should be modernized using the latest state of the art technology and improved business processes. We recently began an effort to improve the availability and accuracy of information on our physical plant. Our vision is to improve our processes by developing a standardized real property inventory information system called the Base Information System. The goal is to develop new processes and systems for inventorying real property that will allow users of real property information to easily share and gain access to the information. During this fiscal year, we will develop an enterprise architecture that will help us clearly identify our current state and processes, develop a "to-be" process and, finally, develop the road map for change.

In addition to our information systems, we are emphasizing several management initiatives to improve the efficiency of our installations and reduce total ownership costs. For example, the facilities demolition program has eliminated almost 62 million square feet of excess and obsolete facilities since its inception in 1998, and we expect to exceed our goal to eliminate 80.1 million square feet by the end of fiscal year 2003. The costs avoided by demolition will also free up funding to sustain, restore and modernize other infrastructure in our inventory. The demolition

program was expanded to include several Defense Agencies and will continue past its originally intended completion in 2003.

We have actively solicited ideas to improve the operation and management of our installations and are currently developing evaluation criteria in order to determine if there are successful candidates for the Efficient Facilities Initiatives pilot program authorized in the National Defense Authorization Act for fiscal year 2002. The Department continues to consider opportunities for enhanced-use leasing, and we have established a working group to identify candidates and share lessons learned. We anticipate these leasing projects will enable better utilization of our infrastructure, reduce ownership costs, foster cooperation between the Department and private industry, and stimulate the local job market.

Joint use has been another effective way to better utilize our facilities. For example, the Joint Mobility Center at Elmendorf Air Force Base, Alaska, saved the Air Force and Army up to 20 percent of the cost to build separate mobility facilities. In another recent case, the joint Armed Forces Reserve Center at Gray, Tennessee, combined three construction projects for the Army Reserve, Army National Guard and Marine Corps Reserve into a single facility project, saving millions of dollars.

FUTURE BASE CLOSURES

Continuing to operate and maintain facilities we no longer need diverts scarce resources that could be better applied to higher priority programs, such as improving readiness, modernization and quality of life for our service members. We need to seek every efficiency in the application of available resources to ensure we maintain just what we need to accomplish our missions. In the wake of the attacks of September 11th, the imperative to convert excess base

capacity into warfighting ability is enhanced, not diminished. With approximately 20 to 25 percent of our base infrastructure estimated to be excess to our needs, a significant financial benefit can be realized through Base Realignment and Closure (BRAC) 2005 infrastructure reductions.

Prior BRAC actions have resulted in net savings to the Department of approximately \$16 billion, with annual recurring savings of approximately \$6 billion. We estimate that the next round of BRAC could save an additional \$4 billion in annual recurring savings if the infrastructure reductions approximate the 12 percent reduction experienced in the last two rounds in 1993 and 1995. Greater reductions in excess capacity could produce greater annual recurring savings.

BRAC 2005 is our most important facilities rationalization initiative. It will help the Department ultimately save several billion dollars annually. But a financial return is not the only benefit – in fact, it is not even the primary benefit. The authority to realign and close bases we no longer need will be a critical element of ensuring the right mix of bases and forces within our warfighting strategy as we transform the Department to meet the security challenges of the 21st Century. Transformation requires rationalizing our base structure to better match the force structure for the new ways of doing business, and the Department will conduct this rationalization with an eye toward ensuring we look at base capacity across the military services for the best joint use possible.

The Department is currently engaged in the upfront process of organizing and planning to accomplish the analysis and reporting requirements. We are building on the experiences gained in previous BRACs and using the additional time Congress has given us to finalize our approach. However, we have not officially “kicked off” the process.

UTILITIES PRIVATIZATION AND ENERGY MANAGEMENT

The Department seeks to reduce its energy consumption and the associated costs, while improving utility system reliability and safety. To accomplish this, DoD has developed an integrated program that optimizes utility system management by conserving energy and water, taking advantage of restructured energy commodity markets, and privatizing our utilities infrastructure.

Conserving energy saves the Department money that can be invested in readiness, facilities sustainment, and quality of life. Energy conservation projects make business sense, historically obtaining about four dollars in life-cycle savings for every dollar invested. This dynamic becomes even more important when you consider that military installations spent nearly \$2.8 billion in fiscal year 2001 to buy energy commodities (almost \$400 million more than the previous year – a 16 percent increase), despite reducing their energy use by about 3 trillion BTUs (a one percent reduction). We continue to make progress in achieving the 2010 energy reduction goal for buildings of 35 percent per square foot and have reduced consumption by over 23 percent since 1985.

The Department has a balanced program for energy conservation—installing energy savings measures using appropriated funding and private-sector investment—combined with using the principles of sustainable design to reduce the resources used in our new construction. The fiscal year 2003 budget contains \$50 million for the Energy Conservation Investment Program (ECIP) to implement energy savings measures in our existing facilities.

The Department places a high priority on privatizing utilities. However, we have found implementation to be more difficult than originally envisioned. We have made progress and will continue to move forward on the privatization of our utility infrastructure in areas where it makes

economic sense. Privatization allows the Military Departments to focus on core defense missions by relieving them of those installation management functions that can be done more efficiently and effectively by non-Federal entities. Historically, military installations have been unable to upgrade and maintain utility systems fully due to inadequate funding and competing installation management priorities. Utilities privatization will allow military installations to benefit from private-sector financing and efficiencies to obtain improved utility systems and services.

ENVIRONMENTAL PROGRESS

The Department's environmental program is focused on four overarching principles. First, environment is a fundamental component of our national power. We must be ever vigilant in ensuring lack of attention to environment does not undermine or degrade our national power. Second, environmental stewardship is a component of good business management. The Department is fully committed to implementing environmental management systems to improve efficiency and integrate environment into day-to-day operations. Third, environmental stewardship reflects the high ethical standards of our soldiers, sailors, marines, and airmen. Fourth, completing environmental remediation quickly, effectively, and safely, to protect human health and the environment from the results of past contamination, is important, both at our active and BRAC installations, as well as formerly used defense sites and surrounding communities. We are committed to continuing to be a leader in the Federal government in environmental management, and our fiscal year 2003 budget request, highlighted in the table below, reflects this commitment to ensuring environment fully supports our defense mission.

Environmental Program - Summary of Request (President's Budget in \$ Millions)

	Fiscal Year 2002 Request	Fiscal Year 2003 Request
Cleanup	1,247	1,278
BRAC	491	520
Compliance	1,623	1,706
Pollution Prevention	245	247
Conservation	138	152
Technology	211	205
Total	3,955	4,108

To maintain our ability to defend our country against terrorism and other security threats, our forces have conducted—and must continue to conduct—training and operations on land, at sea, and in the air. Environmental degradation can deny access to lands, undermine the realism and effectiveness of training, limit operational flexibility or productivity, and pose safety risks. Hence, cleaning up past contamination is important to sustain the land we hold in the public trust. Through the Defense Environmental Restoration Program, we are working to cleanup past contamination in all 50 states, the District of Columbia, and eight U.S. territories. This program covers environmental restoration activities at active installations, installations that are closing or have had their missions realigned, and formerly used defense sites (FUDS).

Our environmental restoration request is \$1.3 billion for fiscal year 2003, slightly higher than in our fiscal year 2002 request. We are proud of our cleanup successes but acknowledge that we still have some complex issues to address. The Department has built a strong environmental cleanup program over the last two decades and is charting a course for completing our environmental restoration requirements.

The environmental cleanup at current BRAC installations continues to serve as a model for collaboration among Department cleanup and real estate professionals, federal and state regulators, and communities in integrating reuse with cleanup. We have completed environmental cleanup requirements under CERCLA at 84% of land slated for transfer from the Department. To

continue the remaining environmental cleanup required at previous BRAC installations, we are requesting \$520 million, \$29 million more than was requested last year.

We are also building on the requirements of Executive Order 13148, Greening the Government Through Leadership in Environmental Management, to improve our business practices. We have recently undertaken an initiative to implement environmental management systems across all missions, activities and functions. Industry leaders have shown us that effective environmental management systems will enable the Department to leverage its environmental investment to reduce mission-driven risks and associated compliance costs. We believe successful implementation of environmental management systems in the Department is essential to maintain and improve readiness, mission efficiency, and environmental stewardship in light of the increasingly demanding national security and environmental requirements of the 21st Century.

The fiscal year 2003 environmental quality request for \$2.1 billion includes \$1.7 billion for compliance, \$250 million for pollution prevention and \$152 million for conservation. This will allow us to continue to comply with environmental laws and regulations and to effectively reduce the amount of pollutants we generate in performing the defense mission. These funds are a good defense investment. As of the end of fiscal year 2001, the Department reduced the number of new environmental violations received by 75% since 1992, reduced the amount of hazardous waste generated by over 60%, and completed Integrated Natural Resource Management Plans at the vast majority of bases.

For several years, the Department has worked to integrate environmental, safety, and occupational health considerations into defense acquisition weapon system programs. We believe that smart consideration of environmental concerns during the acquisition process is the key to efficient, cost effective, and environmentally sound weapon system performance.

We have revised the Directives that impact the major weapon system acquisition programs for the Department. These changes clarify and strengthen the management of life-cycle environmental issues by integrating them into the overall acquisition program management process. The new language also drives reduction in the procurement and use of hazardous materials to ensure waste minimization and pollution prevention are institutionalized in the acquisition process. In addition, the program manager is required to assess the life-cycle environmental impacts of the weapon system to identify opportunities for source reduction and recycling to minimize these impacts. These changes help reduce the cost and impact of these weapons systems on the people who make them, use them, maintain them and live around installations where they are stationed. Such improvements in today's weapon system acquisitions will have far-reaching positive impacts on "green" initiatives at all of our installations for many years to come.

Since sound environmental policy is the foundation of future improvement in environmental performance, we provided greater emphasis on promoting teamwork between environmental and procurement personnel to realize the benefit of affirmative procurement policy goals. All of these changes have improved our performance of purchasing environmentally preferable products, which has reduced our potential environmental impact on both the communities around our installations as well as our own personnel.

The Department is fully committed to military explosives safety – protecting military members and the public from the adverse effects of munitions. Last year, after an in-depth review, we divided our challenge into two areas of responsibility: Operational Ranges and Munitions Response Areas.

Our operational ranges are needed today and tomorrow. We fully appreciate the need for good stewardship and, as a part of our Range Sustainment Initiative, we are reviewing how we look at and manage our operational ranges. Most immediately, the Department is clarifying our operational range clearance policy. We are also developing the protocols for determining and responding to any groundwater contamination under our operational ranges. For our Munitions Response Areas, which include all property which may have unexploded ordnance, abandoned munitions, or munitions constituents, and we are building on the authority provided to us with the Defense Environmental Restoration Program. In so doing, the Department intends to fully comply with Sections 311, 312, and 313 of the National Defense Authorization Act for Fiscal Year 2002, Public Law 107-107, which call for several significant items, including a site inventories, cost projections and a technology roadmaps.

ENCROACHMENT

Civilian encroachment at active military bases and test and training ranges can interfere with the ability of our military to carry out their missions and can degrade the training and readiness of our military personnel at a time we need them most. Encroachment involves buildings and structures protruding into navigable air space; residential development locating in noisy, high performance aircraft approach and departure corridors or too close to gunnery ranges; or it can be off-base electrical transmissions interfering with air and ground communications. The presence of endangered species or their critical habitats in or near gunnery and bombing ranges also contributes to encroachment problems.

Urban growth and development is the most visible form of encroachment and has the greatest impact on military operations, training, and readiness. Encroachment of incompatible

civilian activities in whatever form - if allowed to go unmanaged and unregulated - will continue to compromise the effectiveness of our military forces. Since maintaining the readiness of our forces is one of the highest priorities of the Department, we strive to maintain a reasonable balance between test and training requirements, the concerns of our neighbors near our test and training ranges, and the importance of sound environmental stewardship. All of our military services are prepared to work with appropriate state and local authorities to control and hopefully curtail encroachment on both sides of the fence line.

We are addressing encroachment by developing a comprehensive strategy that will consider test and training mission needs, regulatory requirements, community support, urban encroachment, and the current and projected capability of our ranges to support the mission. The Deputy Secretary of Defense established a full time Integrated Product Team in the Office of the Under Secretary of Defense for Personnel and Readiness to act as the Department's coordinating body for overall range encroachment issues. This IPT, which reports to the Senior Readiness Oversight Council, has been tasked with developing a comprehensive set of proposals to address the encroachment issue.

ENABLING LEGISLATION

Consistent with our work to improve installations and environmental business practices, we are developing specific military construction legislation that will enable us to conduct our work more efficiently at lower cost. The legislation Congress enacted during fiscal year 2002 greatly improved the Department's freedom to manage, and the legislation currently under consideration by the Department will continue that trend without diminishing our accountability.

CONCLUSION

Our fiscal year 2003 budget request for military construction and for the Department's environmental programs supports the Department's obligation to acquire and maintain facilities vital to our changing missions and readiness. America's security, today and in the future, depends on installations and facilities that support operational readiness and changing force structures and missions. We have slowed the deterioration of our facilities, and will, over time, fully restore their readiness. With the Defense Facilities Strategic Plan as our guide, we are committed to providing and supporting healthy installations, facilities and housing that will enhance readiness, morale and quality of life for our service members and civilians. This installations' transformation will continue until all of our facilities meet the requirements of a 21st Century military.

We will also continue to identify opportunities to operate more efficiently and leverage our resources through partnerships with the private sector on housing and utilities privatization and competitive sourcing initiatives. We are committed to divesting ourselves of unneeded, underutilized facilities through the Efficient Facilities Initiative, facilities demolition, outleasing, and other facility reduction initiatives.

As a leader in environmental management, we will complete environmental remediation quickly and effectively at both our current and former installations and will protect our service members and others from the results of past contamination. In addition, we are developing a strategy to address encroachment that considers the needs of everyone involved.

In closing, Mr. Chairman, I sincerely thank you for providing me this opportunity to describe the Department's plan for revitalizing our installations and facilities and for your very strong support for a robust military construction program. I look forward to working with you as we transform our plans into actions.