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BY THE COMMITTEE

STATEMENT OF

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DEPUTY UNDER SECRETARY OF DEFENSE

(INSTALLATIONS AND ENVIRONMENT)

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AFFAIRS, AND RELATED AGENCIES

OF THE

HOUSE APPROPRIATIONS COMMITTEE

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Introduction. Chairman Edwards, Congressman Wamp, distinguished members of the Subcommittee: I appreciate the opportunity to appear before you today to address the President's Budget request for fiscal year (FY) 2010 and to present an update on the status of our nation's military installations.

Overview. Our installations are the platforms from which America's military capability is generated, deployed, and sustained. They play an essential part in addressing two principal objectives of the Department. First, they take care of our military forces, our most important asset. Secondly, they support and enhance our capability to meet the military challenges that we face today, and those that we may face in the coming years. Our installations provide training facilities for new recruits and career service members, maintenance shops and depots to repair and refit their equipment, and quality work and living spaces that warfighters and their families deserve. Our primary focus is to ensure that our military installations are capable of supporting the missions of our forces, today and in the future. To successfully provide this support, we focus our resources on programs and initiatives that will provide the necessary infrastructure in the most effective and efficient manner.

America's military installations, including both their built and natural environments, must be managed in a comprehensive and integrated manner to optimize our investment in the assets needed to accomplish the mission. In the United States and overseas, the Department currently manages over 539,000 facilities, with a plant replacement value exceeding \$700 billion, located on approximately 29 million acres of land. These assets must provide modern and safe work and training areas for our military forces, as well as quality housing.

Before updating you on our FY 2010 Installations and Environment programs, I'd like to talk briefly about the impact on our military infrastructure of two extremely important challenges facing our nation. The first of these is Overseas Contingency Operations (OCO).

Overseas Contingency Operations. Military construction is a key enabler of OCO, directly supporting wartime operations by providing operational and support facilities at key locations. In April, the Department submitted its FY 2009 OCO funding request for \$2.3 billion. This investment will help the Department execute realignment of forces into and within Afghanistan, by enabling strategic and operational flexibility and increasing Intelligence, Surveillance, and Reconnaissance (ISR) capabilities. The FY 2009 request will also facilitate access to child care and improve support facilities for wounded warriors and their families.

The FY 2010 OCO request of \$1.4 billion continues the important objective to increase the U.S. presence in Afghanistan, specifically the Regional Commands South and East. The facilities required to sustain, protect, and house these personnel include utilities, roads, housing, and dining facilities as well as environmental projects. The FY 2010 OCO request will increase the capacity of air lines of communication, broaden logistics and intelligence capabilities, and provide the ability to reposition forces as the situation dictates.

American Recovery and Reinvestment Act (ARRA) of 2009. The other challenge is the downturn in the economy, and in response, the ARRA of February 2009. This effort will have a significant impact on DoD's facilities. The Department is applying the funding to enhance our ability to provide high quality installations and facilities and to improve our energy efficiency.

The ARRA includes approximately \$7.4 billion in Defense-related appropriations. The Military Construction (MilCon) and Operation and Maintenance (O&M) funds provided by the

Act are available for obligation through the end of FY 2013 and FY 2010, respectively. The Department has identified over 4,200 projects in the following categories:

- \$4.2 billion in O&M accounts to improve, repair, and modernize DoD facilities, including energy-related improvements
- \$1.3 billion in MilCon for hospitals
- \$240 million in MilCon for child development centers
- \$100 million in MilCon for warrior transition complexes
- \$535 million for other MilCon projects, such as housing for Service members and their families, energy conservation, and National Guard facilities
- \$300 million to develop energy-efficient technologies
- \$120 million for the Energy Conservation Investment Program (ECIP)
- \$555 million for a temporary expansion of the Homeowner's Assistance Program (HAP) benefits for private home sale losses of DoD military and civilian personnel
- \$15 million for DoD Inspector General oversight and audit of ARRA execution

In addition to providing much needed facility improvements and funding for important energy research programs in support of the national effort to achieve greater energy independence, the ARRA will also contribute to our ongoing efforts to “green” DoD’s built infrastructure. In their baseline MilCon programs, the Military Services have taken the lead in ensuring a sustainable future for the Department by directing that new construction meets both the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) Silver Certification standard and the Federal Leadership in High Performance and Sustainable Buildings Memorandum of Understanding. In executing ARRA projects, this type of forward

thinking directly translates to 115 projects and \$2.3 billion in the MilCon and military family housing construction programs designed and built to LEED Silver Certification standards.

DoD is committed to ensuring that ARRA funds are expended responsibly and in a transparent manner that will further job creation, economic recovery, and the overall improvement of our military infrastructure. Over the coming months, we'll be keeping the Congress and the public apprised of our progress in executing these funds.

Facilities Investment. Now I would like present an overview of our Installations and Environment programs beginning with MilCon and related facilities investments. The FY 2010 MilCon and Family Housing Appropriation request totals \$23 billion, which is a decrease of \$1.9 billion from the FY 2009 budget request, but still compares very favorably with historic trends. The decreased funding is primarily in the Base Realignment and Closure (BRAC) and Family Housing programs, which I will discuss in more detail shortly. The budget request will enable the Department to respond rapidly to warfighter requirements, enhance mission readiness, and provide essential services for its personnel and their families. In addition to new construction, this funding will restore and modernize enduring facilities, while eliminating those that are excess or obsolete. A large part of the funding is targeted for initiatives to support the realignment and increase in endstrength of forces, projects to improve and update facilities, and projects needed to take care of our people and their families, such as family and bachelor housing, Warrior in Transition housing, and child development centers.

Comparison of Military Construction and Family Housing Requests

(President's Budget \$ in Millions – Budget Authority)

	FY 2009 Request	FY 2010 Request
Military Construction	11,283	12,835
NATO Security Investment Program	241	276

Base Realignment and Closure IV	393	397
Base Realignment and Closure 2005	9,065	7,480
Family Housing Construction/Improvements	1,457	489
Family Housing Operations & Maintenance	1,741	1,444
Chemical Demilitarization	134	147
Family Housing Improvement Fund	1	3
Energy Conservation Investment Program	80	90
Homeowners Assistance Program	5	23
TOTAL	24,400	22,515

We are continuing ongoing initiatives to reshape and resize our infrastructure, and at the same time, we recognize that there will be localized growth in the facilities footprint to accommodate changes in force structure, end strength, and weapons systems. These efforts include facilities to support Army Modularity, Army and Marine Corps Grow-The-Force initiatives, and bed-down of new weapons systems such as the Joint Strike Fighter.

While our basing initiatives continue the process of reconfiguring our overall physical plant, and acquiring facilities for future requirements, we cannot lose sight of the importance of maintaining and modernizing our existing facilities. It is imperative that we continue to invest in our existing infrastructure, and plan for the appropriate level of investment in all our facilities going forward.

Facilities sustainment has been and continues to be the most important program to support the overall health of our inventory of facilities. Sustainment funds regularly scheduled maintenance and major repair or replacement of facility components expected periodically throughout the life cycle of a facility. Investing in sustainment prevents deterioration, maintains safety, and preserves performance. As you know, we use the Facilities Sustainment Model (FSM) to estimate the funding requirements for our facilities. The model uses benchmark costs

from public and private sources which are updated on a regular basis. Our goal continues to be full sustainment of our facilities to optimize our investment and ensure readiness. The FY 2010 President’s Budget provides \$7.8 billion for sustaining the Department’s significant inventory, representing 91 percent of the FSM requirement.

The second key element of our facilities investment program is recapitalization, which includes restoration and modernization, and is funded primarily with O&M and MilCon appropriations. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, natural disaster, fire, accident, or other causes. Modernization includes alteration of facilities to implement new or higher standards, accommodate new functions, or replace building components that typically last more than 50 years. The Department remains committed to maintaining a rate of investment in facilities recapitalization that will improve, modernize, and restore existing facilities, and replace them when it is more economical to do so. To that end, we’re refining the way we calculate the required investment for recapitalization, and more closely aligning it with the actual condition of each facility. We will keep you apprised of our progress as we develop the new methodology.

Sustainment and Recapitalization Request

(President’s Budget in \$ Millions)

	FY <u>2009 Request</u>	FY <u>2010 Request</u>
Sustainment (O&M-like) *	7,482	7,799
Restoration and Modernization (O&M-like plus)*	1,780	2,035
Restoration and Modernization (MilCon)	8,102	6,527
TOTAL SRM	17,364	16,361

**Includes Operation and Maintenance (O&M) as well as related military personnel, host nation, and working capital funds and other appropriations such as Research, Development, Test, and Evaluation (RDT&E)*

Separate and distinct from the BRAC process, we continue to right-size our inventory through the elimination of excess and obsolete facilities. The Military Departments continue to maintain and execute robust disposal and demolition programs to improve the safety and aesthetics of our installations, to ensure that only essential facilities are retained, and to reduce overall operating costs. In FY 2008, the Department eliminated 6 million square feet of unneeded facilities. Another 5.5 million square feet is projected for demolition in FY 2009. The FY 2010 request includes almost \$200 million to eliminate approximately 8 million additional square feet of unneeded infrastructure.

Global Defense Posture. Now I'd like to tell you more about our initiatives to provide the right military facilities in the right location with the right capabilities, beginning with the status of our global restationing efforts. As we continue with planned posture changes to meet our world-wide missions, the Department is improving its ability to contend with post 9/11 security challenges and developing more relevant relationships and forward capabilities for 21st century expeditionary operations. The FY 2010 MilCon request supports the Department's efforts to strengthen our forward military presence, including facilities and infrastructure, and to transform overseas legacy forces, Cold War basing structures, and host-nation relationships into a flexible network of access and capabilities with allies and partners. These efforts include:

- Continued force posture realignments within and from Central Europe which enable advanced training and flexible ground force capabilities to support NATO's own transformation goals. The European Command's transformation and recapitalization efforts will require investments in fixed facilities, mobility, prepositioning of equipment, and

interoperability. Future infrastructure requests will enable the elimination of substandard housing and will include projects that support continued transformation efforts.

- Shifting our European posture south and east by transforming the 173rd Airborne Brigade in Italy, and establishing infrastructure support for rotational presence in Romania and Bulgaria. Permanent Forward Operating Sites and other training facilities in Romania and Bulgaria have projected completion dates of 2009 and 2011, respectively. In addition to supporting a full-time training effort, Joint Task Force-East provides the logistical base for United States Air Forces in Europe and Special Operations Command Europe exercises in Eastern Europe and Eurasia.
- Continued progress toward future realignments in the Pacific as part of U.S.-Japan force posture changes that will have far-reaching, beneficial impacts for the U.S.-Japan alliance, and will shape our strategic posture throughout the Asia-Pacific region. While Japan is shouldering most of the costs associated with the planned posture changes per the Defense Policy Review Initiative (DPRI), U.S. MilCon funds are necessary to complete remaining facility construction and other infrastructure needs on Guam. MilCon funding will provide projects such as utilities and airfield pavement to bed-down Marine aviation at Andersen Air Force Base, wharf improvements, and the relocation of a military working dog facility at Naval Base Guam. Investments are also needed to improve off-base infrastructure, including selected roads and bridges required for throughput of necessary construction materials.
- Continued consolidation and restructuring of forces on the Korean peninsula to strengthen our overall military effectiveness and to prepare for transitioning wartime operational control of Republic of Korea (ROK) forces to the ROK military forces by 2012. This includes relocating U.S. troops out of Seoul, returning most of Yongsan Army Garrison to the ROK,

and consolidating remaining troops into two hubs south of Seoul. This effort positions U.S. forces to better conduct combat operations should deterrence fail on the Korean peninsula, and makes the U.S. presence less intrusive on the Korean people. We anticipate the ROK to continue funding much of the facilities and infrastructure construction for this transition in accordance with the amended Land Partnership Plan and Yongsan Relocation Plan.

However, MilCon funding is needed at Camp Humphreys to support U.S. Army forces relocating from camps north of the Han River.

- Developing basic infrastructure and capabilities for current and future operations in the U.S. Central Command area of responsibility and other overseas contingency operation areas.
- Enhancing contingency access through an array of sites in Africa that serve as focal points for combined training, capacity building, and broadened relationships with host nations and other partners. MilCon funding is needed at Camp Lemonier, the Department's enduring Forward Operating Site in Djibouti, to support such requirements and improve infrastructure needs within the U.S. Africa Command.

The Department continues to maintain and strengthen host-nation partnerships supporting these posture changes. The FY 2010 global defense posture projects ensure strengthening of forward capabilities for OCO and other expeditionary non-traditional missions, commitment to alliance goals and collective defense capabilities, and enhanced deterrent capabilities for addressing future security challenges.

Base Realignment and Closure (BRAC) 2005. In addition to our global posture realignments, we continue to execute BRAC 2005, the largest round undertaken by the Department. After an exhaustive examination of over 1,200 alternatives, the Secretary of Defense forwarded 222 recommendations to the BRAC Commission for its review. The

Commission accepted about 65 percent without change and its resulting recommendations were approved by the President and forwarded to the Congress. The Congress expressed its support of these recommendations by not enacting a joint resolution of disapproval by November 9, 2005, therefore, the Department became legally obligated to close and realign all installations so recommended by the Commission in its report. These decisions affect over 800 locations across the Nation and include 24 major closures, 24 major realignments, and 765 lesser actions. The BRAC Act required that the Department begin implementation of each recommendation within two years of the date the President transmitted the Commission's report to the Congress and complete implementation of all recommendations within six years of that date. The Department continues to monitor BRAC implementation to ensure we are meeting our legal obligation.

Beyond the comparative size, it is important to note that BRAC 2005 is the most complex round ever. This complexity is not merely a function of its magnitude, but is, to the largest extent, a function of the original goal established for this round: that BRAC 2005 would focus on the reconfiguration of operational capacity to maximize war fighting capability and efficiency. Focusing on operational capacity required that we appropriately assess the increased military capabilities we are achieving through these recommendations.

We accomplished that requirement and, through BRAC, are significantly enhancing each capability. Two locations, Fort Bliss, Texas, and Naval Air Station (NAS) Brunswick, Maine, highlight what we are achieving. Fort Bliss is the largest operational Army BRAC movement. Approximately 15,000 Soldiers and their family members will move to Fort Bliss and the surrounding communities, and construction of BRAC operational facilities is moving ahead as planned in preparation for the arrival of the 1st Armor Division at Fort Bliss. In September 2008, Soldiers of the 1st Brigade, 1st Armored Division took occupancy of the first Brigade

Combat Team (BCT) Complex. Soldiers of the 4th Brigade, 1st Armored Division are now in temporary facilities and eagerly await completion of the second BCT complex scheduled for September 2009. The Army has programmed the construction of several quality of life facilities to support this growth including dental/health clinics, a hospital, a child development center, a commissary, a physical fitness center, and youth centers.

The closure of NAS Brunswick will reduce operating costs while allowing the single-siting of the East Coast Maritime Patrol (VP) community at NAS Jacksonville, Florida. NAS Jacksonville and NAS Brunswick are collaborating to ensure seamless relocation of five aircraft squadrons along with the realignment of the maintenance functions and various mission support groups. In preparation for the arrival of the first Brunswick aircraft, a new type II hangar construction project is on track for completion this month. It will be the home for the first returning Brunswick VP squadron which is currently deployed. The hangar, the Navy's largest, will provide maintenance spaces for all five Brunswick squadrons and will also be able to support the future transition to the P-8 Poseidon multimission maritime aircraft.

A key component of this BRAC round was rationalizing medical infrastructure. This rationalization was needed to address the transformation in healthcare that has occurred since these facilities were constructed, and to adapt our facilities to the continuing changes in warrior care. At one end of the scale, BRAC enabled the Department to close seven small and inefficient inpatient operations, converting them to ambulatory surgery centers. BRAC also enabled DoD to realign medical operations from McChord Air Force Base, Washington, to Fort Lewis, Washington, and to transform the Medical Center at Keesler Air Force Base, Mississippi, into a community hospital. On the larger end of the scale, BRAC enabled DoD to realign two of its major military medical markets: San Antonio, Texas, and the National Capital Region

(NCR). The strategic realignments in San Antonio of Brooke Army Medical Center and Wilford Hall medical center, and in the NCR of Walter Reed Army Medical Center and the National Naval Medical Center at Bethesda, Maryland, address critical needs to realign and consolidate key clinical and clinical research capabilities, undertake serious facility modernization requirements, as well as better matching facility locations and capabilities, achieving medical advances, and adapting to changing needs of wounded warriors.

For the NCR, the FY 2010 costs (including the \$263 million included in the FY 2009 supplemental request) are \$2.4 billion. As is the case with San Antonio, costs rose due to construction inflation, wounded warrior lessons learned, and unforeseen costs as the construction process has unfolded.

Unique to the NCR is the effort to enhance and accelerate construction at Bethesda and Fort Belvoir, Virginia, as a result of lessons learned and the Department's commitment to implement the recommendations of the Independent Review Group (IRG) on Rehabilitative Care and Administrative Processes at Walter Reed Army Medical Center and National Naval Medical Center Bethesda. The IRG's April 2007 report recommended a variety of measures to improve medical care and that DoD accelerate BRAC projects in the NCR. In order to implement the report's recommendations and incorporate other war-related lessons learned, the Department committed to create Warrior Transition Unit facilities at the Bethesda Campus to enhance wounded warrior care, especially the outpatient convalescent phase. The Department also committed to enhancing inpatient facilities at both Fort Belvoir and Bethesda. These enhancements, together with a commitment to accelerate construction to ensure that the new facilities will be operational as soon as possible, required the investment of an additional \$679 million. The FY 2008 supplemental appropriated \$416 million.

The BRAC 2005 Commission Report also calls for the transfer of installation management functions from 14 designated installations to 12 other installations to create 12 Joint Bases. Joint basing calls for installations that share a common boundary or are in close proximity to consolidate installation management functions and the delivery of installation support functions while considering best business practices and ensuring warfighting capabilities are preserved or enhanced. The 12 Joint Bases will be established in two phases, with Full Operational Capability (FOC) for Phase I bases in October 2009 and Phase II bases in October 2010. At FOC, total obligation authority and real property will transfer from supported Component(s) to the supporting Component.

The Department is using this opportunity to create the conditions for more consistent and effective delivery of installation support through Common Output Level Standards (COLS), which establish joint definitions, standards, and performance metrics for each identified installation support function that will be consolidated at each Joint Base.

In its entirety, the BRAC program is substantial. As of the FY 2010 President's Budget it represents a \$35.4 billion requirement over 2006-2011 and \$4 billion in annual savings after full implementation (after FY 2011). The Department originally estimated BRAC 2005 investment using the Cost of Base Realignment Actions (COBRA) model at \$21.1 billion (in constant FY 2005 dollars) with annual recurring savings of \$4.4 billion. The COBRA model used in the analysis estimated costs based on standard factors to array the relative merit of options – it was never intended to be budget quality nor used for implementation planning. When compared to our current requirement, there is a \$14.3 billion or 68 percent increase in COBRA-estimated costs. The increase was fully funded in the President's FY 2010 budget request, and results primarily from inflation, changes in MilCon, environmental restoration and program

management costs not included in COBRA, additional O&M to support fact-of-life cost increases, and construction for additional facilities to enhance capabilities and/or address deficiencies. The savings decrease is primarily a result of revised personnel eliminations.

Almost 70 percent of the BRAC 2005 program supports MilCon requirements compared to 33 percent experienced in the previous rounds. In the BRAC 2005 round, DoD has now made decisions to:

- Use new construction vs. renovated space (existing space diverted to other needs)
- Accommodate changes in unit sizes, functions or responsibilities by increasing facilities, changing configurations, or building additional facilities
- Accept inflation factors exceeding previous planning factors (delayed implementation compounds the inflation increase).

Assisting Communities. As we execute BRAC 2005, we continue to abide by the DoD policy that when implementing DoD actions that seriously affect the economy of a community, every practical consideration shall be given to minimizing the local impact. To that end, DoD provides economic adjustment assistance through its Office of Economic Adjustment (OEA) to help communities help themselves, using the combined resources of Federal, State, and local governments and private sector to support local initiatives.

OEA, through the Defense Economic Adjustment Program (DEAP), continues to work with States, territories, and more than 147 communities across the country impacted by the Department's continuing closure, downsizing, and mission-growth actions.

Over two dozen locations are looking at unprecedented increases in military, civilian, and contractor personnel as a result of BRAC 2005, Global Defense Posture Realignment, Army Modularity, and Grow-the-Force activity. For most locations, OEA is providing overall planning

support for personnel, procurement, and construction activity to prepare local adjustment strategies, including growth management plans, to support local mission growth. The challenge for many of these locations is to respond to myriad hard (road, schools, houses, water and sewer) and soft (public services, health care, child care, spousal employment) infrastructure issues that directly bear on the quality of life for our warfighters, their families, and the homeowners, businesses, and workers in the surrounding communities.

A primary concern, particularly at this time of economic uncertainty, is how to apply scarce Federal, State, and local public resources with those of the private sector to carry out adjustments in local facilities and public services, workforce training programs, and local economic development activities. Needs for public investment, such as road improvements, water and sewer infrastructure, and school construction have emerged and OEA is working with each affected State and region to document these needs and bring them to the attention of other Federal Agencies for their consideration and assistance. To date, OEA has found over 50 critical projects that are ready to move forward, but need a total of \$1.7 billion in Federal or other support. Communities also identified over 300 other mission-growth-related projects in various planning phases, at a total cost of \$7 billion that had incomplete funding strategies. While OEA is presently bringing these needs to the attention of the U.S. Departments of Transportation, Commerce, Education, and Agriculture as the cognizant agencies where assistance might be made available, they are also seeking to update the information to account for current economic strains and those other growth efforts that may have information available.

OEA, on behalf of DoD, has recognized Local Redevelopment Authorities (LRAs) for 116 locations to: provide leadership and speak on behalf of the impacted area with one voice; identify the impacts of closure across local businesses, workers, and communities; plan

redevelopment and other economic development activities to lessen these impacts; and direct implementation of the redevelopment plan to respond to these actions. Approximately 96 redevelopment plans have been completed to date. When completed, redevelopment plans are submitted as part of a statutorily-mandated homeless assistance application to the U.S. Department of Housing and Urban Development (HUD), who, in turn, must review each application for compliance with statute prior to Military Department property disposal and the redevelopment effort going forward.

The redevelopment plan is also significant at the Federal level because: 1) the Military Departments dispose of buildings and property in accordance with a record of decision or other decision document and, in preparing this decision document, give substantial deference to the LRA's redevelopment plan; and 2) other Federal agencies are to afford priority consideration to requests for Federal assistance that are part of the plan under Executive Order 12788, as amended, "Defense Economic Adjustment Programs."

As with the growth-impacted communities, OEA is presently working with affected closure and downsizing communities to identify specific needs for "public" investment and expects to have a working estimate of those needs by this summer. In the past, these needs have included demolition, road alignments, infrastructure development, etc. With disposal for these locations yet to occur, communities will need some additional support from the U.S. Departments of Commerce (Economic Development Administration (EDA)), Labor ((Employment Training Administration (ETA)), and Agriculture (Rural Development Administration) through FY 2014.

The ability to support State and local economic adjustment activities, including road construction, infrastructure development, demolition and site preparation, workforce

development, and general economic development is beyond the Department's capacities. Accordingly, the Department relies upon the Economic Adjustment Committee (EAC), through DEAP, as directed by Executive Order 12788. The EAC is comprised of 22 Federal Departments and Executive agencies, and among its functions is to: coordinate interagency and intergovernmental adjustment assistance; serve as a clearinghouse for the exchange of information between Federal, State, and local officials involved in the resolution of economic adjustment concerns resulting from DoD actions; and, afford priority consideration to requests from Defense-affected communities for Federal assistance that are part of a comprehensive base redevelopment or growth management plan.

In response to previous BRAC activity, approximately \$1.9 billion in Federal assistance was provided to assist affected States, communities, workers, and businesses. EDA, ETA, the Federal Aviation Administration, and OEA were the source of this funding. The response to date for BRAC 2005 has consisted of approximately \$212 million, primarily from OEA and the Department of Labor. The BRAC support has concentrated on worker assistance, community economic adjustment planning for growth and downsizing, and coordinating public benefit property conveyances for downsizing communities.

The EAC is chaired by the Secretary of Defense, and the Secretaries of Commerce and Labor are co Vice-Chairs. If affected States and communities are to benefit from these Federal resources, it will be important for the cognizant Federal programs to adequately source their staff and program budgets to respond. To date, we have not had much response to assist either growth- or downsizing-impacted areas. Moreover, the current Federal response to the national economic crisis has placed even greater stress on the cognizant agencies, with the effect of further subordinating needed attention for Defense-impacted communities. Accordingly, the

intergovernmental coordination of adjustment assistance under the EAC will continue to be reviewed to further improve overall responsiveness to the needs of these States and communities.

The Department has used the full range of transfer and conveyance authorities to dispose of real property made available in prior BRAC rounds (1988, 1991, 1993, and 1995). Property disposal is complete at 205 of 250 prior BRAC locations where property became available for disposal, and local redevelopment efforts in turn have resulted in the creation of over 143,700 jobs, more than offsetting the 129,600 civilian jobs that were lost across 73 prior BRAC locations where OEA is monitoring redevelopment activity.

Improving The Quality of Housing. Just as the Department works to maintain the fabric of communities affected by BRAC, we also work to maintain the communities of our military installations. At the same time that our military installations must support the operational needs of warfighters, they must also provide for the quality of life of our Service members and their families. Access to quality, affordable housing is a key factor affecting service member recruitment, retention, morale, and readiness. Through privatization and increases in housing allowances, DoD has made great strides in increasing service members' housing choices. Privatization allows for rapid demolition, replacement, or renovation of inadequate units and the sale of units no longer needed. Privatization also enables DoD to make use of a variety of private sector approaches to build and renovate military housing faster and at a lower cost to American taxpayers.

To date, the Military Services have leveraged DoD housing dollars by 10 to 1, with \$2.5 billion in Federal investments generating \$25 billion in housing development at privatized installations. The FY 2010 President's Budget request includes \$2.0 billion for Family Housing, a decrease of \$1.2 billion below the FY 2009 enacted amount, for continued efforts toward

reduction of inadequate units, operation and maintenance of government-owned housing, and the privatization of over 2,400 family housing units. Over 600 of these units support the Grow-the-Force initiative.

The housing privatization program was created to address the oftentimes poor condition of DoD-owned housing and the shortage of affordable private housing of adequate quality for military service members and their families. Privatization allows the military services to partner with the private sector to generate housing built to market standards for less money and frequently better quality than through the MilCon process. Additionally, and almost of greater importance, the projects include 50 years of maintenance and replacement where necessary. Although nearly all projects have been awarded, we are still in the early stages of the program since the housing will be privately owned for fifty years. With privatization deal structures and an income stream in place, full revitalization will be completed within a five to ten-year initial development period.

Military family housing requirements are changing at multiple installations due to BRAC, Global Posture, Joint Basing, and Grow-the-Force. While some installations may find they have a surplus of housing, others may experience a deficit. No matter where military family housing is needed, our Service members and their families need access to safe, desirable, and affordable housing. The Military Services continue to evaluate installation housing requirements, and the opportunities to meet additional housing needs through privatization continue to expand.

The FY 2010 budget request also includes funding to eliminate inadequate family housing outside the United States. The budget request reflects a MilCon cost of \$52 million for the Army to construct 138 family housing units in Baumholder, Germany.

As it has increased the quality of family housing, privatization is also helping the Military Services provide quality housing for our unaccompanied Service members. To date, the Army has added bachelor officer quarters and senior enlisted bachelor quarters to its existing family housing privatization projects at Fort Bragg, North Carolina; Fort Stewart, Georgia; Fort Drum, New York; and Fort Irwin, California. A fifth project is planned soon at Fort Bliss, Texas. In contrast to the Army, the Navy is mainly focusing its unaccompanied housing privatization efforts to bring shipboard junior enlisted sailors ashore using a special pilot authority (10 USC 2881a). The first unaccompanied housing privatization pilot project was awarded in December 2006 at San Diego, the second was executed in December 2007 at Hampton Roads, Virginia, and a third project is under consideration at Jacksonville-Mayport, Florida. Both of the awarded Navy pilot projects have demonstrated that, with partial Basic Allowance for Housing authority, privatization of single, junior enlisted personnel housing is less costly on a lifecycle basis than the traditional Government-owned model. The pilot projects have also demonstrated that through privatization, single members can enjoy a quality living environment more equitable with housing for their married counterparts and commensurate with the sacrifices they are asked to make.

Energy Management. Just as we take responsibility for caring for our human resources, the Department also takes responsibility to wisely manage its energy resources. By aggressively implementing energy conservation measures, we are avoiding costs while improving utility system reliability and safety. The Department developed comprehensive policy guidance incorporating the provisions of the Energy Security and Independence Act of 2007. This guidance will continue to optimize utility management by conserving energy and water usage,

and improving energy flexibility by taking advantage of restructured energy commodity markets when opportunities arise.

The Department's efforts to conserve energy are paying off. DoD is the largest single energy consumer in the Nation and consumed \$3.95 billion in facility energy in FY 2008. DoD facility energy consumption intensity has decreased nearly 11 percent since 2003. Our program includes energy efficient construction designs, aggregating bargaining power among regions and the Services to achieve more effective buying power, and investments in cost-effective renewable energy sources.

DoD has significantly increased its focus on purchasing renewable energy and developing resources on military installations. In 2005, DoD set a goal to reach 25 percent renewable energy procured or produced by FY 2025 and Congress placed this goal in the National Defense Authorization Act 2007. Even though the increasing cost of Renewable Energy Certificates drove down the percentage of renewable energy consumption in FY 2008, I am pleased to report that the Department remains ahead of the curve, achieving 9.8 percent renewable energy procured and produced for FY 2008.

Renewable energy projects are consistently more expensive than similar conventional energy sources, resulting in limited opportunities that are lifecycle cost effective. Still, the Department has increased the use of Energy Conservation Investment Program (ECIP) funds for renewable energy projects from \$5 million in FY 2003 to \$86 million out of the \$120 million provided for ECIP in the ARRA funding for 2009. Plans call for ECIP funding to increase \$10 million per year, from \$90 million in FY 2010 up to \$120 million in FY 2013, and renewable energy projects will continue to be a high priority.

The Department began tracking water consumption in FY 2002. While the Energy Policy Act of 2005 did not articulate a specific water reduction goal, Executive Order 13423 includes a requirement of 2 percent water reduction per year. By FY 2007, DoD reduced total water consumption by 27 percent or 43.8 million gallons per year. While we continue to strive to exceed requirements, our prior achievements have set the baseline low, so continuing the trend will be a challenge. Even with the reduced baseline, DoD achieved a 2.9 percent reduction in water intensity in FY 2008.

Environmental Management. In addition to our commitment to managing our energy requirements, we also recognize our natural infrastructure as a priority. The Department sustains the environment on our installations, not only to preserve these lands for our future generations, but also to maintain current and future readiness. The Department practices integrated planning to preserve the land, water, and airspace needed for military readiness while maximizing critical environmental protection. We maintain a high level of environmental quality in defense activities by integrating sustainable practices into our operations, acquisition of materials, and weapon systems. We protect and conserve natural and cultural resources and restore sites to productive reuse on more than 29 million acres. We strive to protect and to sustain the environment while strengthening our operational capacity, reducing our operational costs, and enhancing the well being of our soldiers, civilians, families and communities.

Comparison of Environmental Programs Requests

(President’s Budget \$ in Millions – Budget Authority)

	FY 2009 Request	FY 2010 Request
Environmental Restoration	1,506	1,475
Environmental Compliance	1,660	1,618
Environmental Conservation	330	323
Pollution Prevention	163	103

Environmental Technology	212	225
Base Realignment and Closure (BRAC)	455	554
TOTAL	4,327	4,298

Over the past 10 years, the Department has invested nearly \$42 billion in our environmental programs. In FY 2008, we obligated \$4.3 billion and in FY 2009 we are executing another \$4.5 billion for natural and cultural resource conservation, pollution prevention, cleanup, compliance, and environmental technology. The FY 2010 budget request of \$4.3 billion will enable us to continue to demonstrate leadership in protecting and preserving the environment on our installations.

In FY 2008, the Military Services invested \$353 million in conservation programs to protect natural and cultural resources located on and near our installations. Our cultural resources include archeological sites, historic buildings, relics of prior civilizations, artifacts, and other national historic treasures.

In 2008, the Department inventoried 480,706 acres and found 6,118 new archaeological sites. The Department has surveyed a total of 8,082,925 acres and has found 112,774 archaeological sites. The Department treated 2,602 of the sites to include stabilization, rehabilitation, monitoring, and protection in 2008. In 2009, the DoD will continue to sustain and manage its archeological and historic cultural resources. Some of the current activities include preserving the fabric, systems, historic character, and function of the DoD-built environment; maintaining readiness while protecting our heritage by incorporating cultural resources into installation planning; and consulting in good faith with internal and external stakeholders.

The Department is also protecting its older properties, not only for historical interest, but for continued active use to support today's operational requirements. Over 32 percent of DoD's 344,000 buildings are over 50 years old, and by 2025, more than 67 percent of the Department's

buildings will exceed 50 years of age. Buildings that have passed the 50 year benchmark present a challenge to the Department, but also offer the potential for cost-savings and resource conservation. By using historic buildings and properties, instead of building new structures, the Department reduces its environmental footprint while retaining the properties' historic features. DoD's Cultural Resources Program ensures balance between responsible stewardship of this significant legacy with meeting the demands of defending our nation.

Our installations also steward some of the finest examples of rare native vegetative communities, such as old-growth forests, tall grass prairies, and vernal pool wetlands. As of April 28, 2008, the U.S. Fish and Wildlife Service (USFWS) listed 1,317 species as either threatened or endangered within the United States, nearly 350 of which inhabit DoD lands. DoD has a greater density of listed species than any other Federal agency: some 40 threatened or endangered species are found only on DoD installations. The Department prepares and implements Integrated Natural Resource Management Plans (INRMPs) for each installation with significant natural resources, that include land management and other actions to protect these endangered species. These plans, developed in coordination with the USFWS and State fish and wildlife agencies, have helped the Department avoid critical habitat designations at 35 installations because the plans provide protection equal to or greater than what would be obtained if critical habitat had been designated for these endangered species. When coupled with our conservation efforts to protect species at risk and common species and their habitats before they become rare, INRMPs have provided increased flexibility in how DoD conducts its mission activities.

The Department is executing \$344 million in FY 2009 conservation efforts, of which \$215 million is planned for recurring continuous conservation management activities, such as

preserving habitat for at risk species and habitat vulnerable to global climate change.

Additionally, \$129 million is planned for non-recurring one-time projects such as installation of exclusion devices to protect endangered or at-risk species habitats, development of automated acoustic technologies for monitoring migratory birds, and shoreline protection projects. Fiscal year 2009 Cultural Resource projects include identifying design efficiencies and LEED equivalence standards for historic buildings, and producing historic context studies for Cold War sites in the Pacific and rural industrial sites on DoD lands in the Southeast.

The Department is requesting \$323 million for FY 2010 conservation efforts, which includes \$209 million in recurring funds for continuous conservation management activities and \$114 million in non-recurring funds for one-time conservation projects associated with threatened and endangered species, wetland protection, or other natural, cultural, or historical resources.

Since 1984, the Department has obligated \$40 billion in the Defense Environmental Restoration Program (DERP), including an FY 2009 appropriation of \$1.5 billion. Through DERP, the Department has restored 74 percent of those areas on installations or Formerly Used Defense Site (FUDS) that have been impacted by past defense activities, in cooperation with State agencies and the U.S. Environmental Protection Agency. DERP consists of two categories of sites; 1) Installation Restoration Program (IRP) sites which contain hazardous substances, pollutants, and contaminants, and 2) Military Munitions Response Program (MMRP) sites which contain unexploded ordnance and discarded military munitions. The Department applies a risk-based prioritization process to determine the order of cleanup for both IRP and MMRP sites. By the end of 2008, the Department had completed cleanup on 82 percent of IRP sites on active installations, 69 percent of IRP sites on FUDS, and 74 percent of IRP sites on installations closed

or realigned in the first four rounds of BRAC and BRAC 2005. In FY 2009, we are executing approximately \$1.5 billion at active and FUDS locations and another \$525 million at BRAC bases for environmental restoration efforts. These expenditures should enable us to complete cleanup at an additional 619 sites at active and FUDS locations and 154 sites at BRAC bases.

For the MMRP, DoD has completed cleanup of military munitions at 33 percent of sites at active installations, over 58 percent of BRAC installation sites, and 34 percent of FUDS. By cleaning up our sites on a “worst first” basis, we have significantly reduced the potential risk associated with many of the sites in our inventory. As we continue to make cleanup progress, we are emphasizing optimization of performance. Optimization efforts include considering green remediation technologies, reducing the number of cleanups involving long-term management, and achieving site close out in a timely manner. These efforts will reduce our long-term liability and ensure the expeditious return of these properties to productive reuse. Our FY 2010 budget request of \$1.5 billion will help implement these improvements while continuing to make progress to complete our cleanups and close out the properties.

The FY 2010 budget request of \$103 million for pollution prevention will enable DoD to continue to meet our solid waste diversion and recycling goals while reducing our operating costs. Striking a balance between mission requirements and environmental quality, the Department employs long-term solutions to eliminate hazardous material use in operations and weapon systems acquisition, promote the use of alternative fuels, and implement innovative pollution prevention technologies to reduce pollution to our air, water, and land. In 2008, the Department invested \$162 million in pollution prevention programs, including recurring requirements such as solid waste diversion and recycling, hazardous material reduction, and green procurement. In FY 2008 the Department diverted 3.9 million tons or 63 percent of our

solid waste from landfills, avoiding approximately \$260 million in landfill costs. Additionally, the Department has reduced hazardous waste disposal by 37 percent from calendar year 1996 to 2007. The Department is also effectively managing air quality, reducing hazardous air pollutant emissions at our installations by 24 tons from 2006 to 2007. To further reduce waste and resource consumption, in 2008 the Department updated its Green Procurement Program (GPP) strategy, which encourages Military Services to purchase environmentally preferable products and services. Through the GPP, the DoD has become a leader in green procurement, and we continue to make further improvements to GPP, most recently issuing policy direction requiring DoD contracting officers to use a contract provision giving preference to bio-based products. In FY 2009, we are executing \$165 million for pollution prevention, with another \$103 million planned for FY 2010. These levels of investment will enable DoD to continue to meet our diversion and recycling goals while reducing our operating costs.

In FY 2008, the Department obligated \$1.54 billion for environmental compliance activities, including an \$83 million MilCon investment in new construction projects to build drinking water facilities, wastewater treatment facilities and above ground fuel storage tanks that comply with Safe Drinking Water and Clean Water Act requirements. Clean water and clean air are essential to the health and well being of our communities and ecosystems. DoD management practices reduce discharged pollutants, leverage water conservation opportunities, and protect watersheds. Our drinking water program has consistently provided over 3,550,000 men, women, and children living and working on our installations with safe drinking water. The Department also manages over 1,600 water pollution control permits for our wastewater and storm water treatment systems, which achieved an overall 95 percent rate of compliance in 2008. Our FY 2009 appropriation included another \$1.67 billion to upgrade treatment facilities and

meet new and expanding permit requirements. Our FY 2010 budget request of \$1.6 billion will enable the Department to continue to sustain our air, water, and land resources to maintain operational readiness and enhance the health and welfare of surrounding communities, and the natural environment.

Emerging Contaminants. Our experiences with mission and environmental consequences associated with perchlorate, ozone-depleting substances, and other chemicals with evolving regulatory standards indicate a need to establish a program to make earlier, better-informed, risk management decisions regarding these emerging contaminants (ECs). This new program is already helping us better protect human health and the environment, and enhance military readiness. Simply put, the EC program identifies risks early in the process, before regulatory actions take place or materials become unavailable, thus protecting our people, assets, and the mission.

We have established a three-tiered process to (1) look “over-the-horizon” and identify chemicals and materials with evolving science and regulatory interest; (2) assess the risks to human health, the environment, and DoD’s mission; and (3) develop appropriate risk management options for DoD program managers. Twenty-one EC impact assessments have been completed for chemicals that include explosives, fuel constituents, corrosion preventatives, fire-fighting foams, and industrial degreasers. Examples of risk management options resulting from these assessments include conducting research to fill basic science gaps, improving material handling and personal protection practices, developing new or improved remediation technologies, and developing less toxic substitute materials or processes. One of the major thrusts of the program is to work closely with the DoD industrial base to conduct lifecycle analyses regarding less toxic alternative chemicals for use in weapons platforms, systems and

equipment. A significant recent example of a risk management action is a new DoD policy to minimize the use of hexavalent chromium, a known carcinogen, throughout DoD.

Because of the many national policy issues related to ECs, we continue to work with a number of Federal and State regulatory agencies, industry, academia, and professional organizations. In particular, we formed an EC working group with the Environmental Protection Agency (EPA) and the Environmental Council of States (ECOS) to address and discuss EC issues. Four important work products, including procedures for dealing with new ECs, have been completed and endorsed by all parties and are publically available on the ECOS, EPA, and DoD websites.

We are also working in partnership with a new Industry-University Cooperative Research Center, initiated by the National Science Foundation, to focus on emerging contaminant research. Some of this effort will be geared to helping Federal agencies and industry use safer chemicals and materials for improved long-term sustainability.

Sustaining the Warfighter. All of our efforts with regard to both our built and natural infrastructure are because, simply put, our Nation's warfighters need the best training and equipment available. This means sustaining our vital training and test range and installation infrastructure. Incompatible land use in the vicinity of DoD installations and ranges continues to challenge training and testing sustainability. Particular challenges from incompatible land use include noise complaints from new neighbors, concerns about smoke and dust, diminished usable airspace due to new structures or growing civil aviation, a loss of habitat for endangered species, and a compromised ability to test and train with the frequency needed in time of war.

History has demonstrated that effective training of U.S. troops has a direct impact on their success on the battlefield. Reliable access to operational ranges and supporting installations

is needed to sustain that training. In 2002, Congress provided statutory authority to use O&M funds to create buffers around our ranges and installations. Using this authority, DoD established the Readiness and Environmental Protection Initiative (REPI), and has worked with willing partners to cost-share compatible land use solutions that benefit military readiness and preserve natural habitat. In FY 2005, REPI leveraged \$12.5 million of O&M Congressional funding to secure \$55 million worth of buffer land and easements, encompassing 13,939 acres at seven installations. In FY 2006, with \$37 million of O&M funding, REPI secured over \$93 million worth of buffer land and easements, encompassing 33,521 acres.

Overall in FY 2007, REPI initiated 27 projects in 17 States; in FY 2008, REPI funded 36 projects in 19 States. Already, \$23.2 million from FY 2007 and FY 2008 funding has secured \$74 million of buffer land, encompassing 28,378 acres. For FY 2009 REPI identified an additional 39 projects in 21 States for funding. Congress appropriated \$56 million for REPI in FY 2009. Such REPI and partner funding has resulted in projects providing clear benefit to the military mission, such as protecting the Navy's one-of-a-kind La Posta Mountain Warfare Training Facility in California; keeping training areas open at Marine Corps Base Camp Lejeune, North Carolina; and buffering live-fire training ranges at Fort Carson, Colorado.

After several years of implementing REPI projects, DoD asked the RAND Corporation to assess the program's effectiveness. In 2007, RAND issued its report, titled *The Thin Green Line: An Assessment of DoD's Readiness and Environmental Protection Initiative to Buffer Installation Encroachment*. The report found that REPI projects, as in the case of the installations noted above, have proven effective in relieving military training and testing activities from encroachment pressures and in strengthening joint readiness.

According to RAND, REPI also helped improve the natural environment and the quality of life in communities where the projects were located. The environmental benefits of REPI projects have included helping to preserve habitat, biodiversity and threatened and endangered species; protecting wildlife corridors; and safeguarding water quality and supply. REPI also was shown to improve local economies and the reputation of installations with surrounding communities; for example, the project near NAS Fallon in Nevada has helped preserve productive local agricultural land and the continued viability of local farms.

Many of the challenges facing DoD are also of mutual concern to other Federal agencies and State governments. These issues can and do cross administrative boundaries, demanding cooperative action at the regional level. The Department is partnering regionally with State governments and Federal agencies to identify and address such shared concerns. These partnerships are proving essential to sustaining our ranges and installations, as well as to furthering our partners' goals and missions. For example, DoD continues to work with State governments and other Federal agencies in the Southeast Regional Partnership for Planning and Sustainability – or SERPPAS. The States of Alabama, Florida, Georgia, North Carolina, and South Carolina are engaged with the military and other Federal agencies in this important regional initiative. Through the SERPPAS process, the partners are promoting better planning related to growth, the preservation of open space, and the protection of the region's military installations. A similar effort is now getting underway in the southwestern U.S., a region of critical military training and testing importance that is facing myriad growth and environmental challenges.

DoD continues to work closely with other Federal agencies to sustain military readiness. One major thrust is to ensure that wind farm projects and energy transmission corridors are

compatible with military readiness activities. The Department also coordinates with the Department of Homeland Security to ensure that our military readiness activities and infrastructure in border regions are compatible with new security measures. The Department's sustainability program continues to reach out to non-Federal partners, working regularly with State, county, and local governments, Tribal, and non-governmental organizations on issues of mutual concern to seek win-win solutions. Meanwhile, overseas, DoD continues to develop mission sustainment procedures with host nations. The Department looks forward to further building upon all of these efforts to ensure that warfighters' current and future training and testing opportunities remain unrivaled.

Additionally, DoD's Office of Economic Adjustment (OEA) has managed the Joint Land Use Study (JLUS) program since 1985. JLUS is a cooperative land use planning effort between affected local governments and military installations that seeks to anticipate, identify, and prevent growth conflicts by helping State and local governments better understand and incorporate technical data developed under Service Air Installation Compatible Use Zone, Range Air Installation Compatible Use Zone, Operational Noise Management Program, Encroachment Action Plan, and Encroachment Control Plan studies into local planning programs. When a Service believes an installation may be experiencing incompatible development problems, or that there is likelihood for incompatible development that could adversely affect the military mission, the Service may nominate the installations for a JLUS to OEA. All the Services takes advantage of the JLUS program, finding it an effective tool for bringing communities and the military together to mutually address development issues and needs.

Safety and Health Risk Management. A significant responsibility associated with Installations and Environment is the management of the Department's safety and health programs. Over the last year, the Department experienced some improvement in its safety and health performance, but we have a way to go.

In 2005, the Department published policy (DoD Directive 4715.1E) that required implementation of management systems for safety and health (similar to environmental management systems described by the International Standards Organization (ISO) 14000 series of standards) emphasizing the integration of safety and health into day-to-day operations. By "operationalizing" safety and health, we make safety a part of every process and operation.

We are encouraging commanders to meet and exceed tough performance-based criteria for a managed safety and health system and proving it by achieving "Star" recognition in the Occupational Safety and Health Administration's Voluntary Protection Program (VPP). Installations holding VPP Star Status undergo an independent review of their programs and must be among the best, having injury and illness rates at or below the national average. So far, the Department has 22 Star Sites to date; we anticipate more than 36 Star Sites by the end of FY 2009 and we further expect that number to increase every year. Recently, the Pentagon began its journey toward Star recognition.

Operationalizing safety applies to every aspect of the Department's missions. In preparing for basing changes on Guam, we, through the Department of Defense Explosives Safety Board, developed a comprehensive Military Munitions Annex to the Guam Joint Military Master Plan. This effort sought to fully harmonize the receipt, storage, maintenance, transportation, and use of military munitions by the Department of Defense and Department of Homeland Security organizations on Guam. Explosives safety risks on Guam have been

identified and strategic recommendations will result in risks from military munitions being eliminated or mitigated. Furthermore, operationalizing safety improves the entire operation, by improving munitions support to execution of war plans and contingencies and optimizing munitions processes. We are continuing this effort by integrating explosives safety into all facets of operational planning.

In the area of Strategic Human Capital Management, my organization, along with the entire Department, is focused on human capital planning emphasizing improved competency-based workforce planning. In establishing “Functional Community Managers” for: Safety and Health, Explosives Safety, Fire and Emergency Services, and Expeditionary Environment Safety and Occupational Health (ESOH), we will implement a comprehensive strategy to ensure a strong safety and health workforce that is able to meet the challenges of today and the future. Our Functional Community Managers, bringing first hand knowledge of competencies needed, work in partnership with the Department’s Human Resource experts to ensure the Department is positioned to acquire and retain the talent it needs to meet current and future mission requirements.

The ability to send our people home from work healthy and safe is of paramount concern. The number of civilian injuries is one measure of our success in managing safety and health. For our civilian employees, we reduced the lost time injury rate over the last five years by 13 percent. We continue to seek improvements to prevent all mishaps and the resulting injuries and losses. Operating motor vehicles continues to be the most significant mishap threat to our military members. We have reduced the number of military fatalities for all privately-owned motor vehicles on public highways from 308 in FY 2002 to 260 in FY 2008 – a 16 percent reduction. However, for motorcycles, we are part of a national trend in increasing motorcycle

fatalities. Nationally, motorcycle fatalities increased by 58 percent from 2002 to 2007. DoD fatalities increased from 71 to 124 for FY 2002 to FY 2008 – a 75 percent increase. We are continuing to develop programs and initiatives to address this negative trend.

Operating military vehicles in Iraq and Afghanistan is also a significant risk, with 24 motor vehicle fatalities in FY 2008 – a reduction from a peak of 59 motor vehicle fatalities in FY 2005. Our military members have met the combined threats from Improvised Explosive Devices and poor roadways with increased training and experience in operating tactical vehicles, and by improved survivability of crashes from increased seat belt use, gunner’s harnesses, and rollover training.

In early 2009, Installations and Environment published policy that defines “all-hazards” emergency management for DoD installations worldwide. DoD installations now have consistent guidance to improve their compatibility with their civilian counterparts and a management structure focused on preparing for and responding to emergencies regardless of the hazard. Our ability to seamlessly interact with civilian responders will make us much more effective in times of disaster. We are continuing to work with other offices in DoD to eliminate unnecessary redundancy and confusion at the time of an emergency and provide holistic emergency response on and around our installations.

Integrating Business Management. Accomplishing the diverse missions of the Installations and Environment community requires integration across organizational boundaries. We have made great progress with our initiatives to improve the efficiency of the Department’s business processes. We are working to develop and implement common data standards across the Military Departments and Defense Agencies, modernize business systems, and enable audit-ready processes. In the Installations and Environment community, we have three key business

transformation efforts: real property accountability, environmental liabilities, and hazardous materials information management.

The Department manages almost 60 percent of the Federal government's buildings and structures – over 539,000 assets worldwide. Each Military Department has a separate system to manage their share of this property. Several years ago we conducted research and hired a top ranked information technology firm to help us develop our business system modernization strategy. We determined, based upon the firm's recommendation and the Military Service leadership's concurrence, that building a single system would not be the optimal solution. Instead, we decided to develop DoD-wide standards and upgrade or replace the existing systems so that they can be interoperable across DoD. To achieve this goal, we developed common data standards and reengineered business processes. As of September 30, 2009, all of DoD's primary real property systems will be interoperable, ensuring that accurate, timely, and reliable real property information is available for more transparent management decision making.

In addition to the data and business process standards initiatives, we are also working to modernize our systems. Many of the existing, government-built legacy systems use outdated technology and do not apply current industry best practices. Led by my organization, the Military Services are in the process of acquiring new commercial off-the-shelf systems or upgrading their current systems to comply with the standards. To further integrate real property information for Department-level analysis, my office is building the real property data hub that will provide real-time accessibility to data.

Uniquely identifying each of our real property assets is fundamental to real property accountability. Our Real Property Unique Identifier Registry is at full operational capability. These unique identifiers allow us to establish linkages within our systems between facilities,

equipment and people. The registry includes address information on all DoD installations and sites and we are working with other DoD functional communities to ensure that physical location information used across DoD comes from one authoritative source – the Registry.

The ability to share data with the communities that surround our installations is a key component in our ongoing efforts to sustain military readiness. My organization is working with stakeholders across the Federal government on aligning geospatial data standards so that data sharing can take place between the local and Federal communities. We have recently integrated geospatial data requirements into the Department’s Business Enterprise Architecture, which will further expand interoperability opportunities in DoD.

On the environmental management side, my office has been leading efforts to standardize and streamline the complex processes required to accurately value and report environmental liabilities. We are developing a blueprint for implementation of the reengineered business processes in the Department’s enterprise resource planning systems.

To minimize future needs for environmental cleanup and to ensure safety of our personnel, ready access to complete and accurate hazardous material information is critical. We are working to improve availability of timely, accurate, consistent, and complete product hazard data for use across the Department.

In summary, our business transformation efforts are helping the Department efficiently share information and best practices across organizational boundaries. As the Services modernize their systems and achieve interoperability, the Department will gain access to secure, reliable information crucial for effective management of assets, and ultimately reducing costs and improving performance across all of DoD.

Conclusion. In closing, Mr. Chairman, I sincerely thank you for this opportunity to update you on our work in Installations and Environment on behalf of the Department of Defense. To meet the ever changing warfighting landscape, our military must be flexible and responsive and our installations must adapt, reconfigure, and be managed to maximize that flexibility and responsiveness. I appreciate your continued support and I look forward to working with you to provide the quality installations that our military forces need and deserve.